

Part 7: Australian Government Budget 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 the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) and Australian Accounting Standards (AAS), with departures disclosed. These statements are:

- an operating statement, including other economic flows, which shows the 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
- a cash flow statement, which includes the calculation of the underlying cash balance.

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

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

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

Australian Government Financial Statements

Table 7.1: Australian Government general government sector operating statement

	Note	Estimates		Projections	
		2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Revenue					
Taxation revenue	3	472,815	490,036	514,392	528,932
Sales of goods and services	4	14,980	16,291	17,512	18,047
Interest income	5	5,247	6,240	6,557	6,993
Dividend income	5	6,383	5,521	5,697	5,738
Other	6	11,723	9,180	7,503	7,485
Total revenue		511,148	527,267	551,662	567,195
Expenses					
Gross operating expenses					
Wages and salaries(a)	7	21,366	21,350	21,542	21,697
Superannuation	7	12,357	5,960	6,024	6,034
Depreciation and amortisation(b)	8	11,446	11,699	11,736	12,320
Supply of goods and services(b)	9	124,029	127,439	134,013	140,437
Other operating expenses(a)	7	7,236	6,898	7,032	7,144
<i>Total gross operating expenses</i>		<i>176,434</i>	<i>173,346</i>	<i>180,347</i>	<i>187,631</i>
Superannuation interest expense	7	7,715	11,466	11,797	12,122
Interest expenses(b)	10	18,215	17,436	16,490	16,066
Current transfers					
Current grants	11	149,813	155,596	160,038	166,030
Subsidy expenses		12,136	13,051	13,512	14,154
Personal benefits	12	128,282	132,042	138,332	146,376
<i>Total current transfers</i>		<i>290,232</i>	<i>300,689</i>	<i>311,883</i>	<i>326,559</i>
Capital transfers					
Mutually agreed write-downs		1,416	1,315	1,406	1,531
Other capital grants		9,168	10,871	11,911	11,679
<i>Total capital transfers</i>		<i>10,584</i>	<i>12,186</i>	<i>13,317</i>	<i>13,210</i>
Total expenses		503,180	515,123	533,833	555,589
Net operating balance		7,968	12,144	17,828	11,606
Other economic flows – included in operating result					
Net write-downs of assets		-6,933	-7,100	-7,366	-7,250
Assets recognised for the first time		201	193	184	176
Actuarial revaluations		81	70	65	57
Net foreign exchange gains		-92	14	355	373
Net swap interest received		-210	0	0	0
Market valuation of debt		-1,129	8,046	6,827	6,030
Other gains/(losses)		5,131	2,920	3,186	3,207
Total other economic flows – included in operating result		-2,950	4,144	3,251	2,593
Operating Result(c)		5,018	16,288	21,079	14,199

Table 7.1: Australian Government general government sector operating statement (continued)

	Note	Estimates		Projections	
		2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Non-owner movements in equity					
Revaluation of equity investments		-3,928	-33	-4	-4
Actuarial revaluations		1,879	297	119	97
Other economic revaluations		195	-66	-84	-69
Total other economic flows - included in equity		-1,853	198	31	23
Comprehensive result - Total change in net worth		3,164	16,486	21,110	14,222
Net operating balance		7,968	12,144	17,828	11,606
Net acquisition of non-financial assets(b)					
Purchases of non-financial assets		16,868	18,611	20,226	21,280
<i>less</i> Sales of non-financial assets		1,219	570	195	128
<i>less</i> Depreciation		11,446	11,699	11,736	12,320
<i>plus</i> Change in inventories		-40	-33	-127	-136
<i>plus</i> Other movements in non-financial assets		-3	0	0	0
Total net acquisition of non-financial assets		4,161	6,309	8,168	8,695
Fiscal balance (Net lending/borrowing)(d)		3,807	5,835	9,660	2,911

(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) Includes impacts resulting from the implementation of AASB 16.

(c) Operating result under AAS.

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

Table 7.2: Australian Government general government sector balance sheet

	Note	Estimates		Projections	
		2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Assets					
Financial assets					
Cash and deposits		7,204	7,207	7,557	7,726
Advances paid	13	85,155	89,078	93,204	97,089
Investments, loans and placements	14	198,528	203,900	227,555	225,704
Other receivables	13	58,577	61,442	64,697	67,019
Equity investments					
Investments in other public sector entities		55,640	58,086	61,576	65,538
Equity accounted investments		3,677	3,767	3,847	3,924
Investments - shares		73,969	74,256	74,052	78,399
<i>Total financial assets</i>		<i>482,751</i>	<i>497,734</i>	<i>532,489</i>	<i>545,398</i>
Non-financial assets					
Land	15	11,824	11,783	11,685	11,611
Buildings		43,415	43,994	44,252	45,550
Plant, equipment and infrastructure		87,832	93,640	101,235	108,077
Inventories		8,488	8,072	7,583	7,108
Intangibles		9,105	9,124	9,121	9,178
Investment properties		160	160	160	160
Biological assets		21	18	18	18
Heritage and cultural assets		11,695	11,677	11,659	11,643
Assets held for sale		231	231	231	231
Other non-financial assets		32	32	32	32
<i>Total non-financial assets(a)</i>		<i>172,803</i>	<i>178,731</i>	<i>185,977</i>	<i>193,607</i>
Total assets		655,554	676,465	718,466	739,005
Liabilities					
Interest bearing liabilities					
Deposits held		388	388	388	388
Government securities		645,907	643,119	656,659	654,608
Loans	16	17,759	17,336	17,564	17,759
Lease liabilities(a)		19,139	18,558	18,207	18,581
<i>Total interest bearing liabilities</i>		<i>683,193</i>	<i>679,400</i>	<i>692,819</i>	<i>691,336</i>

Table 7.2: Australian Government general government sector balance sheet (continued)

	Note	Estimates		Projections	
		2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Provisions and payables					
Superannuation liability	17	230,774	237,708	244,442	251,166
Other employee liabilities	17	26,663	27,133	27,608	28,058
Suppliers payables	18	7,579	7,956	8,392	8,753
Personal benefits payables	18	3,753	3,471	3,448	3,417
Subsidies payables	18	645	1,362	1,396	1,411
Grants payables	18	4,051	4,123	3,790	3,521
Other payables	18	2,186	2,156	2,103	2,021
Provisions	18	42,752	42,712	42,913	43,544
<i>Total provisions and payables</i>		<i>318,404</i>	<i>326,621</i>	<i>334,093</i>	<i>341,892</i>
Total liabilities		1,001,597	1,006,021	1,026,912	1,033,228
Net worth(b)		-346,042	-329,556	-308,446	-294,223
<i>Net financial worth(c)</i>		<i>-518,845</i>	<i>-508,287</i>	<i>-494,423</i>	<i>-487,830</i>
<i>Net financial liabilities(d)</i>		<i>574,486</i>	<i>566,373</i>	<i>555,999</i>	<i>553,368</i>
<i>Net debt(e)</i>		<i>392,305</i>	<i>379,216</i>	<i>364,503</i>	<i>360,817</i>

(a) Includes impacts from implementation of AASB 16.

(b) Net worth equals total assets minus total liabilities.

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

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

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

Table 7.3: Australian Government general government sector cash flow statement^(a)

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Cash receipts from operating activities				
Taxes received	463,791	479,797	503,427	517,705
Receipts from sales of goods and services	15,142	16,526	17,763	18,064
Interest receipts	5,134	6,060	6,376	6,632
Dividends and income tax equivalents	6,792	5,777	5,430	6,018
Other receipts	9,949	7,917	6,052	6,296
Total operating receipts	500,809	516,077	539,048	554,713
Cash payments for operating activities				
Payments to employees(b)	-31,152	-31,510	-32,407	-32,951
Payments for goods and services(c)	-122,024	-124,792	-131,996	-138,232
Grants and subsidies paid	-170,400	-179,809	-185,283	-191,544
Interest paid(c)	-16,564	-15,903	-15,341	-14,525
Personal benefit payments	-128,416	-133,166	-139,174	-146,664
Other payments(b)	-6,768	-6,429	-6,581	-6,701
Total operating payments	-475,325	-491,609	-510,783	-530,618
Net cash flows from operating activities	25,483	24,467	28,265	24,096
Cash flows from investments in non-financial assets				
Sales of non-financial assets	1,663	521	197	130
Purchases of non-financial assets	-14,304	-16,526	-17,657	-17,676
Net cash flows from investments in non-financial assets	-12,641	-16,005	-17,460	-17,546
Net cash flows from investments in financial assets for policy purposes	-13,336	-8,555	-9,733	-10,622
Net cash flows from investments in financial assets for liquidity purposes	-15,923	-970	-17,936	3,757
Cash receipts from financing activities				
Borrowing	128,737	205,650	198,478	213,945
Other financing	968	21	21	21
Total cash receipts from financing activities	129,705	205,671	198,499	213,966
Cash payments for financing activities				
Borrowing	-108,466	-198,694	-175,189	-207,550
Other financing(c)	-6,225	-5,912	-6,096	-5,931
Total cash payments for financing activities	-114,691	-204,606	-181,284	-213,482
Net cash flows from financing activities	15,014	1,065	17,215	484
Net increase/(decrease) in cash held	-1,403	3	350	169

Table 7.3: Australian Government general government sector cash flow statement^(a)(continued)

	Estimates		Projections	
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
GFS cash surplus(+)/deficit(-)(d)	12,842	8,462	10,805	6,550
<i>plus</i> Net cash flows from financing activities for leases(e)	-2,347	-2,408	-2,454	-2,506
<i>less</i> Net Future Fund earnings(f)	5,468	na	na	na
Equals underlying cash balance(g)	5,028	6,054	8,351	4,044
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-13,336	-8,555	-9,733	-10,622
<i>plus</i> Net Future Fund earnings(f)	5,468	na	na	na
Equals headline cash balance	-2,841	-2,501	-1,383	-6,578
<i>Memorandum:</i>				
<i>Net Future Fund earnings(f)</i>	5,468	5,542	5,527	5,857

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

(b) Consistent with the ABS GFS classification, other employee related payments are reported under other payments.

(c) Includes impacts from implementation of AASB 16.

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

(e) Principal payments on lease liabilities, which are cash flows from financing activities, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.

(f) Under the *Future Fund Act 2006*, net Future Fund earnings will be available to meet the Australian Government's superannuation liability in 2020-21. From this time, the underlying cash balance includes expected net Future Fund earnings.

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

Table 7.4: Australian Government public non-financial corporations sector operating statement

	Estimates
	2019-20
	\$m
Revenue	
Current grants and subsidies	65
Sales of goods and services	16,618
Interest income	26
Other	43
Total revenue	16,753
Expenses	
Gross operating expenses	
Wages and salaries(a)	4,585
Superannuation	490
Depreciation and amortisation(b)	4,353
Supply of goods and services(b)	10,385
Other operating expenses(a)	623
<i>Total gross operating expenses</i>	<i>20,437</i>
Interest expenses(b)	1,643
Other property expenses	322
Current transfers	
Tax expenses	134
<i>Total current transfers</i>	<i>134</i>
Total expenses	22,536
Net operating balance	-5,783
Other economic flows	378
Comprehensive result - Total change in net worth excluding contribution from owners	-5,405
Net acquisition of non-financial assets(b)	
Purchases of non-financial assets	10,012
<i>less</i> Sales of non-financial assets	<i>70</i>
<i>less</i> Depreciation	<i>4,353</i>
<i>plus</i> Change in inventories	<i>5</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>
Total net acquisition of non-financial assets	5,594
Fiscal balance (Net lending/borrowing)(c)	-11,377

(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) Includes impacts resulting from the implementation of AASB 16.

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

Table 7.5: Australian Government public non-financial corporations sector balance sheet

	Estimates
	2019-20
	\$m
Assets	
Financial assets	
Cash and deposits	1,784
Investments, loans and placements	959
Other receivables	2,863
Equity investments	177
<i>Total financial assets</i>	<i>5,783</i>
Non-financial assets	
Land and other fixed assets	56,764
Other non-financial assets(a)	3,864
<i>Total non-financial assets(b)</i>	<i>60,628</i>
Total assets	66,411
Liabilities	
Interest bearing liabilities	
Deposits held	13
Advances received and Loans	25,068
Lease liabilities(b)	12,896
<i>Total interest bearing liabilities</i>	<i>37,978</i>
Provisions and payables	
Superannuation liability	26
Other employee liabilities	1,861
Other payables	4,762
Other provisions(a)	607
<i>Total provisions and payables</i>	<i>7,255</i>
Total liabilities	45,233
Shares and other contributed capital	21,178
Net worth(c)	21,178
<i>Net financial worth(d)</i>	<i>-39,450</i>
<i>Net debt(e)</i>	<i>35,234</i>

(a) Excludes the impact of commercial taxation adjustments.

(b) Includes impacts from implementation of AASB 16.

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

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

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

Table 7.6: Australian Government public non-financial corporations sector cash flow statement^(a)

	Estimates
	2019-20
	\$m
Cash receipts from operating activities	
Receipts from sales of goods and services	17,462
Grants and subsidies received	5
GST input credit receipts	1,148
Other receipts	58
Total operating receipts	18,674
Cash payments for operating activities	
Payments to employees(b)	-4,658
Payments for goods and services(c)	-12,261
Interest paid(c)	-810
GST payments to taxation authority	-1,041
Other payments(b)	-987
Total operating payments	-19,756
Net cash flows from operating activities	-1,082
Cash flows from investments in non-financial assets	
Sales of non-financial assets	70
Purchases of non-financial assets	-7,840
Net cash flows from investments in non-financial assets	-7,771
Net cash flows from investments in financial assets for policy purposes	-5
Net cash flows from investments in financial assets for liquidity purposes	-38
Net cash flows from financing activities	
Borrowing (net)	8,136
Other financing (net)(c)	789
Distributions paid (net)(d)	-333
Net cash flows from financing activities	8,592
Net increase/(decrease) in cash held	-305
Cash at the beginning of the year	2,078
Cash at the end of the year	1,773
Net cash from operating activities and investments in non-financial assets	-8,853
Distributions paid(d)	-333
GFS cash surplus(+)/deficit(-)	-9,186
<i>plus</i> Net cash flows from financing activities for leases(e)	-962
Adjusted GFS cash surplus(+)/deficit(-)(e)	-10,147

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

(b) Consistent with the ABS GFS classification, other employee related payments are reported under other payments.

(c) Includes impacts from implementation of AASB 16.

(d) Under the ABS GFS, distributions paid by public corporations is reported as cash payments for operating activities.

(e) To retain a consistent measure of the GFS cash surplus/deficit following the implementation of AASB 16, its calculation is adjusted to include the principal payments on lease liabilities.

Table 7.7: Australian Government total non-financial public sector operating statement

	Estimates
	2019-20
	\$m
Revenue	
Taxation revenue	472,708
Sales of goods and services	30,640
Interest income	4,637
Dividend income	6,060
Other	11,804
Total revenue	525,850
Expenses	
Gross operating expenses	
Wages and salaries(a)	25,951
Superannuation	12,848
Depreciation and amortisation(b)	15,799
Supply of goods and services(b)	133,440
Other operating expenses(a)	7,859
<i>Total gross operating expenses</i>	<i>195,896</i>
Superannuation interest expense	7,715
Interest expenses(b)	19,222
Current transfers	
Current grants	149,813
Subsidy expenses	12,131
Personal benefits	128,282
<i>Total current transfers</i>	<i>290,227</i>
Capital transfers	10,584
Total expenses	523,644
Net operating balance	2,206
Other economic flows	1,589
Comprehensive result - Total change in net worth	3,795
Net acquisition of non-financial assets(b)	
Purchases of non-financial assets	26,872
<i>less</i> Sales of non-financial assets	<i>1,289</i>
<i>less</i> Depreciation	<i>15,799</i>
<i>plus</i> Change in inventories	<i>-34</i>
<i>plus</i> Other movements in non-financial assets	<i>-3</i>
Total net acquisition of non-financial assets	9,747
Fiscal balance (Net lending/borrowing)(c)	-7,541

(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) Includes impacts resulting from the implementation of AASB 16.

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

Table 7.8: Australian Government total non-financial public sector balance sheet

	Estimates
	2019-20
	\$m
Assets	
Financial assets	
Cash and deposits	8,989
Advances paid	65,697
Investments, loans and placements	199,459
Other receivables	61,302
Equity investments	110,021
<i>Total financial assets</i>	<i>445,468</i>
Non-financial assets	
Land and fixed assets	220,009
Other non-financial assets	13,464
<i>Total non-financial assets(a)</i>	<i>233,473</i>
Total assets	678,941
Liabilities	
Interest bearing liabilities	
Deposits held	401
Government securities	645,907
Advances received and Loans	23,340
Lease liabilities(a)	32,027
<i>Total interest bearing liabilities</i>	<i>701,675</i>
Provisions and payables	
Superannuation liability	230,800
Other employee liabilities	28,524
Other payables	22,923
Other provisions	43,284
<i>Total provisions and payables</i>	<i>325,531</i>
Total liabilities	1,027,206
Net worth(b)	-348,265
<i>Net financial worth(c)</i>	<i>-581,738</i>
<i>Net debt(d)</i>	<i>427,531</i>

(a) Includes impacts from implementation of AASB 16.

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

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

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

Table 7.9: Australian Government total non-financial public sector cash flow statement^(a)

	Estimates
	2019-20
	\$m
Cash receipts from operating activities	
Taxes received	463,718
Receipts from sales of goods and services	30,484
Interest receipts	4,531
Dividends and income tax equivalents	6,478
Other receipts	9,964
Total operating receipts	515,175
Cash payments for operating activities	
Payments to employees(b)	-35,810
Payments for goods and services(c)	-132,061
Grants and subsidies paid	-170,396
Interest paid(c)	-16,749
Personal benefit payments	-128,416
Other payments(b)	-7,634
Total operating payments	-491,066
Net cash flows from operating activities	24,109
Cash flows from investments in non-financial assets	
Sales of non-financial assets	1,733
Purchases of non-financial assets	-22,173
Net cash flows from investments in non-financial assets	-20,441
Net cash flows from investments in financial assets for policy purposes	-5,564
Net cash flows from investments in financial assets for liquidity purposes	-15,961
Net cash flows from financing activities	
Borrowing (net)	22,258
Other financing (net)(c)	-6,107
Net cash flows from financing activities	16,150
Net increase/(decrease) in cash held	-1,707
Cash at the beginning of the year	10,685
Cash at the end of the year	8,979
Net cash from operating activities and investments in non-financial assets	3,668
Distributions paid	0
GFS cash surplus(+)/deficit(-)	3,668
<i>plus</i> Net cash flows from financing activities for leases(d)	-3,309
Adjusted GFS cash surplus(+)/deficit(-)(d)	360

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

(b) Consistent with the ABS GFS classification, other employee related payments are reported under other payments.

(c) Includes impacts from implementation of AASB 16.

(d) To retain a consistent measure of the GFS cash surplus/deficit following the implementation of AASB 16, its calculation is adjusted to include the principal payments on lease liabilities.

Table 7.10: Australian Government public financial corporations sector operating statement

	Estimates
	2019-20
	\$m
Revenue	
Current grants and subsidies	151
Sales of goods and services	780
Interest income	1,682
Other	50
Total revenue	2,663
Expenses	
Gross operating expenses	
Wages and salaries(a)	198
Superannuation	70
Depreciation and amortisation(b)	71
Supply of goods and services(b)	540
Other operating expenses(a)	58
<i>Total gross operating expenses</i>	<i>937</i>
Interest expenses(b)	680
Other property expenses	875
Current transfers	
Tax expenses	8
<i>Total current transfers</i>	<i>9</i>
Total expenses	2,502
Net operating balance	162
Other economic flows	1,704
Comprehensive result - Total change in net worth excluding contribution from owners	1,866
Net acquisition of non-financial assets(b)	
Purchases of non-financial assets	35
<i>less</i> Sales of non-financial assets	<i>0</i>
<i>less</i> Depreciation	<i>71</i>
<i>plus</i> Change in inventories	<i>-28</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>
Total net acquisition of non-financial assets	-64
Fiscal balance (Net lending/borrowing)(c)	225

(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) Includes impacts resulting from the implementation of AASB 16.

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

Table 7.11: Australian Government public financial corporations sector balance sheet^(a)

	Estimates
	2019-20
	\$m
Assets	
Financial assets	
Cash and deposits	1,581
Investments, loans and placements	179,189
Other receivables	143
Equity investments	625
<i>Total financial assets</i>	<i>181,539</i>
Non-financial assets	
Land and other fixed assets	885
Other non-financial assets(b)	97
<i>Total non-financial assets(c)</i>	<i>983</i>
Total assets	182,521
Liabilities	
Interest bearing liabilities	
Deposits held	139,640
Borrowing(c)	7,509
<i>Total interest bearing liabilities</i>	<i>147,148</i>
Provisions and payables	
Superannuation liability	726
Other employee liabilities	211
Other payables	1,043
Other provisions(b)	1,628
<i>Total provisions and payables</i>	<i>3,608</i>
Total liabilities	150,756
Shares and other contributed capital	31,765
Net worth(d)	31,765
<i>Net financial worth(e)</i>	<i>30,783</i>
<i>Net debt(f)</i>	<i>-33,622</i>

(a) Assumes no valuation or currency movement.

(b) Excludes the impact of commercial taxation adjustments.

(c) Includes impacts from implementation of AASB 16.

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

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

(f) Net debt equals the sum of interest bearing liabilities minus the sum of cash and deposits and investments, loans and placements.

Table 7.12: Australian Government public financial corporations sector cash flow statement^(a)

	Estimates
	2019-20
	\$m
Cash receipts from operating activities	
Receipts from sales of goods and services	802
Grants and subsidies received	151
GST input credit receipts	8
Interest receipts	1,677
Other receipts	4
Total operating receipts	2,642
Cash payments for operating activities	
Payments to employees(b)	-254
Payments for goods and services(c)	-695
Interest paid(c)	-636
GST payments to taxation authority	-14
Other payments(b)	-71
Total operating payments	-1,671
Net cash flows from operating activities	971
Cash flows from investments in non-financial assets	
Sales of non-financial assets	0
Purchases of non-financial assets	-77
Net cash flows from investments in non-financial assets	-77
Net cash flows from investments in financial assets for policy purposes	-466
Net cash flows from investments in financial assets for liquidity purposes	9,896
Net cash flows from financing activities	
Borrowing (net)	-10,624
Deposits received (net)	0
Other financing (net)(c)	1,359
Distributions paid (net)(d)	-1,710
Net cash flows from financing activities	-10,975
Net increase/(decrease) in cash held	-652
Cash at the beginning of the year	2,233
Cash at the end of the year	1,581
Net cash from operating activities and investments in non-financial assets	894
Distributions paid(d)	-1,710
GFS cash surplus(+)/deficit(-)	-816
<i>plus</i> Net cash flows from financing activities for leases(e)	-1
Adjusted GFS cash surplus(+)/deficit(-)(e)	-817

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

(b) Consistent with the ABS GFS classification, other employee related payments are reported under other payments.

(c) Includes impacts from implementation of AASB 16.

(d) Under the ABS GFS, distributions paid by public corporations is reported as cash payments for operating activities.

(e) To retain a consistent measure of the GFS cash surplus/deficit following implementation of AASB 16, its calculation is adjusted to include the principal payments on lease liabilities.

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 Mid-Year Economic and Fiscal Outlook (MYEFO) be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for MYEFO 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
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards as adopted in Australia and the public sector specific standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

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

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

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

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

Part 7: Australian Government Budget Financial Statements

Explanations of major variations in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2019 PEFO are disclosed in Part 3, with decisions taken since the 2019 PEFO disclosed in Appendix A.

Updates to fiscal risks and contingent liabilities since the 2019-20 Budget are disclosed in Part 6.

The new Australian Accounting Standard, AASB 16 *Leases*, applied to all Australian Government entities from 1 July 2019. AASB 16 introduced a single lease accounting framework for lessees and removed the distinction between operating and finance leases. As a result, new assets and liabilities have been recognised on the balance sheet for leases that were previously accounted for as operating expenses. The reduction in operating lease expenses is replaced with the depreciation charge for the right-of-use assets and interest expense on the lease liabilities.

The implementation of AASB 16 has implications for a number of budget aggregates, in particular, net debt and net financial worth due to the recognition of the new lease liabilities. To maintain consistency in the measurement of the underlying cash balance, the principal payments on lease liabilities which are recognised as cash flows from financing activities, have been included in the calculation following the implementation of AASB 16.

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 7.13.

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

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

Table 7.13: Major differences between AAS and ABS GFS

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Circulating coins — seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Valuation of loans	Changes in the valuation of loans are treated as a revenue or an expense. In some circumstances recognition as a revenue or an expense is delayed until the loan ends or is transferred.	Changes in the valuation of loans (excluding mutually agreed write-downs) are treated as an other economic flow.	ABS GFS
Leases	AASB 16 introduced a single lease accounting framework for lessees, which replaced the distinction between operating and finance leases. Right of use assets and lease liabilities are recognised on the balance sheets for leases that were previously accounted for as operating expense.	The distinction between operating leases and finance leases will be continued for lessees.	AAS
Concessional loans	Concessional elements are treated as an expense on initial recognition and unwound over the loan term.	Concessional elements are treated as an other economic flow.	AAS
Investment in other public sector entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities 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

Table 7.13: Major differences between AAS and ABS GFS (continued)

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
National Disability Insurance Scheme (NDIS) revenue	Funding contributions by the state and territory governments to NDIS are treated as sales of goods and services revenue. In-kind disability services provided by the state and territory governments are treated as other revenue.	Funding contributions by the state and territory governments to NDIS are treated as grants revenue. In-kind disability services provided by the state and territory governments are treated as sales of goods and services revenue.	AAS
Commercial tax effect accounting assets and liabilities	Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis.	Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office.	ABS GFS
Fiscal aggregate differences			
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
Classification differences			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise 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 at which 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 at which control is transferred. Recognise cash at the time of receipt.	AAS

Note 3: Taxation revenue by type

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	220,300	231,500	244,200	245,100
Gross other individuals	52,900	54,600	58,800	61,600
/ess: Refunds	36,800	38,400	40,100	41,500
Total individuals and other w ithholding taxation	236,400	247,700	262,900	265,200
Fringe benefits tax	4,040	4,250	4,430	4,630
Company tax	99,800	97,700	99,700	104,400
Superannuation fund taxes	8,460	13,210	14,660	16,110
Petroleum resource rent tax(a)	1,130	1,160	1,160	1,160
Income taxation revenue	349,830	364,020	382,850	391,500
Goods and services tax	67,230	69,790	73,240	76,960
Wine equalisation tax	1,110	1,150	1,190	1,230
Luxury car tax	670	680	710	750
Excise and Custom duty				
Petrol	6,100	6,250	6,500	6,900
Diesel	12,080	12,630	13,280	14,030
Other fuel products	2,170	2,180	2,250	2,300
Tobacco	16,980	15,610	16,430	16,860
Beer	2,460	2,570	2,650	2,750
Spirits	2,510	2,580	2,660	2,760
Other alcoholic beverages(b)	1,040	1,050	1,090	1,130
Other customs duty				
Textiles, clothing and footw ear	200	200	200	200
Passenger motor vehicles	400	330	160	30
Other imports	1,260	1,050	920	850
/ess: Refunds and draw backs	500	500	500	500
Total excise and customs duty	44,700	43,950	45,640	47,310
Major bank levy	1,610	1,660	1,710	1,810
Agricultural levies	521	540	557	572
Other taxes	7,144	8,246	8,495	8,800
Mirror taxes	633	659	690	727
/ess: Transfers to states in relation to mirror tax revenue	633	659	690	727
Mirror tax revenue	0	0	0	0
Indirect taxation revenue	122,985	126,016	131,542	137,432
Taxation revenue	472,815	490,036	514,392	528,932

Part 7: Australian Government Budget Financial Statements

Note 3: Taxation revenue by type (continued)

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
<i>Memorandum:</i>				
<i>Total excise</i>	23,900	24,730	25,830	27,180
<i>Total customs duty</i>	20,800	19,220	19,810	20,130
<i>Capital gains tax(c)</i>	18,400	18,400	19,200	20,300

(a) This item includes an amount of MRRT receipts which has not been separately disclosed owing to taxpayer confidentiality.

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

(c) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

Note 3(a): Taxation revenue by source

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Taxes on income, profits and capital gains				
Income and capital gains levied on individuals	240,440	251,950	267,330	269,830
Income and capital gains levied on enterprises	109,390	112,070	115,520	121,670
Total taxes on income, profits and capital gains	349,830	364,020	382,850	391,500
Taxes on employers' payroll and labour force	959	1,024	976	1,039
Taxes on the provision of goods and services				
Sales/goods and services tax	69,010	71,620	75,140	78,940
Excises and levies	24,421	25,270	26,387	27,752
Taxes on international trade	20,800	19,220	19,810	20,130
Total taxes on the provision of goods and services	114,231	116,110	121,337	126,822
Taxes on the use of goods and performance of activities	7,795	8,882	9,229	9,571
Total taxation revenue	472,815	490,036	514,392	528,932

Note 4: Sales of goods and services revenue

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Sales of goods	1,227	1,168	1,372	1,470
Rendering of services	11,639	12,969	13,954	14,346
Lease rental	107	108	109	118
Fees from regulatory services	2,006	2,046	2,078	2,113
Total sales of goods and services revenue	14,980	16,291	17,512	18,047

Note 5: Interest and dividend revenue

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Interest from other governments				
State and territory debt	30	18	16	14
Housing agreements	86	81	77	72
Total interest from other governments	116	99	92	86
Interest from other sources				
Advances	360	395	382	384
Deposits	465	412	383	350
Indexation of HELP receivable and other student loans	1,037	1,220	1,286	1,500
Other	3,269	4,113	4,414	4,673
Total interest from other sources	5,131	6,140	6,465	6,907
Total interest	5,247	6,240	6,557	6,993
Dividends				
Dividends from other public sector entities	1,234	975	1,277	1,052
Other dividends	5,149	4,545	4,420	4,686
Total dividends	6,383	5,521	5,697	5,738
Total interest and dividend revenue	11,630	11,760	12,254	12,731

Note 6: Other sources of non-taxation revenue

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Industry contributions	165	164	164	165
Royalties	1,150	937	819	727
Seigniorage	69	69	64	64
Other	10,339	8,009	6,456	6,529
Total other sources of non-taxation revenue	11,723	9,180	7,503	7,485

Note 7: Employee and superannuation expense

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Wages and salaries expenses	21,366	21,350	21,542	21,697
Other operating expenses				
Leave and other entitlements	2,481	2,380	2,387	2,348
Separations and redundancies	55	54	72	62
Workers compensation premiums and claims	2,289	1,984	2,021	2,064
Other	2,411	2,479	2,552	2,670
Total other operating expenses	7,236	6,898	7,032	7,144
Superannuation expenses				
Superannuation	12,357	5,960	6,024	6,034
Superannuation interest cost	7,715	11,466	11,797	12,122
Total superannuation expenses	20,072	17,426	17,822	18,156
Total employee and superannuation expense	48,674	45,674	46,395	46,996

Note 8: Depreciation and amortisation expense

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Depreciation				
Specialist military equipment	4,767	4,965	4,998	5,552
Buildings	3,518	3,567	3,560	3,606
Other infrastructure, plant and equipment	1,936	2,011	2,084	2,090
Heritage and cultural assets	81	81	82	81
Other	3	3	3	3
Total depreciation(a)	10,306	10,626	10,726	11,333
Total amortisation	1,140	1,072	1,010	988
Total depreciation and amortisation expense	11,446	11,699	11,736	12,320
<i>Memorandum:</i>				
Depreciation relating to right of use assets				
Buildings	2,216	2,251	2,263	2,286
Other infrastructure, plant and equipment	363	365	364	389
Other	3	3	3	3
Total depreciation of right of use assets	2,581	2,619	2,629	2,678

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

Note 9: Supply of goods and services expense

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Supply of goods and services	34,589	33,209	35,169	36,622
Lease expenses(a)	296	216	212	212
Personal benefits – indirect	81,786	87,090	91,686	96,822
Health care payments	5,012	4,738	4,801	4,757
Other	2,347	2,186	2,145	2,023
Total supply of goods and services expense	124,029	127,439	134,013	140,437

(a) Includes impacts resulting from the implementation of AASB 16.

Note 10: Interest expense

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Interest on debt				
Government securities(a)	16,588	15,814	14,858	14,136
Loans	2	4	4	4
Other	222	250	254	264
Total interest on debt	16,812	16,067	15,116	14,404
Interest on lease liabilities(b)	387	376	368	371
Other financing costs	1,016	994	1,006	1,291
Total interest expense	18,215	17,436	16,490	16,066

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

(b) Includes impacts resulting from the implementation of AASB 16.

Note 11: Current and capital grants expense

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Current grants expense				
State and territory governments	118,389	123,892	128,484	134,199
Private sector	10,294	10,310	10,601	10,454
Overseas	3,964	4,132	3,744	3,955
Non-profit organisations	4,886	4,102	3,955	3,958
Multi-jurisdictional sector	10,592	10,985	11,225	11,506
Other	1,688	2,174	2,028	1,958
Total current grants expense	149,813	155,596	160,038	166,030
Capital grants expense				
Mutually agreed write-downs	1,416	1,315	1,406	1,531
Other capital grants				
State and territory governments	7,251	9,337	10,086	10,784
Local governments	669	636	474	474
Non-profit organisations	1,003	584	1,110	256
Private sector	19	39	39	20
Other	226	274	203	145
Total capital grants expense	10,584	12,186	13,317	13,210
Total grants expense	160,398	167,782	173,355	179,240

Note 12: Personal benefits expense

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Social welfare - assistance to the aged	48,548	50,282	52,351	54,908
Assistance to veterans and dependants	4,752	4,602	4,619	4,394
Assistance to people with disabilities	26,098	26,390	27,401	28,220
Assistance to families with children	27,168	27,467	27,904	28,383
Assistance to the unemployed	11,306	11,447	11,870	12,317
Student assistance	2,238	2,280	2,333	2,470
Other welfare programs	1,036	1,018	1,048	1,075
Financial and fiscal affairs	461	473	416	453
Vocational and industry training	36	37	38	39
Other	6,642	8,046	10,351	14,116
Total personal benefits expense	128,282	132,042	138,332	146,376

Note 13: Advances paid and other receivables

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Advances paid				
Loans to state and territory governments	2,397	2,396	2,428	2,681
Student loans	55,029	57,854	60,146	61,899
Other	28,124	29,369	31,330	33,370
less Impairment allowance(a)	395	541	699	861
Total advances paid	85,155	89,078	93,204	97,089
Other receivables				
Goods and services receivable	1,372	1,333	1,252	1,263
Recoveries of benefit payments	6,196	6,682	6,996	6,767
Taxes receivable	28,817	31,726	34,121	36,462
Prepayments	4,209	4,134	3,990	3,683
Other	21,142	20,974	21,944	22,423
less Impairment allowance(a)	3,158	3,407	3,605	3,580
Total other receivables	58,577	61,442	64,697	67,019

(a) Disclosed as 'provision for doubtful debts' in the 2019-20 Budget Paper No. 1.

Note 14: Investments, loans and placements

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Investments - deposits	40,408	33,585	45,186	34,189
IMF quota	13,219	13,235	13,715	14,217
Other	144,902	157,080	168,653	177,298
Total investments, loans and placements	198,528	203,900	227,555	225,704

Note 15: Non-financial assets

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Land and buildings				
Land	11,824	11,783	11,685	11,611
Buildings	43,415	43,994	44,252	45,550
Total land and buildings	55,240	55,777	55,938	57,160
Plant, equipment and infrastructure				
Specialist military equipment	69,914	75,214	82,612	89,481
Other plant, equipment and infrastructure	17,918	18,426	18,623	18,595
Total plant, equipment and infrastructure	87,832	93,640	101,235	108,077
Inventories				
Inventories held for sale	1,074	1,033	898	748
Inventories not held for sale	7,414	7,039	6,685	6,360
Total inventories	8,488	8,072	7,583	7,108
Intangibles				
Computer software	4,639	4,517	4,368	4,284
Other	4,466	4,607	4,753	4,894
Total intangibles	9,105	9,124	9,121	9,178
Total investment properties	160	160	160	160
Total biological assets	21	18	18	18
Total heritage and cultural assets	11,695	11,677	11,659	11,643
Total assets held for sale	231	231	231	231
Total other non-financial assets	32	32	32	32
Total non-financial assets (a)	172,803	178,731	185,977	193,607
<i>Memorandum:</i>				
Total relating to right of use assets				
Land	115	118	117	118
Buildings	16,466	15,703	15,299	15,567
Other plant, equipment and infrastructure	2,033	1,996	1,865	1,783
Total right of use assets	18,614	17,816	17,282	17,468

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

Note 16: Loans

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Promissory notes	10,608	10,608	10,611	10,613
Special drawing rights	6,201	6,209	6,434	6,669
Other	949	519	520	477
Total loans	17,759	17,336	17,564	17,759

Note 17: Employee and superannuation liabilities

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Total superannuation liability(a)	230,774	237,708	244,442	251,166
Other employee liabilities				
Leave and other entitlements	8,824	8,934	9,029	9,114
Accrued salaries and wages	330	330	357	366
Workers compensation claims	1,940	1,864	1,793	1,730
Military compensation	15,174	15,607	16,031	16,450
Other	394	397	398	398
Total other employee liabilities	26,663	27,133	27,608	28,058
Total employee and superannuation liabilities	257,437	264,841	272,051	279,224

(a) For budget reporting purposes, a discount rate of 5 per cent determined by actuaries in preparing the 2017 Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2018-19 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2019 that best matched each individual scheme's liability duration. These rates were between 1.4 and 1.9 per cent per annum.

Note 18: Provisions and payables

	Estimates		Projections	
	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m
Suppliers payables				
Trade creditors	5,396	5,618	5,979	6,270
Lease rental payable	195	195	186	175
Personal benefits payables - indirect	1,695	1,821	1,884	1,955
Other creditors	292	322	343	354
Total suppliers payables	7,579	7,956	8,392	8,753
Total personal benefits payables - direct	3,753	3,471	3,448	3,417
Total subsidies payable	645	1,362	1,396	1,411
Grants payables				
State and territory governments	70	57	53	45
Non-profit organisations	230	230	230	230
Private sector	526	526	525	525
Overseas	1,927	2,011	1,683	1,421
Local governments	1	1	1	1
Other	1,297	1,298	1,298	1,298
Total grants payables	4,051	4,123	3,790	3,521
Total other payables	2,186	2,156	2,103	2,021
Provisions				
Provisions for tax refunds	3,653	3,790	3,936	4,091
Grants provisions	7,971	6,761	6,403	6,042
Personal benefits provisions - direct	6,859	6,956	7,059	7,170
Personal benefits provisions - indirect	2,607	3,005	3,060	3,148
Provisions for subsidies	4,177	4,212	4,278	4,415
Other	17,484	17,988	18,178	18,678
Total provisions	42,752	42,712	42,913	43,544

Note 19: Reconciliation of cash

	Estimates		Projections	
	2019-20	2020-21	2021-22	2022-23
	\$m	\$m	\$m	\$m
Net Operating balance (revenues less expenses)	7,968	12,144	17,828	11,606
<i>less</i> Revenues not providing cash				
Other	1,367	1,590	1,690	1,932
Total revenues not providing cash	1,367	1,590	1,690	1,932
<i>plus</i> Expenses not requiring cash				
Increase/(decrease) in employee entitlements	10,884	7,771	7,394	7,327
Depreciation/amortisation expense	11,446	11,699	11,736	12,320
Mutually agreed write-downs	1,416	1,315	1,406	1,531
Other	1,383	1,266	878	1,267
Total expenses not requiring cash	25,129	22,051	21,414	22,446
<i>plus</i> Cash provided/(used) by working capital items				
Decrease/(increase) in inventories	40	33	127	136
Decrease/(increase) in receivables	-7,514	-8,671	-9,259	-8,270
Decrease/(increase) in other financial assets	113	-404	-535	-668
Decrease/(increase) in other non-financial assets	47	70	42	92
Increase/(decrease) in benefits, subsidies and grants payable	2,115	80	-269	-116
Increase/(decrease) in suppliers' liabilities	-637	217	418	330
Increase/(decrease) in other provisions and payables	-412	537	189	472
Net cash provided/(used) by working capital	-6,248	-8,138	-9,287	-8,024
<i>equals</i> (Net cash from/(to) operating activities)	25,483	24,467	28,265	24,096
<i>plus</i> (Net cash from/(to) investing activities)	-41,900	-25,530	-45,130	-24,411
Net cash from operating activities and investment	-16,416	-1,062	-16,865	-315
<i>plus</i> (Net cash from/(to) financing activities)	15,014	1,065	17,215	484
<i>equals</i> Net increase/(decrease) in cash	-1,403	3	350	169
Cash at the beginning of the year	8,607	7,204	7,207	7,557
Net increase/(decrease) in cash	-1,403	3	350	169
Cash at the end of the year	7,204	7,207	7,557	7,726

Attachment A

Financial reporting standards and budget concepts

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

AASB 1049 Conceptual framework

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

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

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

10 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.¹¹

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.

11 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.¹²

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.

12 The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investments 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 assets¹³ (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.

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

¹³ 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
plus
Net cash flows from investments in non-financial assets
equals
ABS GFS cash surplus/deficit
plus
Net cash flows from financing activities for leases
less
Net Future Fund cash earnings
equals
Underlying cash balance

Under the *Future Fund Act 2006*, earnings are required to be reinvested to meet the Government's future public sector superannuation liabilities. The Government excludes net Future Fund cash earnings from the calculation of the underlying cash balance between 2005-06 and 2019-20. From 2020-21 onwards, net Future Fund cash earnings are 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 7.3 of this statement, related tables in Part 3 and the historical tables in Appendix E.

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.

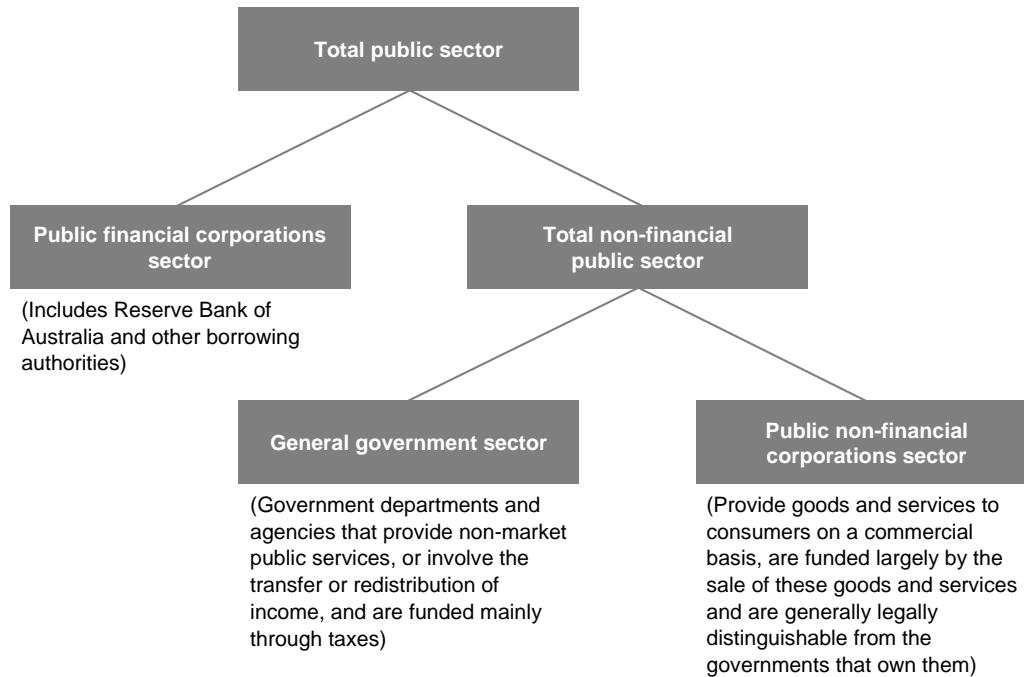
Net cash flows from investments in financial assets for policy purposes include equity transactions and advances paid.¹⁴ Equity transactions include equity injections into controlled businesses and privatisations of government businesses. Advances paid include net loans to the states and net loans to students.

Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure 7.1. ABS GFS defines the GGS, PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

¹⁴ Net cash flows from investments in financial assets for policy purposes are often referred to as net advances.

Figure 7.1: 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 7.14).

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

Table 7.14: Entities outside of the general government sector — 2019-20

Public financial corporations
Attorney-General's Portfolio
<ul style="list-style-type: none">• Coal Mining Industry (Long Service Leave Funding) Corporation
Foreign Affairs and Trade Portfolio
<ul style="list-style-type: none">• Export Finance Australia
Industry, Innovation and Science Portfolio
<ul style="list-style-type: none">• CSIRO General Partner Pty Ltd• CSIRO General Partner 2 Pty Ltd• CSIRO FollowOn Services Pty Ltd
Treasury Portfolio
<ul style="list-style-type: none">• Australian Reinsurance Pool Corporation• National Housing Finance and Investment Corporation*• Reserve Bank of Australia
Public non-financial corporations
Communications and the Arts Portfolio
<ul style="list-style-type: none">• Australian Postal Corporation (Australia Post)• nbn Co Ltd
Environment and Energy Portfolio
<ul style="list-style-type: none">• Snowy Hydro Limited
Finance Portfolio
<ul style="list-style-type: none">• ASC Pty Ltd• Australian Naval Infrastructure Pty Ltd
Social Services Portfolio
<ul style="list-style-type: none">• Australian Hearing Services (Australian Hearing)
Infrastructure, Transport, Cities and Regional Development Portfolio
<ul style="list-style-type: none">• Airservices Australia• Australian Rail Track Corporation Limited• Moorebank Intermodal Company Limited• WSA Co Ltd

**Table 7.14: Entities outside of the general government sector — 2019-20
(continued)**

Public non-financial corporations (continued)
Industry, Innovation and Science Portfolio
• ANSTO Nuclear Medicine Pty Ltd
Prime Minister and Cabinet Portfolio
• Voyages Indigenous Tourism Australia Pty Ltd

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