

Part 7: 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.

Australian Government Budget Financial Statements

Table 7.1: Australian Government general government sector operating statement

	Note	Estimates			
		2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Revenue					
Taxation revenue	3	663,609	687,854	724,623	763,828
Sales of goods and services	4	21,067	21,808	23,252	24,154
Interest income	5	11,046	11,039	11,095	12,274
Dividend and distribution income	5	7,137	7,155	7,488	7,954
Other	6	15,394	15,354	14,571	14,229
Total revenue		718,253	743,211	781,029	822,438
Expenses					
Gross operating expenses					
Wages and salaries(a)	7	29,452	29,898	29,589	29,802
Superannuation	7	8,791	8,686	9,050	9,449
Depreciation and amortisation	8	13,708	13,781	14,236	14,462
Supply of goods and services	9	214,694	227,661	235,593	247,359
Other operating expenses(a)	7	12,674	12,396	11,983	12,784
<i>Total gross operating expenses</i>		<i>279,319</i>	<i>292,422</i>	<i>300,451</i>	<i>313,855</i>
Superannuation interest expense	7	14,241	15,037	15,518	15,962
Interest expenses	10	31,499	39,621	41,851	45,873
Current transfers					
Current grants	11	217,606	224,156	228,748	235,507
Subsidy expenses		18,955	19,609	20,018	21,411
Personal benefits	12	161,934	171,539	180,803	191,075
<i>Total current transfers</i>		<i>398,495</i>	<i>415,304</i>	<i>429,569</i>	<i>447,993</i>
Capital transfers	11				
Mutually agreed write-downs		14,894	2,926	3,092	3,290
Other capital grants		20,200	19,307	18,499	17,672
<i>Total capital transfers</i>		<i>35,093</i>	<i>22,234</i>	<i>21,591</i>	<i>20,962</i>
Total expenses		758,648	784,618	808,980	844,646
Net operating balance		-40,394	-41,407	-27,951	-22,208
Other economic flows – included in operating result					
Net write-downs of assets		-13,350	-12,281	-12,872	-13,614
Assets recognised for the first time		368	393	420	449
Actuarial revaluations		-806	-777	-751	-843
Net foreign exchange gains		273	16	0	0
Net swap interest received		-187	-7	3	-1
Market valuation of debt		-7,018	-13,525	-11,761	-11,076
Other gains/(losses)		7,005	9,291	9,929	10,737
Total other economic flows – included in operating result		-13,715	-16,888	-15,032	-14,348
Operating result(b)		-54,109	-58,296	-42,983	-36,556

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

	Note	Estimates			
		2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Non-owner movements in equity					
Revaluation of equity investments		-1,052	0	0	0
Actuarial revaluations		-7,520	-213	-214	-215
Other economic revaluations		719	168	192	180
Total other economic flows - included in equity		-7,853	-45	-22	-34
Comprehensive result –					
Total change in net worth		-61,962	-58,341	-43,005	-36,590
Net operating balance		-40,394	-41,407	-27,951	-22,208
Net acquisition of non-financial assets					
Purchases of non-financial assets		21,875	21,358	22,164	25,151
<i>less</i> Sales of non-financial assets		2,503	89	6	6
<i>less</i> Depreciation		13,708	13,781	14,236	14,462
<i>plus</i> Change in inventories		-171	800	474	557
<i>plus</i> Other movements in non-financial assets		0	0	0	0
Total net acquisition of non-financial assets		5,493	8,288	8,396	11,240
Fiscal balance (Net lending/borrowing)(c)		-45,887	-49,695	-36,347	-33,448

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) Operating result under AAS.

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

Table 7.2: Australian Government general government sector balance sheet

	Note	Estimates			
		2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Assets					
Financial assets					
Cash and deposits		72,301	73,883	68,195	64,274
Advances paid	13	67,346	79,247	94,017	106,829
Investments, loans and placements	14	250,888	259,819	268,569	287,863
Other receivables	13	85,311	91,369	97,686	105,193
Equity investments					
Investments in other public sector entities		51,407	56,894	60,081	61,585
Equity accounted investments		6,311	6,421	6,581	6,676
Investments – shares		97,372	104,196	112,359	111,614
Total financial assets		630,937	671,830	707,489	744,034
Non-financial assets					
Land	15	14,733	14,944	15,030	15,159
Buildings		51,798	53,378	54,942	57,502
Plant, equipment and infrastructure		114,601	117,913	122,181	128,841
Inventories		11,477	12,504	13,405	14,352
Intangibles		14,836	15,997	16,549	16,673
Investment properties		233	233	233	233
Biological assets		5	5	5	5
Heritage and cultural assets		12,792	12,790	12,786	12,785
Assets held for sale		86	81	81	81
Other non-financial assets		5	5	5	5
Total non-financial assets		220,566	227,850	235,218	245,637
Total assets		851,503	899,679	942,706	989,671
Liabilities					
Interest bearing liabilities					
Deposits held		418	418	418	418
Government securities		879,842	971,247	1,049,123	1,116,785
Loans	16	32,250	33,488	34,277	34,430
Lease liabilities		18,066	17,103	16,155	15,935
Total interest bearing liabilities		930,575	1,022,257	1,099,974	1,167,568

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

	Note	Estimates			
		2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Provisions and payables					
Superannuation liability	17	302,602	312,934	321,831	330,871
Other employee liabilities	17	62,260	61,837	63,548	65,512
Suppliers payables	18	15,815	16,013	17,314	19,585
Personal benefits payables	18	4,327	4,862	4,843	4,508
Subsidies payables	18	680	672	664	664
Grants payables	18	5,957	5,504	5,183	5,353
Other payables	18	6,372	6,497	6,266	6,290
Provisions	18	93,515	98,042	95,027	97,855
<i>Total provisions and payables</i>		<i>491,527</i>	<i>506,362</i>	<i>514,677</i>	<i>530,638</i>
Total liabilities		1,422,102	1,528,618	1,614,650	1,698,205
Net worth(a)		-570,599	-628,939	-671,944	-708,534
<i>Net financial worth(b)</i>		<i>-791,164</i>	<i>-856,789</i>	<i>-907,162</i>	<i>-954,171</i>
<i>Net financial liabilities(c)</i>		<i>842,571</i>	<i>913,683</i>	<i>967,243</i>	<i>1,015,756</i>
<i>Net debt(d)</i>		<i>540,039</i>	<i>609,307</i>	<i>669,192</i>	<i>708,601</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 7.3: Australian Government general government sector cash flow statement^(a)

	Estimates			
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
Cash receipts from operating activities				
Taxes received	645,565	669,651	705,421	743,077
Receipts from sales of goods and services	22,039	21,774	22,920	24,173
Interest receipts	9,968	9,659	9,222	10,120
Dividends, distributions and income tax equivalents	7,206	7,129	7,460	7,927
Other receipts	19,142	19,951	18,322	18,740
Total operating receipts	703,919	728,164	763,345	804,038
Cash payments for operating activities				
Payments to employees(b)	-46,906	-48,261	-48,867	-50,341
Payments for goods and services	-211,530	-226,502	-232,985	-245,064
Grants and subsidies paid	-251,369	-265,094	-273,566	-274,069
Interest paid	-24,579	-28,147	-30,840	-37,574
Personal benefit payments	-162,616	-171,714	-181,505	-192,079
Other payments(b)	-11,800	-13,656	-11,022	-11,319
Total operating payments	-708,799	-753,374	-778,784	-810,447
Net cash flows from operating activities	-4,880	-25,210	-15,439	-6,410
Cash flows from investments in non-financial assets				
Sales of non-financial assets	266	256	41	41
Purchases of non-financial assets	-19,562	-19,168	-20,155	-22,608
Net cash flows from investments in non-financial assets	-19,296	-18,913	-20,114	-22,568
Net cash flows from investments in financial assets for policy purposes	-20,816	-23,363	-24,549	-20,839
Net cash flows from investments in financial assets for liquidity purposes	-4,842	-4,924	-5,013	-5,753
Cash receipts from financing activities				
Borrowing	345,600	748,135	801,990	742,179
Other financing	6,912	148	165	88
Total cash receipts from financing activities	352,512	748,283	802,155	742,267
Cash payments for financing activities				
Borrowing	-315,610	-669,216	-738,094	-687,701
Other financing	-12,084	-5,075	-4,634	-2,919
Total cash payments for financing activities	-327,694	-674,291	-742,728	-690,620
Net cash flows from financing activities	24,817	73,992	59,427	51,648
Net increase/(decrease) in cash held	-25,016	1,582	-5,688	-3,921

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

	Estimates			
	2024-25 \$m	2025-26 \$m	2026-27 \$m	2027-28 \$m
GFS cash surplus(+)/deficit(-)(c)	-24,176	-44,123	-35,553	-28,977
<i>plus</i> Principal payments of lease liabilities(d)	-2,772	-2,792	-2,800	-2,694
Equals underlying cash balance(e)	-26,949	-46,915	-38,353	-31,671
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-20,816	-23,363	-24,549	-20,839
Equals headline cash balance	-47,764	-70,278	-62,902	-52,510

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

b) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.

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

d) Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.

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

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

	Estimates	
	2024-25	\$m
Revenue		
Grants and subsidies		193
Sales of goods and services		23,195
Interest income		34
Other		63
Total revenue		23,485
Expenses		
Gross operating expenses		
Wages and salaries(a)		5,121
Superannuation		559
Depreciation and amortisation		4,454
Supply of goods and services		11,054
Other operating expenses(a)		894
<i>Total gross operating expenses</i>		<i>22,082</i>
Interest expenses		2,188
Other property expenses		350
Current transfers		
Tax expenses		251
<i>Total current transfers</i>		<i>251</i>
Total expenses		24,871
Net operating balance		-1,385
Other economic flows		-699
Comprehensive result – Total change in net worth excluding contribution from owners		-2,084
Net acquisition of non-financial assets		
Purchases of non-financial assets		11,267
<i>less</i> Sales of non-financial assets		<i>50</i>
<i>less</i> Depreciation		<i>4,454</i>
<i>plus</i> Change in inventories		<i>7</i>
<i>plus</i> Other movements in non-financial assets		<i>5</i>
Total net acquisition of non-financial assets		6,775
Fiscal balance (Net lending/borrowing)(b)		-8,160

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

	Estimates	
	2024-25	\$m
Assets		
Financial assets		
Cash and deposits		1,671
Investments, loans and placements		1,135
Other receivables		5,773
Equity investments		356
<i>Total financial assets</i>		8,935
Non-financial assets		
Land and other fixed assets		80,261
Other non-financial assets(a)		4,211
<i>Total non-financial assets</i>		84,472
Total assets		93,407
Liabilities		
Interest bearing liabilities		
Deposits held		12
Advances received and loans		37,080
Lease liabilities		13,775
<i>Total interest bearing liabilities</i>		50,867
Provisions and payables		
Superannuation liability		6
Other employee liabilities		1,985
Other payables		6,630
Other provisions(a)		1,093
<i>Total provisions and payables</i>		9,714
Total liabilities		60,581
Shares and other contributed capital		32,825
Net worth(b)		32,825
<i>Net financial worth(c)</i>		-51,646
<i>Net debt(d)</i>		48,061

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

	Estimates	
	2024-25	\$m
Cash receipts from operating activities		
Receipts from sales of goods and services	25,362	
Grants and subsidies received	185	
GST input credit receipts	197	
Other receipts	39	
Total operating receipts	25,783	
Cash payments for operating activities		
Payments to employees ^(b)	-5,731	
Payments for goods and services	-12,306	
Interest paid	-2,567	
GST payments to taxation authority	-531	
Distributions paid	-348	
Other payments ^(b)	-1,177	
Total operating payments	-22,659	
Net cash flows from operating activities	3,125	
Cash flows from investments in non-financial assets		
Sales of non-financial assets	48	
Purchases of non-financial assets	-10,776	
Net cash flows from investments in non-financial assets	-10,728	
Net cash flows from investments in financial assets for policy purposes	0	
Net cash flows from investments in financial assets for liquidity purposes	-241	
Net cash flows from financing activities		
Borrowing (net)	1,998	
Other financing (net)	5,666	
Net cash flows from financing activities	7,665	
Net increase/(decrease) in cash held	-179	
Cash at the beginning of the year	1,851	
Cash at the end of the year	1,671	
GFS cash surplus(+)/deficit(-)^(c)	-7,603	
<i>plus</i> Principal payments of lease liabilities ^(d)	-575	
Adjusted GFS cash surplus(+)/deficit(-)^(d)	-8,178	

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

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

	Estimates	
	2024-25	\$m
Revenue		
Taxation revenue	662,510	
Sales of goods and services	42,562	
Interest income	11,060	
Dividend and distribution income	6,796	
Other	15,450	
Total revenue	738,378	
Expenses		
Gross operating expenses		
Wages and salaries(a)	34,573	
Superannuation	9,350	
Depreciation and amortisation	18,162	
Supply of goods and services	224,028	
Other operating expenses(a)	13,576	
<i>Total gross operating expenses</i>	<i>299,689</i>	
Superannuation interest expense	14,241	
Interest expenses	33,667	
Current transfers		
Current grants	217,606	
Subsidy expenses	18,097	
Personal benefits	161,934	
<i>Total current transfers</i>	<i>397,637</i>	
Capital transfers	34,945	
Total expenses	780,180	
Net operating balance	-41,802	
Other economic flows	-21,162	
Comprehensive result – Total change in net worth	-62,963	
Net acquisition of non-financial assets		
Purchases of non-financial assets	33,141	
<i>less</i> Sales of non-financial assets	<i>2,553</i>	
<i>less</i> Depreciation	<i>18,162</i>	
<i>plus</i> Change in inventories	<i>-164</i>	
<i>plus</i> Other movements in non-financial assets	<i>4</i>	
Total net acquisition of non-financial assets	12,266	
Fiscal balance (Net lending/borrowing)(b)	-54,068	

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

	Estimates	
	2024-25	\$m
Assets		
Financial assets		
Cash and deposits	74,149	
Advances paid	66,829	
Investments, loans and placements	251,988	
Other receivables	89,590	
Equity investments	107,245	
<i>Total financial assets</i>	<i>589,800</i>	
Non-financial assets		
Land and other fixed assets	285,658	
Other non-financial assets	19,553	
<i>Total non-financial assets</i>	<i>305,211</i>	
Total assets	895,011	
Liabilities		
Interest bearing liabilities		
Deposits held	430	
Government securities	879,842	
Advances received and loans	68,777	
Lease liabilities	31,841	
<i>Total interest bearing liabilities</i>	<i>980,889</i>	
Provisions and payables		
Superannuation liability	302,608	
Other employee liabilities	64,245	
Other payables	39,268	
Other provisions	93,591	
<i>Total provisions and payables</i>	<i>499,713</i>	
Total liabilities	1,480,602	
Net worth(a)	-585,591	
<i>Net financial worth(b)</i>	<i>-890,802</i>	
<i>Net debt(c)</i>	<i>587,924</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 7.9: Australian Government total non-financial public sector cash flow statement^(a)

	Estimates	
	2024-25	\$m
Cash receipts from operating activities		
Taxes received	645,357	
Receipts from sales of goods and services	43,549	
Interest receipts	9,984	
Dividends, distributions and income tax equivalents	6,866	
Other receipts	19,084	
Total operating receipts	724,840	
Cash payments for operating activities		
Payments to employees(b)	-52,637	
Payments for goods and services	-220,300	
Grants and subsidies paid	-251,184	
Interest paid	-27,126	
Personal benefit payments	-162,616	
Other payments(b)	-12,753	
Total operating payments	-726,616	
Net cash flows from operating activities	-1,776	
Cash flows from investments in non-financial assets		
Sales of non-financial assets	314	
Purchases of non-financial assets	-30,319	
Net cash flows from investments in non-financial assets	-30,005	
Net cash flows from investments in financial assets for policy purposes	-14,112	
Net cash flows from investments in financial assets for liquidity purposes	-5,083	
Net cash flows from financing activities		
Borrowing (net)	31,769	
Other financing (net)	-5,813	
Net cash flows from financing activities	25,956	
Net increase/(decrease) in cash held	-25,020	
Cash at the beginning of the year	99,168	
Cash at the end of the year	74,149	
GFS cash surplus(+)/deficit(-)(c)	-31,781	
<i>plus</i> Principal payments of lease liabilities(d)	-3,347	
Adjusted GFS cash surplus(+)/deficit(-)(d)	-35,128	

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

Table 7.10: Australian Government public financial corporations sector operating statement

	Estimates	
	2024-25	\$m
Revenue		
Grants and subsidies		263
Sales of goods and services		1,373
Interest income		10,561
Other		7
Total revenue		12,203
Expenses		
Gross operating expenses		
Wages and salaries(a)		396
Superannuation		44
Depreciation and amortisation		62
Supply of goods and services		1,119
Other operating expenses(a)		83
<i>Total gross operating expenses</i>		<i>1,704</i>
Interest expenses		13,810
Other property expenses		14
Current transfers		
Tax expenses		11
<i>Total current transfers</i>		<i>11</i>
Total expenses		15,538
Net operating balance		-3,335
Other economic flows		8,473
Comprehensive result – Total change in net worth excluding contribution from owners		5,139
Net acquisition of non-financial assets		
Purchases of non-financial assets		137
<i>less</i> Sales of non-financial assets		<i>0</i>
<i>less</i> Depreciation		<i>62</i>
<i>plus</i> Change in inventories		<i>-85</i>
<i>plus</i> Other movements in non-financial assets		<i>0</i>
Total net acquisition of non-financial assets		-10
Fiscal balance (Net lending/borrowing)(b)		-3,325

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

	Estimates	
	2024-25	\$m
Assets		
Financial assets		
Cash and deposits		1,348
Investments, loans and placements		444,550
Other receivables		621
Equity investments		1,545
<i>Total financial assets</i>		<i>448,064</i>
Non-financial assets		
Land and other fixed assets		903
Other non-financial assets(b)		62
<i>Total non-financial assets</i>		<i>965</i>
Total assets		449,029
Liabilities		
Interest bearing liabilities		
Deposits held		436,168
Borrowing		10,726
<i>Total interest bearing liabilities</i>		<i>446,894</i>
Provisions and payables		
Superannuation liability		0
Other employee liabilities		189
Other payables		11,318
Other provisions(b)		2,498
<i>Total provisions and payables</i>		<i>14,005</i>
Total liabilities		460,899
Shares and other contributed capital		-11,870
Net worth(c)		-11,870
<i>Net financial worth(d)</i>		<i>-12,835</i>
<i>Net debt(e)</i>		<i>995</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 7.12: Australian Government public financial corporations sector cash flow statement^(a)

	Estimates	
	2024-25	\$m
Cash receipts from operating activities		
Receipts from sales of goods and services	1,177	
Grants and subsidies received	263	
GST input credit receipts	0	
Interest receipts	9,088	
Other receipts	30	
Total operating receipts	10,558	
Cash payments for operating activities		
Payments to employees(b)	-441	
Payments for goods and services	-1,379	
Interest paid	-14,610	
GST payments to taxation authority	0	
Distributions paid	-29	
Other payments(b)	-91	
Total operating payments	-16,550	
Net cash flows from operating activities	-5,993	
Cash flows from investments in non-financial assets		
Sales of non-financial assets	0	
Purchases of non-financial assets	-113	
Net cash flows from investments in non-financial assets	-112	
Net cash flows from investments in financial assets for policy purposes	-1,542	
Net cash flows from investments in financial assets for liquidity purposes(c)	-10,594	
Net cash flows from financing activities		
Borrowing and deposits received(net)(c)	19,531	
Other financing (net)	-1,304	
Net cash flows from financing activities	18,227	
Net increase/(decrease) in cash held	-14	
Cash at the beginning of the year	1,362	
Cash at the end of the year	1,348	
GFS cash surplus(+)/deficit-(d)	-6,105	
<i>plus</i> Principal payments of lease liabilities(e)	-15	
Adjusted GFS cash surplus(+)/deficit-(e)	-6,120	

- 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) 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 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 is based on the International Monetary Fund (IMF) accrual GFS framework
- the Australian Accounting Standards (AAS), issued by the Australian Accounting Standards Board (AASB), which includes International Financial Reporting Standards as adopted in Australia for use by the not-for-profit sector and specific standards such as AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

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

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).

Explanations of major variations in fiscal balance, revenue, expenses, net capital investment, cash flows, net debt, net financial worth and net worth since the 2024–25 Budget are disclosed in Part 3: *Fiscal strategy and outlook*, with decisions taken since the 2024–25 Budget disclosed in Appendix A: *Policy decisions taken since the 2024–25 Budget*.

Updates to fiscal risks and contingent liabilities since the 2024–25 Budget are disclosed in Part 6: *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 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
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 are 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
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
Regional Broadband Scheme	The revenue from the levy on internet service providers (ISPs) and the associated subsidy expense to NBN Co for the provision of regional broadband services are recorded separately on a gross basis.	The revenue from the levy on ISPs and the associated subsidy expense to NBN Co are recorded on a net basis.	AAS
Fiscal aggregates differences			
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
Classification differences			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS
Spectrum sales	Recognise 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 Australian Government funding of non-government schools	Direct grants to states and territories made in accordance with bilateral agreements with the Commonwealth and consistent with section 96 of the Constitution.	Personal benefit payments – indirect included in goods and services expenses.	AAS

Note 3: Taxation revenue by type

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Individuals and other withholding taxes				
Gross income tax withholding	296,800	311,800	331,200	354,500
Gross other individuals	87,400	86,800	88,800	97,600
<i>less: Refunds</i>	39,900	42,100	43,400	45,100
Total individuals and other withholding tax	344,300	356,500	376,600	407,000
Fringe benefits tax	5,030	5,100	5,120	5,240
Company tax	135,500	139,000	147,100	151,100
Superannuation fund taxes	21,930	23,230	25,180	23,480
Petroleum resource rent tax	1,400	1,880	1,530	1,590
Income taxation revenue	508,160	525,710	555,530	588,410
Goods and services tax	94,770	99,290	104,690	110,650
Wine equalisation tax	1,130	1,220	1,240	1,300
Luxury car tax	1,170	1,210	1,280	1,330
Excise and Custom duty				
Petrol	7,050	7,450	7,600	7,800
Diesel	17,040	17,850	18,770	19,520
Other fuel products	2,040	2,020	2,070	2,120
Tobacco	8,750	8,650	8,500	8,300
Beer	2,620	2,850	2,930	3,010
Spirits	3,310	3,450	3,560	3,640
Other alcoholic beverages(a)	1,760	1,850	1,920	1,960
Other customs duty				
Textiles, clothing and footwear	170	170	180	150
Passenger motor vehicles	380	370	340	120
Other imports	1,560	1,600	1,670	890
<i>less: Refunds and drawbacks</i>	730	730	730	730
Total excise and customs duty	43,950	45,530	46,810	46,780
Major bank levy	1,750	1,810	1,900	2,000
Agricultural levies	682	625	629	636
Visa application charges	4,147	4,211	4,406	4,586
Other taxes	7,850	8,249	8,138	8,136
Mirror taxes	943	1,000	1,055	1,110
<i>less: Transfers to states in relation to mirror tax revenue</i>	943	1,000	1,055	1,110
Mirror tax revenue	0	0	0	0
Indirect taxation revenue	155,449	162,144	169,093	175,418
Taxation revenue	663,609	687,854	724,623	763,828
<i>Memorandum:</i>				
<i>Total excise</i>	30,970	32,570	33,870	35,010
<i>Total customs duty</i>	12,980	12,960	12,940	11,770
<i>Capital gains tax(b)</i>	29,900	26,100	24,700	26,000

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

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

Note 3(a): Taxation revenue by source

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Taxes on income, profits and capital gains				
Income and capital gains levied on individuals	349,330	361,600	381,720	412,240
Income and capital gains levied on enterprises	158,830	164,110	173,810	176,170
Total taxes on income, profits and capital gains	508,160	525,710	555,530	588,410
Taxes on employers' payroll and labour force	2,087	2,252	2,092	2,097
Taxes on the provision of goods and services				
Sales/goods and services tax	97,070	101,720	107,210	113,280
Excises and levies	31,652	33,195	34,499	35,646
Taxes on international trade	12,980	12,960	12,940	11,770
Total taxes on the provision of goods and services	141,702	147,875	154,649	160,696
Taxes on the use of goods and performance of activities	11,660	12,017	12,352	12,625
Total taxation revenue	663,609	687,854	724,623	763,828

Note 4: Sales of goods and services revenue

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Sales of goods	1,427	1,544	1,596	1,658
Rendering of services	16,435	17,048	18,178	19,156
Lease rental	351	440	449	489
Fees from regulatory services	2,854	2,776	3,029	2,851
Total sales of goods and services revenue	21,067	21,808	23,252	24,154

Note 5: Interest and dividend and distribution revenue

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Interest from other governments				
State and territory debt	10	10	8	4
Housing agreements	62	57	53	48
Total interest from other governments	72	67	60	52
Interest from other sources				
Advances	743	1,137	1,635	2,140
Deposits	3,706	2,976	2,322	2,485
Indexation of HELP receivable and other student loans	1,277	1,238	1,116	1,104
Other	5,248	5,620	5,962	6,492
Total interest from other sources	10,974	10,972	11,034	12,222
Total interest	11,046	11,039	11,095	12,274
Dividends and distributions				
Dividends from other public sector entities	369	298	303	378
Other dividends and distributions	6,768	6,857	7,184	7,576
Total dividends and distributions	7,137	7,155	7,488	7,954
Total interest and dividend and distribution revenue	18,183	18,194	18,582	20,227

Note 6: Other sources of non-taxation revenue

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Industry contributions	89	113	118	123
Royalties	905	739	580	514
Seigniorage	53	48	44	44
Other	14,347	14,454	13,829	13,548
Total other sources of non-taxation revenue	15,394	15,354	14,571	14,229

Note 7: Employee and superannuation expense

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Wages and salaries expenses	29,452	29,898	29,589	29,802
Other operating expenses				
Leave and other entitlements	3,791	3,787	3,755	3,825
Separations and redundancies	128	83	84	120
Workers compensation premiums and claims	5,810	5,491	4,982	5,655
Other	2,945	3,035	3,161	3,184
Total other operating expenses	12,674	12,396	11,983	12,784
Superannuation expenses				
Superannuation	8,791	8,686	9,050	9,449
Superannuation interest cost	14,241	15,037	15,518	15,962
Total superannuation expenses	23,032	23,724	24,568	25,411
Total employee and superannuation expense	65,158	66,017	66,140	67,997

Note 8: Depreciation and amortisation expense

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Depreciation				
Specialist military equipment	5,173	5,098	5,435	5,644
Buildings	4,283	4,300	4,368	4,382
Other infrastructure, plant and equipment	2,921	3,043	3,096	3,131
Heritage and cultural assets	65	67	68	69
Other	5	5	5	4
Total depreciation(a)	12,447	12,512	12,972	13,229
Total amortisation	1,261	1,268	1,263	1,233
Total depreciation and amortisation expense	13,708	13,781	14,236	14,462
<i>Memorandum:</i>				
Depreciation relating to right of use assets				
Specialist military equipment	39	39	39	39
Buildings	2,499	2,414	2,430	2,379
Other infrastructure, plant and equipment	300	301	300	295
Other	5	5	5	4
Total depreciation of right of use assets	2,843	2,760	2,774	2,717

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

Note 9: Supply of goods and services expense

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Supply of goods and services	54,702	56,176	54,421	56,031
Lease expenses	151	144	131	151
Personal benefits – indirect	150,408	162,089	171,782	180,598
Health care payments	6,770	6,795	6,624	6,747
Other	2,662	2,458	2,636	3,832
Total supply of goods and services expense	214,694	227,661	235,593	247,359

Note 10: Interest expense

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Interest on debt				
Government securities(a)	24,355	28,953	33,887	38,328
Loans	159	198	242	281
Other	1,036	825	828	851
Total interest on debt	25,550	29,976	34,957	39,460
Interest on lease liabilities	428	422	422	442
Other financing costs	5,521	9,223	6,472	5,970
Total interest expense	31,499	39,621	41,851	45,873

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

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Current grants expense				
State and territory governments	168,549	176,012	183,698	191,460
Private sector	6,400	5,917	5,612	5,682
Overseas	5,095	4,498	4,803	4,977
Non-profit organisations	19,593	13,534	12,763	12,903
Multi-jurisdictional sector	13,921	14,502	14,847	15,321
Other	4,049	9,694	7,025	5,164
Total current grants expense	217,606	224,156	228,748	235,507
Capital grants expense				
Mutually agreed write-downs	14,894	2,926	3,092	3,290
Other capital grants				
State and territory governments	17,760	16,952	16,307	15,081
Local governments	1,203	1,007	900	947
Non-profit organisations	996	792	312	52
Private sector	68	240	146	116
Multi-jurisdictional sector	0	0	0	0
Overseas	5	0	0	0
Other	167	316	835	1,476
Total capital grants expense	35,093	22,234	21,591	20,962
Total grants expense	252,699	246,390	250,339	256,469

Note 12: Personal benefits expense

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Social welfare – assistance to the aged	62,171	65,394	68,344	71,101
Assistance to veterans and dependants	4,411	4,318	4,189	4,089
Assistance to people with disabilities	34,376	36,173	37,593	38,932
Assistance to families with children	31,446	33,291	34,708	35,169
Assistance to the unemployed	16,494	17,092	17,371	16,937
Student assistance	2,910	3,048	3,183	3,328
Other welfare programs	824	965	984	998
Financial and fiscal affairs	1,200	1,290	1,095	1,039
Vocational and industry training	380	397	252	233
Other	7,722	9,571	13,085	19,249
Total personal benefits expense	161,934	171,539	180,803	191,075

Note 13: Advances paid and other receivables

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Advances paid				
Loans to state and territory governments	1,386	1,259	1,080	910
Student loans	42,525	45,321	48,559	52,059
Other	24,468	34,140	45,984	55,574
less Impairment allowance	1,033	1,473	1,606	1,713
Total advances paid	67,346	79,247	94,017	106,829
Other receivables				
Goods and services receivable	1,664	1,729	1,784	1,776
Recoveries of benefit payments	6,587	6,751	6,884	6,964
Taxes receivable	44,633	49,209	54,125	59,448
Prepayments	6,787	7,100	7,328	8,235
Other	29,346	30,385	31,463	32,753
less Impairment allowance	3,706	3,804	3,898	3,985
Total other receivables	85,311	91,369	97,686	105,193

Note 14: Investments, loans and placements

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Investments – deposits	6,008	5,586	4,631	4,283
IMF quota and SDR holdings	23,393	23,441	23,526	23,611
Structured finance securities	782	877	977	1,076
Collective investment vehicles	123,672	130,602	137,971	152,617
Other interest bearing securities	58,821	60,184	61,034	63,612
Other	38,212	39,129	40,430	42,664
Total investments, loans and placements	250,888	259,819	268,569	287,863

Note 15: Non-financial assets

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Land and buildings				
Land	14,733	14,944	15,030	15,159
Buildings	51,798	53,378	54,942	57,502
Total land and buildings	66,531	68,321	69,973	72,661
Plant, equipment and infrastructure				
Specialist military equipment	91,970	95,581	100,449	107,551
Other plant, equipment and infrastructure	22,632	22,332	21,732	21,290
Total plant, equipment and infrastructure	114,601	117,913	122,181	128,841
Inventories				
Inventories held for sale	422	492	467	401
Inventories not held for sale	11,055	12,012	12,938	13,951
Total inventories	11,477	12,504	13,405	14,352
Intangibles				
Computer software	7,611	8,130	8,253	8,354
Other	7,225	7,868	8,296	8,318
Total intangibles	14,836	15,997	16,549	16,673
Total investment properties	233	233	233	233
Total biological assets	5	5	5	5
Total heritage and cultural assets	12,792	12,790	12,786	12,785
Total assets held for sale	86	81	81	81
Total other non-financial assets	5	5	5	5
Total non-financial assets(a)	220,566	227,850	235,218	245,637
<i>Memorandum:</i>				
Total relating to right of use assets				
Land	151	146	143	139
Buildings	14,685	13,948	13,278	12,754
Specialist military equipment	186	165	144	122
Other plant, equipment and infrastructure	1,193	1,001	757	1,087
Total right of use assets	16,215	15,260	14,321	14,102

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

Note 16: Loans

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Promissory notes	9,359	9,212	9,212	9,212
Special drawing rights	18,955	18,993	18,993	18,993
Other	3,936	5,284	6,073	6,226
Total loans	32,250	33,488	34,277	34,430

Note 17: Employee and superannuation liabilities

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Total superannuation liability(a)	302,602	312,934	321,831	330,871
Other employee liabilities				
Leave and other entitlements	10,557	10,808	11,036	11,220
Accrued salaries and wages	989	1,065	1,080	753
Workers compensation claims	2,061	2,089	2,120	2,157
Military compensation	47,956	47,161	48,584	50,640
Other	698	713	727	742
Total other employee liabilities	62,260	61,837	63,548	65,512
Total employee and superannuation liabilities	364,862	374,771	385,379	396,383

- a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries in preparing the 2023 Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2023–24 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2024 that best matched each individual scheme's liability duration. These rates were between 4.2 and 4.8 per cent per annum.

Note 18: Provisions and payables

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Suppliers payables				
Trade creditors	7,930	8,170	8,395	9,249
Lease rental payable	0	0	0	0
Personal benefits payables – indirect	2,988	2,912	3,936	5,268
Other creditors	4,897	4,931	4,982	5,068
Total suppliers payables	15,815	16,013	17,314	19,585
Total personal benefits payables – direct	4,327	4,862	4,843	4,508
Total subsidies payable	680	672	664	664
Grants payables				
State and territory governments	83	74	65	65
Non-profit organisations	717	718	719	722
Private sector	382	346	326	326
Overseas	2,185	1,775	1,485	1,652
Local governments	64	64	64	64
Other	2,527	2,528	2,525	2,524
Total grants payables	5,957	5,504	5,183	5,353
Total other payables	6,372	6,497	6,266	6,290
Provisions				
Provisions for tax refunds	2,225	2,230	2,235	2,240
Grants provisions	18,383	16,021	9,112	8,522
Personal benefits provisions – direct	6,873	6,980	7,070	7,135
Personal benefits provisions – indirect	4,489	5,199	5,920	6,583
Provisions for subsidies	7,704	7,952	8,218	8,567
Other	53,841	59,661	62,472	64,807
Total provisions	93,515	98,042	95,027	97,855

Note 19: Reconciliation of cash

	Estimates			
	2024-25	2025-26	2026-27	2027-28
	\$m	\$m	\$m	\$m
Net operating balance (revenues less expenses)	-40,394	-41,407	-27,951	-22,208
<i>less</i> Revenues not providing cash				
Other	2,448	2,787	3,126	3,346
Total revenues not providing cash	2,448	2,787	3,126	3,346
<i>plus</i> Expenses not requiring cash				
Increase/(decrease) in employee entitlements	10,515	8,919	9,643	9,947
Depreciation/amortisation expense	13,708	13,781	14,236	14,462
Mutually agreed write-downs	14,894	2,926	3,092	3,290
Other	4,836	9,180	8,609	5,961
Total expenses not requiring cash	43,953	34,806	35,580	33,660
<i>plus</i> Cash provided/(used) by working capital items				
Decrease/(increase) in inventories	-677	-1,506	-1,409	-1,487
Decrease/(increase) in receivables	-14,366	-15,433	-16,652	-17,598
Decrease/(increase) in other financial assets	-715	-1,084	-937	-1,252
Decrease/(increase) in other non-financial assets	514	416	726	52
Increase/(decrease) in benefits, subsidies and grants payable	6,627	-1,103	-4,986	1,461
Increase/(decrease) in suppliers' liabilities	-398	8	25	687
Increase/(decrease) in other provisions and payables	3,025	2,880	3,290	3,622
Net cash provided/(used) by working capital	-5,990	-15,822	-19,943	-14,515
<i>equals</i> (Net cash from/(to) operating activities)	-4,880	-25,210	-15,439	-6,410
<i>plus</i> (Net cash from/(to) investing activities)	-44,954	-47,199	-49,676	-49,159
Net cash from operating activities and investment	-49,834	-72,410	-65,115	-55,569
<i>plus</i> (Net cash from/(to) financing activities)	24,817	73,992	59,427	51,648
equals Net increase/(decrease) in cash	-25,016	1,582	-5,688	-3,921
Cash at the beginning of the year	97,318	72,301	73,883	68,195
Net increase/(decrease) in cash	-25,016	1,582	-5,688	-3,921
Cash at the end of the year	72,301	73,883	68,195	64,274

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*.⁵

5 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.⁶

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.

⁶ 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.⁷

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.

⁷ 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
plus
Net cash flows from investments in non-financial assets
equals
ABS GFS cash surplus/deficit
plus
Principal payments of lease liabilities
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 excluded net Future Fund cash earnings from the calculation of the underlying cash balance between 2005–06 and 2019–20. From 2020–21 onwards, net Future Fund cash earnings have been included in the calculation of the underlying cash balance because the Future Fund became available to meet the Government's superannuation liabilities from this year.

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

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

Headline cash balance

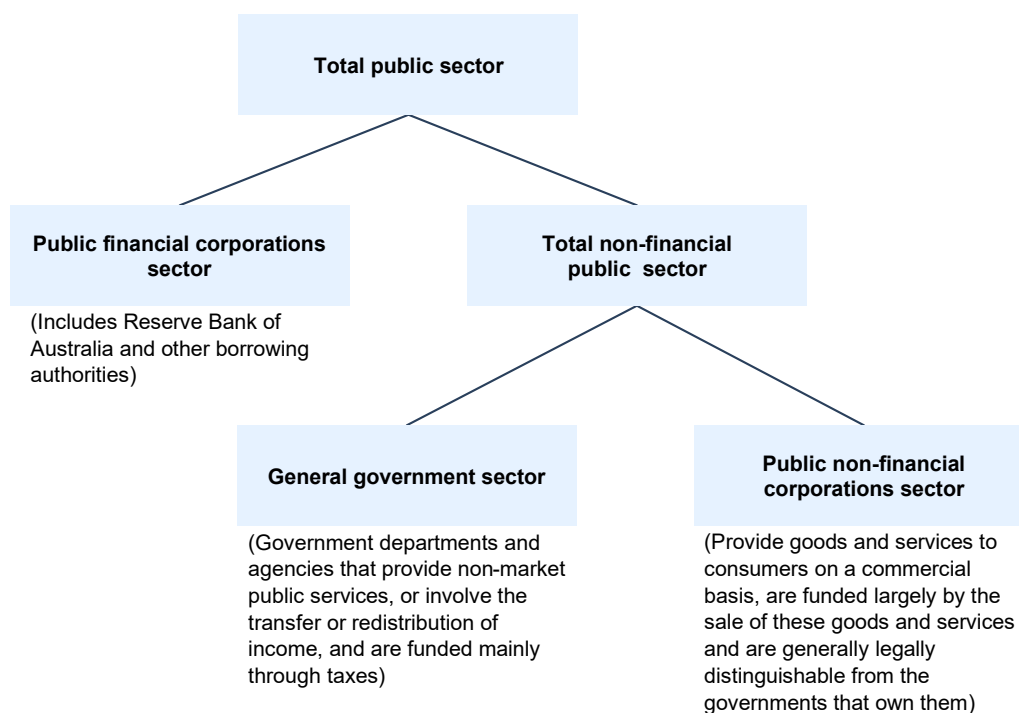
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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

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-and-list>.

Table 7.14: Entities outside of the general government sector – 2024–25

Public financial corporations
<p>Employment and Workplace Relations Portfolio</p> <ul style="list-style-type: none"> • Coal Mining Industry (Long Service Leave Funding) Corporation <p>Foreign Affairs and Trade Portfolio</p> <ul style="list-style-type: none"> • Export Finance and Insurance Corporation (Export Finance Australia) <p>Industry, Science and Resources Portfolio</p> <ul style="list-style-type: none"> • CSIRO Coinvestment Fund Pty Ltd • CSIRO FollowOn Services Pty Ltd • CSIRO FollowOn Services 2 Pty Ltd • CSIRO General Partner Pty Ltd • CSIRO General Partner 2 Pty Ltd • CSIROGP Fund 2 Pty Ltd • MS GP Fund 3 Pty Ltd • MS NGS Pty Ltd • MS Opportunity Fund Pty Ltd • MS Parallel Fund Pty Ltd <p>Treasury Portfolio</p> <ul style="list-style-type: none"> • Australian Reinsurance Pool Corporation • Housing Australia – Australian Housing Bond Aggregator (AHBA)* • Reserve Bank of Australia

Table 7.14: Entities outside of the general government sector – 2024–25 (continued)

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

* In October 2023, the National Housing Finance and Investment Corporation was renamed Housing Australia. Housing Australia, a corporate Commonwealth entity, operates an affordable housing bond aggregator to encourage greater private and institutional investment and provide cheaper and longer term finance to registered providers of affordable housing. The Housing Australia Bond Aggregator is a PFC. Other Housing Australia programs, including the National Housing Infrastructure Facility, are included in the GGS.

† On 28 July 2023, the Australian Government acquired a non-controlling (minority) ownership interest in CEA Technologies Pty Limited (CEA). The Australian Government's ownership interest in CEA will increase in 2024–25, and CEA is expected to become a majority owned Commonwealth company by 28 January 2025.