# Part III: 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.

This Part also provides month of June figures consistent with monthly financial statements.

A reconciliation between the Commonwealth's general government AAS31 and Government Finance Statistics (GFS) revenue, expenses and operating result is provided in Appendix A.

## Table 23: Statement of financial performance for the Commonwealth general government sector — AAS31

| | Note | 2001-02 Estimate at 2002-03 Budget $m | Month of June 2002 $m | 2001-02 Outcome $m |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxation | | | | |
| Income tax | 3 | 120,435 | 9,326 | 119,032 |
| Indirect tax | 4 | 24,864 | 2,355 | 25,431 |
| Fringe benefits tax | | 3,630 | 104 | 3,675 |
| Other taxes | | 1,335 | 261 | 1,426 |
| **Total taxation revenue** | | **150,265** | **12,047** | **149,563** |
| Non-taxation | | | | |
| Sales of goods and services | | 3,865 | 484 | 3,808 |
| Interest and dividends | 5 | 8,501 | 322 | 8,131 |
| Net foreign exchange gains | | 646 | -46 | 1,234 |
| Net gains from sales of assets | | 2,424 | 3,465 | 3,534 |
| Other sources of non-tax revenue | 6 | 2,699 | 1,068 | 4,482 |
| **Total non-tax revenue** | | **18,135** | **5,293** | **21,190** |
| **Total revenue** | | **168,400** | **17,340** | **170,753** |
| **Expenses** | | | | |
| Goods and services | | | | |
| Employees | 7 | 19,440 | 1,412 | 19,282 |
| Suppliers | 8 | 13,259 | 1,426 | 13,144 |
| Depreciation and amortisation | 9 | 3,739 | 671 | 3,473 |
| Net write down of assets | | 4,395 | 4,669 | 6,859 |
| Net foreign exchange losses | | 0 | 6 | 96 |
| Net losses from the sale of assets | | 8 | -6 | 13 |
| Other goods and services expenses | | 5,562 | 371 | 5,610 |
| **Total goods and services** | | **46,404** | **8,548** | **48,477** |
| Subsidies benefits and grants | | | | |
| Personal benefits | | 74,263 | 5,793 | 73,497 |
| Subsidies | | 7,547 | 1,157 | 8,042 |
| Grants | 10 | 36,706 | 2,823 | 36,892 |
| **Total subsidies benefits and grants** | | **118,517** | **9,773** | **118,432** |
| Interest and other financing costs | | | | |
| Interest | | 7,073 | 937 | 7,657 |
| Other financing costs | | 67 | -211 | -163 |
| **Total interest and other financing costs** | | **7,140** | **726** | **7,495** |
| **Total expenses** | | **172,060** | **19,047** | **174,403** |
| **Operating result** | | **-3,661** | **-1,708** | **-3,650** |
| Extraordinary items | | 0 | 0 | 0 |
| **Operating result after extraordinary items** | | **-3,661** | **-1,707** | **-3,650** |

## Table 24: Statement of financial position for the Commonwealth general government sector — AAS31

| | Note | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|---|
| **Assets** | | | |
| Financial assets | | | |
| Cash | | 1,780 | 2,231 |
| Receivables | | 30,785 | 28,211 |
| Investments | | 34,370 | 37,141 |
| Equity accounted investments | | 0 | 3 |
| Accrued revenue | | 524 | 573 |
| Other financial assets | | 16 | 38 |
| **Total financial assets** | | **67,475** | **68,196** |
| Non-financial assets | 11 | | |
| Land and buildings | | 16,471 | 17,017 |
| Infrastructure | | 42,650 | 42,502 |
| Intangibles | | 1,136 | 1,144 |
| Inventories | | 3,350 | 3,856 |
| Other non-financial assets | | 1,192 | 1,247 |
| **Total non-financial assets** | | **64,800** | **65,767** |
| **Total assets** | | **132,275** | **133,963** |
| **Liabilities** | | | |
| Debt | | | |
| Government securities | | 64,045 | 63,821 |
| Loans | | 6,403 | 6,098 |
| Leases | | 258 | 250 |
| Deposits | | 293 | 300 |
| Overdrafts | | 0 | 0 |
| Other debt | | 3,774 | 3,190 |
| **Total debt** | | **74,774** | **73,659** |
| Provisions and payables | | | |
| Employees | 12 | 88,509 | 88,415 |
| Suppliers | | 1,193 | 2,082 |
| Personal benefits payable | | 2,794 | 2,680 |
| Subsidies payable | | 231 | 206 |
| Grants payable | 13 | 8,558 | 8,519 |
| Other provisions and payables | | 6,072 | 6,736 |
| **Total provisions and payables** | | **107,356** | **108,637** |
| **Total liabilities** | | **182,131** | **182,296** |
| **Net assets** | 14 | **-49,855** | **-48,333** |
| **Equity** | | | |
| Accumulated results | | -83,685 | -79,988 |
| Reserves | | 33,829 | 31,655 |
| Capital | | 0 | 0 |
| **Total equity** | | **-49,855** | **-48,333** |

## Table 25: Statement of cash flows for the Commonwealth general government sector — AAS31

| | Note | 2001-02 Estimate at 2002-03 Budget $m | Month of June 2002 $m | 2001-02 Outcome $m |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Cash received | | | | |
| Taxes | 15 | 148,740 | 13,412 | 147,464 |
| Sales of goods and services | | 4,038 | 563 | 3,810 |
| Interest | | 3,532 | 546 | 3,459 |
| Dividends | | 4,760 | 61 | 4,770 |
| GST input credit receipts | | 2,145 | 235 | 2,074 |
| Other | | 2,468 | -157 | 2,593 |
| **Total operating cash received** | | **165,683** | **14,661** | **164,169** |
| Cash used | | | | |
| Payments to employees | | 16,097 | 1,239 | 16,010 |
| Payments to suppliers | | 15,666 | 2,118 | 15,502 |
| Subsidies paid | | 7,577 | 242 | 7,519 |
| Personal benefits | | 73,976 | 5,670 | 73,335 |
| Grant payments | | 36,146 | 2,554 | 36,285 |
| Interest and other financing costs | | 7,122 | 319 | 7,234 |
| GST payments to taxation authority | | 312 | 17 | 133 |
| Other | | 5,322 | 265 | 5,458 |
| **Total operating cash used** | | **162,219** | **12,424** | **161,478** |
| **Net cash from operating activities** | | **3,464** | **2,237** | **2,691** |
| **Investing activities** | | | | |
| Cash received | | | | |
| Proceeds from asset sales program | | 567 | 4,233 | 4,477 |
| Proceeds from sales of property, plant and equipment and intangibles | | 853 | 259 | 914 |
| Net loans, advances and HECS | | 0 | 0 | 0 |
| Other net investing cash received | | 0 | 3,791 | 3,793 |
| **Total investing cash received** | | **1,420** | **8,283** | **9,184** |
| Cash used | | | | |
| Purchase of property, plant and equipment and intangibles | | 5,331 | 624 | 4,603 |
| Net loans, advances and HECS | | 946 | -16 | 808 |
| Other net investing cash paid | | -6,327 | 8,121 | 679 |
| **Total investing cash used** | | **-50** | **8,729** | **6,090** |
| **Net cash from investing activities** | | **1,470** | **-445** | **3,094** |
| **Financing activities** | | | | |
| **Total financing cash received** | | **0** | **7** | **7** |
| **Cash used** | | | | |
| Net repayments of borrowings | | 3,440 | 443 | 3,903 |
| Other | | 827 | -53 | 837 |
| **Total financing cash used** | | **4,268** | **389** | **4,740** |
| **Net cash from financing activities** | | **-4,268** | **-383** | **-4,733** |
| **Net increase/decrease in cash held** | 2 | **666** | **1,409** | **1,052** |

# Statistics, concepts and notes to the financial statements

## Note 1: External reporting standards

The *Charter of Budget Honesty Act 1998* requires that the Final Budget Outcome be based on external reporting standards and that departures from applicable external reporting standards be identified.

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 financial performance, statement of financial position and a statement of cash flows have been prepared using results for 2001-02.

The accounting policies in this section 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 outcomes 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 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.

In regard to GST revenue, AAS31 and other relevant accounting standards would suggest the gross amount of GST be included in the Commonwealth's financial statements. However, the clear policy intent of the *Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations* (the IGA) is that the GST is a State tax collected by the Commonwealth in an agency capacity. Therefore, accrued GST revenues and associated payments to the States and Territories are not recorded in the financial statements.

## Note 2: Reconciliation of cash

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| **Operating result (revenues less expenses)** | **-3,661** | **-3,650** |
| less **Revenues not providing cash** | | |
| Foreign exchange gains | 646 | 1,234 |
| Gains from asset sales programme | 2,311 | 3,349 |
| Gains from sale of assets | 113 | 208 |
| Other | 51 | 1,580 |
| **Total revenues not providing cash** | **3,120** | **6,371** |
| plus **Expenses not requiring cash** | | |
| Increase/(decrease) in employee entitlements | 3,343 | 3,242 |
| Depreciation/amortisation expense | 3,739 | 3,473 |
| Provision for bad and doubtful debts | 298 | 874 |
| Provision for dimunition in value of assets | 2,860 | 4,454 |
| Losses from asset sales programme | 0 | 0 |
| Losses from sale of assets | 8 | 12 |
| Foreign exchange losses | 0 | 96 |
| Other | 0 | 0 |
| **Total expenses not requiring cash** | **10,249** | **12,150** |
| plus **Cash provided by working capital items** | | |
| Decrease in inventories | 141 | 0 |
| Decrease in receivables | 0 | 0 |
| Decrease in other financial assets | 13 | 0 |
| Decrease in other non-financial assets | 25 | 318 |
| Increase in benefits subsidies and grants payable | 898 | 521 |
| Increase in suppliers' liabilities | 0 | 363 |
| Increase in other provisions and payables | 228 | 665 |
| **Total cash provided by working capital items** | **1,305** | **1,866** |
| less **Cash used by working capital items** | | |
| Increase in inventories | 0 | 118 |
| Increase in receivables | 745 | 1,081 |
| Increase in other financial assets | 0 | 59 |
| Increase in other non-financial assets | 0 | 0 |
| Decrease in benefits subsidies and grants payable | 30 | 47 |
| Decrease in other provisions and payables | 0 | 0 |
| Decrease in suppliers' liabilities | 534 | 0 |
| **Total cash used by working capital items** | **1,308** | **1,304** |
| equals *Net cash from/(to) operating activities* | 3,464 | 2,691 |
| *Net cash from/(to) investing activities* | 1,470 | 3,094 |
| **Net cash from operating activities and investment** | **4,934** | **5,785** |
| *Net cash from/(to) financing activities* | -4,268 | -4,733 |
| **equals Net increase/(decrease) in cash** | **666** | **1,052** |

## Note 3: Income tax — accrual AAS31

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Individuals and other witholding tax | | |
| Gross income tax withholding | 80,940 | 79,822 |
| Gross other individuals | 16,725 | 17,237 |
| *less* Refunds | 10,350 | 10,637 |
| Total individuals and other witholding tax(a) | 87,315 | 86,422 |
| Companies | 27,480 | 27,133 |
| Superannuation funds | | |
| Contributions and earnings | 3,460 | 3,341 |
| Surcharge | 820 | 830 |
| Total superannuation funds | 4,280 | 4,171 |
| Petroleum resource rent tax | 1,360 | 1,306 |
| **Total income tax revenue** | **120,435** | **119,032** |

(a) Consistent with the treatment at Budget, the family tax benefit and private health insurance rebates are recorded as expenses.

## Note 4: Indirect tax — accrual AAS31

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Excise duty | | |
| Petroleum products | 12,690 | 12,793 |
| Other excise | 6,810 | 6,837 |
| Total excise duty revenue | 19,500 | 19,630 |
| Customs duty revenue | 4,604 | 5,010 |
| Other indirect tax revenue | 760 | 791 |
| GST | 27,630 | 27,389 |
| *less* transfers to States and Territories in relation to GST revenue | 27,630 | 27,389 |
| GST revenue | 0 | 0 |
| Mirror taxes | 270 | 281 |
| *less* transfers to States and Territories in relation to mirror tax revenue | 270 | 281 |
| Mirror tax revenue | 0 | 0 |
| **Indirect tax revenue** | **24,864** | **25,431** |

## Note 5: Interest and dividends

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| **Interest** | | |
| Interest from other governments | | |
| State and Territory debt | 59 | 52 |
| Housing agreements | 185 | 185 |
| **Total interest from other governments** | **243** | **237** |
| **Interest from other sources** | | |
| Swap interest | 2,518 | 2,517 |
| Advances | 0 | 27 |
| Deposits | 8 | 19 |
| Bills receivable | 6 | 6 |
| Bank deposits | 156 | 462 |
| Other | 810 | 97 |
| **Total interest from other sources** | **3,498** | **3,129** |
| **Total interest** | **3,741** | **3,366** |
| **Dividends** | | |
| Dividends from associated entities | 4,645 | 4,744 |
| Other dividends | 114 | 21 |
| **Total dividends** | **4,760** | **4,766** |
| **Total interest and dividends** | **8,501** | **8,131** |

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

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Industry contributions | 120 | 130 |
| International Monetary Fund related revenue | 52 | 53 |
| Other | 2,527 | 4,300 |
| **Total other sources of non-taxation revenue** | **2,699** | **4,482** |

## Note 7: Employee expenses

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Salaries and wages(a) | 10,262 | 10,275 |
| Leave and other entitlements | 1,010 | 911 |
| Separations and redundancies | 66 | 126 |
| Workers compensation premiums | 0 | 0 |
| Other (including superannuation) | 8,102 | 7,969 |
| **Total employee expenses** | **19,440** | **19,282** |

(a) Salaries and wages do not include superannuation.

## Note 8: Suppliers expenses

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Supply of goods and services | 11,976 | 11,514 |
| Operating lease rental expenses | 1,065 | 1,421 |
| Other | 218 | 210 |
| **Total suppliers** | **13,259** | **13,144** |

## Note 9: Depreciation and amortisation

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| **Depreciation** | | |
| Specialist military equipment | 1,980 | 1,806 |
| Buildings | 467 | 472 |
| Other infrastructure, plant and equipment | 1,019 | 889 |
| **Total depreciation** | **3,466** | **3,167** |
| **Total amortisation** | **273** | **306** |
| **Total depreciation and amortisation** | **3,739** | **3,473** |

## Note 10: Grants

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| State and Territory governments | 25,047 | 25,531 |
| Non-profit organisations | 1,503 | 1,753 |
| Overseas | 583 | 308 |
| Private sector | 919 | 1,159 |
| Local governments | 538 | 503 |
| Other | 8,117 | 7,639 |
| **Total grants** | **36,706** | **36,892** |

## Note 11: Total non-financial assets

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Land and buildings | | |
| Land | 3,568 | 4,625 |
| Buildings | 12,903 | 12,392 |
| **Total land and buildings** | **16,471** | **17,017** |
| Infrastructure | | |
| Specialist military equipment | 31,685 | 30,737 |
| Other | 10,965 | 11,765 |
| **Total infrastructure** | **42,650** | **42,502** |
| Intangibles | | |
| Computer software | 1,005 | 1,015 |
| Other | 132 | 129 |
| **Total intangibles** | **1,136** | **1,144** |
| Inventories | 3,350 | 3,856 |
| **Total inventories** | **3,350** | **3,856** |
| Other non-financial assets | | |
| Prepayments | 1,010 | 980 |
| Other | 183 | 267 |
| **Total other non-financial assets** | **1,192** | **1,247** |
| **Total non-financial assets** | **64,800** | **65,767** |

## Note 12: Employee liabilities

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Superannuation | 81,967 | 81,596 |
| Leave and other entitlements | 3,236 | 3,411 |
| Accrued salaries and wages | 260 | 337 |
| Workers compensation claims | 1,214 | 1,291 |
| Separations and redundancies | 27 | 39 |
| Workers compensation premiums | 1,263 | 1,342 |
| Other | 542 | 399 |
| **Total employee entitlements** | **88,509** | **88,415** |

## Note 13: Grants payable

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| State and Territory governments | 3,234 | 3,145 |
| Non-profit organisations | 6 | 29 |
| Private sector | 12 | 60 |
| Overseas | 1,256 | 912 |
| Local governments | 1 | 2 |
| Other | 4,049 | 4,372 |
| **Total grants payable** | **8,558** | **8,519** |

## Note 14: Net asset movements

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| **Opening net assets** | **-46,305** | **-46,305** |
| Operating result after extraordinary items | -3,661 | -3,650 |
| Asset revaluation reserve | 191 | 1,513 |
| Other movements | -81 | 109 |
| **Closing net assets** | **-49,855** | **-48,333** |

## Note 15: Taxes — cash AAS31

| | 2001-02 Estimate at 2002-03 Budget $m | 2001-02 Outcome $m |
|---|---|---|
| Total tax receipts | 177,045 | 175,206 |
| *less* payments to States and Territories in relation to GST revenue | 27,430 | 26,898 |
| *less* payments to States and Territories in relation to mirror tax revenue | 875 | 844 |
| **Tax receipts** | **148,740** | **147,464** |