# Appendix A: Financial Statements

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

The Charter of Budget Honesty Act 1998 (the Charter) requires that the PEFO be based on external reporting standards and that departures from applicable external reporting standards be identified.

The external standards used for reporting purposes are:

* the Australian Bureau of Statistics’ (ABS) accrual based 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) 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 1049Whole of Government and General Government Sector Financial Reporting(AASB  1049).

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

Fiscal reporting focuses on the GGS. The GGS provides public services that are mainly non‑market in nature and for the collective consumption of the community, or involve the transfer or redistribution of income. These services are largely financed through taxes and other compulsory levies. 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 and include the ABS GFS cash surplus/deficit and net financial worth aggregates. 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 requires disclosure of net debt, net financial worth and net financial liabilities.

## 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 unchanged since the 2025-26 Budget and are outlined in the below table.

AASB 1049 requires AAS measurement of items to be disclosed on the face of 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 two systems is provided in the ABS publication Australian System of Government Finance Statistics: Concepts, Sources and
Methods, 2015 (cat. no. 5514.0).

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 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 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 are considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses. | AAS |

Major differences between AAS and ABS GFS (continued)

|  |  |  |  |
| --- | --- | --- | --- |
| Issue | AAS treatment | ABS GFS treatment | Treatment adopted |
| 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 |
| 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 |
| 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 |
| Classification differences |
| Prepayments | Treated as a non‑financial asset. | Treated as a financial asset. | ABS GFS |
| 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 |

Table A1: Australian Government general government sector operating statement

|  |  |  |
| --- | --- | --- |
|   |   | Estimates |
|   |   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |
|   |   | $m | $m | $m | $m | $m |
| **Revenue** |  |   |   |   |   |   |
| Taxation revenue |   | 663,208 | 694,304 | 726,735 | 756,538 | 801,580 |
| Sales of goods and services |   | 21,166 | 22,261 | 23,485 | 24,301 | 25,344 |
| Interest income |   | 10,532 | 10,619 | 10,662 | 11,739 | 12,242 |
| Dividend and distribution income |   | 7,203 | 7,434 | 7,786 | 8,230 | 8,965 |
| Other |   | 15,458 | 15,649 | 14,895 | 14,626 | 14,379 |
| **Total revenue** |  | **717,567** | **750,268** | **783,564** | **815,433** | **862,511** |
|  |  |  |  |  |  |  |
| **Expenses** |  |   |   |   |   |   |
| Gross operating expenses |   |   |   |   |   |   |
| Wages and salaries(a) |   | 29,438 | 30,432 | 29,591 | 29,955 | 30,401 |
| Superannuation |   | 8,728 | 8,771 | 9,036 | 9,403 | 9,980 |
| Depreciation and amortisation |   | 14,092 | 14,196 | 14,677 | 14,935 | 15,371 |
| Supply of goods and services |   | 214,659 | 229,441 | 234,612 | 245,611 | 258,876 |
| Other operating expenses(a) |   | 12,707 | 12,486 | 11,989 | 12,748 | 13,128 |
| *Total gross operating expenses* |  | *279,623* | *295,326* | *299,905* | *312,651* | *327,755* |
| Superannuation interest expense |   | 14,241 | 15,198 | 15,685 | 16,084 | 16,517 |
| Interest expenses |   | 31,157 | 38,696 | 40,350 | 45,082 | 48,448 |
| Current transfers |   |   |   |   |   |   |
| Current grants |   | 219,286 | 223,375 | 229,734 | 239,378 | 249,972 |
| Subsidy expenses |   | 19,965 | 21,398 | 21,065 | 21,346 | 23,628 |
| Personal benefits |   | 162,897 | 169,310 | 178,576 | 187,891 | 202,474 |
| *Total current transfers* |  | *402,147* | *414,084* | *429,376* | *448,615* | *476,074* |
| Capital transfers |   |   |   |   |   |   |
| Mutually agreed write‑downs |   | 14,884 | 2,930 | 3,093 | 3,293 | 3,471 |
| Other capital grants |   | 20,706 | 19,481 | 18,131 | 17,067 | 17,310 |
| *Total capital transfers* |   | *35,589* | *22,411* | *21,224* | *20,361* | *20,781* |
| **Total expenses** |  | **762,757** | **785,715** | **806,539** | **842,792** | **889,576** |
|  |  |  |  |  |  |  |
| **Net operating balance** |  | **‑45,190** | **‑35,447** | **‑22,975** | **‑27,359** | **‑27,065** |
|  |  |  |  |  |  |  |
| **Other economic flows –**  |  |  |  |  |  |  |
| **included in operating result** |  |  |  |  |  |  |
| Net write‑downs of assets  |   | ‑13,186 | ‑12,239 | ‑12,860 | ‑13,537 | ‑14,099 |
| Assets recognised for the first time |   | 368 | 393 | 420 | 449 | 479 |
| Actuarial revaluations |   | 2,191 | ‑1,060 | ‑1,012 | ‑967 | ‑818 |
| Net foreign exchange gains |   | 182 | 183 | 0 | 0 | 0 |
| Net swap interest received |   | ‑478 | ‑7 | 3 | ‑1 | 7 |
| Market valuation of debt |   | ‑11,466 | ‑13,119 | ‑11,343 | ‑10,905 | ‑9,836 |
| Other gains/(losses) |   | 13,430 | 9,860 | 10,474 | 11,056 | 11,859 |
| **Total other economic flows –**  |   |   |   |   |   |   |
| **included in operating result** |  | **‑8,957** | **‑15,989** | **‑14,317** | **‑13,905** | **‑12,407** |
|  |  |  |  |  |  |  |
| **Operating result(b)** |  | **‑54,147** | **‑51,436** | **‑37,293** | **‑41,265** | **‑39,472** |

Table A1: Australian Government general government sector operating statement (continued)

|  |  |  |
| --- | --- | --- |
|   |   | Estimates |
|  |   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |
|  |   | $m | $m | $m | $m | $m |
| **Non‑owner movements in equity** |  |  |  |  |  |  |
| Revaluation of equity investments |   | ‑718 | 203 | 0 | 0 | 0 |
| Actuarial revaluations  |   | ‑842 | ‑228 | ‑228 | ‑228 | ‑226 |
| Other economic revaluations |   | 707 | 145 | 154 | 168 | 167 |
| **Total other economic flows ‑** |   |   |   |   |   |   |
| **included in equity** |   | **‑853** | **120** | **‑73** | **‑60** | **‑59** |
|   |   |   |   |   |   |   |
| **Comprehensive result –**  |  |  |  |  |  |  |
| **Total change in net worth** |   | **‑55,000** | **‑51,317** | **‑37,366** | **‑41,325** | **‑39,531** |
|  |   |  |  |  |  |  |
| **Net operating balance** |  | **‑45,190** | **‑35,447** | **‑22,975** | **‑27,359** | **‑27,065** |
|  |  |  |  |  |  |  |
| **Net acquisition of non‑financial assets** |  |  |  |  |  |  |
| Purchases of non‑financial assets |   | 22,135 | 22,227 | 23,355 | 26,362 | 25,309 |
| *less* Sales of non‑financial assets |  | 2,538 | 117 | 5 | 5 | 6 |
| *less* Depreciation |  | 14,092 | 14,196 | 14,677 | 14,935 | 15,371 |
| *plus* Change in inventories |  | ‑43 | 859 | 467 | 603 | 264 |
| *plus* Other movements in non‑financial assets  |  | 0 | 0 | 0 | 0 | 0 |
| **Total net acquisition of** |  |   |   |   |   |   |
|  **non‑financial assets** |  | **5,461** | **8,774** | **9,140** | **12,026** | **10,196** |
| **Fiscal balance** |  |  |  |  |  |  |
| **(Net lending/borrowing)(c)** |  | **‑50,650** | **‑44,221** | **‑32,116** | **‑39,385** | **‑37,261** |

1. 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.
2. Operating result under AAS.
3. The term fiscal balance is not used by the ABS.

Table A2: Australian Government general government sector balance sheet

|  |  |  |
| --- | --- | --- |
|   |   | Estimates |
|   |   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |
|   |   | $m | $m | $m | $m | $m |
| **Assets** |  |   |   |   |   |   |
| Financial assets |   |   |   |   |   |   |
| Cash and deposits |   | 72,723 | 73,252 | 70,341 | 68,318 | 61,357 |
| Advances paid |   | 66,347 | 77,939 | 91,972 | 104,560 | 115,397 |
| Investments, loans and placements |   | 239,767 | 248,576 | 257,052 | 282,806 | 294,224 |
| Other receivables |   | 86,469 | 92,762 | 99,347 | 106,954 | 116,560 |
| Equity investments |   |   |   |   |   |   |
| Investments in other public sector  |   |   |   |   |   |   |
| entities |   | 51,637 | 57,342 | 59,973 | 61,199 | 63,958 |
| Equity accounted investments |   | 6,349 | 6,485 | 6,650 | 6,746 | 6,885 |
| Investments – shares |   | 113,455 | 121,108 | 129,629 | 122,287 | 130,798 |
| *Total financial assets* |  | *636,748* | *677,464* | *714,964* | *752,871* | *789,178* |
|   |   |  |  |  |  |  |
| Non‑financial assets |   |   |   |   |   |   |
| Land  |   | 14,647 | 14,756 | 14,883 | 15,060 | 15,181 |
| Buildings |   | 50,951 | 50,875 | 51,211 | 52,406 | 51,588 |
| Plant, equipment and infrastructure |   | 115,529 | 120,634 | 126,759 | 135,457 | 145,150 |
| Inventories |   | 11,604 | 12,691 | 13,585 | 14,579 | 15,661 |
| Intangibles |   | 14,725 | 16,217 | 16,853 | 16,981 | 16,689 |
| Investment properties |   | 221 | 221 | 208 | 176 | 155 |
| Biological assets |   | 5 | 5 | 5 | 5 | 5 |
| Heritage and cultural assets |   | 12,800 | 12,803 | 12,804 | 12,808 | 12,810 |
| Assets held for sale |   | 86 | 81 | 81 | 81 | 81 |
| Other non‑financial assets |   | 6 | 6 | 6 | 6 | 6 |
| *Total non‑financial assets* |  | *220,573* | *228,288* | *236,395* | *247,559* | *257,325* |
| **Total assets** |  | **857,321** | **905,752** | **951,359** | **1,000,431** | **1,046,504** |
|   |   |   |   |   |   |   |
| **Liabilities** |  |   |   |   |   |   |
| Interest bearing liabilities |  |   |   |   |   |   |
| Deposits held |   | 418 | 418 | 418 | 418 | 418 |
| Government securities |   | 883,713 | 968,449 | 1,043,956 | 1,117,991 | 1,189,011 |
| Loans |   | 32,385 | 33,885 | 34,485 | 34,546 | 34,215 |
| Lease liabilities |   | 18,584 | 17,689 | 16,773 | 16,634 | 15,573 |
| *Total interest bearing liabilities* |   | *935,100* | *1,020,440* | *1,095,631* | *1,169,589* | *1,239,216* |

Table A2: Australian Government general government sector balance sheet (continued)

|  |  |  |
| --- | --- | --- |
|   |   | Estimates |
|   |   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |
|   |   | $m | $m | $m | $m | $m |
| Provisions and payables |   |   |   |   |   |   |
| Superannuation liability |   | 303,276 | 313,806 | 322,911 | 332,110 | 340,558 |
| Other employee liabilities  |   | 60,944 | 60,538 | 62,240 | 64,195 | 66,576 |
| Suppliers payables |   | 15,268 | 15,128 | 16,572 | 19,548 | 20,872 |
| Personal benefits payables |   | 4,299 | 4,759 | 4,709 | 4,392 | 4,764 |
| Subsidies payables |   | 680 | 672 | 664 | 664 | 664 |
| Grants payables |   | 5,998 | 5,667 | 5,279 | 5,427 | 5,430 |
| Other payables |   | 6,144 | 5,866 | 5,465 | 5,344 | 5,265 |
| Provisions |   | 96,132 | 100,712 | 97,092 | 99,690 | 103,218 |
| *Total provisions and payables* |   | *492,742* | *507,149* | *514,931* | *531,370* | *547,347* |
| **Total liabilities** |  | **1,427,842** | **1,527,590** | **1,610,563** | **1,700,959** | **1,786,563** |
|   |   |   |   |   |   |   |
| **Net worth(a)** |  | **‑570,521** | **‑621,838** | **‑659,204** | **‑700,528** | **‑740,059** |
|  |  |  |  |  |  |  |
| *Net financial worth(b)* |  | *‑791,094* | *‑850,126* | *‑895,599* | *‑948,087* | *‑997,385* |
| *Net financial liabilities(c)*  |  | *842,731* | *907,467* | *955,571* | *1,009,287* | *1,061,342* |
| *Net debt(d)* |  | *556,263* | *620,673* | *676,266* | *713,904* | *768,238* |

1. Net worth equals total assets minus total liabilities.
2. Net financial worth equals total financial assets minus total liabilities.
3. Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.
4. 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 A3: Australian Government general government sector cash flow statement(a)

|  |  |
| --- | --- |
|   | Estimates |
|   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |
|   | $m | $m | $m | $m | $m |
| **Cash receipts from operating activities** |   |   |   |   |   |
| Taxes received | 645,242 | 676,086 | 707,556 | 735,939 | 778,266 |
| Receipts from sales of goods and services | 21,796 | 21,926 | 22,981 | 24,200 | 25,310 |
| Interest receipts | 9,520 | 9,389 | 8,939 | 9,798 | 10,109 |
| Dividends, distributions and |   |   |   |   |   |
| income tax equivalents | 7,378 | 7,416 | 7,766 | 8,212 | 8,946 |
| Other receipts | 19,720 | 20,287 | 18,692 | 19,195 | 18,171 |
| **Total operating receipts** | **703,656** | **735,104** | **765,934** | **797,343** | **840,804** |
|   |   |   |   |   |   |
| **Cash payments for operating activities** |   |   |   |   |   |
| Payments to employees(b) | ‑46,878 | ‑48,899 | ‑48,875 | ‑50,463 | ‑51,513 |
| Payments for goods and services | ‑211,497 | ‑228,249 | ‑232,037 | ‑243,396 | ‑257,110 |
| Grants and subsidies paid | ‑251,076 | ‑266,505 | ‑275,702 | ‑277,940 | ‑289,752 |
| Interest paid | ‑24,413 | ‑27,885 | ‑30,159 | ‑36,724 | ‑38,224 |
| Personal benefit payments | ‑163,338 | ‑169,456 | ‑179,384 | ‑188,863 | ‑202,778 |
| Other payments(b) | ‑11,821 | ‑13,740 | ‑11,047 | ‑11,302 | ‑11,620 |
| **Total operating payments** | **‑709,022** | **‑754,733** | **‑777,204** | **‑808,688** | **‑850,998** |
|  |   |   |   |   |   |
| **Net cash flows from operating activities** | **‑5,367** | **‑19,630** | **‑11,270** | **‑11,345** | **‑10,194** |
|   |   |   |   |   |   |
| **Cash flows from investments in** |   |   |   |   |   |
|  **non‑financial assets** |   |   |   |   |   |
| Sales of non‑financial assets | 265 | 254 | 40 | 40 | 41 |
| Purchases of non‑financial assets | ‑20,049 | ‑20,043 | ‑21,377 | ‑23,079 | ‑24,147 |
| **Net cash flows from investments in** |   |   |   |   |   |
|  **non‑financial assets** | **‑19,784** | **‑19,789** | **‑21,337** | **‑23,039** | **‑24,106** |
|  |   |   |   |   |   |
| **Net cash flows from investments in** |   |   |   |   |   |
| **financial assets for policy purposes** | **‑19,076** | **‑23,076** | **‑22,759** | **‑19,961** | **‑18,999** |
|   |  |  |  |  |  |
| **Net cash flows from investments in** |   |   |   |   |   |
| **financial assets for liquidity purposes** | **‑4,520** | **‑4,839** | **‑5,059** | **‑5,711** | **‑6,722** |
|   |  |  |  |  |  |
| **Cash receipts from financing activities**  |  |  |  |  |  |
| Borrowing | 286,822 | 742,102 | 799,231 | 750,524 | 763,296 |
| Other financing | 12,460 | 128 | 128 | 75 | 17 |
| **Total cash receipts from financing** |   |   |   |   |   |
| **activities** | **299,282** | **742,230** | **799,359** | **750,599** | **763,313** |
|   |   |   |   |   |   |
| **Cash payments for financing activities** |   |   |   |   |   |
| Borrowing | ‑257,239 | ‑669,329 | ‑737,248 | ‑689,674 | ‑707,452 |
| Other financing | ‑17,891 | ‑5,038 | ‑4,596 | ‑2,892 | ‑2,801 |
| **Total cash payments for financing**  |   |   |   |   |   |
| **activities** | **‑275,130** | **‑674,367** | **‑741,844** | **‑692,566** | **‑710,253** |
|   |   |   |   |   |   |
| **Net cash flows from financing activities** | **24,152** | **67,863** | **57,515** | **58,033** | **53,059** |
|  |  |  |  |  |  |
| **Net increase/(decrease) in cash held** | **‑24,594** | **528** | **‑2,911** | **‑2,022** | **‑6,962** |

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

|  |  |
| --- | --- |
|  | Estimates |
|   | 2024‑25 | 2025‑26 | 2026‑27 | 2027‑28 | 2028‑29 |
|   | $m | $m | $m | $m | $m |
|  |   |   |   |   |   |
|  |   |   |   |   |   |
| **GFS cash surplus(+)/deficit(‑)(c)** | **‑25,150** | **‑39,419** | **‑32,607** | **‑34,383** | **‑34,300** |
| *plus* Principal payments of |   |   |   |   |   |
| lease liabilities(d) | ‑2,740 | ‑2,746 | ‑2,759 | ‑2,704 | ‑2,728 |
| **Equals underlying cash balance(e)** | **‑27,890** | **‑42,165** | **‑35,366** | **‑37,087** | **‑37,028** |
| *plus* Net cash flows from investments in |   |   |   |   |   |
| financial assets for policy purposes | ‑19,076 | ‑23,076 | ‑22,759 | ‑19,961 | ‑18,999 |
| **Equals headline cash balance** | **‑46,966** | **‑65,241** | **‑58,126** | **‑57,048** | **‑56,027** |

1. A positive number denotes a cash inflow; a negative number denotes a cash outflow.
2. Consistent with the ABS GFS classification, other employee related payments are classified separately from wages and salaries under other payments.
3. GFS cash surplus/deficit equals net cash flows from operating activities and investments in non‑financial assets.
4. Principal payments on 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.
5. The term underlying cash balance is not used by the ABS.