

## Part 2: Australian Government 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 financial statements for the Final Budget Outcome for 2021-22 have been prepared on a basis consistent with the 2022-23 March Budget. This enables comparison of the 2021-22 revised estimates published at the 2022-23 March Budget and the outcome.

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

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

## Australian Government Financial Statements

**Table 2.1: Australian Government general government sector operating statement**

		2021-22 Estimate at 2022-23 March Budget	Month of June 2022 (a)	2021-22 Outcome	Change on 2022-23 March Budget
	Note	\$m	\$m	\$m	\$m
<b>Revenue</b>					
Taxation revenue(b)	3	525,380	48,746	550,412	25,032
Sales of goods and services	4	17,628	721	17,834	206
Interest income	5	3,916	923	4,452	536
Dividend and distribution income	5	6,219	1,542	9,051	2,832
Other(b)	6	13,273	2,305	14,652	1,379
<b>Total revenue</b>		<b>566,417</b>	<b>54,237</b>	<b>596,401</b>	<b>29,985</b>
<b>Expenses</b>					
Gross operating expenses					
Wages and salaries(c)	7	23,572	1,988	22,840	-732
Superannuation	7	12,285	988	12,217	-68
Depreciation and amortisation	8	11,745	1,232	11,462	-283
Supply of goods and services	9	167,523	20,040	163,395	-4,128
Other operating expenses(c)	7	8,168	496	7,836	-333
<i>Total gross operating expenses</i>		<i>223,293</i>	<i>24,744</i>	<i>217,750</i>	<i>-5,543</i>
Superannuation interest expense	7	8,976	748	8,974	-1
Interest expenses	10	20,638	2,515	19,944	-694
Current transfers					
Current grants	11	189,064	15,236	184,517	-4,547
Subsidy expenses		18,017	2,080	17,764	-253
Personal benefits	12	156,348	9,852	154,450	-1,898
<i>Total current transfers</i>		<i>363,429</i>	<i>27,168</i>	<i>356,730</i>	<i>-6,699</i>
Capital transfers					
Mutually agreed write-downs	11	2,768	481	2,884	116
Other capital grants		20,465	8,374	16,767	-3,698
<i>Total capital transfers</i>		<i>23,234</i>	<i>8,855</i>	<i>19,651</i>	<i>-3,582</i>
<b>Total expenses</b>		<b>639,569</b>	<b>64,029</b>	<b>623,050</b>	<b>-16,520</b>
<b>Net operating balance</b>		<b>-73,153</b>	<b>-9,792</b>	<b>-26,649</b>	<b>46,504</b>
<b>Other economic flows - included in operating result</b>					
Net write-downs of assets		-7,051	-4,540	-11,490	-4,439
Assets recognised for the first time		242	26	251	10
Actuarial revaluations		-15	7,031	7,031	7,045
Net foreign exchange gains		-602	184	245	847
Net swap interest received		-427	-134	-428	-1
Market valuation of debt		48,066	12,681	115,931	67,865
Other gains/(losses)		5,751	-14,275	-17,471	-23,222
<b>Total other economic flows – included in operating result</b>		<b>45,964</b>	<b>973</b>	<b>94,068</b>	<b>48,104</b>
<b>Operating Result(d)</b>		<b>-27,189</b>	<b>-8,820</b>	<b>67,420</b>	<b>94,609</b>

**Table 2.1: Australian Government general government sector operating statement (continued)**

	2021-22 Estimate at 2022-23 March Budget	Month of June 2022 (a)	2021-22 Outcome	Change on 2022-23 March Budget
Note	\$m	\$m	\$m	\$m
<b>Non-owner movements in equity</b>				
Revaluation of equity investments	-8,494	-26,352	-26,320	-17,826
Actuarial revaluations	-880	-19,774	-19,774	-18,894
Other economic revaluations	1,061	6,300	8,435	7,374
<b>Total other economic flows – included in equity</b>	<b>-8,312</b>	<b>-39,826</b>	<b>-37,658</b>	<b>-29,346</b>
<b>Comprehensive result – Total change in net worth</b>	<b>-35,502</b>	<b>-48,646</b>	<b>29,761</b>	<b>65,263</b>
<b>Net operating balance</b>	<b>-73,153</b>	<b>-9,792</b>	<b>-26,649</b>	<b>46,504</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	23,025	3,233	18,772	-4,253
less Sales of non-financial assets	1,149	22	1,278	129
less Depreciation	11,745	1,232	11,462	-283
plus Change in inventories	988	971	2,399	1,411
plus Other movements in non-financial assets	-27	-1	-18	9
<b>Total net acquisition of non-financial assets</b>	<b>11,092</b>	<b>2,949</b>	<b>8,412</b>	<b>-2,680</b>
<b>Fiscal balance (Net lending/borrowing)(e)</b>	<b>-84,245</b>	<b>-12,741</b>	<b>-35,061</b>	<b>49,184</b>

- (a) The month of June is derived by deducting May year-to-date published data from the annual outcome. Statistically, June movements in some series relate to earlier published months that are not reissued; this can result in negative movements.
- (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 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.
- (c) 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.
- (d) Operating result under AAS.
- (e) The term fiscal balance is not used by the ABS.

**Table 2.2: Australian Government general government sector balance sheet**

		2021-22 Estimate at 2022-23 March Budget	2021-22 Outcome	Change on 2022-23 March Budget
	Note	\$m	\$m	\$m
<b>Assets</b>				
Financial assets				
Cash and deposits		62,206	94,763	32,557
Advances paid	13	81,915	73,119	-8,796
Investments, loans and placements	14	203,633	214,456	10,824
Other receivables	13	65,948	74,668	8,720
Equity investments				
Investments in other public sector entities		56,373	38,225	-18,148
Equity accounted investments		4,034	3,890	-144
Investments – shares		91,886	70,548	-21,338
<i>Total financial assets</i>		<i>565,993</i>	<i>569,668</i>	<i>3,675</i>
Non-financial assets				
	15			
Land		12,327	12,719	392
Buildings		45,800	45,845	45
Plant, equipment and infrastructure		99,155	99,421	266
Inventories		11,196	11,686	490
Intangibles		10,706	11,119	413
Investment properties		214	205	-9
Biological assets		21	16	-6
Heritage and cultural assets		11,873	12,630	757
Assets held for sale		286	308	22
Other non-financial assets		13	22	9
<i>Total non-financial assets</i>		<i>191,590</i>	<i>193,969</i>	<i>2,380</i>
<b>Total assets</b>		<b>757,583</b>	<b>763,638</b>	<b>6,055</b>
<b>Liabilities</b>				
Interest bearing liabilities				
Deposits held		598	406	-191
Government securities		929,091	848,455	-80,636
Loans	16	29,640	29,932	292
Lease liabilities		19,901	19,194	-707
<i>Total interest bearing liabilities</i>		<i>979,230</i>	<i>897,988</i>	<i>-81,242</i>

**Table 2.2: Australian Government general government sector balance sheet (continued)**

		2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
	Note			
Provisions and payables				
Superannuation liability	17	251,251	321,982	70,731
Other employee liabilities	17	38,518	34,902	-3,616
Suppliers payables	18	12,113	10,416	-1,698
Personal benefits payables	18	2,950	2,999	49
Subsidies payables	18	985	933	-53
Grants payables	18	3,648	3,913	265
Other payables	18	2,629	9,855	7,226
Provisions	18	61,263	62,407	1,145
<i>Total provisions and payables</i>		<i>373,358</i>	<i>447,407</i>	<i>74,049</i>
<b>Total liabilities</b>		<b>1,352,588</b>	<b>1,345,395</b>	<b>-7,192</b>
<b>Net worth(a)</b>		<b>-595,005</b>	<b>-581,758</b>	<b>13,247</b>
<i>Net financial worth(b)</i>		<i>-786,594</i>	<i>-775,727</i>	<i>10,867</i>
<i>Net financial liabilities(c)</i>		<i>842,967</i>	<i>813,952</i>	<i>-29,015</i>
<i>Net debt(d)</i>		<i>631,477</i>	<i>515,650</i>	<i>-115,827</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 2.3: Australian Government general government sector cash flow statement<sup>(a)</sup>**

	2021-22 Estimate at 2022-23 March Budget	Month of June 2022 (b)	2021-22 Outcome	Change on 2022-23 March Budget
	\$m	\$m	\$m	\$m
<b>Cash receipts from operating activities</b>				
Taxes received(c)	512,480	53,973	536,586	24,106
Receipts from sales of goods and services	17,626	794	17,725	100
Interest receipts	2,557	169	2,446	-111
Dividends, distributions and income tax equivalents	9,142	1,303	11,564	2,423
Other receipts(c)	14,334	2,455	15,542	1,208
<b>Total operating receipts</b>	<b>556,139</b>	<b>58,695</b>	<b>583,864</b>	<b>27,725</b>
<b>Cash payments for operating activities</b>				
Payments to employees(d)	-37,212	-3,389	-36,863	349
Payments for goods and services	-164,372	-16,036	-159,065	5,308
Grants and subsidies paid	-230,162	-21,319	-219,188	10,974
Interest paid	-17,456	-861	-17,423	33
Personal benefit payments	-157,130	-11,365	-156,276	854
Other payments(d)	-7,496	-435	-7,359	137
<b>Total operating payments</b>	<b>-613,828</b>	<b>-53,405</b>	<b>-596,174</b>	<b>17,654</b>
<b>Net cash flows from operating activities</b>	<b>-57,689</b>	<b>5,291</b>	<b>-12,310</b>	<b>45,379</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	487	-11	494	7
Purchases of non-financial assets	-20,159	-3,605	-17,692	2,468
<b>Net cash flows from investments in non-financial assets</b>	<b>-19,672</b>	<b>-3,616</b>	<b>-17,198</b>	<b>2,474</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-5,949</b>	<b>-112</b>	<b>-1,340</b>	<b>4,610</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-3,200</b>	<b>-238</b>	<b>-8,553</b>	<b>-5,352</b>
<b>Cash receipts from financing activities</b>				
Borrowing	262,545	16,649	202,252	-60,293
Other financing	72	7,265	33,437	33,365
<b>Total cash receipts from financing activities</b>	<b>262,617</b>	<b>23,914</b>	<b>235,689</b>	<b>-26,928</b>
<b>Cash payments for financing activities</b>				
Borrowing	-168,956	-10,073	-123,358	45,598
Other financing	-7,356	-7,722	-40,580	-33,224
<b>Total cash payments for financing activities</b>	<b>-176,312</b>	<b>-17,796</b>	<b>-163,938</b>	<b>12,374</b>
<b>Net cash flows from financing activities</b>	<b>86,305</b>	<b>6,118</b>	<b>71,751</b>	<b>-14,554</b>
<b>Net increase/(decrease) in cash held</b>	<b>-206</b>	<b>7,442</b>	<b>32,351</b>	<b>32,557</b>

**Table 2.3: Australian Government general government sector cash flow statement (continued)<sup>(a)</sup>**

	2021-22 Estimate at June 2022-23 March Budget	Month of June 2022 (b)	2021-22 Outcome	Change on 2022-23 March Budget
	\$m	\$m	\$m	\$m
<b>GFS cash surplus(+)/deficit(-)(e)</b>	<b>-77,361</b>	<b>1,674</b>	<b>-29,507</b>	<b>47,854</b>
<i>plus</i> Net cash flows from financing activities for leases(f)	-2,460	-270	-2,454	6
<b>Equals underlying cash balance(g)</b>	<b>-79,821</b>	<b>1,405</b>	<b>-31,962</b>	<b>47,859</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-5,949	-112	-1,340	4,610
<b>Equals headline cash balance</b>	<b>-85,770</b>	<b>1,292</b>	<b>-33,302</b>	<b>52,469</b>

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

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

(c) 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.

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

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

(f) Principal payments on 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.

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

**Table 2.4: Australian Government public non-financial corporations sector operating statement**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Revenue</b>			
Grants and subsidies	964	857	-107
Sales of goods and services	18,785	19,777	992
Interest income	4	10	6
Other	24	123	99
<b>Total revenue</b>	<b>19,777</b>	<b>20,767</b>	<b>990</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	4,584	4,595	12
Superannuation	506	563	57
Depreciation and amortisation	4,671	4,723	51
Supply of goods and services	9,421	10,381	960
Other operating expenses(a)	693	641	-52
<i>Total gross operating expenses</i>	<i>19,874</i>	<i>20,903</i>	<i>1,028</i>
Interest expenses	1,609	1,597	-12
Other property expenses	281	300	19
Current transfers			
Tax expenses	74	576	502
<i>Total current transfers</i>	<i>74</i>	<i>576</i>	<i>502</i>
<b>Total expenses</b>	<b>21,838</b>	<b>23,375</b>	<b>1,537</b>
<b>Net operating balance</b>	<b>-2,061</b>	<b>-2,608</b>	<b>-547</b>
<b>Other economic flows</b>	<b>-1,129</b>	<b>3,052</b>	<b>4,182</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>-3,190</b>	<b>445</b>	<b>3,635</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	8,022	7,386	-635
<i>less</i> Sales of non-financial assets	<i>56</i>	<i>59</i>	<i>3</i>
<i>less</i> Depreciation	<i>4,671</i>	<i>4,723</i>	<i>51</i>
<i>plus</i> Change in inventories	<i>7</i>	<i>72</i>	<i>65</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>3,301</b>	<b>2,677</b>	<b>-624</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-5,362</b>	<b>-5,285</b>	<b>77</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 2.5: Australian Government public non-financial corporations sector balance sheet**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	2,043	1,380	-663
Investments, loans and placements	972	1,557	585
Other receivables	3,358	6,343	2,985
Equity investments	250	294	43
<i>Total financial assets</i>	<i>6,623</i>	<i>9,573</i>	<i>2,950</i>
Non-financial assets			
Land and other fixed assets	59,656	60,444	788
Other non-financial assets(a)	3,737	3,925	188
<i>Total non-financial assets</i>	<i>63,392</i>	<i>64,368</i>	<i>976</i>
<b>Total assets</b>	<b>70,016</b>	<b>73,942</b>	<b>3,926</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	16	18	2
Advances received and loans	30,909	29,686	-1,223
Lease liabilities	12,447	12,551	105
<i>Total interest bearing liabilities</i>	<i>43,371</i>	<i>42,255</i>	<i>-1,116</i>
Provisions and payables			
Superannuation liability	21	13	-8
Other employee liabilities	1,723	1,817	93
Other payables	4,992	6,618	1,626
Other provisions(a)	751	1,140	389
<i>Total provisions and payables</i>	<i>7,487</i>	<i>9,588</i>	<i>2,100</i>
<b>Total liabilities</b>	<b>50,859</b>	<b>51,843</b>	<b>984</b>
<b>Shares and other contributed capital</b>	<b>19,157</b>	<b>22,099</b>	<b>2,942</b>
<b>Net worth(b)</b>	<b>19,157</b>	<b>22,099</b>	<b>2,942</b>
<i>Net financial worth(c)</i>	<i>-44,235</i>	<i>-42,270</i>	<i>1,965</i>
<i>Net debt(d)</i>	<i>40,356</i>	<i>39,319</i>	<i>-1,038</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 2.6: Australian Government public non-financial corporations sector cash flow statement<sup>(a)</sup>**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Cash receipts from operating activities</b>			
Receipts from sales of goods and services	19,901	20,738	837
Grants and subsidies received	867	790	-77
GST input credit receipts	981	116	-865
Other receipts	89	80	-10
<b>Total operating receipts</b>	<b>21,839</b>	<b>21,724</b>	<b>-115</b>
<b>Cash payments for operating activities</b>			
Payments to employees(b)	-5,032	-5,139	-107
Payment for goods and services	-11,487	-11,658	-171
Interest paid	-1,695	-1,546	149
GST payments to taxation authority	-848	-382	467
Distributions paid	-282	-301	-18
Other payments(b)	-1,168	-881	287
<b>Total operating payments</b>	<b>-20,513</b>	<b>-19,906</b>	<b>607</b>
<b>Net cash flows from operating activities</b>	<b>1,326</b>	<b>1,818</b>	<b>492</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	57	67	10
Purchases of non-financial assets	-7,303	-6,506	797
<b>Net cash flows from investments in non-financial assets</b>	<b>-7,246</b>	<b>-6,439</b>	<b>807</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-3</b>	<b>-8</b>	<b>-5</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>64</b>	<b>50</b>	<b>-14</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	2,549	1,449	-1,100
Other financing (net)	3,186	2,342	-843
<b>Net cash flows from financing activities</b>	<b>5,735</b>	<b>3,792</b>	<b>-1,943</b>
<b>Net increase/(decrease) in cash held</b>	<b>-124</b>	<b>-787</b>	<b>-663</b>
<b>Cash at the beginning of the year</b>	<b>2,167</b>	<b>2,167</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>2,043</b>	<b>1,380</b>	<b>-663</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-5,920</b>	<b>-4,621</b>	<b>1,299</b>
<i>plus</i> Net cash flows from financing activities for leases(d)	-480	-484	-4
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>-6,400</b>	<b>-5,105</b>	<b>1,295</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) Principal payments on 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 2.7: Australian Government total non-financial public sector operating statement**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome March Budget \$m	Change on 2022-23 March Budget \$m
<b>Revenue</b>			
Taxation revenue(a)	524,424	549,452	25,028
Sales of goods and services	35,556	36,624	1,068
Interest income	3,566	4,116	550
Dividend and distribution income	5,938	8,751	2,813
Other(a)	13,317	14,763	1,446
<b>Total revenue</b>	<b>582,801</b>	<b>613,707</b>	<b>30,906</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(b)	28,156	27,436	-720
Superannuation	12,791	12,776	-15
Depreciation and amortisation	16,416	16,185	-231
Supply of goods and services	176,074	172,775	-3,299
Other operating expenses(b)	8,861	8,477	-384
<i>Total gross operating expenses</i>	<i>242,297</i>	<i>237,648</i>	<i>-4,649</i>
Superannuation interest expense	8,976	8,974	-1
Interest expenses	21,893	21,195	-698
Current transfers			
Current grants	189,064	184,517	-4,547
Subsidy expenses	17,235	16,998	-237
Personal benefits	156,348	154,450	-1,898
<i>Total current transfers</i>	<i>362,647</i>	<i>355,965</i>	<i>-6,682</i>
Capital transfers	22,409	18,845	-3,564
<b>Total expenses</b>	<b>658,222</b>	<b>642,628</b>	<b>-15,594</b>
<b>Net operating balance</b>	<b>-75,421</b>	<b>-28,921</b>	<b>46,500</b>
<b>Other economic flows</b>	<b>36,835</b>	<b>62,511</b>	<b>25,675</b>
<b>Comprehensive result – Total change in net worth</b>	<b>-38,585</b>	<b>33,590</b>	<b>72,175</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	31,045	26,163	-4,882
<i>less</i> Sales of non-financial assets	<i>1,206</i>	<i>1,337</i>	<i>132</i>
<i>less</i> Depreciation	<i>16,416</i>	<i>16,185</i>	<i>-231</i>
<i>plus</i> Change in inventories	<i>995</i>	<i>2,471</i>	<i>1,476</i>
<i>plus</i> Other movements in non-financial assets	<i>-27</i>	<i>-18</i>	<i>9</i>
<b>Total net acquisition of non-financial assets</b>	<b>14,391</b>	<b>11,094</b>	<b>-3,298</b>
<b>Fiscal balance (Net lending/borrowing)(c)</b>	<b>-89,812</b>	<b>-40,015</b>	<b>49,797</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 2.8: Australian Government total non-financial public sector balance sheet**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	64,248	96,142	31,893
Advances paid	74,256	66,469	-7,787
Investments, loans and placements	204,586	215,992	11,406
Other receivables	68,454	79,624	11,170
Equity investments	112,141	76,446	-35,695
<i>Total financial assets</i>	<i>523,685</i>	<i>534,673</i>	<i>10,988</i>
Non-financial assets			
Land and other fixed assets	239,991	242,735	2,744
Other non-financial assets	15,027	15,645	618
<i>Total non-financial assets</i>	<i>255,018</i>	<i>258,381</i>	<i>3,362</i>
<b>Total assets</b>	<b>778,704</b>	<b>793,053</b>	<b>14,350</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	613	423	-190
Government securities	929,091	848,455	-80,636
Advances received and loans	52,873	52,948	75
Lease liabilities	32,338	31,736	-602
<i>Total interest bearing liabilities</i>	<i>1,014,915</i>	<i>933,562</i>	<i>-81,353</i>
Provisions and payables			
Superannuation liability	251,272	321,995	70,723
Other employee liabilities	40,241	36,719	-3,522
Other payables	27,210	34,191	6,981
Other provisions	61,310	62,671	1,361
<i>Total provisions and payables</i>	<i>380,034</i>	<i>455,577</i>	<i>75,543</i>
<b>Total liabilities</b>	<b>1,394,949</b>	<b>1,389,139</b>	<b>-5,810</b>
<b>Net worth(a)</b>	<b>-616,245</b>	<b>-596,086</b>	<b>20,159</b>
<i>Net financial worth(b)</i>	<i>-871,263</i>	<i>-854,466</i>	<i>16,797</i>
<i>Net debt(c)</i>	<i>671,824</i>	<i>554,959</i>	<i>-116,865</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 2.9: Australian Government total non-financial public sector cash flow statement<sup>(a)</sup>**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Cash receipts from operating activities</b>			
Taxes received(b)	512,259	536,379	24,120
Receipts from sales of goods and services	34,808	35,561	753
Interest receipts	2,216	2,117	-100
Dividends, distributions and income tax equivalents	8,864	11,268	2,404
Other receipts(b)	14,253	15,512	1,259
<b>Total operating receipts</b>	<b>572,401</b>	<b>600,837</b>	<b>28,436</b>
<b>Cash payments for operating activities</b>			
Payments to employees(c)	-42,244	-41,998	246
Payments for goods and services	-173,004	-168,113	4,891
Grants and subsidies paid	-229,138	-218,323	10,815
Interest paid	-18,806	-18,633	173
Personal benefit payments	-157,130	-156,276	854
Other payments(c)	-8,437	-7,992	445
<b>Total operating payments</b>	<b>-628,760</b>	<b>-611,336</b>	<b>17,424</b>
<b>Net cash flows from operating activities</b>	<b>-56,359</b>	<b>-10,499</b>	<b>45,860</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	544	561	17
Purchases of non-financial assets	-27,462	-24,192	3,270
<b>Net cash flows from investments in non-financial assets</b>	<b>-26,918</b>	<b>-23,631</b>	<b>3,287</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-8,495</b>	<b>-5,583</b>	<b>2,912</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-3,134</b>	<b>-8,501</b>	<b>-5,367</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	101,957	87,160	-14,797
Other financing (net)	-7,378	-7,381	-3
<b>Net cash flows from financing activities</b>	<b>94,579</b>	<b>79,779</b>	<b>-14,799</b>
<b>Net increase/(decrease) in cash held</b>	<b>-327</b>	<b>31,566</b>	<b>31,893</b>
<b>Cash at the beginning of the year</b>	<b>64,576</b>	<b>64,576</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>64,249</b>	<b>96,142</b>	<b>31,893</b>

**Table 2.9: Australian Government total non-financial public sector cash flow statement (continued)<sup>(a)</sup>**

	2021-22 Estimate at 2022-23 March Budget	2021-22 Outcome	Change on 2022-23 March Budget
	\$m	\$m	\$m
<b>GFS cash surplus(+)/deficit(-)(d)</b>	<b>-83,277</b>	<b>-34,130</b>	<b>49,147</b>
<i>plus</i> Net cash flows from financing activities for leases(e)	-2,940	-2,939	1
<b>Adjusted GFS cash surplus(+)/deficit(-)(e)</b>	<b>-86,217</b>	<b>-37,068</b>	<b>49,148</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) Principal payments on 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 2.10: Australian Government public financial corporations sector operating statement**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Revenue</b>			
Grants and subsidies	145	146	1
Sales of goods and services	688	716	28
Interest income	8,894	8,966	72
Other	92	105	13
<b>Total revenue</b>	<b>9,820</b>	<b>9,934</b>	<b>114</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	230	254	24
Superannuation	69	96	27
Depreciation and amortisation	73	83	10
Supply of goods and services	568	476	-92
Other operating expenses(a)	55	36	-19
<i>Total gross operating expenses</i>	<i>996</i>	<i>946</i>	<i>-50</i>
Interest expenses	177	484	307
Other property expenses	16	6	-10
Current transfers			
Tax expenses	7	8	1
<i>Total current transfers</i>	<i>7</i>	<i>8</i>	<i>1</i>
<b>Total expenses</b>	<b>1,195</b>	<b>1,443</b>	<b>247</b>
<b>Net operating balance</b>	<b>8,624</b>	<b>8,491</b>	<b>-133</b>
<b>Other economic flows</b>	<b>-16,774</b>	<b>-43,126</b>	<b>-26,351</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>-8,150</b>	<b>-34,635</b>	<b>-26,485</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	30	93	63
<i>less</i> Sales of non-financial assets	<i>0</i>	<i>1</i>	<i>1</i>
<i>less</i> Depreciation	<i>73</i>	<i>83</i>	<i>10</i>
<i>plus</i> Change in inventories	<i>-60</i>	<i>-15</i>	<i>45</i>
<i>plus</i> Other movements in non-financial assets	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total net acquisition of non-financial assets</b>	<b>-104</b>	<b>-6</b>	<b>97</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>8,728</b>	<b>8,497</b>	<b>-230</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 2.11: Australian Government public financial corporations sector balance sheet**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	908	686	-222
Investments, loans and placements	656,922	619,797	-37,125
Other receivables	269	195	-74
Equity investments	898	1,124	226
<i>Total financial assets</i>	<i>658,997</i>	<i>621,803</i>	<i>-37,195</i>
Non-financial assets			
Land and other fixed assets	961	972	11
Other non-financial assets(a)	87	84	-2
<i>Total non-financial assets</i>	<i>1,048</i>	<i>1,056</i>	<i>8</i>
<b>Total assets</b>	<b>660,045</b>	<b>622,859</b>	<b>-37,186</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	614,486	616,151	1,666
Borrowing	25,939	12,923	-13,016
<i>Total interest bearing liabilities</i>	<i>640,425</i>	<i>629,074</i>	<i>-11,351</i>
Provisions and payables			
Superannuation liability	539	2	-537
Other employee liabilities	210	193	-18
Other payables	915	2,180	1,265
Other provisions(a)	1,870	1,696	-174
<i>Total provisions and payables</i>	<i>3,534</i>	<i>4,071</i>	<i>537</i>
<b>Total liabilities</b>	<b>643,958</b>	<b>633,145</b>	<b>-10,814</b>
<b>Shares and other contributed capital</b>	<b>16,087</b>	<b>-10,286</b>	<b>-26,373</b>
<b>Net worth(b)</b>	<b>16,087</b>	<b>-10,286</b>	<b>-26,373</b>
<i>Net financial worth(c)</i>	<i>15,039</i>	<i>-11,342</i>	<i>-26,381</i>
<i>Net debt(d)</i>	<i>-17,406</i>	<i>8,591</i>	<i>25,996</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 2.12: Australian Government public financial corporations sector cash flow statement<sup>(a)</sup>**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Cash receipts from operating activities</b>			
Receipts from sales of goods and services	735	663	-72
Grants and subsidies received	145	149	4
GST input credit receipts	11	21	9
Interest receipts	8,875	8,122	-753
Other receipts	15	56	41
<b>Total operating receipts</b>	<b>9,782</b>	<b>9,011</b>	<b>-771</b>
<b>Cash payments for operating activities</b>			
Payments to employees(b)	-307	-300	6
Payments for goods and services	-747	-472	276
Interest paid	-132	-210	-79
GST payment to taxation authority	-18	-23	-6
Distributions paid	-2,687	-2,677	10
Other payments(b)	-68	-64	4
<b>Total operating payments</b>	<b>-3,958</b>	<b>-3,746</b>	<b>211</b>
<b>Net cash flows from operating activities</b>	<b>5,824</b>	<b>5,265</b>	<b>-559</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	4	0	-4
Purchases of non-financial assets	-98	-70	28
<b>Net cash flows from investments in non-financial assets</b>	<b>-94</b>	<b>-70</b>	<b>24</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-2,084</b>	<b>-31</b>	<b>2,052</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-109,295</b>	<b>-111,095</b>	<b>-1,799</b>
<b>Net cash flows from financing activities</b>			
Borrowing and deposits received (net)	98,882	98,665	-217
Other financing (net)	6,779	7,056	277
<b>Net cash flows from financing activities</b>	<b>105,661</b>	<b>105,721</b>	<b>60</b>
<b>Net increase/(decrease) in cash held</b>	<b>12</b>	<b>-210</b>	<b>-222</b>
<b>Cash at the beginning of the year</b>	<b>896</b>	<b>896</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>908</b>	<b>686</b>	<b>-222</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>5,730</b>	<b>5,195</b>	<b>-535</b>
<i>plus</i> Net cash flows from financing activities for leases(d)	-2	-7	-6
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>5,728</b>	<b>5,188</b>	<b>-541</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) Principal payments on 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 Final Budget Outcome (FBO) be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for the FBO 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 (CFS).

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

The statements for the GGS are based on audit cleared financial statements for material entities with the exception of the Department of Defence and the Department of Veterans' Affairs.

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 Part 1. In accordance with the UPF, purchases of non-financial assets by function are also disclosed in Part 1.

AASB 1049 also requires the FBO and CFS to be released at the same time. The Charter requires the FBO to be released before the end of three months after the end of the financial year, whereas the CFS is not released until it is audit cleared, generally around December each year.

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 for the 2021-22 year from the 2021-22 Budget to the *Mid-Year Economic and Fiscal Outlook 2021-22* (MYEFO) are discussed in Part 3 of the 2021-22 MYEFO. Explanations of variances for the 2021-22 year from MYEFO to the 2022-23 March Budget are disclosed in Statement 3 of 2022-23 March Budget Paper No.1, *Budget Strategy and Outlook*. Explanations of variances from the 2022-23 March Budget to the Final Budget Outcome for 2021-22 are disclosed in Part 1.

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

The Charter requires that departures from applicable external reporting standards be identified. The major differences between AAS and the ABS GFS treatments of transactions are outlined in Table 2.13.

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 2.13: 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 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 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)	Recognise revenue from the surrender of RECs and expenses associated with the refund of the shortfall charges.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.	AAS

**Table 2.13: Major differences between AAS and ABS GFS (continued)**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
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
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

**Table 2.13: Major differences between AAS and ABS GFS (continued)**

Issue	AAS treatment	ABS GFS treatment	Treatment adopted
<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**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	238,500	242,139	3,639
Gross other individuals	57,500	60,486	2,986
less: Refunds	38,200	38,048	-152
Total individuals and other withholding taxation	257,800	264,576	6,776
Fringe benefits tax	3,180	3,261	81
Company tax	111,500	125,914	14,414
Superannuation fund taxes	24,580	26,559	1,979
Petroleum resource rent tax	1,720	2,166	446
<b>Income taxation revenue</b>	<b>398,780</b>	<b>422,476</b>	<b>23,696</b>
Goods and services tax	76,409	76,996	587
Wine equalisation tax	1,160	1,133	-27
Luxury car tax	880	963	83
Excise and customs duty			
Petrol	4,950	5,020	70
Diesel	11,720	11,755	35
Other fuel products	1,510	1,522	12
Tobacco	12,950	12,659	-291
Beer	2,440	2,463	23
Spirits	3,280	3,515	235
Other alcoholic beverages(a)	1,440	1,457	17
Other customs duty			
Textiles, clothing and footwear	190	192	2
Passenger motor vehicles	330	361	31
Other imports	1,340	1,379	39
less: Refunds and drawbacks	800	818	18
Total excise and customs duty	39,350	39,506	156
Major bank levy	1,510	1,456	-54
Agricultural levies	600	646	47
Other taxes(b)	6,692	7,235	544
Mirror taxes	621	649	27
less: Transfers to states in relation to mirror tax revenue	621	649	27
Mirror tax revenue	0	0	0
<b>Indirect taxation revenue</b>	<b>126,600</b>	<b>127,936</b>	<b>1,336</b>
<b>Taxation revenue</b>	<b>525,380</b>	<b>550,412</b>	<b>25,032</b>
<i>Memorandum:</i>			
Total excise	22,370	22,562	192
Total customs duty	16,980	16,945	-35

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

(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 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.

**Note 3<sup>(a)</sup>: Taxation revenue by source**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Taxes on income, profits and capital gains			
Income and capital gains levied on individuals	260,980	267,836	6,856
Income and capital gains levied on enterprises	137,800	154,640	16,840
<b>Total taxes on income, profits and capital gains</b>	<b>398,780</b>	<b>422,476</b>	<b>23,696</b>
Taxes on employers' payroll and labour force	1,000	1,060	60
Taxes on the provision of goods and services			
Sales/goods and services tax	78,449	79,092	643
Excises and levies	22,970	23,208	238
Taxes on international trade	16,980	16,945	-35
<b>Total taxes on the provision of goods and services</b>	<b>118,399</b>	<b>119,245</b>	<b>846</b>
Taxes on the use of goods and performance of activities(a)	7,202	7,631	430
<b>Total taxation revenue</b>	<b>525,380</b>	<b>550,412</b>	<b>25,032</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**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Sales of goods	1,633	1,613	-20
Rendering of services	13,716	13,695	-20
Lease rental	329	357	28
Fees from regulatory services	1,950	2,169	219
<b>Total sales of goods and services revenue</b>	<b>17,628</b>	<b>17,834</b>	<b>206</b>



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

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Interest from other governments</b>			
State and territory debt	13	12	-1
Housing agreements	77	77	0
<b>Total interest from other governments</b>	<b>89</b>	<b>88</b>	<b>-1</b>
<b>Interest from other sources</b>			
Advances	665	750	85
Deposits	80	175	95
Indexation of HELP receivable and other student loans	1,904	2,179	276
Other	1,178	1,259	81
<b>Total interest from other sources</b>	<b>3,826</b>	<b>4,363</b>	<b>537</b>
<b>Total interest</b>	<b>3,916</b>	<b>4,452</b>	<b>536</b>
<b>Dividends and distributions</b>			
Dividends from other public sector entities	269	325	56
Other dividends and distributions	5,950	8,727	2,776
<b>Total dividends and distributions</b>	<b>6,219</b>	<b>9,051</b>	<b>2,832</b>
<b>Total interest and dividend and distribution revenue</b>	<b>10,135</b>	<b>13,503</b>	<b>3,368</b>

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

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Industry contributions(a)	73	78	5
Royalties	1,346	1,559	213
Seigniorage	79	63	-17
Other	11,775	12,953	1,178
<b>Total other sources of non-taxation revenue</b>	<b>13,273</b>	<b>14,652</b>	<b>1,379</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**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome March Budget \$m	Change on 2022-23 March Budget \$m
<b>Wages and salaries expenses</b>	<b>23,572</b>	<b>22,840</b>	<b>-732</b>
<b>Other operating expenses</b>			
Leave and other entitlements	3,099	2,553	-546
Separations and redundancies	116	107	-9
Workers compensation premiums and claims	2,563	2,753	190
Other	2,390	2,423	33
<b>Total other operating expenses</b>	<b>8,168</b>	<b>7,836</b>	<b>-333</b>
<b>Superannuation expenses</b>			
Superannuation	12,285	12,217	-68
Superannuation interest cost	8,976	8,974	-1
<b>Total superannuation expenses</b>	<b>21,260</b>	<b>21,191</b>	<b>-69</b>
<b>Total employee and superannuation expense</b>	<b>53,000</b>	<b>51,867</b>	<b>-1,134</b>

**Note 8: Depreciation and amortisation expense**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome March Budget \$m	Change on 2022-23 March Budget \$m
<b>Depreciation</b>			
Specialist military equipment	4,347	3,927	-420
Buildings	3,947	3,953	6
Other infrastructure, plant and equipment	2,239	2,374	135
Heritage and cultural assets	76	92	16
Other	6	7	1
<b>Total depreciation(a)</b>	<b>10,616</b>	<b>10,353</b>	<b>-263</b>
<b>Total amortisation</b>	<b>1,129</b>	<b>1,109</b>	<b>-20</b>
<b>Total depreciation and amortisation expense</b>	<b>11,745</b>	<b>11,462</b>	<b>-283</b>
<i>Memorandum:</i>			
<b>Depreciation relating to right of use assets</b>			
Specialist military equipment	24	35	11
Buildings	2,305	2,424	119
Other infrastructure, plant and equipment	335	342	7
Other	6	7	1
<b>Total depreciation of right of use assets</b>	<b>2,670</b>	<b>2,808</b>	<b>138</b>

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

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

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Supply of goods and services	44,305	47,912	3,607
Lease expenses	338	343	5
Personal benefits – indirect	114,026	106,842	-7,184
Health care payments	5,476	5,669	192
Other	3,378	2,630	-748
<b>Total supply of goods and services expense</b>	<b>167,523</b>	<b>163,395</b>	<b>-4,128</b>

**Note 10: Interest expense**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Interest on debt</b>			
Government securities	18,443	18,502	59
Loans	2	1	-2
Other	117	256	139
<b>Total interest on debt</b>	<b>18,563</b>	<b>18,759</b>	<b>196</b>
<b>Interest on lease liabilities</b>	<b>340</b>	<b>343</b>	<b>3</b>
<b>Other financing costs</b>	<b>1,736</b>	<b>842</b>	<b>-894</b>
<b>Total interest expense</b>	<b>20,638</b>	<b>19,944</b>	<b>-694</b>

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

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Current grants expense</b>			
State and territory governments	148,811	148,441	-370
Private sector	15,113	4,727	-10,386
Overseas	4,721	4,353	-368
Non-profit organisations	5,786	12,852	7,066
Multi-jurisdictional sector	11,623	11,545	-78
Other	3,010	2,598	-412
<b>Total current grants expense</b>	<b>189,064</b>	<b>184,517</b>	<b>-4,547</b>
<b>Capital grants expense</b>			
Mutually agreed write-downs	2,768	2,884	116
Other capital grants			
State and territory governments	17,219	14,347	-2,873
Local governments	1,398	1,098	-300
Non-profit organisations	661	471	-190
Private sector	252	64	-187
Other	935	788	-147
<b>Total capital grants expense</b>	<b>23,234</b>	<b>19,651</b>	<b>-3,582</b>
<b>Total grants expense</b>	<b>212,297</b>	<b>204,168</b>	<b>-8,129</b>

**Note 12: Personal benefits expense**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Social welfare – assistance to the aged	51,603	51,299	-304
Assistance to veterans and dependants	4,584	4,506	-78
Assistance to people with disabilities	28,146	28,212	66
Assistance to families with children	27,334	26,242	-1,092
Assistance to the unemployed	15,779	15,866	87
Student assistance	3,113	2,945	-167
Other welfare programs	16,283	15,510	-773
Financial and fiscal affairs	612	666	54
Vocational and industry training	73	30	-43
Other	8,822	9,173	351
<b>Total personal benefits expense</b>	<b>156,348</b>	<b>154,450</b>	<b>-1,898</b>

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

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Advances paid</b>			
Loans to state and territory governments	1,842	1,826	-16
Student loans	58,456	51,950	-6,506
Other	21,912	19,745	-2,167
less Impairment allowance	295	402	107
<b>Total advances paid</b>	<b>81,915</b>	<b>73,119</b>	<b>-8,796</b>
<b>Other receivables</b>			
Goods and services receivable	1,184	1,511	327
Recoveries of benefit payments	5,482	5,964	483
Taxes receivable	36,312	37,011	699
Prepayments	4,883	4,920	37
Other	20,762	28,475	7,713
less Impairment allowance	2,675	3,214	539
<b>Total other receivables</b>	<b>65,948</b>	<b>74,668</b>	<b>8,720</b>

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

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Investments – deposits	8,185	9,823	1,639
IMF quota	12,530	12,715	185
Other	182,919	191,918	9,000
<b>Total investments, loans and placements</b>	<b>203,633</b>	<b>214,456</b>	<b>10,824</b>

**Note 15: Non-financial assets**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Land and buildings</b>			
Land	12,327	12,719	392
Buildings	45,800	45,845	45
<b>Total land and buildings</b>	<b>58,127</b>	<b>58,563</b>	<b>437</b>
<b>Plant, equipment and infrastructure</b>			
Specialist military equipment	80,020	80,826	806
Other plant, equipment and infrastructure	19,135	18,595	-540
<b>Total plant, equipment and infrastructure</b>	<b>99,155</b>	<b>99,421</b>	<b>266</b>
<b>Inventories</b>			
Inventories held for sale	691	682	-9
Inventories not held for sale	10,506	11,004	499
<b>Total inventories</b>	<b>11,196</b>	<b>11,686</b>	<b>490</b>
<b>Intangibles</b>			
Computer software	5,916	5,633	-283
Other	4,790	5,486	696
<b>Total intangibles</b>	<b>10,706</b>	<b>11,119</b>	<b>413</b>
<b>Total investment properties</b>	<b>214</b>	<b>205</b>	<b>-9</b>
<b>Total biological assets</b>	<b>21</b>	<b>16</b>	<b>-6</b>
<b>Total heritage and cultural assets</b>	<b>11,873</b>	<b>12,630</b>	<b>757</b>
<b>Total assets held for sale</b>	<b>286</b>	<b>308</b>	<b>22</b>
<b>Total other non-financial assets</b>	<b>13</b>	<b>22</b>	<b>9</b>
<b>Total non-financial assets(a)</b>	<b>191,590</b>	<b>193,969</b>	<b>2,380</b>
<i>Memorandum:</i>			
<b>Total relating to right of use assets</b>			
Land	167	167	-1
Buildings	15,917	15,986	69
Specialist military equipment	236	286	50
Other plant, equipment and infrastructure	2,632	1,785	-847
<b>Total right of use assets</b>	<b>18,952</b>	<b>18,223</b>	<b>-729</b>

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

**Note 16: Loans**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
Promissory notes	9,420	11,169	1,749
Special drawing rights	17,887	18,152	265
Other	2,334	612	-1,722
<b>Total loans</b>	<b>29,640</b>	<b>29,932</b>	<b>292</b>

**Note 17: Employee and superannuation liabilities**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Total superannuation liability(a)</b>	<b>251,251</b>	<b>321,982</b>	<b>70,731</b>
<b>Other employee liabilities</b>			
Leave and other entitlements	9,643	9,136	-507
Accrued salaries and wages	610	730	120
Workers compensation claims	1,947	1,924	-23
Military compensation	25,667	22,521	-3,146
Other	651	591	-60
<b>Total other employee liabilities</b>	<b>38,518</b>	<b>34,902</b>	<b>-3,616</b>
<b>Total employee and superannuation liabilities</b>	<b>289,769</b>	<b>356,885</b>	<b>67,116</b>

(a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries 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 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**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Suppliers payable</b>			
Trade creditors	7,495	7,524	29
Lease rental payable	1	1	0
Personal benefits payables – indirect	2,173	1,293	-881
Other creditors	2,443	1,598	-845
<b>Total suppliers payables</b>	<b>12,113</b>	<b>10,416</b>	<b>-1,698</b>
<b>Total personal benefits payables – direct</b>	<b>2,950</b>	<b>2,999</b>	<b>49</b>
<b>Total subsidies payable</b>	<b>985</b>	<b>933</b>	<b>-53</b>
<b>Grants payables</b>			
State and territory governments	479	1,346	867
Non-profit organisations	206	180	-26
Private sector	268	327	59
Overseas	1,736	1,744	8
Local governments	7	0	-7
Other	951	316	-636
<b>Total grants payables</b>	<b>3,648</b>	<b>3,913</b>	<b>265</b>
<b>Total other payables</b>	<b>2,629</b>	<b>9,855</b>	<b>7,226</b>
<b>Provisions</b>			
Provisions for tax refunds	3,181	4,302	1,120
Grants provisions	9,035	10,746	1,711
Personal benefits provisions – direct	7,344	6,608	-736
Personal benefits provisions – indirect	3,471	4,171	700
Provisions for subsidies	5,095	5,361	266
Other	33,136	31,220	-1,916
<b>Total provisions</b>	<b>61,263</b>	<b>62,407</b>	<b>1,145</b>



**Note 19: Reconciliation of cash**

	2021-22 Estimate at 2022-23 March Budget \$m	2021-22 Outcome \$m	Change on 2022-23 March Budget \$m
<b>Net operating balance (revenues less expenses)</b>	<b>-73,153</b>	<b>-26,649</b>	<b>46,504</b>
<i>less</i> Revenues not providing cash			
Other	2,682	3,696	1,014
<b>Total revenues not providing cash</b>	<b>2,682</b>	<b>3,696</b>	<b>1,014</b>
<i>plus</i> Expenses not requiring cash			
Increase/(decrease) in employee entitlements	9,883	13,151	3,268
Depreciation/amortisation expense	11,745	11,462	-283
Mutually agreed write-downs	2,768	2,884	116
Other	2,956	3,844	888
<b>Total expenses not requiring cash</b>	<b>27,352</b>	<b>31,341</b>	<b>3,989</b>
<i>plus</i> Cash provided/(used) by working capital items			
Decrease/(increase) in inventories	-988	-2,279	-1,291
Decrease/(increase) in receivables	-8,375	-11,302	-2,927
Decrease/(increase) in other financial assets	-71	-1,109	-1,038
Decrease/(increase) in other non-financial assets	125	-41	-166
Increase/(decrease) in benefits, subsidies and grants payable	-2,072	-1,000	1,072
Increase/(decrease) in suppliers' liabilities	396	469	73
Increase/(decrease) in other provisions and payables	1,779	1,955	176
<b>Net cash provided/(used) by working capital</b>	<b>-9,206</b>	<b>-13,307</b>	<b>-4,101</b>
<i>equals</i> (Net cash from/(to) operating activities)	-57,689	-12,310	45,379
<i>plus</i> (Net cash from/(to) investing activities)	-28,822	-27,090	1,732
<b>Net cash from operating activities and investment</b>	<b>-86,511</b>	<b>-39,400</b>	<b>47,111</b>
<i>plus</i> (Net cash from/(to) financing activities)	86,305	71,751	-14,554
<b><i>equals</i> Net increase/(decrease) in cash</b>	<b>-206</b>	<b>32,351</b>	<b>32,557</b>
<b>Cash at the beginning of the year</b>	<b>62,412</b>	<b>62,412</b>	<b>0</b>
Net increase/(decrease) in cash	-206	32,351	32,557
<b>Cash at the end of the year</b>	<b>62,206</b>	<b>94,763</b>	<b>32,557</b>

## Attachment A

### Financial reporting standards and budget concepts

The Final Budget Outcome primarily focuses on the financial performance and position of the general government sector (GGS). The GGS provides public services that are mainly non-market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies. 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>1</sup>

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

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

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

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

### **Operating statement**

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

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

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

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

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<sup>2</sup> Not all transactions impact 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>3</sup>

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

## Balance sheet

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

## Net worth

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

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<sup>3</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 GGS, the underlying cash balance is calculated as shown below:

Net cash flows from operating activities
<i>plus</i>
Net cash flows from investments in non-financial assets
<i>equals</i>
ABS GFS cash surplus/deficit
<i>plus</i>
Net cash flows from financing activities for leases
<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 Appendix B.

### Headline cash balance

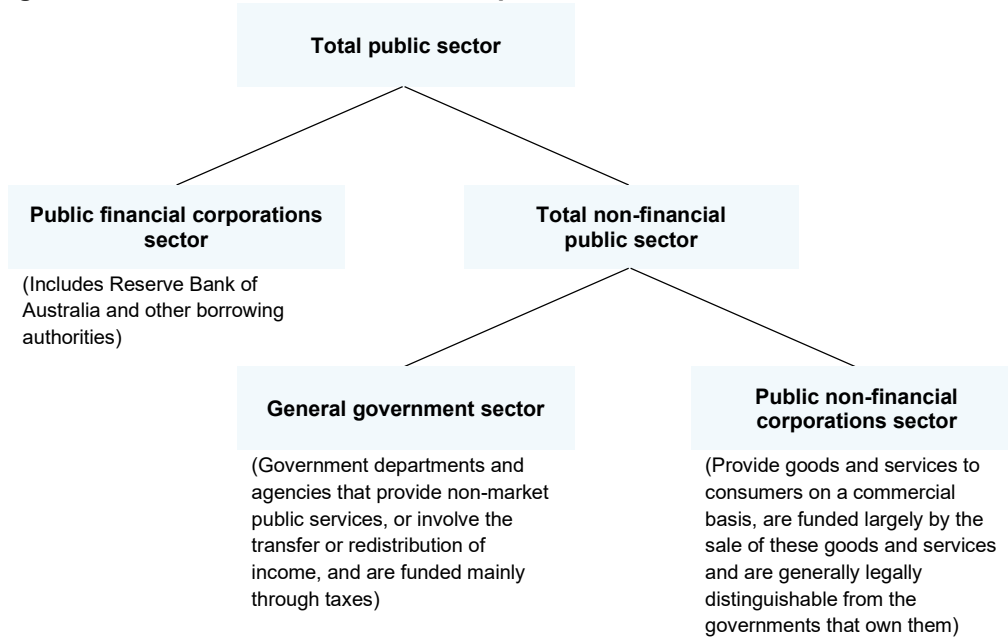
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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

**Figure 2.1: 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 2.14).

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 [www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/pgpa-act-flipchart-and-list](http://www.finance.gov.au/government/managing-commonwealth-resources/structure-australian-government-public-sector/pgpa-act-flipchart-and-list).

**Table 2.14: Entities outside of the general government sector – 2021-22**

<b>Public financial corporations</b>
<p>Attorney-General's Portfolio</p> <ul style="list-style-type: none"> <li>• Coal Mining Industry (Long Service Leave Funding) Corporation</li> </ul> <p>Foreign Affairs and Trade Portfolio</p> <ul style="list-style-type: none"> <li>• Export Finance and Insurance Corporation (also referred to as Export Finance Australia)</li> </ul> <p>Industry, Science, Energy and Resources Portfolio</p> <ul style="list-style-type: none"> <li>• CSIRO Co-Investment 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> <p>Treasury Portfolio</p> <ul style="list-style-type: none"> <li>• Australian Reinsurance Pool Corporation</li> <li>• National Housing Finance and Investment Corporation*</li> <li>• Reserve Bank of Australia</li> </ul>
<b>Public non-financial corporations</b>
<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, Energy and Resources Portfolio</p> <ul style="list-style-type: none"> <li>• ANSTO Nuclear Medicine Pty Ltd</li> <li>• Snowy Hydro Limited</li> </ul> <p>Infrastructure, Transport, Regional Development and Communications 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#</li> <li>• NBN Co Ltd</li> <li>• WSA Co Ltd</li> </ul>



**Table 2.14: Entities outside of the general government sector – 2021-22  
(continued)**

<b>Public non-financial corporations (continued)</b>
Prime Minister and Cabinet Portfolio <ul style="list-style-type: none"> <li>• Voyages Indigenous Tourism Australia Pty Ltd</li> </ul> Social Services Portfolio <ul style="list-style-type: none"> <li>• Australian Hearing Services (Hearing Australia)</li> </ul>

\* 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.