# 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 2022–23 have been prepared on a basis consistent with the 2023–24 Budget. This enables comparison of the 2022–23 revised estimates published at the 2023–24 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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | 2022-23 | Month of | 2022-23 | Change on |
|  |  | Estimate at | June 2023 | Outcome | 2023-24 |
|  |  | 2023-24 | (a) |  | Budget |
|  |  | Budget |  |  |  |
|  | Note | $m | $m | $m | $m |
| **Revenue** |  |  |  |  |  |
| Taxation revenue | 3 | 604,169 | 59,860 | 618,288 | 14,119 |
| Sales of goods and services | 4 | 19,078 | 292 | 19,013 | -66 |
| Interest income | 5 | 9,053 | 1,425 | 9,892 | 839 |
| Dividend and distribution income | 5 | 5,361 | 906 | 5,291 | -71 |
| Other | 6 | 16,105 | 1,447 | 15,905 | -200 |
| **Total revenue** |  | **653,767** | **63,929** | **668,389** | **14,622** |
|  |  |  |  |  |  |
| **Expenses** |  |  |  |  |  |
| Gross operating expenses |  |  |  |  |  |
| Wages and salaries(b) | 7 | 24,254 | 2,138 | 23,790 | -464 |
| Superannuation | 7 | 8,754 | 828 | 9,216 | 462 |
| Depreciation and amortisation | 8 | 12,063 | 1,542 | 12,660 | 598 |
| Supply of goods and services | 9 | 175,719 | 18,669 | 171,210 | -4,509 |
| Other operating expenses(b) | 7 | 8,433 | 1,440 | 9,711 | 1,278 |
| *Total gross operating expenses* |  | *229,223* | *24,617* | *226,587* | *-2,636* |
| Superannuation interest expense | 7 | 12,334 | 1,094 | 12,336 | 2 |
| Interest expenses | 10 | 26,789 | 1,555 | 25,554 | -1,235 |
| Current transfers |  |  |  |  |  |
| Current grants | 11 | 192,661 | 17,904 | 190,698 | -1,963 |
| Subsidy expenses |  | 17,373 | 2,620 | 18,561 | 1,188 |
| Personal benefits | 12 | 145,485 | 11,116 | 142,767 | -2,718 |
| *Total current transfers* |  | *355,520* | *31,640* | *352,027* | *-3,493* |
| Capital transfers | 11 |  |  |  |  |
| Mutually agreed write-downs |  | 2,870 | 201 | 2,713 | -156 |
| Other capital grants |  | 18,052 | 9,272 | 17,808 | -244 |
| *Total capital transfers* |  | *20,922* | *9,472* | *20,521* | *-400* |
| **Total expenses** |  | **644,788** | **68,378** | **637,025** | **-7,763** |
|  |  |  |  |  |  |
| **Net operating balance** |  | **8,979** | **-4,449** | **31,363** | **22,384** |
|  |  |  |  |  |  |
| **Other economic flows –** |  |  |  |  |  |
| **included in operating result** |  |  |  |  |  |
| Net write-downs of assets |  | -8,365 | -6,288 | -16,532 | -8,167 |
| Assets recognised for the first time |  | 225 | 125 | 364 | 139 |
| Actuarial revaluations |  | 27 | -10,334 | -10,332 | -10,359 |
| Net foreign exchange gains |  | -514 | -515 | -509 | 5 |
| Net swap interest received |  | -787 | 100 | -1,643 | -856 |
| Market valuation of debt |  | -21,938 | 20,582 | 13,435 | 35,374 |
| Other gains/(losses) |  | 2,930 | 2,599 | 6,889 | 3,959 |
| **Total other economic flows –** |  |  |  |  |  |
| **included in operating result** |  | **-28,423** | **6,270** | **-8,328** | **20,095** |
| **Operating result(c)** |  | **-19,444** | **1,821** | **23,035** | **42,479** |

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | 2022-23 | Month of | 2022-23 | Change on |
|  |  | Estimate at | June 2023 | Outcome | 2023-24 |
|  |  | 2023-24 | (a) |  | Budget |
|  |  | Budget |  |  |  |
|  | Note | $m | $m | $m | $m |
| **Non-owner movements in equity** |  |  |  |  |  |
| Revaluation of equity investments |  | -165 | -411 | -413 | -248 |
| Actuarial revaluations |  | -3,975 | -11,462 | -11,462 | -7,487 |
| Other economic revaluations |  | 951 | 5,297 | 4,101 | 3,151 |
| **Total other economic flows –** |  |  |  |  |  |
| **included in equity** |  | **-3,190** | **-6,576** | **-7,774** | **-4,584** |
|  |  |  |  |  |  |
| **Comprehensive result –** |  |  |  |  |  |
| **Total change in net worth** |  | **-22,633** | **-4,755** | **15,261** | **37,895** |
|  |  |  |  |  |  |
| **Net operating balance** |  | **8,979** | **-4,449** | **31,363** | **22,384** |
|  |  |  |  |  |  |
| **Net acquisition** |  |  |  |  |  |
| **of non-financial assets** |  |  |  |  |  |
| Purchases of non-financial assets |  | 21,897 | 3,748 | 19,366 | -2,531 |
| *less* Sales of non-financial assets |  | 238 | -30 | 224 | -14 |
| *less* Depreciation |  | 12,063 | 1,542 | 12,660 | 598 |
| *plus* Change in inventories |  | 851 | 955 | 2,964 | 2,113 |
| *plus* Other movements in |  |  |  |  |  |
| non-financial assets |  | -6 | -12 | -8 | -2 |
| **Total net acquisition of** |  |  |  |  |  |
| **non-financial assets** |  | **10,441** | **3,179** | **9,437** | **-1,004** |
|  |  |  |  |  |  |
| **Fiscal balance** |  |  |  |  |  |
| **(Net lending/borrowing)(d)** |  | **-1,462** | **-7,628** | **21,926** | **23,388** |

1. 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.
2. 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.
3. Operating result under AAS.
4. The term fiscal balance is not used by the ABS.

Table 2.2: Australian Government general government sector balance sheet

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 2022‑23 | 2022‑23 | Change on |
|  |  | Estimate at | Outcome | 2023‑24 |
|  |  | 2023‑24 |  | Budget |
|  |  | Budget |  |  |
|  | Note | $m | $m | $m |
| **Assets** |  |  |  |  |
| Financial assets |  |  |  |  |
| Cash and deposits |  | 64,365 | 89,713 | 25,349 |
| Advances paid | 13 | 76,862 | 74,565 | ‑2,297 |
| Investments, loans and placements | 14 | 219,031 | 221,182 | 2,150 |
| Other receivables | 13 | 73,895 | 75,253 | 1,358 |
| Equity investments |  |  |  |  |
| Investments in other public sector entities |  | 43,552 | 42,457 | ‑1,095 |
| Equity accounted investments |  | 4,250 | 5,310 | 1,060 |
| Investments – shares |  | 77,925 | 76,997 | ‑928 |
| *Total financial assets* |  | *559,881* | *585,478* | *25,597* |
|  |  |  |  |  |
| Non‑financial assets | 15 |  |  |  |
| Land |  | 13,077 | 13,475 | 398 |
| Buildings |  | 48,616 | 49,215 | 599 |
| Plant, equipment and infrastructure |  | 105,567 | 104,601 | ‑967 |
| Inventories |  | 11,612 | 12,706 | 1,094 |
| Intangibles |  | 11,926 | 11,940 | 14 |
| Investment properties |  | 205 | 220 | 15 |
| Biological assets |  | 16 | 5 | ‑11 |
| Heritage and cultural assets |  | 12,664 | 12,615 | ‑49 |
| Assets held for sale |  | 179 | 132 | ‑47 |
| Other non‑financial assets |  | 16 | 15 | ‑2 |
| *Total non‑financial assets* |  | *203,878* | *204,923* | *1,044* |
| **Total assets** |  | **763,759** | **790,401** | **26,642** |
|  |  |  |  |  |
| **Liabilities** |  |  |  |  |
| Interest bearing liabilities |  |  |  |  |
| Deposits held |  | 406 | 415 | 9 |
| Government securities |  | 858,661 | 825,548 | ‑33,113 |
| Loans | 16 | 30,161 | 30,663 | 502 |
| Lease liabilities |  | 19,610 | 19,848 | 237 |
| *Total interest bearing liabilities* |  | *908,839* | *876,473* | *‑32,366* |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | 2022‑23 | 2022‑23 | Change on |
|  |  | Estimate at | Outcome | 2023‑24 |
|  |  | 2023‑24 |  | Budget |
|  |  | Budget |  |  |
|  | Note | $m | $m | $m |
| Provisions and payables |  |  |  |  |
| Superannuation liability | 17 | 275,796 | 313,069 | 37,274 |
| Other employee liabilities | 17 | 35,475 | 44,259 | 8,784 |
| Suppliers payables | 18 | 12,142 | 11,738 | ‑404 |
| Personal benefits payables | 18 | 3,083 | 3,142 | 59 |
| Subsidies payables | 18 | 909 | 559 | ‑350 |
| Grants payables | 18 | 2,992 | 3,562 | 569 |
| Other payables | 18 | 4,108 | 9,495 | 5,387 |
| Provisions | 18 | 67,270 | 66,476 | ‑794 |
| *Total provisions and payables* |  | *401,774* | *452,299* | *50,525* |
| **Total liabilities** |  | **1,310,613** | **1,328,772** | **18,159** |
|  |  |  |  |  |
| **Net worth(a)** |  | **‑546,854** | **‑538,371** | **8,482** |
| *Net financial worth(b)* |  | *‑750,732* | *‑743,294* | *7,438* |
| *Net financial liabilities(c)* |  | *794,285* | *785,751* | *‑8,534* |
| *Net debt(d)* |  | *548,581* | *491,013* | *‑57,568* |

1. Net worth equals total assets minus total liabilities.
2. Net financial worth equals total financial assets minus total liabilities.
3. Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.
4. 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(a)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | 2022‑23 | Month of | 2022‑23 | Change on |
|  |  | Estimate at | June 2023 | Outcome | 2023‑24 |
|  |  | 2023‑24 | (b) |  | Budget |
|  |  | Budget |  |  |  |
|  |  | $m | $m | $m | $m |
| **Cash receipts from operating activities** |  |  |  |  |  |
| Taxes received |  | 588,050 | 65,386 | 601,300 | 13,249 |
| Receipts from sales of goods and services |  | 19,200 | 596 | 19,282 | 82 |
| Interest receipts |  | 6,115 | 766 | 7,009 | 894 |
| Dividends, distributions and income tax equivalents |  | 5,407 | 670 | 5,164 | ‑244 |
| Other receipts |  | 16,457 | 2,430 | 16,411 | ‑46 |
| **Total operating receipts** |  | **635,230** | **69,848** | **649,166** | **13,936** |
|  |  |  |  |  |  |
| **Cash payments for operating activities** |  |  |  |  |  |
| Payments to employees(c) |  | ‑38,758 | ‑3,319 | ‑38,895 | ‑137 |
| Payments for goods and services |  | ‑173,325 | ‑16,861 | ‑171,410 | 1,915 |
| Grants and subsidies paid |  | ‑226,775 | ‑29,367 | ‑226,950 | ‑175 |
| Interest paid |  | ‑18,792 | ‑1,273 | ‑18,862 | ‑70 |
| Personal benefit payments |  | ‑145,664 | ‑11,913 | ‑143,588 | 2,076 |
| Other payments(c) |  | ‑7,797 | ‑812 | ‑8,300 | ‑503 |
| **Total operating payments** |  | **‑611,110** | **‑63,544** | **‑608,005** | **3,106** |
|  |  |  |  |  |  |
| **Net cash flows from operating activities** |  | **24,119** | **6,303** | **41,162** | **17,042** |
|  |  |  |  |  |  |
| **Cash flows from investments in** |  |  |  |  |  |
| **non‑financial assets** |  |  |  |  |  |
| Sales of non‑financial assets |  | 363 | 5 | 311 | ‑53 |
| Purchases of non‑financial assets |  | ‑17,766 | ‑2,865 | ‑16,764 | 1,002 |
| **Net cash flows from investments in** |  |  |  |  |  |
| **non‑financial assets** |  | **‑17,402** | **‑2,860** | **‑16,453** | **949** |
|  |  |  |  |  |  |
| **Net cash flows from investments in** |  |  |  |  |  |
| **financial assets for policy purposes** |  | **‑11,689** | **‑532** | **‑7,962** | **3,727** |
|  |  |  |  |  |  |
| **Net cash flows from investments in** |  |  |  |  |  |
| **financial assets for liquidity purposes** |  | **‑11,027** | **‑3,091** | **‑6,256** | **4,772** |
|  |  |  |  |  |  |
| **Cash receipts from financing activities** |  |  |  |  |  |
| Borrowing |  | 200,953 | 9,565 | 180,366 | ‑20,588 |
| Other financing |  | 25,307 | 837 | 29,320 | 4,012 |
| **Total cash receipts from financing activities** |  | **226,261** | **10,402** | **209,685** | **‑16,576** |
|  |  |  |  |  |  |
| **Cash payments for financing activities** |  |  |  |  |  |
| Borrowing |  | ‑207,498 | ‑10,938 | ‑187,604 | 19,894 |
| Other financing |  | ‑33,162 | ‑768 | ‑37,621 | ‑4,459 |
| **Total cash payments for financing activities** |  | **‑240,660** | **‑11,707** | **‑225,225** | **15,434** |
|  |  |  |  |  |  |
| **Net cash flows from financing activities** |  | **‑14,399** | **‑1,305** | **‑15,540** | **‑1,141** |
|  |  |  |  |  |  |
| **Net increase/(decrease) in cash held** |  | **‑30,398** | **‑1,484** | **‑5,049** | **25,349** |

Table 2.3: Australian Government general government sector cash flow statement (continued)(a)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | 2022-23 | Month of | 2022-23 | Change on |
|  |  | Estimate at | June 2023 | Outcome | 2023-24 |
|  |  | 2023-24 | (b) |  | Budget |
|  |  | Budget |  |  |  |
|  |  | $m | $m | $m | $m |
| **GFS cash surplus(+)/deficit(-)(d)** |  | **6,717** | **3,443** | **24,708** | **17,991** |
| *plus* Principal payments of lease liabilities(e) |  | -2,516 | -363 | -2,644 | -128 |
| **Equals underlying cash balance(f)** |  | **4,202** | **3,080** | **22,064** | **17,863** |
| *plus* Net cash flows from investments in |  |  |  |  |  |
| financial assets for policy purposes |  | -11,689 | -532 | -7,962 | 3,727 |
| **Equals headline cash balance** |  | **-7,487** | **2,548** | **14,103** | **21,590** |

1. A positive number denotes a cash inflow; a negative number denotes a cash outflow.
2. 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.
3. Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
4. GFS cash surplus/deficit equals net cash flows from operating activities and investments in non‑financial assets.
5. ‘Net cash flows from financing activities for leases’ has been renamed to ‘principal payments of lease liabilities’. Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.
6. The term underlying cash balance is not used by the ABS.

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Revenue** |  |  |  |
| Grants and subsidies | 290 | 226 | ‑64 |
| Sales of goods and services | 21,362 | 21,028 | ‑334 |
| Interest income | 28 | 66 | 38 |
| Other | 130 | 75 | ‑55 |
| **Total revenue** | **21,810** | **21,395** | **‑415** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Gross operating expenses |  |  |  |
| Wages and salaries(a) | 4,811 | 4,769 | ‑42 |
| Superannuation | 511 | 525 | 14 |
| Depreciation and amortisation | 4,324 | 4,497 | 173 |
| Supply of goods and services | 11,382 | 10,657 | ‑725 |
| Other operating expenses(a) | 704 | 971 | 267 |
| *Total gross operating expenses* | *21,733* | *21,419* | *‑314* |
| Interest expenses | 1,823 | 1,822 | ‑1 |
| Other property expenses | 85 | 111 | 26 |
| Current transfers |  |  |  |
| Tax expenses | 0 | 486 | 486 |
| *Total current transfers* | *0* | *486* | *486* |
| **Total expenses** | **23,641** | **23,838** | **197** |
|  |  |  |  |
| **Net operating balance** | **‑1,831** | **‑2,443** | **‑613** |
|  |  |  |  |
| **Other economic flows** | **‑1,185** | **1,879** | **3,064** |
|  |  |  |  |
| **Comprehensive result – Total change in net worth** |  |  |  |
| **excluding contribution from owners** | **‑3,015** | **‑564** | **2,451** |
|  |  |  |  |
| **Net acquisition of non‑financial assets** |  |  |  |
| Purchases of non‑financial assets | 10,304 | 9,812 | ‑492 |
| *less* Sales of non‑financial assets | 45 | 61 | 16 |
| *less* Depreciation | 4,324 | 4,497 | 173 |
| *plus* Change in inventories | 30 | ‑24 | ‑54 |
| *plus* Other movements in non‑financial assets | 0 | 0 | 0 |
| **Total net acquisition of non‑financial assets** | **5,965** | **5,230** | **‑735** |
|  |  |  |  |
| **Fiscal balance (Net lending/borrowing)(b)** | **‑7,796** | **‑7,673** | **123** |

1. 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.
2. The term fiscal balance is not used by the ABS.

Table 2.5: Australian Government public non‑financial corporations sector balance sheet

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Assets** |  |  |  |
| Financial assets |  |  |  |
| Cash and deposits | 1,416 | 2,103 | 687 |
| Investments, loans and placements | 851 | 997 | 146 |
| Other receivables | 6,715 | 5,956 | ‑759 |
| Equity investments | 289 | 321 | 32 |
| *Total financial assets* | *9,271* | *9,377* | *106* |
| Non‑financial assets |  |  |  |
| Land and other fixed assets | 65,094 | 66,914 | 1,820 |
| Other non‑financial assets(a) | 4,103 | 3,894 | ‑209 |
| *Total non‑financial assets* | *69,197* | *70,808* | *1,610* |
| **Total assets** | **78,468** | **80,185** | **1,716** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Interest bearing liabilities |  |  |  |
| Deposits held | 16 | 16 | 0 |
| Advances received and loans | 31,319 | 31,467 | 149 |
| Lease liabilities | 13,126 | 13,036 | ‑91 |
| *Total interest bearing liabilities* | *44,461* | *44,519* | *58* |
| Provisions and payables |  |  |  |
| Superannuation liability | 11 | 11 | 0 |
| Other employee liabilities | 1,822 | 2,015 | 192 |
| Other payables | 6,806 | 6,018 | ‑788 |
| Other provisions(a) | 893 | 1,047 | 154 |
| *Total provisions and payables* | *9,533* | *9,091* | *‑442* |
| **Total liabilities** | **53,994** | **53,610** | **‑383** |
|  |  |  |  |
| **Shares and other contributed capital** | **24,475** | **26,574** | **2,100** |
|  |  |  |  |
| **Net worth(b)** | **24,475** | **26,574** | **2,100** |
|  |  |  |  |
| *Net financial worth(c)* | *‑44,723* | *‑44,234* | *489* |
| *Net debt(d)* | *42,194* | *41,420* | *‑774* |

1. Excludes the impact of commercial taxation adjustments.
2. 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.
3. 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.
4. 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(a)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Cash receipts from operating activities** |  |  |  |
| Receipts from sales of goods and services | 24,395 | 23,019 | ‑1,376 |
| Grants and subsidies received | 266 | 145 | ‑122 |
| GST input credit receipts | 1,046 | 185 | ‑860 |
| Other receipts | 110 | 197 | 88 |
| **Total operating receipts** | **25,816** | **23,546** | **‑2,270** |
|  |  |  |  |
| **Cash payments for operating activities** |  |  |  |
| Payments to employees(b) | ‑5,302 | ‑5,147 | 156 |
| Payment for goods and services | ‑14,708 | ‑12,266 | 2,442 |
| Interest paid | ‑1,927 | ‑1,768 | 159 |
| GST payments to taxation authority | ‑1,019 | ‑421 | 599 |
| Distributions paid | ‑85 | ‑111 | ‑26 |
| Other payments(b) | ‑852 | ‑994 | ‑143 |
| **Total operating payments** | **‑23,893** | **‑20,707** | **3,187** |
|  |  |  |  |
| **Net cash flows from operating activities** | **1,923** | **2,839** | **916** |
|  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |
| Sales of non‑financial assets | 52 | 57 | 5 |
| Purchases of non‑financial assets | ‑8,628 | ‑8,306 | 323 |
| **Net cash flows from** |  |  |  |
| **investments in non‑financial assets** | **‑8,576** | **‑8,249** | **327** |
|  |  |  |  |
| **Net cash flows from investments in financial assets** |  |  |  |
| **for policy purposes** | **‑3** | **‑2** | **1** |
|  |  |  |  |
| **Net cash flows from investments in financial assets** |  |  |  |
| **for liquidity purposes** | **67** | **‑36** | **‑103** |
|  |  |  |  |
| **Net cash flows from financing activities** |  |  |  |
| Borrowing (net) | 1,661 | 1,605 | ‑56 |
| Other financing (net) | 4,965 | 4,566 | ‑399 |
| **Net cash flows from financing activities** | **6,626** | **6,171** | **‑455** |
|  |  |  |  |
| **Net increase/(decrease) in cash held** | **36** | **723** | **687** |
|  |  |  |  |
| **Cash at the beginning of the year** | **1,380** | **1,380** | **0** |
| **Cash at the end of the year** | **1,416** | **2,103** | **687** |
|  |  |  |  |
| **GFS cash surplus(+)/deficit(‑)(c)** | **‑6,653** | **‑5,410** | **1,243** |
| *plus* Principal payments of lease liabilities(d) | ‑537 | ‑534 | 3 |
| **Adjusted GFS cash surplus(+)/deficit(‑)(d)** | **‑7,190** | **‑5,944** | **1,247** |

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

Table 2.7: Australian Government total non‑financial public sector operating statement

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Revenue** |  |  |  |
| Taxation revenue | 603,288 | 617,367 | 14,079 |
| Sales of goods and services | 39,401 | 38,858 | ‑543 |
| Interest income | 8,843 | 9,720 | 877 |
| Dividend and distribution income | 5,276 | 5,179 | ‑97 |
| Other | 16,205 | 16,001 | ‑204 |
| **Total revenue** | **673,013** | **687,125** | **14,111** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Gross operating expenses |  |  |  |
| Wages and salaries(a) | 29,065 | 28,559 | ‑506 |
| Superannuation | 9,266 | 9,738 | 472 |
| Depreciation and amortisation | 16,387 | 17,157 | 770 |
| Supply of goods and services | 186,045 | 180,669 | ‑5,376 |
| Other operating expenses(a) | 9,137 | 10,682 | 1,545 |
| *Total gross operating expenses* | *249,900* | *246,805* | *‑3,095* |
| Superannuation interest expense | 12,334 | 12,336 | 2 |
| Interest expenses | 28,375 | 27,138 | ‑1,237 |
| Current transfers |  |  |  |
| Current grants | 192,661 | 190,698 | ‑1,963 |
| Subsidy expenses | 16,614 | 17,770 | 1,155 |
| Personal benefits | 145,485 | 142,767 | ‑2,718 |
| *Total current transfers* | *354,761* | *351,235* | *‑3,526* |
| Capital transfers | 20,685 | 20,359 | ‑326 |
| **Total expenses** | **666,055** | **657,873** | **‑8,182** |
|  |  |  |  |
| **Net operating balance** | **6,959** | **29,252** | **22,293** |
|  |  |  |  |
| **Other economic flows** | **‑32,630** | **‑13,438** | **19,192** |
|  |  |  |  |
| **Comprehensive result – Total change in net worth** | **‑25,672** | **15,814** | **41,486** |
|  |  |  |  |
| **Net acquisition of non‑financial assets** |  |  |  |
| Purchases of non‑financial assets | 32,200 | 29,176 | ‑3,024 |
| *less* Sales of non‑financial assets | 283 | 285 | 2 |
| *less* Depreciation | 16,387 | 17,157 | 770 |
| *plus* Change in inventories | 881 | 2,940 | 2,058 |
| *plus* Other movements in non‑financial assets | ‑6 | ‑8 | ‑2 |
| **Total net acquisition of non‑financial assets** | **16,406** | **14,666** | **‑1,739** |
|  |  |  |  |
| **Fiscal balance (Net lending/borrowing)(b)** | **‑9,447** | **14,586** | **24,033** |

1. 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.
2. The term fiscal balance is not used by the ABS.

Table 2.8: Australian Government total non‑financial public sector balance sheet

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Assets** |  |  |  |
| Financial assets |  |  |  |
| Cash and deposits | 65,780 | 91,816 | 26,036 |
| Advances paid | 71,086 | 68,789 | ‑2,297 |
| Investments, loans and placements | 219,858 | 222,149 | 2,291 |
| Other receivables | 79,411 | 80,176 | 765 |
| Equity investments | 84,298 | 84,721 | 424 |
| *Total financial assets* | *520,433* | *547,651* | *27,218* |
| Non‑financial assets |  |  |  |
| Land and other fixed assets | 256,622 | 259,516 | 2,894 |
| Other non‑financial assets | 16,495 | 16,255 | ‑239 |
| *Total non‑financial assets* | *273,117* | *275,772* | *2,654* |
| **Total assets** | **793,550** | **823,423** | **29,873** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Interest bearing liabilities |  |  |  |
| Deposits held | 421 | 431 | 10 |
| Government securities | 858,661 | 825,548 | ‑33,113 |
| Advances received and loans | 55,679 | 56,324 | 645 |
| Lease liabilities | 32,728 | 32,874 | 146 |
| *Total interest bearing liabilities* | *947,490* | *915,178* | *‑32,312* |
| Provisions and payables |  |  |  |
| Superannuation liability | 275,806 | 313,080 | 37,274 |
| Other employee liabilities | 37,297 | 46,273 | 8,976 |
| Other payables | 29,830 | 34,356 | 4,526 |
| Other provisions | 67,347 | 66,683 | ‑665 |
| *Total provisions and payables* | *410,281* | *460,392* | *50,111* |
| **Total liabilities** | **1,357,771** | **1,375,570** | **17,799** |
|  |  |  |  |
| **Net worth(a)** | **‑564,220** | **‑552,147** | **12,073** |
|  |  |  |  |
| *Net financial worth(b)* | *‑837,338* | *‑827,919* | *9,419* |
| *Net debt(c)* | *590,766* | *532,424* | *‑58,342* |

1. 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.
2. 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.
3. 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(a)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Cash receipts from operating activities** |  |  |  |
| Taxes received | 587,901 | 601,054 | 13,153 |
| Receipts from sales of goods and services | 40,507 | 39,105 | ‑1,402 |
| Interest receipts | 5,919 | 6,838 | 919 |
| Dividends, distributions and income tax equivalents | 5,323 | 5,051 | ‑272 |
| Other receipts | 16,429 | 16,514 | 85 |
| **Total operating receipts** | **656,079** | **668,562** | **12,483** |
|  |  |  |  |
| **Cash payments for operating activities** |  |  |  |
| Payments to employees(b) | ‑44,060 | ‑44,038 | 22 |
| Payments for goods and services | ‑184,786 | ‑180,621 | 4,165 |
| Grants and subsidies paid | ‑226,519 | ‑226,780 | ‑262 |
| Interest paid | ‑20,495 | ‑20,405 | 90 |
| Personal benefit payments | ‑145,664 | ‑143,588 | 2,076 |
| Other payments(b) | ‑8,509 | ‑9,130 | ‑621 |
| **Total operating payments** | **‑630,032** | **‑624,563** | **5,470** |
|  |  |  |  |
| **Net cash flows from operating activities** | **26,047** | **43,999** | **17,952** |
|  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |
| Sales of non‑financial assets | 415 | 367 | ‑48 |
| Purchases of non‑financial assets | ‑26,394 | ‑25,070 | 1,324 |
| **Net cash flows from** |  |  |  |
| **investments in non‑financial assets** | **‑25,978** | **‑24,702** | **1,276** |
|  |  |  |  |
| **Net cash flows from investments in financial assets** |  |  |  |
| **for policy purposes** | **‑7,183** | **‑3,855** | **3,328** |
|  |  |  |  |
| **Net cash flows from investments in financial assets** |  |  |  |
| **for liquidity purposes** | **‑10,961** | **‑6,291** | **4,670** |
|  |  |  |  |
| **Net cash flows from financing activities** |  |  |  |
| Borrowing (net) | ‑4,005 | ‑4,768 | ‑763 |
| Other financing (net) | ‑8,281 | ‑8,708 | ‑427 |
| **Net cash flows from financing activities** | **‑12,286** | **‑13,476** | **‑1,190** |
|  |  |  |  |
| **Net increase/(decrease) in cash held** | **‑30,361** | **‑4,325** | **26,036** |
|  |  |  |  |
| **Cash at the beginning of the year** | **96,142** | **96,142** | **0** |
| **Cash at the end of the year** | **65,780** | **91,816** | **26,036** |

Table 2.9: Australian Government total non‑financial public sector cash flow statement (continued)(a)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **GFS cash surplus(+)/deficit(‑)(c)** | **69** | **19,297** | **19,228** |
| *plus* Principal payments of lease liabilities(d) | ‑3,053 | ‑3,178 | ‑125 |
| **Adjusted GFS cash surplus(+)/deficit(‑)(d)** | **‑2,984** | **16,119** | **19,103** |

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

Table 2.10: Australian Government public financial corporations sector operating statement

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Revenue** |  |  |  |
| Grants and subsidies | 156 | 164 | 8 |
| Sales of goods and services | 585 | 833 | 248 |
| Interest income | 10,862 | 10,903 | 41 |
| Other | 117 | 61 | ‑55 |
| **Total revenue** | **11,721** | **11,962** | **241** |
|  |  |  |  |
| **Expenses** |  |  |  |
| Gross operating expenses |  |  |  |
| Wages and salaries(a) | 260 | 303 | 43 |
| Superannuation | 45 | 69 | 24 |
| Depreciation and amortisation | 74 | 83 | 9 |
| Supply of goods and services | 498 | 566 | 68 |
| Other operating expenses(a) | 64 | 98 | 34 |
| *Total gross operating expenses* | *941* | *1,119* | *177* |
| Interest expenses | 14,811 | 15,057 | 246 |
| Other property expenses | 6 | 6 | 0 |
| Current transfers |  |  |  |
| Tax expenses | 6 | 14 | 8 |
| *Total current transfers* | *6* | *14* | *8* |
| **Total expenses** | **15,765** | **16,196** | **431** |
|  |  |  |  |
| **Net operating balance** | **‑4,044** | **‑4,235** | **‑190** |
|  |  |  |  |
| **Other economic flows** | **1,078** | **‑1,039** | **‑2,117** |
|  |  |  |  |
| **Comprehensive result – Total change in net worth** |  |  |  |
| **excluding contribution from owners** | **‑2,966** | **‑5,273** | **‑2,307** |
|  |  |  |  |
| **Net acquisition of non‑financial assets** |  |  |  |
| Purchases of non‑financial assets | 0 | 81 | 81 |
| *less* Sales of non‑financial assets | 0 | 1 | 1 |
| *less* Depreciation | 74 | 83 | 9 |
| *plus* Change in inventories | ‑45 | 11 | 56 |
| *plus* Other movements in non‑financial assets | 0 | 0 | 0 |
| **Total net acquisition of non‑financial assets** | **‑118** | **9** | **127** |
|  |  |  |  |
| **Fiscal balance (Net lending/borrowing)(b)** | **‑3,926** | **‑4,244** | **‑318** |

1. 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.
2. The term fiscal balance is not used by the ABS.

Table 2.11: Australian Government public financial corporations sector balance sheet

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Assets** |  |  |  |
| Financial assets |  |  |  |
| Cash and deposits | 894 | 1,362 | 468 |
| Investments, loans and placements | 624,296 | 603,912 | ‑20,384 |
| Other receivables | 209 | 331 | 122 |
| Equity investments | 1,254 | 1,312 | 58 |
| *Total financial assets* | *626,654* | *606,917* | *‑19,737* |
| Non‑financial assets |  |  |  |
| Land and other fixed assets | 994 | 849 | ‑145 |
| Other non‑financial assets(a) | 74 | 74 | 0 |
| *Total non‑financial assets* | *1,068* | *923* | *‑145* |
|  |  |  |  |
| **Total assets** | **627,721** | **607,840** | **‑19,882** |
|  |  |  |  |
| **Liabilities** |  |  |  |
| Interest bearing liabilities |  |  |  |
| Deposits held | 616,023 | 599,148 | ‑16,876 |
| Borrowing | 21,865 | 20,182 | ‑1,683 |
| *Total interest bearing liabilities* | *637,888* | *619,330* | *‑18,558* |
| Provisions and payables |  |  |  |
| Superannuation liability | 2 | 0 | ‑2 |
| Other employee liabilities | 185 | 198 | 13 |
| Other payables | 928 | 1,922 | 994 |
| Other provisions(a) | 1,812 | 1,819 | 7 |
| *Total provisions and payables* | *2,927* | *3,939* | *1,012* |
|  |  |  |  |
| **Total liabilities** | **640,815** | **623,269** | **‑17,546** |
|  |  |  |  |
| **Shares and other contributed capital** | **‑13,094** | **‑15,429** | **‑2,335** |
|  |  |  |  |
| **Net worth(b)** | **‑13,094** | **‑15,429** | **‑2,335** |
| *Net financial worth(c)* | *‑14,161* | *‑16,352* | *‑2,191* |
| *Net debt(d)* | *12,697* | *14,056* | *1,358* |

1. Excludes the impact of commercial taxation adjustments.
2. 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.
3. 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.
4. 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(a)

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Cash receipts from operating activities** |  |  |  |
| Receipts from sales of goods and services | 597 | 798 | 201 |
| Grants and subsidies received | 156 | 159 | 2 |
| GST input credit receipts | 2 | 24 | 22 |
| Interest receipts | 9,758 | 10,554 | 797 |
| Other receipts | 108 | 33 | ‑75 |
| **Total operating receipts** | **10,622** | **11,568** | **947** |
|  |  |  |  |
| **Cash payments for operating activities** |  |  |  |
| Payments to employees(b) | ‑307 | ‑317 | ‑10 |
| Payments for goods and services | ‑649 | ‑529 | 120 |
| Interest paid | ‑14,404 | ‑13,417 | 987 |
| GST payment to taxation authority | 0 | ‑29 | ‑29 |
| Distributions paid | ‑6 | ‑15 | ‑8 |
| Other payments(b) | ‑73 | ‑93 | ‑21 |
| **Total operating payments** | **‑15,439** | **‑14,399** | **1,040** |
|  |  |  |  |
| **Net cash flows from operating activities** | **‑4,818** | **‑2,831** | **1,986** |
|  |  |  |  |
| **Cash flows from investments in non‑financial assets** |  |  |  |
| Sales of non‑financial assets | 0 | 0 | 0 |
| Purchases of non‑financial assets | 0 | ‑78 | ‑78 |
| **Net cash flows from** |  |  |  |
| **investments in non‑financial assets** | **0** | **‑78** | **‑78** |
|  |  |  |  |
| **Net cash flows from investments in financial assets** |  |  |  |
| **for policy purposes** | **‑502** | **‑145** | **357** |
|  |  |  |  |
| **Net cash flows from investments in financial assets** |  |  |  |
| **for liquidity purposes** | **5,258** | **20,494** | **15,236** |
|  |  |  |  |
| **Net cash flows from financing activities** |  |  |  |
| Borrowing and deposits received (net) | ‑769 | ‑15,766 | ‑14,997 |
| Other financing (net) | 1,038 | ‑999 | ‑2,037 |
| **Net cash flows from financing activities** | **269** | **‑16,765** | **‑17,034** |
|  |  |  |  |
| **Net increase/(decrease) in cash held** | **208** | **676** | **468** |
|  |  |  |  |
| **Cash at the beginning of the year** | **686** | **686** | **0** |
| **Cash at the end of the year** | **894** | **1,362** | **468** |
|  |  |  |  |
| **GFS cash surplus(+)/deficit(‑)(c)** | **‑4,818** | **‑2,909** | **1,909** |
| *plus* Principal payments of lease liabilities(d) | ‑3 | ‑10 | ‑7 |
| **Adjusted GFS cash surplus(+)/deficit(‑)(d)** | **‑4,821** | **‑2,919** | **1,902** |

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

### Notes to the general government sector financial statements

Note 1: External reporting standards and accounting policies

The *Charter of Budget Honesty Act 1998* (the Charter) requires that the 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 Climate Change, Energy, the Environment and Water, the Department of Defence and the National Archives of Australia.

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 2022–23 year from the 2022–23 March Budget to the 2022–23 October Budget are disclosed in the *Pre‑election Economic and Fiscal Outlook 2022* and Statement 3 of 2022–23 October Budget Paper No. 1, *Budget Strategy and Outlook*. Explanations of variances for the 2022–23 year from the 2022–23 October Budget to the 2023–24 Budget are disclosed in Statement 3 of 2023–24 Budget Paper No.1, *Budget Strategy and Outlook*. Explanations of variances from the 2023–24 Budget to the Final Budget Outcome for 2022–23 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 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) | Recognise revenue from the surrender of RECs and expenses associated with the refund of the shortfall charges. | 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 |

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

| Issue | AAS treatment | ABS GFS treatment | Treatment adopted |
| --- | --- | --- | --- |
| Dividends paid by the Reserve Bank of Australia | Dividends are recognised in the year profit was earned. | Dividends are recognised when the Treasurer makes a determination. | AAS |
| National Disability Insurance Scheme (NDIS) revenue | Funding contributions by the state and territory governments to NDIS are treated as sales of goods and services revenue.  In‑kind disability services provided by the state and territory governments are treated as other revenue. | Funding contributions by the state and territory governments to NDIS are treated as grants revenue.  In‑kind disability services provided by the state and territory governments are treated as sales of goods and services revenue. | AAS |
| Commercial tax effect accounting assets and liabilities | Corporations in the PNFC and PFC sectors record tax expenses on a commercial basis. | Deferred tax assets and liabilities are reversed so that corporations record tax expenses on a consistent basis to the Australian Taxation Office. | ABS GFS |
| Timing recognition of vaccine expense | Recognised when vaccines are delivered to the states and territories. | Recognised when the vaccine doses are administered. Vaccine wastage after distributions are recognised as an ‘other economic flow’. | AAS |
| 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 |

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

| Issue | AAS treatment | ABS GFS treatment | Treatment adopted |
| --- | --- | --- | --- |
| 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

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Individuals and other withholding taxes |  |  |  |
| Gross income tax withholding | 272,300 | 271,628 | ‑672 |
| Gross other individuals | 73,000 | 74,064 | 1,064 |
| *less:* Refunds | 42,100 | 42,014 | ‑86 |
| Total individuals and other withholding taxation | 303,200 | 303,679 | 479 |
| Fringe benefits tax | 3,510 | 4,147 | 637 |
| Company tax | 140,800 | 153,158 | 12,358 |
| Superannuation fund taxes | 9,670 | 10,356 | 686 |
| Petroleum resource rent tax | 2,230 | 1,725 | ‑505 |
| **Income taxation revenue** | **459,410** | **473,065** | **13,655** |
|  |  |  |  |
| Goods and services tax | 88,040 | 87,908 | ‑132 |
| Wine equalisation tax | 1,170 | 1,141 | ‑29 |
| Luxury car tax | 1,150 | 1,187 | 37 |
| Excise and customs duty |  |  |  |
| Petrol | 5,600 | 5,739 | 139 |
| Diesel | 13,160 | 13,227 | 67 |
| Other fuel products | 2,760 | 2,736 | ‑24 |
| Tobacco | 12,700 | 12,667 | ‑33 |
| Beer | 2,620 | 2,567 | ‑53 |
| Spirits | 3,390 | 3,357 | ‑33 |
| Other alcoholic beverages(a) | 1,640 | 1,626 | ‑14 |
| Other customs duty |  |  |  |
| Textiles, clothing and footwear | 190 | 199 | 9 |
| Passenger motor vehicles | 440 | 445 | 5 |
| Other imports | 1,530 | 1,520 | ‑10 |
| *less:* Refunds and drawbacks | 700 | 723 | 23 |
| Total excise and customs duty | 43,330 | 43,360 | 29 |
|  |  |  |  |
| Major bank levy | 1,560 | 1,542 | ‑18 |
| Agricultural levies | 631 | 677 | 46 |
| Visa application charges(b) | 2,995 | 3,156 | 161 |
| Other taxes(b) | 5,883 | 6,253 | 370 |
|  |  |  |  |
| Mirror taxes | 742 | 762 | 20 |
| *less:* Transfers to states in relation to mirror tax revenue | 742 | 762 | 20 |
| Mirror tax revenue | 0 | 0 | 0 |
|  |  |  |  |
| **Indirect taxation revenue** | **144,759** | **145,223** | **464** |
|  |  |  |  |
| **Taxation revenue** | **604,169** | **618,288** | **14,119** |
| *Memorandum:* |  |  |  |
| *Total excise* | *26,150* | *26,281* | *131* |
| *Total customs duty* | *17,180* | *17,079* | *‑102* |

1. ‘Other alcoholic beverages’ are those not exceeding 10 per cent by volume of alcohol (excluding beer, brandy and wine).
2. Prior to the 2022–23 October Budget, ‘visa application charges’ were previously included in ‘other taxes’.

Note 3(a): Taxation revenue by source

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Taxes on income, profits and capital gains |  |  |  |
| Income and capital gains levied on individuals | 306,710 | 307,831 | 1,121 |
| Income and capital gains levied on enterprises | 152,700 | 165,234 | 12,534 |
| **Total taxes on income, profits and capital gains** | **459,410** | **473,065** | **13,655** |
|  |  |  |  |
| Taxes on employers’ payroll and labour force | 1,158 | 1,243 | 85 |
| Taxes on the provision of goods and services |  |  |  |
| Sales/goods and services tax | 90,360 | 90,236 | ‑124 |
| Excises and levies | 26,781 | 26,957 | 177 |
| Taxes on international trade | 17,180 | 17,079 | ‑102 |
| **Total taxes on the provision of goods and services** | **134,321** | **134,273** | **‑48** |
|  |  |  |  |
| Taxes on the use of goods and performance of activities | 9,280 | 9,707 | 427 |
|  |  |  |  |
| **Total taxation revenue** | **604,169** | **618,288** | **14,119** |

Note 4: Sales of goods and services revenue

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Sales of goods | 1,407 | 1,400 | ‑7 |
| Rendering of services | 14,703 | 14,540 | ‑163 |
| Lease rental | 336 | 405 | 69 |
| Fees from regulatory services | 2,633 | 2,669 | 36 |
| **Total sales of goods and services revenue** | **19,078** | **19,013** | **‑66** |

Note 5: Interest and dividend and distribution revenue

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Interest from other governments** |  |  |  |
| State and territory debt | 12 | 8 | ‑4 |
| Housing agreements | 72 | 72 | 0 |
| **Total interest from other governments** | **84** | **80** | **‑4** |
|  |  |  |  |
| **Interest from other sources** |  |  |  |
| Advances | 802 | 718 | ‑84 |
| Deposits | 2,021 | 2,425 | 404 |
| Indexation of HELP receivable and other |  |  |  |
| student loans | 3,598 | 3,411 | ‑187 |
| Other | 2,549 | 3,258 | 709 |
| **Total interest from other sources** | **8,969** | **9,812** | **843** |
|  |  |  |  |
| **Total interest** | **9,053** | **9,892** | **839** |
|  |  |  |  |
| **Dividends and distributions** |  |  |  |
| Dividends from other public sector entities | 82 | 115 | 33 |
| Other dividends and distributions | 5,279 | 5,175 | ‑104 |
| **Total dividends and distributions** | **5,361** | **5,291** | **‑71** |
|  |  |  |  |
| **Total interest and dividend and distribution revenue** | **14,414** | **15,183** | **768** |

Note 6: Other sources of non‑taxation revenue

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Industry contributions | 83 | 82 | ‑2 |
| Royalties | 2,202 | 2,079 | ‑123 |
| Seigniorage | 66 | 70 | 4 |
| Other | 13,754 | 13,675 | ‑80 |
| **Total other sources of non‑taxation revenue** | **16,105** | **15,905** | **‑200** |

Note 7: Employee and superannuation expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Wages and salaries expenses** | **24,254** | **23,790** | **‑464** |
|  |  |  |  |
| **Other operating expenses** |  |  |  |
| Leave and other entitlements | 2,756 | 3,535 | 779 |
| Separations and redundancies | 61 | 148 | 87 |
| Workers compensation premiums and claims | 2,997 | 3,460 | 463 |
| Other | 2,619 | 2,569 | ‑50 |
| **Total other operating expenses** | **8,433** | **9,711** | **1,278** |
|  |  |  |  |
| **Superannuation expenses** |  |  |  |
| Superannuation | 8,754 | 9,216 | 462 |
| Superannuation interest cost | 12,334 | 12,336 | 2 |
| **Total superannuation expenses** | **21,088** | **21,551** | **463** |
|  |  |  |  |
| **Total employee and superannuation expense** | **53,775** | **55,052** | **1,278** |

Note 8: Depreciation and amortisation expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Depreciation** |  |  |  |
| Specialist military equipment | 4,442 | 4,706 | 264 |
| Buildings | 4,006 | 4,202 | 195 |
| Other infrastructure, plant and equipment | 2,396 | 2,560 | 165 |
| Heritage and cultural assets | 76 | 73 | ‑3 |
| Other | 5 | 6 | 1 |
| **Total depreciation(a)** | **10,925** | **11,547** | **622** |
| **Total amortisation** | **1,138** | **1,113** | **‑25** |
|  |  |  |  |
| **Total depreciation and amortisation expense** | **12,063** | **12,660** | **598** |
| *Memorandum:* |  |  |  |
| ***Depreciation relating to right of use assets*** |  |  |  |
| *Specialist military equipment* | *31* | *39* | *9* |
| *Buildings* | *2,311* | *2,543* | *232* |
| *Other infrastructure, plant and equipment* | *270* | *313* | *43* |
| *Other* | *5* | *6* | *1* |
| ***Total depreciation of right of use assets*** | ***2,617*** | ***2,901*** | ***285*** |

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

Note 9: Supply of goods and services expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Supply of goods and services | 48,234 | 46,643 | ‑1,591 |
| Lease expenses | 338 | 448 | 110 |
| Personal benefits – indirect | 120,537 | 115,937 | ‑4,600 |
| Health care payments | 4,156 | 5,260 | 1,103 |
| Other | 2,455 | 2,923 | 468 |
| **Total supply of goods and services expense** | **175,719** | **171,210** | **‑4,509** |

Note 10: Interest expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Interest on debt** |  |  |  |
| Government securities | 22,129 | 22,218 | 89 |
| Loans | 116 | 118 | 3 |
| Other | 645 | 729 | 85 |
| **Total interest on debt** | **22,890** | **23,066** | **177** |
|  |  |  |  |
| **Interest on lease liabilities** | **361** | **412** | **51** |
|  |  |  |  |
| **Other financing costs** | **3,539** | **2,076** | **‑1,463** |
|  |  |  |  |
| **Total interest expense** | **26,789** | **25,554** | **‑1,235** |

Note 11: Current and capital grants expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Current grants expense** |  |  |  |
| State and territory governments | 152,097 | 153,418 | 1,321 |
| Private sector | 7,628 | 4,625 | ‑3,003 |
| Overseas | 4,407 | 4,379 | ‑28 |
| Non‑profit organisations | 13,753 | 14,076 | 324 |
| Multi‑jurisdictional sector | 11,480 | 11,385 | ‑95 |
| Other | 3,297 | 2,814 | ‑483 |
| **Total current grants expense** | **192,661** | **190,698** | **‑1,963** |
| **Capital grants expense** |  |  |  |
| Mutually agreed write‑downs | 2,870 | 2,713 | ‑156 |
| Other capital grants |  |  |  |
| State and territory governments | 15,293 | 16,029 | 735 |
| Local governments | 1,434 | 850 | ‑584 |
| Non‑profit organisations | 934 | 491 | ‑443 |
| Private sector | 276 | 312 | 36 |
| Other | 115 | 127 | 12 |
| **Total capital grants expense** | **20,922** | **20,521** | **‑400** |
|  |  |  |  |
| **Total grants expense** | **213,583** | **211,220** | **‑2,364** |

Note 12: Personal benefits expense

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Social welfare – assistance to the aged | 54,867 | 54,783 | ‑84 |
| Assistance to veterans and dependants | 4,420 | 4,428 | 9 |
| Assistance to people with disabilities | 29,961 | 29,754 | ‑207 |
| Assistance to families with children | 27,993 | 26,364 | ‑1,629 |
| Assistance to the unemployed | 13,867 | 14,006 | 139 |
| Student assistance | 2,708 | 2,499 | ‑209 |
| Other welfare programs | 1,937 | 1,678 | ‑259 |
| Financial and fiscal affairs | 723 | 434 | ‑289 |
| Vocational and industry training | 85 | 23 | ‑62 |
| Other | 8,924 | 8,798 | ‑127 |
| **Total personal benefits expense** | **145,485** | **142,767** | **‑2,718** |

Note 13: Advances paid and other receivables

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Advances paid** |  |  |  |
| Loans to state and territory governments | 1,652 | 1,659 | 8 |
| Student loans | 53,240 | 52,273 | ‑966 |
| Other | 22,409 | 21,178 | ‑1,231 |
| *less* Impairment allowance | 438 | 545 | 107 |
| **Total advances paid** | **76,862** | **74,565** | **‑2,297** |
|  |  |  |  |
| **Other receivables** |  |  |  |
| Goods and services receivable | 1,359 | 1,478 | 119 |
| Recoveries of benefit payments | 5,955 | 6,298 | 343 |
| Taxes receivable | 41,943 | 37,847 | ‑4,096 |
| Prepayments | 3,866 | 5,960 | 2,094 |
| Other | 23,978 | 27,339 | 3,360 |
| *less* Impairment allowance | 3,206 | 3,668 | 462 |
| **Total other receivables** | **73,895** | **75,253** | **1,358** |

Note 14: Investments, loans and placements

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Investments – deposits | 11,878 | 8,544 | ‑3,334 |
| IMF quota and SDR holdings | 22,666 | 23,517 | 851 |
| Structured Finance Securities | 942 | 658 | ‑284 |
| Collective investment vehicles | 112,817 | 114,805 | 1,989 |
| Other interest bearing securities | 52,429 | 58,420 | 5,991 |
| Other | 18,300 | 15,236 | ‑3,063 |
| **Total investments, loans and placements** | **219,031** | **221,182** | **2,150** |

Note 15: Non‑financial assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Land and buildings** |  |  |  |
| Land | 13,077 | 13,475 | 398 |
| Buildings | 48,616 | 49,215 | 599 |
| **Total land and buildings** | **61,693** | **62,690** | **997** |
|  |  |  |  |
| **Plant, equipment and infrastructure** |  |  |  |
| Specialist military equipment | 87,206 | 84,567 | ‑2,638 |
| Other plant, equipment and infrastructure | 18,362 | 20,033 | 1,672 |
| **Total plant, equipment and infrastructure** | **105,567** | **104,601** | **‑967** |
|  |  |  |  |
| **Inventories** |  |  |  |
| Inventories held for sale | 337 | 394 | 57 |
| Inventories not held for sale | 11,275 | 12,312 | 1,037 |
| **Total inventories** | **11,612** | **12,706** | **1,094** |
|  |  |  |  |
| **Intangibles** |  |  |  |
| Computer software | 6,444 | 6,134 | ‑309 |
| Other | 5,482 | 5,805 | 324 |
| **Total intangibles** | **11,926** | **11,940** | **14** |
|  |  |  |  |
| **Total investment properties** | **205** | **220** | **15** |
|  |  |  |  |
| **Total biological assets** | **16** | **5** | **‑11** |
|  |  |  |  |
| **Total heritage and cultural assets** | **12,664** | **12,615** | **‑49** |
|  |  |  |  |
| **Total assets held for sale** | **179** | **132** | **‑47** |
|  |  |  |  |
| **Total other non‑financial assets** | **16** | **15** | **‑2** |
|  |  |  |  |
| **Total non‑financial assets(a)** | **203,878** | **204,923** | **1,044** |
| *Memorandum:* |  |  |  |
| ***Total relating to right of use assets*** |  |  |  |
| *Land* | *161* | *166* | *5* |
| *Buildings* | *16,532* | *16,454* | *‑78* |
| *Specialist military equipment* | *255* | *246* | *‑9* |
| *Other plant, equipment and infrastructure* | *1,500* | *1,435* | *‑65* |
| ***Total right of use assets*** | ***18,448*** | ***18,302*** | ***‑147*** |

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

Note 16: Loans

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| Promissory notes | 8,716 | 8,707 | ‑9 |
| Special drawing rights | 18,169 | 18,875 | 705 |
| Other | 3,276 | 3,081 | ‑195 |
| **Total loans** | **30,161** | **30,663** | **502** |

Note 17: Employee and superannuation liabilities

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Total superannuation liability(a)** | **275,796** | **313,069** | **37,274** |
|  |  |  |  |
| **Other employee liabilities** |  |  |  |
| Leave and other entitlements | 9,214 | 9,446 | 232 |
| Accrued salaries and wages | 701 | 837 | 136 |
| Workers compensation claims | 1,889 | 1,952 | 63 |
| Military compensation | 23,081 | 31,407 | 8,325 |
| Other | 589 | 617 | 28 |
| **Total other employee liabilities** | **35,475** | **44,259** | **8,784** |
|  |  |  |  |
| **Total employee and superannuation liabilities** | **311,270** | **357,328** | **46,057** |

1. 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 2022‍–‍23 FBO was calculated using the spot rates on long‑term government bonds as at 30 June 2023 that best matched each individual scheme’s liability duration. These rates were between 4.0 and 4.4 per cent per annum.

Note 18: Provisions and payables

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022‑23 | 2022‑23 | Change on |
|  | Estimate at | Outcome | 2023‑24 |
|  | 2023‑24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Suppliers payable** |  |  |  |
| Trade creditors | 7,906 | 8,075 | 169 |
| Lease rental payable | 0 | 1 | 1 |
| Personal benefits payables – indirect | 2,159 | 1,481 | ‑678 |
| Other creditors | 2,076 | 2,181 | 105 |
| **Total suppliers payables** | **12,142** | **11,738** | **‑404** |
|  |  |  |  |
| **Total personal benefits payables – direct** | **3,083** | **3,142** | **59** |
|  |  |  |  |
| **Total subsidies payable** | **909** | **559** | **‑350** |
|  |  |  |  |
| **Grants payables** |  |  |  |
| State and territory governments | 172 | 525 | 353 |
| Non‑profit organisations | 173 | 560 | 387 |
| Private sector | 314 | 252 | ‑62 |
| Overseas | 1,998 | 1,865 | ‑133 |
| Local governments | 0 | 0 | 0 |
| Other | 335 | 359 | 24 |
| **Total grants payables** | **2,992** | **3,562** | **569** |
|  |  |  |  |
| **Total other payables** | **4,108** | **9,495** | **5,387** |
|  |  |  |  |
| **Provisions** |  |  |  |
| Provisions for tax refunds | 4,319 | 2,224 | ‑2,096 |
| Grants provisions | 12,574 | 11,588 | ‑986 |
| Personal benefits provisions – direct | 6,991 | 6,730 | ‑261 |
| Personal benefits provisions – indirect | 5,644 | 3,633 | ‑2,012 |
| Provisions for subsidies | 6,556 | 6,870 | 315 |
| Other | 31,186 | 35,431 | 4,245 |
| **Total provisions** | **67,270** | **66,476** | **‑794** |

Note 19: Reconciliation of cash

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2022-23 | 2022-23 | Change on |
|  | Estimate at | Outcome | 2023-24 |
|  | 2023-24 |  | Budget |
|  | Budget |  |  |
|  | $m | $m | $m |
| **Net operating balance (revenues *less* expenses)** | **8,979** | **31,363** | **22,384** |
|  |  |  |  |
| *less* **Revenues not providing cash** |  |  |  |
| Other | 5,214 | 3,853 | -1,361 |
| **Total revenues not providing cash** | **5,214** | **3,853** | **-1,361** |
|  |  |  |  |
| *plus* **Expenses not requiring cash** |  |  |  |
| Increase/(decrease) in employee entitlements | 7,974 | 6,940 | -1,034 |
| Depreciation/amortisation expense | 12,063 | 12,660 | 598 |
| Mutually agreed write-downs | 2,870 | 2,713 | -156 |
| Other | 4,758 | 3,521 | -1,237 |
| **Total expenses not requiring cash** | **27,665** | **25,835** | **-1,830** |
|  |  |  |  |
| *plus* **Cash provided/(used) by working capital items** |  |  |  |
| Decrease/(increase) in inventories | -470 | -2,577 | -2,107 |
| Decrease/(increase) in receivables | -9,483 | -12,354 | -2,871 |
| Decrease/(increase) in other financial assets | -1,707 | -2,237 | -530 |
| Decrease/(increase) in other non-financial assets | 286 | -664 | -950 |
| Increase/(decrease) in benefits, subsidies |  |  |  |
| and grants payable | 3,649 | -47 | -3,696 |
| Increase/(decrease) in suppliers' liabilities | 111 | 789 | 678 |
| Increase/(decrease) in other provisions and payables | 302 | 4,907 | 4,605 |
| **Net cash provided/(used) by working capital** | **-7,312** | **-12,183** | **-4,871** |
|  |  |  |  |
| *equals* (Net cash from/(to) operating activities) | 24,119 | 41,162 | 17,042 |
| *plus* (Net cash from/(to) investing activities) | -40,118 | -30,671 | 9,448 |
| **Net cash from operating activities and investment** | **-15,999** | **10,491** | **26,490** |
| *plus* (Net cash from/(to) financing activities) | -14,399 | -15,540 | -1,141 |
|  |  |  |  |
| *equals***Net increase/(decrease) in cash** | **-30,398** | **-5,049** | **25,349** |
| **Cash at the beginning of the year** | **94,763** | **94,763** | **0** |
| Net increase/(decrease) in cash | -30,398 | -5,049 | 25,349 |
| **Cash at the end of the year** | **64,365** | **89,713** | **25,349** |

# 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*.[[1]](#footnote-2)

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.[[2]](#footnote-3)

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.

### 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.[[3]](#footnote-4)

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.

#### 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

*plus*

Net cash flows from investments in non‑financial assets

*equals*

ABS GFS cash surplus/deficit

*plus*

Principal payments of lease liabilities[[4]](#footnote-5)

*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 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

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | Total public sector | | | |  | | | | |
|  |  | | |  | | |  | |  | |
| Public financial corporations sector | | |  | | Total non‑financial public sector | | | |  | |
| (Includes Reserve Bank of Australia and other borrowing authorities) | | |  |  | | |  | | |  |
|  | | General government sector | | | |  | | Public non‑financial corporations sector | | |
|  | | (Government departments and agencies that provide non‑market public services, or involve the transfer or redistribution of income, and are funded mainly through taxes) | | | |  | | (Provide goods and services to consumers on a commercial basis, are funded largely by the sale of these goods and services and are generally legally distinguishable from the governments that own them) | | |

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 <https://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 – 2022–23

|  |
| --- |
| Public financial corporations |
| Employment and Workplace Relations Portfolio   * Coal Mining Industry (Long Service Leave Funding) Corporation   Foreign Affairs and Trade Portfolio   * Export Finance and Insurance Corporation (Export Finance Australia)   Industry, Science and Resources Portfolio   * 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   Treasury Portfolio   * Australian Reinsurance Pool Corporation * National Housing Finance and Investment Corporation\* * Reserve Bank of Australia |

Table 2.14: Entities outside of the general government sector – 2022–23 (continued)

|  |
| --- |
| Public non‑financial corporations |
| Climate Change, Energy, the Environment and Water Portfolio   * Snowy Hydro Limited   Finance Portfolio   * ASC Pty Ltd * Australian Naval Infrastructure Pty Ltd   Industry, Science and Resources Portfolio   * ANSTO Nuclear Medicine Pty Ltd   Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio   * Airservices Australia * Australian Postal Corporation (Australia Post) * Australian Rail Track Corporation Limited * National Intermodal Corporation Limited * NBN Co Limited * WSA Co Ltd   Prime Minister and Cabinet Portfolio   * Voyages Indigenous Tourism Australia Pty Ltd   Social Services Portfolio   * Australian Hearing Services (Hearing Australia) |

\* 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.

1. 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). [↑](#footnote-ref-2)
2. 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. [↑](#footnote-ref-3)
3. The net operating balance includes consumption of non‑financial assets because depreciation is an expense. Depreciation is deducted in the calculation of net capital investment as the full investment in non‑financial assets is included in the calculation of fiscal balance. [↑](#footnote-ref-4)
4. ‘Net cash flows from financing activities for leases’ has been renamed to ‘principal payments of lease liabilities’. [↑](#footnote-ref-5)