Statement 10: Australian Government Budget 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 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.

Statement contents

Statement 10: Australian Government Budget Financial Statements

Table 10.1: Australian Government general government sector operating statement

				Estimates		
		2022–23	2023–24	2024–25	2025–26	2026–27
	Note	$m	$m	$m	$m	$m
Revenue						
Taxation revenue	3	604,169	629,729	626,364	661,955	694,577
Sales of goods and services	4	19,078	20,811	21,830	22,342	23,356
Interest income	5	9,053	9,426	8,669	8,561	9,069
Dividend and distribution income	5	5,361	6,913	7,311	7,691	8,109
Other	6	16,105	13,494	13,158	13,189	13,126
Total revenue		**653,767**	**680,372**	**677,333**	**713,738**	**748,237**
Expenses						
Gross operating expenses						
Wages and salaries(a)	7	24,254	26,260	26,089	26,188	26,360
Superannuation	7	8,754	7,608	7,813	8,049	8,267
Depreciation and amortisation	8	12,063	12,570	13,101	13,720	14,460
Supply of goods and services	9	175,719	188,790	198,144	211,104	217,487
Other operating expenses(a)	7	8,433	9,346	9,579	9,853	10,035
Total gross operating expenses		*229,223*	*244,575*	*254,725*	*268,914*	*276,608*
Superannuation interest expense	7	12,334	13,631	13,941	14,637	15,033
Interest expenses	10	26,789	27,762	33,076	31,064	35,316
Current transfers						
Current grants	11	192,661	203,464	208,422	213,776	220,439
Subsidy expenses		17,373	16,964	16,859	17,467	18,009
Personal benefits	12	145,485	154,254	165,763	175,925	187,453
Total current transfers		*355,520*	*374,682*	*391,044*	*407,167*	*425,901*
Capital transfers	11					
Mutually agreed write-downs		2,870	3,012	3,173	3,349	3,516
Other capital grants		18,052	20,423	19,422	18,193	15,404
Total capital transfers		*20,922*	*23,435*	*22,595*	*21,542*	*18,921*
Total expenses		**644,788**	**684,085**	**715,382**	**743,324**	**771,779**
Net operating balance		**8,979**	**-3,713**	**-38,049**	**-29,586**	**-23,542**
Other economic flows – included in operating result						
Net write-downs of assets		-8,365	-6,871	-8,227	-8,094	-8,117
Assets recognised for the first time		225	232	239	247	254
Actuarial revaluations		27	19	9	3	-2
Net foreign exchange gains		-514	-62	0	0	0
Net swap interest received		-787	-16	16	28	38
Market valuation of debt		-21,938	-8,847	-8,149	-7,391	-6,354
Other gains/(losses)		2,930	7,485	8,454	9,014	9,289
Total other economic flows – included in operating result		**-28,423**	**-8,060**	**-7,658**	**-6,194**	**-4,893**
Operating result(b)		**-19,444**	**-11,773**	**-45,707**	**-35,779**	**-28,435**

Table 10.1: Australian Government general government sector operating statement (continued)

	Note	2022–23	2023–24	2024–25	2025–26	2026–27
		Estimates				
		$m	$m	$m	$m	$m
Non-owner movements in equity						
Revaluation of equity investments		-165	-307	0	0	0
Actuarial revaluations		-3,975	-227	-230	-232	-235
Other economic revaluations		951	75	2,184	93	104
Total other economic flows - included in equity		**-3,190**	**-458**	**1,954**	**-139**	**-131**
Comprehensive result – Total change in net worth		**-22,633**	**-12,231**	**-43,752**	**-35,919**	**-28,566**
Net operating balance		**8,979**	**-3,713**	**-38,049**	**-29,586**	**-23,542**
Net acquisition of non-financial assets						
Purchases of non-financial assets		21,897	22,251	21,835	18,593	22,943
less Sales of non-financial assets		238	53	2,231	261	0
less Depreciation		12,063	12,570	13,101	13,720	14,460
plus Change in inventories		851	803	726	837	788
plus Other movements in non-financial assets		-6	0	0	0	0
Total net acquisition of non-financial assets		**10,441**	**10,431**	**7,229**	**5,449**	**9,271**
Fiscal balance (Net lending/borrowing)(c)		**-1,462**	**-14,144**	**-45,278**	**-35,035**	**-32,813**

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) Operating result under AAS.

c) The term fiscal balance is not used by the ABS.

Table 10.2: Australian Government general government sector balance sheet

			Estimates			
		2022–23	2023–24	2024–25	2025–26	2026–27
	Note	$m	$m	$m	$m	$m
Assets						
Financial assets						
Cash and deposits		64,365	60,841	38,538	33,624	34,591
Advances paid	13	76,862	76,032	83,061	91,341	98,566
Investments, loans and placements	14	219,031	241,748	252,171	261,244	270,909
Other receivables	13	73,895	79,944	83,305	88,720	93,851
Equity investments						
Investments in other public sector entities		43,552	47,347	51,712	54,481	55,474
Equity accounted investments		4,250	4,575	4,449	4,491	4,527
Investments – shares		77,925	80,167	82,303	87,563	93,224
Total financial assets		*559,881*	*590,654*	*595,540*	*621,463*	*651,143*
Non-financial assets	15					
Land		13,077	13,168	13,244	13,082	13,189
Buildings		48,616	50,944	53,801	55,234	56,678
Plant, equipment and infrastructure		105,567	111,491	116,859	120,023	126,812
Inventories		11,612	12,010	12,310	12,690	12,993
Intangibles		11,926	12,791	12,811	12,790	12,731
Investment properties		205	205	205	205	205
Biological assets		16	16	16	16	16
Heritage and cultural assets		12,664	12,712	12,726	12,713	12,700
Assets held for sale		179	177	177	177	177
Other non-financial assets		16	16	16	16	16
Total non-financial assets		*203,878*	*213,530*	*222,166*	*226,946*	*235,518*
Total assets		**763,759**	**804,184**	**817,705**	**848,410**	**886,661**
Liabilities						
Interest bearing liabilities						
Deposits held		406	406	406	406	406
Government securities		858,661	902,988	943,825	1,001,798	1,058,666
Loans	16	30,161	31,007	31,518	31,895	31,916
Lease liabilities		19,610	19,073	18,572	17,271	16,005
Total interest bearing liabilities		*908,839*	*953,474*	*994,322*	*1,051,369*	*1,106,994*

Table 10.2: Australian Government general government sector balance sheet (continued)

		Estimates				
		2022–23	2023–24	2024–25	2025–26	2026–27
	Note	$m	$m	$m	$m	$m
Provisions and payables						
Superannuation liability	17	275,796	282,487	294,896	302,980	311,049
Other employee liabilities	17	35,475	36,326	37,226	38,178	39,184
Suppliers payables	18	12,142	12,487	12,729	12,934	13,298
Personal benefits payables	18	3,083	4,008	4,108	4,187	4,055
Subsidies payables	18	909	901	888	882	873
Grants payables	18	2,992	2,658	3,305	2,869	2,578
Other payables	18	4,108	5,777	3,746	3,854	3,896
Provisions	18	67,270	65,151	69,325	69,913	72,057
Total provisions and payables		*401,774*	*409,795*	*426,221*	*435,796*	*446,989*
Total liabilities		**1,310,613**	**1,363,269**	**1,420,543**	**1,487,166**	**1,553,983**
Net worth(a)		**-546,854**	**-559,085**	**-602,838**	**-638,756**	**-667,322**
Net financial worth(b)		*-750,732*	*-772,615*	*-825,003*	*-865,703*	*-902,840*
Net financial liabilities(c)		*794,285*	*819,962*	*876,716*	*920,183*	*958,314*
Net debt(d)		*548,581*	*574,852*	*620,552*	*665,161*	*702,928*

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

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Cash receipts from operating activities					
Taxes received	588,050	616,275	614,332	647,846	680,743
Receipts from sales of goods and services	19,200	20,792	21,845	22,342	23,348
Interest receipts	6,115	7,654	7,168	6,930	7,160
Dividends, distributions and income tax equivalents	5,407	6,889	7,288	7,667	8,083
Other receipts	16,457	14,255	20,334	15,743	15,784
Total operating receipts	**635,230**	**665,865**	**670,967**	**700,529**	**735,118**
Cash payments for operating activities					
Payments to employees(b)	-38,758	-41,669	-42,303	-43,134	-44,044
Payments for goods and services	-173,325	-188,258	-198,949	-212,093	-218,097
Grants and subsidies paid	-226,775	-246,189	-245,906	-249,254	-253,299
Interest paid	-18,792	-21,052	-22,382	-28,186	-27,147
Personal benefit payments	-145,664	-153,940	-166,227	-176,408	-187,880
Other payments(b)	-7,797	-8,541	-8,717	-8,955	-9,074
Total operating payments	**-611,110**	**-659,649**	**-684,484**	**-718,029**	**-739,542**
Net cash flows from operating activities	**24,119**	**6,216**	**-13,517**	**-17,500**	**-4,424**
Cash flows from investments in non-financial assets					
Sales of non-financial assets	363	2,277	271	394	1
Purchases of non-financial assets	-17,766	-19,861	-19,186	-16,847	-21,319
Net cash flows from investments in non-financial assets	**-17,402**	**-17,584**	**-18,915**	**-16,453**	**-21,318**
Net cash flows from investments in financial assets for policy purposes	**-11,689**	**-5,795**	**-14,120**	**-15,215**	**-12,804**
Net cash flows from investments in financial assets for liquidity purposes	**-11,027**	**-17,073**	**-3,703**	**-4,904**	**-5,231**
Cash receipts from financing activities					
Borrowing	200,953	337,701	437,649	648,724	764,206
Other financing	25,307	133	119	120	145
Total cash receipts from financing activities	**226,261**	**337,834**	**437,768**	**648,844**	**764,351**
Cash payments for financing activities					
Borrowing	-207,498	-302,339	-404,736	-594,552	-714,763
Other financing	-33,162	-4,784	-5,079	-5,134	-4,844
Total cash payments for financing activities	**-240,660**	**-307,123**	**-409,815**	**-599,685**	**-719,607**
Net cash flows from financing activities	**-14,399**	**30,712**	**27,953**	**49,158**	**44,744**
Net increase/(decrease) in cash held	**-30,398**	**-3,523**	**-22,303**	**-4,914**	**967**

Table 10.3: Australian Government general government sector cash flow statement (continued)[(a)]

	2022–23 $m	2023–24 $m	2024–25 $m	2025–26 $m	2026–27 $m
	Estimates				
GFS cash surplus(+)/deficit(-)(c)	**6,717**	**-11,368**	**-32,433**	**-33,953**	**-25,743**
plus Principal payments of lease liabilities(d)	-2,516	-2,550	-2,625	-2,674	-2,708
Equals underlying cash balance(e)	**4,202**	**-13,918**	**-35,058**	**-36,627**	**-28,450**
plus Net cash flows from investments in financial assets for policy purposes	-11,689	-5,795	-14,120	-15,215	-12,804
Equals headline cash balance	**-7,487**	**-19,713**	**-49,178**	**-51,842**	**-41,255**

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 underlying cash balance to maintain consistency of measure following the implementation of AASB 16.

e) The term underlying cash balance is not used by the ABS.

Table 10.4: Australian Government public non-financial corporations sector operating statement

	Estimates	
	2022–23	2023–24
	$m	$m
Revenue		
Grants and subsidies	290	116
Sales of goods and services	21,362	21,545
Interest income	28	13
Other	130	75
Total revenue	**21,810**	**21,750**
Expenses		
Gross operating expenses		
Wages and salaries(a)	4,811	4,933
Superannuation	511	545
Depreciation and amortisation	4,324	4,305
Supply of goods and services	11,382	10,577
Other operating expenses(a)	704	693
Total gross operating expenses	*21,733*	*21,054*
Interest expenses	1,823	2,041
Other property expenses	85	179
Current transfers		
Tax expenses	0	47
Total current transfers	*0*	*47*
Total expenses	**23,641**	**23,322**
Net operating balance	**-1,831**	**-1,572**
Other economic flows	**-1,185**	**-1,101**
Comprehensive result – Total change in net worth excluding contribution from owners	**-3,015**	**-2,674**
Net acquisition of non-financial assets		
Purchases of non-financial assets	10,304	9,738
less Sales of non-financial assets	45	82
less Depreciation	4,324	4,305
plus Change in inventories	30	9
plus Other movements in non-financial assets	0	0
Total net acquisition of non-financial assets	**5,965**	**5,360**
Fiscal balance (Net lending/borrowing)(b)	**-7,796**	**-6,932**

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 10.5: Australian Government public non-financial corporations sector balance sheet

	Estimates	
	2022–23	2023–24
	$m	$m
Assets		
Financial assets		
Cash and deposits	1,416	623
Investments, loans and placements	851	879
Other receivables	6,715	6,628
Equity investments	289	297
Total financial assets	*9,271*	*8,427*
Non-financial assets		
Land and other fixed assets	65,094	69,089
Other non-financial assets(a)	4,103	4,361
Total non-financial assets	*69,197*	*73,450*
Total assets	**78,468**	**81,877**
Liabilities		
Interest bearing liabilities		
Deposits held	16	17
Advances received and loans	31,319	32,967
Lease liabilities	13,126	13,565
Total interest bearing liabilities	*44,461*	*46,548*
Provisions and payables		
Superannuation liability	11	12
Other employee liabilities	1,822	1,787
Other payables	6,806	6,960
Other provisions(a)	893	1,344
Total provisions and payables	*9,533*	*10,103*
Total liabilities	**53,994**	**56,651**
Shares and other contributed capital	**24,475**	**25,226**
Net worth(b)	**24,475**	**25,226**
Net financial worth(c)	*-44,723*	*-48,224*
Net debt(d)	*42,194*	*45,046*

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 10.6: Australian Government public non-financial corporations sector cash flow statement[(a)]

	Estimates	
	2022–23	2023–24
	$m	$m
Cash receipts from operating activities		
Receipts from sales of goods and services	24,395	22,814
Grants and subsidies received	266	156
GST input credit receipts	1,046	1,144
Other receipts	110	127
Total operating receipts	**25,816**	**24,242**
Cash payments for operating activities		
Payments to employees(b)	-5,302	-5,484
Payment for goods and services	-14,708	-11,904
Interest paid	-1,927	-2,057
GST payments to taxation authority	-1,019	-1,004
Distributions paid	-85	-179
Other payments(b)	-852	-748
Total operating payments	**-23,893**	**-21,376**
Net cash flows from operating activities	**1,923**	**2,866**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	52	80
Purchases of non-financial assets	-8,628	-8,678
Net cash flows from investments in non-financial assets	**-8,576**	**-8,598**
Net cash flows from investments in financial assets for policy purposes	**-3**	**-7**
Net cash flows from investments in financial assets for liquidity purposes	**67**	**65**
Net cash flows from financing activities		
Borrowing (net)	1,661	1,699
Other financing (net)	4,965	3,183
Net cash flows from financing activities	**6,626**	**4,882**
Net increase/(decrease) in cash held	**36**	**-793**
Cash at the beginning of the year	**1,380**	**1,416**
Cash at the end of the year	**1,416**	**623**
GFS cash surplus(+)/deficit(-)(c)	**-6,653**	**-5,733**
plus Principal payments of lease liabilities(d)	-537	-357
Adjusted GFS cash surplus(+)/deficit(-)(d)	**-7,190**	**-6,089**

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 10.7: Australian Government total non-financial public sector operating statement

	Estimates	
	2022–23	2023–24
	$m	$m
Revenue		
Taxation revenue	603,288	629,050
Sales of goods and services	39,401	41,331
Interest income	8,843	9,207
Dividend and distribution income	5,276	6,692
Other	16,205	13,636
Total revenue	**673,013**	**699,916**
Expenses		
Gross operating expenses		
Wages and salaries(a)	29,065	31,194
Superannuation	9,266	8,153
Depreciation and amortisation	16,387	16,875
Supply of goods and services	186,045	198,326
Other operating expenses(a)	9,137	10,039
Total gross operating expenses	*249,900*	*264,587*
Superannuation interest expense	12,334	13,631
Interest expenses	28,375	29,571
Current transfers		
Current grants	192,661	203,464
Subsidy expenses	16,614	16,173
Personal benefits	145,485	154,254
Total current transfers	*354,761*	*373,891*
Capital transfers	20,685	23,430
Total expenses	**666,055**	**705,111**
Net operating balance	**6,959**	**-5,195**
Other economic flows	**-32,630**	**-9,158**
Comprehensive result – Total change in net worth	**-25,672**	**-14,353**
Net acquisition of non-financial assets		
Purchases of non-financial assets	32,200	31,988
less Sales of non-financial assets	283	135
less Depreciation	16,387	16,875
plus Change in inventories	881	811
plus Other movements in non-financial assets	-6	0
Total net acquisition of non-financial assets	**16,406**	**15,789**
Fiscal balance (Net lending/borrowing)(b)	**-9,447**	**-20,984**

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 10.8: Australian Government total non-financial public sector balance sheet

	Estimates	
	2022–23	2023–24
	$m	$m
Assets		
Financial assets		
Cash and deposits	65,780	61,464
Advances paid	71,086	75,762
Investments, loans and placements	219,858	242,597
Other receivables	79,411	85,340
Equity investments	84,298	87,705
Total financial assets	*520,433*	*552,869*
Non-financial assets		
Land and other fixed assets	256,622	269,402
Other non-financial assets	16,495	17,618
Total non-financial assets	*273,117*	*287,020*
Total assets	**793,550**	**839,889**
Liabilities		
Interest bearing liabilities		
Deposits held	421	423
Government securities	858,661	902,988
Advances received and loans	55,679	63,673
Lease liabilities	32,728	32,629
Total interest bearing liabilities	*947,490*	*999,713*
Provisions and payables		
Superannuation liability	275,806	282,499
Other employee liabilities	37,297	38,113
Other payables	29,830	32,587
Other provisions	67,347	65,550
Total provisions and payables	*410,281*	*418,749*
Total liabilities	**1,357,771**	**1,418,462**
Net worth(a)	**-564,220**	**-578,573**
Net financial worth(b)	*-837,338*	*-865,593*
Net debt(c)	*590,766*	*619,890*

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 10.9: Australian Government total non-financial public sector cash flow statement[(a)]

	Estimates	
	2022–23	2023–24
	$m	$m
Cash receipts from operating activities		
Taxes received	587,901	616,305
Receipts from sales of goods and services	40,507	40,665
Interest receipts	5,919	7,449
Dividends, distributions and income tax equivalents	5,323	6,708
Other receipts	16,429	14,436
Total operating receipts	**656,079**	**685,563**
Cash payments for operating activities		
Payments to employees(b)	-44,060	-47,153
Payments for goods and services	-184,786	-197,073
Grants and subsidies paid	-226,519	-246,159
Interest paid	-20,495	-22,891
Personal benefit payments	-145,664	-153,940
Other payments(b)	-8,509	-9,268
Total operating payments	**-630,032**	**-676,483**
Net cash flows from operating activities	**26,047**	**9,080**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	415	2,357
Purchases of non-financial assets	-26,394	-28,539
Net cash flows from investments in non-financial assets	**-25,978**	**-26,182**
Net cash flows from investments in financial assets for policy purposes	**-7,183**	**-7,885**
Net cash flows from investments in financial assets for liquidity purposes	**-10,961**	**-17,008**
Net cash flows from financing activities		
Borrowing (net)	-4,005	42,569
Other financing (net)	-8,281	-4,891
Net cash flows from financing activities	**-12,286**	**37,678**
Net increase/(decrease) in cash held	**-30,361**	**-4,316**
Cash at the beginning of the year	**96,142**	**65,780**
Cash at the end of the year	**65,780**	**61,464**

Table 10.9: Australian Government total non-financial public sector cash flow statement (continued)[(a)]

	Estimates	
	2022–23	2023–24
	$m	$m
GFS cash surplus(+)/deficit(-)(c)	**69**	**-17,102**
plus Principal payments of lease liabilities(d)	-3,053	-2,907
Adjusted GFS cash surplus(+)/deficit(-)(d)	**-2,984**	**-20,009**

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 10.10: Australian Government public financial corporations sector operating statement

	Estimates	
	2022–23	2023–24
	$m	$m
Revenue		
Grants and subsidies	156	163
Sales of goods and services	585	1,536
Interest income	10,862	10,695
Other	117	128
Total revenue	**11,721**	**12,522**
Expenses		
Gross operating expenses		
Wages and salaries(a)	260	285
Superannuation	45	46
Depreciation and amortisation	74	75
Supply of goods and services	498	911
Other operating expenses(a)	64	69
Total gross operating expenses	*941*	*1,386*
Interest expenses	14,811	16,381
Other property expenses	6	5
Current transfers		
Tax expenses	6	7
Total current transfers	*6*	*7*
Total expenses	**15,765**	**17,780**
Net operating balance	**-4,044**	**-5,258**
Other economic flows	**1,078**	**2,583**
Comprehensive result – Total change in net worth excluding contribution from owners	**-2,966**	**-2,675**
Net acquisition of non-financial assets		
Purchases of non-financial assets	0	0
less Sales of non-financial assets	0	0
less Depreciation	74	75
plus Change in inventories	-45	0
plus Other movements in non-financial assets	0	0
Total net acquisition of non-financial assets	**-118**	**-75**
Fiscal balance (Net lending/borrowing)(b)	**-3,926**	**-5,183**

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 10.11: Australian Government public financial corporations sector balance sheet[(a)]

	Estimates	
	2022–23	2023–24
	$m	$m
Assets		
Financial assets		
Cash and deposits	894	872
Investments, loans and placements	624,296	623,738
Other receivables	209	209
Equity investments	1,254	1,335
Total financial assets	*626,654*	*626,154*
Non-financial assets		
Land and other fixed assets	994	985
Other non-financial assets(b)	74	74
Total non-financial assets	*1,068*	*1,059*
Total assets	**627,721**	**627,213**
Liabilities		
Interest bearing liabilities		
Deposits held	616,023	616,023
Borrowing	21,865	22,907
Total interest bearing liabilities	*637,888*	*638,931*
Provisions and payables		
Superannuation liability	2	2
Other employee liabilities	185	186
Other payables	928	1,178
Other provisions(b)	1,812	2,562
Total provisions and payables	*2,927*	*3,928*
Total liabilities	**640,815**	**642,859**
Shares and other contributed capital	**-13,094**	**-15,646**
Net worth(c)	**-13,094**	**-15,646**
Net financial worth(d)	*-14,161*	*-16,705*
Net debt(e)	*12,697*	*14,321*

a) Assumes no valuation or currency movement.
b) Excludes the impact of commercial taxation adjustments.
c) 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.
d) 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.
e) 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 10.12: Australian Government public financial corporations sector cash flow statement[(a)]

	Estimates	
	2022–23	2023–24
	$m	$m
Cash receipts from operating activities		
Receipts from sales of goods and services	597	1,536
Grants and subsidies received	156	163
GST input credit receipts	2	2
Interest receipts	9,758	10,659
Other receipts	108	265
Total operating receipts	**10,622**	**12,625**
Cash payments for operating activities		
Payments to employees(b)	-307	-332
Payment for goods and services	-649	-1,071
Interest paid	-14,404	-16,310
GST payments to taxation authority	0	0
Distributions paid	-6	-5
Other payments(b)	-73	-70
Total operating payments	**-15,439**	**-17,788**
Net cash flows from operating activities	**-4,818**	**-5,163**
Cash flows from investments in non-financial assets		
Sales of non-financial assets	0	0
Purchases of non-financial assets	0	0
Net cash flows from investments in non-financial assets	**0**	**0**
Net cash flows from investments in financial assets for policy purposes	**-502**	**-1,045**
Net cash flows from investments in financial assets for liquidity purposes(c)	**5,258**	**5,247**
Net cash flows from financing activities		
Borrowing and deposits received (net)(c)	-769	836
Other financing (net)	1,038	103
Net cash flows from financing activities	**269**	**940**
Net increase/(decrease) in cash held	**208**	**-22**
Cash at the beginning of the year	**686**	**894**
Cash at the end of the year	**894**	**872**
GFS cash surplus(+)/deficit(-)(d)	**-4,818**	**-5,163**
plus Principal payments of lease liabilities(e)	-3	-2
Adjusted GFS cash surplus(+)/deficit(-)(e)	**-4,821**	**-5,165**

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) Assumes no cash flows associated with valuation or currency movements.
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 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 Budget be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for budget 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 Appendix 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.

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 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 *Statement 6: Expenses and Net Capital Investment*. In accordance with the UPF, purchases of non-financial assets by function are also disclosed in *Statement 6*.

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 since the 2022–23 March Budget are disclosed in the *Pre-election Economic and Fiscal Outlook 2022* (PEFO) and *Statement 3: Fiscal Strategy and Outlook*, with decisions taken since the 2022–23 October Budget disclosed in Budget Paper No. 2 *Budget Measures 2023–24*. All policy decisions taken between the 2022–23 March Budget and the 2022–23 October Budget are disclosed in PEFO or Budget Paper No. 2 *Budget Measures October 2022–23*.

Details of the Australian Government's GGS contingent liabilities are disclosed in *Statement 9: Statement of Risks*.

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 10.13.

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 2 systems is provided in the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods*, 2015 (cat. no. 5514.0).

Table 10.13: 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)	The issuance and registration of RECs is considered to be an administrative function and does not result in the recognition of assets or liabilities and, consequently, no revenue or expenses are recognised.	The issuance and registration of RECs is 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 10.13: 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
Fiscal aggregates differences			
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
Classification differences			
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.	ABS GFS

Table 10.13: 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

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Individuals and other withholding taxes					
Gross income tax withholding	272,300	289,300	283,400	298,100	318,300
Gross other individuals	73,000	73,600	74,100	75,400	80,400
less: Refunds	42,100	37,000	37,700	36,100	36,200
Total individuals and other withholding taxation	303,200	325,900	319,800	337,400	362,500
Fringe benefits tax	3,510	3,500	3,510	3,420	3,440
Company tax	140,800	131,100	122,300	132,900	130,700
Superannuation fund taxes	9,670	16,620	23,320	23,120	25,370
Petroleum resource rent tax	2,230	2,770	2,680	2,900	2,360
Income taxation revenue	**459,410**	**479,890**	**471,610**	**499,740**	**524,370**
Goods and services tax	88,040	89,080	91,910	97,750	103,690
Wine equalisation tax	1,170	1,160	1,210	1,250	1,270
Luxury car tax	1,150	860	850	880	920
Excise and Custom duty					
Petrol	5,600	7,350	7,600	7,500	7,750
Diesel	13,160	15,880	16,370	17,380	18,180
Other fuel products	2,760	2,100	2,110	2,160	2,220
Tobacco	12,700	12,900	13,450	14,200	14,650
Beer	2,620	2,670	2,690	2,900	3,000
Spirits	3,390	3,570	3,810	3,900	4,020
Other alcoholic beverages(a)	1,640	1,680	1,810	1,840	1,900
Other customs duty					
Textiles, clothing and footwear	190	170	170	130	170
Passenger motor vehicles	440	430	440	210	180
Other imports	1,530	1,310	1,330	650	690
less: Refunds and drawbacks	700	700	700	700	700
Total excise and customs duty	43,330	47,360	49,080	50,170	52,060
Major bank levy	1,560	1,640	1,670	1,730	1,820
Agricultural levies	631	586	593	613	614
Visa application charges(b)	2,995	3,125	3,319	3,460	3,574
Other taxes(b)	5,883	6,028	6,121	6,361	6,259
Mirror taxes	742	787	820	861	903
less: Transfers to states in relation to mirror tax revenue	742	787	820	861	903
Mirror tax revenue	0	0	0	0	0
Indirect taxation revenue	**144,759**	**149,839**	**154,754**	**162,215**	**170,207**
Taxation revenue	**604,169**	**629,729**	**626,364**	**661,955**	**694,577**

Note 3: Taxation revenue by type (continued)

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Memorandum:					
Total excise	*26,150*	*30,090*	*33,790*	*35,040*	*36,410*
Total customs duty	*17,180*	*17,270*	*15,290*	*15,130*	*15,650*
Capital gains tax(c)	*28,600*	*23,200*	*20,300*	*20,100*	*20,900*

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'.
c) ‘Capital gains tax’ is part of gross other individuals, company tax and superannuation fund taxes.

Note 3(a): Taxation revenue by source

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Taxes on income, profits and capital gains					
Income and capital gains levied on individuals	306,710	329,400	323,310	340,820	365,940
Income and capital gains levied on enterprises	152,700	150,490	148,300	158,920	158,430
Total taxes on income, profits and capital gains	**459,410**	**479,890**	**471,610**	**499,740**	**524,370**
Taxes on employers’ payroll and labour force	1,158	1,017	1,099	1,184	942
Taxes on the provision of goods and services					
Sales/goods and services tax	90,360	91,100	93,970	99,880	105,880
Excises and levies	26,781	30,676	34,383	35,653	37,024
Taxes on international trade	17,180	17,270	15,290	15,130	15,650
Total taxes on the provision of goods and services	**134,321**	**139,046**	**143,643**	**150,663**	**158,554**
Taxes on the use of goods and performance of activities	9,280	9,775	10,012	10,367	10,712
Total taxation revenue	**604,169**	**629,729**	**626,364**	**661,955**	**694,577**

Note 4: Sales of goods and services revenue

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Sales of goods	1,407	1,483	1,690	1,653	1,702
Rendering of services	14,703	16,131	16,993	17,575	18,277
Lease rental	336	343	330	411	425
Fees from regulatory services	2,633	2,853	2,817	2,703	2,951
Total sales of goods and services revenue	**19,078**	**20,811**	**21,830**	**22,342**	**23,356**

Note 5: Interest and dividend and distribution revenue

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Interest from other governments					
State and territory debt	12	12	10	9	6
Housing agreements	72	67	62	57	53
Total interest from other governments	**84**	**79**	**72**	**66**	**59**
Interest from other sources					
Advances	802	775	878	1,069	1,317
Deposits	2,021	2,903	2,277	1,744	1,609
Indexation of HELP receivable and other student loans	3,598	2,509	1,635	1,550	1,573
Other	2,549	3,160	3,806	4,132	4,511
Total interest from other sources	**8,969**	**9,347**	**8,597**	**8,495**	**9,010**
Total interest	**9,053**	**9,426**	**8,669**	**8,561**	**9,069**
Dividends and distributions					
Dividends from other public sector entities	82	186	300	314	272
Other dividends and distributions	5,279	6,727	7,010	7,377	7,837
Total dividends and distributions	**5,361**	**6,913**	**7,311**	**7,691**	**8,109**
Total interest and dividend and distribution revenue	**14,414**	**16,339**	**15,980**	**16,252**	**17,178**

Note 6: Other sources of non-taxation revenue

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Industry contributions	83	99	105	107	100
Royalties	2,202	1,287	1,076	834	651
Seigniorage	66	67	59	56	56
Other	13,754	12,040	11,919	12,192	12,319
Total other sources of non-taxation revenue	**16,105**	**13,494**	**13,158**	**13,189**	**13,126**

Note 7: Employee and superannuation expense

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Wages and salaries expenses	**24,254**	**26,260**	**26,089**	**26,188**	**26,360**
Other operating expenses					
Leave and other entitlements	2,756	3,101	3,082	3,094	3,084
Separations and redundancies	61	88	107	85	87
Workers compensation premiums and claims	2,997	3,551	3,732	3,892	3,977
Other	2,619	2,606	2,657	2,783	2,887
Total other operating expenses	**8,433**	**9,346**	**9,579**	**9,853**	**10,035**
Superannuation expenses					
Superannuation	8,754	7,608	7,813	8,049	8,267
Superannuation interest cost	12,334	13,631	13,941	14,637	15,033
Total superannuation expenses	**21,088**	**21,239**	**21,754**	**22,686**	**23,300**
Total employee and superannuation expense	**53,775**	**56,846**	**57,421**	**58,727**	**59,694**

Note 8: Depreciation and amortisation expense

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Depreciation					
Specialist military equipment	4,442	4,894	5,357	5,942	6,552
Buildings	4,006	4,016	4,121	4,256	4,383
Other infrastructure, plant and equipment	2,396	2,414	2,392	2,371	2,384
Heritage and cultural assets	76	76	76	76	75
Other	5	7	6	6	6
Total depreciation(a)	**10,925**	**11,407**	**11,952**	**12,651**	**13,400**
Total amortisation	**1,138**	**1,163**	**1,149**	**1,069**	**1,060**
Total depreciation and amortisation expense	**12,063**	**12,570**	**13,101**	**13,720**	**14,460**
Memorandum:					
Depreciation relating to right of use assets					
Specialist military equipment	*31*	*31*	*31*	*31*	*31*
Buildings	*2,311*	*2,295*	*2,330*	*2,271*	*2,277*
Other infrastructure, plant and equipment	*270*	*270*	*273*	*272*	*269*
Other	*5*	*7*	*6*	*6*	*6*
Total depreciation of right of use assets	***2,617***	***2,603***	***2,640***	***2,581***	***2,583***

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

Note 9: Supply of goods and services expense

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Supply of goods and services	48,234	49,053	47,524	50,950	48,723
Lease expenses	338	179	201	164	184
Personal benefits – indirect	120,537	132,988	143,478	152,976	161,411
Health care payments	4,156	4,216	4,510	4,600	4,696
Other	2,455	2,355	2,431	2,414	2,472
Total supply of goods and services expense	**175,719**	**188,790**	**198,144**	**211,104**	**217,487**

Note 10: Interest expense

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Interest on debt					
Government securities(a)	22,129	22,591	23,878	26,214	29,067
Loans	116	145	163	184	224
Other	645	737	608	581	603
Total interest on debt	**22,890**	**23,473**	**24,649**	**26,979**	**29,894**
Interest on lease liabilities	**361**	**360**	**368**	**367**	**355**
Other financing costs	**3,539**	**3,929**	**8,059**	**3,719**	**5,067**
Total interest expense	**26,789**	**27,762**	**33,076**	**31,064**	**35,316**

a) Public debt interest estimates are calculated using the contract interest rates incurred on existing Australian Government Securities (AGS), previously referred to as Commonwealth Government Securities, when issued and on technical assumptions, based on prevailing market interest rates across the yield curve, for yields on future AGS issuance.

Note 11: Current and capital grants expense

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Current grants expense					
State and territory governments	152,097	160,494	164,605	171,165	177,769
Private sector	7,628	8,019	7,228	6,978	6,411
Overseas	4,407	4,358	5,048	4,452	4,712
Non-profit organisations	13,753	15,257	14,195	13,927	13,777
Multi-jurisdictional sector	11,480	12,105	12,935	13,469	13,808
Other	3,297	3,230	4,410	3,784	3,963
Total current grants expense	**192,661**	**203,464**	**208,422**	**213,776**	**220,439**
Capital grants expense					
Mutually agreed write-downs	2,870	3,012	3,173	3,349	3,516
Other capital grants					
State and territory governments	15,293	18,554	17,502	16,251	14,692
Local governments	1,434	815	723	723	473
Non-profit organisations	934	884	1,140	1,217	239
Private sector	276	20	10	0	0
Other	115	150	48	2	0
Total capital grants expense	**20,922**	**23,435**	**22,595**	**21,542**	**18,921**
Total grants expense	**213,583**	**226,899**	**231,017**	**235,318**	**239,360**

Note 12: Personal benefits expense

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Social welfare – assistance to the aged	54,867	59,182	61,672	64,577	67,308
Assistance to veterans and dependants	4,420	4,425	4,323	4,209	4,100
Assistance to people with disabilities	29,961	32,582	34,038	35,531	36,415
Assistance to families with children	27,993	31,387	33,392	34,832	36,201
Assistance to the unemployed	13,867	13,830	15,483	15,999	15,915
Student assistance	2,708	3,105	3,329	3,495	3,643
Other welfare programs	1,937	961	953	973	958
Financial and fiscal affairs	723	641	693	747	521
Vocational and industry training	85	249	359	305	257
Other	8,924	7,892	11,521	15,257	22,135
Total personal benefits expense	**145,485**	**154,254**	**165,763**	**175,925**	**187,453**

Note 13: Advances paid and other receivables

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Advances paid					
Loans to state and territory governments	1,652	1,523	1,392	1,268	1,081
Student loans	53,240	55,444	58,516	61,690	64,879
Other	22,409	19,740	24,279	29,552	33,774
less Impairment allowance	438	675	1,126	1,169	1,168
Total advances paid	**76,862**	**76,032**	**83,061**	**91,341**	**98,566**
Other receivables					
Goods and services receivable	1,359	1,376	1,375	1,375	1,386
Recoveries of benefit payments	5,955	6,089	6,211	6,326	6,228
Taxes receivable	41,943	46,781	50,293	54,012	57,489
Prepayments	3,866	4,282	4,658	5,125	5,552
Other	23,978	24,722	24,161	25,359	26,690
less Impairment allowance	3,206	3,306	3,394	3,478	3,493
Total other receivables	**73,895**	**79,944**	**83,305**	**88,720**	**93,851**

Note 14: Investments, loans and placements

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Investments – deposits	11,878	11,601	11,675	12,077	12,692
IMF quota and SDR holdings	22,666	22,504	22,504	22,504	22,504
Residential mortgage backed securities	942	1,036	1,217	1,295	1,494
Collective investment vehicles	112,817	121,780	130,939	138,771	147,073
Other interest bearing securities	52,429	55,209	56,398	57,143	58,033
Other	18,300	29,618	29,439	29,453	29,112
Total investments, loans and placements	**219,031**	**241,748**	**252,171**	**261,244**	**270,909**

Note 15: Non-financial assets

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Land and buildings					
Land	13,077	13,168	13,244	13,082	13,189
Buildings	48,616	50,944	53,801	55,234	56,678
Total land and buildings	**61,693**	**64,112**	**67,045**	**68,316**	**69,867**
Plant, equipment and infrastructure					
Specialist military equipment	87,206	92,553	97,839	101,354	108,824
Other plant, equipment and infrastructure	18,362	18,938	19,019	18,669	17,988
Total plant, equipment and infrastructure	**105,567**	**111,491**	**116,859**	**120,023**	**126,812**
Inventories					
Inventories held for sale	337	556	575	662	664
Inventories not held for sale	11,275	11,453	11,736	12,028	12,329
Total inventories	**11,612**	**12,010**	**12,310**	**12,690**	**12,993**
Intangibles					
Computer software	6,444	6,990	7,057	7,049	6,986
Other	5,482	5,802	5,754	5,741	5,745
Total intangibles	**11,926**	**12,791**	**12,811**	**12,790**	**12,731**
Total investment properties	**205**	**205**	**205**	**205**	**205**
Total biological assets	**16**	**16**	**16**	**16**	**16**
Total heritage and cultural assets	**12,664**	**12,712**	**12,726**	**12,713**	**12,700**
Total assets held for sale	**179**	**177**	**177**	**177**	**177**
Total other non-financial assets	**16**	**16**	**16**	**16**	**16**
Total non-financial assets(a)	**203,878**	**213,530**	**222,166**	**226,946**	**235,518**
Memorandum:					
Total relating to right of use assets					
Land	*161*	*178*	*172*	*166*	*161*
Buildings	*16,532*	*16,065*	*15,731*	*14,672*	*13,758*
Specialist military equipment	*255*	*224*	*193*	*162*	*132*
Other plant, equipment and infrastructure	*1,500*	*1,389*	*1,226*	*1,097*	*914*
Total right of use assets	***18,448***	***17,856***	***17,322***	***16,097***	***14,965***

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

Note 16: Loans

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Promissory notes	8,716	9,321	9,347	9,346	9,343
Special drawing rights	18,169	18,040	18,040	18,040	18,040
Other	3,276	3,646	4,132	4,509	4,533
Total loans	**30,161**	**31,007**	**31,518**	**31,895**	**31,916**

Note 17: Employee and superannuation liabilities

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Total superannuation liability(a)	**275,796**	**282,487**	**294,896**	**302,980**	**311,049**
Other employee liabilities					
Leave and other entitlements	9,214	9,456	9,686	9,881	10,137
Accrued salaries and wages	701	767	819	881	929
Workers compensation claims	1,889	1,871	1,856	1,849	1,846
Military compensation	23,081	23,634	24,255	24,949	25,643
Other	589	599	609	618	628
Total other employee liabilities	**35,475**	**36,326**	**37,226**	**38,178**	**39,184**
Total employee and superannuation liabilities	**311,270**	**318,813**	**332,121**	**341,158**	**350,233**

a) For budget reporting purposes, a discount rate of 5.0 per cent determined by actuaries in preparing the 2020 Long Term Cost Reports 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 2021–22 Final Budget Outcome (FBO) was calculated using the spot rates on long-term government bonds as at 30 June 2022 that best matched each individual scheme's liability duration. These rates were between 3.7 and 3.9 per cent per annum.

Note 18: Provisions and payable

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Suppliers payables					
Trade creditors	7,906	8,120	8,281	8,610	8,974
Lease rental payable	0	0	0	0	0
Personal benefits payables – indirect	2,159	2,345	2,428	2,303	2,302
Other creditors	2,076	2,021	2,021	2,022	2,022
Total suppliers payables	**12,142**	**12,487**	**12,729**	**12,934**	**13,298**
Total personal benefits payables – direct	**3,083**	**4,008**	**4,108**	**4,187**	**4,055**
Total subsidies payable	**909**	**901**	**888**	**882**	**873**
Grants payables					
State and territory governments	172	194	185	171	160
Non-profit organisations	173	174	174	174	174
Private sector	314	315	309	309	309
Overseas	1,998	1,654	2,311	1,900	1,610
Local governments	0	0	0	0	0
Other	335	321	326	314	324
Total grants payables	**2,992**	**2,658**	**3,305**	**2,869**	**2,578**
Total other payables	**4,108**	**5,777**	**3,746**	**3,854**	**3,896**
Provisions					
Provisions for tax refunds	4,319	4,309	4,299	4,289	4,279
Grants provisions	12,574	6,863	4,710	4,328	4,063
Personal benefits provisions – direct	6,991	7,171	7,374	7,579	7,775
Personal benefits provisions – indirect	5,644	7,238	7,992	8,797	9,671
Provisions for subsidies	6,556	6,728	6,787	6,963	7,213
Other	31,186	32,842	38,163	37,956	39,056
Total provisions	**67,270**	**65,151**	**69,325**	**69,913**	**72,057**

Note 19: Reconciliation of cash

	Estimates				
	2022–23	2023–24	2024–25	2025–26	2026–27
	$m	$m	$m	$m	$m
Net operating balance (revenues *less* expenses)	**8,979**	**-3,713**	**-38,049**	**-29,586**	**-23,542**
less **Revenues not providing cash**					
Other	5,214	3,352	3,028	4,956	3,570
Total revenues not providing cash	**5,214**	**3,352**	**3,028**	**4,956**	**3,570**
plus **Expenses not requiring cash**					
Increase/(decrease) in employee entitlements	7,974	7,335	13,088	8,807	8,870
Depreciation/amortisation expense	12,063	12,570	13,101	13,720	14,460
Mutually agreed write-downs	2,870	3,012	3,173	3,349	3,516
Other	4,758	5,045	9,051	2,999	6,655
Total expenses not requiring cash	**27,665**	**27,962**	**38,413**	**28,875**	**33,501**
plus **Cash provided/(used) by working capital items**					
Decrease/(increase) in inventories	-470	-806	-725	-819	-760
Decrease/(increase) in receivables	-9,483	-13,333	-11,128	-11,727	-11,302
Decrease/(increase) in other financial assets	-1,707	-525	743	-845	-748
Decrease/(increase) in other non-financial assets	286	-272	-239	-334	-308
Increase/(decrease) in benefits, subsidies and grants payable	3,649	-2,861	-549	512	792
Increase/(decrease) in suppliers' liabilities	111	30	-179	104	249
Increase/(decrease) in other provisions and payables	302	3,088	1,225	1,275	1,265
Net cash provided/(used) by working capital	**-7,312**	**-14,679**	**-10,852**	**-11,834**	**-10,812**
equals (Net cash from/(to) operating activities)	24,119	6,216	-13,517	-17,500	-4,424
plus (Net cash from/(to) investing activities)	-40,118	-40,451	-36,739	-36,572	-39,353
Net cash from operating activities and investment	**-15,999**	**-34,235**	**-50,256**	**-54,072**	**-43,778**
plus (Net cash from/(to) financing activities)	-14,399	30,712	27,953	49,158	44,744
***equals* Net increase/(decrease) in cash**	**-30,398**	**-3,523**	**-22,303**	**-4,914**	**967**
Cash at the beginning of the year	**94,763**	**64,365**	**60,841**	**38,538**	**33,624**
Net increase/(decrease) in cash	-30,398	-3,523	-22,303	-4,914	967
Cash at the end of the year	**64,365**	**60,841**	**38,538**	**33,624**	**34,591**

Appendix A: Financial reporting standards and budget concepts

The Budget 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*.[52]

52 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.[53]

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.

53 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.[54]

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.

54 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

plus

Net cash flows from investments in non-financial assets

equals

ABS GFS cash surplus/deficit

plus

Principal payments of lease liabilities[55]

equals

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 *Statement 11: Historical Australian Government Data*.

55 'Net cash flows from financing activities for leases' has been renamed to 'principal payments of lease liabilities'.

Headline cash balance

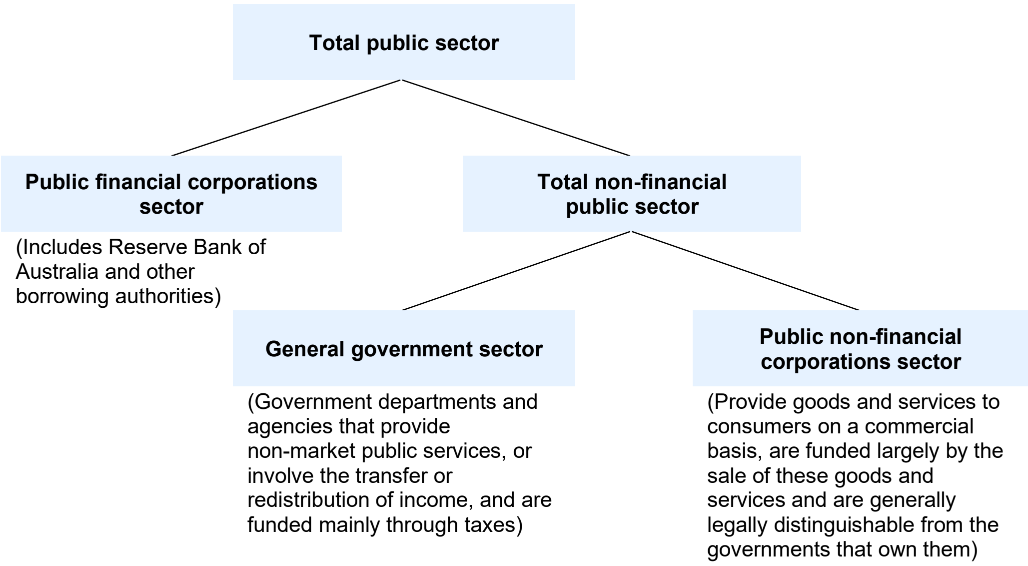
The headline cash balance is calculated by adding net cash flows from investments in financial assets for policy purposes to the underlying cash balance.

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 A10.1. The ABS GFS defines the GGS, PNFC and PFC sectors. AASB 1049 has also adopted this sectoral reporting.

Figure A10.1: 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 A10.1).

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 A10.1: Entities outside of the general government sector – 2022–23

Public financial corporations
Employment and Workplace Relations Portfolio
• Coal Mining Industry (Long Service Leave Funding) Corporation
Foreign Affairs and Trade Portfolio
• Export Finance and Insurance Corporation (also referred to as Export Finance Australia)
Industry, Science and Resources Portfolio
• CSIRO Coinvestment Fund Pty Ltd
• CSIRO FollowOn Services Pty Ltd
• CSIRO FollowOn Services 2 Pty Ltd
• CSIRO General Partner Pty Ltd
• CSIRO General Partner 2 Pty Ltd
• CSIROGP Fund 2 Pty Ltd
• MS GP Fund 3 Pty Ltd
• MS NGS Pty Ltd
• MS Opportunity Fund Pty Ltd
• MS Parallel Fund Pty Ltd
Treasury Portfolio
• Australian Reinsurance Pool Corporation
• National Housing Finance and Investment Corporation*
• Reserve Bank of Australia

Table A10.1: Entities outside of the general government sector – 2022–23 (continued)

Public non-financial corporations
Climate Change, Energy, the Environment and Water Portfolio
• Snowy Hydro Limited
Finance Portfolio
• ASC Pty Ltd
• Australian Naval Infrastructure Pty Ltd
Industry, Science and Resources Portfolio
• ANSTO Nuclear Medicine Pty Ltd
Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio
• Airservices Australia
• Australian Postal Corporation (Australia Post)
• Australian Rail Track Corporation Limited
• National Intermodal Corporation Limited
• NBN Co Ltd
• WSA Co Ltd
Prime Minister and Cabinet Portfolio
• Voyages Indigenous Tourism Australia Pty Ltd
Social Services Portfolio
• Australian Hearing Services (Hearing Australia)

* 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.