

## Statement 10: Australian Government Budget Financial Statements

Consistent with the *Charter of Budget Honesty Act 1998 (the Charter)*, the Government has produced a 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) sector. The financial statements comply with both the 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 shows net worth, net financial worth, net financial liabilities and net debt
- 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 statements reflect the Government's policy that the ABS GFS remains the basis of budget accounting policy, except where AAS is applied 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 Standard AASB 1049. The financial statements are consistent with the requirements of the UPF.



# Statement contents

<b>Statement 10: Australian Government Budget Financial Statements .....</b>	<b>353</b>
Notes to the general government sector financial statements.....	369
<b>Appendix A: Financial reporting standards and budget concepts.....</b>	<b>385</b>
AASB 1049 Conceptual framework.....	385
<b>Appendix B: Assets and Liabilities .....</b>	<b>393</b>



# Statement 10: Australian Government Budget Financial Statements

**Table 10.1: Australian Government general government sector operating statement**

	Note	Estimates				
		2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
<b>Revenue</b>						
Taxation revenue	3	656,039	658,962	679,469	721,170	762,990
Sales of goods and services	4	20,274	21,636	22,555	23,525	23,869
Interest income	5	11,131	10,276	9,998	10,573	11,338
Dividend and distribution income	5	5,798	6,815	7,188	7,552	8,029
Other	6	13,635	13,815	13,531	13,418	13,403
<b>Total revenue</b>		<b>706,877</b>	<b>711,505</b>	<b>732,740</b>	<b>776,239</b>	<b>819,628</b>
<b>Expenses</b>						
Gross operating expenses						
Wages and salaries(a)	7	27,326	29,440	29,282	29,256	29,659
Superannuation	7	9,042	8,301	8,560	8,989	9,315
Depreciation and amortisation	8	12,889	13,003	13,200	13,380	13,501
Supply of goods and services	9	194,974	211,694	223,794	230,947	243,589
Other operating expenses(a)	7	9,248	9,925	14,442	12,184	12,414
<i>Total gross operating expenses</i>		<i>253,478</i>	<i>272,364</i>	<i>289,279</i>	<i>294,756</i>	<i>308,477</i>
Superannuation interest expense	7	13,374	14,620	15,126	15,610	16,054
Interest expenses	10	27,667	33,414	34,300	39,085	41,190
Current transfers						
Current grants	11	203,194	208,915	216,098	223,666	231,953
Subsidy expenses		19,613	18,791	18,943	19,487	20,957
Personal benefits	12	152,866	161,051	171,210	179,664	191,598
<i>Total current transfers</i>		<i>375,674</i>	<i>388,757</i>	<i>406,251</i>	<i>422,817</i>	<i>444,508</i>
Capital transfers						
Mutually agreed write-downs		3,039	5,137	3,318	3,510	3,726
Other capital grants		17,838	20,226	19,017	17,988	15,798
<i>Total capital transfers</i>		<i>20,877</i>	<i>25,364</i>	<i>22,334</i>	<i>21,497</i>	<i>19,525</i>
<b>Total expenses</b>		<b>691,070</b>	<b>734,518</b>	<b>767,290</b>	<b>793,765</b>	<b>829,755</b>
<b>Net operating balance</b>		<b>15,807</b>	<b>-23,014</b>	<b>-34,550</b>	<b>-17,526</b>	<b>-10,127</b>
<b>Other economic flows – included in operating result</b>						
Net write-downs of assets		-10,994	-11,427	-11,335	-11,981	-12,823
Assets recognised for the first time		298	316	335	356	377
Actuarial revaluations		652	-20	-18	-23	-29
Net foreign exchange gains		188	5	0	0	0
Net swap interest received		-347	-24	-7	3	-1
Market valuation of debt		-10,639	-13,050	-11,690	-10,140	-9,304
Other gains/(losses)		9,262	9,093	9,357	10,319	11,148
<b>Total other economic flows – included in operating result</b>		<b>-11,578</b>	<b>-15,107</b>	<b>-13,359</b>	<b>-11,466</b>	<b>-10,631</b>
<b>Operating result(b)</b>		<b>4,228</b>	<b>-38,120</b>	<b>-47,908</b>	<b>-28,992</b>	<b>-20,758</b>

**Table 10.1: Australian Government general government sector operating statement (continued)**

	Note	Estimates				
		2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
<b>Non-owner movements in equity</b>						
Revaluation of equity investments		-785	-392	0	0	0
Actuarial revaluations		-1,002	-228	-230	-231	-233
Other economic revaluations		736	2,228	165	188	175
<b>Total other economic flows - included in equity</b>		<b>-1,051</b>	<b>1,608</b>	<b>-65</b>	<b>-43</b>	<b>-58</b>
<b>Comprehensive result –</b>						
<b>Total change in net worth</b>		<b>3,177</b>	<b>-36,512</b>	<b>-47,974</b>	<b>-29,035</b>	<b>-20,816</b>
<b>Net operating balance</b>						
		<b>15,807</b>	<b>-23,014</b>	<b>-34,550</b>	<b>-17,526</b>	<b>-10,127</b>
<b>Net acquisition of non-financial assets</b>						
Purchases of non-financial assets		21,771	21,960	20,556	21,785	24,917
<i>less</i> Sales of non-financial assets		777	2,407	67	0	5
<i>less</i> Depreciation		12,889	13,003	13,200	13,380	13,501
<i>plus</i> Change in inventories		-351	-242	766	583	489
<i>plus</i> Other movements in non-financial assets		-1	-5	0	0	0
<b>Total net acquisition of non-financial assets</b>		<b>7,754</b>	<b>6,303</b>	<b>8,055</b>	<b>8,988</b>	<b>11,899</b>
<b>Fiscal balance</b>						
<b>(Net lending/borrowing)(c)</b>		<b>8,053</b>	<b>-29,316</b>	<b>-42,604</b>	<b>-26,514</b>	<b>-22,026</b>

- a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries 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.

**Table 10.2: Australian Government general government sector balance sheet**

	Note	Estimates				
		2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
<b>Assets</b>						
Financial assets						
Cash and deposits		89,311	61,997	57,532	54,634	49,732
Advances paid	13	67,539	73,193	83,592	94,634	105,091
Investments, loans and placements	14	242,528	249,588	257,386	267,513	278,151
Other receivables	13	79,105	84,638	91,128	97,971	105,736
Equity investments						
Investments in other public sector entities		44,934	51,451	55,807	57,352	57,842
Equity accounted investments		5,894	6,025	6,136	6,149	6,111
Investments – shares		84,931	91,336	98,980	106,828	114,856
<i>Total financial assets</i>		<i>614,242</i>	<i>618,227</i>	<i>650,560</i>	<i>685,082</i>	<i>717,520</i>
Non-financial assets						
Land	15	13,506	13,473	13,399	13,481	13,643
Buildings		50,673	52,246	53,585	55,466	57,806
Plant, equipment and infrastructure		110,044	114,335	118,812	124,311	132,680
Inventories		11,763	12,007	12,605	13,095	13,417
Intangibles		12,697	14,280	15,091	15,190	15,165
Investment properties		220	227	227	227	227
Biological assets		5	5	5	5	5
Heritage and cultural assets		12,664	12,687	12,685	12,683	12,684
Assets held for sale		102	94	89	89	89
Other non-financial assets		14	9	9	9	9
<i>Total non-financial assets</i>		<i>211,687</i>	<i>219,362</i>	<i>226,506</i>	<i>234,556</i>	<i>245,726</i>
<b>Total assets</b>		<b>825,929</b>	<b>837,590</b>	<b>877,066</b>	<b>919,637</b>	<b>963,247</b>
<b>Liabilities</b>						
Interest bearing liabilities						
Deposits held		415	415	415	415	415
Government securities		847,774	885,886	962,711	1,026,120	1,080,171
Loans	16	31,772	32,360	33,379	33,786	33,779
Lease liabilities		19,302	18,649	17,484	16,508	16,115
<i>Total interest bearing liabilities</i>		<i>899,263</i>	<i>937,310</i>	<i>1,013,988</i>	<i>1,076,829</i>	<i>1,130,480</i>

**Table 10.2: Australian Government general government sector balance sheet (continued)**

	Note	Estimates				
		2023-24 \$m	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Provisions and payables						
Superannuation liability	17	294,654	304,384	314,814	323,741	332,739
Other employee liabilities	17	42,228	41,848	43,042	44,195	44,992
Suppliers payables	18	13,305	13,582	13,753	14,042	14,573
Personal benefits payables	18	3,991	4,096	4,598	4,570	4,406
Subsidies payables	18	550	535	528	519	519
Grants payables	18	3,658	4,178	3,761	3,457	3,633
Other payables	18	7,115	4,797	4,886	4,912	4,922
Provisions	18	69,787	71,994	70,804	69,513	69,940
<i>Total provisions and payables</i>		<i>435,287</i>	<i>445,413</i>	<i>456,185</i>	<i>464,950</i>	<i>475,725</i>
<b>Total liabilities</b>		<b>1,334,550</b>	<b>1,382,723</b>	<b>1,470,173</b>	<b>1,541,779</b>	<b>1,606,205</b>
<b>Net worth(a)</b>		<b>-508,621</b>	<b>-545,133</b>	<b>-593,107</b>	<b>-622,142</b>	<b>-642,958</b>
<i>Net financial worth(b)</i>		<i>-720,309</i>	<i>-764,495</i>	<i>-819,613</i>	<i>-856,698</i>	<i>-888,684</i>
<i>Net financial liabilities(c)</i>		<i>765,243</i>	<i>815,947</i>	<i>875,420</i>	<i>914,050</i>	<i>946,526</i>
<i>Net debt(d)</i>		<i>499,886</i>	<i>552,532</i>	<i>615,478</i>	<i>660,048</i>	<i>697,505</i>

- a) Net worth equals total assets minus total liabilities.  
b) Net financial worth equals total financial assets minus total liabilities.  
c) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.  
d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).



**Table 10.3: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Cash receipts from operating activities</b>					
Taxes received	638,750	642,542	661,583	702,278	742,299
Receipts from sales of goods and services	19,938	21,396	22,549	23,506	23,888
Interest receipts	10,404	9,275	8,705	9,051	9,591
Dividends, distributions and income tax equivalents	5,918	6,789	7,160	7,522	8,001
Other receipts	14,298	18,231	19,118	17,611	17,880
<b>Total operating receipts</b>	<b>689,309</b>	<b>698,233</b>	<b>719,114</b>	<b>759,968</b>	<b>801,658</b>
<b>Cash payments for operating activities</b>					
Payments to employees(b)	-43,641	-46,840	-47,519	-48,535	-50,205
Payments for goods and services	-192,077	-210,763	-224,689	-230,996	-243,315
Grants and subsidies paid	-239,842	-251,111	-256,411	-263,351	-268,068
Interest paid	-22,685	-23,824	-27,502	-29,833	-35,585
Personal benefit payments	-152,828	-161,714	-171,442	-180,398	-192,456
Other payments(b)	-9,923	-10,389	-13,328	-11,062	-11,303
<b>Total operating payments</b>	<b>-660,997</b>	<b>-704,641</b>	<b>-740,890</b>	<b>-764,175</b>	<b>-800,933</b>
<b>Net cash flows from operating activities</b>	<b>28,312</b>	<b>-6,408</b>	<b>-21,777</b>	<b>-4,207</b>	<b>725</b>
<b>Cash flows from investments in non-financial assets</b>					
Sales of non-financial assets	2,999	213	240	41	153
Purchases of non-financial assets	-19,450	-19,501	-18,700	-19,956	-22,670
<b>Net cash flows from investments in non-financial assets</b>	<b>-16,451</b>	<b>-19,288</b>	<b>-18,460</b>	<b>-19,914</b>	<b>-22,516</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-2,879</b>	<b>-18,916</b>	<b>-20,932</b>	<b>-20,130</b>	<b>-17,676</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-16,684</b>	<b>-4,050</b>	<b>-4,644</b>	<b>-5,676</b>	<b>-5,958</b>
<b>Cash receipts from financing activities</b>					
Borrowing	168,884	528,678	809,085	919,481	806,142
Other financing	6,487	127	148	165	88
<b>Total cash receipts from financing activities</b>	<b>175,371</b>	<b>528,805</b>	<b>809,234</b>	<b>919,646</b>	<b>806,231</b>
<b>Cash payments for financing activities</b>					
Borrowing	-156,674	-502,500	-743,001	-868,160	-762,796
Other financing	-11,397	-4,957	-4,885	-4,457	-2,911
<b>Total cash payments for financing activities</b>	<b>-168,072</b>	<b>-507,456</b>	<b>-747,886</b>	<b>-872,617</b>	<b>-765,707</b>
<b>Net cash flows from financing activities</b>	<b>7,300</b>	<b>21,348</b>	<b>61,348</b>	<b>47,029</b>	<b>40,524</b>
<b>Net increase/(decrease) in cash held</b>	<b>-402</b>	<b>-27,314</b>	<b>-4,465</b>	<b>-2,899</b>	<b>-4,902</b>

**Table 10.3: Australian Government general government sector cash flow statement (continued)<sup>(a)</sup>**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>11,861</b>	<b>-25,696</b>	<b>-40,237</b>	<b>-24,121</b>	<b>-21,791</b>
<i>plus</i> Principal payments of lease liabilities(d)	-2,515	-2,590	-2,601	-2,591	-2,554
<b>Equals underlying cash balance(e)</b>	<b>9,346</b>	<b>-28,286</b>	<b>-42,838</b>	<b>-26,713</b>	<b>-24,345</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-2,879	-18,916	-20,932	-20,130	-17,676
<b>Equals headline cash balance</b>	<b>6,467</b>	<b>-47,202</b>	<b>-63,770</b>	<b>-46,843</b>	<b>-42,022</b>

- a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
- b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- d) Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.
- e) The term underlying cash balance is not used by the ABS.

**Table 10.4: Australian Government public non-financial corporations sector operating statement**

	Estimates	
	2023-24 \$m	2024-25 \$m
<b>Revenue</b>		
Grants and subsidies	183	156
Sales of goods and services	21,221	22,566
Interest income	50	28
Other	96	81
<b>Total revenue</b>	<b>21,551</b>	<b>22,831</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)	4,898	5,005
Superannuation	526	544
Depreciation and amortisation	4,532	4,425
Supply of goods and services	10,233	10,710
Other operating expenses(a)	773	705
<i>Total gross operating expenses</i>	<i>20,963</i>	<i>21,390</i>
Interest expenses	2,037	2,173
Other property expenses	249	250
Current transfers		
Tax expenses	213	199
<i>Total current transfers</i>	<i>213</i>	<i>199</i>
<b>Total expenses</b>	<b>23,461</b>	<b>24,011</b>
<b>Net operating balance</b>	<b>-1,910</b>	<b>-1,180</b>
<b>Other economic flows</b>	<b>-1,250</b>	<b>-584</b>
<b>Comprehensive result – Total change in net worth     excluding contribution from owners</b>	<b>-3,161</b>	<b>-1,764</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	11,308	12,375
<i>less</i> Sales of non-financial assets	<i>82</i>	<i>62</i>
<i>less</i> Depreciation	<i>4,532</i>	<i>4,425</i>
<i>plus</i> Change in inventories	<i>-24</i>	<i>2</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>1</i>
<b>Total net acquisition of non-financial assets</b>	<b>6,670</b>	<b>7,892</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-8,580</b>	<b>-9,072</b>
a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries 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 10.5: Australian Government public non-financial corporations sector balance sheet**

	Estimates	
	2023-24 \$m	2024-25 \$m
<b>Assets</b>		
Financial assets		
Cash and deposits	1,335	1,533
Investments, loans and placements	743	1,169
Other receivables	6,163	6,216
Equity investments	324	340
<i>Total financial assets</i>	<i>8,566</i>	<i>9,258</i>
Non-financial assets		
Land and other fixed assets	72,134	79,382
Other non-financial assets(a)	3,940	4,103
<i>Total non-financial assets</i>	<i>76,074</i>	<i>83,485</i>
<b>Total assets</b>	<b>84,640</b>	<b>92,743</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	7	14
Advances received and loans	34,563	37,463
Lease liabilities	13,547	13,877
<i>Total interest bearing liabilities</i>	<i>48,117</i>	<i>51,353</i>
Provisions and payables		
Superannuation liability	10	10
Other employee liabilities	1,919	1,953
Other payables	6,450	6,602
Other provisions(a)	1,223	1,156
<i>Total provisions and payables</i>	<i>9,601</i>	<i>9,721</i>
<b>Total liabilities</b>	<b>57,718</b>	<b>61,074</b>
<b>Shares and other contributed capital</b>	<b>26,921</b>	<b>31,669</b>
<b>Net worth(b)</b>	<b>26,921</b>	<b>31,669</b>
<i>Net financial worth(c)</i>	<i>-49,152</i>	<i>-51,817</i>
<i>Net debt(d)</i>	<i>46,038</i>	<i>48,651</i>

- a) Excludes the impact of commercial taxation adjustments.
- b) Under AASB 1049, net worth equals total assets minus total liabilities. Under the ABS GFS, net worth equals total assets minus total liabilities minus shares and other contributed capital. The AASB 1049 method is used in this table.
- c) Under AASB 1049, net financial worth equals total financial assets minus total liabilities. Under the 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.
- d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits and investments, loans and placements).

**Table 10.6: Australian Government public non-financial corporations sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2023-24	2024-25
	\$m	\$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	22,509	24,350
Grants and subsidies received	76	82
GST input credit receipts	1,180	1,149
Other receipts	127	71
<b>Total operating receipts</b>	<b>23,892</b>	<b>25,652</b>
<b>Cash payments for operating activities</b>		
Payments to employees(b)	-5,431	-5,570
Payment for goods and services	-11,786	-12,325
Interest paid	-2,311	-2,457
GST payments to taxation authority	-981	-1,044
Distributions paid	-249	-248
Other payments(b)	-880	-876
<b>Total operating payments</b>	<b>-21,637</b>	<b>-22,521</b>
<b>Net cash flows from operating activities</b>	<b>2,255</b>	<b>3,131</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	64	60
Purchases of non-financial assets	-9,469	-11,849
<b>Net cash flows from investments in non-financial assets</b>	<b>-9,405</b>	<b>-11,789</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-8</b>	<b>-3</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>71</b>	<b>-194</b>
<b>Net cash flows from financing activities</b>		
Borrowing (net)	3,308	2,997
Other financing (net)	3,011	6,057
<b>Net cash flows from financing activities</b>	<b>6,319</b>	<b>9,054</b>
<b>Net increase/(decrease) in cash held</b>	<b>-767</b>	<b>198</b>
<b>Cash at the beginning of the year</b>	<b>2,103</b>	<b>1,335</b>
<b>Cash at the end of the year</b>	<b>1,335</b>	<b>1,533</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-7,150</b>	<b>-8,658</b>
<i>plus</i> Principal payments of lease liabilities(d)	-555	-378
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>-7,706</b>	<b>-9,036</b>

- a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
- b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- d) Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

**Table 10.7: Australian Government total non-financial public sector operating statement**

	Estimates	
	2023-24 \$m	2024-25 \$m
<b>Revenue</b>		
Taxation revenue	655,293	657,982
Sales of goods and services	40,429	42,895
Interest income	10,947	10,287
Dividend and distribution income	5,549	6,572
Other	13,734	13,896
<b>Total revenue</b>	<b>725,953</b>	<b>731,630</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)	32,224	34,445
Superannuation	9,568	8,845
Depreciation and amortisation	17,421	17,428
Supply of goods and services	204,123	221,079
Other operating expenses(a)	10,021	10,637
<i>Total gross operating expenses</i>	<i>273,357</i>	<i>292,434</i>
Superannuation interest expense	13,374	14,620
Interest expenses	29,470	35,569
Current transfers		
Current grants	203,194	208,915
Subsidy expenses	18,822	17,966
Personal benefits	152,866	161,051
<i>Total current transfers</i>	<i>374,883</i>	<i>387,932</i>
Capital transfers	20,742	25,258
<b>Total expenses</b>	<b>711,826</b>	<b>755,813</b>
<b>Net operating balance</b>	<b>14,126</b>	<b>-24,183</b>
<b>Other economic flows</b>	<b>-12,716</b>	<b>-13,772</b>
<b>Comprehensive result – Total change in net worth</b>	<b>1,410</b>	<b>-37,955</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	33,087	34,334
<i>less</i> Sales of non-financial assets	<i>859</i>	<i>2,469</i>
<i>less</i> Depreciation	<i>17,421</i>	<i>17,428</i>
<i>plus</i> Change in inventories	<i>-375</i>	<i>-240</i>
<i>plus</i> Other movements in non-financial assets	<i>-1</i>	<i>-4</i>
<b>Total net acquisition of non-financial assets</b>	<b>14,431</b>	<b>14,193</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-305</b>	<b>-38,376</b>

a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries 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 10.8: Australian Government total non-financial public sector balance sheet**

	Estimates	
	2023-24	2024-25
	\$m	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits	90,646	63,530
Advances paid	67,240	72,664
Investments, loans and placements	243,235	250,717
Other receivables	84,198	89,475
Equity investments	93,415	100,281
<i>Total financial assets</i>	<i>578,734</i>	<i>576,667</i>
Non-financial assets		
Land and other fixed assets	270,781	284,126
Other non-financial assets	17,028	18,769
<i>Total non-financial assets</i>	<i>287,810</i>	<i>302,895</i>
<b>Total assets</b>	<b>866,544</b>	<b>879,562</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	421	428
Government securities	847,774	885,886
Advances received and loans	66,000	69,254
Lease liabilities	32,849	32,526
<i>Total interest bearing liabilities</i>	<i>947,044</i>	<i>988,093</i>
Provisions and payables		
Superannuation liability	294,664	304,393
Other employee liabilities	44,146	43,802
Other payables	34,919	33,357
Other provisions	69,934	72,035
<i>Total provisions and payables</i>	<i>443,663</i>	<i>453,587</i>
<b>Total liabilities</b>	<b>1,390,707</b>	<b>1,441,680</b>
<b>Net worth(a)</b>	<b>-524,163</b>	<b>-562,118</b>
<i>Net financial worth(b)</i>	<i>-811,973</i>	<i>-865,013</i>
<i>Net debt(c)</i>	<i>545,924</i>	<i>601,183</i>

- a) Under AASB 1049, net worth equals total assets minus total liabilities. Under the ABS GFS, net worth equals 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 the 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 is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

**Table 10.9: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2023-24 \$m	2024-25 \$m
<b>Cash receipts from operating activities</b>		
Taxes received	638,801	642,363
Receipts from sales of goods and services	39,381	42,294
Interest receipts	10,236	9,285
Dividends, distributions and income tax equivalents	5,670	6,548
Other receipts	14,256	18,181
<b>Total operating receipts</b>	<b>708,343</b>	<b>718,672</b>
<b>Cash payments for operating activities</b>		
Payments to employees(b)	-49,072	-52,410
Payments for goods and services	-200,587	-219,558
Grants and subsidies paid	-239,706	-250,951
Interest paid	-24,776	-26,263
Personal benefit payments	-152,828	-161,714
Other payments(b)	-10,819	-11,073
<b>Total operating payments</b>	<b>-677,788</b>	<b>-721,969</b>
<b>Net cash flows from operating activities</b>	<b>30,555</b>	<b>-3,297</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	3,063	273
Purchases of non-financial assets	-28,907	-31,331
<b>Net cash flows from investments in non-financial assets</b>	<b>-25,844</b>	<b>-31,058</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-4,870</b>	<b>-12,191</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-16,613</b>	<b>-4,244</b>
<b>Net cash flows from financing activities</b>		
Borrowing (net)	21,038	28,949
Other financing (net)	-5,437	-5,274
<b>Net cash flows from financing activities</b>	<b>15,602</b>	<b>23,675</b>
<b>Net increase/(decrease) in cash held</b>	<b>-1,170</b>	<b>-27,115</b>
<b>Cash at the beginning of the year</b>	<b>91,816</b>	<b>90,646</b>
<b>Cash at the end of the year</b>	<b>90,646</b>	<b>63,530</b>



**Table 10.9: Australian Government total non-financial public sector cash flow statement (continued)<sup>(a)</sup>**

	Estimates	
	2023–24	2024–25
	\$m	\$m
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>4,711</b>	<b>-34,356</b>
<i>plus</i> Principal payments of lease liabilities(d)	-3,070	-2,968
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>1,641</b>	<b>-37,323</b>

- a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
- b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- d) Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

**Table 10.10: Australian Government public financial corporations sector operating statement**

	Estimates	
	2023–24	2024–25
	\$m	\$m
<b>Revenue</b>		
Grants and subsidies	233	252
Sales of goods and services	1,580	1,375
Interest income	11,116	9,974
Other	5	5
<b>Total revenue</b>	<b>12,934</b>	<b>11,605</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)	320	360
Superannuation	51	41
Depreciation and amortisation	61	61
Supply of goods and services	995	1,155
Other operating expenses(a)	76	84
<i>Total gross operating expenses</i>	<i>1,503</i>	<i>1,701</i>
Interest expenses	18,324	12,101
Other property expenses	9	7
Current transfers		
Tax expenses	9	9
<i>Total current transfers</i>	<i>9</i>	<i>9</i>
<b>Total expenses</b>	<b>19,845</b>	<b>13,818</b>
<b>Net operating balance</b>	<b>-6,911</b>	<b>-2,213</b>
<b>Other economic flows</b>	<b>9,952</b>	<b>4,615</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>3,042</b>	<b>2,402</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	29	10
<i>less</i> Sales of non-financial assets	0	0
<i>less</i> Depreciation	61	61
<i>plus</i> Change in inventories	-56	0
<i>plus</i> Other movements in non-financial assets	0	0
<b>Total net acquisition of non-financial assets</b>	<b>-88</b>	<b>-51</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-6,823</b>	<b>-2,162</b>

a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries 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 10.11: Australian Government public financial corporations sector balance sheet<sup>(a)</sup>**

	Estimates	
	2023–24	2024–25
	\$m	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits	1,203	1,248
Investments, loans and placements	533,029	539,853
Other receivables	371	523
Equity investments	1,466	1,600
<i>Total financial assets</i>	<i>536,068</i>	<i>543,225</i>
Non-financial assets		
Land and other fixed assets	906	908
Other non-financial assets(b)	66	66
<i>Total non-financial assets</i>	<i>973</i>	<i>973</i>
<b>Total assets</b>	<b>537,041</b>	<b>544,198</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	525,312	525,312
Borrowing	11,063	15,361
<i>Total interest bearing liabilities</i>	<i>536,375</i>	<i>540,673</i>
Provisions and payables		
Superannuation liability	0	0
Other employee liabilities	194	195
Other payables	10,088	10,069
Other provisions(b)	2,586	2,888
<i>Total provisions and payables</i>	<i>12,868</i>	<i>13,153</i>
<b>Total liabilities</b>	<b>549,243</b>	<b>553,825</b>
<b>Shares and other contributed capital</b>	<b>-12,202</b>	<b>-9,627</b>
<b>Net worth(c)</b>	<b>-12,202</b>	<b>-9,627</b>
<i>Net financial worth(d)</i>	<i>-13,175</i>	<i>-10,600</i>
<i>Net debt(e)</i>	<i>2,143</i>	<i>-429</i>

a) Assumes no valuation or currency movement.

b) Excludes the impact of commercial taxation adjustments.

c) Under AASB 1049, net worth equals total assets minus total liabilities. Under the ABS GFS, net worth equals 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 the 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 is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits and investments, loans and placements).

**Table 10.12: Australian Government public financial corporations sector cash flow statement<sup>(a)</sup>**

	Estimates	
	2023–24 \$m	2024–25 \$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	1,591	1,153
Grants and subsidies received	233	252
GST input credit receipts	3	2
Interest receipts	10,684	9,941
Other receipts	265	17
<b>Total operating receipts</b>	<b>12,776</b>	<b>11,366</b>
<b>Cash payments for operating activities</b>		
Payments to employees(b)	-367	-403
Payment for goods and services	-1,133	-1,368
Interest paid	-18,452	-11,959
GST payments to taxation authority	-3	0
Distributions paid	-19	-17
Other payments(b)	-87	-84
<b>Total operating payments</b>	<b>-20,062</b>	<b>-13,831</b>
<b>Net cash flows from operating activities</b>	<b>-7,286</b>	<b>-2,465</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	0	0
Purchases of non-financial assets	-6	-10
<b>Net cash flows from investments in non-financial assets</b>	<b>-6</b>	<b>-10</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-748</b>	<b>-3,671</b>
<b>Net cash flows from investments in financial assets for liquidity purposes(c)</b>	<b>87,655</b>	<b>1,275</b>
<b>Net cash flows from financing activities</b>		
Borrowing and deposits received (net)(c)	-73,217	4,793
Other financing (net)	-6,558	124
<b>Net cash flows from financing activities</b>	<b>-79,775</b>	<b>4,917</b>
<b>Net increase/(decrease) in cash held</b>	<b>-159</b>	<b>45</b>
<b>Cash at the beginning of the year</b>	<b>1,362</b>	<b>1,203</b>
<b>Cash at the end of the year</b>	<b>1,203</b>	<b>1,248</b>
<b>GFS cash surplus(+)/deficit-(d)</b>	<b>-7,291</b>	<b>-2,475</b>
<i>plus</i> Principal payments of lease liabilities(e)	-18	5
<b>Adjusted GFS cash surplus(+)/deficit-(e)</b>	<b>-7,309</b>	<b>-2,470</b>

- a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
- b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- c) Assumes no cash flows associated with valuation or currency movements.
- d) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- e) Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

## 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 Budget be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for budget 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 is based on the International Monetary Fund (IMF) accrual GFS framework
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards as adopted in Australia for use by the not-for-profit sector and specific standards such as AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

The financial statements have been prepared on an accrual basis that complies with both the ABS GFS and AAS, except for departures disclosed at Note 2. A more detailed description of the AAS and the ABS GFS frameworks, in addition to definitions of key terms used in these frameworks, can be found in Appendix A. Detailed accounting policies, as well as a set of notes and other disclosures as required by AAS, are disclosed in the Australian Government 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. 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 Government's key fiscal aggregates are based on the ABS GFS concepts and definitions, including the ABS GFS cash surplus/deficit and net financial worth. AASB 1049 requires the disclosure of other ABS GFS fiscal aggregates, including the 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 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. The ABS GFS does not require total assets to be attributed to functions. In accordance with the ABS GFS, disaggregated information for expenses and net acquisition of non-financial assets by function is disclosed in *Statement 6: Expenses and Net Capital Investment*. In accordance with the UPF, purchases of non-financial assets by function are also disclosed in *Statement 6*.

AASB 1055 *Budgetary Reporting* requires major variances between original budget estimates and outcomes to be explained in the financial statements. Explanations of variances in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2023–24 Budget are disclosed in the *Statement 3: Fiscal Strategy and Outlook*, with decisions taken since the Mid-Year Economic and Fiscal Outlook 2023–24 (MYEFO) disclosed in Budget Paper No. 2 *Budget Measures 2024–25*. All policy decisions taken between the 2023–24 Budget and the 2023–24 MYEFO are disclosed in Appendix A of MYEFO.

Details of the Australian Government's GGS contingent liabilities are disclosed in *Statement 9: Statement of Risks*.

## **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 10.13.

AASB 1049 requires AAS measurement of items to be disclosed on the face of the financial statements with reconciliation to the ABS GFS measurement of key fiscal aggregates, where different, in notes to the financial statements. Only one measure of each aggregate has been included on the face statements to avoid confusion.

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 10.13: 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 of loans	Changes in the valuation of loans are treated as a revenue or an expense. In some circumstances recognition as a revenue or an expense is delayed until the loan ends or is transferred.	Changes in the valuation of loans (excluding mutually agreed write-downs) are treated as an 'other economic flow'.	ABS GFS
Timing recognition of Boosting Cash Flow for Employers	Expense recognition is based on underlying economic activity that gives rise to the Cash Flow Boost payment.	Recognised when the businesses receive payments after submitting their activity statements and having met all requirements.	AAS
Leases	AASB 16 introduced a single lease accounting framework for lessees, which replaced the distinction between operating and finance leases. Right of use assets and lease liabilities are recognised on the balance sheets for leases that were previously accounted for as operating expense.	The distinction between operating leases and finance leases is continued for lessees.	AAS
Concessional loans	Concessional elements are treated as an expense on initial recognition and unwound over the loan term.	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 are 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 revenue 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

**Table 10.13: Major differences between AAS and ABS GFS (continued)**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
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
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 state 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 state and territory governments are treated as sales of goods and services revenue.	AAS
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
Timing recognition of vaccine expense	Recognised when vaccines are delivered to the states and territories.	Recognised when the vaccine doses are administered. Vaccine wastage after distributions are recognised as an 'other economic flow'.	AAS
Regional Broadband Scheme	The revenue from the levy on internet service providers (ISPs) and the associated subsidy expense to NBN Co for the provision of regional broadband services are recorded separately on a gross basis.	The revenue from the levy on ISPs and the associated subsidy expense to NBN Co are recorded on a net basis.	AAS
<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 differences</b>			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS



**Table 10.13: Major differences between AAS and ABS GFS (continued)**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Spectrum sales	Recognise non-financial asset sale for fiscal balance when licences take effect, which may be after the auction of licences, as this is regarded as the point at which control is transferred. Recognise cash at the time of receipt.	Recognise non-financial asset sale for fiscal balance at time of auction as this is regarded as the point at which control is transferred. Recognise cash at the time of receipt.	AAS
Classification of Australian Government funding of non-government schools	Direct grants to states and territories made in accordance with bilateral agreements with the Commonwealth and consistent with section 96 of the Constitution.	Personal benefit payments – indirect included in goods and services expenses.	AAS

**Note 3: Taxation revenue by type**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Individuals and other withholding taxes</b>					
Gross income tax withholding	299,400	293,700	308,500	327,100	349,900
Gross other individuals	81,500	82,500	85,900	89,900	98,200
<i>less: Refunds</i>	37,500	40,600	41,700	42,800	44,300
<b>Total individuals and other withholding tax</b>	<b>343,400</b>	<b>335,600</b>	<b>352,700</b>	<b>374,200</b>	<b>403,800</b>
Fringe benefits tax	4,280	4,130	4,040	4,090	4,300
Company tax	144,900	141,200	136,000	146,400	153,000
Superannuation fund taxes	11,780	19,830	21,380	24,230	23,080
Petroleum resource rent tax	1,430	2,590	2,080	1,730	1,840
<b>Income taxation revenue</b>	<b>505,790</b>	<b>503,350</b>	<b>516,200</b>	<b>550,650</b>	<b>586,020</b>
Goods and services tax	90,180	92,070	97,290	103,050	109,000
Wine equalisation tax	1,090	1,150	1,220	1,280	1,350
Luxury car tax	1,290	1,110	1,200	1,270	1,330
<b>Excise and Custom duty</b>					
Petrol	6,950	7,150	7,550	7,800	8,000
Diesel	16,210	17,040	17,750	18,620	19,370
Other fuel products	2,120	2,190	2,230	2,280	2,340
Tobacco	10,500	11,550	11,500	11,100	10,700
Beer	2,650	2,660	2,870	3,020	3,190
Spirits	3,370	3,590	3,770	3,970	4,170
Other alcoholic beverages(a)	1,680	1,750	1,810	1,910	2,010
Other customs duty					
Textiles, clothing and footwear	160	170	170	190	150
Passenger motor vehicles	380	380	370	330	110
Other imports	1,490	1,530	1,590	1,650	900
<i>less: Refunds and drawbacks</i>	850	730	730	730	730
<b>Total excise and customs duty</b>	<b>44,660</b>	<b>47,280</b>	<b>48,880</b>	<b>50,140</b>	<b>50,210</b>
Major bank levy	1,660	1,740	1,800	1,880	1,980
Agricultural levies	618	627	645	641	645
Visa application charges	3,290	3,882	4,096	4,315	4,484
Other taxes	7,461	7,753	8,139	7,945	7,970
Mirror taxes	838	878	920	970	1,021
<i>less: Transfers to states in relation to mirror tax revenue</i>	838	878	920	970	1,021
<b>Mirror tax revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Indirect taxation revenue</b>	<b>150,249</b>	<b>155,612</b>	<b>163,269</b>	<b>170,520</b>	<b>176,970</b>
<b>Taxation revenue</b>	<b>656,039</b>	<b>658,962</b>	<b>679,469</b>	<b>721,170</b>	<b>762,990</b>
<i>Memorandum:</i>					
<i>Total excise</i>	30,020	31,250	32,670	34,110	35,420
<i>Total customs duty</i>	14,640	16,030	16,210	16,030	14,790
<i>Capital gains tax(b)</i>	26,400	23,600	23,800	24,800	26,100

- a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
- b) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Taxes on income, profits and capital gains					
Income and capital gains levied on individuals	347,680	339,730	356,740	378,290	408,100
Income and capital gains levied on enterprises	158,110	163,620	159,460	172,360	177,920
<b>Total taxes on income, profits and capital gains</b>	<b>505,790</b>	<b>503,350</b>	<b>516,200</b>	<b>550,650</b>	<b>586,020</b>
Taxes on employers' payroll and labour force	1,943	2,087	2,252	2,106	2,179
Taxes on the provision of goods and services					
Sales/goods and services tax	92,560	94,330	99,710	105,600	111,680
Excises and levies	30,638	31,877	33,315	34,751	36,065
Taxes on international trade	14,640	16,030	16,210	16,030	14,790
<b>Total taxes on the provision of goods and services</b>	<b>137,838</b>	<b>142,237</b>	<b>149,235</b>	<b>156,381</b>	<b>162,535</b>
Taxes on the use of goods and performance of activities	10,468	11,288	11,782	12,033	12,255
<b>Total taxation revenue</b>	<b>656,039</b>	<b>658,962</b>	<b>679,469</b>	<b>721,170</b>	<b>762,990</b>

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Sales of goods	1,487	1,508	1,568	1,653	1,687
Rendering of services	15,596	16,818	17,751	18,367	18,877
Lease rental	397	368	443	458	492
Fees from regulatory services	2,793	2,942	2,793	3,047	2,812
<b>Total sales of goods and services revenue</b>	<b>20,274</b>	<b>21,636</b>	<b>22,555</b>	<b>23,525</b>	<b>23,869</b>

**Note 5: Interest and dividend and distribution revenue**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Interest from other governments</b>					
State and territory debt	15	11	10	8	4
Housing agreements	67	62	57	53	48
<b>Total interest from other governments</b>	<b>82</b>	<b>73</b>	<b>67</b>	<b>60</b>	<b>52</b>
<b>Interest from other sources</b>					
Advances	821	807	1,177	1,620	1,968
Deposits	3,654	2,974	2,141	2,079	2,168
Indexation of HELP receivable and other student loans	2,139	1,335	1,273	1,226	1,230
Other	4,435	5,088	5,339	5,588	5,919
<b>Total interest from other sources</b>	<b>11,049</b>	<b>10,203</b>	<b>9,930</b>	<b>10,513</b>	<b>11,286</b>
<b>Total interest</b>	<b>11,131</b>	<b>10,276</b>	<b>9,998</b>	<b>10,573</b>	<b>11,338</b>
<b>Dividends and distributions</b>					
Dividends from other public sector entities	266	258	255	243	273
Other dividends and distributions	5,532	6,557	6,933	7,309	7,755
<b>Total dividends and distributions</b>	<b>5,798</b>	<b>6,815</b>	<b>7,188</b>	<b>7,552</b>	<b>8,029</b>
<b>Total interest and dividend and distribution revenue</b>	<b>16,929</b>	<b>17,091</b>	<b>17,185</b>	<b>18,125</b>	<b>19,366</b>

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Industry contributions	84	90	110	115	120
Royalties	1,056	958	756	596	568
Seigniorage	62	52	47	44	44
Other	12,433	12,715	12,617	12,663	12,671
<b>Total other sources of non-taxation revenue</b>	<b>13,635</b>	<b>13,815</b>	<b>13,531</b>	<b>13,418</b>	<b>13,403</b>

**Note 7: Employee and superannuation expense**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Wages and salaries expenses</b>	<b>27,326</b>	<b>29,440</b>	<b>29,282</b>	<b>29,256</b>	<b>29,659</b>
<b>Other operating expenses</b>					
Leave and other entitlements	3,362	3,580	3,583	3,643	3,738
Separations and redundancies	58	105	85	87	87
Workers compensation premiums and claims	2,765	3,238	7,682	5,136	5,261
Other	3,063	3,003	3,091	3,318	3,328
<b>Total other operating expenses</b>	<b>9,248</b>	<b>9,925</b>	<b>14,442</b>	<b>12,184</b>	<b>12,414</b>
<b>Superannuation expenses</b>					
Superannuation	9,042	8,301	8,560	8,989	9,315
Superannuation interest cost	13,374	14,620	15,126	15,610	16,054
<b>Total superannuation expenses</b>	<b>22,416</b>	<b>22,921</b>	<b>23,687</b>	<b>24,599</b>	<b>25,369</b>
<b>Total employee and superannuation expense</b>	<b>58,989</b>	<b>62,286</b>	<b>67,411</b>	<b>66,039</b>	<b>67,442</b>

**Note 8: Depreciation and amortisation expense**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Depreciation</b>					
Specialist military equipment	5,020	4,887	5,002	5,119	5,238
Buildings	4,011	4,021	4,050	4,056	4,070
Other infrastructure, plant and equipment	2,622	2,798	2,872	2,952	2,951
Heritage and cultural assets	65	66	67	67	67
Other	5	5	5	5	4
<b>Total depreciation(a)</b>	<b>11,725</b>	<b>11,777</b>	<b>11,996</b>	<b>12,198</b>	<b>12,331</b>
<b>Total amortisation</b>	<b>1,165</b>	<b>1,227</b>	<b>1,205</b>	<b>1,182</b>	<b>1,170</b>
<b>Total depreciation and amortisation expense</b>	<b>12,889</b>	<b>13,003</b>	<b>13,200</b>	<b>13,380</b>	<b>13,501</b>
<i>Memorandum:</i>					
<b>Depreciation relating to right of use assets</b>					
Specialist military equipment	31	31	31	31	31
Buildings	2,354	2,347	2,244	2,213	2,166
Other infrastructure, plant and equipment	279	291	291	288	281
Other	5	5	5	5	4
<b>Total depreciation of right of use assets</b>	<b>2,670</b>	<b>2,675</b>	<b>2,571</b>	<b>2,536</b>	<b>2,483</b>

a) Includes depreciation of right of use (leased) assets, resulting from implementation of AASB 16.

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Supply of goods and services	50,641	56,804	57,637	56,145	58,674
Lease expenses	196	229	191	212	316
Personal benefits – indirect	135,652	146,289	157,575	165,933	174,536
Health care payments	5,506	5,492	5,585	5,689	5,826
Other	2,978	2,880	2,806	2,968	4,236
<b>Total supply of goods and services expense</b>	<b>194,974</b>	<b>211,694</b>	<b>223,794</b>	<b>230,947</b>	<b>243,589</b>

**Note 10: Interest expense**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Interest on debt</b>					
Government securities(a)	22,533	24,083	28,259	32,422	35,733
Loans	146	165	202	262	249
Other	1,133	873	847	850	866
<b>Total interest on debt</b>	<b>23,813</b>	<b>25,120</b>	<b>29,309</b>	<b>33,533</b>	<b>36,849</b>
<b>Interest on lease liabilities</b>	<b>422</b>	<b>419</b>	<b>412</b>	<b>403</b>	<b>417</b>
<b>Other financing costs</b>	<b>3,433</b>	<b>7,875</b>	<b>4,579</b>	<b>5,149</b>	<b>3,925</b>
<b>Total interest expense</b>	<b>27,667</b>	<b>33,414</b>	<b>34,300</b>	<b>39,085</b>	<b>41,190</b>

a) Public debt interest estimates are calculated using the contract interest rates incurred on existing Australian Government Securities (AGS), previously referred to as Commonwealth Government Securities, when issued and on technical assumptions, based on prevailing market interest rates across the yield curve, for yields on future AGS issuance.

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Current grants expense</b>					
State and territory governments	159,102	167,269	172,099	180,040	187,753
Private sector	6,193	6,650	5,669	5,172	4,598
Overseas	4,342	5,139	4,479	4,768	4,973
Non-profit organisations	14,194	14,382	13,093	12,510	12,989
Multi-jurisdictional sector	12,778	13,840	14,476	14,795	15,334
Other	6,586	1,634	6,282	6,382	6,307
<b>Total current grants expense</b>	<b>203,194</b>	<b>208,915</b>	<b>216,098</b>	<b>223,666</b>	<b>231,953</b>
<b>Capital grants expense</b>					
Mutually agreed write-downs	3,039	5,137	3,318	3,510	3,726
Other capital grants					
State and territory governments	15,598	17,755	16,789	15,828	13,655
Local governments	1,372	907	1,007	900	947
Non-profit organisations	647	1,252	902	820	552
Private sector	50	78	66	58	116
Multi-jurisdictional sector	0	4	0	0	0
Overseas	3	5	0	0	0
Other	168	226	251	381	529
<b>Total capital grants expense</b>	<b>20,877</b>	<b>25,364</b>	<b>22,334</b>	<b>21,497</b>	<b>19,525</b>
<b>Total grants expense</b>	<b>224,072</b>	<b>234,278</b>	<b>238,433</b>	<b>245,164</b>	<b>251,478</b>

**Note 12: Personal benefits expense**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Social welfare – assistance to the aged	59,160	61,633	64,404	67,091	69,953
Assistance to veterans and dependants	4,498	4,383	4,271	4,156	4,057
Assistance to people with disabilities	32,306	33,673	35,032	36,295	38,016
Assistance to families with children	29,369	31,231	32,944	34,168	34,702
Assistance to the unemployed	14,737	16,100	16,562	16,760	16,297
Student assistance	2,729	2,909	3,038	3,165	3,310
Other welfare programs	833	938	966	962	947
Financial and fiscal affairs	1,118	1,200	1,290	1,109	1,121
Vocational and industry training	213	381	397	251	233
Other	7,906	8,604	12,306	15,706	22,964
<b>Total personal benefits expense</b>	<b>152,866</b>	<b>161,051</b>	<b>171,210</b>	<b>179,664</b>	<b>191,598</b>

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Advances paid</b>					
Loans to state and territory governments	1,544	1,428	1,300	1,121	951
Student loans	48,623	47,329	48,661	50,440	52,549
Other	18,018	25,705	35,031	44,555	53,149
less Impairment allowance	646	1,268	1,400	1,482	1,558
<b>Total advances paid</b>	<b>67,539</b>	<b>73,193</b>	<b>83,592</b>	<b>94,634</b>	<b>105,091</b>
<b>Other receivables</b>					
Goods and services receivable	1,518	1,547	1,564	1,587	1,578
Recoveries of benefit payments	6,379	6,566	6,745	6,874	6,949
Taxes receivable	44,026	48,933	54,024	59,548	65,671
Prepayments	6,278	6,468	6,788	7,028	7,483
Other	25,123	25,442	26,421	27,439	28,644
less Impairment allowance	4,219	4,318	4,414	4,505	4,590
<b>Total other receivables</b>	<b>79,105</b>	<b>84,638</b>	<b>91,128</b>	<b>97,971</b>	<b>105,736</b>

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

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Investments – deposits	6,318	5,749	5,299	5,034	5,001
IMF quota and SDR holdings	23,638	23,643	23,643	23,728	23,814
Structured finance securities	416	775	869	969	1,068
Collective investment vehicles	120,469	126,832	133,568	141,756	150,503
Other interest bearing securities	62,414	63,367	64,398	65,535	66,810
Other	29,272	29,223	29,610	30,491	30,955
<b>Total investments, loans and placements</b>	<b>242,528</b>	<b>249,588</b>	<b>257,386</b>	<b>267,513</b>	<b>278,151</b>



**Note 15: Non-financial assets**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Land and buildings</b>					
Land	13,506	13,473	13,399	13,481	13,643
Buildings	50,673	52,246	53,585	55,466	57,806
<b>Total land and buildings</b>	<b>64,178</b>	<b>65,719</b>	<b>66,983</b>	<b>68,947</b>	<b>71,449</b>
<b>Plant, equipment and infrastructure</b>					
Specialist military equipment	89,424	92,193	95,262	99,277	106,977
Other plant, equipment and infrastructure	20,620	22,142	23,550	25,034	25,703
<b>Total plant, equipment and infrastructure</b>	<b>110,044</b>	<b>114,335</b>	<b>118,812</b>	<b>124,311</b>	<b>132,680</b>
<b>Inventories</b>					
Inventories held for sale	409	385	389	371	361
Inventories not held for sale	11,354	11,622	12,216	12,724	13,056
<b>Total inventories</b>	<b>11,763</b>	<b>12,007</b>	<b>12,605</b>	<b>13,095</b>	<b>13,417</b>
<b>Intangibles</b>					
Computer software	6,721	7,825	8,324	8,422	8,403
Other	5,977	6,455	6,767	6,768	6,762
<b>Total intangibles</b>	<b>12,697</b>	<b>14,280</b>	<b>15,091</b>	<b>15,190</b>	<b>15,165</b>
<b>Total investment properties</b>	<b>220</b>	<b>227</b>	<b>227</b>	<b>227</b>	<b>227</b>
<b>Total biological assets</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total heritage and cultural assets</b>	<b>12,664</b>	<b>12,687</b>	<b>12,685</b>	<b>12,683</b>	<b>12,684</b>
<b>Total assets held for sale</b>	<b>102</b>	<b>94</b>	<b>89</b>	<b>89</b>	<b>89</b>
<b>Total other non-financial assets</b>	<b>14</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>Total non-financial assets(a)</b>	<b>211,687</b>	<b>219,362</b>	<b>226,506</b>	<b>234,556</b>	<b>245,726</b>
<i>Memorandum:</i>					
<b>Total relating to right of use assets</b>					
Land	150	146	141	137	134
Buildings	15,789	15,189	14,171	13,429	12,738
Specialist military equipment	279	281	282	284	286
Other plant, equipment and infrastructure	1,236	1,086	964	790	1,154
<b>Total right of use assets</b>	<b>17,454</b>	<b>16,702</b>	<b>15,559</b>	<b>14,641</b>	<b>14,312</b>

a) Includes right of use (leased) assets, resulting from implementation of AASB 16.

**Note 16: Loans**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
Promissory notes	9,444	9,356	9,356	9,356	9,356
Special drawing rights	19,047	19,051	19,051	19,051	19,051
Other	3,282	3,953	4,972	5,380	5,372
<b>Total loans</b>	<b>31,772</b>	<b>32,360</b>	<b>33,379</b>	<b>33,786</b>	<b>33,779</b>

**Note 17: Employee and superannuation liabilities**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Total superannuation liability(a)</b>	<b>294,654</b>	<b>304,384</b>	<b>314,814</b>	<b>323,741</b>	<b>332,739</b>
<b>Other employee liabilities</b>					
Leave and other entitlements	9,900	10,193	10,435	10,672	10,894
Accrued salaries and wages	845	922	990	1,005	669
Workers compensation claims	1,984	1,998	2,010	2,026	2,048
Military compensation	28,873	28,094	28,950	29,823	30,695
Other	625	642	657	670	686
<b>Total other employee liabilities</b>	<b>42,228</b>	<b>41,848</b>	<b>43,042</b>	<b>44,195</b>	<b>44,992</b>
<b>Total employee and superannuation liabilities</b>	<b>336,882</b>	<b>346,232</b>	<b>357,856</b>	<b>367,936</b>	<b>377,732</b>

a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries in preparing the 2020 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 spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2022–23 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2023 that best matched each individual scheme's liability duration. These rates were between 4.0 and 4.4 per cent per annum.

**Note 18: Provisions and payables**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Suppliers payables</b>					
Trade creditors	8,424	8,567	8,882	9,153	9,577
Lease rental payable	1	1	1	1	1
Personal benefits payables – indirect	1,948	2,056	1,910	1,918	2,011
Other creditors	2,933	2,958	2,961	2,971	2,984
<b>Total suppliers payables</b>	<b>13,305</b>	<b>13,582</b>	<b>13,753</b>	<b>14,042</b>	<b>14,573</b>
<b>Total personal benefits payables – direct</b>	<b>3,991</b>	<b>4,096</b>	<b>4,598</b>	<b>4,570</b>	<b>4,406</b>
<b>Total subsidies payable</b>	<b>550</b>	<b>535</b>	<b>528</b>	<b>519</b>	<b>519</b>
<b>Grants payables</b>					
State and territory governments	325	192	183	174	179
Non-profit organisations	556	554	555	554	557
Private sector	253	247	247	247	247
Overseas	1,521	2,177	1,767	1,477	1,645
Local governments	0	0	0	0	0
Other	1,003	1,007	1,009	1,005	1,006
<b>Total grants payables</b>	<b>3,658</b>	<b>4,178</b>	<b>3,761</b>	<b>3,457</b>	<b>3,633</b>
<b>Total other payables</b>	<b>7,115</b>	<b>4,797</b>	<b>4,886</b>	<b>4,912</b>	<b>4,922</b>
<b>Provisions</b>					
Provisions for tax refunds	2,214	2,204	2,194	2,184	2,174
Grants provisions	14,134	10,166	7,342	4,308	3,855
Personal benefits provisions – direct	6,704	6,787	6,875	6,941	6,974
Personal benefits provisions – indirect	4,257	4,827	5,419	6,065	6,759
Provisions for subsidies	7,621	7,855	8,088	8,412	8,740
Other	34,856	40,154	40,886	41,604	41,437
<b>Total provisions</b>	<b>69,787</b>	<b>71,994</b>	<b>70,804</b>	<b>69,513</b>	<b>69,940</b>

**Note 19: Reconciliation of cash**

	Estimates				
	2023-24	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m	\$m
<b>Net operating balance (revenues less expenses)</b>	<b>15,807</b>	<b>-23,014</b>	<b>-34,550</b>	<b>-17,526</b>	<b>-10,127</b>
<i>less</i> Revenues not providing cash					
Other	3,004	2,884	3,180	3,286	3,478
<b>Total revenues not providing cash</b>	<b>3,004</b>	<b>2,884</b>	<b>3,180</b>	<b>3,286</b>	<b>3,478</b>
<i>plus</i> Expenses not requiring cash					
Increase/(decrease) in employee entitlements	9,100	9,103	11,376	9,826	9,567
Depreciation/amortisation expense	12,889	13,003	13,200	13,380	13,501
Mutually agreed write-downs	3,039	5,137	3,318	3,510	3,726
Other	4,057	8,112	5,400	7,839	4,238
<b>Total expenses not requiring cash</b>	<b>29,085</b>	<b>35,355</b>	<b>33,294</b>	<b>34,555</b>	<b>31,032</b>
<i>plus</i> Cash provided/(used) by working capital items					
Decrease/(increase) in inventories	-563	-717	-1,098	-1,017	-878
Decrease/(increase) in receivables	-13,654	-14,538	-15,130	-16,190	-17,537
Decrease/(increase) in other financial assets	-587	373	-707	-585	-858
Decrease/(increase) in other non-financial assets	596	969	2	184	-78
Increase/(decrease) in benefits, subsidies and grants payable	2,017	-2,591	-1,786	-2,159	515
Increase/(decrease) in suppliers' liabilities	146	-425	8	145	119
Increase/(decrease) in other provisions and payables	-1,532	1,064	1,371	1,672	2,017
<b>Net cash provided/(used) by working capital</b>	<b>-13,577</b>	<b>-15,865</b>	<b>-17,340</b>	<b>-17,950</b>	<b>-16,700</b>
<i>equals</i> (Net cash from/(to) operating activities)	28,312	-6,408	-21,777	-4,207	725
<i>plus</i> (Net cash from/(to) investing activities)	-36,014	-42,253	-44,036	-45,720	-46,151
<b>Net cash from operating activities and investment</b>	<b>-7,702</b>	<b>-48,662</b>	<b>-65,813</b>	<b>-49,927</b>	<b>-45,425</b>
<i>plus</i> (Net cash from/(to) financing activities)	7,300	21,348	61,348	47,029	40,524
<b>equals Net increase/(decrease) in cash</b>	<b>-402</b>	<b>-27,314</b>	<b>-4,465</b>	<b>-2,899</b>	<b>-4,902</b>
<b>Cash at the beginning of the year</b>	<b>89,713</b>	<b>89,311</b>	<b>61,997</b>	<b>57,532</b>	<b>54,634</b>
Net increase/(decrease) in cash	-402	-27,314	-4,465	-2,899	-4,902
<b>Cash at the end of the year</b>	<b>89,311</b>	<b>61,997</b>	<b>57,532</b>	<b>54,634</b>	<b>49,732</b>

## Appendix A: Financial reporting standards and budget concepts

The Budget 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. AASB 1049 recognises the GGS as a reporting entity.

### AASB 1049 Conceptual framework

AASB 1049 seeks to ‘harmonise’ the 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. AASB 1049 also provides a basis for whole-of-government reporting, including for the PNFC and PFC sectors.

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 the 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>41</sup>

---

41 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>42</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.

‘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.

---

<sup>42</sup> Not all transactions impact net worth. For example, transactions in financial assets and liabilities do not impact 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.

### **Fiscal balance**

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. 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>43</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.

---

<sup>43</sup> The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investment as the full investment in non-financial assets is included in the calculation of fiscal 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 equity holdings. 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 of 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 by physical assets.

### **Net debt**

Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements). Financial assets include the Future Fund's investments in interest bearing securities and collective investment vehicles (CIVs). CIVs enable investors to pool their money and invest the pooled funds, rather than buying securities directly. 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 Australian Government continues to report net debt in accordance with the UPF as described above.



## 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 is the cash counterpart of the fiscal balance, reflecting the Australian Government’s cash investment-saving balance.

For the GCS, 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
<i>plus</i>
Principal payments of lease liabilities
<i>equals</i>
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 excluded 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 have been included in the calculation of the underlying cash balance because the Future Fund became available to meet the Government’s superannuation liabilities from this year.

In contrast, net Future Fund earnings have been 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 historical tables in *Statement 11: Historical Australian Government Data*.

## Headline cash balance

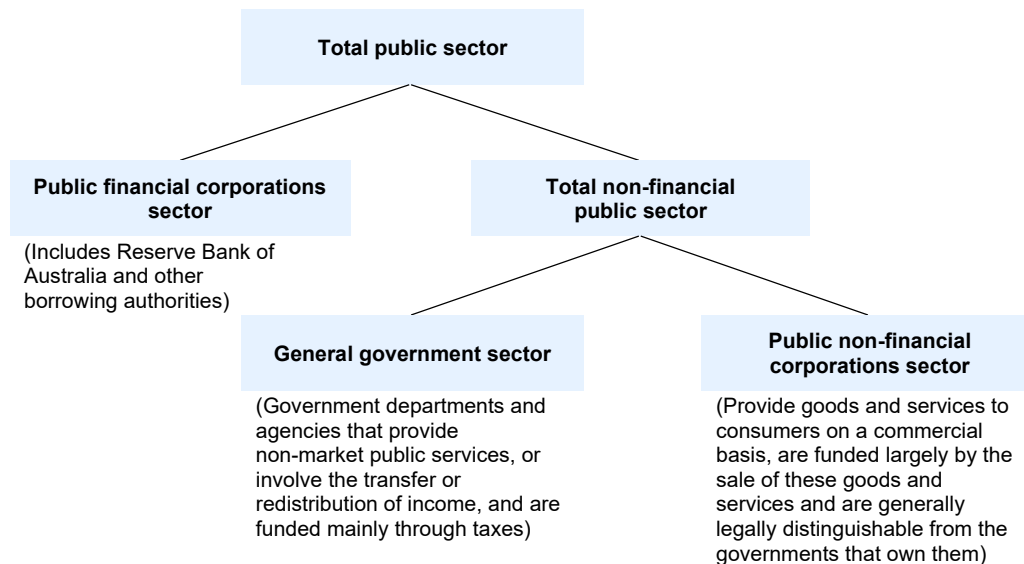
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

Net cash flows from investments in financial assets for policy purposes include equity transactions and advances paid. Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Advances paid include net loans to the states and net loans to students.

## Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure A10.1. The ABS GFS defines the GGS, PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

**Figure A10.1: 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 A10.1).

A table which provides a full list of public sector principal entities under the current portfolio structure is available on the Department of Finance website at <https://www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/pgpa-act-flipchart-and-list>.

**Table A10.1: Entities outside of the general government sector – 2023–24**

<b>Public financial corporations</b>
<p>Employment and Workplace Relations Portfolio</p> <ul style="list-style-type: none"> <li>• Coal Mining Industry (Long Service Leave Funding) Corporation</li> </ul> <p>Foreign Affairs and Trade Portfolio</p> <ul style="list-style-type: none"> <li>• Export Finance and Insurance Corporation (Export Finance Australia)</li> </ul> <p>Industry, Science and Resources Portfolio</p> <ul style="list-style-type: none"> <li>• CSIRO Coinvestment Fund Pty Ltd</li> <li>• CSIRO FollowOn Services Pty Ltd</li> <li>• CSIRO FollowOn Services 2 Pty Ltd</li> <li>• CSIRO General Partner Pty Ltd</li> <li>• CSIRO General Partner 2 Pty Ltd</li> <li>• CSIROGP Fund 2 Pty Ltd</li> <li>• MS GP Fund 3 Pty Ltd</li> <li>• MS NGS Pty Ltd</li> <li>• MS Opportunity Fund Pty Ltd</li> <li>• MS Parallel Fund Pty Ltd</li> </ul> <p>Treasury Portfolio</p> <ul style="list-style-type: none"> <li>• Australian Reinsurance Pool Corporation</li> <li>• Housing Australia*</li> <li>• Reserve Bank of Australia</li> </ul>

**Table A10.1: Entities outside of the general government sector – 2023–24 (continued)**

Public non-financial corporations
<p>Climate Change, Energy, the Environment and Water Portfolio</p> <ul style="list-style-type: none"> <li>• Snowy Hydro Limited</li> </ul> <p>Finance Portfolio<sup>†</sup></p> <ul style="list-style-type: none"> <li>• ASC Pty Ltd</li> <li>• Australian Naval Infrastructure Pty Ltd</li> </ul> <p>Industry, Science and Resources Portfolio</p> <ul style="list-style-type: none"> <li>• ANSTO Nuclear Medicine Pty Ltd<sup>‡</sup></li> </ul> <p>Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio</p> <ul style="list-style-type: none"> <li>• Airservices Australia</li> <li>• Australian Postal Corporation (Australia Post)</li> <li>• Australian Rail Track Corporation Limited</li> <li>• National Intermodal Corporation Limited</li> <li>• NBN Co Limited</li> <li>• WSA Co Ltd</li> </ul> <p>Prime Minister and Cabinet Portfolio</p> <ul style="list-style-type: none"> <li>• Voyages Indigenous Tourism Australia Pty Ltd</li> </ul> <p>Social Services Portfolio</p> <ul style="list-style-type: none"> <li>• Australian Hearing Services (Hearing Australia)</li> </ul>

\* In October 2023, the National Housing Finance and Investment Corporation was renamed Housing Australia. Housing Australia, a corporate Commonwealth entity, operates an affordable housing bond aggregator to encourage greater private and institutional investment and provide cheaper and longer term finance to registered providers of affordable housing. The Housing Australia Bond Aggregator is a PFC. Housing Australia also administers the National Housing Infrastructure Facility (the Facility). The Facility is included in the GGS.

† On 28 July 2023, the Australian Government acquired a non-controlling (minority) ownership interest in CEA Technologies Pty Limited (CEA). The Australian Government's ownership interest in CEA will increase in 2024-25, and CEA will become majority owned Commonwealth company from 2024-25.

‡ ANSTO Nuclear Medicine Pty Ltd is scheduled to cease before 30 June 2024.