

Part III: AAS31 Financial Reporting by Governments Primary Financial Statements

This Part presents financial statements that have been prepared on an accrual basis in accordance with applicable Australian Accounting Standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31), except where departures from the standard are identified in Note 1.

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

Table 22: Statement of revenues and expenses for the Commonwealth general government sector — AAS31

	Note	2000-01 Estimate at 2001-02 Budget \$m	Month of June 2001 \$m	2000-01 Outcome \$m
Revenues				
Taxation				
Income tax	3	120,528	12,326	120,861
Indirect tax	4	25,647	1,816	25,601
Fringe benefits tax		3,290	315	3,456
Other taxes		2,064	405	2,084
Total taxation revenue		151,529	14,862	152,002
Non-taxation				
Sales of goods and services		2,670	445	2,954
Interest and dividends	5	5,745	569	5,788
Net foreign exchange gains		0	49	198
Net gains from sales of assets		1,640	147	1,803
Other sources of non-tax revenue	6	3,582	352	3,334
Total non-tax revenue		13,638	1,563	14,078
Total revenue		165,167	16,426	166,079
Expenses				
Goods and services				
Employees	7	17,269	2,493	18,468
Suppliers	8	12,870	1,583	11,870
Depreciation and amortisation	9	3,071	453	3,092
Net write down of assets		1,922	632	3,538
Net foreign exchange losses		1,896	63	1,929
Net losses from the sale of assets		48	138	164
Other goods and services expenses		5,580	342	5,155
Total goods and services		42,657	5,704	44,215
Subsidies benefits and grants				
Personal benefits		71,653	6,360	71,106
Subsidies		6,877	607	6,666
Grants	10	33,599	4,001	33,733
Total subsidies benefits and grants		112,129	10,969	111,505
Interest and other financing costs				
Interest		8,697	1,123	8,972
Other financing costs(a)		43	-241	-144
Total interest and other financing costs		8,740	882	8,828
Total expenses		163,526	17,554	164,548
Operating result		1,641	-1,128	1,531
Extraordinary items		24	0	0
Operating result after extraordinary items		1,665	-1,128	1,531

(a) Other financing costs are negative because of the amortisation of discounts on the issue of government securities.

Table 23: Balance sheet for the Commonwealth general government sector — AAS31

	Note	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Assets			
Financial assets			
Cash		1,400	1,168
Receivables		27,303	26,533
Investments(a)		30,401	44,069
Accrued revenue		497	516
Other financial assets		15	36
Total financial assets		59,617	72,323
Non-financial assets			
	11		
Land and buildings		15,491	16,669
Infrastructure		41,179	41,955
Intangibles		1,012	1,052
Inventories		2,995	3,491
Other non-financial assets		1,341	1,538
Total non-financial assets		62,018	64,705
Total assets		121,635	137,028
Liabilities			
Debt			
Government securities(a)		56,938	67,338
Loans		6,904	6,550
Leases		309	337
Deposits		11	293
Overdrafts		0	0
Other debt		4,588	5,154
Total debt		68,749	79,673
Provisions and payables			
Employees	12	83,693	85,173
Suppliers		1,427	1,711
Personal benefits payable		2,635	2,458
Subsidies payable		332	252
Grants payable	13	8,320	8,247
Other provisions and payables		4,898	5,820
Total provisions and payables		101,306	103,660
Total liabilities		170,055	183,333
Net assets	14	-48,420	-46,305
Equity			
Accumulated results		-81,187	-81,258
Reserves		32,767	34,953
Capital		0	0
Total equity		-48,420	-46,305

(a) Transactions relating to government securities and financial assets acquired for debt management purposes are netted in the balance sheet and cash flows for the Budget estimates (refer to pages 10-15 of *Budget Paper No. 1 2001-02*). These transactions are grossed up for outcome reporting.

Table 24: Statement of cash flows for the Commonwealth general government sector — AAS31

	Note	2000-01 Estimate at 2001-02 Budget \$m	Month of June 2001 \$m	2000-01 Outcome \$m
Operating activities				
Cash received				
Taxes	15	145,508	14,045	146,890
Sales of goods and services		2,638	426	2,889
Interest		3,597	516	3,501
Dividends		2,891	22	2,902
GST receipts related to purchases/sales		1,702	na	1,876
Other		2,643	202	2,800
Total operating cash received		158,980	15,211	160,858
Cash used				
Payments to employees		15,401	1,440	15,112
Payments to suppliers		12,808	2,005	12,326
Subsidies paid		7,159	830	6,943
Personal benefits		71,246	5,852	70,944
Grant payments		32,457	2,902	32,815
Interest and other financing costs		8,644	782	8,928
GST payments related to purchases/sales		1,836	na	1,995
Other		5,459	-67	5,053
Total operating cash used		155,011	13,746	154,118
Net cash from operating activities		3,969	1,465	6,740
Investing activities				
Cash received				
Proceeds from asset sales program		6,329	12	6,332
Proceeds from sales of property, plant and equipment and intangibles		2,489	403	2,339
Net loans, advances and HECS		133	-207	0
Other net investing cash received		0	1,409	1,425
Total investing cash received		8,951	1,617	10,096
Cash used				
Purchase of property, plant and equipment and intangibles		4,652	835	4,175
Net loans, advances and HECS		0	425	425
Other net investing cash paid(a)		-8,780	-179	6,622
Total investing cash used		-4,128	1,081	11,222
Net cash from investing activities		13,079	535	-1,126
Financing activities				
Cash received				
Net cash received from currency issues		0	0	0
Other		1	-156	61
Total financing cash received		1	-156	61
Cash used				
Net repayments of borrowings(a)		19,012	877	7,929
Other		192	134	134
Total financing cash used		19,204	1,011	8,063
Net cash from financing activities		-19,204	-1,167	-8,002
Net increase/decrease in cash held		-2,156	834	-2,388

(a) Transactions relating to government securities and financial assets acquired for debt management purposes are netted in the balance sheet and cash flows for the Budget estimates (refer to pages 10-15 of *Budget Paper No. 1 2001-02*). These transactions are grossed up for outcome reporting.

Statistics, concepts and notes to the financial statements

Note 1: External reporting standards

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

The financial statements included in the Final Budget Outcome have been prepared on an accrual basis in accordance with applicable Australian accounting standards, including *Australian Accounting Standard No. 31 Financial Reporting by Governments* (AAS31). AAS31 is the relevant accounting standard for financial reporting by governments.

AAS31 requires adoption of the full accrual basis of accounting. This means that assets, liabilities, revenues and expenses are recorded in financial statements when they have their economic impact on the government, rather than when the cash flow associated with these transactions occurs. Consistent with AAS31, an operating statement, a balance sheet and a statement of cash flows have been prepared using results for 2000-01.

The accounting policies in this section are generally consistent with the accounting policies in AAS31. While the scope for financial reporting recommended in AAS31 is the Whole of Government (that is, the Commonwealth public sector), in accordance with the *Charter of Budget Honesty Act 1998*, the presentation of financial outcomes covers the general government sector only.

In relation to taxation revenue, AAS31 suggests revenue be recognised at the time the income (or economic activity) giving rise to a tax liability occurs, where this can be measured *reliably*. At this stage, the Commonwealth does not consider its taxation revenues can be reliably measured on this basis for outcome reporting purposes. Taxation revenue in the Final Budget Outcome is therefore recognised at the time a taxpayer makes a self-assessment or when the Australian Taxation Office (ATO) or the Australian Customs Service (ACS) raises a tax assessment.

The Commonwealth collected a number of taxes on an agency basis for the States and Territories, principally 'safety net' surcharge collections until 1 July 2000 (which replaced business franchise fees), mirror taxes on Commonwealth places and from 1 July 2000, the goods and services tax (GST).¹ The revenue from these taxes is passed to State and Territory governments (with an adjustment for administration costs in the case of safety net revenue and mirror taxes). Estimates of taxes collected by the Commonwealth and passed to State and Territory governments are provided in Note 4.

1 Some safety net surcharge collections were received early in 2000-01.

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

In addition, non-accounting standard classifications have been used in some sections of the Final Budget Outcome. Functional classifications used in some tables are based on standards maintained by the Australian Bureau of Statistics (ABS), but have been extended in some cases to provide greater detail.

Note 2: Reconciliation of cash

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Operating result (revenues less expenses)	1,641	1,531
less Revenues not providing cash		
Foreign exchange gains	0	178
Gains from asset sales programme	0	44
Gains from sale of assets	1,640	1,812
Other	361	532
Total revenues not providing cash	2,001	2,566
plus Expenses not requiring cash		
Increase/(Decrease) in employee entitlements	1,868	3,356
Depreciation/amortisation expense	3,071	3,092
Provision for bad and doubtful debts	274	398
Provision for diminution in value of assets	588	1,579
Losses from asset sales programme	0	0
Losses from sale of assets	48	164
Foreign exchange losses	1,896	1,929
Other	81	-113
Total expenses not requiring cash	7,827	10,405
plus Cash provided by working capital items		
Decrease in inventories	257	0
Decrease in receivables	0	0
Decrease in other financial assets	126	0
Decrease in other non-financial assets	102	0
Increase in benefits, subsidies and grants payable	1,443	1,099
Increase in suppliers' liabilities	0	455
Increase in other provisions and payables	46	871
Total cash provided by working capital items	1,974	2,425
less Cash used by working capital items		
Increase in inventories	0	919
Increase in receivables	5,179	3,762
Increase in other financial assets	0	12
Increase in other non-financial assets	0	260
Decrease in benefits, subsidies and grants payable	283	102
Decrease in other provisions and payables	0	0
Decrease in suppliers' liabilities	10	0
Total cash used by working capital items	5,471	5,056
equals <i>Net cash from/(to) operating activities</i>	3,969	6,740
<i>Net cash from/(to) investing activities</i>	13,079	-1,126
Net cash from operating activities and investment	17,048	5,614
<i>Net cash from/(to) financing activities</i>	-19,204	-8,002
equals Net (decrease)/increase in cash	-2,156	-2,388

Note 3: Income tax — accrual AAS31

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Individuals		
Gross PAYG withholding	74,572	74,161
Gross other individuals	13,400	13,426
<i>less</i> Refunds	11,165	10,989
Total individuals	76,807	76,599
Companies	34,720	35,136
Superannuation funds	5,210	5,286
Other withholding tax	1,430	1,452
Petroleum resource rent tax	2,360	2,388
Total income tax	120,528	120,861

Note 4: Indirect tax — accrual AAS31

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Petroleum excise duty	12,670	12,699
<i>Of which revenue replacement</i>	253	252
<i>less Transfers to States and Territories in relation to revenue replacement</i>	253	252
Petroleum excise duty revenue	12,417	12,447
Other excise duty	6,611	6,633
<i>Of which revenue replacement</i>	61	61
<i>less Transfers to States and Territories in relation to revenue replacement</i>	61	61
Other excise duty revenue	6,550	6,572
Total excise duty	19,281	19,332
<i>Of which revenue replacement</i>	315	313
<i>less Transfers to States and Territories in relation to revenue replacement</i>	314	313
Total excise duty revenue	18,967	19,019
Customs duty	4,675	4,609
<i>Of which revenue replacement</i>	4	4
<i>less Transfers to States and Territories in relation to revenue replacement</i>	4	4
Customs duty revenue	4,671	4,606
Other indirect taxes	2,127	2,094
<i>Of which revenue replacement</i>	118	118
<i>less Transfers to States and Territories in relation to revenue replacement</i>	118	118
Other indirect tax revenue	2,009	1,976
GST revenue	23,880	23,854
<i>less Transfers to States and Territories in relation to GST revenue</i>	23,880	23,854
GST revenue	0	0
Mirror taxes	214	214
<i>less Transfers to States and Territories in relation to mirror revenue</i>	214	214
Mirror tax revenue	0	0
Indirect tax revenue	25,647	25,601

Note 5: Interest and dividends

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Interest		
Interest from other governments		
State and Territory debt	75	74
Housing agreements	188	188
Total interest from other governments	263	262
Interest from other sources		
Swap interest	2,357	2,389
Advances	44	20
Deposits	375	29
Bills receivable	6	11
Bank deposits	74	565
Other	411	218
Total interest from other sources	3,267	3,232
Total interest	3,530	3,494
Dividends		
Dividends from associated entities	2,172	2,248
Other dividends	44	46
Total dividends	2,215	2,293
Total interest and dividends	5,745	5,788

Note 6: Other sources of non-taxation revenue

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Industry contributions	43	32
Indexation of HECS receivable and other student loans	323	412
International Monetary Fund related revenue	83	82
Other	3,133	2,808
Total other sources of non-taxation revenue	3,582	3,334

Note 7: Employee expenses

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Salaries and wages(a)	9,038	9,355
Leave and other entitlements	337	1,106
Separations and redundancies	32	133
Workers' compensation premiums	0	0
Other (including superannuation)	7,862	7,874
Total employee expenses	17,269	18,468

(a) Salaries and wages do not include superannuation.

Note 8: Suppliers expenses

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Supply of goods and services	9,925	10,389
Operating lease rental expenses	954	1,309
Other	1,991	171
Total suppliers	12,870	11,870

Note 9: Depreciation and amortisation

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Depreciation		
Specialist military equipment	1,653	1,628
Buildings	474	524
Other infrastructure, plant and equipment	741	689
Total depreciation	2,868	2,841
Total amortisation	203	251
Total depreciation and amortisation	3,071	3,092

Note 10: Grants

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
State and Territory governments	22,688	22,956
Non-profit organisations	988	1,578
Overseas	575	587
Private sector	881	992
Local governments	280	109
Other	8,187	7,511
Total grants	33,599	33,733

Note 11: Total non-financial assets

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Land and buildings		
Land	4,241	4,553
Buildings	11,250	12,116
Total land and buildings	15,491	16,669
Infrastructure		
Specialist military equipment	31,253	31,090
Other	9,926	10,865
Total infrastructure	41,179	41,955
Intangibles		
Computer software	895	909
Other	117	143
Total intangibles	1,012	1,052
Inventories	2,995	3,491
Total inventories	2,995	3,491
Other non-financial assets		
Prepayments	1,160	1,221
Other	181	317
Total other non-financial assets	1,341	1,538
Total non-financial assets	62,018	64,705

Note 12: Employee liabilities

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Superannuation	77,905	78,725
Leave and other entitlements	3,014	3,215
Accrued salaries and wages	254	287
Workers' compensation claims	1,148	1,246
Separations and redundancies	29	53
Workers compensation premiums	0	0
Other	1,343	1,647
Total employee entitlements	83,693	85,173

Note 13: Grants payable

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
State and Territory governments	3,043	3,080
Non-profit organisations	34	11
Private sector	0	68
Overseas	1,159	1,164
Local governments	1	1
Other	4,083	3,923
Total grants payable	8,320	8,247

Note 14: Net asset movements

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Opening net assets	-52,890	-52,890
Operating result after extraordinary items	1,665	1,531
Asset revaluation reserve	25	2,239
Other movements	2,780	2,815
Closing net assets	-48,420	-46,305

Note 15: Taxes — cash AAS31

	2000-01 Estimate at 2001-02 Budget \$m	2000-01 Outcome \$m
Total taxes	170,142	171,120
<i>less</i> Payments to States and Territories in relation to revenue replacement	436	435
<i>less</i> Payments to States and Territories in relation to GST revenue	24,180	23,777
<i>less</i> Payments to States and Territories in relation to mirror tax revenue	18	18
Taxes	145,508	146,890