

PART 2: AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

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

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

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

The financial statements for the *Final Budget Outcome 2014-15* have been prepared on a basis consistent with the 2015-16 Budget. This enables comparison of the 2014-15 revised estimates published at the 2015-16 Budget and the outcome.

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

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

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

AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

Table 10: Australian Government general government sector operating statement

		2014-15 Estimate at 2015-16 Budget	Month of June 2015(d)	2014-15 Outcome	Change on 2015-16 Budget
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	3	359,117	26,379	355,357	-3,759
Sales of goods and services	4	9,277	750	9,058	-219
Interest income	5	3,653	0	3,147	-506
Dividend income	5	4,796	2,295	6,178	1,382
Other	6	7,255	841	7,006	-249
Total revenue		384,098	30,265	380,746	-3,351
Expenses					
Gross operating expenses					
Wages and salaries(a)	7	18,939	1,446	18,357	-582
Superannuation	7	6,803	1,047	6,927	124
Depreciation and amortisation	8	6,804	446	6,805	1
Supply of goods and services	9	80,474	8,035	79,454	-1,020
Other operating expenses(a)	7	5,502	628	5,746	244
<i>Total gross operating expenses</i>		<i>118,522</i>	<i>11,602</i>	<i>117,289</i>	<i>-1,233</i>
Superannuation interest expense	7	8,989	770	8,999	10
Interest expenses	10	15,915	1,509	16,022	107
Current transfers					
Current grants	11	124,435	15,006	124,636	201
Subsidy expenses		12,522	1,522	12,506	-16
Personal benefits	12	130,663	9,954	129,190	-1,474
<i>Total current transfers</i>		<i>267,620</i>	<i>26,482</i>	<i>266,332</i>	<i>-1,288</i>
Capital transfers					
Mutually agreed write-downs		2,124	-151	1,857	-268
Other capital grants		7,164	1,183	7,398	234
<i>Total capital transfers</i>		<i>9,288</i>	<i>1,032</i>	<i>9,255</i>	<i>-34</i>
Total expenses		420,335	41,395	417,898	-2,437
Net operating balance		-36,237	-11,129	-37,151	-914
Other economic flows - included in operating result					
Net write-downs of assets					
(including bad and doubtful debts)		-6,878	-1,803	-7,171	-292
Assets recognised for the first time		319	32	327	8
Liabilities recognised for the first time		0	0	0	0
Actuarial revaluations		0	0	0	0
Net foreign exchange gains		-247	90	-2,335	-2,088
Net swap interest received		-799	26	-943	-144
Market valuation of debt		-14,521	5,963	-7,499	7,022
Other gains/(losses)		20,826	-549	24,757	3,930
Total other economic flows - included in operating result		-1,300	3,759	7,135	8,435

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

	2014-15 Estimate at 2015-16 Budget \$m	Month of June 2015(d) \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Operating result(b)	-37,537	-7,370	-30,016	7,521
Non-owner movements in equity				
Revaluation of equity investments	2,681	4,374	3,206	525
Actuarial revaluations	-3,383	-1,916	-1,916	1,467
Other economic revaluations	-3,554	1,298	-1,714	1,839
Total other economic flows - included in equity	-4,256	3,757	-424	3,831
Comprehensive result - Total change in net worth	-41,793	-3,613	-30,440	11,353
Net operating balance	-36,237	-11,129	-37,151	-914
Net acquisition of non-financial assets				
Purchases of non-financial assets	11,622	3,075	11,553	-70
<i>less</i> Sales of non-financial assets	2,348	118	2,423	74
<i>less</i> Depreciation	6,804	446	6,805	1
<i>plus</i> Change in inventories	494	205	581	87
<i>plus</i> Other movements in non-financial assets	174	9	-201	-374
Total net acquisition of non-financial assets	3,138	2,725	2,706	-433
Fiscal balance (Net lending/borrowing)(c)	-39,375	-13,854	-39,857	-481

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Operating result under AAS.

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

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

Table 11: Australian Government general government sector balance sheet

		2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Assets				
Financial assets				
Cash and deposits		3,144	3,156	12
Advances paid	13	45,874	45,818	-56
Investments, loans and placements	14	131,157	136,377	5,220
Other receivables	13	44,828	46,802	1,974
Equity investments				
Investments in other public sector entities		39,708	40,216	508
Equity accounted investments		326	304	-22
Investments - shares		44,847	42,976	-1,871
Total financial assets		309,884	315,649	5,765
Non-financial assets	15			
Land		9,287	9,940	653
Buildings		26,043	25,639	-405
Plant, equipment and infrastructure		57,012	56,339	-673
Inventories		8,360	8,420	60
Intangibles		6,312	6,543	231
Investment property		195	187	-8
Biological assets		36	44	9
Heritage and cultural assets		10,843	11,332	489
Assets held for sale		113	129	16
Other non-financial assets		582	206	-376
Total non-financial assets		118,784	118,779	-5
Total assets		428,668	434,429	5,761
Liabilities				
Interest bearing liabilities				
Deposits held		211	218	7
Government securities		418,307	409,936	-8,370
Loans	16	10,347	12,277	1,931
Other borrowing		1,545	1,640	96
Total interest bearing liabilities		430,409	424,072	-6,337
Provisions and payables				
Superannuation liability	17	167,327	248,209	80,882
Other employee liabilities	17	16,030	17,052	1,022
Suppliers payable	18	4,956	4,480	-476
Personal benefits provisions and payables	18	13,261	14,095	834
Subsidies provisions and payables	18	4,585	4,494	-91
Grants provisions and payables	18	10,325	11,696	1,371
Other provisions and payables	18	13,086	12,680	-405
Total provisions and payables		229,571	312,706	83,136
Total liabilities		659,979	736,778	76,799

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

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Net worth(a)	-231,311	-302,350	-71,038
<i>Net financial worth(b)</i>	-350,096	-421,129	-71,034
<i>Net financial liabilities(c)</i>	389,804	461,345	71,541
<i>Net debt(d)</i>	250,234	238,721	-11,513

(a) Net worth is calculated as 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 equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Table 12: Australian Government general government sector cash flow statement^(a)

	2014-15 Estimate at 2015-16 Budget \$m	Month of June 2015(d) \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Cash receipts from operating activities				
Taxes received	351,452	32,188	351,675	222
Receipts from sales of goods and services	9,218	850	8,922	-297
Interest receipts	3,131	589	3,056	-75
Dividends and income tax equivalents	4,121	182	4,745	624
Other receipts	7,164	1,203	7,598	435
Total operating receipts	375,087	35,012	375,995	909
Cash payments for operating activities				
Payments for employees	-26,061	-1,976	-25,775	286
Payments for goods and services	-80,293	-8,276	-80,336	-43
Grants and subsidies paid	-146,048	-16,506	-144,512	1,535
Interest paid	-14,037	-637	-13,924	113
Personal benefit payments	-131,520	-9,995	-130,891	629
Other payments	-5,247	-822	-5,289	-42
Total operating payments	-403,206	-38,213	-400,727	2,479
Net cash flows from operating activities	-28,119	-3,201	-24,731	3,388
Cash flows from investments in non-financial assets				
Sales of non-financial assets	2,222	155	2,305	83
Purchases of non-financial assets	-11,795	-3,143	-11,280	514
Net cash flows from investments in non-financial assets	-9,572	-2,988	-8,975	597
Net cash flows from investments in financial assets for policy purposes	-5,500	-941	-5,158	342
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-9,021	1,091	-11,957	-2,936
Net cash flows from investments in financial assets for liquidity purposes	-9,021	1,091	-11,957	-2,936
Cash receipts from financing activities				
Borrowing	53,695	6,102	52,381	-1,314
Other financing	48	-2	-1	-49
Total cash receipts from financing activities	53,743	6,100	52,380	-1,363
Cash payments for financing activities				
Borrowing	0	0	0	0
Other financing	-2,231	-77	-2,247	-16
Total cash payments for financing activities	-2,231	-77	-2,247	-16
Net cash flows from financing activities	51,512	6,023	50,133	-1,379
Net increase/(decrease) in cash held	-701	-16	-689	12

Table 12: Australian Government general government sector cash flow statement (continued)^(a)

	2014-15 Estimate at 2015-16 Budget \$m	Month of June 2015(d) \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	-37,691	-6,189	-33,706	3,985
Finance leases and similar arrangements(b)	0	-15	-72	-72
GFS cash surplus(+)/deficit(-)	-37,691	-6,204	-33,778	3,913
<i>less</i> Net Future Fund earnings	3,429	205	4,089	660
Equals underlying cash balance(c)	-41,121	-6,409	-37,867	3,253
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-5,500	-941	-5,158	342
<i>plus</i> Net Future Fund earnings	3,429	205	4,089	660
Equals headline cash balance	-43,191	-7,145	-38,936	4,255

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

(b) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.

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

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

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

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Revenue			
Current grants and subsidies	73	54	-19
Sales of goods and services	9,640	9,840	200
Interest income	41	44	3
Other	10	49	39
Total revenue	9,764	9,987	223
Expenses			
Gross operating expenses			
Wages and salaries(a)	3,793	3,764	-29
Superannuation	381	354	-27
Depreciation and amortisation	1,256	1,191	-65
Supply of goods and services	5,271	5,189	-82
Other operating expenses(a)	543	806	262
<i>Total gross operating expenses</i>	<i>11,244</i>	<i>11,304</i>	<i>60</i>
Interest expenses	445	420	-25
Other property expenses	65	94	28
Current transfers			
Tax expenses	70	32	-38
<i>Total current transfers</i>	<i>70</i>	<i>32</i>	<i>-38</i>
Total expenses	11,825	11,850	25
Net operating balance	-2,061	-1,863	198
Other economic flows	-410	285	694
Comprehensive result - Total change in net worth excluding contribution from owners	-2,471	-1,578	892
Net acquisition of non-financial assets			
Purchases of non-financial assets	2,678	4,233	1,555
<i>less</i> Sales of non-financial assets	<i>77</i>	<i>75</i>	<i>-2</i>
<i>less</i> Depreciation	<i>1,256</i>	<i>1,191</i>	<i>-65</i>
<i>plus</i> Change in inventories	<i>7</i>	<i>8</i>	<i>2</i>
<i>plus</i> Other movements in non-financial assets	<i>1,200</i>	<i>18</i>	<i>-1,182</i>
Total net acquisition of non-financial assets	2,552	2,993	441
Fiscal balance (Net lending/borrowing)(b)	-4,613	-4,856	-243

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

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

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Assets			
Financial assets			
Cash and deposits	1,703	2,042	340
Investments, loans and placements	106	1,137	1,030
Other receivables	1,681	1,459	-222
Equity investments	3	3	0
<i>Total financial assets</i>	<i>3,492</i>	<i>4,640</i>	<i>1,148</i>
Non-financial assets			
Land and other fixed assets	18,773	21,744	2,970
Other non-financial assets(a)	3,626	236	-3,390
<i>Total non-financial assets</i>	<i>22,400</i>	<i>21,979</i>	<i>-420</i>
Total assets	25,892	26,620	728
Liabilities			
Interest bearing liabilities			
Advances received	319	337	18
Loans	2,242	2,330	88
Other borrowing	3,766	3,834	68
<i>Total interest bearing liabilities</i>	<i>6,327</i>	<i>6,501</i>	<i>174</i>
Provisions and payables			
Superannuation liability	5	5	1
Other employee liabilities	1,463	1,588	126
Other provisions and payables(a)	3,510	3,365	-145
<i>Total provisions and payables</i>	<i>4,977</i>	<i>4,959</i>	<i>-18</i>
Total liabilities	11,304	11,460	156
Shares and other contributed capital	14,588	15,159	572
Net worth(b)	14,588	15,159	572
<i>Net financial worth(c)</i>	<i>-7,812</i>	<i>-6,820</i>	<i>992</i>
<i>Net debt(d)</i>	<i>4,518</i>	<i>3,322</i>	<i>-1,196</i>

(a) Excludes the impact of commercial taxation adjustments.

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

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

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

Table 15: Australian Government public non-financial corporations sector cash flow statement^(a)

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Cash receipts from operating activities			
Receipts from sales of goods and services	10,257	10,732	475
Grants and subsidies received	0	23	23
GST input credit receipts	428	370	-58
Other receipts	65	56	-9
Total operating receipts	10,750	11,181	431
Cash payments for operating activities			
Payments to employees	-4,510	-4,667	-158
Payment for goods and services	-7,016	-6,154	863
Interest paid	-67	-57	10
GST payments to taxation authority	-43	-317	-274
Other payments	-48	-44	4
Total operating payments	-11,683	-11,238	445
Net cash flows from operating activities	-933	-57	876
Cash flows from investments in non-financial assets			
Sales of non-financial assets	71	75	4
Purchases of non-financial assets	-3,851	-3,801	50
Net cash flows from investments in non-financial assets	-3,781	-3,726	55
Net cash flows from investments in financial assets for policy purposes	0	0	0
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	72	-46	-118
Net cash flows from investments in financial assets for liquidity purposes	72	-46	-118
Net cash flows from financing activities			
Borrowing (net)	-86	105	191
Other financing (net)	5,150	4,483	-667
Distributions paid (net)	-100	-96	4
Net cash flows from financing activities	4,965	4,492	-473
Net increase/(decrease) in cash held	323	662	340
Cash at the beginning of the year	1,380	1,380	0
Cash at the end of the year	1,703	2,042	340
Net cash from operating activities and investments in non-financial assets	-4,714	-3,784	931
Distributions paid	-100	-96	4
Equals surplus(+)/deficit(-)	-4,814	-3,880	934
Finance leases and similar arrangements(b)	0	-408	-408
GFS cash surplus(+)/deficit(-)	-4,814	-4,288	526

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

(b) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

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

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Revenue			
Taxation revenue	359,046	355,325	-3,721
Sales of goods and services	17,533	17,373	-159
Interest income	3,676	3,173	-502
Dividend income	4,731	6,084	1,353
Other	7,265	7,055	-210
Total revenue	392,250	389,011	-3,240
Expenses			
Gross operating expenses			
Wages and salaries(a)	22,732	22,121	-611
Superannuation	7,184	7,281	97
Depreciation and amortisation	8,060	7,996	-64
Supply of goods and services	84,362	83,119	-1,243
Other operating expenses(a)	6,045	6,552	507
<i>Total gross operating expenses</i>	<i>128,382</i>	<i>127,068</i>	<i>-1,314</i>
Superannuation interest expense	8,989	8,999	10
Interest expenses	16,341	16,424	83
Current transfers			
Current grants	124,435	124,636	201
Subsidy expenses	12,449	12,452	3
Personal benefits	130,663	129,190	-1,474
<i>Total current transfers</i>	<i>267,547</i>	<i>266,278</i>	<i>-1,269</i>
Capital transfers	9,288	9,255	-34
Total expenses	430,548	428,025	-2,524
Net operating balance	-38,298	-39,014	-716
Other economic flows	-3,775	9,520	13,295
Comprehensive result - Total change in net worth	-42,073	-29,494	12,579
Net acquisition of non-financial assets			
Purchases of non-financial assets	14,300	15,785	1,485
<i>less</i> Sales of non-financial assets	<i>2,425</i>	<i>2,497</i>	<i>72</i>
<i>less</i> Depreciation	<i>8,060</i>	<i>7,996</i>	<i>-64</i>
<i>plus</i> Change in inventories	<i>501</i>	<i>590</i>	<i>88</i>
<i>plus</i> Other movements in non-financial assets	<i>1,373</i>	<i>-183</i>	<i>-1,557</i>
Total net acquisition of non-financial assets	5,690	5,699	8
Fiscal balance (Net lending/borrowing)(b)	-43,988	-44,713	-724

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

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

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Assets			
Financial assets			
Cash and deposits	4,846	5,198	352
Advances paid	45,555	45,481	-74
Investments, loans and placements	131,263	137,176	5,913
Other receivables	46,360	47,234	874
Equity investments	69,487	68,756	-731
<i>Total financial assets</i>	<i>297,512</i>	<i>303,846</i>	<i>6,334</i>
Non-financial assets			
Land and other fixed assets	130,319	133,414	3,094
Other non-financial assets	10,864	7,345	-3,519
<i>Total non-financial assets</i>	<i>141,184</i>	<i>140,759</i>	<i>-425</i>
Total assets	438,696	444,605	5,909
Liabilities			
Interest bearing liabilities			
Deposits held	211	218	7
Advances received	0	0	0
Government securities	418,307	409,936	-8,370
Loans	12,589	14,270	1,681
Other borrowing	5,311	5,475	164
<i>Total interest bearing liabilities</i>	<i>436,417</i>	<i>429,899</i>	<i>-6,518</i>
Provisions and payables			
Superannuation liability	167,332	248,214	80,883
Other employee liabilities	17,493	18,640	1,147
Other provisions and payables	49,575	49,784	208
<i>Total provisions and payables</i>	<i>234,400</i>	<i>316,639</i>	<i>82,239</i>
Total liabilities	670,817	746,538	75,720
Shares and other contributed capital	14,588	15,159	572
Net worth(a)	-232,121	-301,933	-69,812
<i>Net financial worth(b)</i>	<i>-373,305</i>	<i>-442,692</i>	<i>-69,387</i>
<i>Net debt(c)</i>	<i>254,752</i>	<i>242,043</i>	<i>-12,709</i>

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

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

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

Table 18: Australian Government total non-financial public sector cash flow statement^(a)

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Cash receipts from operating activities			
Taxes received	351,409	351,700	292
Receipts from sales of goods and services	17,913	17,222	-691
Interest receipts	3,151	3,082	-69
Dividends and income tax equivalents	4,021	4,649	628
Other receipts	7,190	7,610	419
Total operating receipts	383,684	384,263	578
Cash payments for operating activities			
Payments to employees	-30,571	-30,443	128
Payments for goods and services	-85,362	-84,072	1,289
Grants and subsidies paid	-146,048	-144,490	1,558
Interest paid	-14,085	-13,963	123
Personal benefit payments	-131,520	-130,891	629
Other payments	-5,251	-5,289	-38
Total operating payments	-412,836	-409,147	3,689
Net cash flows from operating activities	-29,152	-24,885	4,268
Cash flows from investments in non-financial assets			
Sales of non-financial assets	2,293	2,380	87
Purchases of non-financial assets	-15,646	-15,082	564
Net cash flows from investments in non-financial assets	-13,353	-12,701	652
Net cash flows from investments in financial assets for policy purposes	-362	-341	21
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	-8,949	-12,003	-3,054
Net cash flows from investments in financial assets for liquidity purposes	-8,949	-12,003	-3,054
Net cash flows from financing activities			
Borrowing (net)	53,609	52,486	-1,123
Other financing (net)	-2,171	-2,583	-412
Net cash flows from financing activities	51,439	49,903	-1,535
Net increase/(decrease) in cash held	-378	-27	352
Cash at the beginning of the year	5,225	5,225	0
Cash at the end of the year	4,846	5,198	352
Net cash from operating activities and investments in non-financial assets	-42,505	-37,586	4,919
Distributions paid	0	0	0
Equals surplus(+)/deficit(-)	-42,505	-37,586	4,919
Finance leases and similar arrangements(b)	0	-481	-481
GFS cash surplus(+)/deficit(-)	-42,505	-38,067	4,439

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

(b) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

Table 19: Australian Government public financial corporations sector operating statement

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Revenue			
Current grants and subsidies	150	159	9
Sales of goods and services	3,233	3,257	24
Interest income	2,290	2,272	-18
Other	99	88	-10
Total revenue	5,772	5,776	4
Expenses			
Gross operating expenses			
Wages and salaries(a)	269	286	18
Superannuation	67	66	-1
Depreciation and amortisation	44	57	12
Supply of goods and services(b)	2,818	2,776	-43
Other operating expenses(a)(b)	425	248	-176
<i>Total gross operating expenses</i>	<i>3,623</i>	<i>3,433</i>	<i>-190</i>
Interest expenses	1,331	1,313	-18
Other property expenses	1,478	2,198	720
Current transfers			
Tax expenses	47	41	-7
<i>Total current transfers</i>	<i>47</i>	<i>41</i>	<i>-7</i>
Total expenses	6,479	6,984	505
Net operating balance	-707	-1,208	-501
Other economic flows	3,983	5,435	1,452
Comprehensive result - Total change in net worth excluding contribution from owners	3,276	4,227	951
Net acquisition of non-financial assets			
Purchases of non-financial assets	11	53	43
<i>less</i> Sales of non-financial assets	<i>80</i>	<i>0</i>	<i>-80</i>
<i>less</i> Depreciation	<i>44</i>	<i>57</i>	<i>12</i>
<i>plus</i> Change in inventories	<i>-11</i>	<i>-2</i>	<i>9</i>
<i>plus</i> Other movements in non-financial assets	<i>-2</i>	<i>-11</i>	<i>-9</i>
Total net acquisition of non-financial assets	-127	-17	111
Fiscal balance (Net lending/borrowing)(c)	-579	-1,192	-612

(a) Consistent with ABS GFS classification and PNFC presentation, from 2015-16 Budget, other employee related expenses, such as employee entitlements, are reclassified from wages and salaries to other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Consistent with ABS GFS classification and PNFC presentation, from 2015-16 Budget, supply of goods and services has been separated from other operating expenses.

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

Table 20: Australian Government public financial corporations sector balance sheet

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Assets			
Financial assets			
Cash and deposits	369	480	111
Investments, loans and placements	160,736	160,350	-386
Other receivables	324	255	-70
Equity investments	376	401	25
<i>Total financial assets</i>	<i>161,805</i>	<i>161,485</i>	<i>-320</i>
Non-financial assets			
Land and other fixed assets	615	651	36
Other non-financial assets(a)	41	32	-9
<i>Total non-financial assets</i>	<i>656</i>	<i>683</i>	<i>27</i>
Total assets	162,461	162,168	-293
Liabilities			
Interest bearing liabilities			
Deposits held	121,805	125,968	4,163
Borrowing	12,821	6,968	-5,853
<i>Total interest bearing liabilities</i>	<i>134,626</i>	<i>132,936</i>	<i>-1,690</i>
Provisions and payables			
Superannuation liability	197	64	-133
Other employee liabilities	1,547	1,379	-168
Other provisions and payables(a)	1,978	2,726	748
<i>Total provisions and payables</i>	<i>3,722</i>	<i>4,169</i>	<i>447</i>
Total liabilities	138,348	137,105	-1,243
Shares and other contributed capital	24,113	25,064	951
Net worth(b)	24,113	25,064	951
<i>Net financial worth(c)</i>	<i>23,457</i>	<i>24,381</i>	<i>924</i>
<i>Net debt(d)</i>	<i>-26,479</i>	<i>-27,894</i>	<i>-1,415</i>

(a) Excludes the impact of commercial taxation adjustments.

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

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

(d) Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Table 21: Australian Government public financial corporations sector cash flow statement^(a)

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Cash receipts from operating activities			
Receipts from sales of goods and services	2,939	3,104	164
Grants and subsidies received	0	159	159
GST input credit receipts	15	18	3
Interest receipts	1,719	2,327	608
Other receipts	410	109	-301
Total operating receipts	5,083	5,717	633
Cash payments for operating activities			
Payments to employees	-513	-408	105
Payment for goods and services	-2,714	-2,766	-51
Interest paid	-1,021	-1,366	-345
GST payments to taxation authority	0	0	0
Other payments(b)	-40	-201	-161
Total operating payments	-4,289	-4,741	-452
Net cash flows from operating activities	794	976	182
Cash flows from investments in non-financial assets			
Sales of non-financial assets	80	0	-80
Purchases of non-financial assets	-18	-53	-34
Net cash flows from investments in non-financial assets	62	-52	-114
Net cash flows from investments in financial assets for policy purposes	0	-63	-63
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments(b)	-7,592	-12,315	-4,724
Net cash flows from investments in financial assets for liquidity purposes	-7,592	-12,315	-4,724
Net cash flows from financing activities			
Advances received (net)	0	0	0
Borrowing (net)	2,438	6,381	3,943
Deposits received (net)	0	0	0
Other financing (net)	4,569	5,456	888
Distributions paid (net)	-932	-932	0
Net cash flows from financing activities	6,075	10,905	4,830
Net increase/(decrease) in cash held	-661	-550	111
Cash at the beginning of the year	1,030	1,030	0
Cash at the end of the year	369	480	111

Table 21: Australian Government public financial corporations sector cash flow statement (continued)^(a)

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Net cash from operating activities and investments in non-financial assets	856	923	68
Distributions paid	-932	-932	0
Equals surplus(+)/deficit(-)	-76	-9	68
Finance leases and similar arrangements(c)	0	0	0
GFS cash surplus(+)/deficit(-)	-76	-9	68

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

(b) In accordance with AASB1049, the estimate for other payments has been reclassified from operating to investing to provide consistency in treatment of transactions in investments with the actual outcome and with the other sectors.

(c) The acquisition of assets under finance leases decreases the surplus or increases the deficit. The disposal of assets previously held under finance leases increases the surplus or decreases the deficit.

Notes to the general government sector financial statements

Note 1: External reporting standards and accounting policies

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

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

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005*, (cat. no. 5514.0), which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; and
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards (IFRS) as adopted in Australia and the public sector specific standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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

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

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

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

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

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

AASB 1055 requires major variances between original budget estimates and outcomes to be explained in the financial statements. Explanations of major variances in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth for the 2014-15 year from the 2014-15 Budget to the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO) are discussed in Part 3 of the 2014-15 MYEFO. Explanations of variances for the 2014-15 year from MYEFO to the 2015-16 Budget are disclosed in Statement 3 of 2015-16 Budget Paper No. 1, Budget Strategy and Outlook. Explanations of variances from the 2015-16 Budget to the Final Budget Outcome 2014-15 are disclosed in Part 1.

Note 2: Departures from external reporting standards

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

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

Further information on the differences between the two systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005* (cat. no. 5514.0).

Table 22: Major differences between AAS and ABS GFS

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Acquisition of defence weapons platforms (DWP)	AASB 1049 requires cost to be used where fair value of assets cannot be reliably measured.	ABS record DWP on a market value basis using the perpetual inventory method.	AAS
Circulating coins — seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins are treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Provisions for bad and doubtful debts	Reported in the balance sheet as an offset to assets. Under AASB 1049, it is included in the operating statement as other economic flows.	Creating provisions for bad and doubtful debts is not considered an economic event and therefore not considered to be an expense or reflected in the balance sheet.	AAS
Advances to the International Development Association and Asian Development Fund	Recorded at fair value in the balance sheet.	Recorded at nominal value in balance sheet.	ABS GFS
Concessional loans	Discounts concessional loans by a market rate of a similar instrument.	Does not discount concessional loans as no secondary market is considered to exist.	AAS
Investment in other public sector entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities valued based on their net assets in the balance sheet.	AAS
Provision for restoration, decommissioning and makegood	Included in the fiscal balance capital adjustment.	Excluded from the calculation of net lending capital adjustment.	AAS
Renewable Energy Certificates (RECs)	The issuance and registration of RECs is considered to be an administrative function and does not result in the recognition of assets or liabilities and, consequently, no revenues or expenses are recognised.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.	AAS
Dividends paid by public corporations	Treated as an equity distribution. Equity distributions are treated as a distribution of profits, as opposed to an expense.	Dividends are treated as an expense.	ABS GFS

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

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
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
Fiscal aggregates differences			
Finance leases	Does not deduct finance leases in the derivation of the cash surplus/deficit.	Deducts finance leases in the derivation of the cash surplus/deficit.	Both are disclosed
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	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
Classification difference			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise non-financial asset sales for fiscal balance when payment is made and the licences take effect, which may be after the auction of licences, as this is regarded as the point control is transferred. Recognise cash at the time of receipt.	Recognise non-financial asset sales for fiscal balance at time of auction as this is regarded as the point control is transferred. Recognise cash at the time of receipt.	AAS

Note 3: Taxation revenue by type

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	167,860	167,645	-215
Gross other individuals	40,600	40,565	-35
less Refunds	27,300	27,033	-267
Total individuals and other withholding taxation	181,160	181,177	17
Fringe benefits tax	4,480	4,393	-87
Company tax	69,900	66,311	-3,589
Superannuation fund taxes	6,200	5,890	-310
Minerals resource rent tax(a)	60	63	3
Petroleum resource rent tax	1,640	1,319	-321
Income taxation revenue	263,440	259,151	-4,289
Goods and services tax	56,690	56,462	-228
Wine equalisation tax	820	828	8
Luxury car tax	510	540	30
Excise and customs duty			
Petrol	6,020	6,042	22
Diesel	8,830	8,918	88
Other fuel products	2,980	2,887	-93
Tobacco	8,290	8,826	536
Beer	2,350	2,312	-38
Spirits	1,980	1,997	17
Other alcoholic beverages(b)	910	900	-10
Other customs duty			
Textiles, clothing and footwear	650	645	-5
Passenger motor vehicles	700	732	32
Other imports	1,600	1,665	65
less Refunds and drawbacks	420	356	-64
Total excise and customs duty	33,890	34,570	680
Agricultural levies	492	509	17
Other taxes	3,275	3,295	21
Mirror taxes	509	503	-6
less Transfers to States in relation to mirror tax revenue	509	503	-6
Mirror tax revenue	0	0	0
Indirect taxation revenue	95,677	96,205	529
Taxation revenue	359,117	355,357	-3,759
<i>Memorandum:</i>			
Total excise	24,140	23,687	-453
Total customs duty	9,750	10,884	1,134
Medicare and DisabilityCare Australia levy (c)	14,050	14,640	590

(a) The MRRT applied until 30 September 2014.

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

(c) From the 2014-15 Budget, Medicare and DisabilityCare Australia levy revenue is based on when collections relating to the levy are received.

Note 3(a): Taxation revenue by source

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Taxes on income, profits and capital gains			
Income and capital gains levied on individuals	185,660	185,578	-82
Income and capital gains levied on enterprises	77,780	73,573	-4,207
Total taxes on income, profits and capital gains	263,440	259,151	-4,289
Taxes on employers' payroll and labour force	738	735	-3
Taxes on the provision of goods and services			
Sales/goods and services tax	58,020	57,830	-190
Excises and levies	24,632	24,196	-436
Taxes on international trade	9,750	10,884	1,134
Total taxes on the provision of goods and services	92,402	92,910	508
Other sale of goods and services	2,537	2,561	24
Total taxation revenue	359,117	355,357	-3,759
<i>Memorandum:</i>			
<i>Medicare and DisabilityCare Australia levy</i>	<i>14,050</i>	<i>14,640</i>	<i>590</i>

Note 4: Sales of goods and services revenue

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Sales of goods	1,620	1,547	-73
Rendering of services	4,060	3,767	-293
Operating lease rental	66	44	-22
Fees from regulatory services	3,531	3,700	169
Total sales of goods and services revenue	9,277	9,058	-219

Note 5: Interest and dividend revenue

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Interest from other governments			
State and Territory debt	18	21	3
Housing agreements	134	116	-18
Total interest from other governments	152	138	-14
Interest from other sources			
Advances	46	47	1
Deposits	85	104	19
Bank deposits	160	178	18
Indexation of HELP receivable and other student loans	538	567	29
Other	2,671	2,112	-559
Total interest from other sources	3,501	3,009	-492
Total interest	3,653	3,147	-506
Dividends			
Dividends from other public sector entities	1,581	2,324	743
Other dividends	3,215	3,854	639
Total dividends	4,796	6,178	1,382
Total interest and dividend revenue	8,449	9,325	876

Note 6: Other sources of non-taxation revenue

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Industry contributions	56	90	34
Royalties	1,496	1,402	-94
Seigniorage	110	111	1
Other	5,593	5,404	-190
Total other sources of non-taxation revenue	7,255	7,006	-249

Note 7: Employee and superannuation expense

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Wages and salaries expenses	18,939	18,357	-582
Other operating expenses			
Leave and other entitlements	2,351	2,530	179
Separations and redundancies	255	372	117
Workers compensation premiums and claims	783	754	-29
Other	2,112	2,090	-22
Total other operating expenses	5,502	5,746	244
Superannuation expenses			
Superannuation	6,803	6,927	124
Superannuation interest cost	8,989	8,999	10
Total superannuation expenses	15,792	15,927	134
Total employee and superannuation expense	40,233	40,029	-204

Note 8: Depreciation and amortisation expense

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Depreciation			
Specialist military equipment	3,053	2,872	-181
Buildings	1,365	1,462	97
Other infrastructure, plant and equipment	1,433	1,450	17
Heritage and cultural assets	38	73	36
Total depreciation	5,889	5,858	-32
Total amortisation	915	947	33
Total depreciation and amortisation expense	6,804	6,805	1

Note 9: Supply of goods and services expense

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Supply of goods and services	25,852	25,348	-504
Operating lease rental expenses	2,494	2,555	61
Personal benefits - indirect	44,666	44,028	-638
Health care payments	5,307	5,080	-227
Other	2,155	2,443	287
Total payment for supply of goods and services	80,474	79,454	-1,020

Note 10: Interest expense

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Interest on debt			
Government securities	14,450	14,473	23
Loans	9	10	1
Other	368	260	-108
Total interest on debt	14,827	14,743	-84
Other financing costs	1,088	1,279	191
Total interest expense	15,915	16,022	107

Note 11: Current and capital grants expense

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Current grants expense			
State and Territory governments	95,095	96,418	1,323
Local governments	6	0	-6
Private sector(a)	1,176	1,611	434
Overseas	4,622	4,622	0
Non-profit organisations(a)(b)	2,480	4,967	2,487
Multi-jurisdictional sector	10,076	9,985	-91
Other(b)	10,981	7,033	-3,948
Total current grants expense	124,435	124,636	201
Capital grants expense			
Mutually agreed write-downs	2,124	1,857	-268
Other capital grants			
State and Territory governments	6,162	6,594	432
Local governments	445	410	-35
Private sector	0	0	0
Multi-jurisdictional sector	102	101	-1
Other	455	293	-162
Total capital grants expense	9,288	9,255	-34
Total grants expense	133,723	133,891	168

(a) Includes reallocation of some programs between grants to private sector and grants to non-profit organisations since 2015-16 Budget.

(b) Includes reallocation of some programs between grants to non-profit organisations and grants to other since 2015-16 Budget.

Note 12: Personal benefits expense

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Social welfare - assistance to the aged	42,416	42,353	-63
Assistance to veterans and dependants	6,008	5,920	-89
Assistance to people with disabilities	24,243	24,118	-124
Assistance to families with children	34,199	33,610	-589
Assistance to the unemployed	10,810	10,728	-83
Student assistance	3,570	3,539	-31
Other welfare programmes	1,155	1,139	-16
Financial and fiscal affairs	477	344	-133
Vocational and industry training	140	99	-41
Other	7,645	7,339	-306
Total personal benefit expense	130,663	129,190	-1,474

Note 13: Advances paid and other receivables

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Advances paid			
Loans to State and Territory governments	3,160	3,146	-14
Higher Education Loan Program	30,220	30,445	224
Student Financial Supplement Scheme	553	531	-22
Other	12,169	11,932	-238
less Provision for doubtful debts	228	235	7
Total advances paid	45,874	45,818	-56
Other receivables			
Goods and services receivable	784	895	111
Recoveries of benefit payments	3,818	4,206	388
Taxes receivable	19,859	18,710	-1,149
Prepayments	3,063	4,364	1,301
Other	18,770	20,133	1,363
less Provision for doubtful debts	1,465	1,505	40
Total other receivables	44,828	46,802	1,974

Note 14: Investments, loans and placements

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Investments - deposits	39,805	42,556	2,751
IMF quota	5,520	5,913	394
Other	85,832	87,907	2,075
Total investments, loans and placements	131,157	136,377	5,220

Note 15: Non-financial assets

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Land and buildings			
Land	9,287	9,940	653
Buildings	26,043	25,639	-405
Total land and buildings	35,331	35,579	248
Plant, equipment and infrastructure			
Specialist military equipment	43,646	42,716	-930
Other	13,366	13,623	257
Total plant, equipment and infrastructure	57,012	56,339	-673
Inventories			
Inventories held for sale	1,447	1,380	-67
Inventories not held for sale	6,913	7,040	127
Total inventories	8,360	8,420	60
Intangibles			
Computer software	3,637	3,689	52
Other	2,675	2,854	179
Total intangibles	6,312	6,543	231
Total investment properties	195	187	-8
Total biological assets	36	44	9
Total heritage and cultural assets	10,843	11,332	489
Total assets held for sale	113	129	16
Total other non-financial assets	582	206	-376
Total non-financial assets	118,784	118,779	-5

Note 16: Loans

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Promissory notes	4,250	4,825	575
Special drawing rights	5,258	5,633	375
Other	838	1,819	981
Total loans	10,347	12,277	1,931

Note 17: Employee and superannuation liabilities

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Total superannuation liability(a)	167,327	248,209	80,882
Other employee liabilities			
Leave and other entitlements	7,389	7,263	-126
Accrued salaries and wages	718	785	68
Workers compensation claims	3,363	3,225	-138
Other	4,561	5,778	1,218
Total other employee liabilities	16,030	17,052	1,022
Total employee and superannuation liabilities	183,357	265,261	81,904

(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long-Term Cost Reports is used to value the superannuation liability. This reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with AAS, the long-term government bond rate as at 30 June is used to calculate the superannuation liability for the purpose of actuals reporting.

Note 18: Provisions and payables

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Suppliers payable			
Trade creditors	4,003	3,525	-479
Operating lease rental payable	293	325	33
Other creditors	660	630	-30
Total suppliers payable	4,956	4,480	-476
Total personal benefits provisions and payables	13,261	14,095	834
Total subsidies provisions and payables	4,585	4,494	-91
Grants provisions and payables			
State and Territory governments	107	630	523
Non-profit organisations	62	180	118
Private sector	237	33	-204
Overseas	1,424	1,483	59
Local governments	2	3	1
Other	8,494	9,368	874
Total grants provisions and payables	10,325	11,696	1,371
Other provisions and payables			
Provisions for tax refunds	2,174	2,117	-57
Other	10,912	10,564	-348
Total other provisions and payables	13,086	12,681	-405

Note 19: Reconciliation of cash

	2014-15 Estimate at 2015-16 Budget \$m	2014-15 Outcome \$m	Change on 2015-16 Budget \$m
Operating balance (revenues less expenses)	-36,237	-37,151	-914
<i>less</i> Revenues not providing cash			
Other	1,585	745	-841
Total revenues not providing cash	1,585	745	-841
<i>plus</i> Expenses not requiring cash			
Increase/(decrease) in employee entitlements	8,826	8,382	-444
Depreciation/amortisation expense	6,804	6,805	1
Mutually agreed write-downs	2,124	1,857	-268
Other	1,264	1,949	684
Total expenses not requiring cash	19,018	18,992	-26
<i>plus</i> Cash provided / (used) by working capital items			
Decrease / (increase) in inventories	-272	-472	-199
Decrease / (increase) in receivables	-5,611	-5,267	344
Decrease / (increase) in other financial assets	1,828	1,322	-505
Decrease / (increase) in other non-financial assets	-119	-1,391	-1,272
Increase / (decrease) in benefits, subsidies and grants payable	-3,463	502	3,965
Increase / (decrease) in suppliers' liabilities	670	2,284	1,614
Increase / (decrease) in other provisions and payables	-2,348	-2,807	-459
Net cash provided / (used) by working capital	-9,315	-5,827	3,487
<i>equals</i> (Net cash from/(to) operating activities)	-28,119	-24,731	3,388
<i>plus</i> (Net cash from/(to) investing activities)	-24,093	-26,090	-1,997
Net cash from operating activities and investment	-52,213	-50,822	1,391
<i>plus</i> (Net cash from/(to) financing activities)	51,512	50,133	-1,379
equals Net increase/(decrease) in cash	-701	-689	12
Cash at the beginning of the year	3,844	3,844	0
Net increase/(decrease) in cash	-701	-689	12
Cash at the end of the year	3,144	3,156	12

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 ABS defines the GGS as providing public services which are mainly non-market in nature, mainly for the collective consumption of the community, involving the transfer or redistribution of income and financed mainly through taxes and other compulsory levies. AASB 1049 recognises the GGS as a reporting entity.

AASB 1049 History and conceptual framework

The Australian Accounting Standards Board (AASB) released AASB 1049 for application from the 2008-09 financial year. AASB 1049 seeks to 'harmonise' ABS GFS and AAS.

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

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues and expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, overriding AASB 10 *Consolidated Financial Statements*. AASB 1049 also follows ABS GFS by requiring changes in net worth to be split into either transactions or 'other economic flows' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2014*.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, 2005* (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. This measures the net effect of purchases, sales and consumption (for example, depreciation of fixed assets and use of inventory) of non-financial assets during an accounting period.

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

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

Fiscal balance

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

Net financial worth

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

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

Net financial 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 up by physical assets.

Net debt

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowing) less the sum of selected financial assets⁴ (cash and deposits, advances paid, and investments, loans and placements). This includes financial assets held by the Future Fund which are invested in these asset classes, including term deposits and investments in collective investment vehicles. Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

Cash flow statement

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

Underlying cash balance

The underlying cash balance plus net Future Fund earnings (ABS GFS cash surplus/deficit) is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance.

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

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

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>less</i>
Net acquisitions of assets acquired under finance leases and similar arrangements ⁵
<i>equals</i>
ABS GFS cash surplus/deficit
<i>less</i>
Net Future Fund earnings
<i>equals</i>
Underlying cash balance

The Government has excluded net Future Fund earnings from the calculations of the underlying cash balance. Prior to the 2012-13 MYEFO, the underlying cash balance only excluded the gross earnings of the Future Fund. Under the *Future Fund Act 2006*, earnings are required to be reinvested to meet the Government's future public sector superannuation liabilities. The Future Fund becomes available to meet the Government's superannuation liabilities from 2020.

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

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

Headline cash balance

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

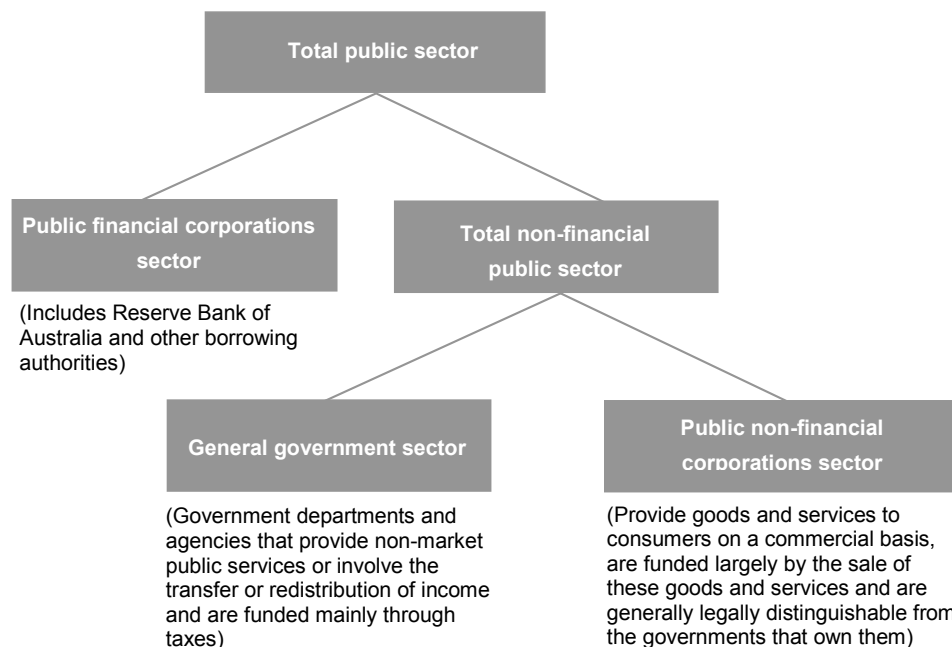
5 The underlying cash balance treats the acquisition and disposal of non-financial assets in the same manner regardless of whether they occur by purchase/sale or finance lease – acquisitions reduce the underlying cash balance and disposals increase the underlying cash balance. However, finance leases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

Cash flows from investments in financial assets for policy purposes include equity transactions and net advances.⁶ Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Net advances include net loans to the states, net loans to students under the Higher Education Loan Program (HELP), and contributions to international organisations that increase the Australian Government’s financial assets.

Sectoral classifications

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

Figure 1: Institutional structure of the public sector



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

A table which provides a full list of public sector principal entities is available on the Department of Finance website at www.finance.gov.au/sites/default/files/list-ggs-pnfc-pfc-pgpa.pdf?v=1.

⁶ Cash flows from investments in financial assets for policy purposes are often referred to as net advances.

Table 23: Entities outside of the general government sector

Public financial corporations
Employment Portfolio Coal Mining Industry (Long Service Leave Funding) Corporation
Finance Portfolio Medibank Private Ltd*
Foreign Affairs and Trade Portfolio Export Finance and Insurance Corporation
Treasury Portfolio Australian Reinsurance Pool Corporation, Reserve Bank of Australia
Public non-financial corporations
Attorney General's Portfolio Australian Government Solicitor*
Communications Portfolio Australian Postal Corporation, NBN Co Ltd
Finance Portfolio Albury-Wodonga Development Corporation*, ASC Pty Ltd, Australian River Co. Ltd*
Industry and Science Portfolio ANSTO Nuclear Medicine Pty Ltd
Infrastructure and Regional Development Portfolio Airservices Australia, Australian Rail Track Corporation Ltd, Moorebank Intermodal Company Ltd
Prime Minister and Cabinet Portfolio Voyages Indigenous Tourism Australia Pty Ltd
Social Services Portfolio Australian Hearing Services

*Medibank Private Ltd, Australian Government Solicitor, Albury-Wodonga Development Corporation and Australian River Co. Ltd have ceased operations as separate Commonwealth entities on or by 1 July 2015.