

## Statement 10: Australian Government Budget Financial Statements

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

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

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

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

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



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# Statement 10: Australian Government Budget Financial Statements

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

	Note	Actual	Estimates			
		2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Revenue</b>						
Taxation revenue(a)	3	550,412	577,868	587,670	602,659	643,550
Sales of goods and services	4	17,834	18,371	19,596	20,680	21,229
Interest income	5	4,452	8,192	7,476	6,899	7,153
Dividend and distribution income	5	9,051	5,695	6,169	6,652	7,041
Other(a)	6	14,652	14,891	12,528	12,200	12,031
<b>Total revenue</b>		<b>596,401</b>	<b>625,016</b>	<b>633,439</b>	<b>649,091</b>	<b>691,004</b>
<b>Expenses</b>						
Gross operating expenses						
Wages and salaries(b)	7	22,840	24,201	24,094	24,490	24,806
Superannuation	7	12,217	8,912	7,514	7,728	7,984
Depreciation and amortisation	8	11,462	12,111	12,913	13,578	14,335
Supply of goods and services	9	163,395	176,526	179,752	191,998	204,111
Other operating expenses(b)	7	7,836	9,186	8,081	8,326	8,593
<i>Total gross operating expenses</i>		<i>217,750</i>	<i>230,936</i>	<i>232,354</i>	<i>246,121</i>	<i>259,829</i>
Superannuation interest expense	7	8,974	12,264	13,423	13,737	14,403
Interest expenses	10	19,944	26,188	27,140	34,586	35,295
Current transfers						
Current grants	11	184,517	196,498	197,493	201,915	205,390
Subsidy expenses		17,764	16,213	16,624	17,123	17,847
Personal benefits	12	154,450	146,940	156,682	166,907	177,499
<i>Total current transfers</i>		<i>356,730</i>	<i>359,651</i>	<i>370,799</i>	<i>385,945</i>	<i>400,736</i>
Capital transfers						
Mutually agreed write-downs		2,884	2,676	2,956	3,128	3,270
Other capital grants		16,767	19,207	19,793	18,736	17,426
<i>Total capital transfers</i>		<i>19,651</i>	<i>21,883</i>	<i>22,749</i>	<i>21,864</i>	<i>20,696</i>
<b>Total expenses</b>		<b>623,050</b>	<b>650,922</b>	<b>666,465</b>	<b>702,253</b>	<b>730,960</b>
<b>Net operating balance</b>		<b>-26,649</b>	<b>-25,905</b>	<b>-33,026</b>	<b>-53,162</b>	<b>-39,956</b>
<b>Other economic flows – included in operating result</b>						
Net write-downs of assets		-11,490	-8,004	-7,640	-8,013	-8,193
Assets recognised for the first time		251	204	212	221	229
Actuarial revaluations		7,031	83	59	37	27
Net foreign exchange gains		245	-573	0	0	13
Net swap interest received		-428	0	0	0	0
Market valuation of debt		115,931	-2,434	-11,643	-10,716	-9,797
Other gains/(losses)		-17,471	4,761	7,171	8,513	8,623
<b>Total other economic flows – included in operating result</b>		<b>94,068</b>	<b>-5,962</b>	<b>-11,841</b>	<b>-9,958</b>	<b>-9,098</b>
<b>Operating result(c)</b>		<b>67,420</b>	<b>-31,867</b>	<b>-44,867</b>	<b>-63,120</b>	<b>-49,054</b>

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
Note	\$m	\$m	\$m	\$m	\$m
<b>Non-owner movements in equity</b>					
Revaluation of equity investments	-26,320	-92	0	0	0
Actuarial revaluations	-19,774	-19,774	-167	-167	-167
Other economic revaluations	8,435	5	67	2,183	93
<b>Total other economic flows - included in equity</b>	<b>-37,658</b>	<b>-19,860</b>	<b>-100</b>	<b>2,016</b>	<b>-74</b>
<b>Comprehensive result – Total change in net worth</b>	<b>29,761</b>	<b>-51,728</b>	<b>-44,967</b>	<b>-61,104</b>	<b>-49,129</b>
<b>Net operating balance</b>	<b>-26,649</b>	<b>-25,905</b>	<b>-33,026</b>	<b>-53,162</b>	<b>-39,956</b>
<b>Net acquisition of non-financial assets</b>					
Purchases of non-financial assets	18,772	23,317	23,846	23,934	23,614
<i>less</i> Sales of non-financial assets	1,278	206	51	2,226	289
<i>less</i> Depreciation	11,462	12,111	12,913	13,578	14,335
<i>plus</i> Change in inventories	2,399	1,788	1,001	845	949
<i>plus</i> Other movements in non-financial assets	-18	-6	0	0	0
<b>Total net acquisition of non-financial assets</b>	<b>8,412</b>	<b>12,781</b>	<b>11,883</b>	<b>8,976</b>	<b>9,939</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>	<b>-35,061</b>	<b>-38,686</b>	<b>-44,909</b>	<b>-62,138</b>	<b>-49,895</b>

a) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation revenue to taxation revenue in the 2022–23 March Budget. This reflected the change in the nature of this revenue, resulting in an increase in taxation revenue and a decrease in other revenue.

b) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

c) Operating result under AAS.

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

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

	Note	Actual	Estimates			
		2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Assets</b>						
Financial assets						
Cash and deposits		94,763	54,975	68,350	79,676	72,967
Advances paid	13	73,119	76,622	75,412	79,894	83,616
Investments, loans and placements	14	214,456	225,772	236,975	245,029	253,954
Other receivables	13	74,668	74,640	79,828	83,709	89,224
Equity investments						
Investments in other public sector entities		38,225	43,757	48,716	53,710	57,916
Equity accounted investments		3,890	4,175	4,212	4,208	4,162
Investments – shares		70,548	80,564	84,818	88,831	93,658
<i>Total financial assets</i>		<i>569,668</i>	<i>560,506</i>	<i>598,311</i>	<i>635,058</i>	<i>655,496</i>
Non-financial assets						
	15					
Land		12,719	12,876	12,884	12,930	12,768
Buildings		45,845	48,082	49,728	51,147	52,086
Plant, equipment and infrastructure		99,421	106,034	114,274	122,588	130,529
Inventories		11,686	12,895	13,452	13,835	14,303
Intangibles		11,119	12,511	12,993	13,051	12,951
Investment properties		205	207	207	207	207
Biological assets		16	16	16	16	16
Heritage and cultural assets		12,630	12,645	12,653	12,646	12,637
Assets held for sale		308	177	177	177	177
Other non-financial assets		22	16	16	16	16
<i>Total non-financial assets</i>		<i>193,969</i>	<i>205,460</i>	<i>216,401</i>	<i>226,613</i>	<i>235,689</i>
<b>Total assets</b>		<b>763,638</b>	<b>765,966</b>	<b>814,712</b>	<b>861,670</b>	<b>891,185</b>
<b>Liabilities</b>						
Interest bearing liabilities						
Deposits held		406	406	406	406	406
Government securities		848,455	877,947	962,871	1,056,215	1,127,457
Loans	16	29,932	32,204	33,192	33,427	33,475
Lease liabilities		19,194	18,997	18,340	17,347	15,985
<i>Total interest bearing liabilities</i>		<i>897,988</i>	<i>929,554</i>	<i>1,014,809</i>	<i>1,107,396</i>	<i>1,177,322</i>

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

	Note	Actual	Estimates			
		2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
Provisions and payables						
Superannuation liability	17	321,982	271,366	278,186	290,148	298,373
Other employee liabilities	17	34,902	35,535	36,188	36,976	37,513
Suppliers payables	18	10,416	10,908	11,288	11,543	11,717
Personal benefits payables	18	2,999	3,044	3,985	4,130	4,293
Subsidies payables	18	933	884	885	887	907
Grants payables	18	3,913	2,997	2,634	3,270	2,851
Other payables	18	9,855	4,240	5,952	3,925	3,956
Provisions	18	62,407	63,101	61,417	65,133	65,117
<i>Total provisions and payables</i>		<i>447,407</i>	<i>392,076</i>	<i>400,535</i>	<i>416,012</i>	<i>424,728</i>
<b>Total liabilities</b>		<b>1,345,395</b>	<b>1,321,631</b>	<b>1,415,344</b>	<b>1,523,407</b>	<b>1,602,050</b>
<b>Net worth(a)</b>		<b>-581,758</b>	<b>-555,665</b>	<b>-600,633</b>	<b>-661,737</b>	<b>-710,865</b>
<i>Net financial worth(b)</i>		<i>-775,727</i>	<i>-761,125</i>	<i>-817,033</i>	<i>-888,350</i>	<i>-946,554</i>
<i>Net financial liabilities(c)</i>		<i>813,952</i>	<i>804,882</i>	<i>865,750</i>	<i>942,060</i>	<i>1,004,470</i>
<i>Net debt(d)</i>		<i>515,650</i>	<i>572,185</i>	<i>634,073</i>	<i>702,796</i>	<i>766,787</i>

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



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

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Cash receipts from operating activities</b>					
Taxes received(b)	536,586	562,858	574,292	590,451	629,335
Receipts from sales of goods and services	17,725	18,550	19,594	20,691	21,220
Interest receipts	2,446	5,275	5,805	5,991	6,147
Dividends, distributions and income tax equivalents	11,564	5,677	6,150	6,632	7,019
Other receipts(b)	15,542	14,533	13,326	18,810	14,879
<b>Total operating receipts</b>	<b>583,864</b>	<b>606,893</b>	<b>619,167</b>	<b>642,575</b>	<b>678,601</b>
<b>Cash payments for operating activities</b>					
Payments to employees(c)	-36,863	-38,601	-39,034	-40,155	-41,626
Payments for goods and services	-159,065	-174,888	-178,804	-191,475	-203,762
Grants and subsidies paid	-219,188	-233,753	-237,327	-237,774	-240,325
Interest paid	-17,423	-18,910	-22,407	-25,369	-32,634
Personal benefit payments	-156,276	-147,190	-156,297	-167,333	-177,903
Other payments(c)	-7,359	-8,486	-7,420	-7,548	-7,752
<b>Total operating payments</b>	<b>-596,174</b>	<b>-621,828</b>	<b>-641,289</b>	<b>-669,653</b>	<b>-704,002</b>
<b>Net cash flows from operating activities</b>	<b>-12,310</b>	<b>-14,934</b>	<b>-22,122</b>	<b>-27,078</b>	<b>-25,401</b>
<b>Cash flows from investments in non-financial assets</b>					
Sales of non-financial assets	494	336	2,274	265	422
Purchases of non-financial assets	-17,692	-19,825	-21,760	-22,041	-22,092
<b>Net cash flows from investments in non-financial assets</b>	<b>-17,198</b>	<b>-19,490</b>	<b>-19,486</b>	<b>-21,776</b>	<b>-21,670</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-1,340</b>	<b>-12,720</b>	<b>-6,679</b>	<b>-13,699</b>	<b>-14,066</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-8,553</b>	<b>-17,780</b>	<b>-7,122</b>	<b>-3,244</b>	<b>-4,312</b>
<b>Cash receipts from financing activities</b>					
Borrowing	202,252	428,986	674,680	719,036	685,420
Other financing	33,437	11	20	11	12
<b>Total cash receipts from financing activities</b>	<b>235,689</b>	<b>428,998</b>	<b>674,701</b>	<b>719,048</b>	<b>685,431</b>
<b>Cash payments for financing activities</b>					
Borrowing	-123,358	-396,903	-601,352	-637,141	-621,929
Other financing	-40,580	-6,958	-4,565	-4,784	-4,763
<b>Total cash payments for financing activities</b>	<b>-163,938</b>	<b>-403,861</b>	<b>-605,917</b>	<b>-641,925</b>	<b>-626,692</b>
<b>Net cash flows from financing activities</b>	<b>71,751</b>	<b>25,137</b>	<b>68,784</b>	<b>77,123</b>	<b>58,739</b>
<b>Net increase/(decrease) in cash held</b>	<b>32,351</b>	<b>-39,788</b>	<b>13,375</b>	<b>11,326</b>	<b>-6,710</b>

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

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>GFS cash surplus(+)/deficit(-)(d)</b>	<b>-29,507</b>	<b>-34,424</b>	<b>-41,608</b>	<b>-48,854</b>	<b>-47,071</b>
<i>plus</i> Principal payments of lease liabilities(e)	-2,454	-2,427	-2,440	-2,493	-2,490
<b>Equals underlying cash balance(f)</b>	<b>-31,962</b>	<b>-36,851</b>	<b>-44,048</b>	<b>-51,347</b>	<b>-49,561</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,340	-12,720	-6,679	-13,699	-14,066
<b>Equals headline cash balance</b>	<b>-33,302</b>	<b>-49,572</b>	<b>-50,727</b>	<b>-65,046</b>	<b>-63,627</b>

- a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
- b) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation receipt to taxation receipt in the 2022–23 March Budget. This reflected the change in the nature of this receipt, resulting in an increase in taxes received and a decrease in other receipts.
- c) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- d) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- e) 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'. Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.
- f) The term underlying cash balance is not used by the ABS.

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

	Actual	Estimates
	2021-22 \$m	2022-23 \$m
<b>Revenue</b>		
Grants and subsidies	857	276
Sales of goods and services	19,777	21,579
Interest income	10	5
Other	123	206
<b>Total revenue</b>	<b>20,767</b>	<b>22,066</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)	4,595	4,715
Superannuation	563	484
Depreciation and amortisation	4,723	4,636
Supply of goods and services	10,381	11,468
Other operating expenses(a)	641	752
<i>Total gross operating expenses</i>	<i>20,903</i>	<i>22,054</i>
Interest expenses	1,597	1,804
Other property expenses	300	85
Current transfers		
Tax expenses	576	7
<i>Total current transfers</i>	<i>576</i>	<i>7</i>
<b>Total expenses</b>	<b>23,375</b>	<b>23,950</b>
<b>Net operating balance</b>	<b>-2,608</b>	<b>-1,884</b>
<b>Other economic flows</b>	<b>3,052</b>	<b>-1,425</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>445</b>	<b>-3,309</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	7,386	10,274
<i>less</i> Sales of non-financial assets	<i>59</i>	<i>2</i>
<i>less</i> Depreciation	<i>4,723</i>	<i>4,636</i>
<i>plus</i> Change in inventories	<i>72</i>	<i>8</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>2,677</b>	<b>5,644</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-5,285</b>	<b>-7,528</b>

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

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

**Table 10.5: Australian Government public non-financial corporations sector balance sheet**

	Actual	Estimates
	2021-22	2022-23
	\$m	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits	1,380	1,359
Investments, loans and placements	1,557	1,076
Other receivables	6,343	6,647
Equity investments	294	293
<i>Total financial assets</i>	<i>9,573</i>	<i>9,375</i>
Non-financial assets		
Land and other fixed assets	60,444	64,694
Other non-financial assets(a)	3,925	3,933
<i>Total non-financial assets</i>	<i>64,368</i>	<i>68,627</i>
<b>Total assets</b>	<b>73,942</b>	<b>78,002</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	18	18
Advances received and loans	29,686	30,832
Lease liabilities	12,551	13,164
<i>Total interest bearing liabilities</i>	<i>42,255</i>	<i>44,014</i>
Provisions and payables		
Superannuation liability	13	11
Other employee liabilities	1,817	1,738
Other payables	6,618	6,724
Other provisions(a)	1,140	1,096
<i>Total provisions and payables</i>	<i>9,588</i>	<i>9,569</i>
<b>Total liabilities</b>	<b>51,843</b>	<b>53,582</b>
<b>Shares and other contributed capital</b>	<b>22,099</b>	<b>24,420</b>
<b>Net worth(b)</b>	<b>22,099</b>	<b>24,420</b>
<i>Net financial worth(c)</i>	<i>-42,270</i>	<i>-44,207</i>
<i>Net debt(d)</i>	<i>39,319</i>	<i>41,579</i>

a) Excludes the impact of commercial taxation adjustments.

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

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

d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits and investments, loans and placements).

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

	Actual	Estimates
	2021-22	2022-23
	\$m	\$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	20,738	24,482
Grants and subsidies received	790	183
GST input credit receipts	116	1,041
Other receipts	80	278
<b>Total operating receipts</b>	<b>21,724</b>	<b>25,984</b>
<b>Cash payments for operating activities</b>		
Payments to employees(b)	-5,139	-5,340
Payment for goods and services	-11,658	-14,518
Interest paid	-1,546	-1,944
GST payments to taxation authority	-382	-967
Distributions paid	-301	-85
Other payments(b)	-881	-948
<b>Total operating payments</b>	<b>-19,906</b>	<b>-23,803</b>
<b>Net cash flows from operating activities</b>	<b>1,818</b>	<b>2,181</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	67	-5
Purchases of non-financial assets	-6,506	-8,721
<b>Net cash flows from investments in non-financial assets</b>	<b>-6,439</b>	<b>-8,726</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-8</b>	<b>-3</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>50</b>	<b>59</b>
<b>Net cash flows from financing activities</b>		
Borrowing (net)	1,449	1,178
Other financing (net)	2,342	5,292
<b>Net cash flows from financing activities</b>	<b>3,792</b>	<b>6,469</b>
<b>Net increase/(decrease) in cash held</b>	<b>-787</b>	<b>-20</b>
<b>Cash at the beginning of the year</b>	<b>2,167</b>	<b>1,380</b>
<b>Cash at the end of the year</b>	<b>1,380</b>	<b>1,359</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-4,621</b>	<b>-6,545</b>
<i>plus</i> Principal payments of lease liabilities(d)	-484	-536
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>-5,105</b>	<b>-7,081</b>

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

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

	Actual	Estimates
	2021-22 \$m	2022-23 \$m
<b>Revenue</b>		
Taxation revenue(a)	549,452	577,197
Sales of goods and services	36,624	38,905
Interest income	4,116	7,963
Dividend and distribution income	8,751	5,610
Other(a)	14,763	14,874
<b>Total revenue</b>	<b>613,707</b>	<b>644,548</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(b)	27,436	28,916
Superannuation	12,776	9,396
Depreciation and amortisation	16,185	16,747
Supply of goods and services	172,775	186,933
Other operating expenses(b)	8,477	9,937
<i>Total gross operating expenses</i>	<i>237,648</i>	<i>251,929</i>
Superannuation interest expense	8,974	12,264
Interest expenses	21,195	27,758
Current transfers		
Current grants	184,517	196,498
Subsidy expenses	16,998	15,454
Personal benefits	154,450	146,940
<i>Total current transfers</i>	<i>355,965</i>	<i>358,892</i>
Capital transfers	18,845	21,585
<b>Total expenses</b>	<b>642,628</b>	<b>672,428</b>
<b>Net operating balance</b>	<b>-28,921</b>	<b>-27,880</b>
<b>Other economic flows</b>	<b>62,511</b>	<b>-27,071</b>
<b>Comprehensive result – Total change in net worth</b>	<b>33,590</b>	<b>-54,951</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	26,163	33,589
<i>less</i> Sales of non-financial assets	<i>1,337</i>	<i>208</i>
<i>less</i> Depreciation	<i>16,185</i>	<i>16,747</i>
<i>plus</i> Change in inventories	<i>2,471</i>	<i>1,796</i>
<i>plus</i> Other movements in non-financial assets	<i>-18</i>	<i>-6</i>
<b>Total net acquisition of non-financial assets</b>	<b>11,094</b>	<b>18,423</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>	<b>-40,015</b>	<b>-46,304</b>

a) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation revenue to taxation revenue in the 2022–23 March Budget. This reflected the change in the nature of this revenue, resulting in an increase in taxation revenue and a decrease in other revenue.

b) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

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

**Table 10.8: Australian Government total non-financial public sector balance sheet**

	Actual	Estimates
	2021-22	2022-23
	\$m	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits	96,142	56,334
Advances paid	66,469	70,847
Investments, loans and placements	215,992	226,823
Other receivables	79,624	79,811
Equity investments	76,446	86,825
<i>Total financial assets</i>	<i>534,673</i>	<i>520,640</i>
Non-financial assets		
Land and other fixed assets	242,735	257,216
Other non-financial assets	15,645	16,912
<i>Total non-financial assets</i>	<i>258,381</i>	<i>274,128</i>
<b>Total assets</b>	<b>793,053</b>	<b>794,768</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	423	423
Government securities	848,455	877,947
Advances received and loans	52,948	57,236
Lease liabilities	31,736	32,152
<i>Total interest bearing liabilities</i>	<i>933,562</i>	<i>967,758</i>
Provisions and payables		
Superannuation liability	321,995	271,377
Other employee liabilities	36,719	37,273
Other payables	34,191	28,294
Other provisions	62,671	63,284
<i>Total provisions and payables</i>	<i>455,577</i>	<i>400,227</i>
<b>Total liabilities</b>	<b>1,389,139</b>	<b>1,367,985</b>
<b>Net worth(a)</b>	<b>-596,086</b>	<b>-573,217</b>
<i>Net financial worth(b)</i>	<i>-854,466</i>	<i>-847,346</i>
<i>Net debt(c)</i>	<i>554,959</i>	<i>613,755</i>

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

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

	Actual	Estimates
	2021-22 \$m	2022-23 \$m
<b>Cash receipts from operating activities</b>		
Taxes received(b)	536,379	562,836
Receipts from sales of goods and services	35,561	40,014
Interest receipts	2,117	5,056
Dividends, distributions and income tax equivalents	11,268	5,592
Other receipts(b)	15,512	14,456
<b>Total operating receipts</b>	<b>600,837</b>	<b>627,954</b>
<b>Cash payments for operating activities</b>		
Payments to employees(c)	-41,998	-43,941
Payments for goods and services	-168,113	-186,125
Grants and subsidies paid	-218,323	-233,505
Interest paid	-18,633	-20,629
Personal benefit payments	-156,276	-147,190
Other payments(c)	-7,992	-9,313
<b>Total operating payments</b>	<b>-611,336</b>	<b>-640,703</b>
<b>Net cash flows from operating activities</b>	<b>-10,499</b>	<b>-12,749</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	561	331
Purchases of non-financial assets	-24,192	-28,546
<b>Net cash flows from investments in non-financial assets</b>	<b>-23,631</b>	<b>-28,215</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-5,583</b>	<b>-7,977</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-8,501</b>	<b>-17,722</b>
<b>Net cash flows from financing activities</b>		
Borrowing (net)	87,160	34,140
Other financing (net)	-7,381	-7,285
<b>Net cash flows from financing activities</b>	<b>79,779</b>	<b>26,855</b>
<b>Net increase/(decrease) in cash held</b>	<b>31,566</b>	<b>-39,808</b>
<b>Cash at the beginning of the year</b>	<b>64,576</b>	<b>96,142</b>
<b>Cash at the end of the year</b>	<b>96,142</b>	<b>56,334</b>



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

	Actual	Estimates
	2021-22	2022-23
	\$m	\$m
<b>GFS cash surplus(+)/deficit(-)(d)</b>	<b>-34,130</b>	<b>-40,965</b>
<i>plus</i> Principal payments of lease liabilities(e)	-2,939	-2,963
<b>Adjusted GFS cash surplus(+)/deficit(-)(e)</b>	<b>-37,068</b>	<b>-43,928</b>

- a) A positive number denotes a cash inflow; a negative number denotes a cash outflow.
- b) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation receipt to taxation receipt in the 2022–23 March Budget. This reflected the change in the nature of this receipt, resulting in an increase in taxes received and a decrease in other receipts.
- c) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- d) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- e) 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'. Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

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

	Actual	Estimates
	2021-22 \$m	2022-23 \$m
<b>Revenue</b>		
Grants and subsidies	146	152
Sales of goods and services	716	581
Interest income	8,966	9,608
Other	105	117
<b>Total revenue</b>	<b>9,934</b>	<b>10,458</b>
<b>Expenses</b>		
Gross operating expenses		
Wages and salaries(a)	254	257
Superannuation	96	42
Depreciation and amortisation	83	80
Supply of goods and services	476	489
Other operating expenses(a)	36	62
<i>Total gross operating expenses</i>	<i>946</i>	<i>929</i>
Interest expenses	484	172
Other property expenses	6	6
Current transfers		
Tax expenses	8	6
<i>Total current transfers</i>	<i>8</i>	<i>6</i>
<b>Total expenses</b>	<b>1,443</b>	<b>1,114</b>
<b>Net operating balance</b>	<b>8,491</b>	<b>9,344</b>
<b>Other economic flows</b>	<b>-43,126</b>	<b>-2,554</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>-34,635</b>	<b>6,790</b>
<b>Net acquisition of non-financial assets</b>		
Purchases of non-financial assets	93	0
<i>less</i> Sales of non-financial assets	<i>1</i>	<i>0</i>
<i>less</i> Depreciation	<i>83</i>	<i>80</i>
<i>plus</i> Change in inventories	<i>-15</i>	<i>0</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>-6</b>	<b>-80</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>8,497</b>	<b>9,424</b>

- a) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.
- b) The term fiscal balance is not used by the ABS.

**Table 10.11: Australian Government public financial corporations sector balance sheet<sup>(a)</sup>**

	Actual	Estimates
	2021-22	2022-23
	\$m	\$m
<b>Assets</b>		
Financial assets		
Cash and deposits	686	659
Investments, loans and placements	619,797	627,422
Other receivables	195	199
Equity investments	1,124	1,198
<i>Total financial assets</i>	<i>621,803</i>	<i>629,478</i>
Non-financial assets		
Land and other fixed assets	972	963
Other non-financial assets(b)	84	83
<i>Total non-financial assets</i>	<i>1,056</i>	<i>1,046</i>
<b>Total assets</b>	<b>622,859</b>	<b>630,525</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	616,151	616,151
Borrowing	12,923	13,485
<i>Total interest bearing liabilities</i>	<i>629,074</i>	<i>629,636</i>
Provisions and payables		
Superannuation liability	2	2
Other employee liabilities	193	194
Other payables	2,180	2,377
Other provisions(b)	1,696	1,811
<i>Total provisions and payables</i>	<i>4,071</i>	<i>4,385</i>
<b>Total liabilities</b>	<b>633,145</b>	<b>634,021</b>
<b>Shares and other contributed capital</b>	<b>-10,286</b>	<b>-3,496</b>
<b>Net worth(c)</b>	<b>-10,286</b>	<b>-3,496</b>
<i>Net financial worth(d)</i>	<i>-11,342</i>	<i>-4,543</i>
<i>Net debt(e)</i>	<i>8,591</i>	<i>1,555</i>

a) Assumes no valuation or currency movement.

b) Excludes the impact of commercial taxation adjustments.

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

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

e) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits and investments, loans and placements).

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

	Actual	Estimates
	2021-22 \$m	2022-23 \$m
<b>Cash receipts from operating activities</b>		
Receipts from sales of goods and services	663	581
Grants and subsidies received	149	152
GST input credit receipts	21	2
Interest receipts	8,122	9,578
Other receipts	56	108
<b>Total operating receipts</b>	<b>9,011</b>	<b>10,421</b>
<b>Cash payments for operating activities</b>		
Payments to employees(b)	-300	-300
Payment for goods and services	-472	-651
Interest paid	-210	-137
GST payments to taxation authority	-23	0
Distributions paid	-2,677	-6
Other payments(b)	-64	-62
<b>Total operating payments</b>	<b>-3,746</b>	<b>-1,156</b>
<b>Net cash flows from operating activities</b>	<b>5,265</b>	<b>9,265</b>
<b>Cash flows from investments in non-financial assets</b>		
Sales of non-financial assets	0	0
Purchases of non-financial assets	-70	0
<b>Net cash flows from investments in non-financial assets</b>	<b>-70</b>	<b>0</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-31</b>	<b>-643</b>
<b>Net cash flows from investments in financial assets for liquidity purposes(c)</b>	<b>-111,095</b>	<b>-9,247</b>
<b>Net cash flows from financing activities</b>		
Borrowing and deposits received (net)(c)	98,665	573
Other financing (net)	7,056	26
<b>Net cash flows from financing activities</b>	<b>105,721</b>	<b>599</b>
<b>Net increase/(decrease) in cash held</b>	<b>-210</b>	<b>-27</b>
<b>Cash at the beginning of the year</b>	<b>896</b>	<b>686</b>
<b>Cash at the end of the year</b>	<b>686</b>	<b>659</b>
<b>GFS cash surplus(+)/deficit(-)(d)</b>	<b>5,195</b>	<b>9,265</b>
<i>plus</i> Principal payments of lease liabilities(e)	-7	-3
<b>Adjusted GFS cash surplus(+)/deficit(-)(e)</b>	<b>5,188</b>	<b>9,262</b>

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

## Notes to the general government sector financial statements

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

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

The external standards used for budget reporting purposes are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2015* (cat. no. 5514.0), which is based on the International Monetary Fund (IMF) accrual GFS framework
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards as adopted in Australia for use by the not-for-profit sector and specific standards such as AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

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

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

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

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

AASB 1049 requires disaggregated information, by ABS GFS function, for expenses and total assets to be disclosed where they are reliably attributable. The ABS GFS does not require total assets to be attributed to functions. In accordance with the ABS GFS, disaggregated information for expenses and net acquisition of non-financial assets by function is disclosed in *Statement 6: Expenses and Net Capital Investment*. In accordance with the UPF, purchases of non-financial assets by function are also disclosed in *Statement 6*.

AASB 1055 *Budgetary Reporting* requires major variances between original budget estimates and outcomes to be explained in the financial statements. Explanations of variances in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2022–23 March Budget are disclosed in the *Pre-election Economic and Fiscal Outlook 2022* (PEFO) and *Statement 3: Fiscal Strategy and Outlook*, with decisions taken since the 2022–23 March Budget disclosed in PEFO and Budget Paper No. 2 *Budget Measures October 2022–23*.

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

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

The Charter requires that departures from applicable external reporting standards be identified. The major differences between AAS and the ABS GFS treatments of transactions are outlined in Table 10.13.

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

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

**Table 10.13: Major differences between AAS and ABS GFS**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Circulating coins – seigniorage	The profit between the cost and sale of circulating coins (seigniorage) is treated as revenue.	Circulating coins is treated as a liability, and the cost of producing the coins is treated as an expense.	AAS
Valuation of loans	Changes in the valuation of loans are treated as a revenue or an expense. In some circumstances recognition as a revenue or an expense is delayed until the loan ends or is transferred.	Changes in the valuation of loans (excluding mutually agreed write-downs) are treated as an 'other economic flow'.	ABS GFS
Timing recognition of Boosting Cash Flow for Employers	Expense recognition is based on underlying economic activity that gives rise to the Cash Flow Boost payment.	Recognised when the businesses receive payments after submitting their activity statements and having met all requirements.	AAS
Leases	AASB 16 introduced a single lease accounting framework for lessees, which replaced the distinction between operating and finance leases. Right of use assets and lease liabilities are recognised on the balance sheets for leases that were previously accounted for as operating expense.	The distinction between operating leases and finance leases is continued for lessees.	AAS
Concessional loans	Concessional elements are treated as an expense on initial recognition and unwound over the loan term.	Concessional elements are treated as an 'other economic flow'.	AAS
Investment in other public sector entities	Valued at fair value in the balance sheet as long as it can be reliably measured, otherwise net assets is permissible.	Unlisted entities are valued based on their net assets in the balance sheet.	AAS
Provision for restoration, decommissioning and make-good	Capitalised when the asset is acquired.	Capitalised when make-good activity takes place.	AAS
Renewable Energy Certificates (RECs)	The issuance and registration of RECs is considered to be an administrative function and does not result in the recognition of assets or liabilities and, consequently, no revenue or expenses are recognised.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.	AAS
Dividends paid by public corporations	Treated as an equity distribution. Equity distributions are treated as a distribution of profits, as opposed to an expense.	Dividends are treated as an expense.	ABS GFS

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

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
Dividends paid by the Reserve Bank of Australia	Dividends are recognised in the year profit was earned.	Dividends are recognised when the Treasurer makes a determination.	AAS
National Disability Insurance Scheme (NDIS) revenue	Funding contributions by the state and territory governments to NDIS are treated as sales of goods and services revenue.  In-kind disability services provided by the state and territory governments are treated as other revenue.	Funding contributions by the state and territory governments to NDIS are treated as grants revenue.  In-kind disability services provided by the state and territory governments are treated as sales of goods and services revenue.	AAS
Commercial tax effect accounting assets and liabilities	Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis.	Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office.	ABS GFS
Timing recognition of vaccine expense	Recognised when vaccines are delivered to the states and territories.	Recognised when the vaccine doses are administered. Vaccine wastage after distributions are recognised as an 'other economic flow'.	AAS
<b>Fiscal aggregates differences</b>			
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
<b>Classification differences</b>			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise non-financial asset sale for fiscal balance when licences take effect, which may be after the auction of licences, as this is regarded as the point at which control is transferred. Recognise cash at the time of receipt.	Recognise non-financial asset sale for fiscal balance at time of auction as this is regarded as the point at which control is transferred. Recognise cash at the time of receipt.	AAS
Classification of Australia government funding of non-government schools	Direct grants to states and territories made in accordance with bilateral agreements with the Commonwealth and consistent with section 96 of the Constitution.	Personal benefit payments – indirect included in goods and services expenses.	AAS



**Note 3: Taxation revenue by type**

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
Individuals and other withholding taxes					
Gross income tax withholding	242,139	262,800	278,600	273,800	290,100
Gross other individuals	60,486	65,600	68,900	69,800	71,800
<i>less: Refunds</i>	38,048	41,800	36,000	38,100	34,600
Total individuals and other withholding taxation	264,576	286,600	311,500	305,500	327,300
Fringe benefits tax	3,261	3,440	3,460	3,460	3,360
Company tax	125,914	129,900	101,700	117,700	128,000
Superannuation fund taxes	26,559	12,670	20,520	22,020	24,420
Petroleum resource rent tax	2,166	2,790	2,430	2,080	1,980
<b>Income taxation revenue</b>	<b>422,476</b>	<b>435,400</b>	<b>439,610</b>	<b>450,760</b>	<b>485,060</b>
Goods and services tax	76,996	86,820	88,630	90,800	95,480
Wine equalisation tax	1,133	1,210	1,210	1,260	1,310
Luxury car tax	963	1,120	860	890	930
Excise and Custom duty					
Petrol	5,020	5,600	6,850	7,250	7,650
Diesel	11,755	13,220	15,670	16,470	17,320
Other fuel products	1,522	2,700	2,140	2,150	2,190
Tobacco	12,659	12,400	12,600	12,950	13,300
Beer	2,463	2,650	2,700	2,740	2,930
Spirits	3,515	3,480	3,510	3,760	3,820
Other alcoholic beverages(a)	1,457	1,500	1,620	1,730	1,770
Other customs duty					
Textiles, clothing and footwear	192	180	150	130	120
Passenger motor vehicles	361	420	380	290	180
Other imports	1,379	1,440	1,350	1,050	700
<i>less: Refunds and drawbacks</i>	818	700	700	700	700
Total excise and customs duty	39,506	42,890	46,270	47,820	49,280
Major bank levy	1,456	1,570	1,620	1,670	1,720
Agricultural levies	646	623	591	582	594
Visa application charges(b)	1,982	2,565	2,867	2,967	3,110
Other taxes(b)(c)	5,253	5,670	6,011	5,909	6,066
Mirror taxes	649	725	762	795	830
<i>less: Transfers to states in relation to mirror tax revenue</i>	649	725	762	795	830
Mirror tax revenue	0	0	0	0	0
<b>Indirect taxation revenue</b>	<b>127,936</b>	<b>142,468</b>	<b>148,060</b>	<b>151,899</b>	<b>158,490</b>
<b>Taxation revenue</b>	<b>550,412</b>	<b>577,868</b>	<b>587,670</b>	<b>602,659</b>	<b>643,550</b>

**Note 3: Taxation revenue by type (continued)**

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<i>Memorandum:</i>					
Total excise	22,562	26,070	31,850	33,330	34,920
Total customs duty	16,945	16,820	14,420	14,490	14,360
Capital gains tax(d)	24,100	21,900	21,300	21,200	20,900

- a) 'Other alcoholic beverages' are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
- b) Visa application charges were previously included in 'other taxes'.
- c) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation revenue to taxation revenue in the 2022–23 March Budget to reflect the change in the nature of this revenue. See also Note 3(a), Taxation revenue by source and Note 6, Other sources of non-taxation revenue.
- d) 'Capital gains tax' is part of gross other individuals, company tax and superannuation fund taxes.

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Taxes on income, profits and capital gains					
Income and capital gains levied on individuals	267,836	290,040	314,960	308,960	330,660
Income and capital gains levied on enterprises	154,640	145,360	124,650	141,800	154,400
<b>Total taxes on income, profits and capital gains</b>	<b>422,476</b>	<b>435,400</b>	<b>439,610</b>	<b>450,760</b>	<b>485,060</b>
Taxes on employers' payroll and labour force	1,060	946	1,017	1,099	1,184
Taxes on the provision of goods and services					
Sales/goods and services tax	79,092	89,150	90,700	92,950	97,720
Excises and levies	23,208	26,693	32,441	33,912	35,514
Taxes on international trade	16,945	16,820	14,420	14,490	14,360
<b>Total taxes on the provision of goods and services</b>	<b>119,245</b>	<b>132,663</b>	<b>137,561</b>	<b>141,352</b>	<b>147,594</b>
Taxes on the use of goods and performance of activities(a)	7,631	8,859	9,482	9,447	9,712
<b>Total taxation revenue</b>	<b>550,412</b>	<b>577,868</b>	<b>587,670</b>	<b>602,659</b>	<b>643,550</b>

- a) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation revenue to taxation revenue in the 2022–23 March Budget to reflect the change in the nature of this revenue. See also Note 3, Taxation revenue by type and Note 6, Other sources of non-taxation revenue.

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Sales of goods	1,613	1,412	1,460	1,659	1,605
Rendering of services	13,695	14,397	15,748	16,613	17,158
Lease rental	357	318	330	325	409
Fees from regulatory services	2,169	2,243	2,057	2,083	2,057
<b>Total sales of goods and services revenue</b>	<b>17,834</b>	<b>18,371</b>	<b>19,596</b>	<b>20,680</b>	<b>21,229</b>

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<b>Interest from other governments</b>					
State and territory debt	12	10	8	7	5
Housing agreements	77	72	67	62	57
<b>Total interest from other governments</b>	<b>88</b>	<b>82</b>	<b>75</b>	<b>69</b>	<b>63</b>
<b>Interest from other sources</b>					
Advances	750	860	895	964	968
Deposits	175	1,188	1,259	1,280	1,199
Indexation of HELP receivable and other student loans	2,179	3,482	2,211	1,437	1,625
Other	1,259	2,581	3,035	3,148	3,299
<b>Total interest from other sources</b>	<b>4,363</b>	<b>8,111</b>	<b>7,400</b>	<b>6,831</b>	<b>7,091</b>
<b>Total interest</b>	<b>4,452</b>	<b>8,192</b>	<b>7,476</b>	<b>6,899</b>	<b>7,153</b>
<b>Dividends and distributions</b>					
Dividends from other public sector entities	325	92	191	327	321
Other dividends and distributions	8,727	5,603	5,979	6,325	6,720
<b>Total dividends and distributions</b>	<b>9,051</b>	<b>5,695</b>	<b>6,169</b>	<b>6,652</b>	<b>7,041</b>
<b>Total interest and dividend and distribution revenue</b>	<b>13,503</b>	<b>13,887</b>	<b>13,645</b>	<b>13,552</b>	<b>14,194</b>

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Industry contributions(a)	78	78	87	98	78
Royalties	1,559	1,580	1,315	1,068	864
Seigniorage	63	59	67	64	64
Other	12,953	13,174	11,058	10,970	11,024
<b>Total other sources of non-taxation revenue</b>	<b>14,652</b>	<b>14,891</b>	<b>12,528</b>	<b>12,200</b>	<b>12,031</b>

a) Following a determination issued by the ABS, the industry contribution levy collected by the Australian Transaction Reports and Analysis Centre was reclassified from non-taxation revenue to taxation revenue in the 2022–23 March Budget to reflect the change in the nature of this revenue. See also Note 3, Taxation revenue by type and Note 3(a), Taxation revenue by source.

**Note 7: Employee and superannuation expense**

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<b>Wages and salaries expenses</b>	<b>22,840</b>	<b>24,201</b>	<b>24,094</b>	<b>24,490</b>	<b>24,806</b>
<b>Other operating expenses</b>					
Leave and other entitlements	2,553	2,995	2,997	3,016	3,016
Separations and redundancies	107	84	80	96	94
Workers compensation premiums and claims	2,753	3,583	2,476	2,589	2,682
Other	2,423	2,523	2,529	2,625	2,801
<b>Total other operating expenses</b>	<b>7,836</b>	<b>9,186</b>	<b>8,081</b>	<b>8,326</b>	<b>8,593</b>
<b>Superannuation expenses</b>					
Superannuation	12,217	8,912	7,514	7,728	7,984
Superannuation interest cost	8,974	12,264	13,423	13,737	14,403
<b>Total superannuation expenses</b>	<b>21,191</b>	<b>21,175</b>	<b>20,938</b>	<b>21,465</b>	<b>22,387</b>
<b>Total employee and superannuation expense</b>	<b>51,867</b>	<b>54,562</b>	<b>53,112</b>	<b>54,282</b>	<b>55,786</b>

**Note 8: Depreciation and amortisation expense**

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<b>Depreciation</b>					
Specialist military equipment	3,927	4,518	5,122	5,639	6,301
Buildings	3,953	4,125	4,193	4,264	4,375
Other infrastructure, plant and equipment	2,374	2,192	2,298	2,381	2,389
Heritage and cultural assets	92	75	75	75	75
Other	7	5	5	5	5
<b>Total depreciation(a)</b>	<b>10,353</b>	<b>10,916</b>	<b>11,693</b>	<b>12,363</b>	<b>13,145</b>
<b>Total amortisation</b>	<b>1,109</b>	<b>1,196</b>	<b>1,220</b>	<b>1,215</b>	<b>1,190</b>
<b>Total depreciation and amortisation expense</b>	<b>11,462</b>	<b>12,111</b>	<b>12,913</b>	<b>13,578</b>	<b>14,335</b>
<i>Memorandum:</i>					
<b>Depreciation relating to right of use assets</b>					
Specialist military equipment	35	28	24	24	24
Buildings	2,424	2,306	2,273	2,258	2,148
Other infrastructure, plant and equipment	342	283	281	279	382
Other	7	5	5	5	5
<b>Total depreciation of right of use assets</b>	<b>2,808</b>	<b>2,622</b>	<b>2,583</b>	<b>2,566</b>	<b>2,558</b>

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

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Supply of goods and services	47,912	45,567	42,647	43,531	44,988
Lease expenses	343	368	221	239	202
Personal benefits – indirect	106,842	122,903	129,293	140,338	151,035
Health care payments	5,669	5,633	5,609	5,788	5,917
Other	2,630	2,055	1,982	2,101	1,970
<b>Total supply of goods and services expense</b>	<b>163,395</b>	<b>176,526</b>	<b>179,752</b>	<b>191,998</b>	<b>204,111</b>

**Note 10: Interest expense**

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<b>Interest on debt</b>					
Government securities(a)	18,502	22,396	24,155	27,691	31,983
Loans	1	88	98	108	111
Other	256	400	479	475	472
<b>Total interest on debt</b>	<b>18,759</b>	<b>22,884</b>	<b>24,732</b>	<b>28,274</b>	<b>32,567</b>
<b>Interest on lease liabilities</b>	<b>343</b>	<b>347</b>	<b>346</b>	<b>343</b>	<b>330</b>
<b>Other financing costs</b>	<b>842</b>	<b>2,957</b>	<b>2,062</b>	<b>5,970</b>	<b>2,398</b>
<b>Total interest expense</b>	<b>19,944</b>	<b>26,188</b>	<b>27,140</b>	<b>34,586</b>	<b>35,295</b>

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

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

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Current grants expense</b>					
State and territory governments	148,441	152,590	156,422	161,056	165,376
Private sector	4,727	16,672	14,158	13,356	13,259
Overseas	4,353	4,528	4,380	5,080	4,455
Non-profit organisations	12,852	6,477	6,038	5,880	5,873
Multi-jurisdictional sector	11,545	11,512	12,066	12,822	13,275
Other	2,598	4,719	4,429	3,720	3,151
<b>Total current grants expense</b>	<b>184,517</b>	<b>196,498</b>	<b>197,493</b>	<b>201,915</b>	<b>205,390</b>
<b>Capital grants expense</b>					
Mutually agreed write-downs	2,884	2,676	2,956	3,128	3,270
Other capital grants					
State and territory governments	14,347	16,210	17,784	16,739	15,468
Local governments	1,098	1,440	810	723	723
Non-profit organisations	471	970	971	1,134	1,154
Private sector	64	310	43	42	17
Other	788	278	185	98	65
<b>Total capital grants expense</b>	<b>19,651</b>	<b>21,883</b>	<b>22,749</b>	<b>21,864</b>	<b>20,696</b>
<b>Total grants expense</b>	<b>204,168</b>	<b>218,381</b>	<b>220,242</b>	<b>223,778</b>	<b>226,086</b>

**Note 12: Personal benefits expense**

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
Social welfare – assistance to the aged	51,299	55,286	59,769	62,550	65,731
Assistance to veterans and dependants	4,506	4,321	4,349	4,222	4,124
Assistance to people with disabilities	28,212	29,960	32,416	33,816	35,159
Assistance to families with children	26,242	28,973	31,081	32,502	33,801
Assistance to the unemployed	15,866	14,006	14,699	15,560	15,536
Student assistance	2,945	3,093	3,236	3,270	3,310
Other welfare programs	15,510	1,770	907	883	865
Financial and fiscal affairs	666	593	641	693	747
Vocational and industry training	30	100	247	338	280
Other	9,173	8,838	9,338	13,073	17,945
<b>Total personal benefits expense</b>	<b>154,450</b>	<b>146,940</b>	<b>156,682</b>	<b>166,907</b>	<b>177,499</b>

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<b>Advances paid</b>					
Loans to state and territory governments	1,826	1,686	1,548	1,406	1,269
Student loans	51,950	53,924	56,511	59,378	62,315
Other	19,745	21,462	17,781	19,755	20,797
less Impairment allowance	402	449	428	645	766
<b>Total advances paid</b>	<b>73,119</b>	<b>76,622</b>	<b>75,412</b>	<b>79,894</b>	<b>83,616</b>
<b>Other receivables</b>					
Goods and services receivable	1,511	1,347	1,351	1,354	1,360
Recoveries of benefit payments	5,964	5,906	5,995	6,077	6,155
Taxes receivable	37,011	41,661	45,893	49,961	54,277
Prepayments	4,920	3,534	3,912	4,272	4,692
Other	28,475	25,408	25,982	25,427	26,199
less Impairment allowance	3,214	3,215	3,304	3,383	3,458
<b>Total other receivables</b>	<b>74,668</b>	<b>74,640</b>	<b>79,828</b>	<b>83,709</b>	<b>89,224</b>

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

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Investments – deposits	9,823	11,209	11,476	11,795	12,394
IMF quota	12,715	12,495	12,495	12,495	12,495
Other	191,918	202,068	213,004	220,739	229,065
<b>Total investments, loans and placements</b>	<b>214,456</b>	<b>225,772</b>	<b>236,975</b>	<b>245,029</b>	<b>253,954</b>

**Note 15: Non-financial assets**

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Land and buildings</b>					
Land	12,719	12,876	12,884	12,930	12,768
Buildings	45,845	48,082	49,728	51,147	52,086
<b>Total land and buildings</b>	<b>58,563</b>	<b>60,958</b>	<b>62,611</b>	<b>64,076</b>	<b>64,853</b>
<b>Plant, equipment and infrastructure</b>					
Specialist military equipment	80,826	87,003	94,908	103,450	112,127
Other plant, equipment and infrastructure	18,595	19,031	19,366	19,139	18,402
<b>Total plant, equipment and infrastructure</b>	<b>99,421</b>	<b>106,034</b>	<b>114,274</b>	<b>122,588</b>	<b>130,529</b>
<b>Inventories</b>					
Inventories held for sale	682	952	1,176	1,200	1,293
Inventories not held for sale	11,004	11,943	12,276	12,635	13,010
<b>Total inventories</b>	<b>11,686</b>	<b>12,895</b>	<b>13,452</b>	<b>13,835</b>	<b>14,303</b>
<b>Intangibles</b>					
Computer software	5,633	6,991	7,496	7,586	7,516
Other	5,486	5,521	5,497	5,465	5,434
<b>Total intangibles</b>	<b>11,119</b>	<b>12,511</b>	<b>12,993</b>	<b>13,051</b>	<b>12,951</b>
<b>Total investment properties</b>	<b>205</b>	<b>207</b>	<b>207</b>	<b>207</b>	<b>207</b>
<b>Total biological assets</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Total heritage and cultural assets</b>	<b>12,630</b>	<b>12,645</b>	<b>12,653</b>	<b>12,646</b>	<b>12,637</b>
<b>Total assets held for sale</b>	<b>308</b>	<b>177</b>	<b>177</b>	<b>177</b>	<b>177</b>
<b>Total other non-financial assets</b>	<b>22</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Total non-financial assets(a)</b>	<b>193,969</b>	<b>205,460</b>	<b>216,401</b>	<b>226,613</b>	<b>235,689</b>
<i>Memorandum:</i>					
<b>Total relating to right of use assets</b>					
Land	167	161	155	151	147
Buildings	15,986	15,978	15,366	14,531	13,356
Specialist military equipment	286	253	230	208	187
Other plant, equipment and infrastructure	1,785	1,713	1,584	1,401	1,192
<b>Total right of use assets</b>	<b>18,223</b>	<b>18,105</b>	<b>17,336</b>	<b>16,291</b>	<b>14,882</b>

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



**Note 16: Loans**

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
Promissory notes	11,169	11,335	11,719	11,719	11,719
Special drawing rights	18,152	17,837	17,837	17,837	17,837
Other	612	3,031	3,635	3,870	3,918
<b>Total loans</b>	<b>29,932</b>	<b>32,204</b>	<b>33,192</b>	<b>33,427</b>	<b>33,475</b>

**Note 17: Employee and superannuation liabilities**

	Actual	Estimates			
	2021-22	2022-23	2023-24	2024-25	2025-26
	\$m	\$m	\$m	\$m	\$m
<b>Total superannuation liability(a)</b>	<b>321,982</b>	<b>271,366</b>	<b>278,186</b>	<b>290,148</b>	<b>298,373</b>
<b>Other employee liabilities</b>					
Leave and other entitlements	9,136	9,276	9,377	9,526	9,663
Accrued salaries and wages	730	746	797	843	567
Workers compensation claims	1,924	1,841	1,782	1,744	1,718
Military compensation	22,521	23,081	23,634	24,255	24,949
Other	591	591	598	607	616
<b>Total other employee liabilities</b>	<b>34,902</b>	<b>35,535</b>	<b>36,188</b>	<b>36,976</b>	<b>37,513</b>
<b>Total employee and superannuation liabilities</b>	<b>356,885</b>	<b>306,902</b>	<b>314,374</b>	<b>327,124</b>	<b>335,887</b>

a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries in preparing the 2020 Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2021–22 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2022 that best matched each individual scheme's liability duration. These rates were between 3.7 and 3.9 per cent per annum.

**Note 18: Provisions and payables**

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Suppliers payables</b>					
Trade creditors	7,524	7,743	7,940	8,105	8,408
Lease rental payable	1	0	0	0	0
Personal benefits payables – indirect	1,293	1,590	1,770	1,862	1,734
Other creditors	1,598	1,575	1,577	1,576	1,575
<b>Total suppliers payables</b>	<b>10,416</b>	<b>10,908</b>	<b>11,288</b>	<b>11,543</b>	<b>11,717</b>
<b>Total personal benefits payables – direct</b>	<b>2,999</b>	<b>3,044</b>	<b>3,985</b>	<b>4,130</b>	<b>4,293</b>
<b>Total subsidies payable</b>	<b>933</b>	<b>884</b>	<b>885</b>	<b>887</b>	<b>907</b>
<b>Grants payables</b>					
State and territory governments	1,346	183	170	152	142
Non-profit organisations	180	178	178	178	178
Private sector	327	314	315	309	309
Overseas	1,744	2,008	1,664	2,330	1,919
Local governments	0	0	0	0	0
Other	316	314	307	301	303
<b>Total grants payables</b>	<b>3,913</b>	<b>2,997</b>	<b>2,634</b>	<b>3,270</b>	<b>2,851</b>
<b>Total other payables</b>	<b>9,855</b>	<b>4,240</b>	<b>5,952</b>	<b>3,925</b>	<b>3,956</b>
<b>Provisions</b>					
Provisions for tax refunds	4,302	4,292	4,282	4,272	4,262
Grants provisions	10,746	9,480	5,743	4,641	4,328
Personal benefits provisions – direct	6,608	6,857	7,027	7,210	7,399
Personal benefits provisions – indirect	4,171	4,854	5,554	6,281	7,078
Provisions for subsidies	5,361	6,206	6,286	6,427	6,643
Other	31,220	31,412	32,526	36,302	35,407
<b>Total provisions</b>	<b>62,407</b>	<b>63,101</b>	<b>61,417</b>	<b>65,133</b>	<b>65,117</b>

**Note 19: Reconciliation of cash**

	Actual	Estimates			
	2021-22 \$m	2022-23 \$m	2023-24 \$m	2024-25 \$m	2025-26 \$m
<b>Net operating balance (revenues less expenses)</b>	<b>-26,649</b>	<b>-25,905</b>	<b>-33,026</b>	<b>-53,162</b>	<b>-39,956</b>
<i>less</i> Revenues not providing cash					
Other	3,696	4,781	2,969	2,235	2,484
<b>Total revenues not providing cash</b>	<b>3,696</b>	<b>4,781</b>	<b>2,969</b>	<b>2,235</b>	<b>2,484</b>
<i>plus</i> Expenses not requiring cash					
Increase/(decrease) in employee entitlements	13,151	8,146	7,364	12,620	8,654
Depreciation/amortisation expense	11,462	12,111	12,913	13,578	14,335
Mutually agreed write-downs	2,884	2,676	2,956	3,128	3,270
Other	3,844	7,460	4,411	8,959	2,483
<b>Total expenses not requiring cash</b>	<b>31,341</b>	<b>30,393</b>	<b>27,644</b>	<b>38,285</b>	<b>28,742</b>
<i>plus</i> Cash provided/(used) by working capital items					
Decrease/(increase) in inventories	-2,279	-1,788	-1,001	-845	-949
Decrease/(increase) in receivables	-11,302	-11,776	-11,453	-11,375	-11,871
Decrease/(increase) in other financial assets	-1,109	-1,516	-489	656	-644
Decrease/(increase) in other non-financial assets	-41	708	-237	-200	-273
Increase/(decrease) in benefits, subsidies and grants payable	-1,000	-1,036	-1,895	593	719
Increase/(decrease) in suppliers' liabilities	469	153	-12	-245	-53
Increase/(decrease) in other provisions and payables	1,955	613	1,316	1,449	1,367
<b>Net cash provided/(used) by working capital</b>	<b>-13,307</b>	<b>-14,642</b>	<b>-13,771</b>	<b>-9,967</b>	<b>-11,704</b>
<i>equals</i> (Net cash from/(to) operating activities)	-12,310	-14,934	-22,122	-27,078	-25,401
<i>plus</i> (Net cash from/(to) investing activities)	-27,090	-49,990	-33,287	-38,719	-40,048
<b>Net cash from operating activities and investment</b>	<b>-39,400</b>	<b>-64,925</b>	<b>-55,409</b>	<b>-65,797</b>	<b>-65,449</b>
<i>plus</i> (Net cash from/(to) financing activities)	71,751	25,137	68,784	77,123	58,739
<b>equals Net increase/(decrease) in cash</b>	<b>32,351</b>	<b>-39,788</b>	<b>13,375</b>	<b>11,326</b>	<b>-6,710</b>
<b>Cash at the beginning of the year</b>	<b>62,412</b>	<b>94,763</b>	<b>54,975</b>	<b>68,350</b>	<b>79,676</b>
Net increase/(decrease) in cash	32,351	-39,788	13,375	11,326	-6,710
<b>Cash at the end of the year</b>	<b>94,763</b>	<b>54,975</b>	<b>68,350</b>	<b>79,676</b>	<b>72,967</b>

## Appendix A: Financial reporting standards and budget concepts

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

### AASB 1049 Conceptual framework

AASB 1049 seeks to ‘harmonise’ the ABS GFS and AAS.

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

AASB 1049 has adopted the AAS conceptual framework and principles for the recognition of assets, liabilities, revenues and expenses and their presentation, measurement and disclosure. In addition, AASB 1049 has broadly adopted the ABS GFS conceptual framework for presenting government financial statements. In particular, AASB 1049 requires the GGS to prepare a separate set of financial statements, overriding AASB 10 *Consolidated Financial Statements*. AASB 1049 also follows the ABS GFS by requiring changes in net worth to be split into either transactions or ‘other economic flows’ and for this to be presented in a single operating statement. AASB 1049 is therefore broadly consistent with international statistical standards and the International Monetary Fund’s (IMF) *Government Finance Statistics Manual 2014*.<sup>32</sup>

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32 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>33</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>33</sup> Not all transactions impact net worth. For example, transactions in financial assets and liabilities do not impact net worth as they represent the swapping of assets and liabilities on the balance sheet.

### **Net operating balance**

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

### **Fiscal balance**

The fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment. The fiscal balance includes the impact of net expenditure (effectively purchases less sales) on non-financial assets rather than consumption (depreciation) of non-financial assets.<sup>34</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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<sup>34</sup> The net operating balance includes consumption of non-financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investment as the full investment in non-financial assets is included in the calculation of fiscal balance.

**Net financial worth**

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

**Net financial liabilities**

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

**Net debt**

Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements). Financial assets include the Future Fund's investments in interest bearing securities and collective investment vehicles (CIVs). CIVs enable investors to pool their money and invest the pooled funds, rather than buying securities directly. Net debt does not include superannuation related liabilities. Net debt is a common measure of the strength of a government's financial position. High levels of net debt impose a call on future revenue flows to service that debt.

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

## Cash flow statement

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

## Underlying cash balance

The underlying cash balance is the cash counterpart of the fiscal balance, reflecting the Australian Government's cash investment-saving balance.

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

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>equals</i>
ABS GFS cash surplus/deficit
<i>plus</i>
Principal payments of lease liabilities <sup>35</sup>
<i>equals</i>
Underlying cash balance

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

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

Net Future Fund earnings are separately identified in the historical tables in *Statement 11: Historical Australian Government Data*.

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<sup>35</sup> 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'.



## Headline cash balance

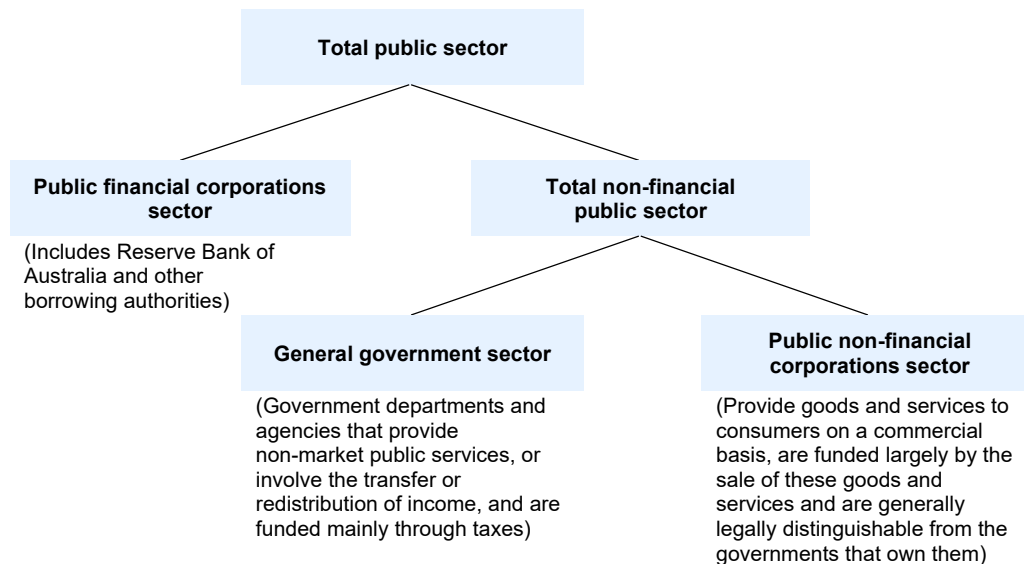
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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

## Sectoral classifications

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

**Figure A10.1: Institutional structure of the public sector**



All entities are classified as GGS entities except for the following list of portfolio entities that are classified as PFC or PNFC (Table A10.1).

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

**Table A10.1: Entities outside of the general government sector – 2022–23**

<b>Public financial corporations</b>
Employment and Workplace Relations Portfolio
<ul style="list-style-type: none"><li>• Coal Mining Industry (Long Service Leave Funding) Corporation</li></ul>
Foreign Affairs and Trade Portfolio
<ul style="list-style-type: none"><li>• Export Finance and Insurance Corporation (also referred to as Export Finance Australia)</li></ul>
Industry, Science and Resources Portfolio
<ul style="list-style-type: none"><li>• CSIRO Coinvestment Fund Pty Ltd</li><li>• CSIRO FollowOn Services Pty Ltd</li><li>• CSIRO FollowOn Services 2 Pty Ltd</li><li>• CSIRO General Partner Pty Ltd</li><li>• CSIRO General Partner 2 Pty Ltd</li><li>• CSIROGP Fund 2 Pty Ltd</li></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>

**Table A10.1: Entities outside of the general government sector – 2022–23  
(continued)**

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

\* 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.

# In February 2022, Moorebank Intermodal Company Limited has been renamed National Intermodal Corporation Limited.