

# Final Budget Outcome

## 2013-14

### September 2014

Statement by  
The Honourable J. B. Hockey MP  
Treasurer of the Commonwealth of Australia  
and  
Senator the Honourable Mathias Cormann  
Minister for Finance of the Commonwealth of Australia

For the information of honourable members

© Commonwealth of Australia 2014

ISBN 978-1-925220-11-7

This publication is available for your use under a Creative Commons BY Attribution 3.0 Australia licence, with the exception of the Commonwealth Coat of Arms, third party content and where otherwise stated. The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.



Use of Commonwealth of Australia material under a Creative Commons BY Attribution 3.0 Australia licence requires you to attribute the work (but not in any way that suggests that the Commonwealth of Australia endorses you or your use of the work).

Commonwealth of Australia material used 'as supplied'.

Provided you have not modified or transformed Commonwealth of Australia material in any way including, for example, by changing the Commonwealth of Australia text; calculating percentage changes; graphing or charting data; or deriving new statistics from published Commonwealth of Australia statistics – then Commonwealth of Australia prefers the following attribution:

Source: *The Commonwealth of Australia*.

### **Derivative material**

If you have modified or transformed Commonwealth of Australia material, or derived new material from those of the Commonwealth of Australia in any way, then Commonwealth of Australia prefers the following attribution:

*Based on Commonwealth of Australia data.*

### **Use of the Coat of Arms**

The terms under which the Coat of Arms can be used are set out on the It's an Honour website (see [www.itsanhonour.gov.au](http://www.itsanhonour.gov.au)).

### **Other uses**

Inquiries regarding this licence and any other use of this document are welcome at:

Manager  
Communications  
The Treasury  
Langton Crescent Parkes ACT 2600  
Email: [medialiaison@treasury.gov.au](mailto:medialiaison@treasury.gov.au)

### **Internet**

A copy of this document is available on the central Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

Printed by CanPrint Communications Pty Ltd.

## FOREWORD

The *Final Budget Outcome 2013-14* has been prepared in a manner consistent with the *Charter of Budget Honesty Act 1998* (the Charter). The Charter requires that, inter alia, the Government provide a final budget outcome report no later than three months after the end of the financial year. Consistent with these requirements, this report encompasses Australian Government general government sector fiscal outcomes for the 2013-14 financial year and is based on external reporting standards.

- **Part 1** provides the general government sector budget aggregates for 2013-14 together with an analysis of the 2013-14 Final Budget Outcome. This includes summary analysis of cash flows, revenue, expenses, net capital investment and the balance sheet (net debt, net financial worth and net worth).
- **Part 2** presents the Australian Government financial statements for 2013-14 with the Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) as the basis for accounting policy, except for where the Government has decided to depart because Australian Accounting Standards provide a better conceptual treatment for presenting information of relevance to users of public sector financial reports. This data covers the general government sector as well as the Australian Government public corporations sectors.
- **Part 3** provides details for 2013-14 on Australia's Federal Relations, updated from that contained in the 2014-15 Budget Paper No. 3, *Australia's Federal Relations*.

**Appendix A** contains expenses data on a functional and sub-functional basis. Historical Australian Government data are presented in **Appendix B**.



# CONTENTS

|                                                                 |            |
|-----------------------------------------------------------------|------------|
| <b>FOREWORD .....</b>                                           | <b>III</b> |
| <b>PART 1: AUSTRALIAN GOVERNMENT BUDGET OUTCOME .....</b>       | <b>1</b>   |
| Overview .....                                                  | 1          |
| Underlying cash balance .....                                   | 2          |
| Fiscal balance .....                                            | 8          |
| Headline cash balance estimates .....                           | 14         |
| Net debt, net financial worth and net worth.....                | 14         |
| <b>PART 2: AUSTRALIAN GOVERNMENT FINANCIAL STATEMENTS .....</b> | <b>17</b>  |
| Australian Government Financial Statements.....                 | 18         |
| Financial reporting standards and budget concepts .....         | 47         |
| Australian Loan Council Allocation.....                         | 55         |
| <b>PART 3: AUSTRALIA'S FEDERAL RELATIONS .....</b>              | <b>57</b>  |
| Overview of payments to the States .....                        | 57         |
| Payments for specific purposes .....                            | 57         |
| General revenue assistance .....                                | 62         |
| GST payments .....                                              | 63         |
| Payments to the States .....                                    | 67         |
| <b>APPENDIX A: EXPENSES BY FUNCTION AND SUB-FUNCTION .....</b>  | <b>83</b>  |
| <b>APPENDIX B: HISTORICAL AUSTRALIAN GOVERNMENT DATA .....</b>  | <b>87</b>  |

## LIST OF TABLES

### Part 1

|                                                                                                                                      |    |
|--------------------------------------------------------------------------------------------------------------------------------------|----|
| Table 1: Australian Government general government sector budget aggregates .....                                                     | 2  |
| Table 2: Summary of Australian Government general government sector cash flows .....                                                 | 3  |
| Table 3: Australian Government general government sector (cash) receipts .....                                                       | 5  |
| Table 4: Australian Government general government sector (accrual) revenue .....                                                     | 9  |
| Table 5: Australian Government general government sector expenses by function .....                                                  | 12 |
| Table 6: Australian Government general government sector net capital investment by function .....                                    | 13 |
| Table 7: Australian Government general government sector purchases of non-financial assets by function.....                          | 13 |
| Table 8: Details of the Australian Government general government sector items between the underlying and headline cash balance ..... | 14 |
| Table 9: Australian Government general government sector net worth, net financial worth, net debt and net interest payments .....    | 15 |

### Part 2

|                                                                                                                   |    |
|-------------------------------------------------------------------------------------------------------------------|----|
| Table 10: Australian Government general government sector operating statement .....                               | 18 |
| Table 11: Australian Government general government sector balance sheet .....                                     | 20 |
| Table 12: Australian Government general government sector cash flow statement .....                               | 21 |
| Table 13: Australian Government public non-financial corporations sector operating statement .....                | 23 |
| Table 14: Australian Government public non-financial corporations sector balance sheet.....                       | 24 |
| Table 15: Australian Government public non-financial corporations sector cash flow statement <sup>(a)</sup> ..... | 25 |
| Table 16: Australian Government total non-financial public sector operating statement .....                       | 26 |
| Table 17: Australian Government total non-financial public sector balance sheet .....                             | 27 |
| Table 18: Australian Government total non-financial public sector cash flow statement .....                       | 28 |
| Table 19: Australian Government public financial corporations sector operating statement .....                    | 29 |

|                                                                                               |    |
|-----------------------------------------------------------------------------------------------|----|
| Table 20: Australian Government public financial corporations sector balance sheet.....       | 30 |
| Table 21: Australian Government public financial corporations sector cash flow statement..... | 31 |
| Table 22: Major differences between AAS and ABS GFS.....                                      | 34 |
| Table 23: Entities outside of the general government sector .....                             | 54 |
| Table 24: Australian Government Loan Council Allocation .....                                 | 56 |

### Part 3

|                                                                                                                    |    |
|--------------------------------------------------------------------------------------------------------------------|----|
| Table 25: Commonwealth payments to the States, 2013-14.....                                                        | 57 |
| Table 26: Total payments for specific purposes by category, 2013-14 .....                                          | 60 |
| Table 27: Total payments for specific purposes by sector, 2013-14 .....                                            | 60 |
| Table 28: Total payments for specific purposes by sector and category, 2013-14 .....                               | 61 |
| Table 29: NDRRA cash payments, 2013-14 .....                                                                       | 62 |
| Table 30: General revenue assistance, 2013-14.....                                                                 | 62 |
| Table 31: GST revenue and GST entitlement to the States, 2013-14.....                                              | 63 |
| Table 32: GST entitlement and GST advances to the States, 2013-14 .....                                            | 64 |
| Table 33: GST relativities, 2013-14 .....                                                                          | 64 |
| Table 34: Calculation of the 2013-14 GST entitlements.....                                                         | 65 |
| Table 35: Summary of advances made in 2013-14 and distribution of following year adjustment across States .....    | 65 |
| Table 36: GST administration, 2013-14.....                                                                         | 65 |
| Table 37: Payments for specific purposes to support state health services, 2013-14.....                            | 68 |
| Table 38: Payments for specific purposes to support state education services, 2013-14 .....                        | 71 |
| Table 39: Payments for specific purposes to support state skills and workforce development services, 2013-14 ..... | 73 |
| Table 40: Payments for specific purposes to support state community services, 2013-14 .....                        | 74 |
| Table 41: Payments for specific purposes to support state affordable housing services, 2013-14.....                | 75 |
| Table 42: Payments for specific purposes to support state infrastructure services, 2013-14 .....                   | 76 |
| Table 43: Payments for specific purposes to support state environment services, 2013-14 .....                      | 78 |
| Table 44: Payments for specific purposes to support contingent state services, 2013-14 .....                       | 79 |

## *Contents*

|                                                                                         |    |
|-----------------------------------------------------------------------------------------|----|
| Table 45: Payments for specific purposes to support other state services, 2013-14 ..... | 80 |
| Table 46: General revenue assistance payments to the States, 2013-14.....               | 81 |
| Table 47: Total payments to the States by GFS function, 2013-14.....                    | 81 |

## **Appendix A**

|                                                                                                      |    |
|------------------------------------------------------------------------------------------------------|----|
| Table A1: Australian Government general government sector expenses by function and sub-function..... | 83 |
|------------------------------------------------------------------------------------------------------|----|

## **Appendix B**

|                                                                                                                                                                   |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Table B1: Australian Government general government sector receipts, payments, net Future Fund earnings and underlying cash balance.....                           | 90  |
| Table B2: Australian Government general government sector net cash flows from investments in financial assets for policy purposes and headline cash balance ..... | 92  |
| Table B3: Australian Government general government sector call on resources .....                                                                                 | 93  |
| Table B4: Australian Government general government sector taxation receipts, non-taxation receipts and total receipts .....                                       | 94  |
| Table B5: Australian Government general government sector net debt and net interest payments .....                                                                | 95  |
| Table B6: Australian Government general government sector face value of Commonwealth Government Securities (CGS) on issue and interest paid .....                 | 96  |
| Table B7: Australian Government general government sector revenue, expenses, net capital investment and fiscal balance .....                                      | 97  |
| Table B8: Australian Government general government sector net worth and net financial worth.....                                                                  | 98  |
| Table B9: Australian Government general government sector accrual taxation revenue, non-taxation revenue and total revenue .....                                  | 99  |
| Table B10: Australian Government cash receipts, payments and surplus by institutional sector (\$m).....                                                           | 100 |
| Table B11: Australian Government accrual revenue, expenses and fiscal balance by institutional sector (\$m) .....                                                 | 101 |

## Notes

- (a) The following definitions are used in this Budget Paper:
- ‘real’ means adjusted for the effect of inflation;
  - real growth in expenses and payments is calculated using the Consumer Price Index (CPI) as the deflator; and
  - one billion is equal to one thousand million.
- (b) Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding:
- estimates under \$100,000 are rounded to the nearest thousand;
  - estimates \$100,000 and over are generally rounded to the nearest tenth of a million;
  - estimates midway between rounding points are rounded up; and
  - the percentage changes in statistical tables are calculated using unrounded data.
- (c) For the budget balance, a negative sign indicates a deficit while no sign indicates a surplus.
- (d) The following notations are used:
- |         |                                             |
|---------|---------------------------------------------|
| -       | nil                                         |
| na      | not applicable (unless otherwise specified) |
| \$m     | millions of dollars                         |
| \$b     | billions of dollars                         |
| nfp     | not for publication                         |
| (e)     | estimates (unless otherwise specified)      |
| (p)     | projections (unless otherwise specified)    |
| NEC/nec | not elsewhere classified                    |

*Contents*

- (e) The Australian Capital Territory and the Northern Territory are referred to as 'the Territories'. References to the 'States' or 'each State' include the Territories. The following abbreviations are used for the names of the States, where appropriate:

|     |                              |
|-----|------------------------------|
| NSW | New South Wales              |
| VIC | Victoria                     |
| QLD | Queensland                   |
| WA  | Western Australia            |
| SA  | South Australia              |
| TAS | Tasmania                     |
| ACT | Australian Capital Territory |
| NT  | Northern Territory           |

- (f) In this paper the term Commonwealth refers to the Commonwealth of Australia. The term is used when referring to the legal entity of the Commonwealth of Australia.

The term Australian Government is used when referring to the Government and the decisions and activities made by the Government on behalf of the Commonwealth of Australia.