

# Final Budget Outcome

2016-17

September 2017

Statement by

The Honourable Scott Morrison MP

Treasurer of the Commonwealth of Australia

and

Senator the Honourable Mathias Cormann

Minister for Finance of the Commonwealth of Australia

For the information of honourable members

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# FOREWORD

The *Final Budget Outcome 2016-17* has been prepared in a manner consistent with the *Charter of Budget Honesty Act 1998* (the Charter). The Charter requires that, inter alia, the Government provide a final budget outcome report no later than three months after the end of the financial year. Consistent with these requirements, this report encompasses Australian Government general government sector fiscal outcomes for the 2016-17 financial year and is based on external reporting standards.

- **Part 1** provides the general government sector budget aggregates for 2016-17 together with an analysis of the 2016-17 Final Budget Outcome. This includes summary analysis of cash flows, revenue, expenses, net capital investment and the balance sheet (net debt, net financial worth and net worth).
- **Part 2** presents the Australian Government financial statements for 2016-17 with the Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) as the basis for accounting policy, except for where the Government has decided to depart because Australian Accounting Standards provide a better conceptual treatment for presenting information of relevance to users of public sector financial reports. This data covers the general government sector as well as the Australian Government public corporations sectors.
- **Part 3** provides details for 2016-17 on Australia's Federal Relations, updated from that contained in the 2017-18 Budget Paper No. 3, *Federal Financial Relations*.

**Appendix A** contains expenses data on a functional and sub-functional basis. Historical Australian Government data are presented in **Appendix B**.



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## NOTES

- (a) The following definitions are used in this Budget Paper:
- ‘real’ means adjusted for the effect of inflation;
  - real growth in expenses and payments is calculated using the Consumer Price Index (CPI) as the deflator; and
  - one billion is equal to one thousand million.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:
- figures under \$100,000 are rounded to the nearest thousand;
  - figures \$100,000 and over are generally rounded to the nearest tenth of a million;
  - figures midway between rounding points are rounded up; and
  - the percentage changes in statistical tables are calculated using unrounded data.
- (c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (d) The following notations are used:
- |         |   |
|---------|---|
| -       | nil   |
| na      | not applicable (unless otherwise specified) |
| ..      | not zero, but rounded to zero               |
| \$m     | millions of dollars                         |
| \$b     | billions of dollars                         |
| NEC/nec | not elsewhere classified                    |

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

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

- (f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.





# PART 1: AUSTRALIAN GOVERNMENT BUDGET OUTCOME

## OVERVIEW

In 2016-17, the Australian Government general government sector recorded an underlying cash deficit of \$33.2 billion (1.9 per cent of gross domestic product (GDP)). The net operating balance was in deficit by \$32.1 billion (1.8 per cent of GDP).

The Final Budget Outcome for 2016-17 was a \$4.4 billion improvement compared with the underlying cash deficit estimated at the time of the 2017-18 Budget. Total receipts were \$4.1 billion higher than expected and total payments were \$1.2 billion lower than expected. Net Future Fund earnings were \$860 million higher than expected at the time of the 2017-18 Budget.

In net operating terms, the Final Budget Outcome for 2016-17 improved by \$6.6 billion compared with the net operating deficit estimated at the time of the 2017-18 Budget, with revenue \$3.6 billion higher and expenses \$3.0 billion lower than expected at the time of the 2017-18 Budget.

Real GDP grew by 1.9 per cent in 2016-17, slightly stronger than the 1<sup>3</sup>/<sub>4</sub> per cent growth forecast in the 2017-18 Budget. There was a smaller-than-expected detraction from business investment and a stronger-than-expected contribution from public final demand, which offset weaker contributions from net exports and dwelling investment. Tropical Cyclone Debbie is estimated to have detracted around <sup>1</sup>/<sub>4</sub> of a percentage point from growth in the June quarter, with a significant impact on coal exports, in line with the 2017-18 Budget estimate. Almost 250,000 jobs were created over 2016-17 resulting in employment growing by 1.9 per cent through the year to the June quarter 2017, which was stronger than the 2017-18 Budget forecast of 1 per cent. The unemployment rate was 5.6 per cent in the June quarter 2017, slightly lower than the 5<sup>3</sup>/<sub>4</sub> per cent forecast in the 2017-18 Budget. Nominal GDP grew by 6.0 per cent, consistent with the 2017-18 Budget forecast, driven by a strong rise in Australia's terms of trade.

Australian Government general government sector net debt was \$322.3 billion (18.4 per cent of GDP), which is \$2.8 billion better than estimated at the time of the 2017-18 Budget. Australian Government general government sector net financial worth was negative \$529.2 billion and net worth was negative \$390.9 billion at the end of 2016-17.

**Table 1: Australian Government general government sector budget aggregates**

	2015-16 Outcome \$b	2016-17 Estimate at 2017-18 Budget \$b	2016-17 Outcome \$b	Change on 2017-18 Budget \$b
<b>Receipts</b>	<b>386.9</b>	<b>405.7</b>	<b>409.9</b>	<b>4.1</b>
Per cent of GDP	23.4	23.2	23.4	
<b>Payments(a)</b>	<b>423.3</b>	<b>440.5</b>	<b>439.4</b>	<b>-1.2</b>
Per cent of GDP	25.6	25.1	25.0	
Net Future Fund earnings	3.2	2.8	3.6	0.9
<b>Underlying cash balance(b)</b>	<b>-39.6</b>	<b>-37.6</b>	<b>-33.2</b>	<b>4.4</b>
Per cent of GDP	-2.4	-2.1	-1.9	
<b>Revenue</b>	<b>395.1</b>	<b>412.1</b>	<b>415.7</b>	<b>3.6</b>
Per cent of GDP	23.9	23.5	23.7	
<b>Expenses</b>	<b>428.7</b>	<b>450.8</b>	<b>447.8</b>	<b>-3.0</b>
Per cent of GDP	25.9	25.7	25.5	
<b>Net operating balance</b>	<b>-33.6</b>	<b>-38.7</b>	<b>-32.1</b>	<b>6.6</b>
Per cent of GDP	-2.0	-2.2	-1.8	
Net capital investment	3.8	2.0	2.9	0.8
<b>Fiscal balance</b>	<b>-37.5</b>	<b>-40.7</b>	<b>-35.0</b>	<b>5.8</b>
Per cent of GDP	-2.3	-2.3	-2.0	
<i>Memorandum item:</i>				
Headline cash balance	-49.1	-51.1	-43.0	8.1

(a) Equivalent to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(b) Excludes net Future Fund earnings.

## UNDERLYING CASH BALANCE

The 2016-17 underlying cash deficit was \$33.2 billion, an improvement of \$4.4 billion compared with the estimate at the time of the 2017-18 Budget. This was the result of higher receipts of \$4.1 billion, lower payments of \$1.2 billion, partly offset by higher net Future Fund earnings of \$860 million.

**Table 2: Summary of Australian Government general government sector cash flows**

	2016-17 Estimate at 2017-18 Budget \$b	2016-17 Outcome \$b	Change on 2017-18 Budget \$b
Cash receipts			
Operating cash receipts	403.5	407.6	4.1
Capital cash receipts(a)	2.2	2.3	0.1
Total cash receipts	405.7	409.9	4.1
Cash payments			
Operating cash payments	428.6	428.2	-0.3
Capital cash payments(b)	12.0	11.1	-0.9
Total cash payments	440.5	439.3	-1.2
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-34.8</b>	<b>-29.4</b>	<b>5.4</b>
Per cent of GDP	-2.0	-1.7	
Finance leases and similar arrangements(c)(d)	0.0	-0.1	-0.1
<i>less</i> Net Future Fund earnings	2.8	3.6	0.9
<b>Underlying cash balance(e)</b>	<b>-37.6</b>	<b>-33.2</b>	<b>4.4</b>
Per cent of GDP	-2.1	-1.9	
<i>Memorandum items:</i>			
Net cash flows from investments in financial assets for policy purposes	-16.2	-13.5	2.7
<i>plus</i> Net Future Fund earnings	2.8	3.6	0.9
<b>Headline cash balance</b>	<b>-51.1</b>	<b>-43.0</b>	<b>8.1</b>

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

(b) Equivalent to cash payments for purchases of non-financial assets in the cash flow statement.

(c) Due to the implementation of the 2015 ABS GFS Manual, from the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.

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

(e) Excludes net Future Fund earnings.

## **Receipts**

Total receipts for 2016-17 were \$409.9 billion, \$4.1 billion higher than forecast in the 2017-18 Budget.

Tax receipts were \$379.3 billion, \$2.1 billion higher than in the Budget. Compared with the 2017-18 Budget, higher-than-expected company tax, GST receipts, superannuation fund tax receipts and excise were partially offset by lower-than-expected fringe benefits tax receipts. Receipts from total individuals and other withholding taxes were broadly in line with the Budget estimates, though higher income tax withholding receipts were offset by lower receipts from other individuals tax.

- Receipts from total individuals and other withholding taxes were broadly in line with the 2017-18 Budget estimate. Higher income tax withholding receipts, which were \$855 million above the 2017-18 Budget estimate, were offset by lower receipts from other individuals. Other individuals receipts were \$829 million below the 2017-18 Budget estimate, largely reflecting weaker-than-expected payments on assessment for 2015-16 income year returns.
- Company tax receipts were \$590 million (0.9 per cent) above the 2017-18 Budget estimate. This reflects stronger-than-expected outcomes from assessments, mainly from smaller companies due in May.
- Receipts from the GST were \$569 million (1.0 per cent) above the 2017-18 Budget estimate, reflecting strength in collections in the last part of the financial year. Higher-than-expected GST receipts will be reflected in higher payments to the States.
- Receipts from superannuation fund taxes were \$488 million (6.3 per cent) above the 2017-18 Budget estimate, partly reflecting lower-than-expected refunds to self-managed superannuation funds.
- Total excise and customs duty receipts were \$197 million (0.6 per cent) above the 2017-18 Budget estimate, largely reflecting higher-than-expected fuel and other customs duty collections, partly offset by lower-than-expected tobacco collections.
- Fringe benefits tax receipts were \$314 million (7.2 per cent) below the 2017-18 Budget estimate, primarily reflecting lower-than-expected on-assessment collections.
- Other taxes were \$565 million (10.7 per cent) above the 2017-18 Budget estimate, primarily reflecting the review of revenue reclassifications. The reclassifications do not affect total receipts.

Non-tax receipts (excluding Future Fund receipts) were \$26.5 billion in 2016-17, \$1.1 billion higher than estimated at the time of the 2017-18 Budget. This increase largely relates to adjustments for medicines subject to commercial pricing arrangements under the Pharmaceutical Benefits Scheme.

**Table 3: Australian Government general government sector (cash) receipts**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	178,500	179,355	855
Gross other individuals	43,700	42,871	-829
less: Refunds	28,300	28,364	64
Total individuals and other withholding tax	193,900	193,863	-37
Fringe benefits tax	4,360	4,046	-314
Company tax	67,800	68,390	590
Superannuation fund taxes	7,730	8,218	488
Petroleum resource rent tax(a)	1,000	981	-19
<b>Income taxation receipts</b>	<b>274,790</b>	<b>275,498</b>	<b>708</b>
Goods and services tax	59,454	60,023	569
Wine equalisation tax	840	842	2
Luxury car tax	650	664	14
Excise and customs duty			
Petrol	6,100	6,174	74
Diesel	10,230	10,341	111
Other fuel products	1,900	1,948	48
Tobacco	10,690	10,453	-237
Beer	2,350	2,375	25
Spirits	2,050	2,057	7
Other alcoholic beverages(b)	920	919	-1
Other customs duty			
Textiles, clothing and footwear	270	279	9
Passenger motor vehicles	500	540	40
Other imports	1,050	1,148	98
less: Refunds and drawbacks	420	397	-23
Total excise and customs duty	35,640	35,837	197
Agricultural levies	532	547	15
Other taxes(c)	5,295	5,860	565
<b>Indirect taxation receipts</b>	<b>102,411</b>	<b>103,773</b>	<b>1,362</b>
<b>Taxation receipts</b>	<b>377,201</b>	<b>379,271</b>	<b>2,070</b>

**Table 3: Australian Government general government sector (cash) receipts (continued)**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Sales of goods and services(c)	8,786	8,050	-736
Interest received	3,003	2,925	-78
Dividends	5,820	6,874	1,054
Other non-taxation receipts	10,914	12,748	1,834
<b>Non-taxation receipts</b>	<b>28,523</b>	<b>30,597</b>	<b>2,074</b>
<b>Total receipts</b>	<b>405,724</b>	<b>409,868</b>	<b>4,144</b>
<i>Memorandum:</i>			
<i>Total excise</i>	<i>21,550</i>	<i>21,800</i>	<i>250</i>
<i>Total customs duty</i>	<i>14,090</i>	<i>14,037</i>	<i>-53</i>

- (a) This item includes a small amount of MRRT receipts relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality.
- (b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
- (c) In the 2016-17 Final Budget Outcome, the majority of corporations law fees have been reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies have been reclassified from taxation receipts to non-taxation receipts. The taxation receipts and non-taxation receipts series in Appendix B - Historical Australian Government Data have been back-cast from 2001-02 to reflect the sustained change in the nature of these receipts. This results in a net increase in taxation receipts and a net decrease in non-taxation receipts.

## Payments

Total cash payments were \$439.4 billion in 2016-17, \$1.2 billion lower than estimated at the time of the 2017-18 Budget. Total payments excluding Future Fund payments were \$438.9 billion, \$1.3 billion lower than estimated at the time of the 2017-18 Budget. The outcome reflects decreases in:

- payments under the National Disability Insurance Scheme (NDIS) program, reflecting a more gradual transition of participants into the NDIS than estimated and under-utilisation of capital expenditure (\$886 million);
- payments to the States due to delays in State-led projects under the Infrastructure Investment Programme (\$364 million) and Remote Housing national partnership agreements (\$164 million), and lower than estimated claims under the Natural Disaster Relief national partnership agreement (\$137 million);
- payments for the management of Illegal Maritime Arrivals (IMA), reflecting lower than expected costs under the Onshore Compliance and Detention program (\$154 million) and the IMA Offshore Management program (\$102 million);
- payments across a range of employment services programs (\$205 million), largely reflecting lower than expected demand for wage subsidies and activities supported by the New Enterprise Incentive Scheme and the Job Commitment Bonus;
- payments related to the Water Reforms program, largely reflecting delays in State-led infrastructure projects and lower than expected water purchases (\$194 million);

- payments under the Student Payments program, largely reflecting lower than expected number of students receiving income support (\$138 million); and
- payments for a range of education and training related programs under the Building Skills and Capability program (\$131 million), largely reflecting lower than expected take up.

The decreases were partially offset by the provision for underspends in the Contingency Reserve and higher than expected payments under the Pharmaceuticals Benefits Scheme (\$1.2 billion), primarily the result of an increased uptake of medicines.

### **Net Future Fund Earnings**

The underlying cash balance excludes net Future Fund earnings. Net Future Fund earnings were \$3.6 billion in 2016-17, \$860 million higher than estimated at the time of the 2017-18 Budget, largely reflecting higher than estimated dividends received.

### **NET OPERATING BALANCE**

The 2016-17 net operating deficit was \$32.1 billion, a \$6.6 billion improvement on the deficit of \$38.7 billion estimated at the time of the 2017-18 Budget. The 2016-17 fiscal balance deficit was \$35.0 billion, a \$5.8 billion improvement on the deficit estimated at the time of the 2017-18 Budget.

The cash receipt and payment variations outlined previously have a similar impact on revenue and expenses since net operating, fiscal and cash variances are typically driven by the same factors. However, the improvement in the net operating balance of \$6.6 billion, and the fiscal balance of \$5.8 billion, compared with the improvement in the underlying cash balance of \$4.4 billion, is the result of additional factors, as outlined below.

### **Revenue**

Total revenue was \$415.7 billion in 2016-17, \$3.6 billion higher than estimated at the time of the 2017-18 Budget. In comparison, total cash receipts were \$409.9 billion in 2016-17, \$4.1 billion higher than estimated at the time of the 2017-18 Budget.

Taxation revenue was \$388.6 billion in 2016-17, \$2.5 billion higher than the estimate at the 2017-18 Budget. Changes in taxation revenue were driven by the same revenue heads as receipts.

Total non-tax revenue was \$27.1 billion in 2016-17, \$1.2 billion higher than estimated at the 2017-18 Budget. Non-tax receipts were \$30.6 billion, \$2.1 billion higher than estimated at Budget.

The \$911 million difference in outcomes for non-tax revenue and non-tax receipts largely reflects a decrease in interest revenue, which did not have a corresponding interest receipt impact in 2016-17, primarily reflecting a decrease in concessional student loans.

**Table 4: Australian Government general government sector (accrual) revenue**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	180,150	180,618	468
Gross other individuals	46,730	45,133	-1,597
less: Refunds	28,300	28,364	64
Total individuals and other withholding tax	198,580	197,388	-1,192
Fringe benefits tax	4,450	3,905	-545
Company tax	68,900	71,170	2,270
Superannuation fund taxes	7,760	8,228	468
Petroleum resource rent tax(a)	1,050	976	-74
<b>Income taxation revenue</b>	<b>280,740</b>	<b>281,667</b>	<b>927</b>
Goods and services tax	62,220	62,727	507
Wine equalisation tax	870	850	-20
Luxury car tax	660	674	14
Excise and customs duty			
Petrol	6,100	6,201	101
Diesel	10,240	10,387	147
Other fuel products	1,900	1,955	55
Tobacco	10,690	10,612	-78
Beer	2,350	2,384	34
Spirits	2,050	2,059	9
Other alcoholic beverages(b)	920	923	3
Other customs duty			
Textiles, clothing and footwear	270	279	9
Passenger motor vehicles	500	540	40
Other imports	1,050	1,149	99
less: Refunds and drawbacks	420	397	-23
Total excise and customs duty	35,650	36,091	441
Agricultural levies	532	554	23
Other taxes(c)	5,501	6,078	577
<b>Indirect taxation revenue</b>	<b>105,432</b>	<b>106,974</b>	<b>1,542</b>
<b>Taxation revenue</b>	<b>386,172</b>	<b>388,641</b>	<b>2,469</b>
Sales of goods and services(c)	8,894	8,230	-664
Interest	3,753	2,992	-762
Dividends	3,653	4,998	1,344
Other non-taxation revenue	9,618	10,863	1,245
<b>Non-taxation revenue</b>	<b>25,919</b>	<b>27,082</b>	<b>1,163</b>
<b>Total revenue</b>	<b>412,091</b>	<b>415,723</b>	<b>3,632</b>
<i>Memorandum:</i>			
Total excise	21,560	21,895	335
Total customs duty	14,090	14,196	106

(a) This item includes a small amount of MRRT revenue relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) In the 2016-17 FBO, the majority of corporations law fees have been reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies have been reclassified from taxation revenue to non-taxation revenue. The taxation revenue and non-taxation revenue series in Appendix B - Historical Australian Government Data have been back-cast from 2001-02 to reflect the sustained change in the nature of these revenues. This results in a net increase in taxation revenue and a net decrease in non-taxation revenue.



## **Expenses and net capital investment**

Total expenses were \$447.8 billion in 2016-17, \$3.0 billion lower than estimated at the time of the 2017-18 Budget. Total net capital investment for 2016-17 was \$2.9 billion, \$829 million higher than the estimate of \$2.0 billion. This results in a lower than estimated net outcome for expenses and net capital investment of \$2.1 billion.

In comparison, cash payments were \$439.4 billion in 2016-17, \$1.2 billion lower than estimated at the 2017-18 Budget.

The difference of \$956 million between the lower than estimated net outcome for expenses and higher net outcome for net capital investment of \$2.1 billion and the lower than estimated outcome for cash payments of \$1.2 billion includes: lower than expected depreciation as a result of revaluation of specialised military equipment, and timing differences between when payments are made and expenses accrued for a number of programs.

Further information on expenses by function and sub-function is provided in Appendix A.

**Table 5: Australian Government general government sector expenses by function**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>General public services</b>			
Legislative and executive affairs	1,376	1,251	-125
Financial and fiscal affairs	6,359	6,515	156
Foreign affairs and economic aid	6,687	6,383	-304
General research	2,765	2,695	-70
General services	970	625	-345
Government superannuation benefits	9,015	8,811	-204
<b>Defence</b>	28,464	28,051	-413
<b>Public order and safety</b>	5,162	5,189	27
<b>Education</b>	33,237	32,594	-644
<b>Health</b>	73,820	74,445	625
<b>Social security and welfare</b>	155,698	153,192	-2,505
<b>Housing and community amenities</b>	4,700	4,625	-75
<b>Recreation and culture</b>	3,609	3,623	14
<b>Fuel and energy</b>	6,790	6,726	-64
<b>Agriculture, forestry and fishing</b>	2,843	2,626	-217
<b>Mining, manufacturing and construction</b>	3,559	3,253	-306
<b>Transport and communication</b>	9,394	9,139	-255
<b>Other economic affairs</b>			
Tourism and area promotion	192	189	-3
Total labour and employment affairs	3,644	3,444	-200
Immigration	3,847	3,594	-253
Other economic affairs nec	2,157	2,126	-30
<b>Other purposes</b>			
Public debt interest	16,028	16,076	48
Nominal superannuation interest	8,446	8,445	-1
General purpose inter-government transactions	63,448	64,027	579
Natural disaster relief	82	162	80
Contingency reserve	-1,536	0	1,536
<b>Total expenses</b>	<b>450,757</b>	<b>447,807</b>	<b>-2,950</b>

**Table 6: Australian Government general government sector net capital investment by function**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
General public services	295	157	-138
Defence	1,356	3,110	1,754
Public order and safety	77	77	0
Education	13	-5	-18
Health	42	51	9
Social security and welfare	188	-15	-203
Housing and community amenities	56	-117	-173
Recreation and culture	48	47	-1
Fuel and energy	0	-1	-2
Agriculture, forestry and fishing	426	154	-271
Mining, manufacturing and construction	4	4	0
Transport and communication	-555	-545	10
Other economic affairs	84	-41	-125
Other purposes	13	0	-13
<b>Total net capital investment</b>	<b>2,047</b>	<b>2,876</b>	<b>829</b>

**Table 7: Australian Government general government sector purchases of non-financial assets by function**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
General public services	1,142	1,044	-98
Defence	8,191	8,225	34
Public order and safety	534	486	-48
Education	41	21	-20
Health	103	116	13
Social security and welfare	532	379	-153
Housing and community amenities	103	99	-4
Recreation and culture	406	427	21
Fuel and energy	4	3	-1
Agriculture, forestry and fishing	466	199	-267
Mining, manufacturing and construction	11	10	-1
Transport and communication	55	43	-12
Other economic affairs	580	493	-87
Other purposes	13	0	-13
<b>Total Government purchases of non-financial assets</b>	<b>12,181</b>	<b>11,545</b>	<b>-636</b>

## HEADLINE CASH BALANCE ESTIMATES

The headline cash balance consists of the underlying cash balance, net cash flows from investments in financial assets for policy purposes (for example, the equity funding of NBN Co) and net Future Fund earnings.

Table 8 provides further detail between the underlying and headline cash balance estimates of the Australian Government general government sector in 2016-17.

At the end of 2016-17, the headline cash deficit was \$43.0 billion, an \$8.1 billion improvement from the estimate at the time of the 2017-18 Budget. The improvement in the headline cash balance was primarily driven by the improvement in the underlying cash balance, lower than expected number of students accessing income contingent student loans and a revised payment schedule for a number of NBN contracts, which have no impact on the completion of the NBN rollout.

**Table 8: Details of the Australian Government general government sector items between the underlying and headline cash balance**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Outcome underlying cash balance(a)</b>	<b>-37,600</b>	<b>-33,151</b>	<b>4,449</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes			
Student loans	-7,204	-5,143	2,061
NBN investment	-7,700	-7,190	510
Residential mortgage backed securities	881	895	14
WestConnex	-617	-617	0
Trade support loans	-158	-166	-8
CEFC loans and investments	-914	-870	44
Drought and rural assistance loans	-197	-147	50
Net other	-337	-263	74
<b>Total net cash flows from investments in financial assets for policy purposes</b>	<b>-16,246</b>	<b>-13,501</b>	<b>2,745</b>
<i>plus</i> Net Future Fund earnings	2,784	3,644	860
<b>Outcome headline cash balance</b>	<b>-51,061</b>	<b>-43,008</b>	<b>8,053</b>

(a) Excludes net Future Fund earnings.

## NET DEBT, NET FINANCIAL WORTH AND NET WORTH

At the end of 2016-17, the level of Australian Government net debt was \$322.3 billion (18.4 per cent of GDP), \$2.8 billion better than estimated at the time of the 2017-18 Budget.

The improvement in net debt compared with the level expected at the 2017-18 Budget was primarily driven by an increase in investments held by the Future Fund Management Agency, a delay in payments from the DisabilityCare Australia Fund and term deposits held by the Australian Office of Financial Management. This was partly offset by an \$8.4 billion decline in the value of student loans. The decline was driven by a range of factors, including changes to modelling methodology, the application of updated discount rates, and reductions in new loans issued.

Net financial worth was negative \$529.2 billion at the end of 2016-17, compared with negative \$428.2 billion estimated at the 2017-18 Budget.

Net worth was negative \$390.9 billion at the end of 2016-17, compared with negative \$291.7 billion estimated at the 2017-18 Budget.

The changes in net financial worth and net worth since the Budget report a significant increase in the Government's superannuation liability. This reported increase is the result of a large difference between the discount rates used to value the Government's defined benefit superannuation liability at Budget and at the FBO. The approach to valuing the superannuation liability has not changed from previous Budgets or FBOs.

At Budget, actuaries determined the long term discount rate to be 6.0 per cent per annum. This rate reflects the average annual rate estimated to apply over the remainder of the term to maturity of the liability and the actuaries' view that short-term deviations are expected to be smoothed out in the longer term. This approach also reduces the volatility in reported liabilities in the Budget that would occur from year to year if the long term government bond rate were used.

For FBO, the Australian Accounting Standards require the use of the long-term government bond rate as at 30 June 2017 that best matches each individual scheme's liability duration. This requirement of the standards results in differences in superannuation liability between one FBO and another, and between Budget and FBO, that are due to the discount rate applied, not to changes in the accrued benefits of the defined benefit schemes. In particular, at the 2016-17 FBO, the long-term bond rates used were between 3.0 and 3.5 per cent per annum.

**Table 9: Australian Government general government sector net worth, net financial worth, net debt and net interest payments**

	2016-17 Estimate at 2017-18 Budget \$b	2016-17 Outcome \$b	Change on 2017-18 Budget \$b
Financial assets	381.0	385.4	4.4
Non-financial assets	136.5	138.3	1.8
<b>Total assets</b>	<b>517.5</b>	<b>523.8</b>	<b>6.3</b>
<b>Total liabilities</b>	<b>809.2</b>	<b>914.7</b>	<b>105.5</b>
<b>Net worth</b>	<b>-291.7</b>	<b>-390.9</b>	<b>-99.2</b>
<b>Net financial worth(a)</b>	<b>-428.2</b>	<b>-529.2</b>	<b>-101.0</b>
Per cent of GDP	-24.4	-30.2	
<b>Net debt(b)</b>	<b>325.1</b>	<b>322.3</b>	<b>-2.8</b>
Per cent of GDP	18.6	18.4	
<b>Net interest payments</b>	<b>12.2</b>	<b>12.4</b>	<b>0.1</b>
Per cent of GDP	0.7	0.7	

(a) Net financial worth equals total financial assets minus total liabilities.

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

## PART 2: AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

Consistent with the *Charter of Budget Honesty Act 1998* (the Charter), the Government has produced a single set of financial statements for the Australian Government general government sector (GGs), the public non-financial corporations (PNFC) sector, the total non-financial public sector (NFPS) and the public financial corporations (PFC). The financial statements comply with both Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) and Australian Accounting Standards (AAS), with departures disclosed. These statements are:

- an operating statement, including other economic flows, which shows net operating balance and net lending/borrowing (fiscal balance);
- a balance sheet, which also shows net worth, net financial worth, net financial liabilities and net debt; and
- a cash flow statement, which includes the calculation of the underlying cash balance.

In addition to these general purpose statements, notes to the financial statements are required. These notes include a summary of accounting policies, disaggregated information and other disclosures required by AAS.

The financial statements for the *Final Budget Outcome 2016-17* have been prepared on a basis consistent with the 2017-18 Budget. This enables comparison of the 2016-17 revised estimates published at the 2017-18 Budget and the outcome.

The statements reflect the policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports.

The Australian, State and Territory governments have an agreed framework – the Uniform Presentation Framework (UPF) – for the presentation of government financial information on a basis broadly consistent with the Australian Accounting Standards Board standard AASB 1049. The financial statements are consistent with the requirements of the UPF.

In accordance with the UPF requirements, this part also contains an update of the Australian Loan Council Allocation.

## AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

**Table 10: Australian Government general government sector operating statement**

		2016-17 Estimate at 2017-18 Budget \$m	Month of June 2017 (d) \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
	Note				
<b>Revenue</b>					
Taxation revenue	3	386,172	30,186	388,641	2,469
Sales of goods and services	4	8,894	239	8,230	-664
Interest income	5	3,753	-379	2,992	-762
Dividend income	5	3,653	1,819	4,998	1,344
Other	6	9,618	921	10,863	1,245
<b>Total revenue</b>		<b>412,091</b>	<b>32,786</b>	<b>415,723</b>	<b>3,632</b>
<b>Expenses</b>					
Gross operating expenses					
Wages and salaries(a)	7	19,926	1,553	19,059	-867
Superannuation	7	9,702	708	9,831	129
Depreciation and amortisation	8	9,547	448	8,214	-1,333
Supply of goods and services	9	91,334	11,244	93,038	1,704
Other operating expenses(a)	7	5,686	659	5,906	220
<i>Total gross operating expenses</i>		<i>136,195</i>	<i>14,612</i>	<i>136,048</i>	<i>-146</i>
Superannuation interest expense	7	8,446	235	8,445	-1
Interest expenses	10	17,582	1,385	17,059	-523
Current transfers					
Current grants	11	134,064	12,859	134,489	426
Subsidy expenses		12,663	-1,018	11,002	-1,661
Personal benefits	12	129,941	10,074	129,596	-345
<i>Total current transfers</i>		<i>276,668</i>	<i>21,915</i>	<i>275,088</i>	<i>-1,580</i>
Capital transfers					
Mutually agreed write-downs		1,389	45	1,203	-186
Other capital grants		10,478	4,286	9,964	-514
<i>Total capital transfers</i>		<i>11,867</i>	<i>4,331</i>	<i>11,167</i>	<i>-700</i>
<b>Total expenses</b>		<b>450,757</b>	<b>42,478</b>	<b>447,807</b>	<b>-2,950</b>
<b>Net operating balance</b>		<b>-38,666</b>	<b>-9,692</b>	<b>-32,084</b>	<b>6,582</b>
<b>Other economic flows - included in operating result</b>					
Net write-downs of assets					
(including bad and doubtful debts)		-9,013	-4,371	-13,605	-4,592
Assets recognised for the first time		315	55	218	-97
Actuarial revaluations		373	462	462	89
Net foreign exchange gains		157	375	1,439	1,283
Net swap interest received		25	2	98	73
Market valuation of debt		19,594	7,557	19,386	-209
Other gains/(losses)		6,989	-1,485	4,993	-1,997
<b>Total other economic flows - included in operating result</b>		<b>18,440</b>	<b>2,594</b>	<b>12,990</b>	<b>-5,450</b>
<b>Operating Result(b)</b>		<b>-20,226</b>	<b>-7,098</b>	<b>-19,094</b>	<b>1,132</b>



**Table 10: Australian Government general government sector operating statement (continued)**

	2016-17 Estimate at 2017-18 Budget	Month of June 2017 (d)	2016-17 Outcome	Change on 2017-18 Budget
Note	\$m	\$m	\$m	\$m
<b>Non-owner movements in equity</b>				
Revaluation of equity investments	-7,075	-5,302	-5,324	1,751
Actuarial revaluations	-138	-2,269	-2,269	-2,131
Other economic revaluations	-5,354	-2,514	2,135	7,489
<b>Total other economic flows - included in equity</b>	<b>-12,567</b>	<b>-10,085</b>	<b>-5,458</b>	<b>7,109</b>
<b>Comprehensive result - Total change in net worth</b>	<b>-32,793</b>	<b>-17,183</b>	<b>-24,552</b>	<b>8,240</b>
<b>Net operating balance</b>	<b>-38,666</b>	<b>-9,692</b>	<b>-32,084</b>	<b>6,582</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	12,181	1,772	11,545	-636
<i>less</i> Sales of non-financial assets	790	157	873	84
<i>less</i> Depreciation	9,547	448	8,214	-1,333
<i>plus</i> Change in inventories	205	239	392	188
<i>plus</i> Other movements in non-financial assets	-2	-39	27	29
<b>Total net acquisition of non-financial assets</b>	<b>2,047</b>	<b>1,367</b>	<b>2,876</b>	<b>829</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>	<b>-40,713</b>	<b>-11,059</b>	<b>-34,960</b>	<b>5,753</b>

(a) Consistent with the 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) Operating result under AAS.

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

(d) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued; this can result in negative movements.

**Table 11: Australian Government general government sector balance sheet**

		2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
	Note			
<b>Assets</b>				
Financial assets				
Cash and deposits		3,408	5,140	1,732
Advances paid(a)	13	54,073	44,917	-9,156
Investments, loans and placements	14	181,854	193,251	11,397
Other receivables	13	49,736	50,247	511
Equity investments(a)				
Investments in other public sector entities		48,126	49,671	1,545
Equity accounted investments		366	12	-354
Investments - shares		43,440	42,204	-1,236
<b>Total financial assets</b>		<b>381,003</b>	<b>385,442</b>	<b>4,439</b>
Non-financial assets				
Land	15	10,296	11,002	706
Buildings		25,795	25,693	-102
Plant, equipment and infrastructure		72,022	73,585	1,563
Inventories		8,482	8,547	66
Intangibles		7,912	7,451	-462
Investment properties		164	113	-51
Biological assets		49	54	5
Heritage and cultural assets		11,439	11,629	190
Assets held for sale		227	195	-32
Other non-financial assets		111	60	-51
<b>Total non-financial assets</b>		<b>136,497</b>	<b>138,328</b>	<b>1,831</b>
<b>Total assets</b>		<b>517,500</b>	<b>523,770</b>	<b>6,270</b>
<b>Liabilities</b>				
Interest bearing liabilities				
Deposits held		217	218	1
Government securities		546,915	547,254	339
Loans	16	15,685	16,528	843
Other borrowing		1,609	1,628	19
<b>Total interest bearing liabilities</b>		<b>564,426</b>	<b>565,628</b>	<b>1,202</b>
Provisions and payables				
Superannuation liability	17	174,989	279,459	104,470
Other employee liabilities	17	18,180	18,133	-47
Suppliers payable	18	5,659	6,279	620
Personal benefits provisions and payables	18	13,189	11,696	-1,493
Subsidies provisions and payables	18	451	550	98
Grants provisions and payables	18	11,537	11,544	7
Other provisions and payables	18	20,763	21,378	615
<b>Total provisions and payables</b>		<b>244,768</b>	<b>349,039</b>	<b>104,271</b>
<b>Total liabilities</b>		<b>809,194</b>	<b>914,667</b>	<b>105,473</b>
<b>Net worth(b)</b>		<b>-291,695</b>	<b>-390,897</b>	<b>-99,203</b>

**Table 11: Australian Government general government sector balance sheet (continued)**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<i>Net financial worth(c)</i>	-428,191	-529,225	-101,034
<i>Net financial liabilities(d)</i>	476,317	578,896	102,579
<i>Net debt(e)</i>	325,091	322,320	-2,771

(a) Due to the implementation of the 2015 ABS GFS Manual, Australia's subscriptions to the International Development Association and the Asian Development Fund were reclassified in the 2017-18 Budget from 'advances paid' to 'equity investments' on the balance sheet.

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

(c) Net financial worth equals total financial assets minus total liabilities.

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

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

**Table 12: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	2016-17 Estimate at 2017-18 Budget \$m	Month of June 2017 (b) \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Cash receipts from operating activities</b>				
Taxes received(c)	377,201	35,625	379,271	2,070
Receipts from sales of goods and services(c)	8,786	340	8,050	-736
Interest receipts	3,003	178	2,925	-78
Dividends and income tax equivalents	5,820	456	6,874	1,054
Other receipts	8,695	1,849	10,466	1,771
<b>Total operating receipts</b>	<b>403,505</b>	<b>38,447</b>	<b>407,586</b>	<b>4,081</b>
<b>Cash payments for operating activities</b>				
Payments for employees	-27,918	-2,603	-27,143	775
Payments for goods and services	-90,127	-10,071	-91,815	-1,688
Grants and subsidies paid	-157,615	-16,089	-155,981	1,634
Interest paid	-15,251	-364	-15,290	-39
Personal benefit payments	-132,186	-11,175	-132,377	-191
Other payments	-5,464	-10	-5,632	-168
<b>Total operating payments</b>	<b>-428,560</b>	<b>-40,312</b>	<b>-428,238</b>	<b>322</b>
<b>Net cash flows from operating activities</b>	<b>-25,055</b>	<b>-1,865</b>	<b>-20,652</b>	<b>4,403</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	2,219	1,587	2,282	63
Purchases of non-financial assets	-11,979	-2,178	-11,079	900
<b>Net cash flows from investments in non-financial assets</b>	<b>-9,760</b>	<b>-591</b>	<b>-8,797</b>	<b>963</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-16,246</b>	<b>-597</b>	<b>-13,501</b>	<b>2,745</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>				
Increase in investments	-30,734	-1,546	-37,318	-6,584
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-30,734</b>	<b>-1,546</b>	<b>-37,318</b>	<b>-6,584</b>
<b>Cash receipts from financing activities</b>				
Borrowing	84,770	5,484	84,908	138
Other financing	73	307	364	291
<b>Total cash receipts from financing activities</b>	<b>84,843</b>	<b>5,791</b>	<b>85,272</b>	<b>429</b>
<b>Cash payments for financing activities</b>				
Borrowing	0	0	0	0
Other financing	-3,279	-294	-3,501	-222
<b>Total cash payments for financing activities</b>	<b>-3,279</b>	<b>-294</b>	<b>-3,501</b>	<b>-222</b>
<b>Net cash flows from financing activities</b>	<b>81,565</b>	<b>5,497</b>	<b>81,771</b>	<b>206</b>
<b>Net increase/(decrease) in cash held</b>	<b>-230</b>	<b>899</b>	<b>1,503</b>	<b>1,732</b>

**Table 12: Australian Government general government sector cash flow statement (continued)<sup>(a)</sup>**

	2016-17 Estimate at 2017-18 Budget \$m	Month of June 2017 (b) \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>GFS cash surplus(+)/deficit(-)(d)(e)</b>	<b>-34,816</b>	<b>-2,456</b>	<b>-29,449</b>	<b>5,367</b>
Finance leases and similar arrangements(d)(f)	0	-42	-58	-58
<i>less</i> Net Future Fund earnings	2,784	225	3,644	860
<b>Equals underlying cash balance(g)</b>	<b>-37,600</b>	<b>-2,724</b>	<b>-33,151</b>	<b>4,449</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-16,246	-597	-13,501	2,745
<i>plus</i> Net Future Fund earnings	2,784	225	3,644	860
<b>Equals headline cash balance</b>	<b>-51,061</b>	<b>-3,096</b>	<b>-43,008</b>	<b>8,053</b>

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

(b) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued; this can result in negative movements.

(c) In the 2016-17 FBO, the majority of corporations law fees have been reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies have been reclassified from taxation receipts to non-taxation receipts. The taxation receipts and non-taxation receipts series have been back-cast in Appendix B – Historical Australian Government Data from 2001-02 to reflect the sustained change in the nature of these receipts. This results in a net increase in taxation receipts and a net decrease in non-taxation receipts.

(d) Due to the implementation of the 2015 ABS GFS Manual, from the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.

(e) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

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

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

**Table 13: Australian Government public non-financial corporations sector operating statement**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Revenue</b>			
Current grants and subsidies	120	126	6
Sales of goods and services	10,614	10,678	64
Interest income	47	56	8
Other	16	35	18
<b>Total revenue</b>	<b>10,798</b>	<b>10,894</b>	<b>97</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	4,289	4,085	-204
Superannuation	387	509	122
Depreciation and amortisation	2,128	2,185	57
Supply of goods and services	6,820	6,889	69
Other operating expenses(a)	482	609	128
<i>Total gross operating expenses</i>	<i>14,107</i>	<i>14,278</i>	<i>171</i>
Interest expenses	521	526	5
Other property expenses	168	168	0
Current transfers			
Tax expenses	47	63	16
<i>Total current transfers</i>	<i>47</i>	<i>63</i>	<i>16</i>
<b>Total expenses</b>	<b>14,843</b>	<b>15,035</b>	<b>192</b>
<b>Net operating balance</b>	<b>-4,045</b>	<b>-4,141</b>	<b>-96</b>
<b>Other economic flows</b>	<b>-1,369</b>	<b>2,270</b>	<b>3,640</b>
<b>Comprehensive result - Total change in net worth excluding contribution from owners</b>	<b>-5,414</b>	<b>-1,870</b>	<b>3,544</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	8,991	8,012	-979
<i>less</i> Sales of non-financial assets	79	64	-15
<i>less</i> Depreciation	2,128	2,185	57
<i>plus</i> Change in inventories	17	12	-5
<i>plus</i> Other movements in non-financial assets	33	2	-30
<b>Total net acquisition of non-financial assets</b>	<b>6,834</b>	<b>5,778</b>	<b>-1,056</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-10,879</b>	<b>-9,918</b>	<b>961</b>

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

**Table 14: Australian Government public non-financial corporations sector balance sheet**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	2,412	2,184	-228
Investments, loans and placements	528	745	217
Other receivables	1,624	1,933	310
Equity investments	400	403	4
<i>Total financial assets</i>	<i>4,963</i>	<i>5,266</i>	<i>303</i>
Non-financial assets			
Land and other fixed assets(a)	30,464	30,437	-28
Other non-financial assets(a)(b)	3,049	3,154	105
<i>Total non-financial assets</i>	<i>33,513</i>	<i>33,591</i>	<i>77</i>
<b>Total assets</b>	<b>38,476</b>	<b>38,857</b>	<b>380</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	5	6	1
Advances received	286	292	5
Loans	2,391	2,054	-336
Other borrowing	6,225	5,896	-328
<i>Total interest bearing liabilities</i>	<i>8,907</i>	<i>8,248</i>	<i>-659</i>
Provisions and payables			
Superannuation liability	46	20	-26
Other employee liabilities	1,639	1,717	78
Other provisions and payables(b)	5,687	5,292	-395
<i>Total provisions and payables</i>	<i>7,372</i>	<i>7,028</i>	<i>-343</i>
<b>Total liabilities</b>	<b>16,278</b>	<b>15,276</b>	<b>-1,002</b>
<b>Shares and other contributed capital</b>	<b>22,198</b>	<b>23,580</b>	<b>1,382</b>
<b>Net worth(c)</b>	<b>22,198</b>	<b>23,580</b>	<b>1,382</b>
<i>Net financial worth(d)</i>	<i>-11,315</i>	<i>-10,010</i>	<i>1,305</i>
<i>Net debt(e)</i>	<i>5,967</i>	<i>5,319</i>	<i>-648</i>

(a) In the 2017-18 Budget, the estimate for intangible produced assets was reclassified from land and other fixed assets to other non-financial assets to provide consistency across sectors.

(b) Excludes the impact of commercial taxation adjustments.

(c) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Under AASB 1049, net financial worth is calculated as total financial assets minus total liabilities. Under ABS GFS, net financial worth is calculated as total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(e) Net debt equals the sum of interest bearing liabilities (deposits held, advances received, loans and other borrowing), minus the sum of cash and deposits and investments, loans and placements.

**Table 15: Australian Government public non-financial corporations sector cash flow statement<sup>(a)</sup>**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Cash receipts from operating activities</b>			
Receipts from sales of goods and services	11,388	11,559	171
Grants and subsidies received	0	0	0
GST input credit receipts	673	650	-23
Other receipts	136	138	2
<b>Total operating receipts</b>	<b>12,197</b>	<b>12,348</b>	<b>150</b>
<b>Cash payments for operating activities</b>			
Payments to employees	-5,188	-5,170	19
Payment for goods and services	-7,732	-7,587	144
Interest paid	-487	-64	423
GST payments to taxation authority	0	-282	-282
Other payments	-47	-1	46
<b>Total operating payments</b>	<b>-13,454</b>	<b>-13,103</b>	<b>350</b>
<b>Net cash flows from operating activities</b>	<b>-1,257</b>	<b>-756</b>	<b>501</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	86	58	-28
Purchases of non-financial assets	-6,290	-6,271	19
<b>Net cash flows from investments in non-financial assets</b>	<b>-6,204</b>	<b>-6,213</b>	<b>-9</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>			
Increase in investments	48	13	-35
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>48</b>	<b>13</b>	<b>-35</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	-83	-333	-250
Other financing (net)	7,518	7,085	-433
Distributions paid (net)	-169	-169	0
<b>Net cash flows from financing activities</b>	<b>7,267</b>	<b>6,583</b>	<b>-683</b>
<b>Net increase/(decrease) in cash held</b>	<b>-146</b>	<b>-373</b>	<b>-227</b>
<b>Cash at the beginning of the year</b>	<b>2,558</b>	<b>2,558</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>2,412</b>	<b>2,184</b>	<b>-228</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>-7,461</b>	<b>-6,969</b>	<b>492</b>
Distributions paid	-169	-169	0
<b>GFS cash surplus(+)/deficit(-)(b)</b>	<b>-7,629</b>	<b>-7,138</b>	<b>492</b>

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

(b) Due to the implementation of the 2015 ABS GFS Manual, from the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.



**Table 16: Australian Government total non-financial public sector operating statement**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Revenue</b>			
Taxation revenue	386,125	388,569	2,443
Sales of goods and services	18,468	17,793	-675
Interest income	3,782	3,035	-747
Dividend income	3,485	4,830	1,344
Other	9,634	10,887	1,253
<b>Total revenue</b>	<b>421,496</b>	<b>425,114</b>	<b>3,618</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	24,215	23,144	-1,071
Superannuation	10,088	10,328	240
Depreciation and amortisation	11,676	10,399	-1,276
Supply of goods and services	97,114	98,805	1,692
Other operating expenses(a)	6,168	6,506	338
<i>Total gross operating expenses</i>	<i>149,261</i>	<i>149,184</i>	<i>-77</i>
Superannuation interest expense	8,446	8,445	-1
Interest expenses	18,084	17,572	-512
Current transfers			
Current grants	134,064	134,489	426
Subsidy expenses	12,543	10,997	-1,546
Personal benefits	129,941	129,596	-345
<i>Total current transfers</i>	<i>276,548</i>	<i>275,083</i>	<i>-1,465</i>
Capital transfers	11,867	11,054	-813
<b>Total expenses</b>	<b>464,207</b>	<b>461,338</b>	<b>-2,868</b>
<b>Net operating balance</b>	<b>-42,711</b>	<b>-36,225</b>	<b>6,486</b>
<b>Other economic flows</b>	<b>8,527</b>	<b>-6,655</b>	<b>-15,182</b>
<b>Comprehensive result - Total change in net worth</b>	<b>-34,184</b>	<b>-42,879</b>	<b>-8,695</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	21,172	19,557	-1,616
<i>less</i> Sales of non-financial assets	868	937	69
<i>less</i> Depreciation	11,676	10,399	-1,276
<i>plus</i> Change in inventories	222	405	183
<i>plus</i> Other movements in non-financial assets	30	29	-1
<b>Total net acquisition of non-financial assets</b>	<b>8,881</b>	<b>8,654</b>	<b>-227</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-51,592</b>	<b>-44,879</b>	<b>6,713</b>

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

**Table 17: Australian Government total non-financial public sector balance sheet**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	5,819	7,324	1,504
Advances paid	53,787	44,637	-9,150
Investments, loans and placements	182,382	193,984	11,602
Other receivables	51,206	51,708	502
Equity investments	68,489	68,395	-94
<i>Total financial assets</i>	<i>361,683</i>	<i>366,048</i>	<i>4,366</i>
Non-financial assets			
Land and other fixed assets	158,497	160,892	2,395
Other non-financial assets	11,513	11,017	-496
<i>Total non-financial assets</i>	<i>170,010</i>	<i>171,909</i>	<i>1,899</i>
<b>Total assets</b>	<b>531,693</b>	<b>537,958</b>	<b>6,265</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	223	224	1
Advances received	0	0	0
Government securities	546,915	547,254	339
Loans	18,075	18,582	507
Other borrowing	7,834	7,525	-309
<i>Total interest bearing liabilities</i>	<i>573,047</i>	<i>573,584</i>	<i>538</i>
Provisions and payables			
Superannuation liability	175,034	279,478	104,444
Other employee liabilities	19,819	19,850	31
Other provisions and payables	57,133	56,257	-876
<i>Total provisions and payables</i>	<i>251,986</i>	<i>355,585</i>	<i>103,600</i>
<b>Total liabilities</b>	<b>825,032</b>	<b>929,170</b>	<b>104,137</b>
<b>Shares and other contributed capital</b>	<b>22,198</b>	<b>23,580</b>	<b>1,382</b>
<b>Net worth(a)</b>	<b>-293,340</b>	<b>-391,212</b>	<b>-97,872</b>
<i>Net financial worth(b)</i>	<i>-463,350</i>	<i>-563,122</i>	<i>-99,772</i>
<i>Net debt(c)</i>	<i>331,059</i>	<i>327,639</i>	<i>-3,419</i>

(a) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(b) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities, minus shares and other contributed capital. The AASB 1049 method is used in this table.

(c) 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 18: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Cash receipts from operating activities</b>			
Taxes received	377,154	379,240	2,086
Receipts from sales of goods and services	18,267	17,693	-574
Interest receipts	3,038	2,925	-113
Dividends and income tax equivalents	5,661	6,705	1,044
Other receipts	8,768	10,530	1,761
<b>Total operating receipts</b>	<b>412,889</b>	<b>417,093</b>	<b>4,204</b>
<b>Cash payments for operating activities</b>			
Payments to employees	-33,106	-32,313	794
Payments for goods and services	-95,279	-97,087	-1,808
Grants and subsidies paid	-157,615	-155,901	1,714
Interest paid	-15,719	-15,354	365
Personal benefit payments	-132,186	-132,377	-191
Other payments	-5,464	-5,638	-174
<b>Total operating payments</b>	<b>-439,369</b>	<b>-438,669</b>	<b>700</b>
<b>Net cash flows from operating activities</b>	<b>-26,481</b>	<b>-21,577</b>	<b>4,904</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	2,305	2,340	35
Purchases of non-financial assets	-18,269	-17,350	919
<b>Net cash flows from investments in non-financial assets</b>	<b>-15,964</b>	<b>-15,010</b>	<b>954</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-8,350</b>	<b>-6,115</b>	<b>2,235</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>			
Increase in investments	-30,686	-37,296	-6,610
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-30,686</b>	<b>-37,296</b>	<b>-6,610</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	84,687	84,566	-121
Other financing (net)	-3,583	-3,438	145
<b>Net cash flows from financing activities</b>	<b>81,105</b>	<b>81,128</b>	<b>24</b>
<b>Net increase/(decrease) in cash held</b>	<b>-376</b>	<b>1,130</b>	<b>1,504</b>
<b>Cash at the beginning of the year</b>	<b>6,196</b>	<b>6,196</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>5,819</b>	<b>7,324</b>	<b>1,504</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>-42,445</b>	<b>-36,587</b>	<b>5,858</b>
Distributions paid	0	0	0
<b>GFS cash surplus(+)/deficit(-)(b)</b>	<b>-42,445</b>	<b>-36,587</b>	<b>5,858</b>

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

(b) Due to the implementation of the 2015 ABS GFS Manual, from the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.

**Table 19: Australian Government public financial corporations sector operating statement**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Revenue</b>			
Current grants and subsidies	143	145	2
Sales of goods and services	684	698	14
Interest income	2,111	2,188	76
Other	79	78	0
<b>Total revenue</b>	<b>3,017</b>	<b>3,109</b>	<b>92</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	149	178	29
Superannuation	76	98	23
Depreciation and amortisation	44	56	12
Supply of goods and services	505	439	-66
Other operating expenses(a)	205	207	2
<i>Total gross operating expenses</i>	<i>978</i>	<i>979</i>	<i>0</i>
Interest expenses	1,125	1,154	30
Other property expenses	1,130	1,349	219
Current transfers			
Tax expenses	0	0	0
<i>Total current transfers</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total expenses</b>	<b>3,233</b>	<b>3,482</b>	<b>249</b>
<b>Net operating balance</b>	<b>-217</b>	<b>-373</b>	<b>-157</b>
<b>Other economic flows</b>	<b>-2,816</b>	<b>-1,662</b>	<b>1,154</b>
<b>Comprehensive result - Total change in net worth excluding contribution from owners</b>	<b>-3,032</b>	<b>-2,036</b>	<b>997</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	0	110	109
<i>less</i> Sales of non-financial assets	<i>0</i>	<i>-2</i>	<i>-2</i>
<i>less</i> Depreciation	<i>44</i>	<i>56</i>	<i>12</i>
<i>plus</i> Change in inventories	<i>-26</i>	<i>-7</i>	<i>19</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>-70</b>	<b>48</b>	<b>118</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-147</b>	<b>-421</b>	<b>-275</b>

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

**Table 20: Australian Government public financial corporations sector balance sheet**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	538	301	-238
Investments, loans and placements	180,437	197,571	17,134
Other receivables	232	108	-124
Equity investments	396	416	20
<i>Total financial assets</i>	<i>181,604</i>	<i>198,396</i>	<i>16,793</i>
Non-financial assets			
Land and fixed assets(a)	772	826	53
Other non-financial assets(a)(b)	99	88	-11
<i>Total non-financial assets</i>	<i>871</i>	<i>914</i>	<i>42</i>
<b>Total assets</b>	<b>182,475</b>	<b>199,310</b>	<b>16,835</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	150,451	166,293	15,841
Borrowing	6,902	6,955	53
<i>Total interest bearing liabilities</i>	<i>157,354</i>	<i>173,248</i>	<i>15,894</i>
Provisions and payables			
Superannuation liability	684	320	-364
Other employee liabilities	1,422	1,456	34
Other provisions and payables(b)	1,272	1,530	259
<i>Total provisions and payables</i>	<i>3,378</i>	<i>3,307</i>	<i>-71</i>
<b>Total liabilities</b>	<b>160,732</b>	<b>176,554</b>	<b>15,823</b>
<b>Shares and other contributed capital</b>	<b>21,744</b>	<b>22,756</b>	<b>1,012</b>
<b>Net worth(c)</b>	<b>21,744</b>	<b>22,756</b>	<b>1,012</b>
<i>Net financial worth(d)</i>	<i>20,872</i>	<i>21,842</i>	<i>970</i>
<i>Net debt(e)</i>	<i>-23,622</i>	<i>-24,624</i>	<i>-1,002</i>

(a) In the 2017-18 Budget, the estimate of intangible produced assets was reclassified from land and other fixed assets to other non-financial assets to provide consistency across sectors.

(b) Excludes the impact of commercial taxation adjustments.

(c) Under AASB 1049, net worth is calculated as total assets minus total liabilities. Under ABS GFS, net worth is calculated as total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(d) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under ABS GFS, net financial worth equals total financial assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.

(e) Net debt equals the sum of deposits held and borrowing, minus the sum of cash and deposits and investments, loans and placements.

**Table 21: Australian Government public financial corporations sector cash flow statement<sup>(a)</sup>**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Cash receipts from operating activities</b>			
Receipts from sales of goods and services	706	620	-85
Grants and subsidies received	0	0	0
GST input credit receipts	15	14	-1
Interest receipts	2,172	1,965	-207
Other receipts	346	313	-34
<b>Total operating receipts</b>	<b>3,239</b>	<b>2,912</b>	<b>-327</b>
<b>Cash payments for operating activities</b>			
Payments to employees	-430	-422	7
Payments for goods and services	-510	-283	227
Interest paid	-1,159	-1,164	-6
GST payment to taxation authority	0	-1	-1
Other payments	-12	-75	-63
<b>Total operating payments</b>	<b>-2,110</b>	<b>-1,945</b>	<b>165</b>
<b>Net cash flows from operating activities</b>	<b>1,128</b>	<b>966</b>	<b>-162</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	0	0	0
Purchases of non-financial assets	0	-107	-107
<b>Net cash flows from investments in non-financial assets</b>	<b>0</b>	<b>-107</b>	<b>-107</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>0</b>	<b>125</b>	<b>125</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>			
Increase in investments	-17,833	-35,992	-18,159
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-17,833</b>	<b>-35,992</b>	<b>-18,159</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	-8	-173	-165
Deposits received (net)	16,171	34,874	18,702
Other financing (net)	3,947	3,480	-467
Distributions paid (net)	-3,279	-3,285	-6
<b>Net cash flows from financing activities</b>	<b>16,831</b>	<b>34,895</b>	<b>18,064</b>
<b>Net increase/(decrease) in cash held</b>	<b>125</b>	<b>-113</b>	<b>-238</b>
<b>Cash at the beginning of the year</b>	<b>413</b>	<b>413</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>538</b>	<b>301</b>	<b>-238</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>1,128</b>	<b>859</b>	<b>-269</b>
Distributions paid	-3,279	-3,285	-6
<b>GFS cash surplus(+)/deficit(-)(b)</b>	<b>-2,151</b>	<b>-2,426</b>	<b>-275</b>

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

(b) Due to the implementation of the 2015 ABS GFS Manual, from the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.

## Notes to the general government sector financial statements

### Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* (the Charter) requires that the final budget outcome be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for final budget outcome reporting purposes are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015*, (cat. no. 5514.0), which in turn is based on the International Monetary Fund (IMF) accrual GFS framework;<sup>1</sup> and
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards (IFRS) as adopted in Australia and the public sector specific standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

The financial statements have been prepared on an accrual basis that complies with both ABS GFS and AAS, except for departures disclosed at Note 2. A more detailed description of the AAS and ABS GFS frameworks, in addition to definitions of key terms used in these frameworks, can be found in Attachment A. Detailed accounting policies, as well as a set of notes and other disclosures, as required by AAS, are disclosed in the annual Consolidated Financial Statements.

Fiscal reporting focuses on the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding. This sector comprises all government departments, offices and some other bodies. In preparing financial statements for the GGS, all material transactions and balances between entities within the GGS have been eliminated.

The statements for the GGS are based on audit-cleared financial statements for material entities.

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1 From 1 July 2017, the 2015 ABS GFS Manual replaces the 2005 ABS GFS Manual. The 2015 ABS GFS Manual has been updated to incorporate the changes included by the International Monetary Fund outlined in its IMF GFS Manual 2014.

The Government's key fiscal aggregates are based on ABS GFS concepts and definitions, including the ABS GFS cash surplus/deficit; and the derivation of the underlying cash balance and net financial worth. AASB 1049 requires the disclosure of other ABS GFS fiscal aggregates, including net operating balance, net lending/borrowing (fiscal balance) and net worth. In addition to these ABS GFS aggregates, the Uniform Presentation Framework (UPF) requires disclosure of net debt, net financial worth and net financial liabilities.

AASB 1049 and the UPF also provide a basis for reporting of the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors and the total non-financial public sector (NFPS).

AASB 1049 requires disaggregated information, by ABS GFS function, for expenses and total assets to be disclosed where they are reliably attributable. ABS GFS does not require total assets to be attributed to functions. In accordance with ABS GFS, disaggregated information for expenses and net acquisition of non-financial assets by function is disclosed in Part 1. In accordance with the UPF, purchases of non-financial assets by function are also disclosed in Part 1.

AASB 1049 also requires the FBO and Consolidated Financial Statements (CFS) to be released at the same time. The Charter requires the FBO to be released before the end of three months after the end of the financial year, whereas the CFS is not released until it is audit cleared, generally around November each year.

AASB 1055 requires major variances between original budget estimates and outcomes to be explained in the financial statements. Explanations of major variances in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth for the 2016-17 year from the 2016-17 Budget to the 2016-17 Mid-Year Economic and Fiscal Outlook (MYEFO) are discussed in Part 3 of the 2016-17 MYEFO. Explanations of variances for the 2016-17 year from MYEFO to the 2017-18 Budget are disclosed in Statement 3 of 2017-18 Budget Paper No. 1, Budget Strategy and Outlook. Explanations of variances from the 2017-18 Budget to the Final Budget Outcome 2016-17 are disclosed in Part 1.

## **Note 2: Departures from external reporting standards**

The Charter requires that departures from applicable external reporting standards be identified. The major differences between AAS and the ABS GFS treatments of transactions are outlined in Table 22.

AASB 1049 requires AAS measurement of items to be disclosed on the face of the financial statements with reconciliation to ABS GFS measurement of key fiscal aggregates, where different, in notes to the financial statements. Differences from the AAS measurement of items outlined above and reconciliation have not been included as they would effectively create different measures of the same aggregate.



Further information on the differences between the two systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0).

**Table 22: Major differences between AAS and ABS GFS**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Circulating coins — seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Valuation changes in assets and liabilities	Most changes in the valuation are treated as an expense.	Changes in valuation due to changes in market conditions or unilateral decisions are treated as an other economic flow.	ABS GFS
Concessional loans	Concessional elements are treated as an expense.	Concessional elements are treated as an other economic flow.	AAS
Investment in other public sector entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities valued based on their net assets in the balance sheet.	AAS
Provision for restoration, decommissioning and make-good	Capitalised when the asset is acquired.	Capitalised when make-good activity takes place.	AAS
Renewable Energy Certificates (RECs)	The issuance and registration of RECs is considered to be an administrative function and does not result in the recognition of assets or liabilities and, consequently, no revenues or expenses are recognised.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.	AAS
Dividends paid by public corporations	Treated as an equity distribution. Equity distributions are treated as a distribution of profits, as opposed to an expense.	Dividends are treated as an expense.	ABS GFS
Dividends paid by the Reserve Bank of Australia	Dividends are recognised in the year profit was earned.	Dividends are recognised when the Treasurer makes a determination.	AAS
Interest expense measurement	Interest expense will be recorded on a contractual (debtor) rate basis.	Interest expense will be recorded on a market (creditor) rate basis.	AAS
National Disability Insurance Scheme (NDIS) revenue	Funding contributions by the state and territory governments to NDIS are treated as sales of goods and services revenue.  In-kind disability services provided by the States and Territory Governments are treated as other revenue.	Funding contributions by the state and territory governments to NDIS are treated as grants revenue.  In-kind disability services provided by the States and Territory Governments are treated as sales of goods and services revenue.	AAS

**Table 22: Major differences between AAS and ABS GFS (continued)**

<b>Issue</b>	<b>AAS treatment</b>	<b>ABS GFS treatment</b>	<b>Treatment adopted</b>
Commercial tax effect accounting assets and liabilities	Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis.	Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office.	ABS GFS
<b>Fiscal aggregates differences</b>			
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
<b>Classification difference</b>			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise non-financial asset sales for fiscal balance when payment is made and the licences take effect, which may be after the auction of licences, as this is regarded as the point control is transferred. Recognise cash at the time of receipt.	Recognise non-financial asset sales for fiscal balance at time of auction as this is regarded as the point control is transferred. Recognise cash at the time of receipt.	AAS

**Note 3: Taxation revenue by type**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	180,150	180,618	468
Gross other individuals	46,730	45,133	-1,597
less Refunds	28,300	28,364	64
Total individuals and other withholding taxation	198,580	197,388	-1,192
Fringe benefits tax	4,450	3,905	-545
Company tax	68,900	71,170	2,270
Superannuation funds	7,760	8,228	468
Petroleum resource rent tax(a)	1,050	976	-74
<b>Income taxation revenue</b>	<b>280,740</b>	<b>281,667</b>	<b>927</b>
Goods and services tax	62,220	62,727	507
Wine equalisation tax	870	850	-20
Luxury car tax	660	674	14
Excise and customs duty			
Petrol	6,100	6,201	101
Diesel	10,240	10,387	147
Other fuel products	1,900	1,955	55
Tobacco	10,690	10,612	-78
Beer	2,350	2,384	34
Spirits	2,050	2,059	9
Other alcoholic beverages(b)	920	923	3
Other customs duty			
Textiles, clothing and footwear	270	279	9
Passenger motor vehicles	500	540	40
Other imports	1,050	1,149	99
less Refunds and drawbacks	420	397	-23
Total excise and customs duty	35,650	36,091	441
Agricultural levies	532	554	23
Other taxes(c)	5,501	6,078	577
Mirror taxes	530	543	13
less Transfers to States in relation to mirror tax revenue	530	543	13
Mirror tax revenue	0	0	0
<b>Indirect taxation revenue</b>	<b>105,432</b>	<b>106,974</b>	<b>1,542</b>
<b>Taxation revenue</b>	<b>386,172</b>	<b>388,641</b>	<b>2,469</b>
<i>Memorandum:</i>			
Total excise	21,560	21,895	335
Total customs duty	14,090	14,196	106

(a) This item includes a small amount of MRRT revenue relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality.

(b) Other alcoholic beverages are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).

(c) In the 2016-17 FBO, the majority of corporations law fees have been reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies have been reclassified from taxation revenue to non-taxation revenue. The taxation revenue and non-taxation revenue series in Appendix B – Historical Australian Government Data have been back-cast from 2001-02 to reflect the sustained change in the nature of these revenues. This results in a net increase in taxation revenue and a net decrease in non-taxation revenue. See also Note 3(a), Taxation revenue by source and Note 4, Sales of goods and services revenue.

**Note 3(a): Taxation revenue by source**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Taxes on income, profits and capital gains			
Income and capital gains levied on individuals	203,020	201,309	-1,711
Income and capital gains levied on enterprises	77,720	80,358	2,638
<b>Total taxes on income, profits and capital gains</b>	<b>280,740</b>	<b>281,667</b>	<b>927</b>
Taxes on employers' payroll and labour force	635	605	-30
Taxes on the provision of goods and services			
Sales/goods and services tax	63,750	64,251	501
Excises and levies	22,092	22,449	357
Taxes on international trade	14,090	14,196	106
<b>Total taxes on the provision of goods and services</b>	<b>99,932</b>	<b>100,896</b>	<b>965</b>
Taxes on the use of goods and performance of activities(a)	4,866	5,472	607
<b>Total taxation revenue</b>	<b>386,172</b>	<b>388,641</b>	<b>2,469</b>

(a) In the 2016-17 FBO, the majority of corporations law fees have been reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies have been reclassified from taxation revenue to non-taxation revenue. The taxation revenue and non-taxation revenue series in Appendix B – Historical Australian Government Data have been back-cast from 2001-02 to reflect the sustained change in the nature of these revenues. This results in a net increase in taxation revenue and a net decrease in non-taxation revenue. See also Note 3, Taxation revenue by type and Note 4, Sales of goods and services revenue.

**Note 4: Sales of goods and services revenue**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Sales of goods	1,469	1,461	-8
Rendering of services	5,408	5,225	-183
Operating lease rental	89	112	23
Fees from regulatory services(a)	1,927	1,432	-496
<b>Total sales of goods and services revenue</b>	<b>8,894</b>	<b>8,230</b>	<b>-664</b>

(a) In the 2016-17 FBO, the majority of corporations law fees have been reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies have been reclassified from taxation revenue to non-taxation revenue. The taxation revenue and non-taxation revenue series in Appendix B – Historical Australian Government Data have been back-cast from 2001-02 to reflect the sustained change in the nature of these revenues. This results in a net increase in taxation revenue and a net decrease in non-taxation revenue. See also Note 3, Taxation revenue by type and Note 3(a), Taxation revenue by source.

**Note 5: Interest and dividend revenue**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Interest from other governments</b>			
State and Territory debt	51	51	0
Housing agreements	124	107	-17
<b>Total interest from other governments</b>	<b>175</b>	<b>159</b>	<b>-16</b>
<b>Interest from other sources</b>			
Advances	58	144	86
Deposits(a)	243	861	618
Indexation of HELP receivable and other student loans	560	505	-55
Other	2,718	1,323	-1,395
<b>Total interest from other sources</b>	<b>3,578</b>	<b>2,833</b>	<b>-745</b>
<b>Total interest</b>	<b>3,753</b>	<b>2,992</b>	<b>-762</b>
<b>Dividends</b>			
Dividends from other public sector entities	1,340	1,575	235
Other dividends	2,313	3,423	1,109
<b>Total dividends</b>	<b>3,653</b>	<b>4,998</b>	<b>1,344</b>
<b>Total interest and dividend revenue</b>	<b>7,407</b>	<b>7,989</b>	<b>583</b>

(a) Due to the implementation of the new Commonwealth Government reporting system, 'bank deposits' and 'deposits' are amalgamated and reported as 'deposits' from the 2016-17 FBO.

**Note 6: Other sources of non-taxation revenue**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Industry contributions	124	143	19
Royalties	963	992	29
Seigniorage	98	107	9
Other	8,432	9,620	1,188
<b>Total other sources of non-taxation revenue</b>	<b>9,618</b>	<b>10,863</b>	<b>1,245</b>

**Note 7: Employee and superannuation expense**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Wages and salaries expenses</b>	<b>19,926</b>	<b>19,059</b>	<b>-867</b>
<b>Other operating expenses</b>			
Leave and other entitlements	2,298	2,421	123
Separations and redundancies	145	292	147
Workers compensation premiums and claims	1,045	934	-111
Other	2,198	2,259	61
<b>Total other operating expenses</b>	<b>5,686</b>	<b>5,906</b>	<b>220</b>
<b>Superannuation expenses</b>			
Superannuation	9,702	9,831	129
Superannuation interest cost	8,446	8,445	-1
<b>Total superannuation expenses</b>	<b>18,147</b>	<b>18,276</b>	<b>129</b>
<b>Total employee and superannuation expense</b>	<b>43,759</b>	<b>43,241</b>	<b>-518</b>

**Note 8: Depreciation and amortisation expense**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Depreciation</b>			
Specialist military equipment	5,294	4,046	-1,248
Buildings	1,414	1,498	84
Other infrastructure, plant and equipment	1,512	1,551	39
Heritage and cultural assets	81	100	19
<b>Total depreciation</b>	<b>8,301</b>	<b>7,194</b>	<b>-1,106</b>
<b>Total amortisation</b>	<b>1,247</b>	<b>1,020</b>	<b>-227</b>
<b>Total depreciation and amortisation expense</b>	<b>9,547</b>	<b>8,214</b>	<b>-1,333</b>

**Note 9: Supply of goods and services expense**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Supply of goods and services	28,037	29,323	1,285
Operating lease rental expenses	2,401	2,496	95
Personal benefits – indirect(a)(b)	53,954	54,040	87
Health care payments	4,772	4,833	61
Other	2,170	2,346	175
<b>Total supply of goods and services expense</b>	<b>91,334</b>	<b>93,038</b>	<b>1,704</b>

(a) Includes reclassification of Home care packages from subsidy expenses to 'personal benefits - indirect' made in the 2016-17 MYEFO to reflect legislative changes to the program.

(b) Includes reclassification in the 2017-18 Budget of payments under the National Disability Insurance Scheme from grants expenses (Note 11) to indirect personal benefits expenses (Note 9), to reflect the nature of benefits provided to households.

**Note 10: Interest expense**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Interest on debt</b>			
Government securities	15,978	16,029	51
Loans	1	1	0
Other	199	199	0
<b>Total interest on debt</b>	<b>16,178</b>	<b>16,228</b>	<b>51</b>
<b>Other financing costs</b>	<b>1,404</b>	<b>830</b>	<b>-574</b>
<b>Total interest expense</b>	<b>17,582</b>	<b>17,059</b>	<b>-523</b>

**Note 11: Current and capital grants expense**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Current grants expense</b>			
State and Territory governments	106,227	106,350	123
Local governments	2	2	0
Private sector	7,923	8,173	250
Overseas	4,298	4,127	-171
Non-profit organisations	3,833	4,028	195
Multi-jurisdictional sector	10,201	10,164	-38
Other(a)	1,579	1,645	66
<b>Total current grants expense</b>	<b>134,064</b>	<b>134,489</b>	<b>426</b>
<b>Capital grants expense</b>			
Mutually agreed write-downs	1,389	1,203	-186
Other capital grants			
State and Territory governments	8,785	8,551	-234
Local governments	793	779	-14
Non-profit organisations	309	279	-30
Private sector	428	229	-199
Other	163	127	-36
<b>Total capital grants expense</b>	<b>11,867</b>	<b>11,167</b>	<b>-700</b>
<b>Total grants expense</b>	<b>145,931</b>	<b>145,657</b>	<b>-275</b>

(a) Includes reclassification in the 2017-18 Budget of payments under the National Disability Insurance Scheme from grants expenses (Note 11) to indirect personal benefits expenses (Note 9), to reflect the nature of benefits provided to households.

**Note 12: Personal benefits expense**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Social welfare - assistance to the aged	44,857	44,777	-80
Assistance to veterans and dependants	5,416	5,317	-99
Assistance to people with disabilities	24,552	24,457	-95
Assistance to families with children	32,805	32,810	5
Assistance to the unemployed	10,992	11,044	52
Student assistance	3,120	3,019	-101
Other welfare programs	1,190	995	-196
Financial and fiscal affairs	318	333	15
Vocational and industry training	29	25	-4
Other	6,661	6,819	158
<b>Total personal benefits expense</b>	<b>129,941</b>	<b>129,596</b>	<b>-345</b>

**Note 13: Advances paid and other receivables**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Advances paid</b>			
Loans to State and Territory governments	3,969	3,896	-72
Student loans(a)	45,077	36,701	-8,376
Other(b)	5,312	4,610	-702
/less Provision for doubtful debts	285	291	6
<b>Total advances paid</b>	<b>54,073</b>	<b>44,917</b>	<b>-9,156</b>
<b>Other receivables</b>			
Goods and services receivable	1,009	1,335	326
Recoveries of benefit payments	5,667	5,898	231
Taxes receivable	21,033	22,221	1,188
Prepayments	4,423	3,547	-876
Other	19,797	19,360	-437
/less Provision for doubtful debts	2,193	2,114	-79
<b>Total other receivables</b>	<b>49,736</b>	<b>50,247</b>	<b>511</b>

(a) Due to the implementation of the new Commonwealth Government reporting system, student related loans including Higher Education Loan Program and Student Financial Supplement Schemes are amalgamated and reported as 'student loans' from the 2016-17 FBO.

(b) Due to the implementation of the 2015 ABS GFS Manual, Australia's subscriptions to the International Development Association and the Asian Development Fund were reclassified in the 2017-18 Budget from 'advances paid' to 'equity investments' on the balance sheet.



**Note 14: Investments, loans and placements**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Investments - deposits	60,405	61,043	638
IMF quota	11,859	11,883	24
Other	109,590	120,326	10,736
<b>Total investments, loans and placements</b>	<b>181,854</b>	<b>193,251</b>	<b>11,397</b>

**Note 15: Non-financial assets**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Land and buildings</b>			
Land	10,296	11,002	706
Buildings	25,795	25,693	-102
<b>Total land and buildings</b>	<b>36,091</b>	<b>36,695</b>	<b>604</b>
<b>Plant, equipment and infrastructure</b>			
Specialist military equipment(a)	56,703	58,573	1,870
Other	15,319	15,012	-307
<b>Total plant, equipment and infrastructure</b>	<b>72,022</b>	<b>73,585</b>	<b>1,563</b>
<b>Inventories</b>			
Inventories held for sale	1,428	1,273	-155
Inventories not held for sale	7,053	7,274	221
<b>Total inventories</b>	<b>8,482</b>	<b>8,547</b>	<b>66</b>
<b>Intangibles</b>			
Computer software	4,165	3,852	-313
Other	3,747	3,599	-148
<b>Total intangibles</b>	<b>7,912</b>	<b>7,451</b>	<b>-462</b>
<b>Total investment properties</b>	<b>164</b>	<b>113</b>	<b>-51</b>
<b>Total biological assets</b>	<b>49</b>	<b>54</b>	<b>5</b>
<b>Total heritage and cultural assets</b>	<b>11,439</b>	<b>11,629</b>	<b>190</b>
<b>Total assets held for sale</b>	<b>227</b>	<b>195</b>	<b>-32</b>
<b>Total other non-financial assets</b>	<b>111</b>	<b>60</b>	<b>-51</b>
<b>Total non-financial assets</b>	<b>136,497</b>	<b>138,328</b>	<b>1,831</b>

(a) 'Specialist military equipment' is included at fair value to align with AASB 1049 which requires harmonisation with ABS GFS treatment.

**Note 16: Loans**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
Promissory notes	9,534	9,627	93
Special drawing rights	5,563	5,574	11
Other	587	1,327	739
<b>Total loans</b>	<b>15,685</b>	<b>16,528</b>	<b>843</b>

### Note 17: Employee and superannuation liabilities

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Total superannuation liability(a)</b>	<b>174,989</b>	<b>279,459</b>	<b>104,470</b>
<b>Other employee liabilities</b>			
Leave and other entitlements	7,772	7,603	-169
Accrued salaries and wages	212	250	38
Workers compensation claims	2,788	2,794	6
Other	7,408	7,486	78
<b>Total other employee liabilities</b>	<b>18,180</b>	<b>18,133</b>	<b>-47</b>
<b>Total employee and superannuation liabilities</b>	<b>193,168</b>	<b>297,592</b>	<b>104,423</b>

(a) For budget reporting purposes, a discount rate of 6 per cent used by actuaries in preparing Long-Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with Australian Accounting Standards, the superannuation liability for the 2016-17 Final Budget Outcome was calculated using the long-term government bond rate as at 30 June 2017 that best matches each individual scheme's liability duration. These rates were between 3.0 and 3.5 per cent per annum.

### Note 18: Provisions and payables

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Suppliers payable</b>			
Trade creditors	4,163	4,701	538
Operating lease rental payable	421	442	22
Other creditors	1,076	1,136	60
<b>Total suppliers payable</b>	<b>5,659</b>	<b>6,279</b>	<b>620</b>
<b>Total personal benefits provisions and payables(a)</b>	<b>13,189</b>	<b>11,696</b>	<b>-1,493</b>
<b>Total subsidies provisions and payables</b>	<b>451</b>	<b>550</b>	<b>98</b>
<b>Grants provisions and payables</b>			
State and territory governments	63	793	729
Non-profit organisations	195	173	-22
Private sector	345	359	14
Overseas	2,308	2,198	-110
Local governments	0	1	1
Other(a)	8,625	8,020	-605
<b>Total grants provisions and payables</b>	<b>11,537</b>	<b>11,544</b>	<b>7</b>
<b>Other provisions and payables</b>			
Provisions for tax refunds	2,978	2,815	-164
Other	17,785	18,563	778
<b>Total other provisions and payables</b>	<b>20,763</b>	<b>21,378</b>	<b>615</b>

(a) Includes reclassification of payments in the 2017-18 Budget under the National Disability Insurance Scheme from grants to indirect personal benefits to reflect the nature of benefits provided to households.

**Note 19: Reconciliation of cash**

	2016-17 Estimate at 2017-18 Budget \$m	2016-17 Outcome \$m	Change on 2017-18 Budget \$m
<b>Net operating balance (revenues less expenses)</b>	<b>-38,666</b>	<b>-32,084</b>	<b>6,582</b>
<i>less</i> <b>Revenues not providing cash</b>			
Other	2,379	1,135	-1,244
<b>Total revenues not providing cash</b>	<b>2,379</b>	<b>1,135</b>	<b>-1,244</b>
<i>plus</i> <b>Expenses not requiring cash</b>			
Increase/(decrease) in employee entitlements	10,009	9,965	-44
Depreciation/amortisation expense	9,547	8,214	-1,333
Mutually agreed write-downs	1,389	1,203	-186
Other	888	2,642	1,754
<b>Total expenses not requiring cash</b>	<b>21,833</b>	<b>22,024</b>	<b>191</b>
<i>plus</i> <b>Cash provided/(used) by working capital items</b>			
Decrease/(increase) in inventories	-205	-460	-255
Decrease/(increase) in receivables	-6,138	-8,676	-2,538
Decrease/(increase) in other financial assets	2,659	-376	-3,035
Decrease/(increase) in other non-financial assets	-188	115	303
Increase/(decrease) in benefits, subsidies and grants payable	-1,121	-3,028	-1,907
Increase/(decrease) in suppliers' liabilities	593	1,021	428
Increase/(decrease) in other provisions and payables	-1,445	1,947	3,392
<b>Net cash provided/(used) by working capital</b>	<b>-5,844</b>	<b>-9,457</b>	<b>-3,613</b>
<i>equals</i> (Net cash from/(to) operating activities)	-25,055	-20,652	4,403
<i>plus</i> (Net cash from/(to) investing activities)	-56,740	-59,616	-2,876
<b>Net cash from operating activities and investment</b>	<b>-81,795</b>	<b>-80,268</b>	<b>1,527</b>
<i>plus</i> (Net cash from/(to) financing activities)	81,565	81,771	206
<b>equals Net increase/(decrease) in cash</b>	<b>-230</b>	<b>1,503</b>	<b>1,732</b>
<b>Cash at the beginning of the year</b>	<b>3,638</b>	<b>3,638</b>	<b>0</b>
Net increase/(decrease) in cash	-230	1,503	1,732
<b>Cash at the end of the year</b>	<b>3,408</b>	<b>5,140</b>	<b>1,732</b>

## FINANCIAL REPORTING STANDARDS AND BUDGET CONCEPTS

The *Final Budget Outcome* primarily focuses on the financial performance and position of the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies, user charging and external funding. AASB 1049 recognises the GGS as a reporting entity.

### AASB 1049 Conceptual framework

AASB 1049 seeks to 'harmonise' ABS GFS and AAS.

The reporting framework for AASB 1049 requires the preparation of accrual-based general purpose financial reports, showing government assets, liabilities, revenue, expenses and cash flows. GGS reporting under AASB 1049 aims to provide users with information about the stewardship of each government in relation to its GGS and accountability for the resources entrusted to it; information about the financial position, performance and cash flows of each government's GGS; and information that facilitates assessments of the macroeconomic impact. While AASB 1049 provides a basis for whole-of-government (including the PNFC and PFC sectors) and GGS outcome reporting, budget reporting and budget outcome reporting focuses on the GGS.

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues and expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, overriding AASB 10 *Consolidated Financial Statements*. AASB 1049 also follows ABS GFS by requiring changes in net worth to be split into either transactions or 'other economic flows' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2014*.<sup>2</sup>

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2 Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods*, 2015 (cat. no. 5514.0).

All financial data presented in the financial statements are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or 'other economic flows'). Transactions result from a mutually agreed interaction between economic entities. Despite their compulsory nature, taxes are transactions deemed to occur by mutual agreement between the government and the taxpayer. Transactions that increase or decrease net worth (assets less liabilities) are reported as revenues and expenses respectively in the operating statement.<sup>3</sup>

A change to the value or volume of an asset or liability that does not result from a transaction is an 'other economic flow'. This can include changes in values from market prices, most actuarial valuations and exchange rates, and changes in volumes from discoveries, depletion and destruction. All 'other economic flows' are reported in the operating statement.

Consistent with the ABS GFS framework, and in general AAS, the financial statements record flows in the period in which they occur. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods and can be reliably assigned to the relevant period(s).

## **Operating statement**

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

Revenues arise from transactions that increase net worth and expenses arise from transactions that decrease net worth. Revenues less expenses gives the net operating balance. The net operating balance is similar to the National Accounts concept of government saving plus capital transfers.

The net acquisition of non-financial assets (net capital investment) equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets. This measures the net effect of purchases, sales and consumption (for example, depreciation of fixed assets and use of inventory) of non-financial assets during an accounting period.

Other economic flows are presented in the operating statement and outline changes in net worth that are driven by economic flows other than revenues and expenses. Revenues, expenses and other economic flows sum to the total change in net worth during a period. The majority of other economic flows for the Australian Government GGS arise from price movements in its assets and liabilities.

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3 Not all transactions impact on net worth. For example, transactions in financial assets and liabilities do not impact on net worth as they represent the swapping of assets and liabilities on the balance sheet.

## **Net operating balance**

The net operating balance is the excess of revenue from transactions over expenses from transactions. The net operating balance excludes expenditure on the acquisition of capital assets, but includes non-cash costs such as accruing superannuation entitlements and the consumption of capital (depreciation). By including all accruing costs, including depreciation, the net operating balance encompasses the full current cost of providing government services. This makes it a measure of the sustainability of the government's fiscal position over time and provides an indication of the sustainability of the existing level of government services.

The net operating balance is a flow measure on the operating statement.

## **Fiscal balance**

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. Thus, the fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.<sup>4</sup>

The fiscal balance measures the Australian Government's investment-saving balance. It measures in accrual terms the gap between government savings plus net capital transfers, and investment in non-financial assets. As such, it approximates the contribution of the Australian Government GGS to the balance on the current account in the balance of payments.

## **Balance sheet**

The balance sheet shows stocks of assets, liabilities and net worth. In accordance with the UPF, net debt, net financial worth and net financial liabilities are also reported in the balance sheet.

## **Net worth**

The net worth of the GGS, PNFC and PFC sectors is defined as assets less liabilities. This differs from the ABS GFS definition for the PNFC and PFC sectors where net worth is defined as assets less liabilities less shares and other contributed capital. Net worth is an economic measure of wealth, reflecting the Australian Government's contribution to the wealth of Australia.

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4 The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation also forms part of net capital investment, which (in the calculation of fiscal balance) offsets the inclusion of depreciation in the net operating balance.

## **Net financial worth**

Net financial worth measures a government's net holdings of financial assets. It is calculated from the balance sheet as financial assets minus liabilities. This differs from the ABS GFS definition of net financial worth for the PNFC and PFC sectors, defined as financial assets, less liabilities, less shares and other contributed capital. Net financial worth is a broader measure than net debt, in that it incorporates provisions made (such as superannuation) as well as holdings of equity. Net financial worth includes all classes of financial assets and all liabilities, only some of which are included in net debt. As non-financial assets are excluded from net financial worth, this is a narrower measure than net worth. However, it avoids the concerns inherent with the net worth measure relating to the valuation of non-financial assets and their availability to offset liabilities.

## **Net financial liabilities**

Net financial liabilities comprises total liabilities less financial assets but excludes equity investments in the other sectors of the jurisdiction. Net financial liabilities is a more accurate indicator than net debt of a jurisdiction's fiscal position as it includes substantial non-debt liabilities such as accrued superannuation and long service leave entitlements. Excluding the net worth of other sectors in government results in a purer measure of financial worth than net financial worth, as, in general, the net worth of other sectors of government, in particular the PNFC sector, is backed up by physical assets.

## **Net debt**

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowing) less the sum of selected financial assets<sup>5</sup> (cash and deposits, advances paid, and investments, loans and placements). This includes financial assets (excluding equities) held by the Future Fund which are invested in these asset classes, including term deposits and investments in collective investment vehicles. Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

The 2015 ABS GFS Manual presents debt in a matrix format, with no single net debt aggregate identified. The Commonwealth Government continues to report net debt in accordance with the UPF as described above.

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5 Financial assets are defined as cash, an equity instrument of another entity, a contractual right to receive cash or financial asset, and a contract that will or may be settled in the entity's own equity instruments.

## Cash flow statement

The cash flow statement identifies how cash is generated and applied in a single accounting period. The cash flow statement reflects a cash basis of recording (rather than an accrual basis) where information is derived indirectly from underlying accrual transactions and movements in balances. This, in effect, means that transactions are captured when cash is received or when cash payments are made. Cash transactions are specifically identified because cash management is considered an integral function of accrual budgeting.

## Underlying cash balance

The underlying cash balance plus net Future Fund earnings is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance.

For the GGS, the underlying cash balance is calculated as shown below:

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>equals</i>
ABS GFS cash surplus/deficit <sup>6</sup>
<i>less</i>
Net acquisitions of assets acquired under finance leases and similar arrangements <sup>7</sup>
<i>less</i>
Net Future Fund earnings
<i>equals</i>
Underlying cash balance

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6 In accordance with the 2015 ABS GFS Manual, finance leases are not deducted in the derivation of the cash surplus/deficit. This has removed the distinction between the calculation of the cash surplus/deficit under AASB 1049 and the ABS GFS standards that existed under the 2005 ABS GFS Manual.

7 The underlying cash balance treats the acquisition and disposal of non-financial assets in the same manner regardless of whether they occur by purchase/sale or finance lease – acquisitions reduce the underlying cash balance and disposals increase the underlying cash balance. However, finance leases do not generate cash flows at the time of acquisition or disposal equivalent to the value of the asset. As such, net acquisitions of assets under finance leases are not shown in the body of the cash flow statement but are reported as a supplementary item for the calculation of the underlying cash balance.



Under the *Future Fund Act 2006*, earnings are required to be reinvested to meet the Government's future public sector superannuation liabilities. The Government excludes net Future Fund cash earnings from the calculation of the underlying cash balance between 2005-06 and 2019-20. From 2020-21 onwards, net Future Fund cash earnings will be included in the calculation of the underlying cash balance because the Future Fund becomes available to meet the Government's superannuation liabilities from that year.

In contrast, net Future Fund earnings are included in the net operating balance and fiscal balance for all years because superannuation expenses relating to future cash payments are recorded in the net operating balance and fiscal balance.

Net Future Fund earnings are separately identified in the Australian Government GGS cash flow statement in Table 12 of this statement and the historical tables in Appendix B.

### **Headline cash balance**

The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes and net Future Fund earnings to the underlying cash balance.

Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.<sup>8</sup> Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Net advances include net loans to the States, and net loans to students under the Higher Education Loan Program (HELP).

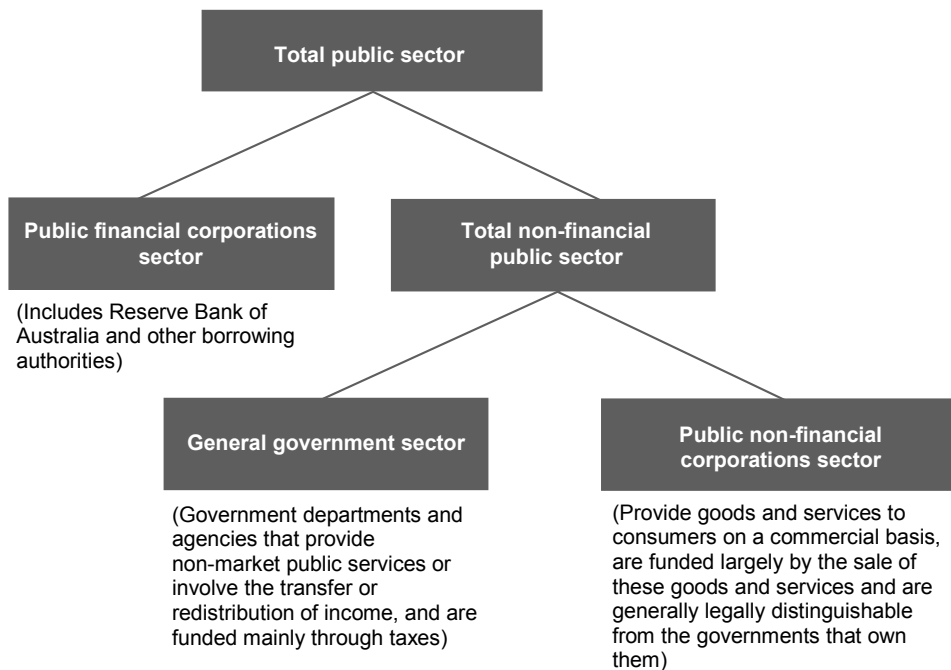
### **Sectoral classifications**

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure 1. ABS GFS defines the general government sector (GGS) and the public non-financial corporations (PNFC) and public financial corporations (PFC) sectors. AASB 1049 has also adopted this sectoral reporting.

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<sup>8</sup> Cash flows from investments in financial assets for policy purposes are often referred to as net advances.

**Figure 1: Institutional structure of the public sector**



All entities are classified as GGS entities except for the following list of portfolio entities that are classified as PFC or PNFC (Table 23).

A table which provides a full list of public sector principal entities is available on the Department of Finance website at:  
[http://www.finance.gov.au/sites/default/files/Flipchart\\_11\\_September\\_2017\\_0.pdf](http://www.finance.gov.au/sites/default/files/Flipchart_11_September_2017_0.pdf)

**Table 23: Entities outside of the general government sector**

<b>Public financial corporations</b>
Employment Portfolio
<ul style="list-style-type: none"> <li>Coal Mining Industry (Long Service Leave Funding) Corporation</li> </ul>
Foreign Affairs and Trade Portfolio
<ul style="list-style-type: none"> <li>Export Finance and Insurance Corporation</li> </ul>
Industry, Innovation and Science Portfolio
<ul style="list-style-type: none"> <li>CSIRO General Partner Pty Ltd</li> <li>CSIRO General Partner 2 Pty Ltd</li> </ul>
Treasury Portfolio
<ul style="list-style-type: none"> <li>Australia Reinsurance Pool Corporation</li> <li>Reserve Bank of Australia</li> </ul>
<b>Public non-financial corporations</b>
Communications and the Arts Portfolio
<ul style="list-style-type: none"> <li>Australian Postal Corporation</li> <li>NBN Co Ltd</li> </ul>
Finance Portfolio
<ul style="list-style-type: none"> <li>ASC Pty Ltd*</li> <li>Australian Naval Infrastructure Pty Ltd*</li> </ul>
Industry, Innovation and Science Portfolio
<ul style="list-style-type: none"> <li>ANSTO Nuclear Medicine Pty Ltd</li> </ul>
Infrastructure and Regional Development Portfolio
<ul style="list-style-type: none"> <li>Airservices Australia</li> <li>Australian Rail Track Corporation Ltd</li> <li>Moorebank Intermodal Company Ltd</li> </ul>
Prime Minister and Cabinet Portfolio
<ul style="list-style-type: none"> <li>Voyages Indigenous Tourism Australia Pty Ltd</li> </ul>
Social Services Portfolio
<ul style="list-style-type: none"> <li>Australian Hearing Services</li> </ul>

\* The government announced that ASC Pty Ltd will be separated into three individual Government owned companies. Australian Naval Infrastructure Pty Ltd was established under this structural separation. Full separation is expected to be completed during 2017.

## AUSTRALIAN LOAN COUNCIL ALLOCATION

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

- the estimated non-financial public sector ABS GFS cash surplus/deficit (made up from the balances of the general government and public non-financial corporations sectors);
- net cash flows from investments in financial assets for policy purposes; and
- memorandum items, which involve transactions that are not formally borrowings but nevertheless have many of the characteristics of borrowings.

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

As set out in Table 24, the Commonwealth's 2016-17 LCA final budget outcome is a \$48.5 billion deficit. This compares with the 2016-17 Budget estimate of a \$62.0 billion deficit. The LCA final budget outcome falls outside the two per cent tolerance limit set at the 2016-17 Budget, due to lower than expected net cash flows from investments in financial assets for policy purposes, higher than expected receipts and lower payments.

**Table 24: Commonwealth's Loan Council Allocation**

\$million	2016-17 Budget Estimate	2016-17 Outcome
GGs cash surplus(-)/deficit(+)	33,760	29,449
PNFC sector cash surplus(-)/deficit(+)	9,930	7,138
NFPS cash surplus(-)/deficit(+)(a)	43,690	36,587
<i>equals</i> ABS GFS cash surplus(-)/deficit(+)	43,690	36,587
<i>minus</i> Net cash flows from investments in financial assets for policy purposes(b)	-19,678	-13,501
<i>plus</i> Memorandum items(c)	-1,348	-1,591
<b>Loan Council Allocation</b>	<b>62,020</b>	<b>48,497</b>
2016-17 tolerance limit(d)	8,386	na

(a) May not directly equate to the sum of the GGS and the PNFC sectors due to intersectoral transfers which are netted out.

(b) Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as they are reported in cash flow statements. Such transactions involve the transfer or exchange of a financial asset and are not included within the cash surplus/deficit. However, the cash flow from investments in financial assets for policy purposes has implications for a government's call on financial markets.

(c) For the Commonwealth's LCA outcome, memorandum items include the change in net present value (NPV) of operating leases (with NPV greater than \$5 million); the net funding of superannuation; the net financing requirement of the Australian National University; and NFPS acquisitions under finance leases and similar arrangements.

(d) A tolerance limit of two per cent of NFPS cash receipts from operating activities applies to the movement between the LCA Budget estimate and final outcome. Tolerance limits recognise that LCAs may change through the year as a result of policy and parameter changes.

## PART 3: AUSTRALIA'S FEDERAL RELATIONS

This part provides information on payments for specific purposes and general revenue assistance, including the GST entitlement, provided to the States and Territories (the States).

Commonwealth payments to the States are framed by the *Intergovernmental Agreement on Federal Financial Relations* (the Intergovernmental Agreement), which has been in place since 1 January 2009.

More detailed information on Australia's federal relations is provided in Budget Paper No. 3, *Federal Financial Relations 2016-17*, and on the Federal Financial Relations website at: [www.federalfinancialrelations.gov.au](http://www.federalfinancialrelations.gov.au).

### OVERVIEW OF PAYMENTS TO THE STATES

The States receive substantial financial support from the Commonwealth. In 2016-17, the Commonwealth provided the States with payments totalling \$115.7 billion, comprising specific purpose payments of \$55.1 billion and general revenue assistance (including GST entitlements) of \$60.6 billion, as shown in Table 25. Total payments to the States constituted 25.8 per cent of total Commonwealth expenditure in 2016-17.

**Table 25: Commonwealth payments to the States, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Payments for specific purposes	17,665	12,366	11,398	5,822	3,874	1,965	856	1,183	55,128
General revenue assistance	17,358	13,970	14,055	2,547	5,979	2,267	1,194	3,186	60,554
<b>Total payments to the States</b>	<b>35,023</b>	<b>26,336</b>	<b>25,453</b>	<b>8,369</b>	<b>9,852</b>	<b>4,231</b>	<b>2,050</b>	<b>4,368</b>	<b>115,682</b>

### PAYMENTS FOR SPECIFIC PURPOSES

In 2016-17, the Commonwealth provided payments to the States for specific purposes in areas administered by the States. These payments cover most functional areas of State and local government activity including health, education, skills and workforce development, community services, housing, Indigenous affairs, infrastructure and the environment.

The Commonwealth provided the following types of specific purpose payments to the States:

- National Health Reform funding for public hospitals;
- Students First funding for government and non-government schools;

- National Specific Purpose Payments (National SPPs) in respect of housing, disability services and skills and workforce development; and
- National Partnership payments across a wide range of policy areas.

### **National SPPs, National Health Reform and Students First funding**

In 2016-17, the Commonwealth continued to provide funding for key service delivery sectors through National SPPs, National Health Reform funding and Students First funding. The National SPPs are:

- the National Skills and Workforce Development SPP;
- the National Disability SPP; and
- the National Affordable Housing SPP.

The States are required to spend each National SPP in the relevant sector. The National SPPs are indexed each year by growth factors specified in the Intergovernmental Agreement.

Payments made throughout the year for National SPPs and Students First were made in advance based on Commonwealth estimates of the respective growth factors. A balancing adjustment is made after the end of the financial year (or calendar year, for Students First) once final growth factor data become available.

The National SPPs are distributed among the States in accordance with population shares based on the Australian Statistician's determination as at 31 December of that year.

Students First funding includes recurrent and capital funding for government and non-government schools, funding for non-government representative bodies, and other prescribed purpose funding. Students First funding is distributed among the States in accordance with the *Australian Education Act 2013* and agreements made under that Act.

Payments made throughout the year for National Health Reform were made in advance on the basis of advice from the Administrator of the National Health Funding Pool. This funding is calculated by reference to the level of estimated efficient growth in public hospital activity in each State. The amounts published are for payments made in respect of 2016-17 services. The Treasurer will determine the final amount and State allocations for 2016-17 following the Administrator's final reconciliation of activity data.

## National Partnership payments

Under the Intergovernmental Agreement, National Partnership payments to the States are the key vehicle to support the delivery of specified projects, facilitate reforms or reward jurisdictions that deliver on nationally significant reforms.

National Partnerships are typically time-limited, reflecting the nature of the project or reform involved. National Partnership agreements are publicly available at: [www.federalfinancialrelations.gov.au](http://www.federalfinancialrelations.gov.au).

## Total payments for specific purposes

In 2016-17, the States received \$55.1 billion in payments for specific purposes. This constituted 12.3 per cent of total Commonwealth expenditure in 2016-17.

Total payments for specific purposes, including National SPPs, National Health Reform funding, Students First funding and National Partnership payments are shown in Table 26.

**Table 26: Total payments for specific purposes by category, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
National Specific Purpose									
Payments	1,378	1,104	863	454	303	92	72	43	4,309
National Health Reform funding(a)	5,730	4,724	3,851	2,089	1,266	388	345	246	18,638
Students First funding(b)	5,193	4,387	3,664	1,659	1,200	397	275	315	17,091
National Partnership payments(c)	5,364	2,152	3,020	1,620	1,104	1,088	164	578	15,090
<b>Total payments for specific purposes</b>	<b>17,665</b>	<b>12,366</b>	<b>11,398</b>	<b>5,822</b>	<b>3,874</b>	<b>1,965</b>	<b>856</b>	<b>1,183</b>	<b>55,128</b>

(a) The 2016-17 outcomes for National Health Reform funding will be finalised following reconciliation of activity data by the Administrator of the National Health Funding Pool and a subsequent Determination by the Treasurer.

(b) At the 2017-18 Budget the Government decided to implement a new needs-based funding model known as Quality Schools funding, which replaced the Students First funding model. The 2016-17 Students First funding outcome will be finalised following a Determination by the Minister for Education.

(c) Includes financial assistance grants for local government.

Total payments for specific purposes by sector, including National SPPs, National Health Reform funding, Students First funding and National Partnership payments, are shown in Table 27.

**Table 27: Total payments for specific purposes by sector, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
Health	5,811	4,809	3,901	2,127	1,285	1,155	349	343	19,779
Education	5,335	4,514	3,777	1,721	1,240	409	285	365	17,646
Skills and workforce development	639	507	408	209	141	45	33	21	2,003
Community services	627	456	342	428	137	44	28	89	2,151
Affordable housing	459	367	357	192	113	31	24	214	1,757
Infrastructure	3,559	606	1,751	614	619	143	29	79	7,401
Environment	61	198	46	8	84	19	22	5	444
Contingent	9	13	61	69	2	1	-	8	162
Other(a)	1,164	896	755	453	253	117	86	59	3,783
<b>Total payments for specific purposes</b>	<b>17,665</b>	<b>12,366</b>	<b>11,398</b>	<b>5,822</b>	<b>3,874</b>	<b>1,965</b>	<b>856</b>	<b>1,183</b>	<b>55,128</b>

(a) Includes financial assistance grants for local government.

Total payments for specific purposes by sector and category, including National SPPs, National Health Reform funding, Students First funding and National Partnership payments, are shown in Table 28.



**Table 28: Total payments for specific purposes by sector and category, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<i>Health</i>									
National Health Reform funding(a)	5,730	4,724	3,851	2,089	1,266	388	345	246	18,638
National Partnerships	81	85	49	39	19	767	4	97	1,141
Total health payments	5,811	4,809	3,901	2,127	1,285	1,155	349	343	19,779
<i>Education</i>									
Students First funding(b)	5,193	4,387	3,664	1,659	1,200	397	275	315	17,091
National Partnerships	143	127	113	62	39	12	9	50	556
Total education payments	5,335	4,514	3,777	1,721	1,240	409	285	365	17,646
<i>Skills and workforce development</i>									
National Skills and Workforce Development SPP	472	378	296	155	104	31	25	15	1,476
National Partnerships	167	128	112	54	38	14	8	6	527
Total skills and workforce development payments	639	507	408	209	141	45	33	21	2,003
<i>Community services</i>									
National Disability SPP	477	382	299	157	105	32	25	15	1,490
National Partnerships	150	74	43	271	32	12	3	74	661
Total community services payments	627	456	342	428	137	44	28	89	2,151
<i>Affordable housing</i>									
National Affordable Housing SPP	429	344	269	141	95	29	22	13	1,343
National Partnerships	30	23	88	50	18	3	2	201	415
Total affordable housing payments	459	367	357	192	113	31	24	214	1,757
<i>Infrastructure</i>									
National Partnerships	3,559	606	1,751	614	619	143	29	79	7,401
<i>Environment</i>									
National Partnerships	61	198	46	8	84	19	22	5	444
<i>Contingent payments</i>									
National Partnerships	9	13	61	69	2	1	-	8	162
<i>Other</i>									
National Partnerships(c)	1,164	896	755	453	253	117	86	59	3,783
<b>Total payments for specific purposes</b>	<b>17,665</b>	<b>12,366</b>	<b>11,398</b>	<b>5,822</b>	<b>3,874</b>	<b>1,965</b>	<b>856</b>	<b>1,183</b>	<b>55,128</b>

(a) The 2016-17 outcomes for National Health Reform funding will be finalised following reconciliation of activity data by the Administrator of the National Health Funding Pool and a subsequent Determination by the Treasurer.

(b) At the 2017-18 Budget the Government decided to implement a new needs-based funding model known as Quality Schools funding, which replaced the Students First funding model. The 2016-17 Students First funding outcome will be finalised following a Determination by the Minister for Education.

(c) Includes financial assistance grants for local government.

## Natural Disaster Relief and Recovery Arrangements

The Commonwealth provides funding under the Natural Disaster Relief and Recovery Arrangements (NDRRA) to assist the States in relief and recovery efforts following eligible natural disasters.

For accounting purposes, the Commonwealth recognises a liability equal to the present value of future payments expected to be made to the States under the NDRRA. This is regardless of whether a State has completed eligible disaster reconstruction work or submitted an eligible claim under the NDRRA. Total cash payments in 2016-17 are presented in Table 29 below. See Table 44 in Attachment A for the expense outcome.

**Table 29: NDRRA cash payments, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
NDRRA	-	-	1,103.4	0.7	-	-	-	-	1,104.1
<b>Total</b>	-	-	<b>1,103.4</b>	<b>0.7</b>	-	-	-	-	<b>1,104.1</b>

## GENERAL REVENUE ASSISTANCE

General revenue assistance is provided to the States, without conditions, to spend according to their own budget priorities.

In 2016-17, the States received \$60.6 billion in general revenue assistance from the Commonwealth, comprising \$59.8 billion in GST entitlements and \$708.8 million of other general revenue assistance, as shown in Table 30. Total general revenue assistance to the States constituted 13.5 per cent of total Commonwealth expenditure in 2016-17.

**Table 30: General revenue assistance, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST entitlement(a)	17,335.4	13,958.8	14,054.9	1,913.9	5,978.6	2,266.6	1,155.0	3,182.3	59,845.5
Other general revenue assistance									
<i>ACT municipal services</i>	-	-	-	-	-	-	39.1	-	39.1
<i>Compensation for reduced royalties</i>	-	-	-	31.8	-	-	-	-	31.8
<i>Royalty payments</i>	-	-	-	601.4	-	-	-	3.3	604.6
<i>Snowy Hydro Limited tax compensation</i>	22.2	11.1	-	-	-	-	-	-	33.3
Total other general revenue assistance	22.2	11.1	-	633.1	-	-	39.1	3.3	708.8
<b>Total general revenue assistance</b>	<b>17,357.6</b>	<b>13,969.9</b>	<b>14,054.9</b>	<b>2,547.0</b>	<b>5,978.6</b>	<b>2,266.6</b>	<b>1,194.1</b>	<b>3,185.6</b>	<b>60,554.3</b>

(a) The 2016-17 GST outcome will be finalised following a Determination by the Treasurer.

## GST payments

Under the Intergovernmental Agreement, the States are entitled to receive payments from the Commonwealth equivalent to the revenue received from the GST. Some adjustments are made to GST revenue in order to calculate the amount of GST paid to the States in any given year.

- Some GST revenue accrued during a financial year is not remitted to the Australian Taxation Office (ATO) by 30 June of that year, because it is not due to be paid until Business Activity Statements (BAS) are lodged the following financial year.
- Penalties owed to the ATO, other than general interest charge (GIC) penalties, are not included in the GST to be paid to the States, as defined in the *Federal Financial Relations Act 2009*.
- Some GST collected by Commonwealth agencies is not remitted to the ATO by 30 June in each financial year, because it is not due to be paid until the next BAS is lodged.

In 2016-17, GST revenue was \$62.7 billion. A reconciliation of GST revenue and the States' GST entitlement is provided in Table 31.

**Table 31: Reconciliation of GST revenue and the States' GST entitlement, 2016-17**

\$million	Total
GST revenue	62,727
<i>less</i> Change in GST receivables	2,704
GST receipts	60,023
<i>less</i> Non-GIC penalties collected	176
<i>less</i> Net GST collected by Commonwealth agencies but not yet remitted to the ATO	1
<b>States' GST entitlement(a)</b>	<b>59,845</b>

(a) The 2016-17 GST outcome will be finalised following a Determination by the Treasurer.

The Commonwealth made monthly payments (advances) to the States throughout 2016-17 based on GST estimates, as updated at the 2017-18 Budget. Estimates of the GST were used, as the actual amount of GST revenue for 2016-17 is not known until after the end of the financial year.

For 2016-17, the States' GST entitlement is expected to be \$59.8 billion. This is \$605.5 million higher than the advances paid during 2016-17. Once the Treasurer has made a Determination of the GST entitlement for 2016-17, a balancing adjustment will then be made to each State's payments to ensure the States receive the GST to which they are entitled. Table 32 provides a reconciliation of the States' GST entitlement and GST advances.

**Table 32: States' GST entitlement and GST advances, 2016-17**

\$million	Total
States' GST entitlement(a)	59,845.5
less Advances of GST made throughout 2016-17	59,240.0
<i>equals</i> Balancing adjustment	605.5

(a) The 2016-17 GST outcome will be finalised following a Determination by the Treasurer.

### Distribution of the GST among the States

The Commonwealth distributes the GST among the States based on the GST revenue sharing relativities recommended by the Commonwealth Grants Commission.

Following consultation with the States, the Treasurer issued a Determination of the GST revenue sharing relativities for 2016-17 in April 2016. The relativities for 2016-17 are shown in Table 33.

**Table 33: GST relativities, 2016-17**

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2016-17	0.90464	0.90967	1.17109	0.30330	1.41695	1.77693	1.15648	5.28450

The detailed calculation for the distribution of the GST entitlement in 2016-17 is shown in Table 34. This method of calculation is prescribed in legislation in the *Federal Financial Relations Act 2009*. The entitlements are allocated using the population as at 31 December 2016, as determined by the Australian Statistician.

**Table 34: Calculation of the 2016-17 GST entitlements<sup>(a)</sup>**

	Population as at 31 December 2016 (1)	GST revenue sharing relativities (2)	Adjusted population (1) x (2) (3)	Share of adjusted population (per cent) (4)	Share of GST pool (\$million) (5)
NSW	7,797,791	0.90464	7,054,194	29.0	17,335.4
VIC	6,244,227	0.90967	5,680,186	23.3	13,958.8
QLD	4,883,739	1.17109	5,719,298	23.5	14,054.9
WA	2,567,788	0.30330	778,810	3.2	1,913.9
SA	1,716,966	1.41695	2,432,855	10.0	5,978.6
TAS	519,050	1.77693	922,316	3.8	2,266.6
ACT	406,403	1.15648	469,997	1.9	1,155.0
NT	245,048	5.28450	1,294,956	5.3	3,182.3
Total	24,381,012	na	24,352,611	100.0	59,845.5

(a) The 2016-17 GST outcome will be finalised following a Determination by the Treasurer.

Table 35 provides a summary of the advances made in 2016-17 against the States' estimated final entitlements shown in Table 34 above. The variance between advances paid in 2016-17 and the States' final entitlements will be included as an adjustment to payments in the 2017-18 financial year.

**Table 35: Summary of GST advances made in 2016-17 and distribution of the balancing adjustment across States<sup>(a)</sup>**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
GST entitlement	17,335.4	13,958.8	14,054.9	1,913.9	5,978.6	2,266.6	1,155.0	3,182.3	59,845.5
16-17 advances	17,215.9	13,631.7	13,955.1	1,950.0	5,933.9	2,259.2	1,129.0	3,165.2	59,240.0
Balancing adjustment	119.5	327.1	99.8	-36.1	44.7	7.3	26.0	17.1	605.5

(a) The 2016-17 GST outcome will be finalised following a Determination by the Treasurer.

## GST administration

States compensate the Commonwealth for the agreed costs incurred by the ATO in administering the GST, including costs incurred by the Department of Immigration and Border Protection, as shown in Table 36.

**Table 36: GST administration, 2016-17**

\$million	Actual	
	2015-16	2016-17
Australian Taxation Office budget	679.6	682.4
<i>less</i> Prior year adjustment	7.4	0.0
<i>equals</i> State government administration payments	672.2	682.4
<i>less</i> Australian Taxation Office outcome(a)	679.6	682.4
<b><i>equals</i> Commonwealth budget impact</b>	<b>-7.4</b>	<b>0.0</b>
<i>plus</i> Prior year adjustment	7.4	0.0
<i>equals</i> Following year adjustment	0.0	0.0

(a) Estimated outcome for 2016-17 pending confirmation by the Australian National Audit Office.

The estimated outcome for the 2016-17 GST administration expense is \$682.4 million.

## **PAYMENTS TO THE STATES**

This attachment provides information on Commonwealth payments to the States and local governments on an accruals basis. Details regarding Commonwealth advances (loans) to the States, including repayments of advances and interest on advances, are provided in Table 48. Most of these advances were funded from borrowings made on behalf of the States under previous Australian Loan Council arrangements.

The following tables detail payments and other financial flows to the States for 2016-17:

Table 37 – health;

Table 38 – education;

Table 39 – skills and workforce development;

Table 40 – community services;

Table 41 – affordable housing;

Table 42 – infrastructure;

Table 43 – environment;

Table 44 – contingent liabilities;

Table 45 – other purposes;

Table 46 – general revenue assistance;

Table 47 – total payments, presented on the Australian Bureau of Statistics Government Finance Statistics (GFS) functional basis; and

Table 48 – estimated advances, repayment of advances and interest payments.

**Table 37: Payments for specific purposes to support State health services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Health Reform funding(a)</b>									
Hospital services	5,612.6	4,629.6	3,777.6	2,049.8	1,239.9	379.8	338.5	242.2	18,270.0
Public health	117.7	94.3	73.7	38.8	25.9	7.8	6.1	3.7	368.1
<b>National Partnership payments</b>									
<b>Health Infrastructure</b>									
Hospital infrastructure projects	-	-	-	2.0	-	-	-	-	2.0
National cancer system	-	11.9	2.5	10.4	0.5	4.5	-	45.6	75.4
Regional priority round	-	-	-	-	-	-	-	-	-
Albury-Wodonga Hospital Cardiac	-	3.0	-	-	-	-	-	-	3.0
Catheterisation Laboratory	-	-	-	-	-	-	-	-	-
Construction of the Palmerston Hospital	-	-	-	-	-	-	-	20.0	20.0
Improving local access to health care on Phillip Island	-	2.0	-	-	-	-	-	-	2.0
Upgrade of Ballina Hospital	3.5	-	-	-	-	-	-	-	3.5

**Table 37: Payments for specific purposes to support State health services, 2016-17 (continued)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Health services</b>									
Expansion of the BreastScreen Australia program	5.4	4.3	1.5	2.3	1.3	0.5	0.3	-	15.6
Hummingbird House	-	-	0.8	-	-	-	-	-	0.8
Improving Health Services in Tasmania	-	-	-	-	-	-	-	-	-
Improving patient pathways through clinical and system redesign	-	-	-	-	-	0.6	-	-	0.6
Reducing elective surgery waiting lists in Tasmania	-	-	-	-	-	8.5	-	-	8.5
Subacute and acute projects	-	-	-	-	-	10.7	-	-	10.7
Mersey Community Hospital	-	-	-	-	-	736.6	-	-	736.6
Mosquito control and cross border liaison in the Torres Strait	-	-	1.0	-	-	-	-	-	1.0
National Bowel Cancer Screening Program — participant follow-up function	1.5	1.1	0.9	0.5	0.3	0.2	0.2	0.1	4.7
OzFoodNet	0.4	0.3	0.3	0.2	0.2	0.2	0.1	0.1	1.7
Royal Darwin Hospital — equipped, prepared and ready	-	-	-	-	-	-	-	15.7	15.7
Vaccine-preventable diseases surveillance	0.2	0.2	0.2	0.1	0.1	..	..	..	0.8
Victorian Cytology service	-	9.8	-	-	-	-	-	-	9.8



**Table 37: Payments for specific purposes to support State health services, 2016-17 (continued)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Indigenous health</b>									
Accommodation and infrastructure related to renal services for Aboriginal and Torres Strait Islander peoples in the Northern Territory	-	-	-	-	-	-	-	3.0	3.0
Improving trachoma control services for Indigenous Australians	-	-	..	1.4	1.0	-	-	1.6	4.0
Northern Territory remote Aboriginal investment - Health component	-	-	-	-	-	-	-	5.9	5.9
Rheumatic fever strategy	-	-	0.9	0.9	0.4	-	-	0.9	3.1
<b>Other</b>									
Adult Public Dental Services	25.0	19.2	15.2	6.5	6.2	2.8	1.2	1.4	77.5
Essential vaccines	38.4	32.7	26.2	14.5	8.9	2.5	2.4	1.9	127.3
National Coronial Information System	-	0.8	-	-	-	-	-	-	0.8
Supporting National Mental Health Reform	6.8	-	-	-	-	-	-	0.4	7.2
<b>Total</b>	<b>5,811.5</b>	<b>4,809.1</b>	<b>3,900.8</b>	<b>2,127.3</b>	<b>1,284.8</b>	<b>1,154.6</b>	<b>348.8</b>	<b>342.7</b>	<b>19,779.5</b>

(a) The 2016-17 outcomes for National Health Reform funding will be finalised following reconciliation of activity data by the Administrator of the National Health Funding Pool, and a subsequent Determination by the Treasurer. Amounts for the hospital services component relate to payments made for services in 2016-17.

**Table 38: Payments for specific purposes to support State education services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Students First funding(a)(b)(c)</b>	5,192.9	4,387.1	3,663.7	1,659.2	1,200.4	397.2	275.2	315.0	17,090.7
<b>National Partnership payments</b>									
Independent Public Schools initiative	6.5	4.5	3.7	4.6	1.6	0.6	0.3	0.5	22.2
MoneySmart Teaching	0.3	0.3	0.2	0.2	0.2	-	-	0.1	1.3
National quality agenda for early childhood education and care	7.4	5.8	4.0	1.6	1.7	0.3	0.5	0.3	21.6
National School Chaplaincy Program	11.1	12.6	18.1	7.5	7.5	2.2	0.8	0.5	60.3
Northern Territory remote Aboriginal investment(d)	-	-	-	-	-	-	-	-	-
Children and schooling component	-	-	-	-	-	-	-	43.5	43.5
Online safety program in schools	0.1	-	0.5	0.3	0.1	..	-	..	1.0
School Pathways Program	-	-	-	0.6	0.6	-	-	-	1.2
Schools Security Program	4.9	2.4	0.3	0.6	0.1	-	-	0.1	8.4
Trade training centres in schools	-	-	-	-	-	-	0.7	-	0.7
Universal access to early childhood education	112.2	101.6	86.6	46.6	27.6	8.6	7.1	5.1	395.4
<b>Total</b>	<b>5,335.4</b>	<b>4,514.4</b>	<b>3,777.2</b>	<b>1,721.2</b>	<b>1,239.7</b>	<b>408.9</b>	<b>284.5</b>	<b>365.1</b>	<b>17,646.3</b>
<i>Memorandum item — payments for non-government schools included in payments above</i>									
<b>Students First funding(a)(b)(c)</b>	3,155.9	2,888.6	2,183.3	1,062.8	768.6	220.8	187.5	128.2	10,595.7
<b>National Partnership payments</b>									
Online safety program in schools	0.1	-	0.1	0.1	..	..	-	..	0.3
Schools Security Program	3.8	2.4	-	0.6	0.1	-	-	-	6.8
<b>Total</b>	<b>3,159.7</b>	<b>2,891.0</b>	<b>2,183.4</b>	<b>1,063.4</b>	<b>768.7</b>	<b>220.8</b>	<b>187.5</b>	<b>128.2</b>	<b>10,602.8</b>

(a) Students First funding includes funding for non-government representative bodies and other prescribed purpose funding.

(b) At the 2017-18 Budget the Government decided to implement a new needs-based funding model for schools known as Quality Schools funding, which replaced the Students First funding model. The 2016-17 Students First funding outcome will be finalised following a Determination by the Minister for Education.

(c) Actual cash payments to non-government schools may be inclusive of GST. However, Final Budget Outcome figures are reported exclusive of GST.

(d) Includes payments for government and non-government schools. However, payments to non-government schools are not shown in the Memorandum item.

**Table 39: Payments for specific purposes to support State skills and workforce development services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Skills and Workforce Development SPP</b>	472.1	378.0	295.7	155.5	103.9	31.4	24.6	14.8	1,476.1
<b>National Partnership payments</b>									
Building Australia's Future Workforce — skills reform	165.9	128.5	112.4	53.8	37.5	13.8	8.3	5.9	526.1
NSW Infrastructure Skills Centre	1.0	-	-	-	-	-	-	-	1.0
<b>Total</b>	<b>639.0</b>	<b>506.5</b>	<b>408.1</b>	<b>209.3</b>	<b>141.5</b>	<b>45.2</b>	<b>32.9</b>	<b>20.7</b>	<b>2,003.1</b>

**Table 40: Payments for specific purposes to support State community services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Disability SPP</b>	476.7	381.7	298.5	157.0	105.0	31.7	24.8	15.0	1,490.4
<b>National Partnership payments</b>									
Family Advocacy and Support Services	1.0	0.7	0.7	0.4	0.4	0.4	0.3	0.3	4.2
Home and Community Care	-	-	-	187.9	-	-	-	-	187.9
National Occasional Care Program	-	1.2	-	-	0.3	-	-	-	1.5
National Outcome Standards for Perpetrator Interventions	0.3	0.9	0.2	0.1	0.1	0.1	..	..	1.8
Northern Territory remote Aboriginal investment	-	-	-	-	-	-	-	67.4	67.4
Community safety component	-	-	-	-	-	-	-	-	-
Pay equity for the social and community services sector	-	-	-	15.1	-	-	3.0	-	18.1
Specialist disability services	148.6	71.5	42.4	-	31.3	11.5	-	5.9	311.0
Trial of Western Australia NDIS Sites	-	-	-	68.0	-	-	-	-	68.0
Women's Safety Package - Technology Trials	0.3	0.2	-	-	0.1	0.2	-	0.2	0.9
<b>Total</b>	<b>626.9</b>	<b>456.2</b>	<b>341.8</b>	<b>428.4</b>	<b>137.1</b>	<b>43.8</b>	<b>28.3</b>	<b>88.8</b>	<b>2,151.3</b>

**Table 41: Payments for specific purposes to support State affordable housing services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Affordable Housing SPP</b>	429.4	343.9	268.9	141.4	94.5	28.6	22.4	13.5	1,342.6
<b>National Partnership payments</b>									
First Home Owners Boost(a)	..	0.1	..	..	..	-	-	-	0.2
Homelessness	30.0	22.8	28.7	15.0	8.9	2.8	1.5	5.3	115.0
Northern Territory remote Aboriginal investment									
Remote Australia strategies component	-	-	-	-	-	-	-	49.7	49.7
Remote housing	-	-	59.0	35.4	9.5	-	-	145.9	249.8
<b>Total</b>	<b>459.5</b>	<b>366.7</b>	<b>356.7</b>	<b>191.8</b>	<b>113.0</b>	<b>31.4</b>	<b>23.9</b>	<b>214.4</b>	<b>1,757.3</b>

(a) This reflects total payments to the States for the First Home Owners Boost. Total recoveries from the States under the First Home Owners Boost amounted to \$506,113.

**Table 42: Payments for specific purposes to support State infrastructure services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Partnership payments</b>									
Infrastructure Investment Program									
Black Spot projects	6.7	9.0	6.7	-	1.4	-	0.4	0.8	25.0
Bridges Renewal program	10.5	10.2	25.5	1.1	0.1	2.6	1.0	2.0	53.0
Developing Northern Australia - Northern Australian Roads	-	-	12.0	-	-	-	-	-	12.0
Heavy Vehicle Safety and Productivity program	12.2	3.8	6.6	3.1	3.1	2.6	-	5.2	36.6
Improving the national network(a) Investment	-	-	-	-	..	-	-	-	..
Rail Component	25.0	220.0	159.6	-	-	20.4	-	-	425.0
Road Component(b)	1,939.6	145.4	1,140.7	233.2	370.0	86.8	0.8	22.4	3,938.9
Roads to Recovery	219.3	164.6	169.0	122.1	75.7	27.1	14.5	22.9	815.2
Infrastructure Growth Package									
Asset Recycling Initiative	1,007.9	-	-	-	-	-	10.9	-	1,018.8
New Investments	40.7	34.6	218.0	26.2	160.6	3.3	1.0	25.1	509.5
Western Sydney Infrastructure Plan	266.0	-	-	-	-	-	-	-	266.0
Infrastructure projects in Western Australia	-	-	-	226.0	-	-	-	-	226.0
Interstate road transport	31.2	18.1	6.4	2.7	8.2	0.3	0.3	0.3	67.6
Supporting drought-affected communities program	0.4	0.4	6.5	-	-	-	-	-	7.3
<b>Total</b>	<b>3,559.4</b>	<b>606.1</b>	<b>1,751.1</b>	<b>614.4</b>	<b>619.2</b>	<b>143.2</b>	<b>28.9</b>	<b>78.8</b>	<b>7,401.0</b>
<b>\$million</b>									
<b>Memorandum item — payments direct to local governments included in payments above</b>									
Infrastructure Investment Program									
Roads to Recovery	217.7	164.6	169.0	122.1	58.8	27.1	-	12.4	771.7
Supporting drought-affected communities program	0.4	0.4	6.5	-	-	-	-	-	7.3
<b>Total</b>	<b>218.1</b>	<b>165.0</b>	<b>175.5</b>	<b>122.1</b>	<b>58.8</b>	<b>27.1</b>	<b>-</b>	<b>12.4</b>	<b>778.9</b>

(a) Figures represent expenses incurred against prepayments made to the States in prior years.

(b) A portion of Commonwealth funding for road infrastructure is sourced from the additional net revenue received from the reintroduction of biannual indexation excise and excise-equivalent customs duty for all fuels (except aviation fuels), as announced in the 2014-15 Budget.

**Table 43: Payments for specific purposes to support State environment services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Partnership payments</b>									
Assistance for pest animal and weed management in drought-affected areas	0.5	0.5	2.0	0.5	0.5	-	-	-	4.0
Bushfire mitigation	2.1	0.9	0.3	0.3	0.4	0.4	0.3	0.3	5.1
Established Pest and Weed Management	-	1.0	0.5	0.9	0.5	0.1	..	0.3	3.3
Great Artesian Basin Sustainability Initiative	2.8	-	2.4	-	4.3	-	-	-	9.4
Implementation of the National Insurance Affordability Initiative	-	-	7.0	-	-	-	-	-	7.0
Implementing water reform in the Murray-Darling Basin	9.4	6.8	2.0	-	1.5	-	0.3	-	20.0
Management of the World Heritage Values of the Tasmanian Wilderness	-	-	-	-	-	1.8	-	-	1.8
Natural disaster resilience	3.4	2.1	3.0	1.6	1.0	1.3	1.3	1.3	15.0
Pest and disease preparedness and response programs	-0.1	-0.5	9.5	1.9	0.6	-	-	2.6	14.0
South Australian River Murray Sustainability Program	-	-	-	-	-	-	-	-	-
Irrigation efficiency and water purchase	-	-	-	-	10.5	-	-	-	10.5
Irrigation industry assistance	-	-	-	-	39.5	-	-	-	39.5
Regional economic development	-	-	-	-	2.5	-	-	-	2.5
Sustainable Rural Water Use and Infrastructure Program	42.8	185.6	15.4	-	17.5	15.3	20.5	-	297.1
Water Infrastructure Development Fund	-	-	-	-	-	-	-	-	-
Feasibility studies	0.1	2.0	4.2	2.5	3.2	-	-	0.8	12.8
Water Reform Programs	-	-	-	-	2.0	-	-	-	2.0
Whale and dolphin entanglements	..	..	..	-	..	..	-	..	0.2
<b>Total</b>	<b>61.0</b>	<b>198.4</b>	<b>46.3</b>	<b>7.7</b>	<b>84.1</b>	<b>19.0</b>	<b>22.5</b>	<b>5.3</b>	<b>444.2</b>
<i>Memorandum item — payments direct to local governments included in payments above</i>									
Water Reform Programs	-	-	-	-	2.0	-	-	-	2.0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.0</b>

**Table 44: Payments for specific purposes to support contingent State services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Partnership payments</b>									
Natural Disaster Relief and Recovery Arrangements(a)	9.0	12.8	61.4	68.6	1.5	1.0	-	7.7	162.1
<b>Total</b>	<b>9.0</b>	<b>12.8</b>	<b>61.4</b>	<b>68.6</b>	<b>1.5</b>	<b>1.0</b>	<b>-</b>	<b>7.7</b>	<b>162.1</b>

(a) Figures reflect the expense outcome. Total cash payments made in 2016-17 are presented in Table 29.

**Table 45: Payments for specific purposes to support other State services, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>National Partnership payments</b>									
Developing demand-driver infrastructure for the tourism industry	1.8	1.8	2.9	1.4	1.0	0.1	0.6	0.7	10.2
Financial assistance to local governments									
— Financial Assistance Grant program	1,079.3	831.0	682.2	418.8	229.6	108.3	74.3	49.5	3,472.9
Legal assistance services	76.6	59.2	51.4	29.9	19.8	7.3	5.8	7.2	257.1
National Register of Foreign Ownership of Land Titles	1.5	1.0	1.5	1.8	1.5	0.4	0.4	-	8.0
North Queensland Stadium	-	-	10.0	-	-	-	-	-	10.0
Provision of fire services	4.4	3.1	3.1	1.4	1.0	0.3	5.3	1.7	20.3
Sinking fund on State debt	..	-	-	-	-	-	-	-	..
Tasmanian tourism growth package	-	-	-	-	-	1.1	-	-	1.1
Tourism demand-driver infrastructure recovery package	-	-	3.5	-	-	-	-	-	3.5
<b>Total</b>	<b>1,163.6</b>	<b>896.1</b>	<b>754.6</b>	<b>453.2</b>	<b>253.0</b>	<b>117.4</b>	<b>86.4</b>	<b>59.1</b>	<b>3,783.3</b>

**Table 46: General revenue assistance payments to the States, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>GST entitlement(a)</b>	17,335.4	13,958.8	14,054.9	1,913.9	5,978.6	2,266.6	1,155.0	3,182.3	59,845.5
<b>Other payments</b>									
ACT municipal services	-	-	-	-	-	-	39.1	-	39.1
Compensation for reduced royalties	-	-	-	31.8	-	-	-	-	31.8
Royalty Payments	-	-	-	601.4	-	-	-	3.3	604.6
Snowy Hydro Limited tax compensation	22.2	11.1	-	-	-	-	-	-	33.3
<b>Total</b>	<b>17,357.6</b>	<b>13,969.9</b>	<b>14,054.9</b>	<b>2,547.0</b>	<b>5,978.6</b>	<b>2,266.6</b>	<b>1,194.1</b>	<b>3,185.6</b>	<b>60,554.3</b>

(a) The 2016-17 GST outcome will be finalised following a Determination by the Treasurer.



**Table 47: Total payments to the States by GFS function, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
General public services	1.5	1.0	8.5	1.8	1.5	0.4	0.4	-	15.0
Public order and safety	89.3	66.6	55.0	32.0	21.6	8.5	11.7	77.1	361.8
Education	5,962.0	5,012.7	4,180.9	1,928.3	1,379.3	453.8	316.9	377.8	19,611.8
Health	5,811.5	4,809.1	3,900.8	2,127.3	1,284.8	1,154.6	348.8	342.7	19,779.5
Social security and welfare	633.1	461.0	346.0	430.2	138.5	43.6	28.5	32.4	2,113.3
Housing and community amenities	463.3	371.3	370.4	195.8	119.8	32.7	25.2	213.0	1,791.5
Recreation and culture	-	-	10.0	-	-	1.8	-	-	11.8
Fuel and energy	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishing	55.3	193.4	31.7	3.3	76.9	15.4	20.8	2.9	399.8
Mining, manufacturing and construction	-	-	-	-	-	-	-	-	-
Transport and communication	3,559.0	605.7	1,744.6	614.4	619.2	143.2	28.9	78.8	7,393.7
Other economic affairs	1.8	1.8	6.4	1.4	1.0	1.3	0.6	0.7	14.9
Other purposes(a)	18,445.9	14,813.7	14,798.6	3,034.4	6,209.8	2,375.9	1,268.3	3,242.8	64,189.4
<b>Total payments to the States</b>	<b>35,022.7</b>	<b>26,336.3</b>	<b>25,452.9</b>	<b>8,368.9</b>	<b>9,852.3</b>	<b>4,231.1</b>	<b>2,050.1</b>	<b>4,368.1</b>	<b>115,682.4</b>
less payments 'through' the States	3,196.5	2,918.1	2,225.7	1,085.7	799.9	232.0	206.7	148.0	10,812.6
less financial assistance grants for local government	1,079.3	831.0	682.2	418.8	229.6	108.3	74.3	49.5	3,472.9
less payments direct 'to' local government	218.1	165.0	175.5	122.1	60.7	27.1	-	12.4	780.9
<b>equals total payments 'to' the States for own-purpose expenses</b>	<b>30,528.9</b>	<b>22,422.2</b>	<b>22,369.5</b>	<b>6,742.3</b>	<b>8,762.1</b>	<b>3,863.7</b>	<b>1,769.1</b>	<b>4,158.2</b>	<b>100,615.9</b>

(a) Payments for 'Other purposes' includes general revenue assistance to the States.

**Table 48: Other financial flows — estimated advances, repayment of advances and interest payments, 2016-17**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Advances</b>									
Agriculture									
Drought Concessional Loans Scheme	20.0	105.0	60.0	-	10.0	25.0	-	5.0	225.0
Drought Recovery Loans Scheme	-	20.0	5.0	-	5.0	-	-	-	30.0
Natural disaster relief	-	-	17.1	-	-	-	-	-	17.1
<b>Repayments</b>									
Agriculture									
Drought Concessional Loans Scheme	-13.7	-2.7	-9.8	-	-5.8	-9.3	-	-10.0	-51.4
Drought Recovery Loans Scheme	-12.0	-0.1	-5.3	-	-7.2	-5.8	-	-	-30.3
Farm Finance Concessional Loans Scheme	-2.4	-4.6	-14.7	-0.4	-	-2.9	-	-1.0	-26.0
Environment									
Northern Territory — water and sewerage assistance	-	-	-	-	-	-	-	-0.1	-0.1
Housing									
Commonwealth-State Housing Agreement loans	-37.3	-	-10.0	-9.6	-2.7	-5.1	-	-0.9	-65.6
Housing for service personnel	-1.7	-	-1.0	-0.3	-0.1	-	-	-	-3.1
Other housing	-	-	-	-	-	-	-8.0	-3.0	-11.0
Infrastructure									
Sewerage	-	-	-	-	-0.3	-	-	-	-0.3
Loan to New South Wales to assist beneficiaries of the Asbestos Injuries Compensation Fund	-0.5	-	-	-	-	-	-	-	-0.5
Natural disaster relief	-4.1	-	-12.3	-	-	-	-	-	-16.4
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-0.6	-	-0.6
Loan Council — housing nominations	-9.4	-	-3.4	-6.0	-3.9	-2.5	-	-3.1	-28.3
Payment to debt sinking funds	-7.8	-	-	-	-	-	-	-	-7.8

**Table 48: Other financial flows — estimated advances, repayment of advances and interest payments, 2016-17 (continued)**

\$million	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
<b>Interest</b>									
Agriculture									
Drought Concessional Loans Scheme	-2.1	-2.0	-4.0	-0.2	-0.3	-0.1	-	-0.1	-8.9
Drought Recovery Loans Scheme	-0.6	-0.8	-0.6	-	-0.2	-0.1	-	-	-2.3
Farm Finance Concessional Loans Scheme	-1.2	-1.0	-1.0	-0.6	..	-0.4	-	-0.2	-4.4
Asbestos Removal in the Australian Capital Territory	-	-	-	-	-	-	-27.1	-	-27.1
Environment									
Northern Territory — water and sewerage assistance	-	-	-	-	-	-	-	-0.5	-0.5
Housing									
Commonwealth-State Housing									
Agreement loans	-25.1	..	-7.1	-6.8	-2.2	-3.5	-	-1.1	-45.7
Housing for service personnel	-1.8	-	-1.0	-0.2	-0.1	-	-	-	-3.1
Other housing	-	-	-	-	-	-	-6.3	-2.6	-8.9
Infrastructure									
Sewerage	-	-	-	-	..	-	-	-	..
Loan to New South Wales to assist beneficiaries of the Asbestos Injuries Compensation Fund	-2.1	-	-	-	-	-	-	-	-2.1
Natural disaster relief	-0.7	-	-2.0	-	-	-	-	-	-2.7
Other purposes									
Australian Capital Territory debt repayments	-	-	-	-	-	-	-0.6	-	-0.6
Loan Council — housing nominations	-17.3	-	-6.2	-10.6	-7.5	-4.6	-	-6.1	-52.4
<b>Net Financial Flow</b>	<b>-119.8</b>	<b>113.9</b>	<b>3.5</b>	<b>-34.6</b>	<b>-15.4</b>	<b>-9.3</b>	<b>-42.5</b>	<b>-23.8</b>	<b>-128.1</b>



## APPENDIX A: EXPENSES BY FUNCTION AND SUB-FUNCTION

Table A1 sets out Australian Government general government sector expenses by function and sub-function for 2016-17.

**Table A1: Australian Government general government sector expenses by function and sub-function**

	2015-16 Outcome	2016-17 Estimate at 2017-18 Budget	2016-17 Outcome	Change on 2017-18 Budget
	\$m	\$m	\$m	\$m
<b>General public services</b>				
Legislative and executive affairs	1,239	1,376	1,251	-125
Financial and fiscal affairs	6,598	6,359	6,515	156
Foreign affairs and economic aid	5,484	6,687	6,383	-304
General research	2,711	2,765	2,695	-70
General services	731	970	625	-345
Government superannuation benefits	7,447	9,015	8,811	-204
<b>Total general public services</b>	<b>24,209</b>	<b>27,172</b>	<b>26,280</b>	<b>-892</b>
<b>Defence</b>	<b>26,013</b>	<b>28,464</b>	<b>28,051</b>	<b>-413</b>
<b>Public order and safety</b>				
Courts and legal services	1,153	1,221	1,188	-33
Other public order and safety	3,670	3,941	4,001	60
<b>Total public order and safety</b>	<b>4,823</b>	<b>5,162</b>	<b>5,189</b>	<b>27</b>
<b>Education</b>				
Higher education	9,581	9,395	9,390	-5
Vocational and other education	1,837	2,003	2,003	0
Schools	15,703	17,095	17,081	-14
<i>Non-government schools</i>	9,958	10,597	10,586	-11
<i>Government schools</i>	5,746	6,498	6,495	-3
School education - specific funding	618	673	647	-26
Student assistance	4,054	3,760	3,104	-656
General administration	328	311	369	58
<b>Total education</b>	<b>32,121</b>	<b>33,237</b>	<b>32,594</b>	<b>-644</b>
<b>Health</b>				
Medical services and benefits	28,848	30,102	30,016	-85
Pharmaceutical benefits and services	12,032	12,670	13,379	709
Assistance to the States for public hospitals	17,185	18,460	18,638	178
Hospital services	1,071	2,285	2,343	58
Health services	6,488	6,444	6,198	-246
General administration	2,952	3,062	3,063	1
Aboriginal and Torres Strait Islander health	725	798	807	9
<b>Total health</b>	<b>69,301</b>	<b>73,820</b>	<b>74,445</b>	<b>625</b>
<b>Social security and welfare</b>				
Assistance to the aged	59,962	62,270	61,754	-516
Assistance to veterans and dependants	6,634	6,475	6,580	105
Assistance to people with disabilities	28,815	31,721	30,555	-1,167
Assistance to families with children	38,341	36,404	36,001	-403

**Table A1: Australian Government general government sector expenses by function and sub-function (continued)**

	2015-16 Outcome	2016-17 Estimate at 2017-18 Budget	2016-17 Outcome	Change on 2017-18 Budget
	\$m	\$m	\$m	\$m
<b>Social security and welfare (continued)</b>				
Assistance to the unemployed and the sick	11,032	10,994	11,046	51
Other welfare programs	1,504	1,745	1,343	-402
Assistance for Indigenous Australians nec	2,199	2,210	2,167	-43
General administration	3,638	3,879	3,748	-130
<b>Total social security and welfare</b>	<b>152,124</b>	<b>155,698</b>	<b>153,192</b>	<b>-2,505</b>
<b>Housing and community amenities</b>				
Housing	3,192	3,215	3,094	-120
Urban and regional development	663	582	533	-49
Environment protection	886	904	998	94
<b>Total housing and community amenities</b>	<b>4,742</b>	<b>4,700</b>	<b>4,625</b>	<b>-75</b>
<b>Recreation and culture</b>				
Broadcasting	1,483	1,461	1,484	23
Arts and cultural heritage	1,228	1,369	1,348	-21
Sport and recreation	356	366	382	16
National estate and parks	395	414	409	-4
<b>Total recreation and culture</b>	<b>3,462</b>	<b>3,609</b>	<b>3,623</b>	<b>14</b>
<b>Fuel and energy</b>	<b>6,423</b>	<b>6,790</b>	<b>6,726</b>	<b>-64</b>
<b>Agriculture, forestry and fishing</b>				
Wool industry	64	70	75	5
Grains industry	188	217	201	-16
Dairy industry	58	53	54	1
Cattle, sheep and pig industry	202	225	200	-25
Fishing, horticulture and other agriculture	290	331	315	-17
General assistance not allocated to specific industries	28	34	34	0
Rural assistance	134	165	136	-29
Natural resources development	636	995	867	-128
General administration	661	754	745	-9
<b>Total agriculture, forestry and fishing</b>	<b>2,259</b>	<b>2,843</b>	<b>2,626</b>	<b>-217</b>
<b>Mining, manufacturing and construction</b>	<b>3,103</b>	<b>3,559</b>	<b>3,253</b>	<b>-306</b>
<b>Transport and communication</b>				
Communication	592	696	663	-33
Rail transport	267	1,045	1,383	339
Air transport	218	239	216	-23
Road transport	5,321	6,726	6,256	-470
Sea transport	367	404	369	-35
Other transport and communication	318	284	252	-33
<b>Total transport and communication</b>	<b>7,083</b>	<b>9,394</b>	<b>9,139</b>	<b>-255</b>

**Table A1: Australian Government general government sector expenses by function and sub-function (continued)**

	2015-16 Outcome	2016-17 Estimate at 2017-18 Budget	2016-17 Outcome	Change on 2017-18 Budget
	\$m	\$m	\$m	\$m
<b>Other economic affairs</b>				
Tourism and area promotion	199	192	189	-3
Total labour and employment affairs	3,078	3,644	3,444	-200
<i>Vocational and industry training</i>	1,021	1,185	1,074	-111
<i>Labour market assistance to job seekers     and industry</i>	1,275	1,733	1,667	-66
<i>Industrial relations</i>	782	727	703	-23
Immigration	3,741	3,847	3,594	-253
Other economic affairs nec	2,180	2,157	2,126	-30
<b>Total other economic affairs</b>	<b>9,199</b>	<b>9,840</b>	<b>9,354</b>	<b>-487</b>
<b>Other purposes</b>				
Public debt interest	15,339	16,028	16,076	48
<i>Interest on Commonwealth Government's behalf</i>	15,339	16,028	16,076	48
Nominal superannuation interest	9,106	8,446	8,445	-1
General purpose inter-government transactions	59,160	63,448	64,027	579
<i>General revenue assistance -     States and Territories</i>	58,016	59,976	60,554	578
<i>Local government assistance</i>	1,144	3,472	3,473	1
Natural disaster relief	224	82	162	80
Contingency reserve	0	-1,536	0	1,536
<b>Total other purposes</b>	<b>83,829</b>	<b>86,468</b>	<b>88,710</b>	<b>2,243</b>
<b>Total expenses</b>	<b>428,691</b>	<b>450,757</b>	<b>447,807</b>	<b>-2,950</b>





# APPENDIX B: HISTORICAL AUSTRALIAN GOVERNMENT DATA

This appendix reports historical data for the Australian Government fiscal aggregates across the general government, public non-financial corporations and non-financial public sectors.

## DATA SOURCES

Data are sourced from Australian Government *Final Budget Outcomes*, the Australian Bureau of Statistics (ABS), the Australian Office of Financial Management (AOFM) and Australian Government *Consolidated Financial Statements*.

- Accrual data from 1996-97 onwards and cash data, net debt data, net financial worth data and net worth data from 1999-2000 onwards are sourced from Australian Government *Final Budget Outcomes*. Back-casting adjustments for accounting classification changes and other revisions have been made from 1998-99 onwards where applicable.
- Cash data prior to 1999-2000 are sourced from ABS data, which have been calculated using methodology consistent with that used for later years in ABS cat. no. 5512.0 *Government Finance Statistics*.
- Net debt data prior to 1999-2000 are from ABS cat. no. 5512.0 *Government Finance Statistics 2003-04* in 1998-99, ABS cat. no. 5501.0 *Government Financial Estimates 1999-2000* and ABS cat. no. 5513.0 *Public Sector Financial Assets and Liabilities 1998* in 1987-88 to 1997-98, and Treasury estimates (see Treasury's *Economic Roundup*, Spring 1996, pages 97-103) prior to 1987-88.

## COMPARABILITY OF DATA ACROSS YEARS

The data set contains a number of structural breaks owing to accounting classification differences and changes to the structure of the budget which cannot be eliminated through back-casting because of data limitations. These breaks can affect the comparability of data across years, especially when the analysis is taken over a large number of years. Specific factors causing structural breaks include:

- from 2005-06 onwards, underlying Government Finance Statistics (GFS) data are provided by agencies in accordance with Australian Accounting Standards (AAS) which includes International Financial Reporting Standards (IFRS) as adopted in Australia. Prior to 2005-06, underlying GFS data are based on data provided by agencies applying AAS prior to the adoption of IFRS;

- most recent accounting classification changes that require revisions to the historical series have been back-cast (where applicable) to 1998-99, ensuring that data are consistent across the accrual period from 1998-99 onwards. However, because of data limitations, these changes have not been back-cast to earlier years;
- prior to 1999-2000, Australian Government general government sector debt instruments are valued at historic cost, whereas from 1999-2000 onwards they are valued at market prices (consistent with accrual GFS standards). This affects net debt and net interest payments;
- cash data up to and including 1997-98 are calculated under a cash accounting framework, while cash data from 1998-99 onwards are derived from an accrual accounting framework.<sup>1</sup> Although the major methodological differences associated with the move to the accrual framework have been eliminated through back-casting, comparisons across the break may still be affected by changes to some data sources and collection methodologies;
- adjustments in the coverage of agencies included in the accounts of the different sectors. These include the reclassification of Central Banking Authorities from the general government to the public financial corporations sector in 1998-99, and subsequent back-casting to account for this change;
- changes in arrangements for transfer payments, where tax concessions or rebates have been replaced by payments through the social security system. This has the effect of increasing both cash receipts and payments, as compared with earlier periods, but not changing cash balances. Changes in the opposite direction (tax expenditures replacing payments) reduce both cash payments and receipts; and
- classification differences in the data relating to the period prior to 1976-77 (which means that earlier data may not be entirely consistent with data for 1976-77 onwards).

## **REVISIONS TO PREVIOUSLY PUBLISHED DATA**

Under the accrual GFS framework and generally under AAS, flows are recorded in the period in which they occurred. As a result, prior period outcomes may be revised for classification changes relating to information that could reasonably have been expected to be known in the past, is material in at least one of the affected periods, and can be reliably assigned to the relevant period(s).

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1 Prior to the 2008-09 Budget, cash data calculated under the cash accounting framework were used up to and including 1998-99. In the 2008-09 Budget, cash data prior to 1998-99 have been replaced by ABS data derived from the accrual framework.

As a result of a review of revenue classifications, two items were reclassified in the 2016-17 Final Budget Outcome:

- The majority of corporations law fees, comprising fees for annual reviews, annual returns, incorporations, business names registration and renewal, regular statements, deregistration, license applications, other prescribed fees, insolvency practitioners notices and market operator and participants' supervision, have been reclassified from non-taxation revenue/receipts to taxation revenue/receipts. These fees have been generating revenue out-of-proportion to the cost of the regulatory services provided.
- Financial institutions supervisory levies have been reclassified from taxation revenue/receipts to non-taxation revenue/receipts. These levies recover the full cost of regulation from those who benefit from it.

The taxation revenue/receipts and non-taxation revenue/receipts series have been back-cast from 2001-02 to reflect the sustained change in the nature of the reclassified revenues/receipts. These reclassifications result in a net increase in taxation revenue/receipts and a net decrease in non-taxation revenue/receipts. There is no impact on total revenue/receipts, the underlying cash balance or the net operating balance for the general government sector.

**Table B1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance<sup>(a)</sup>**

	Receipts(b)		Payments(c)			Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth(e)	Per cent of GDP	\$m	\$m	Per cent of GDP
1970-71	8,290	20.5	7,389	na	18.3	-	901	2.2
1971-72	9,135	20.5	8,249	4.1	18.5	-	886	2.0
1972-73	9,735	19.6	9,388	7.7	18.9	-	348	0.7
1973-74	12,228	20.3	11,078	4.2	18.4	-	1,150	1.9
1974-75	15,643	22.0	15,463	19.9	21.7	-	181	0.3
1975-76	18,727	22.5	20,225	15.7	24.3	-	-1,499	-1.8
1976-77	21,890	22.8	23,157	0.6	24.1	-	-1,266	-1.3
1977-78	24,019	22.9	26,057	2.7	24.8	-	-2,037	-1.9
1978-79	26,129	22.0	28,272	0.3	23.8	-	-2,142	-1.8
1979-80	30,321	22.5	31,642	1.5	23.5	-	-1,322	-1.0
1980-81	35,993	23.6	36,176	4.6	23.8	-	-184	-0.1
1981-82	41,499	23.6	41,151	2.9	23.4	-	348	0.2
1982-83	45,463	24.0	48,810	6.3	25.8	-	-3,348	-1.8
1983-84	49,981	23.4	56,990	9.4	26.7	-	-7,008	-3.3
1984-85	58,817	25.0	64,853	9.1	27.6	-	-6,037	-2.6
1985-86	66,206	25.4	71,328	1.5	27.4	-	-5,122	-2.0
1986-87	74,724	26.1	77,158	-1.1	27.0	-	-2,434	-0.9
1987-88	83,491	25.7	82,039	-0.9	25.3	-	1,452	0.4
1988-89	90,748	24.6	85,326	-3.1	23.2	-	5,421	1.5
1989-90	98,625	24.4	92,684	0.6	22.9	-	5,942	1.5
1990-91	100,227	24.1	100,665	3.1	24.2	-	-438	-0.1
1991-92	95,840	22.6	108,472	5.7	25.6	-	-12,631	-3.0
1992-93	97,633	22.0	115,751	5.6	26.0	-	-18,118	-4.1
1993-94	103,824	22.2	122,009	3.5	26.1	-	-18,185	-3.9
1994-95	113,458	22.9	127,619	1.4	25.7	-	-14,160	-2.9
1995-96	124,429	23.5	135,538	1.9	25.6	-	-11,109	-2.1
1996-97	133,592	24.0	139,689	1.7	25.1	-	-6,099	-1.1
1997-98	140,736	23.9	140,587	0.6	23.9	-	149	0.0
1998-99	152,063	24.5	148,175	4.1	23.9	-	3,889	0.6
1999-00	166,199	25.1	153,192	1.0	23.2	-	13,007	2.0
2000-01	182,996	25.9	177,123	9.1	25.1	-	5,872	0.8
2001-02	187,588	24.9	188,655	3.5	25.0	-	-1,067	-0.1
2002-03	204,613	25.5	197,243	1.4	24.6	-	7,370	0.9
2003-04	217,775	25.3	209,785	3.9	24.3	-	7,990	0.9
2004-05	235,984	25.6	222,407	3.5	24.1	-	13,577	1.5
2005-06	255,943	25.6	240,136	4.6	24.1	51	15,757	1.6
2006-07	272,637	25.1	253,321	2.5	23.3	2,127	17,190	1.6
2007-08	294,917	25.0	271,843	3.8	23.1	3,319	19,754	1.7
2008-09	292,600	23.2	316,046	12.7	25.1	3,566	-27,013	-2.1
2009-10	284,662	21.9	336,900	4.2	26.0	2,256	-54,494	-4.2

**Table B1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance<sup>(a)</sup> (continued)**

	Receipts(b)		Payments(c)			Net Future Fund earnings	Underlying cash balance(d)	
	\$m	Per cent of GDP	\$m	Per cent real growth(e)	Per cent of GDP	\$m	\$m	Per cent of GDP
2010-11	302,024	21.4	346,102	-0.4	24.5	3,385	-47,463	-3.4
2011-12	329,874	22.1	371,032	4.8	24.9	2,203	-43,360	-2.9
2012-13	351,052	23.0	367,204	-3.2	24.0	2,682	-18,834	-1.2
2013-14	360,322	22.7	406,430	7.8	25.6	2,348	-48,456	-3.0
2014-15	378,301	23.4	412,079	-0.3	25.5	4,089	-37,867	-2.3
2015-16	386,924	23.4	423,328	1.3	25.6	3,202	-39,606	-2.4
2016-17	409,868	23.4	439,375	2.0	25.0	3,644	-33,151	-1.9

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Receipts are equal to cash receipts from operating activities and sales of non-financial assets.

(c) Payments are equal to cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(d) Between 2005-06 and 2016-17, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. Before 2005-06, the underlying cash balance is equal to receipts less payments.

(e) Real spending growth is calculated using the Consumer Price Index as the deflator.

**Table B2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance<sup>(a)</sup>**

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments		Per cent of GDP		Per cent of GDP
	\$m	\$m	\$m		\$m	
1970-71	8,290	7,389	-851	-2.1	50	0.1
1971-72	9,135	8,249	-987	-2.2	-101	-0.2
1972-73	9,735	9,388	-977	-2.0	-629	-1.3
1973-74	12,228	11,078	-1,275	-2.1	-125	-0.2
1974-75	15,643	15,463	-2,648	-3.7	-2,467	-3.5
1975-76	18,727	20,225	-2,040	-2.4	-3,539	-4.2
1976-77	21,890	23,157	-1,530	-1.6	-2,796	-2.9
1977-78	24,019	26,057	-1,324	-1.3	-3,361	-3.2
1978-79	26,129	28,272	-1,074	-0.9	-3,216	-2.7
1979-80	30,321	31,642	-702	-0.5	-2,024	-1.5
1980-81	35,993	36,176	-962	-0.6	-1,146	-0.8
1981-82	41,499	41,151	-1,008	-0.6	-660	-0.4
1982-83	45,463	48,810	-1,363	-0.7	-4,711	-2.5
1983-84	49,981	56,990	-1,136	-0.5	-8,144	-3.8
1984-85	58,817	64,853	-922	-0.4	-6,959	-3.0
1985-86	66,206	71,328	-810	-0.3	-5,932	-2.3
1986-87	74,724	77,158	-545	-0.2	-2,979	-1.0
1987-88	83,491	82,039	657	0.2	2,109	0.6
1988-89	90,748	85,326	168	0.0	5,589	1.5
1989-90	98,625	92,684	1,217	0.3	7,159	1.8
1990-91	100,227	100,665	1,563	0.4	1,125	0.3
1991-92	95,840	108,472	2,156	0.5	-10,475	-2.5
1992-93	97,633	115,751	2,471	0.6	-15,647	-3.5
1993-94	103,824	122,009	3,447	0.7	-14,738	-3.2
1994-95	113,458	127,619	1,546	0.3	-12,614	-2.5
1995-96	124,429	135,538	5,188	1.0	-5,921	-1.1
1996-97	133,592	139,689	7,241	1.3	1,142	0.2
1997-98	140,736	140,587	15,154	2.6	15,303	2.6
1998-99	152,063	148,175	6,948	1.1	10,837	1.7
1999-00	166,199	153,192	9,500	1.4	22,507	3.4
2000-01	182,996	177,123	5,673	0.8	11,545	1.6
2001-02	187,588	188,655	3,422	0.5	2,355	0.3
2002-03	204,613	197,243	-229	0.0	7,141	0.9
2003-04	217,775	209,785	-452	-0.1	7,538	0.9
2004-05	235,984	222,407	-1,139	-0.1	12,438	1.3
2005-06	255,943	240,136	-1,647	-0.2	14,160	1.4
2006-07	272,637	253,321	7,403	0.7	26,720	2.5
2007-08	294,917	271,843	5,108	0.4	28,181	2.4
2008-09	292,600	316,046	-7,889	-0.6	-31,336	-2.5
2009-10	284,662	336,900	-4,278	-0.3	-56,516	-4.4

**Table B2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance<sup>(a)</sup> (continued)**

			Net cash flows from investments in financial assets for policy purposes(b)		Headline cash balance(c)	
	Receipts	Payments	\$m	Per cent of GDP	\$m	Per cent of GDP
	\$m	\$m				
2010-11	302,024	346,102	-7,028	-0.5	-51,106	-3.6
2011-12	329,874	371,032	-5,866	-0.4	-47,023	-3.2
2012-13	351,052	367,204	-4,802	-0.3	-20,954	-1.4
2013-14	360,322	406,430	-6,371	-0.4	-52,479	-3.3
2014-15	378,301	412,079	-5,158	-0.3	-38,936	-2.4
2015-16	386,924	423,328	-12,684	-0.8	-49,088	-3.0
2016-17	409,868	439,375	-13,501	-0.8	-43,008	-2.5

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Prior to 1999-2000, net cash flows from investments in financial assets for policy purposes were referred to as 'net advances'. A negative number reflects a cash outflow, while a positive number reflects a cash inflow.

(c) Headline cash balance is equal to receipts less payments, plus net cash flows from investments in financial assets for policy purposes. Receipts and payments are identical to Table B1.

**Table B3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)</sup>**

	Taxation receipts(b)		Non-taxation receipts(b)		Total receipts(c)	
	\$m	Per cent	\$m	Per cent	\$m	Per cent
		of GDP		of GDP		of GDP
1970-71	7,193	17.8	1,097	2.7	8,290	20.5
1971-72	7,895	17.7	1,240	2.8	9,135	20.5
1972-73	8,411	16.9	1,324	2.7	9,735	19.6
1973-74	10,832	18.0	1,396	2.3	12,228	20.3
1974-75	14,141	19.9	1,502	2.1	15,643	22.0
1975-76	16,920	20.3	1,807	2.2	18,727	22.5
1976-77	19,714	20.5	2,176	2.3	21,890	22.8
1977-78	21,428	20.4	2,591	2.5	24,019	22.9
1978-79	23,409	19.7	2,720	2.3	26,129	22.0
1979-80	27,473	20.4	2,848	2.1	30,321	22.5
1980-81	32,641	21.4	3,352	2.2	35,993	23.6
1981-82	37,880	21.5	3,619	2.1	41,499	23.6
1982-83	41,025	21.7	4,438	2.3	45,463	24.0
1983-84	44,849	21.0	5,132	2.4	49,981	23.4
1984-85	52,970	22.5	5,847	2.5	58,817	25.0
1985-86	58,841	22.6	7,365	2.8	66,206	25.4
1986-87	66,467	23.2	8,257	2.9	74,724	26.1
1987-88	75,076	23.1	8,415	2.6	83,491	25.7
1988-89	83,452	22.7	7,296	2.0	90,748	24.6
1989-90	90,773	22.4	7,852	1.9	98,625	24.4
1990-91	92,739	22.3	7,488	1.8	100,227	24.1
1991-92	87,364	20.6	8,476	2.0	95,840	22.6
1992-93	88,760	20.0	8,873	2.0	97,633	22.0
1993-94	93,362	20.0	10,462	2.2	103,824	22.2
1994-95	104,921	21.1	8,537	1.7	113,458	22.9
1995-96	115,700	21.8	8,729	1.6	124,429	23.5
1996-97	124,559	22.4	9,033	1.6	133,592	24.0
1997-98	130,984	22.2	9,752	1.7	140,736	23.9
1998-99	138,420	22.3	13,643	2.2	152,063	24.5
1999-00	151,313	22.9	14,887	2.3	166,199	25.1
2000-01	170,354	24.1	12,641	1.8	182,996	25.9
2001-02	175,371	23.3	12,218	1.6	187,588	24.9
2002-03	192,391	24.0	12,222	1.5	204,613	25.5
2003-04	206,734	24.0	11,041	1.3	217,775	25.3
2004-05	223,986	24.3	11,999	1.3	235,984	25.6
2005-06	241,987	24.2	13,956	1.4	255,943	25.6
2006-07	258,252	23.7	14,385	1.3	272,637	25.1
2007-08	279,317	23.7	15,600	1.3	294,917	25.0
2008-09	273,674	21.7	18,926	1.5	292,600	23.2
2009-10	262,167	20.2	22,495	1.7	284,662	21.9



**Table B3: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts<sup>(a)</sup> (continued)**

	Taxation receipts(b)		Non-taxation receipts(b)		Total receipts(c)	
	\$m	Per cent	\$m	Per cent	\$m	Per cent
		of GDP		of GDP		of GDP
2010-11	282,106	20.0	19,918	1.4	302,024	21.4
2011-12	311,269	20.9	18,606	1.2	329,874	22.1
2012-13	327,835	21.5	23,218	1.5	351,052	23.0
2013-14	340,283	21.4	20,038	1.3	360,322	22.7
2014-15	353,883	21.9	24,418	1.5	378,301	23.4
2015-16	362,387	21.9	24,537	1.5	386,924	23.4
2016-17	379,271	21.6	30,597	1.7	409,868	23.4

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) In the 2016-17 Final Budget Outcome, the majority of corporations law fees have been reclassified from non-taxation receipts to taxation receipts and financial institutions supervisory levies have been reclassified from taxation receipts to non-taxation receipts. The taxation receipts and non-taxation receipts series have been back-cast from 2001-02 to reflect the sustained change in the nature of these receipts. This results in a net increase in taxation receipts and a net decrease in non-taxation receipts.

(c) Receipts are equal to cash receipts from operating activities and sales of non-financial assets. Receipts are identical to Table B1.

**Table B4: Australian Government general government sector net debt and net interest payments<sup>(a)</sup>**

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	344	0.9	-189	-0.5
1971-72	-496	-1.1	-245	-0.6
1972-73	-790	-1.6	-252	-0.5
1973-74	-1,851	-3.1	-286	-0.5
1974-75	-1,901	-2.7	-242	-0.3
1975-76	-341	-0.4	-330	-0.4
1976-77	898	0.9	-62	-0.1
1977-78	2,896	2.8	4	0.0
1978-79	4,983	4.2	254	0.2
1979-80	6,244	4.6	440	0.3
1980-81	6,356	4.2	620	0.4
1981-82	5,919	3.4	680	0.4
1982-83	9,151	4.8	896	0.5
1983-84	16,015	7.5	1,621	0.8
1984-85	21,896	9.3	2,813	1.2
1985-86	26,889	10.3	3,952	1.5
1986-87	29,136	10.2	4,762	1.7
1987-88	27,344	8.4	4,503	1.4
1988-89	21,981	6.0	4,475	1.2
1989-90	16,123	4.0	4,549	1.1
1990-91	16,915	4.1	3,636	0.9
1991-92	31,041	7.3	3,810	0.9
1992-93	55,218	12.4	3,986	0.9
1993-94	70,223	15.0	5,628	1.2
1994-95	83,492	16.8	7,292	1.5
1995-96	95,831	18.1	8,861	1.7
1996-97	96,281	17.3	9,489	1.7
1997-98	82,935	14.1	8,279	1.4
1998-99	72,065	11.6	8,649	1.4
1999-00	57,661	8.7	7,514	1.1
2000-01	46,802	6.6	6,195	0.9
2001-02	42,263	5.6	5,352	0.7
2002-03	33,403	4.2	3,758	0.5
2003-04	26,995	3.1	3,040	0.4
2004-05	15,604	1.7	2,502	0.3
2005-06	331	0.0	2,303	0.2
2006-07	-24,288	-2.2	228	0.0
2007-08	-39,958	-3.4	-1,015	-0.1
2008-09	-11,285	-0.9	-1,196	-0.1
2009-10	47,874	3.7	2,386	0.2

**Table B4: Australian Government general government sector net debt and net interest payments<sup>(a)</sup> (continued)**

	Net debt(b)		Net interest payments(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	90,660	6.4	4,608	0.3
2011-12	153,443	10.3	6,609	0.4
2012-13	159,594	10.4	8,285	0.5
2013-14	209,559	13.2	10,843	0.7
2014-15	245,817	15.2	10,868	0.7
2015-16	303,467	18.3	12,041	0.7
2016-17	322,320	18.4	12,365	0.7

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Net debt is equal to the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements. Due to the implementation of the 2015 ABS GFS Manual, Australia's subscriptions to the International Development Association and the Asian Development Fund were revalued in the 2017-18 Budget from their nominal value to their fair value. The 2016-17 Final Budget Outcome includes a revised impact from the fair value of these assets. Back-casting occurs from 1999-00.

(c) Net interest payments are equal to the difference between interest paid and interest receipts.

**Table B5: Australian Government general government sector face value of Commonwealth Government Securities (CGS) on issue and interest paid<sup>(a)</sup>**

	Face value of CGS on issue					
	Total CGS on issue(b)		Subject to Treasurer's Direction(c)		Interest paid(d)	
	End of year \$m	Per cent of GDP	End of year \$m	Per cent of GDP	\$m	Per cent of GDP
1970-71	10,887	27.0	-	-	580	1.4
1971-72	11,490	25.8	-	-	614	1.4
1972-73	12,217	24.5	-	-	675	1.4
1973-74	12,809	21.2	-	-	712	1.2
1974-75	14,785	20.8	-	-	893	1.3
1975-76	17,940	21.5	-	-	1,001	1.2
1976-77	20,845	21.7	-	-	1,485	1.5
1977-78	23,957	22.8	-	-	1,740	1.7
1978-79	28,120	23.7	-	-	2,080	1.8
1979-80	29,321	21.8	-	-	2,356	1.8
1980-81	30,189	19.8	-	-	2,723	1.8
1981-82	31,060	17.7	-	-	3,058	1.7
1982-83	37,071	19.6	-	-	3,580	1.9
1983-84	45,437	21.3	-	-	4,558	2.1
1984-85	54,420	23.1	-	-	5,952	2.5
1985-86	63,089	24.2	-	-	7,394	2.8
1986-87	67,172	23.5	-	-	8,339	2.9
1987-88	62,794	19.3	-	-	8,139	2.5
1988-89	56,854	15.4	-	-	8,222	2.2
1989-90	48,399	12.0	-	-	8,064	2.0
1990-91	48,723	11.7	-	-	6,994	1.7
1991-92	58,826	13.9	-	-	6,819	1.6
1992-93	76,509	17.2	-	-	6,487	1.5
1993-94	90,889	19.5	-	-	7,709	1.7
1994-95	105,466	21.3	-	-	9,144	1.8
1995-96	110,166	20.8	-	-	10,325	1.9
1996-97	111,067	19.9	-	-	10,653	1.9
1997-98	93,664	15.9	-	-	9,453	1.6
1998-99	85,331	13.7	-	-	9,299	1.5
1999-00	75,536	11.4	-	-	8,509	1.3
2000-01	66,403	9.4	-	-	7,335	1.0
2001-02	63,004	8.4	-	-	6,270	0.8
2002-03	57,435	7.2	-	-	4,740	0.6
2003-04	54,750	6.3	-	-	4,096	0.5
2004-05	55,151	6.0	-	-	3,902	0.4
2005-06	54,070	5.4	-	-	4,628	0.5
2006-07	53,264	4.9	-	-	3,959	0.4
2007-08	55,442	4.7	-	-	3,754	0.3
2008-09	101,147	8.0	95,103	7.6	3,970	0.3
2009-10	147,133	11.3	141,806	10.9	6,411	0.5

**Table B5: Australian Government general government sector face value of Commonwealth Government Securities (CGS) on issue and interest paid<sup>(a)</sup>**  
**(continued)**

	Face value of CGS on issue					
	Total CGS on issue(b)		Subject to Treasurer's Direction(c)		Interest paid(d)	
	End of year \$m	Per cent of GDP	End of year \$m	Per cent of GDP	\$m	Per cent of GDP
2010-11	191,292	13.6	186,704	13.2	9,551	0.7
2011-12	233,976	15.7	229,389	15.4	10,875	0.7
2012-13	257,378	16.8	252,791	16.5	11,846	0.8
2013-14	319,481	20.1	316,952	19.9	13,972	0.9
2014-15	368,738	22.8	366,202	22.6	13,924	0.9
2015-16	420,420	25.4	417,936	25.2	14,977	0.9
2016-17	500,979	28.6	498,510	28.4	15,290	0.9

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Total CGS on issue includes CGS held on behalf of the States and the Northern Territory, but excludes Commonwealth holdings of CGS.

(c) The face value of CGS subject to the Treasurer's Direction excludes the stock and securities outlined in subsection 51JA(2A) of the *Commonwealth Inscribed Stock Act 1911*. These are the same stock and securities that were excluded from the previous legislative debt limit. CGS on issue subject to the Treasurer's Direction are not available prior to 2008-09 because the limit was first introduced in July 2008.

(d) Interest paid consists of all cash interest payments of the general government sector, including those relating to CGS on issue.

**Table B6: Australian Government general government sector revenue, expenses, net operating balance, net capital investment and fiscal balance<sup>(a)</sup>**

	Revenue		Expenses		Net operating balance(b)		Net capital investment		Fiscal balance(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP	\$m	Per cent of GDP
1996-97	141,688	25.4	145,821	26.2	-4,133	-0.7	90	0.0	-4,223	-0.8
1997-98	146,820	24.9	148,652	25.2	-1,832	-0.3	147	0.0	-1,979	-0.3
1998-99	152,106	24.5	146,772	23.6	5,334	0.9	1,433	0.2	3,901	0.6
1999-00	167,304	25.3	155,558	23.5	11,746	1.8	-69	0.0	11,815	1.8
2000-01	186,106	26.4	180,090	25.5	6,016	0.9	8	0.0	6,007	0.9
2001-02	190,432	25.2	192,984	25.6	-2,553	-0.3	382	0.1	-2,935	-0.4
2002-03	206,778	25.8	201,113	25.1	5,665	0.7	287	0.0	5,377	0.7
2003-04	222,042	25.8	215,235	25.0	6,808	0.8	660	0.1	6,148	0.7
2004-05	242,354	26.3	229,092	24.8	13,261	1.4	1,034	0.1	12,228	1.3
2005-06	260,569	26.1	241,665	24.2	18,904	1.9	2,498	0.3	16,406	1.6
2006-07	277,895	25.6	258,761	23.8	19,134	1.8	2,333	0.2	16,801	1.5
2007-08	303,402	25.7	279,862	23.7	23,540	2.0	2,593	0.2	20,948	1.8
2008-09	298,508	23.7	324,387	25.8	-25,879	-2.1	4,064	0.3	-29,943	-2.4
2009-10	292,387	22.5	339,829	26.2	-47,442	-3.7	6,433	0.5	-53,875	-4.2
2010-11	309,204	21.9	356,084	25.2	-46,880	-3.3	5,297	0.4	-52,176	-3.7
2011-12	337,324	22.6	377,220	25.3	-39,896	-2.7	4,850	0.3	-44,746	-3.0
2012-13	359,496	23.5	382,397	25.0	-22,901	-1.5	987	0.1	-23,888	-1.6
2013-14	374,151	23.5	414,500	26.1	-40,349	-2.5	3,850	0.2	-44,198	-2.8
2014-15	379,455	23.5	417,514	25.8	-38,059	-2.4	2,706	0.2	-40,764	-2.5
2015-16	395,055	23.9	428,691	25.9	-33,636	-2.0	3,829	0.2	-37,464	-2.3
2016-17	415,723	23.7	447,807	25.5	-32,084	-1.8	2,876	0.2	-34,960	-2.0

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Net operating balance is equal to revenue less expenses.

(c) Fiscal balance is equal to revenue less expenses less net capital investment.

**Table B7: Australian Government general government sector net worth and net financial worth<sup>(a)</sup>**

	Net worth(b)		Net financial worth(c)	
	\$m	Per cent of GDP	\$m	Per cent of GDP
1999-00	-10,424	-1.6	-70,414	-10.6
2000-01	-10,287	-1.5	-75,544	-10.7
2001-02	-15,330	-2.0	-81,707	-10.8
2002-03	-18,856	-2.4	-86,456	-10.8
2003-04	-4,740	-0.5	-75,976	-8.8
2004-05	11,066	1.2	-62,372	-6.8
2005-06	14,293	1.4	-63,442	-6.4
2006-07	42,677	3.9	-39,370	-3.6
2007-08	67,122	5.7	-18,428	-1.6
2008-09	15,452	1.2	-75,465	-6.0
2009-10	-50,383	-3.9	-148,930	-11.5
2010-11	-100,504	-7.1	-203,904	-14.5
2011-12	-252,046	-16.9	-360,672	-24.2
2012-13	-207,769	-13.6	-317,843	-20.8
2013-14	-261,596	-16.5	-375,882	-23.6
2014-15	-308,390	-19.1	-427,169	-26.4
2015-16	-423,674	-25.6	-548,028	-33.1
2016-17	-390,897	-22.3	-529,225	-30.2

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Net worth is equal to total assets less total liabilities. Due to the implementation of the 2015 ABS GFS Manual, Australia's subscriptions to the International Development Association and the Asian Development Fund were revalued in the 2017-18 Budget from their nominal value to their fair value. The 2016-17 Final Budget Outcome includes a revised impact from the fair value of these assets. Back-casting occurs from 1999-00.

(c) Net financial worth is equal to financial assets less total liabilities. Due to the implementation of the 2015 ABS GFS Manual, Australia's subscriptions to the International Development Association and the Asian Development Fund were revalued in the 2017-18 Budget from their nominal value to their fair value. In the 2016-17 Final Budget Outcome, net financial worth has been revised to reflect this change in valuation. Back-casting occurs from 1999-00.

**Table B8: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue<sup>(a)</sup>**

	Taxation revenue(b)		Non-taxation revenue(b)		Total revenue	
		Per cent		Per cent		Per cent
	\$m	of GDP	\$m	of GDP	\$m	of GDP
1999-00	153,409	23.2	13,895	2.1	167,304	25.3
2000-01	175,876	24.9	10,229	1.4	186,106	26.4
2001-02	178,410	23.7	12,022	1.6	190,432	25.2
2002-03	195,319	24.4	11,458	1.4	206,778	25.8
2003-04	210,541	24.4	11,501	1.3	222,042	25.8
2004-05	230,490	25.0	11,863	1.3	242,354	26.3
2005-06	245,846	24.6	14,723	1.5	260,569	26.1
2006-07	262,876	24.2	15,019	1.4	277,895	25.6
2007-08	286,869	24.3	16,534	1.4	303,402	25.7
2008-09	279,303	22.2	19,206	1.5	298,508	23.7
2009-10	268,841	20.7	23,546	1.8	292,387	22.5
2010-11	289,566	20.5	19,639	1.4	309,204	21.9
2011-12	317,413	21.3	19,911	1.3	337,324	22.6
2012-13	338,106	22.1	21,390	1.4	359,496	23.5
2013-14	353,239	22.2	20,912	1.3	374,151	23.5
2014-15	356,321	22.0	23,134	1.4	379,455	23.5
2015-16	369,410	22.3	25,645	1.5	395,055	23.9
2016-17	388,641	22.2	27,082	1.5	415,723	23.7

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) In the 2016-17 Final Budget Outcome, the majority of corporations law fees have been reclassified from non-taxation revenue to taxation revenue and financial institutions supervisory levies have been reclassified from taxation revenue to non-taxation revenue. The taxation revenue and non-taxation revenue series have been back-cast from 2001-02 to reflect the sustained change in the nature of these revenues. This results in a net increase in taxation revenue and a net decrease in non-taxation revenue.



**Table B9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)<sup>(a)</sup>**

	General government						Public non-financial corporations						Non-financial public sector					
	Underlying cash			Cash surplus(e)			Cash surplus(e)			Cash surplus(e)			Cash surplus(e)			Cash surplus(e)		
	Receipts(b)	Payments(c)	balance(d)	Receipts(b)	Payments(e)	Cash surplus(e)	Receipts(b)	Payments(e)	Cash surplus(e)	Receipts(b)	Payments(e)	Cash surplus(e)	Receipts(b)	Payments(e)	Cash surplus(e)	Receipts(b)	Payments(e)	Cash surplus(e)
1988-89	90,748	85,326	5,421	4,177	6,035	257	93,923	90,312	3,611	93,923	90,312	3,611	93,923	90,312	3,611	93,923	90,312	3,611
1989-90	98,625	92,684	5,942	3,926	11,322	-5,261	101,495	102,883	-1,388	101,495	102,883	-1,388	101,495	102,883	-1,388	101,495	102,883	-1,388
1990-91	100,227	100,665	-438	4,804	9,351	-2,139	103,837	108,808	-4,971	103,837	108,808	-4,971	103,837	108,808	-4,971	103,837	108,808	-4,971
1991-92	95,840	108,472	-12,631	3,899	7,713	101	97,937	114,369	-16,432	97,937	114,369	-16,432	97,937	114,369	-16,432	97,937	114,369	-16,432
1992-93	97,633	115,751	-18,118	4,385	7,819	-196	100,512	122,042	-21,530	100,512	122,042	-21,530	100,512	122,042	-21,530	100,512	122,042	-21,530
1993-94	103,824	122,009	-18,185	5,178	6,476	1,482	106,747	126,214	-19,467	106,747	126,214	-19,467	106,747	126,214	-19,467	106,747	126,214	-19,467
1994-95	113,458	127,619	-14,160	5,262	7,318	1,956	116,751	132,965	-16,214	116,751	132,965	-16,214	116,751	132,965	-16,214	116,751	132,965	-16,214
1995-96	124,429	135,538	-11,109	4,927	8,190	-527	126,593	140,963	-14,364	126,593	140,963	-14,364	126,593	140,963	-14,364	126,593	140,963	-14,364
1996-97	133,592	139,689	-6,099	4,782	7,373	473	135,259	143,948	-8,689	135,259	143,948	-8,689	135,259	143,948	-8,689	135,259	143,948	-8,689
1997-98	140,736	140,587	149	6,238	7,923	1,119	144,517	145,985	-1,468	144,517	145,985	-1,468	144,517	145,985	-1,468	144,517	145,985	-1,468
1998-99	152,063	148,175	3,889	na	na	-353	na	na	na	na	na	na	na	na	na	na	na	na
1999-00	166,199	153,192	13,007	na	na	-2,594	na	na	-2,594	na	na	-2,594	na	na	-2,594	na	na	-2,594
2000-01	182,996	177,123	5,872	na	na	391	na	na	391	na	na	391	na	na	391	na	na	391
2001-02	187,588	188,655	-1,067	na	na	1,210	na	na	1,210	na	na	1,210	na	na	1,210	na	na	1,210
2002-03	204,613	197,243	7,370	27,386	26,105	1,280	27,386	26,105	1,280	27,386	26,105	1,280	27,386	26,105	1,280	27,386	26,105	1,280
2003-04	217,775	209,785	7,990	27,718	26,142	1,575	27,718	26,142	1,575	27,718	26,142	1,575	27,718	26,142	1,575	27,718	26,142	1,575
2004-05	235,984	222,407	13,577	29,621	28,071	1,550	29,621	28,071	1,550	29,621	28,071	1,550	29,621	28,071	1,550	29,621	28,071	1,550
2005-06	255,943	240,136	15,757	30,875	31,874	-999	30,875	31,874	-999	30,875	31,874	-999	30,875	31,874	-999	30,875	31,874	-999
2006-07	272,637	253,321	19,190	16,882	18,641	-1,759	16,882	18,641	-1,759	16,882	18,641	-1,759	16,882	18,641	-1,759	16,882	18,641	-1,759
2007-08	294,917	271,843	19,754	7,758	8,231	-472	7,758	8,231	-472	7,758	8,231	-472	7,758	8,231	-472	7,758	8,231	-472
2008-09	292,600	316,046	-27,013	7,987	8,960	-973	7,987	8,960	-973	7,987	8,960	-973	7,987	8,960	-973	7,987	8,960	-973
2009-10	284,662	336,900	-54,494	8,419	9,341	-922	8,419	9,341	-922	8,419	9,341	-922	8,419	9,341	-922	8,419	9,341	-922

**Table B9: Australian Government cash receipts, payments and surplus by institutional sector (\$m)<sup>(a)</sup> (Continued)**

	General government			Public non-financial corporations			Non-financial public sector		
	Receipts(b)	Payments(c)	Underlying cash balance(d)	Receipts(b)	Payments(e)	Cash surplus(e)	Receipts(b)	Payments(e)	Cash surplus(e)
2010-11	302,024	346,102	-47,463	8,558	9,733	-1,175	308,258	353,452	-44,911
2011-12	329,874	371,032	-43,360	8,845	10,847	-2,002	336,122	379,266	-42,763
2012-13	351,052	367,204	-18,834	9,766	13,061	-3,294	358,088	377,221	-19,133
2013-14	360,322	406,430	-48,456	11,042	14,246	-3,204	368,521	417,248	-48,726
2014-15	378,301	412,079	-37,867	11,256	15,136	-3,880	386,643	424,229	-37,586
2015-16	386,924	423,328	-39,606	11,606	17,753	-6,147	395,842	438,228	-42,386
2016-17	409,868	439,375	-33,151	12,406	19,543	-7,138	419,433	456,020	-36,587

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Receipts are equal to receipts from operating activities and sales of non-financial assets.

(c) Payments are equal to payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(d) Between 2005-06 and 2016-17, the underlying cash balance is equal to receipts less payments, less net Future Fund earnings. Before 2005-06, the underlying cash balance is equal to receipts less payments.

(e) Due to the implementation of the 2015 ABS GFS Manual, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit; payments in the public non-financial corporations and non-financial public sectors are equal to payments for operating activities, purchases of non-financial assets and distributions paid. Back-casting to adjust the payments and cash surplus series in the public non-financial corporations and non-financial public sectors occurs from 1999-00.

na Data not available.

**Table B10: Australian Government accrual revenue, expenses and fiscal balance by institutional sector (\$m)<sup>(a)</sup>**

	General government			Public non-financial corporations			Non-financial public sector		
	Revenue	Expenses	Fiscal balance(b)	Revenue	Expenses	Fiscal balance(b)	Revenue	Expenses	Fiscal balance(b)
1996-97	141,688	145,821	-4,223	27,431	26,015	-331	na	na	-4,554
1997-98	146,820	148,652	-1,979	29,618	26,999	2,360	na	na	387
1998-99	152,106	146,772	3,901	27,687	26,088	-816	175,891	168,958	3,085
1999-00	167,304	155,558	11,815	25,485	23,542	1,062	188,841	175,152	11,721
2000-01	186,106	180,090	6,007	25,869	24,762	-826	207,367	200,246	5,181
2001-02	190,432	192,984	-2,935	26,638	25,341	793	212,462	213,718	-2,142
2002-03	206,778	201,113	5,377	24,339	22,916	1,975	225,989	218,944	7,311
2003-04	222,042	215,235	6,148	25,449	23,444	2,143	241,746	232,934	8,291
2004-05	242,354	229,092	12,228	26,965	25,191	1,473	263,434	248,398	13,700
2005-06	260,569	241,665	16,406	28,143	29,531	-2,442	281,927	264,410	13,964
2006-07	277,895	258,761	16,801	15,443	16,360	-1,763	289,551	271,335	15,038
2007-08	303,402	279,862	20,948	6,854	6,686	-584	308,888	285,179	20,364
2008-09	298,508	324,387	-29,943	6,998	7,576	-1,495	303,309	329,766	-31,438
2009-10	292,387	339,829	-53,875	7,288	7,297	-1,079	298,033	345,483	-54,954
2010-11	309,204	356,084	-52,176	7,563	7,787	-1,446	315,001	362,106	-53,622
2011-12	337,324	377,220	-44,746	8,046	8,238	-2,158	343,722	383,810	-46,904
2012-13	359,496	382,397	-23,888	8,863	9,415	-4,189	366,642	390,094	-28,077
2013-14	374,151	414,500	-44,198	9,537	11,127	-6,070	381,971	423,910	-50,269
2014-15	379,455	417,514	-40,764	9,987	11,850	-4,856	387,719	427,641	-45,620
2015-16	395,055	428,691	-37,464	10,044	12,809	-7,486	403,868	440,270	-44,950
2016-17	415,723	447,807	-34,960	10,894	15,035	-9,918	425,114	461,338	-44,879

(a) Data have been revised in the 2016-17 Final Budget Outcome to improve accuracy and comparability through time.

(b) Fiscal balance is equal to revenue less expenses less net capital investment. Net capital investment is not shown in this table.

na Data not available.

**Table B11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis<sup>(a)</sup>**

	Taxation receipts	Non-taxation receipts	Total receipts	Payments	Underlying cash balance	Net debt	Net interest payments
1970-71	5,494	838	6,331	5,643	688	263	-144
1971-72	5,524	868	6,391	5,771	620	-347	-171
1972-73	5,484	863	6,348	6,122	227	-515	-164
1973-74	6,138	791	6,930	6,278	652	-1,049	-162
1974-75	6,797	722	7,519	7,433	87	-914	-116
1975-76	7,125	761	7,886	8,516	-631	-144	-139
1976-77	7,212	796	8,008	8,471	-463	329	-23
1977-78	7,073	855	7,928	8,601	-672	956	1
1978-79	7,066	821	7,887	8,534	-647	1,504	77
1979-80	7,430	770	8,200	8,557	-358	1,689	119
1980-81	7,954	817	8,771	8,815	-45	1,549	151
1981-82	8,208	784	8,992	8,916	75	1,283	147
1982-83	7,861	850	8,712	9,353	-642	1,754	172
1983-84	7,956	910	8,866	10,110	-1,243	2,841	288
1984-85	8,889	981	9,870	10,883	-1,013	3,674	472
1985-86	8,978	1,124	10,102	10,883	-782	4,103	603
1986-87	9,131	1,134	10,265	10,600	-334	4,003	654
1987-88	9,453	1,060	10,512	10,329	183	3,443	567
1988-89	9,628	842	10,470	9,844	625	2,536	516
1989-90	9,555	827	10,382	9,756	625	1,697	479
1990-91	9,153	739	9,893	9,936	-43	1,670	359
1991-92	8,368	812	9,180	10,390	-1,210	2,973	365
1992-93	8,341	834	9,175	10,877	-1,703	5,189	375
1993-94	8,532	956	9,488	11,150	-1,662	6,417	514
1994-95	9,191	748	9,938	11,179	-1,240	7,314	639
1995-96	9,608	725	10,333	11,255	-922	7,958	736
1996-97	10,096	732	10,828	11,322	-494	7,804	769
1997-98	10,511	783	11,294	11,282	12	6,655	664
1998-99	10,852	1,070	11,922	11,617	305	5,650	678
1999-00	11,455	1,127	12,582	11,597	985	4,365	569
2000-01	12,010	891	12,901	12,487	414	3,299	437
2001-02	11,882	828	12,710	12,782	-72	2,863	363
2002-03	12,500	794	13,294	12,815	479	2,170	244
2003-04	12,983	693	13,677	13,175	502	1,695	191
2004-05	13,566	727	14,293	13,470	822	945	152
2005-06	14,012	808	14,820	13,904	912	19	133
2006-07	14,269	795	15,064	13,997	950	-1,342	13
2007-08	14,630	817	15,447	14,239	1,035	-2,093	-53
2008-09	13,618	942	14,559	15,726	-1,344	-562	-60
2009-10	12,552	1,077	13,629	16,131	-2,609	2,292	114

**Table B11: Australian Government general government sector receipts, payments, underlying cash balance, net debt and net interest payments presented on a real per capita basis<sup>(a)</sup> (continued)**

	Taxation receipts	Non-taxation receipts	Total receipts	Payments	Underlying cash balance	Net debt	Net interest payments
2010-11	12,919	912	13,831	15,849	-2,174	4,152	211
2011-12	13,687	818	14,505	16,314	-1,907	6,747	291
2012-13	13,849	981	14,829	15,512	-796	6,742	350
2013-14	13,781	812	14,593	16,460	-1,962	8,487	439
2014-15	13,886	958	14,844	16,169	-1,486	9,646	426
2015-16	13,817	936	14,753	16,141	-1,510	11,571	459
2016-17	14,011	1,130	15,141	16,231	-1,225	11,907	457

(a) The real levels are derived using the Consumer Price Index (CPI). The current reference period for the CPI is 2011-12, which means the real levels per capita are reported in 2011-12 dollars. The ABS periodically updates the reference period for the CPI. The next update, which will be for the 2015-16 reference year, is planned for the December quarter 2017.

