APPENDIX A: FINANCIAL STATEMENTS

The budget financial statements consist of an operating statement, including other economic flows, a balance sheet, and a cash flow statement for the Australian Government general government sector (GGS).

The *Charter of Budget Honesty Act 1998* (the Charter) requires that the budget be based on external reporting standards. These are:

- the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication, *Australian System of Government Finance Statistics: Concepts, Sources and Methods*, (cat. no. 5514.0), which in turn is based on the International Monetary Fund accrual GFS framework; and

- Australian Accounting Standards (AAS), being AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and other applicable Australian Equivalents to International Financial Reporting Standards.

The financial statements have been prepared on the same basis as the budget papers reflecting the Government's accounting policy that ABS GFS remains the basis of budget accounting policy, except where the Government applies the AAS because it provides a better conceptual basis for presenting information of relevance to users of public sector financial reports.

Budget reporting focuses on the 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, user charging and external funding. 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.

Further information on the reporting frameworks and departures are provided in Statement 9 of Budget Paper No. 1, *Budget Strategy and Outlook 2010-11*.

Table A1: Australian Government general government sector operating statement

	Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Revenue				
Taxation revenue	302,603	338,446	362,744	384,553
Sales of goods and services	8,047	8,249	8,158	8,074
Interest income	5,276	5,140	4,943	4,889
Dividend income	1,322	1,351	1,320	2,023
Other	4,838	5,150	5,483	5,609
Total revenue	**322,086**	**358,336**	**382,648**	**405,149**
Expenses				
Gross operating expenses				
Wages and salaries(a)	18,202	18,201	18,402	18,833
Superannuation	3,741	3,779	3,825	3,942
Depreciation and amortisation	5,495	5,558	5,725	5,854
Supply of goods and services	66,329	67,850	70,604	75,894
Other operating expenses(a)	4,369	4,428	4,587	4,740
Total gross operating expenses	*98,136*	*99,816*	*103,144*	*109,264*
Superannuation interest expense	7,065	7,301	7,552	7,818
Interest expenses	10,871	12,258	12,421	12,415
Current transfers				
Current grants	109,890	115,215	120,755	124,712
Subsidy expenses	8,743	9,140	9,442	9,574
Personal benefits	104,605	108,667	115,009	122,635
Total current transfers	*223,238*	*233,022*	*245,207*	*256,921*
Capital transfers				
Mutually agreed write-downs	1,888	2,081	2,267	2,413
Other capital grants	12,698	8,152	8,168	6,881
Total capital transfers	*14,586*	*10,233*	*10,436*	*9,294*
Total expenses	**353,896**	**362,630**	**378,759**	**395,712**
Net operating balance	**-31,810**	**-4,294**	**3,889**	**9,437**
Other economic flows				
Gain/loss on equity and on sale of assets(b)	2,262	3,513	7,669	3,583
Net write-downs of assets				
(including bad and doubtful debts)	-5,216	-5,369	-5,494	-5,785
Assets recognised for the first time	626	658	692	727
Liabilities recognised for the first time	0	0	0	0
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	-10	0	0	0
Net swap interest received	0	0	0	0
Market valuation of debt	755	90	118	122
Other economic revaluations(c)	-601	-151	-174	-82
Total other economic flows	**-2,184**	**-1,259**	**2,810**	**-1,435**
Comprehensive result -				
Total change in net worth	**-33,994**	**-5,553**	**6,699**	**8,001**
Net operating balance	**-31,810**	**-4,294**	**3,889**	**9,437**
Net acquisition of non-financial assets				
Purchases of non-financial assets	11,949	10,213	9,284	8,919
less Sales of non-financial assets	379	1,048	4,705	453
less Depreciation	5,495	5,558	5,725	5,854
plus Change in inventories	725	441	517	497
plus Other movements in non-financial assets	344	52	-218	-16
Total net acquisition of non-financial assets	**7,144**	**4,101**	**-846**	**3,092**
Fiscal balance (Net lending/borrowing)(d)	**-38,955**	**-8,395**	**4,735**	**6,345**

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.
(b) Reflects changes in the market valuation of investments and any revaluations at the point of disposal or sale.
(c) Largely reflects other revaluation of assets and liabilities.
(d) The term fiscal balance is not used by the ABS.

Table A2: Australian Government general government sector balance sheet

	Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Assets				
Financial assets				
Cash and deposits	2,529	2,452	2,682	2,826
Advances paid	25,438	26,327	27,225	27,945
Investments, loans and placements	100,699	102,376	100,592	96,045
Other receivables	35,778	37,282	39,082	41,257
Equity investments				
Investments in other public sector entities	28,146	33,054	39,686	44,411
Equity accounted investments	260	259	258	257
Investments - shares	26,816	23,489	24,145	25,306
Total financial assets	*219,666*	*225,240*	*233,668*	*238,047*
Non-financial assets				
Land	8,326	8,225	8,204	8,111
Buildings	21,882	22,654	23,351	23,815
Plant, equipment and infrastructure	50,176	53,250	55,232	57,407
Inventories	7,015	7,079	7,338	7,533
Intangibles	5,068	5,323	5,678	5,528
Investment property	182	182	182	182
Biological assets	33	34	34	34
Heritage and cultural assets	9,106	9,119	9,130	9,143
Assets held for sale	106	88	102	85
Other non-financial assets	2,917	2,993	2,940	3,083
Total non-financial assets	*104,811*	*108,947*	*112,191*	*114,921*
Total assets	**324,477**	**334,187**	**345,860**	**352,968**
Liabilities				
Interest bearing liabilities				
Deposits held	230	230	230	230
Government securities	198,142	209,435	209,452	203,254
Loans	10,156	9,887	9,778	9,686
Other borrowing	919	819	717	623
Total interest bearing liabilities	*209,447*	*220,372*	*220,177*	*213,792*
Provisions and payables				
Superannuation liability	127,116	131,419	135,755	140,113
Other employee liabilities	10,203	10,481	10,766	11,060
Suppliers payable	5,062	5,109	5,135	5,231
Personal benefits payable	12,541	12,813	13,381	13,851
Subsidies payable	2,231	2,368	2,517	2,662
Grants payable	7,860	7,857	8,041	8,288
Other provisions and payables	11,872	11,177	10,797	10,681
Total provisions and payables	*176,884*	*181,224*	*186,392*	*191,884*
Total liabilities	**386,332**	**401,595**	**406,569**	**405,676**
Net worth(a)	**-61,855**	**-67,408**	**-60,710**	**-52,708**
Net financial worth(b)	*-166,666*	*-176,355*	*-172,901*	*-167,630*
Net financial liabilities(c)	*194,811*	*209,410*	*212,586*	*212,040*
Net debt(d)	*80,782*	*89,217*	*89,679*	*86,977*

(a) Net worth is calculated as total assets minus total liabilities.

(b) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.

(c) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(d) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Table A3: Australian Government general government sector cash flow statement[(a)]

	Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Cash receipts from operating activities				
Taxes received	294,645	330,453	354,392	376,049
Receipts from sales of goods and services	7,986	8,200	8,089	8,038
Interest receipts	5,049	4,927	4,777	4,789
Dividends and income tax equivalents	2,164	1,444	1,418	2,063
Other receipts	4,551	4,759	5,177	5,269
Total operating receipts	**314,395**	**349,784**	**373,851**	**396,208**
Cash payments for operating activities				
Payments for employees	-24,787	-24,995	-25,476	-26,256
Payments for goods and services	-66,626	-67,879	-70,790	-76,110
Grants and subsidies paid	-130,216	-132,088	-138,063	-140,870
Interest paid	-9,238	-10,207	-10,367	-10,068
Personal benefit payments	-104,906	-108,386	-114,445	-122,191
Other payments	-3,954	-4,036	-4,159	-4,303
Total operating payments	**-339,727**	**-347,592**	**-363,302**	**-379,798**
Net cash flows from operating activities	**-25,332**	**2,192**	**10,550**	**16,410**
Cash flows from investments in non-financial assets				
Sales of non-financial assets	379	1,048	4,705	453
Purchases of non-financial assets	-12,314	-10,389	-9,196	-9,038
Net cash flows from investments in non-financial assets	**-11,935**	**-9,342**	**-4,492**	**-8,585**
Net cash flows from investments in financial assets for policy purposes	**-10,636**	**-4,877**	**-6,326**	**-4,376**
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	7,264	1,673	1,397	3,995
Net cash flows from investments in financial assets for liquidity purposes	**7,264**	**1,673**	**1,397**	**3,995**
Cash receipts from financing activities				
Borrowing	40,777	10,704	0	0
Other financing	0	0	0	0
Total cash receipts from financing activities	**40,777**	**10,704**	**0**	**0**
Cash payments for financing activities				
Borrowing	0	0	-435	-6,994
Other financing	-12	-428	-464	-305
Total cash payments for financing activities	**-12**	**-428**	**-899**	**-7,299**
Net cash flows from financing activities	**40,766**	**10,276**	**-899**	**-7,299**
Net increase/(decrease) in cash held	**126**	**-78**	**230**	**144**

Table A3: Australian Government general government sector cash flow statement (continued)[(a)]

	Estimates		Projections	
	2010-11	2011-12	2012-13	2013-14
	$m	$m	$m	$m
Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))	**-37,267**	**-7,149**	**6,058**	**7,825**
Finance leases and similar arrangements(b)	-163	0	0	0
GFS cash surplus(+)/deficit(-)	**-37,431**	**-7,149**	**6,058**	**7,825**
less Future Fund earnings	2,921	2,892	2,925	3,022
Equals underlying cash balance(c)	**-40,351**	**-10,041**	**3,134**	**4,803**
plus Net cash flows from investments in financial assets for policy purposes	-10,636	-4,877	-6,326	-4,376
plus Future Fund earnings	2,921	2,892	2,925	3,022
Equals headline cash balance	**-48,067**	**-12,026**	**-267**	**3,449**

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.
(b) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash balance.
(c) The term underlying cash balance is not used by the ABS.