

## 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) sector. 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 for 2017-18 have been prepared on a basis consistent with the 2018-19 Budget. This enables comparison of the 2017-18 revised estimates published at the 2018-19 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.

Consistent with the 2018-19 Budget, the Commonwealth's Loan Council Allocation is no longer reported. The Australian Loan Council unanimously agreed to remove the Australian, State and Territory governments' reporting requirements from the UPF and transfer the administration of the UPF to the Council on Federal Financial Relations.

## AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS

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

		2017-18 Estimate at 2018-19 Budget \$m	Month of June 2018 (d) \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
	Note				
<b>Revenue</b>					
Taxation revenue	3	428,469	34,039	427,403	-1,067
Sales of goods and services	4	10,095	570	9,770	-325
Interest income	5	3,663	75	3,317	-346
Dividend income	5	3,797	1,302	5,086	1,290
Other	6	10,152	1,543	10,704	552
<b>Total revenue</b>		<b>456,176</b>	<b>37,530</b>	<b>456,280</b>	<b>104</b>
<b>Expenses</b>					
Gross operating expenses					
Wages and salaries(a)	7	20,019	1,539	19,213	-806
Superannuation	7	7,825	729	7,789	-36
Depreciation and amortisation	8	8,861	1,046	8,792	-69
Supply of goods and services	9	104,027	8,956	100,468	-3,560
Other operating expenses(a)	7	6,122	692	6,724	602
<i>Total gross operating expenses</i>		<i>146,854</i>	<i>12,961</i>	<i>142,986</i>	<i>-3,869</i>
Superannuation interest expense	7	9,241	141	9,240	-1
Interest expenses	10	17,931	1,567	17,811	-121
Current transfers					
Current grants	11	141,923	14,207	139,281	-2,642
Subsidy expenses		11,719	477	11,224	-495
Personal benefits	12	128,525	9,713	127,146	-1,379
<i>Total current transfers</i>		<i>282,167</i>	<i>24,397</i>	<i>277,650</i>	<i>-4,517</i>
Capital transfers					
Mutually agreed write-downs		2,013	119	1,996	-17
Other capital grants		10,581	4,196	10,599	18
<i>Total capital transfers</i>		<i>12,594</i>	<i>4,315</i>	<i>12,595</i>	<i>0</i>
<b>Total expenses</b>		<b>468,788</b>	<b>43,383</b>	<b>460,282</b>	<b>-8,507</b>
<b>Net operating balance</b>		<b>-12,612</b>	<b>-5,853</b>	<b>-4,001</b>	<b>8,611</b>
<b>Other economic flows - included in operating result</b>					
Net write-downs of assets					
(including bad and doubtful debts)		-8,907	-274	-7,740	1,167
Assets recognised for the first time		198	58	81	-117
Actuarial revaluations		135	-1,599	-1,599	-1,734
Net foreign exchange gains		-336	-664	-1,269	-933
Net swap interest received		247	-54	61	-186
Market valuation of debt		8,137	-1,362	586	-7,551
Other gains/(losses)		9,756	4,346	11,139	1,383
<b>Total other economic flows - included in operating result</b>		<b>9,230</b>	<b>450</b>	<b>1,259</b>	<b>-7,971</b>
<b>Operating Result(b)</b>		<b>-3,383</b>	<b>-5,404</b>	<b>-2,743</b>	<b>640</b>

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

	2017-18 Estimate at 2018-19 Budget	Month of June 2018 (d)	2017-18 Outcome	Change on 2018-19 Budget
Note	\$m	\$m	\$m	\$m
<b>Non-owner movements in equity</b>				
Revaluation of equity investments	-2,043	-186	-302	1,742
Actuarial revaluations	755	-5,965	-5,965	-6,719
Other economic revaluations	-302	-2,130	1,296	1,598
<b>Total other economic flows - included in equity</b>	<b>-1,590</b>	<b>-8,280</b>	<b>-4,970</b>	<b>-3,380</b>
<b>Comprehensive result - Total change in net worth</b>	<b>-4,973</b>	<b>-13,684</b>	<b>-7,712</b>	<b>-2,740</b>
<b>Net operating balance</b>	<b>-12,612</b>	<b>-5,853</b>	<b>-4,001</b>	<b>8,611</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	13,199	2,512	13,735	535
less Sales of non-financial assets	3,658	1,246	4,260	603
less Depreciation	8,861	1,046	8,792	-69
plus Change in inventories	65	394	629	564
plus Other movements in non-financial assets	1	-54	-28	-29
<b>Total net acquisition of non-financial assets</b>	<b>748</b>	<b>560</b>	<b>1,284</b>	<b>537</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>	<b>-13,360</b>	<b>-6,413</b>	<b>-5,285</b>	<b>8,074</b>

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

(b) Operating result under AAS.

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

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

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

		2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
	Note			
<b>Assets</b>				
<b>Financial assets</b>				
Cash and deposits		5,363	6,783	1,420
Advances paid	13	60,228	56,057	-4,171
Investments, loans and placements	14	180,232	190,610	10,378
Other receivables	13	52,870	53,158	288
<b>Equity investments</b>				
Investments in other public sector entities		56,636	58,382	1,746
Equity accounted investments		185	109	-75
Investments - shares		50,713	53,903	3,189
<i>Total financial assets</i>		<i>406,226</i>	<i>419,001</i>	<i>12,775</i>
<b>Non-financial assets</b>				
	15			
Land		10,708	11,627	919
Buildings		26,091	26,441	350
Plant, equipment and infrastructure		75,460	77,553	2,093
Inventories		8,204	8,676	473
Intangibles		8,577	7,896	-681
Investment properties		159	22	-137
Biological assets		54	36	-18
Heritage and cultural assets		11,669	11,618	-51
Assets held for sale		86	145	59
Other non-financial assets		61	32	-29
<i>Total non-financial assets</i>		<i>141,069</i>	<i>144,048</i>	<i>2,978</i>
<b>Total assets</b>		<b>547,295</b>	<b>563,049</b>	<b>15,754</b>
<b>Liabilities</b>				
<b>Interest bearing liabilities</b>				
Deposits held		218	381	163
Government securities		568,924	575,449	6,525
Loans	16	16,095	18,045	1,951
Other borrowing		1,588	1,535	-54
<i>Total interest bearing liabilities</i>		<i>586,825</i>	<i>595,411</i>	<i>8,585</i>

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

		2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
	Note			
Provisions and payables				
Superannuation liability	17	216,287	313,452	97,165
Other employee liabilities	17	18,533	19,897	1,364
Suppliers payables	18	8,138	7,577	-561
Personal benefits payables	18	2,952	2,758	-194
Subsidies payables	18	548	602	53
Grants payables	18	3,312	3,068	-244
Other payables	18	2,279	2,425	146
Provisions	18	33,652	35,994	2,342
<i>Total provisions and payables</i>		<i>285,701</i>	<i>385,773</i>	<i>100,072</i>
<b>Total liabilities</b>		<b>872,527</b>	<b>981,184</b>	<b>108,657</b>
<b>Net worth(a)</b>		<b>-325,232</b>	<b>-418,135</b>	<b>-92,904</b>
<i>Net financial worth(b)</i>		<i>-466,301</i>	<i>-562,183</i>	<i>-95,882</i>
<i>Net financial liabilities(c)</i>		<i>522,937</i>	<i>620,565</i>	<i>97,628</i>
<i>Net debt(d)</i>		<i>341,003</i>	<i>341,961</i>	<i>958</i>

(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 interest bearing liabilities (deposits held, government securities, loans and other borrowing), minus the sum of cash and deposits, advances paid and investments, loans and placements.

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

	2017-18 Estimate at 2018-19 Budget \$m	Month of June 2018 (b) \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Cash receipts from operating activities</b>				
Taxes received	416,354	40,168	418,053	1,698
Receipts from sales of goods and services	10,283	858	9,941	-341
Interest receipts	3,458	486	3,433	-25
Dividends and income tax equivalents	4,565	559	5,407	842
Other receipts	9,138	530	8,747	-392
<b>Total operating receipts</b>	<b>443,798</b>	<b>42,600</b>	<b>445,580</b>	<b>1,782</b>
<b>Cash payments for operating activities</b>				
Payments for employees	-28,843	-2,308	-27,969	874
Payments for goods and services	-100,530	-8,820	-99,130	1,399
Grants and subsidies paid	-164,524	-18,911	-161,868	2,656
Interest paid	-16,586	-522	-16,568	18
Personal benefit payments	-129,461	-8,931	-127,940	1,520
Other payments	-5,840	-487	-6,425	-585
<b>Total operating payments</b>	<b>-445,783</b>	<b>-39,980</b>	<b>-439,901</b>	<b>5,882</b>
<b>Net cash flows from operating activities</b>	<b>-1,985</b>	<b>2,620</b>	<b>5,679</b>	<b>7,664</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	1,348	93	1,325	-22
Purchases of non-financial assets	-14,098	-2,421	-12,705	1,393
<b>Net cash flows from investments in non-financial assets</b>	<b>-12,751</b>	<b>-2,328</b>	<b>-11,380</b>	<b>1,371</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-22,373</b>	<b>-7,116</b>	<b>-20,041</b>	<b>2,331</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>8,636</b>	<b>4,918</b>	<b>-40</b>	<b>-8,676</b>
<b>Cash receipts from financing activities</b>				
Borrowing	95,284	66,523	94,735	-549
Other financing	1,881	445	2,696	815
<b>Total cash receipts from financing activities</b>	<b>97,165</b>	<b>66,969</b>	<b>97,432</b>	<b>266</b>
<b>Cash payments for financing activities</b>				
Borrowing	-63,645	-64,171	-64,171	-526
Other financing	-4,824	-409	-5,836	-1,011
<b>Total cash payments from financing activities</b>	<b>-68,470</b>	<b>-64,580</b>	<b>-70,007</b>	<b>-1,537</b>
<b>Net cash flows from financing activities</b>	<b>28,696</b>	<b>2,389</b>	<b>27,425</b>	<b>-1,271</b>
<b>Net increase/(decrease) in cash held</b>	<b>224</b>	<b>483</b>	<b>1,643</b>	<b>1,420</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	Month of June 2018 (b) \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-14,735</b>	<b>293</b>	<b>-5,700</b>	<b>9,035</b>
<i>less</i> Finance leases and similar arrangements(d)	0	46	136	136
<i>less</i> Net Future Fund earnings	3,503	372	4,305	802
<b>Equals underlying cash balance(e)</b>	<b>-18,238</b>	<b>-125</b>	<b>-10,141</b>	<b>8,097</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-22,373	-7,116	-20,041	2,331
<i>plus</i> Net Future Fund earnings	3,503	372	4,305	802
<b>Equals headline cash balance</b>	<b>-37,108</b>	<b>-6,870</b>	<b>-25,878</b>	<b>11,230</b>

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

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

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

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

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

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Revenue</b>			
Current grants and subsidies	144	433	289
Sales of goods and services	11,699	11,770	71
Interest income	47	63	16
Other	17	52	34
<b>Total revenue</b>	<b>11,908</b>	<b>12,318</b>	<b>409</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	4,429	4,167	-262
Superannuation	387	493	106
Depreciation and amortisation	2,986	2,824	-162
Supply of goods and services	7,662	7,886	224
Other operating expenses(a)	502	573	71
<i>Total gross operating expenses</i>	<i>15,965</i>	<i>15,942</i>	<i>-23</i>
Interest expenses	702	702	0
Other property expenses	172	190	18
Current transfers			
Tax expenses	61	100	39
<i>Total current transfers</i>	<i>61</i>	<i>100</i>	<i>39</i>
<b>Total expenses</b>	<b>16,900</b>	<b>16,934</b>	<b>35</b>
<b>Net operating balance</b>	<b>-4,992</b>	<b>-4,617</b>	<b>375</b>
<b>Other economic flows</b>	<b>2,347</b>	<b>7,650</b>	<b>5,303</b>
<b>Comprehensive result - Total change in net worth excluding contribution from owners</b>	<b>-2,645</b>	<b>3,033</b>	<b>5,678</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	8,148	8,402	254
<i>less</i> Sales of non-financial assets	<i>328</i>	<i>174</i>	<i>-155</i>
<i>less</i> Depreciation	<i>2,986</i>	<i>2,824</i>	<i>-162</i>
<i>plus</i> Change in inventories	<i>41</i>	<i>37</i>	<i>-4</i>
<i>plus</i> Other movements in non-financial assets	<i>97</i>	<i>-4</i>	<i>-101</i>
<b>Total net acquisition of non-financial assets</b>	<b>4,971</b>	<b>5,438</b>	<b>467</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-9,963</b>	<b>-10,055</b>	<b>-92</b>

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

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



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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	2,263	1,972	-291
Investments, loans and placements	1,210	1,154	-56
Other receivables	2,544	2,291	-253
Equity investments	406	376	-30
<i>Total financial assets</i>	<i>6,423</i>	<i>5,792</i>	<i>-631</i>
Non-financial assets			
Land and other fixed assets	38,002	43,352	5,349
Other non-financial assets(a)	3,736	3,703	-33
<i>Total non-financial assets</i>	<i>41,738</i>	<i>47,055</i>	<i>5,316</i>
<b>Total assets</b>	<b>48,161</b>	<b>52,847</b>	<b>4,686</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	4	9	4
Advances received	308	300	-8
Loans	9,304	8,284	-1,020
Other borrowing	7,017	7,282	265
<i>Total interest bearing liabilities</i>	<i>16,633</i>	<i>15,875</i>	<i>-759</i>
Provisions and payables			
Superannuation liability	19	23	5
Other employee liabilities	1,912	1,688	-224
Other payables	4,918	4,859	-59
Other provisions(a)	715	723	8
<i>Total provisions and payables</i>	<i>7,563</i>	<i>7,293</i>	<i>-270</i>
<b>Total liabilities</b>	<b>24,197</b>	<b>23,168</b>	<b>-1,029</b>
<b>Shares and other contributed capital</b>	<b>23,965</b>	<b>29,679</b>	<b>5,715</b>
<b>Net worth(b)(c)</b>	<b>23,965</b>	<b>29,679</b>	<b>5,715</b>
<i>Net financial worth(d)</i>	<i>-17,774</i>	<i>-17,375</i>	<i>398</i>
<i>Net debt(e)</i>	<i>13,160</i>	<i>12,749</i>	<i>-411</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Includes net assets of Snowy Hydro Limited (SHL). SHL's net assets have been revalued to fair value in the Final Budget Outcome. In the 2018-19 Budget, SHL's assets were measured at cost per SHL's financial statements.

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

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

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

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Cash receipts from operating activities</b>			
Receipts from sales of goods and services	12,688	13,064	376
Grants and subsidies received	106	65	-41
GST input credit receipts	984	720	-264
Other receipts	28	14	-14
<b>Total operating receipts</b>	<b>13,806</b>	<b>13,863</b>	<b>58</b>
<b>Cash payments for operating activities</b>			
Payments to employees(b)	-4,405	-4,184	221
Payment for goods and services	-8,335	-9,328	-992
Interest paid	-647	-122	525
GST payments to taxation authority	-83	-94	-10
Other payments(b)	-1,553	-1,458	95
<b>Total operating payments</b>	<b>-15,023</b>	<b>-15,185</b>	<b>-161</b>
<b>Net cash flows from operating activities</b>	<b>-1,217</b>	<b>-1,321</b>	<b>-104</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	328	332	3
Purchases of non-financial assets	-7,796	-6,972	824
<b>Net cash flows from investments in non-financial assets</b>	<b>-7,468</b>	<b>-6,641</b>	<b>827</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-4</b>	<b>29</b>	<b>33</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>37</b>	<b>143</b>	<b>107</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	6,457	5,382	-1,076
Other financing (net)	2,452	2,387	-65
Distributions paid (net)	-179	-191	-13
<b>Net cash flows from financing activities</b>	<b>8,731</b>	<b>7,577</b>	<b>-1,153</b>
<b>Net increase/(decrease) in cash held</b>	<b>79</b>	<b>-212</b>	<b>-291</b>
<b>Cash at the beginning of the year</b>	<b>2,184</b>	<b>2,184</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>2,263</b>	<b>1,972</b>	<b>-291</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>-8,685</b>	<b>-7,962</b>	<b>723</b>
Distributions paid	-179	-191	-13
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-8,864</b>	<b>-8,153</b>	<b>710</b>

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

(b) Other employee-related payments are reported under other payments consistent with the treatment in the general government sector.

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Revenue</b>			
Taxation revenue	428,417	427,399	-1,018
Sales of goods and services	20,766	20,468	-298
Interest income	3,625	3,298	-327
Dividend income	3,625	4,905	1,280
Other	10,142	10,592	450
<b>Total revenue</b>	<b>466,574</b>	<b>466,661</b>	<b>87</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	24,447	23,379	-1,068
Superannuation	8,197	8,277	79
Depreciation and amortisation	11,847	11,615	-231
Supply of goods and services	110,655	107,127	-3,528
Other operating expenses(a)	6,625	7,298	674
<i>Total gross operating expenses</i>	<i>161,770</i>	<i>157,696</i>	<i>-4,074</i>
Superannuation interest expense	9,241	9,240	-1
Interest expenses	18,548	18,431	-117
Current transfers			
Current grants	141,923	139,281	-2,642
Subsidy expenses	11,713	11,219	-494
Personal benefits	128,525	127,146	-1,379
<i>Total current transfers</i>	<i>282,161</i>	<i>277,645</i>	<i>-4,515</i>
Capital transfers	12,458	12,182	-276
<b>Total expenses</b>	<b>484,178</b>	<b>475,195</b>	<b>-8,984</b>
<b>Net operating balance</b>	<b>-17,604</b>	<b>-8,533</b>	<b>9,070</b>
<b>Other economic flows</b>	<b>12,782</b>	<b>1,562</b>	<b>-11,220</b>
<b>Comprehensive result - Total change in net worth</b>	<b>-4,822</b>	<b>-6,971</b>	<b>-2,149</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	21,347	22,136	789
<i>less</i> Sales of non-financial assets	<i>3,986</i>	<i>4,434</i>	<i>448</i>
<i>less</i> Depreciation	<i>11,847</i>	<i>11,615</i>	<i>-231</i>
<i>plus</i> Change in inventories	<i>106</i>	<i>666</i>	<i>560</i>
<i>plus</i> Other movements in non-financial assets	<i>98</i>	<i>-31</i>	<i>-129</i>
<b>Total net acquisition of non-financial assets</b>	<b>5,719</b>	<b>6,722</b>	<b>1,003</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-23,322</b>	<b>-15,255</b>	<b>8,067</b>

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

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

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	7,626	8,755	1,129
Advances paid	53,236	50,238	-2,998
Investments, loans and placements	181,428	191,748	10,320
Other receivables	54,993	55,136	143
Equity investments	79,216	83,829	4,614
<i>Total financial assets</i>	<i>376,499</i>	<i>389,706</i>	<i>13,208</i>
Non-financial assets(a)			
Land and other fixed assets	170,134	179,267	9,133
Other non-financial assets	17,345	11,523	-5,822
<i>Total non-financial assets</i>	<i>187,479</i>	<i>190,790</i>	<i>3,311</i>
<b>Total assets</b>	<b>563,978</b>	<b>580,496</b>	<b>16,519</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	222	390	168
Advances received	0	0	0
Government securities	568,924	575,449	6,525
Loans	18,702	20,795	2,094
Other borrowing	8,605	8,817	212
<i>Total interest bearing liabilities</i>	<i>596,453</i>	<i>605,451</i>	<i>8,998</i>
Provisions and payables			
Superannuation liability	216,306	313,475	97,170
Other employee liabilities	20,445	21,585	1,140
Other payables	21,840	20,977	-863
Other provisions	34,330	36,717	2,387
<i>Total provisions and payables</i>	<i>292,920</i>	<i>392,754</i>	<i>99,834</i>
<b>Total liabilities</b>	<b>889,373</b>	<b>998,205</b>	<b>108,832</b>
<b>Net worth(b)</b>	<b>-325,395</b>	<b>-417,709</b>	<b>-92,313</b>
<i>Net financial worth(c)</i>	<i>-512,875</i>	<i>-608,499</i>	<i>-95,624</i>
<i>Net debt(d)</i>	<i>354,163</i>	<i>354,710</i>	<i>547</i>

(a) The equity value of Snowy Hydro Limited is mainly reflected in non-financial assets.

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

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Cash receipts from operating activities</b>			
Taxes received	416,216	417,971	1,755
Receipts from sales of goods and services	20,829	20,773	-55
Interest receipts	3,424	3,409	-14
Dividends and income tax equivalents	4,392	5,221	830
Other receipts	9,214	8,572	-642
<b>Total operating receipts</b>	<b>454,074</b>	<b>455,947</b>	<b>1,873</b>
<b>Cash payments for operating activities</b>			
Payments to employees	-33,248	-32,153	1,094
Payments for goods and services	-106,460	-105,826	634
Grants and subsidies paid	-164,381	-161,792	2,589
Interest paid	-17,149	-16,620	529
Personal benefit payments	-129,461	-127,940	1,520
Other payments	-6,681	-7,452	-771
<b>Total operating payments</b>	<b>-457,379</b>	<b>-451,783</b>	<b>5,595</b>
<b>Net cash flows from operating activities</b>	<b>-3,304</b>	<b>4,164</b>	<b>7,468</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	1,676	1,657	-19
Purchases of non-financial assets	-21,894	-19,667	2,227
<b>Net cash flows from investments in non-financial assets</b>	<b>-20,218</b>	<b>-18,011</b>	<b>2,208</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-12,729</b>	<b>-12,044</b>	<b>685</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>8,673</b>	<b>355</b>	<b>-8,318</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	31,383	30,404	-979
Other financing (net)	-3,502	-3,437	65
<b>Net cash flows from financing activities</b>	<b>27,881</b>	<b>26,967</b>	<b>-914</b>
<b>Net increase/(decrease) in cash held</b>	<b>302</b>	<b>1,431</b>	<b>1,129</b>
<b>Cash at the beginning of the year</b>	<b>7,324</b>	<b>7,324</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>7,626</b>	<b>8,755</b>	<b>1,129</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>-23,523</b>	<b>-13,846</b>	<b>9,676</b>
Distributions paid	0	0	0
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-23,523</b>	<b>-13,846</b>	<b>9,676</b>

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

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Revenue</b>			
Current grants and subsidies	144	149	5
Sales of goods and services	697	734	37
Interest income	2,069	2,183	114
Other	44	77	32
<b>Total revenue</b>	<b>2,954</b>	<b>3,143</b>	<b>189</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	164	190	27
Superannuation	62	81	19
Depreciation and amortisation	57	69	12
Supply of goods and services	474	423	-51
Other operating expenses(a)	206	60	-146
<i>Total gross operating expenses</i>	<i>963</i>	<i>823</i>	<i>-140</i>
Interest expenses	1,248	1,273	25
Other property expenses	442	732	290
Current transfers			
Tax expenses	0	0	0
<i>Total current transfers</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total expenses</b>	<b>2,654</b>	<b>2,828</b>	<b>175</b>
<b>Net operating balance</b>	<b>301</b>	<b>315</b>	<b>14</b>
<b>Other economic flows</b>	<b>2,079</b>	<b>3,223</b>	<b>1,143</b>
<b>Comprehensive result - Total change in net worth excluding contribution from owners</b>	<b>2,380</b>	<b>3,538</b>	<b>1,158</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	1	53	52
<i>less</i> Sales of non-financial assets	<i>0</i>	<i>-1</i>	<i>-1</i>
<i>less</i> Depreciation	<i>57</i>	<i>69</i>	<i>12</i>
<i>plus</i> Change in inventories	<i>-19</i>	<i>14</i>	<i>33</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>-75</b>	<b>-2</b>	<b>73</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>375</b>	<b>317</b>	<b>-59</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	693	653	-41
Investments, loans and placements	183,920	189,788	5,868
Other receivables	120	118	-3
Equity investments	454	464	10
<i>Total financial assets</i>	<i>185,187</i>	<i>191,022</i>	<i>5,835</i>
Non-financial assets			
Land and fixed assets	839	775	-64
Other non-financial assets(a)	92	207	115
<i>Total non-financial assets</i>	<i>931</i>	<i>982</i>	<i>51</i>
<b>Total assets</b>	<b>186,118</b>	<b>192,004</b>	<b>5,885</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	149,227	157,259	8,031
Borrowing	9,178	5,399	-3,779
<i>Total interest bearing liabilities</i>	<i>158,406</i>	<i>162,658</i>	<i>4,252</i>
Provisions and payables			
Superannuation liability	265	393	128
Other employee liabilities	1,495	198	-1,296
Other payables	806	1,148	342
Other provisions(a)	0	1,303	1,302
<i>Total provisions and payables</i>	<i>2,567</i>	<i>3,042</i>	<i>475</i>
<b>Total liabilities</b>	<b>160,972</b>	<b>165,700</b>	<b>4,727</b>
<b>Shares and other contributed capital</b>	<b>25,146</b>	<b>26,304</b>	<b>1,158</b>
<b>Net worth(b)</b>	<b>25,146</b>	<b>26,304</b>	<b>1,158</b>
<i>Net financial worth(c)</i>	<i>24,215</i>	<i>25,322</i>	<i>1,107</i>
<i>Net debt(d)</i>	<i>-26,208</i>	<i>-27,782</i>	<i>-1,575</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 and borrowing), minus the sum of cash and deposits and investments, loans and placements.

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Cash receipts from operating activities</b>			
Receipts from sales of goods and services	721	702	-19
Grants and subsidies received	144	149	5
GST input credit receipts	11	14	3
Interest receipts	2,054	2,284	230
Other receipts	96	142	46
<b>Total operating receipts</b>	<b>3,025</b>	<b>3,290</b>	<b>266</b>
<b>Cash payments for operating activities</b>			
Payments to employees(b)	-281	-215	67
Payments for goods and services	-482	-424	58
Interest paid	-1,234	-1,318	-85
GST payment to taxation authority	0	0	0
Other payments(b)	-160	-90	71
<b>Total operating payments</b>	<b>-2,158</b>	<b>-2,048</b>	<b>110</b>
<b>Net cash flows from operating activities</b>	<b>867</b>	<b>1,243</b>	<b>376</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	0	0	0
Purchases of non-financial assets	-79	-52	27
<b>Net cash flows from investments in non-financial assets</b>	<b>-79</b>	<b>-52</b>	<b>27</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>125</b>	<b>31</b>	<b>-94</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>17,836</b>	<b>9,235</b>	<b>-8,601</b>
<b>Net cash flows from financing activities</b>			
Borrowing and deposits received (net)	-20,013	-11,246	8,766
Other financing (net)	2,566	2,051	-515
Distributions paid (net)	-1,130	-1,129	1
<b>Net cash flows from financing activities</b>	<b>-18,577</b>	<b>-10,325</b>	<b>8,252</b>
<b>Net increase/(decrease) in cash held</b>	<b>173</b>	<b>132</b>	<b>-41</b>
<b>Cash at the beginning of the year</b>	<b>520</b>	<b>520</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>693</b>	<b>653</b>	<b>-41</b>
<b>Net cash from operating activities and investments in non-financial assets</b>	<b>788</b>	<b>1,191</b>	<b>402</b>
Distributions paid	-1,130	-1,129	1
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-342</b>	<b>62</b>	<b>403</b>

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

(b) Other employee-related payments are reported under other payments consistent with the treatment in the general government sector.



## Notes to the general government sector financial statements

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

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

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

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* (cat. no. 5514.0), which in turn is based on the International Monetary Fund (IMF) accrual GFS framework; 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 Australian Government annual 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, user charging and external funding. This sector comprises all government departments, offices and some other bodies. In preparing financial statements for the GGS, all material transactions and balances between entities within the GGS have been eliminated.

The statements for the GGS are based on audit-cleared financial statements for material entities with the exception of the Department of Defence.

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.

## *Part 2: Australian Government Financial Statements*

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

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

AASB 1049 also requires the FBO and 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 2017-18 year from the 2017-18 Budget to the 2017-18 Mid-Year Economic and Fiscal Outlook (MYEFO) are discussed in Part 3 of the 2017-18 MYEFO. Explanations of variances for the 2017-18 year from MYEFO to the 2018-19 Budget are disclosed in Statement 3 of 2018-19 Budget Paper No. 1, Budget Strategy and Outlook. Explanations of variances from the 2017-18 Budget to the Final Budget Outcome for 2017-18 are disclosed in Part 1.

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

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

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

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

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

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

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

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

**Note 3: Taxation revenue by type**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	192,800	193,809	1,009
Gross other individuals	46,800	46,768	-32
less: Refunds	29,100	29,102	2
Total individuals and other withholding taxation	210,500	211,475	975
Fringe benefits tax	4,140	3,813	-327
Company tax	86,700	85,770	-930
Superannuation fund taxes	11,060	10,927	-133
Petroleum resource rent tax(a)	1,170	993	-177
<b>Income taxation revenue</b>	<b>313,570</b>	<b>312,978</b>	<b>-592</b>
Goods and services tax	66,700	65,282	-1,418
Wine equalisation tax	930	903	-27
Luxury car tax	730	735	5
Excise and customs duty			
Petrol	6,100	6,114	14
Diesel	10,980	11,157	177
Other fuel products	2,000	2,113	113
Tobacco	11,670	11,914	244
Beer	2,410	2,456	46
Spirits	2,220	2,209	-11
Other alcoholic beverages(b)	970	964	-6
Other customs duty			
Textiles, clothing and footwear	190	200	10
Passenger motor vehicles	510	504	-6
Other imports	1,210	1,211	1
less: Refunds and drawbacks	420	390	-30
Total excise and customs duty	37,840	38,453	613
Major bank levy	1,550	1,527	-23
Agricultural levies	571	564	-7
Other taxes	6,578	6,961	383
Mirror taxes	569	568	0
less: Transfers to States in relation to mirror tax revenue	569	568	0
Mirror tax revenue	0	0	0
<b>Indirect taxation revenue</b>	<b>114,899</b>	<b>114,425</b>	<b>-474</b>
<b>Taxation revenue</b>	<b>428,469</b>	<b>427,403</b>	<b>-1,067</b>
<i>Memorandum:</i>			
Total excise	22,510	22,763	253
Total customs duty	15,330	15,690	360

(a) This item includes an amount of MRRT revenue relating to a pre-2013-14 income year which cannot be separately disclosed owing to taxpayer confidentiality. There is no corresponding cash impact for 2017-18.

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

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Taxes on income, profits and capital gains			
Income and capital gains levied on individuals	214,630	215,273	643
Income and capital gains levied on enterprises	98,940	97,705	-1,235
<b>Total taxes on income, profits and capital gains</b>	<b>313,570</b>	<b>312,978</b>	<b>-592</b>
Taxes on employers' payroll and labour force	965	1,107	142
Taxes on the provision of goods and services			
Sales/goods and services tax	68,360	66,920	-1,440
Excises and levies	23,081	23,327	246
Taxes on international trade	15,330	15,690	360
<b>Total taxes on the provision of goods and services</b>	<b>106,771</b>	<b>105,937</b>	<b>-834</b>
Taxes on the use of goods and performance of activities	7,163	7,381	218
<b>Total taxation revenue</b>	<b>428,469</b>	<b>427,403</b>	<b>-1,067</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Sales of goods	1,407	1,386	-22
Rendering of services	6,611	6,213	-398
Operating lease rental	103	146	43
Fees from regulatory services	1,974	2,025	51
<b>Total sales of goods and services revenue</b>	<b>10,095</b>	<b>9,770</b>	<b>-325</b>

**Note 5: Interest and dividend revenue**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Interest from other governments</b>			
State and Territory debt	61	55	-6
Housing agreements	103	103	0
<b>Total interest from other governments</b>	<b>164</b>	<b>158</b>	<b>-6</b>
<b>Interest from other sources</b>			
Advances	220	230	10
Deposits	847	957	110
Indexation of HELP receivable and other student loans	714	567	-147
Other	1,717	1,405	-312
<b>Total interest from other sources</b>	<b>3,499</b>	<b>3,159</b>	<b>-339</b>
<b>Total interest</b>	<b>3,663</b>	<b>3,317</b>	<b>-346</b>
<b>Dividends</b>			
Dividends from other public sector entities	654	974	319
Other dividends	3,143	4,113	970
<b>Total dividends</b>	<b>3,797</b>	<b>5,086</b>	<b>1,290</b>
<b>Total interest and dividend revenue</b>	<b>7,460</b>	<b>8,404</b>	<b>944</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Industry contributions	159	168	9
Royalties	1,018	1,101	84
Seigniorage	86	89	4
Other	8,890	9,345	455
<b>Total other sources of non-taxation revenue</b>	<b>10,152</b>	<b>10,704</b>	<b>552</b>

**Note 7: Employee and superannuation expense**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Wages and salaries expenses</b>	<b>20,019</b>	<b>19,213</b>	<b>-806</b>
<b>Other operating expenses</b>			
Leave and other entitlements	2,369	3,023	654
Separations and redundancies	119	287	168
Workers compensation premiums and claims	1,300	1,117	-183
Other	2,334	2,297	-37
<b>Total other operating expenses</b>	<b>6,122</b>	<b>6,724</b>	<b>602</b>
<b>Superannuation expenses</b>			
Superannuation	7,825	7,789	-36
Superannuation interest cost	9,241	9,240	-1
<b>Total superannuation expenses</b>	<b>17,066</b>	<b>17,029</b>	<b>-37</b>
<b>Total employee and superannuation expense</b>	<b>43,208</b>	<b>42,966</b>	<b>-241</b>

**Note 8: Depreciation and amortisation expense**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Depreciation</b>			
Specialist military equipment	4,811	4,448	-363
Buildings	1,408	1,483	76
Other infrastructure, plant and equipment	1,529	1,685	157
Heritage and cultural assets	99	96	-2
<b>Total depreciation</b>	<b>7,847</b>	<b>7,713</b>	<b>-133</b>
<b>Total amortisation</b>	<b>1,014</b>	<b>1,078</b>	<b>65</b>
<b>Total depreciation and amortisation expense</b>	<b>8,861</b>	<b>8,792</b>	<b>-69</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Supply of goods and services	31,929	29,881	-2,048
Operating lease rental expenses	2,463	2,524	61
Personal benefits – indirect	62,509	60,763	-1,746
Health care payments	4,889	4,616	-274
Other	2,237	2,685	447
<b>Total supply of goods and services expense</b>	<b>104,027</b>	<b>100,468</b>	<b>-3,560</b>



**Note 10: Interest expense**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Interest on debt</b>			
Government securities	17,017	16,996	-21
Loans	1	1	0
Other	206	166	-40
<b>Total interest on debt</b>	<b>17,223</b>	<b>17,163</b>	<b>-61</b>
<b>Other financing costs</b>	<b>708</b>	<b>648</b>	<b>-60</b>
<b>Total interest expense</b>	<b>17,931</b>	<b>17,811</b>	<b>-121</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Current grants expense</b>			
State and Territory governments	113,044	111,207	-1,837
Private sector	8,528	8,342	-186
Overseas	3,696	3,543	-153
Non-profit organisations	4,344	4,577	233
Multi-jurisdictional sector	10,984	10,350	-634
Other	1,327	1,262	-65
<b>Total current grants expense</b>	<b>141,923</b>	<b>139,281</b>	<b>-2,642</b>
<b>Capital grants expense</b>			
Mutually agreed write-downs	2,013	1,996	-17
Other capital grants			
State and Territory governments	8,717	8,381	-336
Local governments	678	690	12
Non-profit organisations	641	674	34
Private sector	134	190	56
Other	412	663	251
<b>Total capital grants expense</b>	<b>12,594</b>	<b>12,595</b>	<b>0</b>
<b>Total grants expense</b>	<b>154,517</b>	<b>151,875</b>	<b>-2,642</b>

**Note 12: Personal benefits expense**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Social welfare - assistance to the aged	45,440	45,151	-289
Assistance to veterans and dependants	5,143	5,163	20
Assistance to people with disabilities	25,072	24,943	-129
Assistance to families with children	31,112	30,109	-1,003
Assistance to the unemployed	11,134	10,831	-303
Student assistance	2,607	2,627	20
Other welfare programs	1,075	1,016	-58
Financial and fiscal affairs	439	628	189
Vocational and industry training	31	0	-31
Other	6,471	6,677	206
<b>Total personal benefits expense</b>	<b>128,525</b>	<b>127,146</b>	<b>-1,379</b>

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Advances paid</b>			
Loans to State and Territory governments	4,012	3,856	-157
Student loans(a)	43,524	40,949	-2,575
Other(a)	13,123	11,658	-1,465
<i>less Provision for doubtful debts</i>	432	405	-26
<b>Total advances paid</b>	<b>60,228</b>	<b>56,057</b>	<b>-4,171</b>
<b>Other receivables</b>			
Goods and services receivable	1,263	1,199	-65
Recoveries of benefit payments	5,139	5,543	404
Taxes receivable	23,812	24,259	447
Prepayments	3,558	3,259	-299
Other	21,490	21,893	403
<i>less Provision for doubtful debts</i>	2,393	2,995	602
<b>Total other receivables</b>	<b>52,870</b>	<b>53,158</b>	<b>288</b>

(a) Trade Support Loans and Student Start-up Loans which were previously classified to 'other' are now classified to 'student loans'.

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

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Investments - deposits	50,186	49,551	-635
IMF quota	12,029	12,493	464
Other	118,017	128,566	10,548
<b>Total investments, loans and placements</b>	<b>180,232</b>	<b>190,610</b>	<b>10,378</b>

**Note 15: Non-financial assets**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Land and buildings</b>			
Land	10,708	11,627	919
Buildings	26,091	26,441	350
<b>Total land and buildings</b>	<b>36,799</b>	<b>38,068</b>	<b>1,269</b>
<b>Plant, equipment and infrastructure</b>			
Specialist military equipment	59,664	62,019	2,355
Other	15,796	15,534	-262
<b>Total plant, equipment and infrastructure</b>	<b>75,460</b>	<b>77,553</b>	<b>2,093</b>
<b>Inventories</b>			
Inventories held for sale	1,307	1,233	-74
Inventories not held for sale	6,896	7,443	547
<b>Total inventories</b>	<b>8,204</b>	<b>8,676</b>	<b>473</b>
<b>Intangibles</b>			
Computer software	4,524	4,010	-514
Other	4,054	3,887	-167
<b>Total intangibles</b>	<b>8,577</b>	<b>7,896</b>	<b>-681</b>
<b>Total investment properties</b>	<b>159</b>	<b>22</b>	<b>-137</b>
<b>Total biological assets</b>	<b>54</b>	<b>36</b>	<b>-18</b>
<b>Total heritage and cultural assets</b>	<b>11,669</b>	<b>11,618</b>	<b>-51</b>
<b>Total assets held for sale</b>	<b>86</b>	<b>145</b>	<b>59</b>
<b>Total other non-financial assets</b>	<b>61</b>	<b>32</b>	<b>-29</b>
<b>Total non-financial assets</b>	<b>141,069</b>	<b>144,048</b>	<b>2,978</b>

**Note 16: Loans**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
Promissory notes	10,017	10,010	-8
Special drawing rights	5,643	5,860	218
Other	435	2,175	1,740
<b>Total loans</b>	<b>16,095</b>	<b>18,045</b>	<b>1,951</b>

**Note 17: Employee and superannuation liabilities**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Total superannuation liability(a)</b>	<b>216,287</b>	<b>313,452</b>	<b>97,165</b>
<b>Other employee liabilities</b>			
Leave and other entitlements	7,858	8,036	179
Accrued salaries and wages	253	263	10
Workers compensation claims	2,656	2,550	-106
Military compensation(b)	7,371	8,558	1,187
Other(b)	395	490	95
<b>Total other employee liabilities</b>	<b>18,533</b>	<b>19,897</b>	<b>1,364</b>
<b>Total employee and superannuation liabilities</b>	<b>234,820</b>	<b>333,349</b>	<b>98,530</b>

(a) For budget reporting purposes, a discount rate of 5 per cent used by actuaries in preparing Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with Australian Accounting Standards, the superannuation liability for the 2017-18 Final Budget Outcome was calculated using the long-term government bond rate as at 30 June 2018 that best matches each individual scheme's liability duration. These rates were between 2.7 and 3.1 per cent per annum.

(b) Consistent with the presentation of the CFS, 'military compensation' is separately disclosed from the 2017-18 MYEFO.

**Note 18: Provisions and payables**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Suppliers payable</b>			
Trade creditors	5,595	4,798	-797
Operating lease rental payable	451	481	30
Personal benefits payables - indirect(a)	619	719	100
Other creditors	1,473	1,580	107
<b>Total suppliers payables</b>	<b>8,138</b>	<b>7,577</b>	<b>-561</b>
<b>Total personal benefits payables - direct(a)(b)</b>	<b>2,952</b>	<b>2,758</b>	<b>-194</b>
<b>Total subsidies payable(b)</b>	<b>548</b>	<b>602</b>	<b>53</b>
<b>Grants payables</b>			
State and territory governments	103	291	188
Non-profit organisations	183	234	52
Private sector	351	339	-12
Overseas	1,853	1,879	26
Local governments	1	1	0
Other(b)	822	324	-498
<b>Total grants payables(b)</b>	<b>3,312</b>	<b>3,068</b>	<b>-244</b>
<b>Total other payables(b)</b>	<b>2,279</b>	<b>2,425</b>	<b>146</b>
<b>Provisions</b>			
Provisions for tax refunds	2,373	3,493	1,120
Grants provisions(b)	7,588	7,877	289
Personal benefits provisions - direct(a)(b)(c)	6,504	7,609	1,105
Personal benefits provisions - indirect(a)(b)	2,028	2,221	193
Other(b)(c)	15,159	14,794	-365
<b>Total provisions(b)</b>	<b>33,652</b>	<b>35,994</b>	<b>2,342</b>

(a) Implementation of the new Commonwealth Government reporting system provides the ability to distinguish direct and indirect personal benefit liabilities (a GFS distinction). From the 2017-18 MYEFO, these liabilities are separately disclosed.

(b) Consistent with the presentation of the CFS, provisions and payables are separately disclosed from the 2017-18 MYEFO.

(c) From 2017-18 FBO, Child Support Scheme provisions have been reclassified from 'other' provisions to 'personal benefits provisions – direct' to better reflect the nature of benefits provided to households.

**Note 19: Reconciliation of cash**

	2017-18 Estimate at 2018-19 Budget \$m	2017-18 Outcome \$m	Change on 2018-19 Budget \$m
<b>Net operating balance (revenues less expenses)</b>	<b>-12,612</b>	<b>-4,001</b>	<b>8,611</b>
<i>less</i> Revenues not providing cash			
Other	1,086	2,244	1,158
<b>Total revenues not providing cash</b>	<b>1,086</b>	<b>2,244</b>	<b>1,158</b>
<i>plus</i> Expenses not requiring cash			
Increase/(decrease) in employee entitlements	8,659	10,030	1,371
Depreciation/amortisation expense	8,861	8,792	-69
Mutually agreed write-downs	2,013	1,996	-17
Other	-61	890	951
<b>Total expenses not requiring cash</b>	<b>19,472</b>	<b>21,708</b>	<b>2,236</b>
<i>plus</i> Cash provided/(used) by working capital items			
Decrease/(increase) in inventories	-65	-629	-564
Decrease/(increase) in receivables	-9,242	-11,354	-2,112
Decrease/(increase) in other financial assets	-1,021	-419	602
Decrease/(increase) in other non-financial assets	9	100	91
Increase/(decrease) in benefits, subsidies and grants payable	114	1,131	1,017
Increase/(decrease) in suppliers' liabilities	1,643	240	-1,403
Increase/(decrease) in other provisions and payables	804	1,149	345
<b>Net cash provided/(used) by working capital</b>	<b>-7,758</b>	<b>-9,782</b>	<b>-2,024</b>
<i>equals</i> (Net cash from/(to) operating activities)	-1,985	5,679	7,664
<i>plus</i> (Net cash from/(to) investing activities)	-26,487	-31,461	-4,974
<b>Net cash from operating activities and investment</b>	<b>-28,472</b>	<b>-25,782</b>	<b>2,691</b>
<i>plus</i> (Net cash from/(to) financing activities)	28,696	27,425	-1,271
<b>equals Net increase/(decrease) in cash</b>	<b>224</b>	<b>1,643</b>	<b>1,420</b>
<b>Cash at the beginning of the year</b>	<b>5,140</b>	<b>5,140</b>	<b>0</b>
Net increase/(decrease) in cash	224	1,643	1,420
<b>Cash at the end of the year</b>	<b>5,363</b>	<b>6,783</b>	<b>1,420</b>

## 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, user charging and external funding. AASB 1049 recognises the GGS as a reporting entity.

#### AASB 1049 Conceptual framework

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

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

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues and expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, overriding AASB 10 *Consolidated Financial Statements*. AASB 1049 also follows ABS GFS by requiring changes in net worth to be split into either transactions or 'other economic flows' and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund's (IMF) *Government Finance Statistics Manual 2014*.<sup>1</sup>

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<sup>1</sup> Additional information on the Australian accrual GFS framework is available in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0).

All financial data presented in the financial statements are recorded as either stocks (assets and liabilities) or flows (classified as either transactions or 'other economic flows'). Transactions result from a mutually agreed interaction between economic entities. Despite their compulsory nature, taxes are transactions deemed to occur by mutual agreement between the government and the taxpayer. Transactions that increase or decrease net worth (assets less liabilities) are reported as revenues and expenses respectively in the operating statement.<sup>2</sup>

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

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

### **Operating statement**

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

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

The net acquisition of non-financial assets (net capital investment) equals gross fixed capital formation, less depreciation, plus changes (investment) in inventories, plus other transactions in non-financial assets.

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

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



### **Net operating balance**

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

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

### **Fiscal balance**

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. Thus, the fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.<sup>3</sup>

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

### **Balance sheet**

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

### **Net worth**

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

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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 holdings of equity. Net financial worth includes all classes of financial assets and all liabilities, only some of which are included in net debt. As non-financial assets are excluded from net financial worth, this is a narrower measure than net worth. However, it avoids the concerns inherent with the net worth measure relating to the valuation of non-financial assets and their availability to offset liabilities.

### **Net financial liabilities**

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

### **Net debt**

Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowing) less the sum of selected financial assets<sup>4</sup> (cash and deposits, advances paid, and investments, loans and placements). This includes financial assets (excluding equities) held by the Future Fund which are invested in these asset classes, including term deposits and investments in collective investment vehicles. Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

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

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

## Cash flow statement

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

## Underlying cash balance

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

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

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

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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.

## *Part 2: Australian Government Financial Statements*

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

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

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

### **Headline cash balance**

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

Net cash flows from investments in financial assets for policy purposes include equity transactions and advances paid.<sup>6</sup> 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.

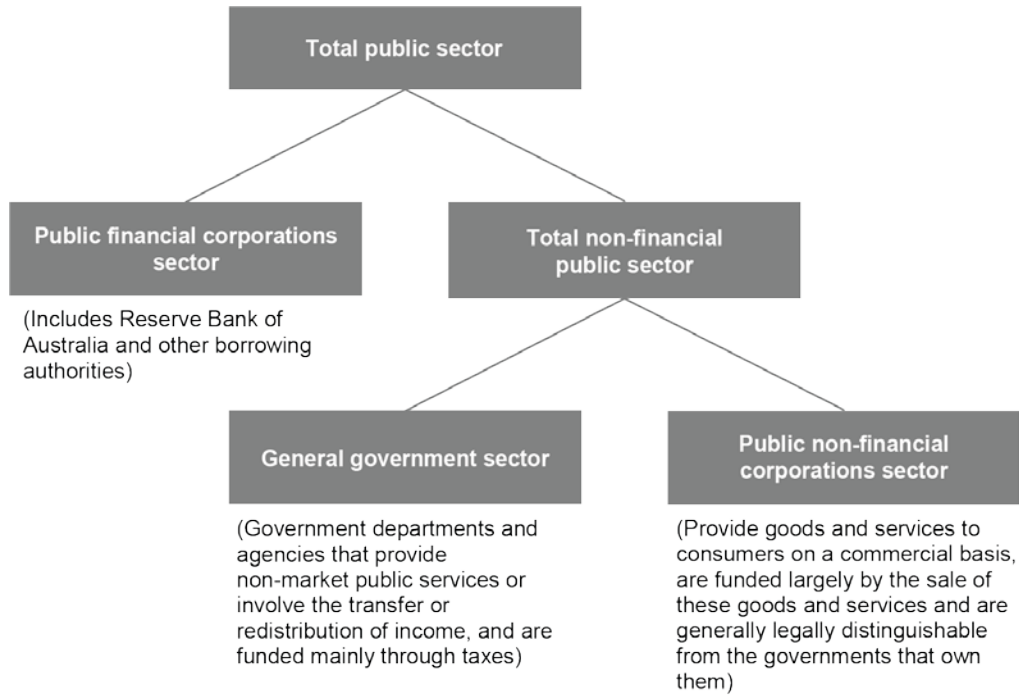
### **Sectoral classifications**

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

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<sup>6</sup> Net cash flows from investments in financial assets for policy purposes are often referred to as net advances.

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



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

A table which provides a full list of public sector principal entities under the current portfolio structure is available on the Department of Finance website at: [www.finance.gov.au/resource-management/governance/#flipchart](http://www.finance.gov.au/resource-management/governance/#flipchart).

**Table 23: Entities outside of the general government sector - 2017-18**

<b>Public financial corporations</b>
Foreign Affairs and Trade Portfolio
<ul style="list-style-type: none"><li>• Export Finance and Insurance Corporation</li></ul>
Jobs and Innovation Portfolio
<ul style="list-style-type: none"><li>• Coal Mining Industry (Long Service Leave Funding) Corporation</li><li>• CSIRO General Partner Pty Ltd</li><li>• CSIRO General Partner 2 Pty Ltd</li></ul>
Treasury Portfolio
<ul style="list-style-type: none"><li>• Australian Reinsurance Pool Corporation</li><li>• National Housing Finance and Investment Corporation*</li><li>• Reserve Bank of Australia</li></ul>
<b>Public non-financial corporations</b>
Communications and the Arts Portfolio
<ul style="list-style-type: none"><li>• Australian Postal Corporation</li><li>• NBN Co Limited</li></ul>
Environment and Energy Portfolio
<ul style="list-style-type: none"><li>• Snowy Hydro Limited^</li></ul>
Finance Portfolio
<ul style="list-style-type: none"><li>• ASC Pty Ltd</li><li>• Australian Naval Infrastructure Pty Ltd</li></ul>
Human Services Portfolio
<ul style="list-style-type: none"><li>• Australian Hearing Services</li></ul>
Infrastructure, Regional Development and Cities Portfolio
<ul style="list-style-type: none"><li>• Airservices Australia</li><li>• Australian Rail Track Corporation Limited</li><li>• Moorebank Intermodal Company Limited</li><li>• WSA Co Ltd</li></ul>
Jobs and Innovation Portfolio
<ul style="list-style-type: none"><li>• ANSTO Nuclear Medicine Pty Ltd</li></ul>

**Public non-financial corporations (continued)**

Prime Minister and Cabinet Portfolio

- Voyages Indigenous Tourism Australia Pty Ltd

\* The National Housing Finance and Investment Corporation (NHFIC), a corporate Commonwealth entity, was established by the *National Housing Finance and Investment Corporation Act 2018* which commenced on 30 June 2018. NHFIC 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 NHFIC bond aggregator is a public financial corporation. NHFIC also administers the National Housing Infrastructure Facility. The Facility is included in the general government sector.

^ The Government obtained full ownership Snowy Hydro Limited in 2017-18 after reaching agreement to acquire the New South Wales and Victorian governments' shares.