

Part 2: Australian Government 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 financial statements for the Final Budget Outcome for 2025–26 have been prepared on a basis consistent with the 2026–27 Budget. This enables comparison of the 2025–26 revised estimates published at the 2026–27 Budget and the outcome.

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.

Australian Government Financial Statements

Table 2.1: Australian Government general government sector operating statement

		2025-26 Estimate at 2026-27 Budget	Month of June 2026 (a)	2025-26 Outcome	Change on 2026-27 Budget
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	3	716,622	57,766	720,787	4,165
Sales of goods and services	4	22,213	1,060	22,389	176
Interest income	5	10,216	2,865	10,598	382
Dividend and distribution income	5	7,591	1,530	8,179	588
Other	6	16,439	-1,065	15,356	-1,083
Total revenue		773,081	62,156	777,308	4,227
Expenses					
Gross operating expenses					
Wages and salaries(b)	7	31,790	2,857	31,347	-443
Superannuation	7	9,287	1,230	9,692	405
Depreciation and amortisation	8	13,888	1,861	15,358	1,470
Supply of goods and services	9	232,351	20,136	226,068	-6,283
Other operating expenses(b)	7	16,018	4,437	19,467	3,449
Total gross operating expenses		303,334	30,522	301,932	-1,402
Superannuation interest expense	7	14,803	1,254	14,807	4
Interest expenses	10	38,310	5,231	38,770	460
Current transfers					
Current grants	11	224,901	19,950	224,923	23
Subsidy expenses		19,424	1,054	18,310	-1,114
Personal benefits	12	171,296	11,752	169,765	-1,531
Total current transfers		415,621	32,755	412,998	-2,623
Capital transfers					
Mutually agreed write-downs	11	13,206	168	12,873	-332
Other capital grants		26,790	17,285	30,736	3,947
Total capital transfers		39,996	17,453	43,610	3,614
Total expenses		812,063	87,215	812,117	54
Net operating balance		-38,982	-25,058	-34,809	4,173
Other economic flows – included in operating result					
Net write-downs of assets		-7,578	-2,289	-13,341	-5,763
Assets recognised for the first time		570	371	658	88
Actuarial revaluations		1,433	-25,256	-25,041	-26,474
Net foreign exchange gains		84	329	-530	-613
Net swap interest received		562	-166	2,302	1,740
Market valuation of debt		24,015	-5,524	17,753	-6,261
Other gains/(losses)		13,884	4,153	27,284	13,401
Total other economic flows – included in operating result		32,969	-28,383	9,086	-23,883
Operating result(c)		-6,012	-53,442	-25,722	-19,710

Table 2.1: Australian Government general government sector operating statement (continued)

	2025-26 Estimate at 2026-27 Budget	Month of June 2026 (a)	2025-26 Outcome	Change on 2026-27 Budget
Note	\$m	\$m	\$m	\$m
Non-owner movements in equity				
Revaluation of equity investments	-433	-6,499	-6,499	-6,066
Actuarial revaluations	-1,771	-4,300	-4,300	-2,529
Other economic revaluations	92	-7,184	-6,998	-7,091
Total other economic flows – included in equity	-2,111	-17,983	-17,797	-15,685
Comprehensive result – Total change in net worth	-8,124	-71,425	-43,519	-35,395
Net operating balance	-38,982	-25,058	-34,809	4,173
Net acquisition of non-financial assets				
Purchases of non-financial assets	24,487	3,867	23,797	-690
less Sales of non-financial assets	446	95	156	-290
less Depreciation	13,888	1,861	15,358	1,470
plus Change in inventories	1,005	119	1,007	2
plus Other movements in non-financial assets	0	2	3	3
Total net acquisition of non-financial assets	11,158	2,031	9,292	-1,865
Fiscal balance (Net lending/borrowing)(d)	-50,139	-27,089	-44,101	6,038

- a) 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.
- b) 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.
- c) Operating result under AAS.
- d) The term fiscal balance is not used by the ABS.

Table 2.2: Australian Government general government sector balance sheet

		2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
	Note			
Assets				
Financial assets				
Cash and deposits		73,677	73,065	-612
Advances paid	13	72,420	69,741	-2,679
Investments, loans and placements	14	261,106	264,734	3,628
Other receivables	13	96,739	95,985	-754
Equity investments				
Investments in other public sector entities		51,763	44,714	-7,049
Equity accounted investments		6,762	7,003	240
Investments – shares		127,854	134,850	6,997
<i>Total financial assets</i>		<i>690,320</i>	<i>690,092</i>	<i>-229</i>
Non-financial assets				
	15			
Land		15,576	15,170	-406
Buildings		54,872	55,944	1,072
Plant, equipment and infrastructure		124,227	121,889	-2,337
Inventories		13,586	14,336	750
Intangibles		15,851	14,881	-969
Investment properties		225	228	3
Biological assets		5	7	1
Heritage and cultural assets		13,195	13,176	-20
Assets held for sale		40	461	421
Other non-financial assets		6	9	3
<i>Total non-financial assets</i>		<i>237,582</i>	<i>236,100</i>	<i>-1,482</i>
Total assets		927,902	926,192	-1,710
Liabilities				
Interest bearing liabilities				
Deposits held		416	336	-80
Government securities		910,584	906,279	-4,305
Loans	16	32,987	31,516	-1,470
Lease liabilities		19,215	19,377	162
<i>Total interest bearing liabilities</i>		<i>963,202</i>	<i>957,509</i>	<i>-5,693</i>

Table 2.2: Australian Government general government sector balance sheet (continued)

		2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
	Note			
Provisions and payables				
Superannuation liability	17	317,789	309,912	-7,876
Other employee liabilities	17	97,182	116,343	19,161
Suppliers payables	18	14,124	11,642	-2,483
Personal benefits payables	18	4,840	4,867	27
Subsidies payables	18	632	841	209
Grants payables	18	6,204	3,729	-2,475
Other payables	18	6,747	14,124	7,377
Provisions	18	132,078	146,726	14,648
<i>Total provisions and payables</i>		<i>579,596</i>	<i>608,185</i>	<i>28,589</i>
Total liabilities		1,542,798	1,565,694	22,896
Net worth(a)		-614,895	-639,502	-24,607
<i>Net financial worth(b)</i>		<i>-852,477</i>	<i>-875,602</i>	<i>-23,125</i>
<i>Net financial liabilities(c)</i>		<i>904,240</i>	<i>920,316</i>	<i>16,076</i>
<i>Net debt(d)</i>		<i>555,999</i>	<i>549,969</i>	<i>-6,030</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 2.3: Australian Government general government sector cash flow statement^(a)

	2025-26 Estimate at 2026-27 Budget \$m	Month of June 2026 (b) \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Cash receipts from operating activities				
Taxes received	699,529	64,854	704,152	4,623
Receipts from sales of goods and services	21,760	1,904	22,768	1,008
Interest receipts	9,329	864	9,355	26
Dividends, distributions and income tax equivalents	7,630	1,367	8,156	526
Other receipts	21,313	1,738	19,893	-1,419
Total operating receipts	759,562	70,726	764,325	4,764
Cash payments for operating activities				
Payments to employees(c)	-50,824	-4,167	-50,527	297
Payments for goods and services	-228,322	-15,240	-220,051	8,271
Grants and subsidies paid	-272,284	-38,675	-277,889	-5,605
Interest paid	-27,058	-3,170	-26,971	88
Personal benefit payments	-171,517	-14,340	-172,197	-680
Other payments(c)	-12,544	-1,382	-13,264	-721
Total operating payments	-762,549	-76,974	-760,898	1,650
Net cash flows from operating activities	-2,987	-6,248	3,427	6,414
Cash flows from investments in non-financial assets				
Sales of non-financial assets	210	-124	33	-178
Purchases of non-financial assets	-22,676	-4,479	-22,712	-36
Net cash flows from investments in non-financial assets	-22,466	-4,604	-22,679	-213
Net cash flows from investments in financial assets for policy purposes	-19,629	-977	-13,832	5,797
Net cash flows from investments in financial assets for liquidity purposes	-3,899	5,047	-7,033	-3,134
Cash receipts from financing activities				
Borrowing	291,910	10,460	245,416	-46,494
Other financing	9,863	1,115	21,661	11,798
Total cash receipts from financing activities	301,773	11,575	267,077	-34,696
Cash payments for financing activities				
Borrowing	-243,840	-12,941	-208,232	35,608
Other financing	-14,147	-1,820	-24,535	-10,387
Total cash payments for financing activities	-257,987	-14,762	-232,766	25,221
Net cash flows from financing activities	43,786	-3,187	34,310	-9,475
Net increase/(decrease) in cash held	-5,196	-9,967	-5,807	-612

Table 2.3: Australian Government general government sector cash flow statement (continued)^(a)

	2025-26 Estimate at 2026-27 Budget \$m	Month of June 2026 (b) \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
GFS cash surplus(+)/deficit(-)(d)	-25,453	-10,851	-19,252	6,201
<i>plus</i> Principal payments of lease liabilities(e)	-2,831	-456	-3,002	-171
Equals underlying cash balance(f)	-28,284	-11,307	-22,254	6,030
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-19,629	-977	-13,832	5,797
Equals headline cash balance	-47,913	-12,284	-36,087	11,826

- 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) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- 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 underlying cash balance to maintain consistency of measure following the implementation of AASB 16.
- f) The term underlying cash balance is not used by the ABS.

Table 2.4: Australian Government public non-financial corporations sector operating statement

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Revenue			
Grants and subsidies	183	217	35
Sales of goods and services	24,165	24,117	-48
Interest income	45	124	80
Other	69	354	284
Total revenue	24,462	24,812	351
Expenses			
Gross operating expenses			
Wages and salaries(a)	5,539	5,329	-210
Superannuation	661	675	14
Depreciation and amortisation	4,514	5,307	793
Supply of goods and services	12,287	11,452	-835
Other operating expenses(a)	877	1,071	193
<i>Total gross operating expenses</i>	<i>23,879</i>	<i>23,835</i>	<i>-45</i>
Interest expenses	2,349	2,370	20
Other property expenses	151	153	2
Current transfers			
Tax expenses	119	2	-117
<i>Total current transfers</i>	<i>119</i>	<i>2</i>	<i>-117</i>
Total expenses	26,499	26,360	-139
Net operating balance	-2,038	-1,547	490
Other economic flows	-1,249	-8,965	-7,716
Comprehensive result – Total change in net worth excluding contribution from owners	-3,287	-10,512	-7,225
Net acquisition of non-financial assets			
Purchases of non-financial assets	13,454	12,164	-1,290
<i>less</i> Sales of non-financial assets	<i>455</i>	<i>511</i>	<i>57</i>
<i>less</i> Depreciation	<i>4,514</i>	<i>5,307</i>	<i>793</i>
<i>plus</i> Change in inventories	<i>11</i>	<i>135</i>	<i>124</i>
<i>plus</i> Other movements in non-financial assets	<i>20</i>	<i>-12</i>	<i>-32</i>
Total net acquisition of non-financial assets	8,517	6,470	-2,047
Fiscal balance (Net lending/borrowing)(b)	-10,554	-8,017	2,537

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 2.5: Australian Government public non-financial corporations sector balance sheet

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Assets			
Financial assets			
Cash and deposits	1,252	2,837	1,584
Investments, loans and placements	918	903	-15
Other receivables	6,792	6,304	-488
Equity investments	390	405	15
<i>Total financial assets</i>	<i>9,352</i>	<i>10,448</i>	<i>1,096</i>
Non-financial assets			
Land and other fixed assets	87,849	78,075	-9,774
Other non-financial assets(a)	4,468	4,541	73
<i>Total non-financial assets</i>	<i>92,318</i>	<i>82,616</i>	<i>-9,702</i>
Total assets	101,670	93,064	-8,606
Liabilities			
Interest bearing liabilities			
Deposits held	0	0	0
Advances received and loans	42,921	42,334	-587
Lease liabilities	14,628	14,470	-158
<i>Total interest bearing liabilities</i>	<i>57,549</i>	<i>56,804</i>	<i>-745</i>
Provisions and payables			
Superannuation liability	7	2	-5
Other employee liabilities	2,023	2,209	186
Other payables	6,795	6,531	-264
Other provisions(a)	1,048	1,211	163
<i>Total provisions and payables</i>	<i>9,874</i>	<i>9,954</i>	<i>80</i>
Total liabilities	67,423	66,758	-665
Shares and other contributed capital	34,247	26,306	-7,941
Net worth(b)	34,247	26,306	-7,941
<i>Net financial worth(c)</i>	<i>-58,071</i>	<i>-56,310</i>	<i>1,761</i>
<i>Net debt(d)</i>	<i>55,379</i>	<i>53,065</i>	<i>-2,314</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 2.6: Australian Government public non-financial corporations sector cash flow statement^(a)

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Cash receipts from operating activities			
Receipts from sales of goods and services	26,451	25,886	-565
Grants and subsidies received	37	77	40
GST input credit receipts	148	232	84
Other receipts	53	111	57
Total operating receipts	26,688	26,305	-383
Cash payments for operating activities			
Payments to employees(b)	-6,021	-5,963	58
Payment for goods and services	-14,337	-13,481	857
Interest paid	-2,675	-2,449	225
GST payments to taxation authority	-407	-399	8
Distributions paid	-154	-156	-2
Other payments(b)	-1,072	-1,056	16
Total operating payments	-24,666	-23,504	1,161
Net cash flows from operating activities	2,022	2,801	778
Cash flows from investments in non-financial assets			
Sales of non-financial assets	243	286	43
Purchases of non-financial assets	-12,028	-10,485	1,543
Net cash flows from investments in non-financial assets	-11,785	-10,199	1,586
Net cash flows from investments in financial assets for policy purposes	-4	-4	0
Net cash flows from investments in financial assets for liquidity purposes	113	78	-35
Net cash flows from financing activities			
Borrowing (net)	3,985	4,159	174
Other financing (net)	4,552	3,633	-919
Net cash flows from financing activities	8,537	7,792	-745
Net increase/(decrease) in cash held	-1,115	469	1,584
Cash at the beginning of the year	2,368	2,368	0
Cash at the end of the year	1,252	2,837	1,584
GFS cash surplus(+)/deficit(-)(c)	-9,762	-7,398	2,364
<i>plus</i> Principal payments of lease liabilities(d)	-406	-601	-196
Adjusted GFS cash surplus(+)/deficit(-)(d)	-10,168	-7,999	2,169

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 2.7: Australian Government total non-financial public sector operating statement

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Revenue			
Taxation revenue	716,215	720,505	4,289
Sales of goods and services	44,105	44,567	461
Interest income	10,200	10,665	464
Dividend and distribution income	7,443	8,029	586
Other	16,490	15,457	-1,033
Total revenue	794,455	799,223	4,768
Expenses			
Gross operating expenses			
Wages and salaries(a)	37,304	36,676	-627
Superannuation	9,948	10,363	415
Depreciation and amortisation	18,402	20,666	2,263
Supply of goods and services	242,440	235,555	-6,885
Other operating expenses(a)	16,898	20,541	3,643
<i>Total gross operating expenses</i>	<i>324,993</i>	<i>323,801</i>	<i>-1,191</i>
Superannuation interest expense	14,803	14,807	4
Interest expenses	40,599	41,082	483
Current transfers			
Current grants	224,901	224,923	23
Subsidy expenses	19,174	18,078	-1,097
Personal benefits	171,296	169,765	-1,531
<i>Total current transfers</i>	<i>415,371</i>	<i>412,766</i>	<i>-2,605</i>
Capital transfers	39,854	43,451	3,597
Total expenses	835,619	835,907	288
Net operating balance	-41,164	-36,685	4,480
Other economic flows	29,715	-10,198	-39,913
Comprehensive result – Total change in net worth	-11,449	-46,883	-35,434
Net acquisition of non-financial assets			
Purchases of non-financial assets	37,864	35,961	-1,903
<i>less</i> Sales of non-financial assets	900	667	-233
<i>less</i> Depreciation	18,402	20,666	2,263
<i>plus</i> Change in inventories	1,016	1,142	126
<i>plus</i> Other movements in non-financial assets	20	-9	-29
Total net acquisition of non-financial assets	19,598	15,762	-3,836
Fiscal balance (Net lending/borrowing)(b)	-60,762	-52,446	8,315

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 2.8: Australian Government total non-financial public sector balance sheet

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Assets			
Financial assets			
Cash and deposits	74,929	75,902	973
Advances paid	70,792	68,114	-2,678
Investments, loans and placements	261,985	265,598	3,613
Other receivables	102,531	101,343	-1,189
Equity investments	137,508	145,540	8,031
<i>Total financial assets</i>	<i>647,745</i>	<i>656,496</i>	<i>8,751</i>
Non-financial assets			
Land and other fixed assets	309,186	298,548	-10,638
Other non-financial assets	20,367	19,898	-469
<i>Total non-financial assets</i>	<i>329,552</i>	<i>318,446</i>	<i>-11,107</i>
Total assets	977,298	974,942	-2,356
Liabilities			
Interest bearing liabilities			
Deposits held	416	336	-80
Government securities	910,584	906,279	-4,305
Advances received and loans	74,240	72,184	-2,056
Lease liabilities	33,843	33,848	5
<i>Total interest bearing liabilities</i>	<i>1,019,084</i>	<i>1,012,647</i>	<i>-6,436</i>
Provisions and payables			
Superannuation liability	317,795	309,914	-7,881
Other employee liabilities	99,205	118,552	19,347
Other payables	38,840	41,313	2,473
Other provisions	132,754	147,540	14,787
<i>Total provisions and payables</i>	<i>588,594</i>	<i>617,320</i>	<i>28,726</i>
Total liabilities	1,607,678	1,629,967	22,289
Net worth(a)	-630,380	-655,025	-24,646
<i>Net financial worth(b)</i>	<i>-959,932</i>	<i>-973,471</i>	<i>-13,539</i>
<i>Net debt(c)</i>	<i>611,378</i>	<i>603,034</i>	<i>-8,344</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 2.9: Australian Government total non-financial public sector cash flow statement^(a)

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Cash receipts from operating activities			
Taxes received	699,441	704,048	4,607
Receipts from sales of goods and services	43,685	44,155	469
Interest receipts	9,297	9,421	124
Dividends, distributions and income tax equivalents	7,479	8,006	526
Other receipts	21,277	19,886	-1,392
Total operating receipts	781,180	785,515	4,335
Cash payments for operating activities			
Payments to employees(b)	-56,819	-56,487	333
Payments for goods and services	-238,420	-229,128	9,291
Grants and subsidies paid	-272,232	-277,839	-5,607
Interest paid	-29,655	-29,361	294
Personal benefit payments	-171,517	-172,197	-680
Other payments(b)	-13,501	-14,276	-774
Total operating payments	-782,145	-779,288	2,857
Net cash flows from operating activities	-965	6,228	7,192
Cash flows from investments in non-financial assets			
Sales of non-financial assets	454	319	-135
Purchases of non-financial assets	-34,704	-33,197	1,507
Net cash flows from investments in non-financial assets	-34,251	-32,878	1,373
Net cash flows from investments in financial assets for policy purposes	-13,124	-8,042	5,082
Net cash flows from investments in financial assets for liquidity purposes	-3,786	-6,955	-3,169
Net cash flows from financing activities			
Borrowing (net)	50,614	39,901	-10,713
Other financing (net)	-4,799	-3,593	1,207
Net cash flows from financing activities	45,815	36,309	-9,506
Net increase/(decrease) in cash held	-6,311	-5,339	973
Cash at the beginning of the year	81,240	81,240	0
Cash at the end of the year	74,929	75,902	973
GFS cash surplus(+)/deficit(-)(c)	-35,216	-26,650	8,565
<i>plus</i> Principal payments of lease liabilities(d)	-3,237	-3,603	-367
Adjusted GFS cash surplus(+)/deficit(-)(d)	-38,452	-30,254	8,198

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 2.10: Australian Government public financial corporations sector operating statement

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Revenue			
Grants and subsidies	279	283	4
Sales of goods and services	1,702	1,690	-12
Interest income	9,609	9,970	361
Other	7	166	159
Total revenue	11,598	12,109	511
Expenses			
Gross operating expenses			
Wages and salaries(a)	469	495	25
Superannuation	49	77	28
Depreciation and amortisation	60	79	19
Supply of goods and services	1,411	2,005	594
Other operating expenses(a)	102	111	9
<i>Total gross operating expenses</i>	<i>2,092</i>	<i>2,767</i>	<i>675</i>
Interest expenses	9,990	10,774	785
Other property expenses	40	39	-1
Current transfers			
Tax expenses	13	25	12
<i>Total current transfers</i>	<i>13</i>	<i>25</i>	<i>12</i>
Total expenses	12,134	13,606	1,471
Net operating balance	-536	-1,497	-960
Other economic flows	1,390	-3,354	-4,743
Comprehensive result – Total change in net worth excluding contribution from owners	853	-4,850	-5,704
Net acquisition of non-financial assets			
Purchases of non-financial assets	209	144	-65
<i>less</i> Sales of non-financial assets	0	1	0
<i>less</i> Depreciation	60	79	19
<i>plus</i> Change in inventories	-103	1	104
<i>plus</i> Other movements in non-financial assets	0	0	0
Total net acquisition of non-financial assets	46	65	19
Fiscal balance (Net lending/borrowing)(b)	-582	-1,562	-980

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 2.11: Australian Government public financial corporations sector balance sheet

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Assets			
Financial assets			
Cash and deposits	1,140	4,636	3,496
Investments, loans and placements	386,003	375,047	-10,956
Other receivables	334	606	272
Equity investments	1,871	1,852	-19
<i>Total financial assets</i>	<i>389,348</i>	<i>382,140</i>	<i>-7,207</i>
Non-financial assets			
Land and other fixed assets	835	1,012	177
Other non-financial assets(a)	50	44	-6
<i>Total non-financial assets</i>	<i>885</i>	<i>1,056</i>	<i>172</i>
Total assets	390,232	383,196	-7,036
Liabilities			
Interest bearing liabilities			
Deposits held	364,808	360,115	-4,693
Borrowing	9,923	16,315	6,393
<i>Total interest bearing liabilities</i>	<i>374,730</i>	<i>376,431</i>	<i>1,700</i>
Provisions and payables			
Superannuation liability	0	0	0
Other employee liabilities	211	236	25
Other payables	12,257	10,965	-1,292
Other provisions(a)	4,833	3,111	-1,723
<i>Total provisions and payables</i>	<i>17,302</i>	<i>14,312</i>	<i>-2,990</i>
Total liabilities	392,032	390,743	-1,290
Shares and other contributed capital	-1,800	-7,547	-5,746
Net worth(b)	-1,800	-7,547	-5,746
<i>Net financial worth(c)</i>	<i>-2,685</i>	<i>-8,603</i>	<i>-5,918</i>
<i>Net debt(d)</i>	<i>-12,412</i>	<i>-3,252</i>	<i>9,160</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 2.12: Australian Government public financial corporations sector cash flow statement^(a)

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Cash receipts from operating activities			
Receipts from sales of goods and services	1,864	1,587	-277
Grants and subsidies received	279	281	1
GST input credit receipts	4	39	35
Interest receipts	9,139	10,064	925
Other receipts	160	24	-136
Total operating receipts	11,447	11,995	548
Cash payments for operating activities			
Payments to employees(b)	-513	-546	-33
Payments for goods and services	-1,244	-1,927	-684
Interest paid	-10,047	-10,650	-603
GST payment to taxation authority	0	-99	-99
Distributions paid	-56	-48	7
Other payments(b)	-101	-100	1
Total operating payments	-11,961	-13,371	-1,410
Net cash flows from operating activities	-514	-1,376	-862
Cash flows from investments in non-financial assets			
Sales of non-financial assets	0	0	0
Purchases of non-financial assets	-147	-52	95
Net cash flows from investments in non-financial assets	-147	-52	95
Net cash flows from investments in financial assets for policy purposes	-1,218	-1,150	69
Net cash flows from investments in financial assets for liquidity purposes	28,145	33,357	5,212
Net cash flows from financing activities			
Borrowing and deposits received (net)	-31,543	-30,959	584
Other financing (net)	5,080	3,478	-1,602
Net cash flows from financing activities	-26,463	-27,481	-1,018
Net increase/(decrease) in cash held	-197	3,299	3,496
Cash at the beginning of the year	1,337	1,337	0
Cash at the end of the year	1,140	4,636	3,496
GFS cash surplus(+)/deficit(-)(c)	-661	-1,428	-767
<i>plus</i> Principal payments of lease liabilities(d)	-34	-34	0
Adjusted GFS cash surplus(+)/deficit(-)(d)	-695	-1,462	-767

- 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.

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 (FBO) be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for the FBO 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 Attachment 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 (CFS).

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 statements for the GGS are based on audit cleared financial statements for material entities, with the exception of the Department of Climate Change, Energy, the Environment and Water.

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 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 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 December each year.

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 for the 2025–26 year from the 2025–26 Budget to the *Mid-Year Economic and Fiscal Outlook 2025–26* (MYEFO) are disclosed in the 2025–26 MYEFO. Explanations of variances for the 2025–26 year from the 2025–26 MYEFO to the 2026–27 Budget are disclosed in Statement 3 of 2026–27 Budget Paper No.1, *Budget Strategy and Outlook*. Explanations of variances from the 2026–27 Budget to the Final Budget Outcome for 2025–26 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 2.13.

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 2.13: 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
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 used.	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)	Recognise revenue from the surrender of RECs and expenses associated with the refund of the shortfall charges.	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

Table 2.13: Major differences between AAS and ABS GFS (continued)

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
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
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
Fiscal aggregates differences			
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
Classification differences			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise operating leases when licences commence. The upfront consideration is recognised as a contract liability and amortised as revenue over the licence term. 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

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	317,700	319,081	1,381
Gross other individuals and trusts	95,500	98,257	2,757
<i>less: Refunds</i>	40,400	40,658	258
Total individuals and other withholding tax	372,800	376,681	3,881
Fringe benefits tax	5,560	5,370	-190
Company tax	151,300	149,740	-1,560
Superannuation fund taxes	33,050	34,759	1,709
Petroleum resource rent tax	1,670	1,661	-9
Income taxation revenue	564,380	568,210	3,830
Goods and services tax	100,750	100,575	-174
Wine equalisation tax	1,060	1,077	17
Luxury car tax	1,160	1,090	-70
Excise and customs duty			
Petrol	6,320	6,305	-15
Diesel	14,960	15,163	203
Other fuel products	1,500	1,383	-117
Tobacco	4,130	3,920	-210
Beer	2,720	2,681	-39
Spirits	3,270	3,288	18
Other alcoholic beverages(a)	1,840	1,814	-26
Other customs duty(b)	1,910	1,920	10
<i>less: Refunds and drawbacks</i>	1,940	1,657	-283
Total excise and customs duty	34,710	34,818	108
Major bank levy	1,940	1,972	32
Agricultural levies	673	686	13
Visa application charges	4,668	4,660	-8
Other taxes	7,281	7,699	418
Mirror taxes	1,060	1,032	-28
<i>less: Transfers to states in relation to mirror tax revenue</i>	1,060	1,032	-28
Mirror tax revenue	0	0	0
Indirect taxation revenue	152,242	152,577	334
Taxation revenue	716,622	720,787	4,165
<i>Memorandum:</i>			
<i>Total excise</i>	27,960	27,885	-75
<i>Total customs duty</i>	6,750	6,933	183

- a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
- b) Other customs duty' includes duty paid on textiles, clothing and footwear, passenger motor vehicles and other imports that are not subject to excise equivalent duty.

Note 3(a): Taxation revenue by source

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Taxes on income, profits and capital gains			
Income and capital gains levied on individuals	378,360	382,054	3,694
Income and capital gains levied on enterprises	186,020	186,156	136
Total taxes on income, profits and capital gains	564,380	568,210	3,830
Taxes on employers' payroll and labour force	1,935	2,219	284
Taxes on the provision of goods and services			
Sales/goods and services tax	102,970	102,742	-228
Excises and levies	28,633	28,571	-62
Taxes on international trade	6,750	6,933	183
Total taxes on the provision of goods and services	138,353	138,246	-107
Taxes on the use of goods and performance of activities	11,954	12,112	157
Total taxation revenue	716,622	720,787	4,165

Note 4: Sales of goods and services revenue

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Sales of goods	1,863	1,849	-15
Rendering of services	17,062	16,985	-77
Lease rental	431	758	327
Fees from regulatory services	2,856	2,796	-60
Total sales of goods and services revenue	22,213	22,389	176

Note 5: Interest and dividend and distribution revenue

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Interest from other governments			
State and territory debt	8	10	2
Housing agreements	57	57	0
Total interest from other governments	65	67	2
Interest from other sources			
Advances	807	782	-24
Deposits	3,359	3,640	282
Indexation of HELP receivable and other student loans	1,115	1,188	73
Other	4,870	4,919	49
Total interest from other sources	10,151	10,531	380
Total interest	10,216	10,598	382
Dividends and distributions			
Dividends from other public sector entities	173	179	6
Other dividends and distributions	7,418	8,000	582
Total dividends and distributions	7,591	8,179	588
Total interest and dividend and distribution revenue	17,807	18,777	970

Note 6: Other sources of non-taxation revenue

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Industry contributions	114	116	2
Royalties	653	668	15
Seigniorage	56	131	76
Other	15,617	14,441	-1,176
Total other sources of non-taxation revenue	16,439	15,356	-1,083

Note 7: Employee and superannuation expense

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Wages and salaries expenses	31,790	31,347	-443
Other operating expenses			
Leave and other entitlements	4,124	4,783	658
Separations and redundancies	137	305	168
Workers compensation premiums and claims	8,622	11,107	2,485
Other	3,134	3,272	138
Total other operating expenses	16,018	19,467	3,449
Superannuation expenses			
Superannuation	9,287	9,692	405
Superannuation interest cost	14,803	14,807	4
Total superannuation expenses	24,090	24,498	409
Total employee and superannuation expense	71,898	75,312	3,414

Note 8: Depreciation and amortisation expense

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Depreciation			
Specialist military equipment	5,086	6,114	1,028
Buildings	4,366	4,650	283
Other infrastructure, plant and equipment	3,151	3,275	124
Heritage and cultural assets	60	72	12
Other	10	10	0
Total depreciation(a)	12,674	14,121	1,447
Total amortisation	1,214	1,237	23
Total depreciation and amortisation expense	13,888	15,358	1,470
<i>Memorandum:</i>			
Depreciation relating to right of use assets			
Specialist military equipment	39	39	0
Buildings	2,543	2,580	37
Other infrastructure, plant and equipment	321	382	62
Other	10	10	0
Total depreciation of right of use assets	2,913	3,012	99

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

Note 9: Supply of goods and services expense

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Supply of goods and services	56,419	51,538	-4,881
Lease expenses	138	214	76
Personal benefits – indirect	165,068	161,717	-3,351
Health care payments	7,737	8,868	1,131
Other	2,989	3,732	743
Total supply of goods and services expense	232,351	226,068	-6,283

Note 10: Interest expense

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Interest on debt			
Government securities	27,619	27,682	63
Loans	169	162	-7
Other	1,149	1,074	-75
Total interest on debt	28,937	28,918	-19
Interest on lease liabilities	543	651	108
Other financing costs	8,829	9,201	372
Total interest expense	38,310	38,770	460

Note 11: Current and capital grants expense

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Current grants expense			
State and territory governments	182,664	181,805	-859
Private sector	5,330	4,215	-1,115
Overseas	5,631	5,278	-354
Non-profit organisations	13,958	16,300	2,342
Multi-jurisdictional sector	14,274	13,664	-610
Other	3,044	3,661	618
Total current grants expense	224,901	224,923	23
Capital grants expense			
Mutually agreed write-downs	13,206	12,873	-332
Other capital grants			
State and territory governments	20,656	21,201	545
Local governments	1,091	1,010	-80
Non-profit organisations	1,323	573	-750
Private sector	195	141	-54
Multi-jurisdictional sector	4	6	2
Overseas	70	3,800	3,730
Other	3,450	4,004	554
Total capital grants expense	39,996	43,610	3,614
Total grants expense	264,896	268,533	3,637

Note 12: Personal benefits expense

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Social welfare – assistance to the aged	65,315	65,112	-203
Assistance to veterans and dependants	4,441	4,414	-27
Assistance to people with disabilities	37,519	37,445	-74
Assistance to families with children	32,936	30,728	-2,208
Assistance to the unemployed	17,641	17,852	211
Student assistance	2,884	2,898	15
Other welfare programs	1,022	1,068	46
Financial and fiscal affairs	1,186	1,297	111
Vocational and industry training	417	355	-62
Other	7,936	8,596	660
Total personal benefits expense	171,296	169,765	-1,531

Note 13: Advances paid and other receivables

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Advances paid			
Loans to state and territory governments	1,283	1,286	3
Student loans	45,392	45,432	40
Other	26,800	23,951	-2,848
less Impairment allowance	1,055	929	-126
Total advances paid	72,420	69,741	-2,679
Other receivables			
Goods and services receivable	1,335	1,516	181
Recoveries of benefit payments	6,959	7,259	300
Taxes receivable	52,139	47,179	-4,960
Prepayments	6,803	6,425	-378
Other	33,844	37,710	3,866
less Impairment allowance	4,340	4,104	-236
Total other receivables	96,739	95,985	-754

Note 14: Investments, loans and placements

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Investments – deposits	9,783	10,745	962
IMF quota and SDR holdings	25,351	24,535	-816
Structured finance securities	528	361	-167
Collective investment vehicles	143,484	149,786	6,303
Other interest bearing securities	53,451	54,661	1,210
Other	28,509	24,645	-3,864
Total investments, loans and placements	261,106	264,734	3,628

Note 15: Non-financial assets

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Land and buildings			
Land	15,576	15,170	-406
Buildings	54,872	55,944	1,072
Total land and buildings	70,447	71,113	666
Plant, equipment and infrastructure			
Specialist military equipment	99,627	97,886	-1,741
Other plant, equipment and infrastructure	24,599	24,003	-597
Total plant, equipment and infrastructure	124,227	121,889	-2,337
Inventories			
Inventories held for sale	376	390	14
Inventories not held for sale	13,210	13,946	737
Total inventories	13,586	14,336	750
Intangibles			
Computer software	7,572	6,985	-587
Other	8,279	7,896	-383
Total intangibles	15,851	14,881	-969
Total investment properties	225	228	3
Total biological assets	5	7	1
Total heritage and cultural assets	13,195	13,176	-20
Total assets held for sale	40	461	421
Total other non-financial assets	6	9	3
Total non-financial assets(a)	237,582	236,100	-1,482
<i>Memorandum:</i>			
Total relating to right of use assets			
Land	354	321	-34
Buildings	15,255	15,413	158
Specialist military equipment	143	128	-15
Other plant, equipment and infrastructure	1,194	1,199	6
Total right of use assets	16,945	17,061	115

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

Note 16: Loans

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Promissory notes	9,727	9,180	-547
Special drawing rights	19,140	18,524	-616
Other	4,120	3,812	-307
Total loans	32,987	31,516	-1,470

Note 17: Employee and superannuation liabilities

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Total superannuation liability(a)	317,789	309,912	-7,876
Other employee liabilities			
Leave and other entitlements	11,428	11,717	289
Accrued salaries and wages	1,196	1,315	119
Workers compensation claims	2,104	2,214	110
Military compensation	81,593	100,464	18,871
Other	861	634	-227
Total other employee liabilities	97,182	116,343	19,161
Total employee and superannuation liabilities	414,970	426,255	11,285

a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries in preparing the 2023 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 2025–26 FBO was calculated using the spot rates on long-term government bonds as at 30 June 2026 that best matched each individual scheme's liability duration. These rates were between 4.6 and 5.4 per cent per annum.

Note 18: Provisions and payables

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Suppliers payables			
Trade creditors	8,770	8,033	-738
Lease rental payable	11	0	-11
Personal benefits payables – indirect	3,414	2,034	-1,380
Other creditors	1,929	1,575	-354
Total suppliers payables	14,124	11,642	-2,483
Total personal benefits payables – direct	4,840	4,867	27
Total subsidies payable	632	841	209
Grants payables			
State and territory governments	127	808	681
Non-profit organisations	186	302	116
Private sector	307	334	26
Overseas	2,018	1,801	-216
Local governments	1	25	25
Other	3,565	459	-3,106
Total grants payables	6,204	3,729	-2,475
Total other payables	6,747	14,124	7,377
Provisions			
Provisions for tax refunds	1,739	2,078	339
Grants provisions	17,360	16,653	-707
Personal benefits provisions – direct	7,073	5,988	-1,085
Personal benefits provisions – indirect	4,346	4,307	-39
Provisions for subsidies	7,944	7,061	-883
Other	93,617	110,639	17,022
Total provisions	132,078	146,726	14,648

Note 19: Reconciliation of cash

	2025-26 Estimate at 2026-27 Budget \$m	2025-26 Outcome \$m	Change on 2026-27 Budget \$m
Net operating balance (revenues less expenses)	-38,982	-34,809	4,173
<i>less</i> Revenues not providing cash			
Other	2,384	2,987	603
Total revenues not providing cash	2,384	2,987	603
<i>plus</i> Expenses not requiring cash			
Increase/(decrease) in employee entitlements	13,236	3,275	-9,961
Depreciation/amortisation expense	13,888	15,358	1,470
Mutually agreed write-downs	13,206	12,873	-332
Other	8,529	8,804	275
Total expenses not requiring cash	48,859	40,311	-8,548
<i>plus</i> Cash provided/(used) by working capital items			
Decrease/(increase) in inventories	-1,005	-1,719	-714
Decrease/(increase) in receivables	-13,081	-14,782	-1,701
Decrease/(increase) in other financial assets	-1,589	-819	770
Decrease/(increase) in other non-financial assets	77	892	815
Increase/(decrease) in benefits, subsidies and grants payable	951	-4,285	-5,236
Increase/(decrease) in suppliers' liabilities	-379	1,459	1,838
Increase/(decrease) in other provisions and payables	4,545	20,164	15,619
Net cash provided/(used) by working capital	-10,481	910	11,391
<i>equals</i> (Net cash from/(to) operating activities)	-2,987	3,427	6,414
<i>plus</i> (Net cash from/(to) investing activities)	-45,994	-43,545	2,449
Net cash from operating activities and investment	-48,981	-40,118	8,864
<i>plus</i> (Net cash from/(to) financing activities)	43,786	34,310	-9,475
equals Net increase/(decrease) in cash	-5,196	-5,807	-612
Cash at the beginning of the year	78,872	78,872	0
Net increase/(decrease) in cash	-5,196	-5,807	-612
Cash at the end of the year	73,677	73,065	-612

Attachment A: 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. 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*.¹

1 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.²

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.

² 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.³

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.

³ 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 Appendix B.

Headline cash balance

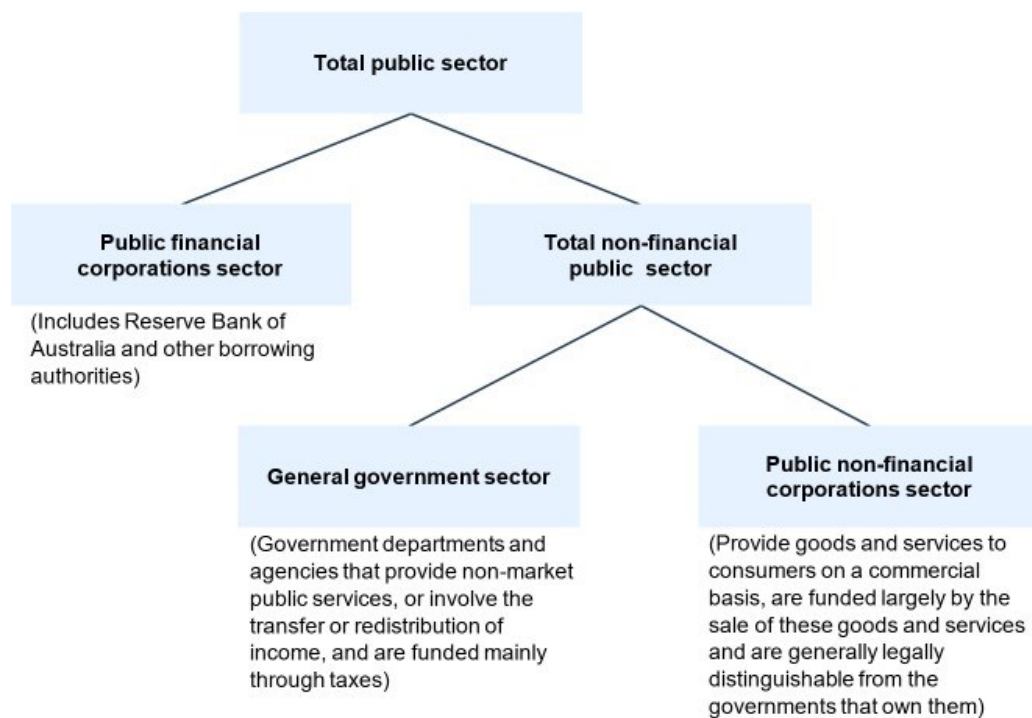
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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 2.1. The ABS GFS defines the GGS, PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

Figure 2.1: 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 2.14).

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 2.14: Entities outside of the general government sector – 2025–26

Public financial corporations
Employment and Workplace Relations Portfolio • Coal Mining Industry (Long Service Leave Funding) Corporation Foreign Affairs and Trade Portfolio • Export Finance and Insurance Corporation (Export Finance Australia) Industry, Science and Resources Portfolio • CSIRO Coinvestment Fund Pty Ltd • CSIRO FollowOn Services Pty Ltd • CSIRO FollowOn Services 2 Pty Ltd • CSIRO General Partner Pty Ltd • CSIRO General Partner 2 Pty Ltd • CSIROGP Fund 2 Pty Ltd • MS GP Fund 3 Pty Ltd • MS NGS Pty Ltd • MS Opportunity Fund Pty Ltd • MS Parallel Fund Pty Ltd Treasury Portfolio • Australian Reinsurance Pool Corporation • Housing Australia – Australian Housing Bond Aggregator (AHBA)* • Reserve Bank of Australia

Table 2.14: Entities outside of the general government sector – 2025–26 (continued)

Public non-financial corporations
Climate Change, Energy, the Environment and Water Portfolio • Snowy Hydro Limited Finance Portfolio • ASC Pty Ltd • Australian Naval Infrastructure Pty Ltd • CEA Technologies Pty Limited Health, Disability and Ageing Portfolio • Australian Hearing Services (Hearing Australia) Infrastructure, Transport, Regional Development, Communications, Sport and the Arts Portfolio • Airservices Australia • Australian Postal Corporation (Australia Post) • Australian Rail Track Corporation Limited • National Intermodal Corporation Limited • NBN Co Limited • WSA Co Ltd Prime Minister and Cabinet Portfolio • Voyages Indigenous Tourism Australia Pty Ltd[†]

* 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. Other Housing Australia programs, including the National Housing Infrastructure Facility, are included in the GGS.

[†] Sale of Voyages Indigenous Tourism Australia Pty Ltd was completed effective 27 February 2026.