

## 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 Estimate at 2023-24 Budget \$m	Month of June 2023 (a) \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Revenue</b>	Note				
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
<b>Total revenue</b>		<b>653,767</b>	<b>63,929</b>	<b>668,389</b>	<b>14,622</b>
<b>Expenses</b>					
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
<i>Total gross operating expenses</i>		<i>229,223</i>	<i>24,617</i>	<i>226,587</i>	<i>-2,636</i>
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
<i>Total current transfers</i>		<i>355,520</i>	<i>31,640</i>	<i>352,027</i>	<i>-3,493</i>
Capital transfers	11				
Mutually agreed write-downs		2,870	201	2,713	-156
Other capital grants		18,052	9,272	17,808	-244
<i>Total capital transfers</i>		<i>20,922</i>	<i>9,472</i>	<i>20,521</i>	<i>-400</i>
<b>Total expenses</b>		<b>644,788</b>	<b>68,378</b>	<b>637,025</b>	<b>-7,763</b>
<b>Net operating balance</b>		<b>8,979</b>	<b>-4,449</b>	<b>31,363</b>	<b>22,384</b>
<b>Other economic flows – included in operating result</b>					
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
<b>Total other economic flows – included in operating result</b>		<b>-28,423</b>	<b>6,270</b>	<b>-8,328</b>	<b>20,095</b>
<b>Operating result(c)</b>		<b>-19,444</b>	<b>1,821</b>	<b>23,035</b>	<b>42,479</b>

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

	2022-23 Estimate at 2023-24 Budget	Month of June 2023 (a)	2022-23 Outcome	Change on 2023-24 Budget
Note	\$m	\$m	\$m	\$m
<b>Non-owner movements in equity</b>				
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
<b>Total other economic flows – included in equity</b>	<b>-3,190</b>	<b>-6,576</b>	<b>-7,774</b>	<b>-4,584</b>
<b>Comprehensive result – Total change in net worth</b>	<b>-22,633</b>	<b>-4,755</b>	<b>15,261</b>	<b>37,895</b>
<b>Net operating balance</b>	<b>8,979</b>	<b>-4,449</b>	<b>31,363</b>	<b>22,384</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	21,897	3,748	19,366	-2,531
<i>less</i> Sales of non-financial assets	238	-30	224	-14
<i>less</i> Depreciation	12,063	1,542	12,660	598
<i>plus</i> Change in inventories	851	955	2,964	2,113
<i>plus</i> Other movements in non-financial assets	-6	-12	-8	-2
<b>Total net acquisition of non-financial assets</b>	<b>10,441</b>	<b>3,179</b>	<b>9,437</b>	<b>-1,004</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>	<b>-1,462</b>	<b>-7,628</b>	<b>21,926</b>	<b>23,388</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) Consistent with the ABS GFS classification, other employee related expenses are classified separately from wages and salaries under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.
- c) Operating result under AAS.
- d) The term fiscal balance is not used by the ABS.

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

		2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
	Note			
<b>Assets</b>				
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
<i>Total financial assets</i>		<i>559,881</i>	<i>585,478</i>	<i>25,597</i>
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
<i>Total non-financial assets</i>		<i>203,878</i>	<i>204,923</i>	<i>1,044</i>
<b>Total assets</b>		<b>763,759</b>	<b>790,401</b>	<b>26,642</b>
<b>Liabilities</b>				
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
<i>Total interest bearing liabilities</i>		<i>908,839</i>	<i>876,473</i>	<i>-32,366</i>

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

		2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
Provisions and payables	Note			
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
<i>Total provisions and payables</i>		<i>401,774</i>	<i>452,299</i>	<i>50,525</i>
<b>Total liabilities</b>		<b>1,310,613</b>	<b>1,328,772</b>	<b>18,159</b>
<b>Net worth(a)</b>		<b>-546,854</b>	<b>-538,371</b>	<b>8,482</b>
<i>Net financial worth(b)</i>		<i>-750,732</i>	<i>-743,294</i>	<i>7,438</i>
<i>Net financial liabilities(c)</i>		<i>794,285</i>	<i>785,751</i>	<i>-8,534</i>
<i>Net debt(d)</i>		<i>548,581</i>	<i>491,013</i>	<i>-57,568</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>**

	2022-23 Estimate at 2023-24 Budget \$m	Month of June 2023 (b) \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Cash receipts from operating activities</b>				
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
<b>Total operating receipts</b>	<b>635,230</b>	<b>69,848</b>	<b>649,166</b>	<b>13,936</b>
<b>Cash payments for operating activities</b>				
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
<b>Total operating payments</b>	<b>-611,110</b>	<b>-63,544</b>	<b>-608,005</b>	<b>3,106</b>
<b>Net cash flows from operating activities</b>	<b>24,119</b>	<b>6,303</b>	<b>41,162</b>	<b>17,042</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	363	5	311	-53
Purchases of non-financial assets	-17,766	-2,865	-16,764	1,002
<b>Net cash flows from investments in non-financial assets</b>	<b>-17,402</b>	<b>-2,860</b>	<b>-16,453</b>	<b>949</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-11,689</b>	<b>-532</b>	<b>-7,962</b>	<b>3,727</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-11,027</b>	<b>-3,091</b>	<b>-6,256</b>	<b>4,772</b>
<b>Cash receipts from financing activities</b>				
Borrowing	200,953	9,565	180,366	-20,588
Other financing	25,307	837	29,320	4,012
<b>Total cash receipts from financing activities</b>	<b>226,261</b>	<b>10,402</b>	<b>209,685</b>	<b>-16,576</b>
<b>Cash payments for financing activities</b>				
Borrowing	-207,498	-10,938	-187,604	19,894
Other financing	-33,162	-768	-37,621	-4,459
<b>Total cash payments for financing activities</b>	<b>-240,660</b>	<b>-11,707</b>	<b>-225,225</b>	<b>15,434</b>
<b>Net cash flows from financing activities</b>	<b>-14,399</b>	<b>-1,305</b>	<b>-15,540</b>	<b>-1,141</b>
<b>Net increase/(decrease) in cash held</b>	<b>-30,398</b>	<b>-1,484</b>	<b>-5,049</b>	<b>25,349</b>

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

	2022-23 Estimate at 2023-24 Budget \$m	Month of June 2023 (b) \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>GFS cash surplus(+)/deficit(-)(d)</b>	<b>6,717</b>	<b>3,443</b>	<b>24,708</b>	<b>17,991</b>
<i>plus</i> Principal payments of lease liabilities(e)	-2,516	-363	-2,644	-128
<b>Equals underlying cash balance(f)</b>	<b>4,202</b>	<b>3,080</b>	<b>22,064</b>	<b>17,863</b>
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-11,689	-532	-7,962	3,727
<b>Equals headline cash balance</b>	<b>-7,487</b>	<b>2,548</b>	<b>14,103</b>	<b>21,590</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) Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
- d) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.
- e) 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'. Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16.
- f) The term underlying cash balance is not used by the ABS.

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Revenue</b>			
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
<b>Total revenue</b>	<b>21,810</b>	<b>21,395</b>	<b>-415</b>
<b>Expenses</b>			
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
<i>Total gross operating expenses</i>	<i>21,733</i>	<i>21,419</i>	<i>-314</i>
Interest expenses	1,823	1,822	-1
Other property expenses	85	111	26
Current transfers			
Tax expenses	0	486	486
<i>Total current transfers</i>	<i>0</i>	<i>486</i>	<i>486</i>
<b>Total expenses</b>	<b>23,641</b>	<b>23,838</b>	<b>197</b>
<b>Net operating balance</b>	<b>-1,831</b>	<b>-2,443</b>	<b>-613</b>
<b>Other economic flows</b>	<b>-1,185</b>	<b>1,879</b>	<b>3,064</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>-3,015</b>	<b>-564</b>	<b>2,451</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	10,304	9,812	-492
<i>less</i> Sales of non-financial assets	<i>45</i>	<i>61</i>	<i>16</i>
<i>less</i> Depreciation	<i>4,324</i>	<i>4,497</i>	<i>173</i>
<i>plus</i> Change in inventories	<i>30</i>	<i>-24</i>	<i>-54</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>5,965</b>	<b>5,230</b>	<b>-735</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-7,796</b>	<b>-7,673</b>	<b>123</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**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Assets</b>			
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
<i>Total financial assets</i>	<i>9,271</i>	<i>9,377</i>	<i>106</i>
Non-financial assets			
Land and other fixed assets	65,094	66,914	1,820
Other non-financial assets(a)	4,103	3,894	-209
<i>Total non-financial assets</i>	<i>69,197</i>	<i>70,808</i>	<i>1,610</i>
<b>Total assets</b>	<b>78,468</b>	<b>80,185</b>	<b>1,716</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	16	16	0
Advances received and loans	31,319	31,467	149
Lease liabilities	13,126	13,036	-91
<i>Total interest bearing liabilities</i>	<i>44,461</i>	<i>44,519</i>	<i>58</i>
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
<i>Total provisions and payables</i>	<i>9,533</i>	<i>9,091</i>	<i>-442</i>
<b>Total liabilities</b>	<b>53,994</b>	<b>53,610</b>	<b>-383</b>
<b>Shares and other contributed capital</b>	<b>24,475</b>	<b>26,574</b>	<b>2,100</b>
<b>Net worth(b)</b>	<b>24,475</b>	<b>26,574</b>	<b>2,100</b>
<i>Net financial worth(c)</i>	<i>-44,723</i>	<i>-44,234</i>	<i>489</i>
<i>Net debt(d)</i>	<i>42,194</i>	<i>41,420</i>	<i>-774</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>**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Cash receipts from operating activities</b>			
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
<b>Total operating receipts</b>	<b>25,816</b>	<b>23,546</b>	<b>-2,270</b>
<b>Cash payments for operating activities</b>			
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
<b>Total operating payments</b>	<b>-23,893</b>	<b>-20,707</b>	<b>3,187</b>
<b>Net cash flows from operating activities</b>	<b>1,923</b>	<b>2,839</b>	<b>916</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	52	57	5
Purchases of non-financial assets	-8,628	-8,306	323
<b>Net cash flows from investments in non-financial assets</b>	<b>-8,576</b>	<b>-8,249</b>	<b>327</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-3</b>	<b>-2</b>	<b>1</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>67</b>	<b>-36</b>	<b>-103</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	1,661	1,605	-56
Other financing (net)	4,965	4,566	-399
<b>Net cash flows from financing activities</b>	<b>6,626</b>	<b>6,171</b>	<b>-455</b>
<b>Net increase/(decrease) in cash held</b>	<b>36</b>	<b>723</b>	<b>687</b>
<b>Cash at the beginning of the year</b>	<b>1,380</b>	<b>1,380</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>1,416</b>	<b>2,103</b>	<b>687</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-6,653</b>	<b>-5,410</b>	<b>1,243</b>
<i>plus</i> Principal payments of lease liabilities(d)	-537	-534	3
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>-7,190</b>	<b>-5,944</b>	<b>1,247</b>

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

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

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

d) 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'. Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Revenue</b>			
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
<b>Total revenue</b>	<b>673,013</b>	<b>687,125</b>	<b>14,111</b>
<b>Expenses</b>			
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
<i>Total gross operating expenses</i>	<i>249,900</i>	<i>246,805</i>	<i>-3,095</i>
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
<i>Total current transfers</i>	<i>354,761</i>	<i>351,235</i>	<i>-3,526</i>
Capital transfers	20,685	20,359	-326
<b>Total expenses</b>	<b>666,055</b>	<b>657,873</b>	<b>-8,182</b>
<b>Net operating balance</b>	<b>6,959</b>	<b>29,252</b>	<b>22,293</b>
<b>Other economic flows</b>	<b>-32,630</b>	<b>-13,438</b>	<b>19,192</b>
<b>Comprehensive result – Total change in net worth</b>	<b>-25,672</b>	<b>15,814</b>	<b>41,486</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	32,200	29,176	-3,024
<i>less</i> Sales of non-financial assets	<i>283</i>	<i>285</i>	<i>2</i>
<i>less</i> Depreciation	<i>16,387</i>	<i>17,157</i>	<i>770</i>
<i>plus</i> Change in inventories	<i>881</i>	<i>2,940</i>	<i>2,058</i>
<i>plus</i> Other movements in non-financial assets	<i>-6</i>	<i>-8</i>	<i>-2</i>
<b>Total net acquisition of non-financial assets</b>	<b>16,406</b>	<b>14,666</b>	<b>-1,739</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-9,447</b>	<b>14,586</b>	<b>24,033</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 2.8: Australian Government total non-financial public sector balance sheet**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Assets</b>			
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
<i>Total financial assets</i>	<i>520,433</i>	<i>547,651</i>	<i>27,218</i>
Non-financial assets			
Land and other fixed assets	256,622	259,516	2,894
Other non-financial assets	16,495	16,255	-239
<i>Total non-financial assets</i>	<i>273,117</i>	<i>275,772</i>	<i>2,654</i>
<b>Total assets</b>	<b>793,550</b>	<b>823,423</b>	<b>29,873</b>
<b>Liabilities</b>			
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
<i>Total interest bearing liabilities</i>	<i>947,490</i>	<i>915,178</i>	<i>-32,312</i>
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
<i>Total provisions and payables</i>	<i>410,281</i>	<i>460,392</i>	<i>50,111</i>
<b>Total liabilities</b>	<b>1,357,771</b>	<b>1,375,570</b>	<b>17,799</b>
<b>Net worth(a)</b>	<b>-564,220</b>	<b>-552,147</b>	<b>12,073</b>
<i>Net financial worth(b)</i>	<i>-837,338</i>	<i>-827,919</i>	<i>9,419</i>
<i>Net debt(c)</i>	<i>590,766</i>	<i>532,424</i>	<i>-58,342</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>**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Cash receipts from operating activities</b>			
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
<b>Total operating receipts</b>	<b>656,079</b>	<b>668,562</b>	<b>12,483</b>
<b>Cash payments for operating activities</b>			
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
<b>Total operating payments</b>	<b>-630,032</b>	<b>-624,563</b>	<b>5,470</b>
<b>Net cash flows from operating activities</b>	<b>26,047</b>	<b>43,999</b>	<b>17,952</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	415	367	-48
Purchases of non-financial assets	-26,394	-25,070	1,324
<b>Net cash flows from investments in non-financial assets</b>	<b>-25,978</b>	<b>-24,702</b>	<b>1,276</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-7,183</b>	<b>-3,855</b>	<b>3,328</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-10,961</b>	<b>-6,291</b>	<b>4,670</b>
<b>Net cash flows from financing activities</b>			
Borrowing (net)	-4,005	-4,768	-763
Other financing (net)	-8,281	-8,708	-427
<b>Net cash flows from financing activities</b>	<b>-12,286</b>	<b>-13,476</b>	<b>-1,190</b>
<b>Net increase/(decrease) in cash held</b>	<b>-30,361</b>	<b>-4,325</b>	<b>26,036</b>
<b>Cash at the beginning of the year</b>	<b>96,142</b>	<b>96,142</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>65,780</b>	<b>91,816</b>	<b>26,036</b>

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

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

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

**Table 2.10: Australian Government public financial corporations sector operating statement**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Revenue</b>			
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
<b>Total revenue</b>	<b>11,721</b>	<b>11,962</b>	<b>241</b>
<b>Expenses</b>			
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
<i>Total gross operating expenses</i>	<i>941</i>	<i>1,119</i>	<i>177</i>
Interest expenses	14,811	15,057	246
Other property expenses	6	6	0
Current transfers			
Tax expenses	6	14	8
<i>Total current transfers</i>	<i>6</i>	<i>14</i>	<i>8</i>
<b>Total expenses</b>	<b>15,765</b>	<b>16,196</b>	<b>431</b>
<b>Net operating balance</b>	<b>-4,044</b>	<b>-4,235</b>	<b>-190</b>
<b>Other economic flows</b>	<b>1,078</b>	<b>-1,039</b>	<b>-2,117</b>
<b>Comprehensive result – Total change in net worth excluding contribution from owners</b>	<b>-2,966</b>	<b>-5,273</b>	<b>-2,307</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	0	81	81
<i>less</i> Sales of non-financial assets	<i>0</i>	<i>1</i>	<i>1</i>
<i>less</i> Depreciation	<i>74</i>	<i>83</i>	<i>9</i>
<i>plus</i> Change in inventories	<i>-45</i>	<i>11</i>	<i>56</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>-118</b>	<b>9</b>	<b>127</b>
<b>Fiscal balance (Net lending/borrowing)(b)</b>	<b>-3,926</b>	<b>-4,244</b>	<b>-318</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**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Assets</b>			
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
<i>Total financial assets</i>	<i>626,654</i>	<i>606,917</i>	<i>-19,737</i>
Non-financial assets			
Land and other fixed assets	994	849	-145
Other non-financial assets(a)	74	74	0
<i>Total non-financial assets</i>	<i>1,068</i>	<i>923</i>	<i>-145</i>
<b>Total assets</b>	<b>627,721</b>	<b>607,840</b>	<b>-19,882</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	616,023	599,148	-16,876
Borrowing	21,865	20,182	-1,683
<i>Total interest bearing liabilities</i>	<i>637,888</i>	<i>619,330</i>	<i>-18,558</i>
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
<i>Total provisions and payables</i>	<i>2,927</i>	<i>3,939</i>	<i>1,012</i>
<b>Total liabilities</b>	<b>640,815</b>	<b>623,269</b>	<b>-17,546</b>
<b>Shares and other contributed capital</b>	<b>-13,094</b>	<b>-15,429</b>	<b>-2,335</b>
<b>Net worth(b)</b>	<b>-13,094</b>	<b>-15,429</b>	<b>-2,335</b>
<i>Net financial worth(c)</i>	<i>-14,161</i>	<i>-16,352</i>	<i>-2,191</i>
<i>Net debt(d)</i>	<i>12,697</i>	<i>14,056</i>	<i>1,358</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>**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Cash receipts from operating activities</b>			
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
<b>Total operating receipts</b>	<b>10,622</b>	<b>11,568</b>	<b>947</b>
<b>Cash payments for operating activities</b>			
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
<b>Total operating payments</b>	<b>-15,439</b>	<b>-14,399</b>	<b>1,040</b>
<b>Net cash flows from operating activities</b>	<b>-4,818</b>	<b>-2,831</b>	<b>1,986</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	0	0	0
Purchases of non-financial assets	0	-78	-78
<b>Net cash flows from investments in non-financial assets</b>	<b>0</b>	<b>-78</b>	<b>-78</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-502</b>	<b>-145</b>	<b>357</b>
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>5,258</b>	<b>20,494</b>	<b>15,236</b>
<b>Net cash flows from financing activities</b>			
Borrowing and deposits received (net)	-769	-15,766	-14,997
Other financing (net)	1,038	-999	-2,037
<b>Net cash flows from financing activities</b>	<b>269</b>	<b>-16,765</b>	<b>-17,034</b>
<b>Net increase/(decrease) in cash held</b>	<b>208</b>	<b>676</b>	<b>468</b>
<b>Cash at the beginning of the year</b>	<b>686</b>	<b>686</b>	<b>0</b>
<b>Cash at the end of the year</b>	<b>894</b>	<b>1,362</b>	<b>468</b>
<b>GFS cash surplus(+)/deficit(-)(c)</b>	<b>-4,818</b>	<b>-2,909</b>	<b>1,909</b>
<i>plus</i> Principal payments of lease liabilities(d)	-3	-10	-7
<b>Adjusted GFS cash surplus(+)/deficit(-)(d)</b>	<b>-4,821</b>	<b>-2,919</b>	<b>1,902</b>

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

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

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

d) 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'. Principal payments of lease liabilities, which are financing cash payments, are deducted in the calculation of the GFS cash surplus/deficit to maintain consistency of measure following the implementation of AASB 16.

## 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
<b>Fiscal aggregates differences</b>			
Net worth of PNFC and PFC sectors	Calculated as assets less liabilities.	Calculated as assets less liabilities less shares and other contributed capital.	AAS
Net financial worth of PNFC and PFC sectors	Calculated as financial assets less total liabilities.	Calculated as financial assets less total liabilities less shares and contributed capital.	AAS
<b>Classification differences</b>			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS

**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 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
Individuals and other withholding taxes			
Gross income tax withholding	272,300	271,628	-672
Gross other individuals	73,000	74,064	1,064
<i>less: Refunds</i>	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
<b>Income taxation revenue</b>	<b>459,410</b>	<b>473,065</b>	<b>13,655</b>
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
<i>less: Refunds and drawbacks</i>	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
<i>less: Transfers to states in relation to mirror tax revenue</i>	742	762	20
Mirror tax revenue	0	0	0
<b>Indirect taxation revenue</b>	<b>144,759</b>	<b>145,223</b>	<b>464</b>
<b>Taxation revenue</b>	<b>604,169</b>	<b>618,288</b>	<b>14,119</b>
<i>Memorandum:</i>			
<i>Total excise</i>	26,150	26,281	131
<i>Total customs duty</i>	17,180	17,079	-102

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

(b) 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 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$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
<b>Total taxes on income, profits and capital gains</b>	<b>459,410</b>	<b>473,065</b>	<b>13,655</b>
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
<b>Total taxes on the provision of goods and services</b>	<b>134,321</b>	<b>134,273</b>	<b>-48</b>
Taxes on the use of goods and performance of activities	9,280	9,707	427
<b>Total taxation revenue</b>	<b>604,169</b>	<b>618,288</b>	<b>14,119</b>

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$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
<b>Total sales of goods and services revenue</b>	<b>19,078</b>	<b>19,013</b>	<b>-66</b>



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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Interest from other governments</b>			
State and territory debt	12	8	-4
Housing agreements	72	72	0
<b>Total interest from other governments</b>	<b>84</b>	<b>80</b>	<b>-4</b>
<b>Interest from other sources</b>			
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
<b>Total interest from other sources</b>	<b>8,969</b>	<b>9,812</b>	<b>843</b>
<b>Total interest</b>	<b>9,053</b>	<b>9,892</b>	<b>839</b>
<b>Dividends and distributions</b>			
Dividends from other public sector entities	82	115	33
Other dividends and distributions	5,279	5,175	-104
<b>Total dividends and distributions</b>	<b>5,361</b>	<b>5,291</b>	<b>-71</b>
<b>Total interest and dividend and distribution revenue</b>	<b>14,414</b>	<b>15,183</b>	<b>768</b>

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

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

**Note 7: Employee and superannuation expense**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Wages and salaries expenses</b>	<b>24,254</b>	<b>23,790</b>	<b>-464</b>
<b>Other operating expenses</b>			
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
<b>Total other operating expenses</b>	<b>8,433</b>	<b>9,711</b>	<b>1,278</b>
<b>Superannuation expenses</b>			
Superannuation	8,754	9,216	462
Superannuation interest cost	12,334	12,336	2
<b>Total superannuation expenses</b>	<b>21,088</b>	<b>21,551</b>	<b>463</b>
<b>Total employee and superannuation expense</b>	<b>53,775</b>	<b>55,052</b>	<b>1,278</b>

**Note 8: Depreciation and amortisation expense**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Depreciation</b>			
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
<b>Total depreciation(a)</b>	<b>10,925</b>	<b>11,547</b>	<b>622</b>
<b>Total amortisation</b>	<b>1,138</b>	<b>1,113</b>	<b>-25</b>
<b>Total depreciation and amortisation expense</b>	<b>12,063</b>	<b>12,660</b>	<b>598</b>
<i>Memorandum:</i>			
<b>Depreciation relating to right of use assets</b>			
Specialist military equipment	31	39	9
Buildings	2,311	2,543	232
Other infrastructure, plant and equipment	270	313	43
Other	5	6	1
<b>Total depreciation of right of use assets</b>	<b>2,617</b>	<b>2,901</b>	<b>285</b>

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

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$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
<b>Total supply of goods and services expense</b>	<b>175,719</b>	<b>171,210</b>	<b>-4,509</b>

**Note 10: Interest expense**

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

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Current grants expense</b>			
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
<b>Total current grants expense</b>	<b>192,661</b>	<b>190,698</b>	<b>-1,963</b>
<b>Capital grants expense</b>			
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
<b>Total capital grants expense</b>	<b>20,922</b>	<b>20,521</b>	<b>-400</b>
<b>Total grants expense</b>	<b>213,583</b>	<b>211,220</b>	<b>-2,364</b>

**Note 12: Personal benefits expense**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$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
<b>Total personal benefits expense</b>	<b>145,485</b>	<b>142,767</b>	<b>-2,718</b>

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Advances paid</b>			
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
<b>Total advances paid</b>	<b>76,862</b>	<b>74,565</b>	<b>-2,297</b>
<b>Other receivables</b>			
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
<b>Total other receivables</b>	<b>73,895</b>	<b>75,253</b>	<b>1,358</b>

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

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$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
<b>Total investments, loans and placements</b>	<b>219,031</b>	<b>221,182</b>	<b>2,150</b>

**Note 15: Non-financial assets**

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

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

**Note 16: Loans**

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

**Note 17: Employee and superannuation liabilities**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Total superannuation liability(a)</b>	<b>275,796</b>	<b>313,069</b>	<b>37,274</b>
<b>Other employee liabilities</b>			
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
<b>Total other employee liabilities</b>	<b>35,475</b>	<b>44,259</b>	<b>8,784</b>
<b>Total employee and superannuation liabilities</b>	<b>311,270</b>	<b>357,328</b>	<b>46,057</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 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 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Suppliers payable</b>			
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
<b>Total suppliers payables</b>	<b>12,142</b>	<b>11,738</b>	<b>-404</b>
<b>Total personal benefits payables – direct</b>	<b>3,083</b>	<b>3,142</b>	<b>59</b>
<b>Total subsidies payable</b>	<b>909</b>	<b>559</b>	<b>-350</b>
<b>Grants payables</b>			
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
<b>Total grants payables</b>	<b>2,992</b>	<b>3,562</b>	<b>569</b>
<b>Total other payables</b>	<b>4,108</b>	<b>9,495</b>	<b>5,387</b>
<b>Provisions</b>			
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
<b>Total provisions</b>	<b>67,270</b>	<b>66,476</b>	<b>-794</b>



**Note 19: Reconciliation of cash**

	2022-23 Estimate at 2023-24 Budget \$m	2022-23 Outcome \$m	Change on 2023-24 Budget \$m
<b>Net operating balance (revenues less expenses)</b>	<b>8,979</b>	<b>31,363</b>	<b>22,384</b>
<i>less</i> Revenues not providing cash			
Other	5,214	3,853	-1,361
<b>Total revenues not providing cash</b>	<b>5,214</b>	<b>3,853</b>	<b>-1,361</b>
<i>plus</i> 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
<b>Total expenses not requiring cash</b>	<b>27,665</b>	<b>25,835</b>	<b>-1,830</b>
<i>plus</i> 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
<b>Net cash provided/(used) by working capital</b>	<b>-7,312</b>	<b>-12,183</b>	<b>-4,871</b>
<i>equals</i> (Net cash from/(to) operating activities)	24,119	41,162	17,042
<i>plus</i> (Net cash from/(to) investing activities)	-40,118	-30,671	9,448
<b>Net cash from operating activities and investment</b>	<b>-15,999</b>	<b>10,491</b>	<b>26,490</b>
<i>plus</i> (Net cash from/(to) financing activities)	-14,399	-15,540	-1,141
<i>equals</i> <b>Net increase/(decrease) in cash</b>	<b>-30,398</b>	<b>-5,049</b>	<b>25,349</b>
<b>Cash at the beginning of the year</b>	<b>94,763</b>	<b>94,763</b>	<b>0</b>
Net increase/(decrease) in cash	-30,398	-5,049	25,349
<b>Cash at the end of the year</b>	<b>64,365</b>	<b>89,713</b>	<b>25,349</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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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).

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>
Principal payments of lease liabilities <sup>4</sup>
<i>equals</i>
Underlying cash balance

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

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

Net Future Fund earnings are separately identified in the historical tables in Appendix B.

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<sup>4</sup> ‘Net cash flows from financing activities for leases’ has been renamed to ‘principal payments of lease liabilities’.

## Headline cash balance

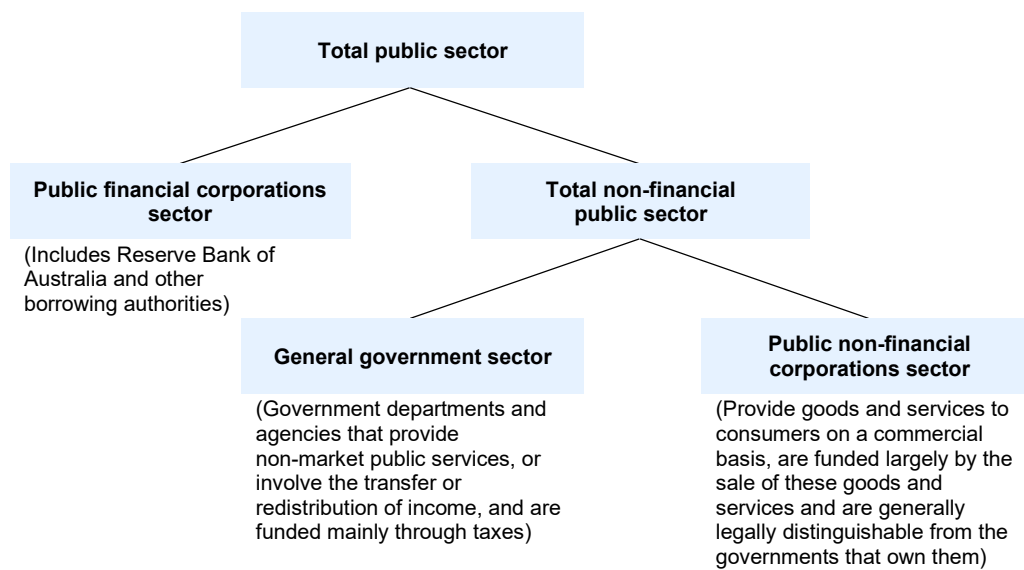
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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

## Sectoral classifications

To assist in analysing the public sector, data are presented by institutional sector as shown in Figure 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 <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
<p>Employment and Workplace Relations 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 (Export Finance Australia)</li> </ul> <p>Industry, Science and Resources Portfolio</p> <ul style="list-style-type: none"> <li>• CSIRO Coinvestment Fund Pty Ltd</li> <li>• CSIRO FollowOn Services Pty Ltd</li> <li>• CSIRO FollowOn Services 2 Pty Ltd</li> <li>• CSIRO General Partner Pty Ltd</li> <li>• CSIRO General Partner 2 Pty Ltd</li> <li>• CSIROGP Fund 2 Pty Ltd</li> <li>• MS GP Fund 3 Pty Ltd</li> <li>• MS NGS Pty Ltd</li> <li>• MS Opportunity Fund Pty Ltd</li> <li>• MS Parallel Fund 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>



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

<b>Public non-financial corporations</b>
Climate Change, Energy, the Environment and Water Portfolio
<ul style="list-style-type: none"> <li>• Snowy Hydro Limited</li> </ul>
Finance Portfolio
<ul style="list-style-type: none"> <li>• ASC Pty Ltd</li> <li>• Australian Naval Infrastructure Pty Ltd</li> </ul>
Industry, Science and Resources Portfolio
<ul style="list-style-type: none"> <li>• ANSTO Nuclear Medicine Pty Ltd</li> </ul>
Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio
<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 Limited</li> <li>• WSA Co Ltd</li> </ul>
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.