

Part II: AAS31 *Financial Reporting by Governments* Primary Financial Statements

This part presents financial statements that have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards, including Australian Accounting Standard No. 31 *Financial Reporting by Governments* (AAS31), except where departures from the standard are identified in Note 1.

Table 8: Statement of revenues and expenses for the Commonwealth general government sector — AAS31

	Note	1999-00 Estimate at 2000-01 Budget \$m	Month of June 2000 \$m	1999-00 Outcome \$m
Revenues				
Taxation				
Income tax	3	112,617	9,637	113,687
Indirect tax	4	33,468	2,591	33,534
Fringe benefits tax		3,340	186	3,424
Other taxes		1,859	316	1,811
Total taxation revenue		151,284	12,730	152,457
Non-taxation				
Sales of goods and services		2,748	146	2,829
Interest and dividends	5	9,624	264	9,605
Net foreign exchange gains		0	286	308
Net gains from sales of assets		1,333	35	1,483
Other sources of non-tax revenue	6	3,043	606	3,239
Total non-tax revenue		16,748	1,338	17,465
Total revenue		168,032	14,068	169,921
Expenses				
Goods and services				
Employees	7	16,121	3,712	18,011
Suppliers	8	13,335	1,186	11,965
Depreciation and amortisation	9	2,533	464	2,642
Net write down of assets		1,056	598	1,929
Net foreign exchange losses		397	-476	1,113
Net losses from the sale of assets		51	11	29
Other goods and services expenses		4,759	-50	4,324
Total goods and services		38,253	5,445	40,013
Subsidies benefits and grants				
Personal benefits		60,942	5,622	61,355
Subsidies		5,382	811	5,501
Grants	10	45,212	2,493	44,638
Total subsidies benefits and grants		111,536	8,926	111,494
Interest on debt		8,575	1,063	9,039
Other financing costs		28	-138	-138
Interest and other financing		8,604	924	8,900
Total expenses		158,392	15,296	160,408
Operating result		9,640	-1,226	9,514
Abnormal Items		11,999	-925	13,382
Operating result after abnormal items		21,639	-2,152	22,896

Table 9: Balance sheet for the Commonwealth general government sector — AAS31

	Note	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Assets			
Financial assets			
Cash		885	3,556
Receivables		29,327	28,711
Investments		37,203	39,825
Accrued revenue		526	482
Other financial assets		134	4
Total financial assets		68,075	72,578
Non-financial assets	11		
Land and buildings		15,914	16,233
Infrastructure		34,258	38,001
Intangibles		831	818
Inventories		2,818	3,086
Other non-financial assets		1,407	1,365
Total non-financial assets		55,227	59,503
Total assets		123,302	132,082
Liabilities			
Debt			
Government securities		78,947	76,448
Loans		5,966	6,310
Leases		340	313
Deposits		9	233
Overdrafts		2	0
Other debt		2,946	3,396
Total debt		88,210	86,700
Provisions and payables			
Employees	12	76,781	81,816
Suppliers		1,256	1,343
Personal benefits payable		1,999	2,279
Subsidies payable		257	354
Grants payable	13	6,771	7,565
Other provisions and payables		3,559	4,912
Total provisions and payables		90,623	98,271
Total liabilities		178,833	184,971
Net assets		-55,532	-52,890
Equity			
Accumulated results		-86,385	-86,048
Reserves		30,854	33,159
Capital		0	0
Total equity		-55,532	-52,890

Table 10: Statement of cash flows for the Commonwealth general government sector — AAS31

	Note	1999-00 Estimate at 2000-01 Budget \$m	Month of June 2000 \$m	1999-00 Outcome \$m
Operating activities				
Cash received				
Taxes	14	149,023	18,671	151,409
Sales of goods and services		2,933	221	3,004
Interest		2,957	287	2,867
Dividends		5,920	80	6,003
Other		2,535	-70	2,000
Total operating cash received		163,367	19,188	165,283
Cash used				
Payments to employees		15,595	1,204	15,006
Payments to suppliers		13,310	1,455	11,480
Subsidies paid		5,238	719	5,233
Personal benefits		60,473	5,609	60,568
Grant payments		45,008	2,349	44,350
Interest and other financing costs		9,125	747	9,050
Other		4,528	-147	4,023
Total operating cash used		153,277	11,935	149,710
Net cash from operating activities		10,091	7,253	15,573
Investing activities				
Cash received				
Proceeds from asset sales program		10,051	11	10,106
Proceeds from sales of property, plant and equipment and intangibles		2,223	494	2,417
Net loans, advances and HECS		0	233	0
Other net investing cash received		0	7	18
Total investing cash received		12,274	745	12,541
Cash used				
Purchase of property, plant and equipment and intangibles		4,393	1,683	5,226
Net loans, advances and HECS		441	0	380
Other net investing cash paid		10,424	1,108	10,263
Total investing cash used		15,258	2,791	15,869
Net cash from investing activities		-2,984	-2,046	-3,328
Financing activities				
Cash received				
Other		203	-1,252	0
Net cash received from currency issues		0	0	0
Total financing cash received		203	-1,252	0
Cash used				
Net repayments of borrowings		8,002	1,832	10,089
Other		0	173	173
Total financing cash used		8,002	2,005	10,262
Net cash from financing activities		-7,798	-3,257	-10,262
Net increase/decrease in cash held		-692	1,950	1,983

STATISTICS, CONCEPTS AND NOTES TO THE FINANCIAL STATEMENTS

Note 1: External reporting standards — AAS31

The financial statements included in the Final Budget Outcome have been prepared on an accrual basis in accordance with applicable Australian accounting standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31). AAS31 is the relevant accounting standard for financial reporting by governments.

AAS31 requires adoption of the full accrual basis of accounting. This means that assets, liabilities, revenues and expenses are recorded in financial statements when they have their economic impact on the government, rather than when the cash flow associated with these transactions occurs. Consistent with AAS31, a statement of revenues and expenses, a balance sheet and a statement of cash flows have been prepared using results for 1999-2000.

The accounting policies in the Final Budget Outcome are generally consistent with the accounting policies in AAS31. While the scope for financial reporting recommended in AAS31 is the whole of government (that is, the Commonwealth public sector), in accordance with the *Charter of Budget Honesty Act 1998*, the presentation of financial results covers the general government sector only.

In relation to taxation revenue, AAS31 suggests revenue be recognised at the time the income (or economic activity) giving rise to a tax liability occurs, where this can be measured *reliably*. At this stage, the Commonwealth does not consider its taxation revenues can be reliably measured on this basis for Final Budget Outcome reporting purposes. Taxation revenue in the Final Budget Outcome is therefore recognised at the time a taxpayer makes a self-assessment or when the Australian Taxation Office (ATO) or the Australian Customs Service (ACS) raises a tax assessment.

The Commonwealth collected a number of taxes on an agency basis for the states and territories, principally 'safety net' surcharge collections until 1 July 2000 (which replaced business franchise fees). The revenue from these taxes was passed to state and territory governments (with an adjustment for administration costs in the case of safety net revenue). Estimates of taxes collected by the Commonwealth and passed to state and territory governments are provided in Note 4.

Non-accounting standard classifications have been used in different sections of the Final Budget Outcome. Functional classifications used in some tables are based on standards maintained by the ABS, but have been extended in some cases to provide greater detail.

Note 2: Reconciliation of cash

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Operating result (revenues less expenses)	9,640	9,514
less Revenues not providing cash		
Foreign exchange gains	0	295
Gains from asset sales programme	0	14
Gains from sale of assets	1,333	1,498
Other	116	170
Total revenues not providing cash	1,449	1,976
plus Expenses not requiring cash		
Increase/(Decrease) in employee entitlements	1,507	2,795
Depreciation/amortisation expense	2,533	2,642
Provision for bad and doubtful debts	103	362
Provision for diminution in value of assets	0	779
Losses from asset sales programme	0	0
Losses from sale of assets	45	30
Foreign exchange losses	397	1,114
Other	14	-101
Total expenses not requiring cash	4,599	7,620
plus Cash provided by working capital items		
Decrease in inventories	0	0
Decrease in receivables	0	0
Decrease in other financial assets	0	0
Decrease in other non-financial assets	79	66
Increase in benefits subsidies and grants payable	697	1,110
Increase in suppliers' liabilities	0	58
Increase in other provisions and payables	0	1,146
Total cash provided by working capital items	775	2,381
less Cash used by working capital items		
Increase in inventories	184	26
Increase in receivables	2,152	1,751
Increase in other financial assets	38	189
Decrease in other non-financial assets	0	0
Decrease in other provisions and payables	992	0
Decrease in suppliers' liabilities	108	0
Total cash used by working capital items	3,475	1,967
equals <i>Net cash from/(to) operating activities</i>	10,091	15,573
<i>Net cash from/(to) investing activities</i>	-2,984	-3,328
Net cash from operating activities and investment	7,106	12,245
<i>Net cash from/(to) financing activities</i>	-7,798	-10,262
equals Net (decrease)/increase in cash	-692	1,983

Note 3: Income tax^(a)

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Income tax		
Individuals -		
Gross PAYE	76,727	76,679
Gross other individuals	13,518	14,232
Gross prescribed payments system	3,157	3,159
Refunds	10,890	10,909
Total individuals	82,512	83,161
Companies	23,666	23,982
Superannuation funds	3,893	3,912
Withholding tax	1,411	1,428
Petroleum resource rent tax	1,135	1,205
Total income tax	112,617	113,687

- (a) On a GFS basis (Part I), it was reported that the companies tax revenue outcome for 1999-2000 was around \$1.1 billion higher than the 2000-01 Budget estimate. However, on a AAS31 basis, the companies tax revenue outcome exceeded the estimate by only \$0.3 billion. This reflects the inclusion of a technical accounting provision for credit amendment of around \$0.8 billion in relation to a High Court ruling on the taxation of general insurers. A response to prevent this loss of revenue has been announced by the Government and will be introduced into Parliament during 2000-01. Upon passage of this legislation, the provision will be unwound. This treatment under AAS31 will give the effect of shifting revenue from 1999-2000 into 2000-01. However, under the GFS framework, these offsetting accounting entries for 1999-2000 and 2000-01 are not required.

Note 4: Indirect tax

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Petroleum excise duty	14,028	13,985
<i>Of which revenue replacement</i>	2,610	2,567
<i>Less transfer to states and territories in relation to revenue replacement</i>	2,610	2,567
Petroleum excise duty revenue	11,419	11,418
Other excise duty	5,918	5,841
<i>Of which revenue replacement</i>	3,139	3,169
<i>Less transfer to states and territories in relation to revenue replacement</i>	3,135	3,167
Other excise duty revenue	2,783	2,674
Total excise duty	19,946	19,825
<i>Of which revenue replacement</i>	5,749	5,736
<i>Less transfer to states and territories in relation to revenue replacement</i>	5,744	5,734
Total excise duty revenue	14,202	14,091
Customs duty	3,939	3,967
<i>Of which revenue replacement</i>	170	168
<i>Less transfer to states and territories in relation to revenue replacement</i>	169	168
Customs duty revenue	3,770	3,799
Other indirect taxes	16,551	16,672
<i>Of which revenue replacement</i>	1,057	1,029
<i>Less transfers to states and territories in relation to revenue replacement</i>	1,054	1,028
Other indirect tax revenue	15,497	15,644
Mirror taxes	171	0
<i>Less transfers to states and territories in relation to mirror revenue</i>	171	0
Mirror tax revenue(a)	0	0
Indirect tax revenue	33,468	33,534

- (a) There has to date been no mirror taxes paid to the Commonwealth because the States need to enter into arrangements with the Commonwealth for their State Revenue Offices to collect mirror taxes in order to bring the mirror tax regime into effect.

Note 5: Interest and dividends

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Interest		
Interest from other governments		
State and territory debt	177	148
Housing agreements	191	191
Local government	0	0
Other	0	0
Total interest from other governments	368	339
Interest from other sources		
Swap interest	1,943	1,959
Advances	39	1
Deposits	11	20
Bills receivable	5	10
Bank deposits	242	26
Other	418	571
Total interest from other sources	2,660	2,587
Total interest	3,028	2,926
Dividends		
Dividends from associated entities	6,571	6,641
Other dividends	25	38
Total dividends	6,596	6,679
Total interest and dividends	9,624	9,605

Note 6: Other sources of non-taxation revenue

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Industry contributions	73	77
Indexation on HECS receivable and other student loans	103	130
International Monetary Fund related revenue	78	79
Other	2,789	2,953
Total other sources of non-taxation revenue	3,043	3,239

Note 7: Employee expenses

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Salaries and wages	8,875	9,128
Leave and other entitlements	265	862
Separations and redundancies	85	152
Workers compensation premiums	162	0
Other (including superannuation)	6,734	7,869
Total employee expenses	16,121	18,011

Note 8: Suppliers expenses

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Supply of goods and services	10,459	10,709
Operating lease rental expenses	829	1,229
Other	2,046	27
Total suppliers expenses	13,335	11,965

Note 9: Depreciation and amortisation

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Depreciation		
Specialist military equipment	1,172	1,253
Buildings	443	520
Other infrastructure, plant and equipment	733	666
Total depreciation	2,347	2,439
Total amortisation	186	203
Total depreciation and amortisation	2,533	2,642

Note 10: Grants

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
State and territory governments	35,443	35,462
Non-profit organisations	1,015	1,770
Overseas	241	268
Private sector	577	531
Local governments	231	206
Other	7,706	6,400
Total grants	45,212	44,638

Note 11: Total non-financial assets

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Land and buildings		
Land	3,926	4,097
Buildings	11,989	12,136
Total land and buildings	15,914	16,233
Infrastructure		
Specialist military equipment	25,752	29,210
Other	8,506	8,791
Total infrastructure	34,258	38,001
Intangibles		
Computer software	600	780
Other	230	38
Total intangibles	831	818
Inventories	2,818	3,086
Total inventories	2,818	3,086
Other non-financial assets		
Prepayments	1,335	1,142
Other	71	223
Total other non-financial assets	1,407	1,365
Total non-financial assets	55,227	59,503

Note 12: Employee liabilities

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Superannuation	71,350	75,802
Leave and other entitlements	2,986	3,144
Accrued salaries and wages	224	302
Workers compensation claims	1,085	1,194
Separations and redundancies	41	49
Workers compensation premiums	0	1
Other	1,094	1,323
Total employee entitlements	76,781	81,816

Note 13: Grants payable

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
State and territory governments	2,265	2,726
Non-profit organisations	28	25
Private sector	4	1
Overseas	1,112	1,111
Local governments	1	1
Other	3,361	3,701
Total grants payable	6,771	7,565

Note 14: Taxes

	1999-00 Estimate at 2000-01 Budget \$m	1999-00 Outcome \$m
Total taxes	156,403	158,339
<i>Less payments to states and territories in relation to revenue replacement</i>	6,968	6,930
<i>Less payments to states and territories in relation to mirror tax revenue(a)</i>	412	0
Taxes	149,023	151,409

- (a) There has to date been no mirror taxes paid to the Commonwealth because the States need to enter into arrangements with the Commonwealth for their State Revenue Offices to collect mirror taxes in order to bring the mirror tax regime into effect.