

Commonwealth of Australia

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

CIRCULATED BY
SENATOR THE HONOURABLE KATY GALLAGHER
MINISTER FOR FINANCE
OF THE COMMONWEALTH OF AUSTRALIA
DECEMBER 2024

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PREFACE

I am pleased to present the Australian Government's Consolidated Financial Statements (CFS) for the financial year ended 30 June 2024. The CFS presents the whole of government and general government sector (GGS) financial reports, including the audited accounts of 199 entities across the public sector.

The CFS has been prepared in accordance with the regulations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and applicable Australian Accounting Standards (AAS), including the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049). The CFS shows the results of the Australian Government's financial performance and cash flows for the year ended 30 June 2024 and the Australian Government's financial position as at 30 June 2024.

Operating statement

The Australian Government's net operating balance for the year ended 30 June 2024 was a surplus of \$10.0 billion. For the year ended 30 June 2023, the Australian Government reported a net operating balance surplus of \$24.9 billion.

The change in the net operating balance is driven by an increase in revenue of \$37.3 billion (5.4 per cent), due to higher taxation collections, and an increase in expenditure of \$52.2 billion (7.8 per cent).

Balance sheet

The Australian Government's net worth was negative \$567.5 billion as at 30 June 2024. As at 30 June 2023, the Australian Government's net worth was negative \$570.3 billion.

The Australian Government's total assets decreased by \$101.3 billion (9.3 per cent). Financial assets decreased by \$118.8 billion (14.7 per cent) for the year ended 30 June 2024. Total non-financial assets increased by \$17.5 billion (6.2 per cent).

The Australian Government's liabilities decreased by \$104.1 billion (6.3 per cent) for the year ended 30 June 2024.

Cash flows

The Australian Government recorded a cash surplus of \$5.1 billion for the year ended 30 June 2024 from operating activities and investing activities in non-financial assets. The cash position at the end of the year was \$8.5 billion.

Contingent liabilities, contingent assets and risks

Contingent liabilities and contingent assets for the Australian Government are not disclosed in the balance sheet but are set out in detail in Note 9A of the CFS. Analysis of financial risks that could potentially impact on the Australian Government's financial position is included in Note 9B and Note 9C.

Final Budget Outcome

Under the *Charter of Budget Honesty Act 1998* (the Charter), the Australian Government is required to publicly release and table a Final Budget Outcome (FBO) report no later than three months after the end of the financial year. The FBO for the 2023-24 financial year was released on 30 September 2024, presenting the fiscal outcomes for the Australian Government general government sector.

Consistent with the requirements of the Charter, the FBO is prepared on an accrual basis that complies with both the Australian Bureau of Statistics' (ABS) accrual Government Finance Statistics (GFS) publication and the Australian Accounting Standards, except for the departures disclosed in the FBO. An explanation of the differences between the key fiscal aggregates reported in the CFS under AASB 1049 and the corresponding fiscal aggregates reported under the ABS GFS publication is included in Note 12A.

I would like to thank the many Australian Government employees whose efforts have contributed to the completion of the 2023-24 CFS.

A handwritten signature in blue ink that reads "Katy Gallagher". The signature is fluid and cursive, with the first name "Katy" and the last name "Gallagher" clearly legible.

Senator the Hon Katy Gallagher
Minister for Finance

**COMMENTARY ON THE
CONSOLIDATED FINANCIAL STATEMENTS**

INTRODUCTION

The 2023-24 Consolidated Financial Statements (CFS) for the Australian Government present the whole of government and general government sector (GGS) financial reports and are prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049). They are required by section 48 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The CFS includes the consolidated results for all Australian Government controlled entities as well as disaggregated information on government sectors (GGS, public non-financial corporations (PNFC) and public financial corporations (PFC))¹. Unless explicitly stated, the financial results reported in this commentary comprise consolidated amounts for the Australian Government as a whole, inclusive of the GGS, PNFC and PFC sectors². The GGS results in the 2023-24 CFS materially align with the 2023-24 Final Budget Outcome.

AT A GLANCE

Table 1: Financial results for the year ended 30 June 2024

	2023-24 \$b	2022-23 \$b	Change \$b	Change %
Revenue	727.6	690.3	37.3	5.4
Expenses	717.6	665.4	52.2	7.8
Net operating balance(a)	10.0	24.9	(14.9)	59.8
Per cent of GDP	0.4	1.0	-	-
Net capital investment	12.4	14.6	(2.2)	15.3
Fiscal balance(b)	(2.4)	10.3	(12.7)	123.3
Per cent of GDP	(0.1)	0.4	-	-
Total assets	989.0	1,090.3	(101.3)	9.3
Total liabilities	1,556.5	1,660.6	(104.1)	6.3
Net worth(c)	(567.5)	(570.3)	2.8	0.5
Per cent of GDP	(21.3)	(22.5)	-	-
Net movement in cash	1.4	(1.3)	2.7	210.8
Cash at beginning of the year	7.1	8.3	(1.2)	15.1
Cash at end of year	8.5	7.1	1.4	19.7
Key fiscal aggregate				
Net cash flows from operating activities	29.7	42.7	(13.0)	30.3
Net cash flows from investments in non-financial assets	(24.6)	(24.7)	0.1	0.2
Cash surplus/(deficit)	5.1	18.0	(12.9)	71.7

(a) Net operating balance equals total revenue minus total expenses.

(b) Fiscal balance (or net lending/borrowing) is the net operating balance less net capital investment.

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

1 The institutional structure of the public sector is explained in Note 1.8 of the 2023-24 CFS. Note 14 of the 2023-24 CFS provides the list of Australian Government controlled reporting entities, including their sectoral classification.

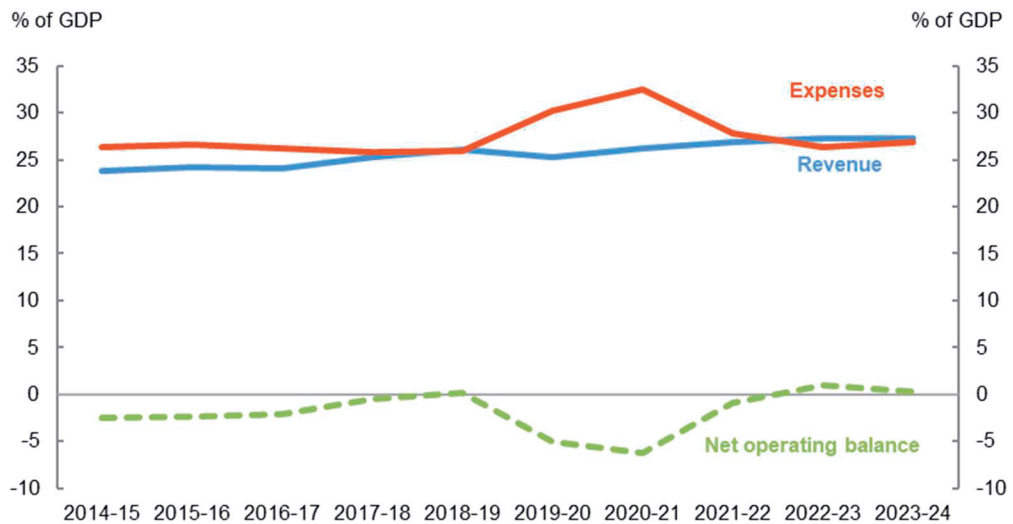
2 The balances and movements detailed in the commentary have been rounded to the nearest tenth of a billion. Discrepancies between totals and sums of components are due to rounding.

Operating statement (net operating balance)

Table 2: Operating statement

	2023-24	2022-23	Change	Change
	\$b	\$b	\$b	%
Revenue	727.6	690.3	37.3	5.4
Per cent of GDP	27.2	27.3	-	-
Expenses	717.6	665.4	52.2	7.8
Per cent of GDP	26.9	26.3	-	-
Net operating balance	10.0	24.9	(14.9)	59.8
Per cent of GDP	0.4	1.0	-	-
Net capital investment	12.4	14.6	(2.2)	15.3
Per cent of GDP	0.5	0.6	-	-
Fiscal balance	(2.4)	10.3	(12.7)	123.3
Per cent of GDP	(0.1)	0.4	-	-

Chart 1: Operating statement (per cent of GDP) since 2014-15



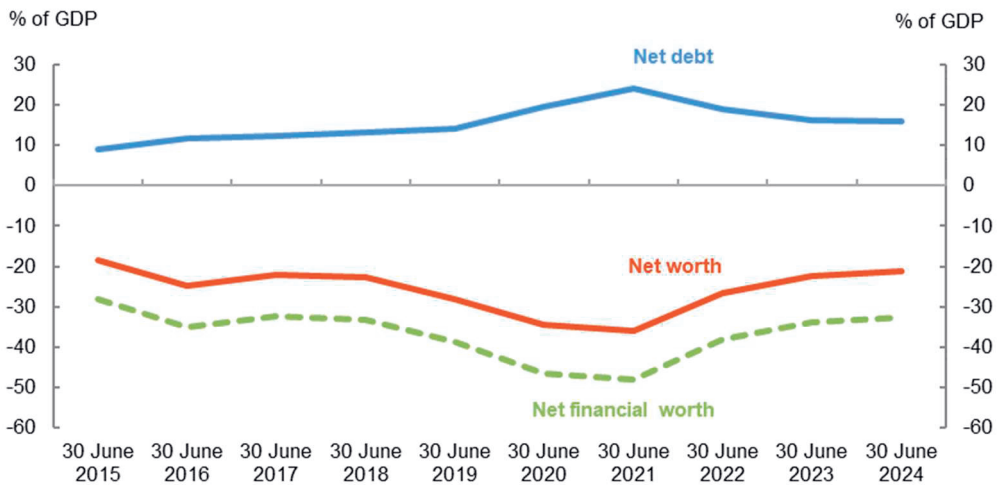
Balance sheet (net worth)

Table 3: Balance sheet

	30 June 2024	30 June 2023	Change	Change
	\$b	\$b	\$b	%
Financial assets	688.5	807.3	(118.8)	14.7
Non-financial assets	300.5	283.0	17.5	6.2
Total assets	989.0	1,090.3	(101.3)	9.3
Total liabilities	1,556.5	1,660.6	(104.1)	6.3
Net worth	(567.5)	(570.3)	2.8	0.5
Per cent of GDP	(21.3)	(22.5)		
Net financial worth(a)	(868.0)	(853.3)	(14.7)	1.7
Per cent of GDP	(32.5)	(33.7)		
Net financial liabilities(b)	868.0	853.3	14.7	1.7
Per cent of GDP	32.5	33.7		
Net debt(c)	420.7	412.9	7.8	1.9
Per cent of GDP	15.8	16.3		
Net interest payments	(21.5)	(14.9)	(6.6)	44.3
Per cent of GDP	(0.8)	(0.5)		

- (a) Net financial worth equals total financial assets minus total liabilities.
- (b) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.
- (c) Net debt is the sum of deposits held, government securities, loans and lease liabilities less the sum of selected financial assets (cash and deposits, advances paid and investments, loans and placements).

Chart 2: Balance sheet (per cent of GDP) since 2014-15



DISCUSSION AND ANALYSIS

Net operating balance

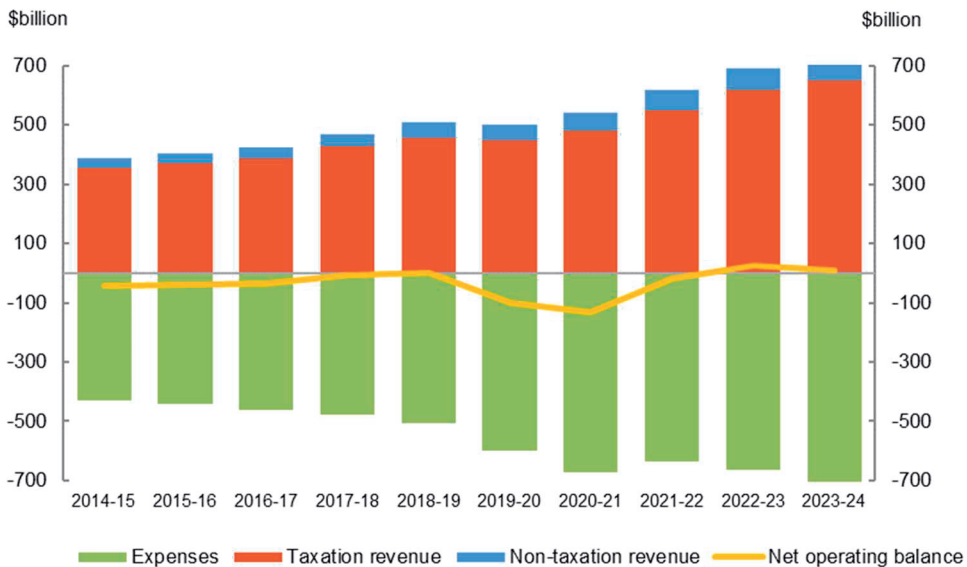
The Australian Government’s net operating balance was a \$10.0 billion surplus for the year ended 30 June 2024.

Table 4: Operating statement

	2023-24	2022-23	Change	Change
	\$b	\$b	\$b	%
Revenue	727.6	690.3	37.3	5.4
Expenses	717.6	665.4	52.2	7.8
Net operating balance	10.0	24.9	(14.9)	59.8
Less Net acquisitions of non-financial assets	12.4	14.6	(2.2)	15.3
Fiscal balance	(2.4)	10.3	(12.7)	123.3

Chart 3 shows the composition of the Australian Government’s net operating balance over the past decade.

Chart 3: Composition of net operating balance



Revenue

The Australian Government's total revenue for the year ended 30 June 2024 was \$727.6 billion.

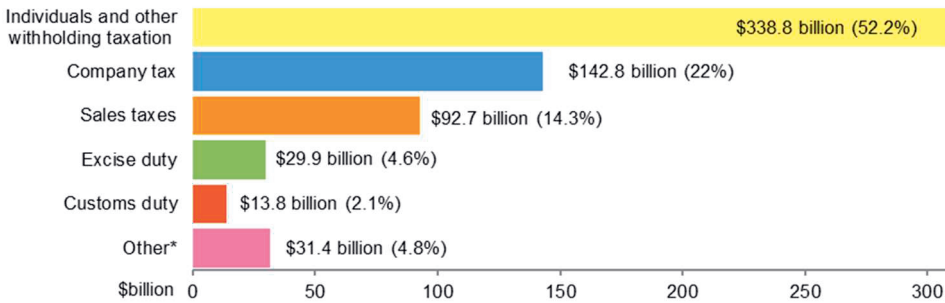
Table 5: Revenue

	2023-24	2022-23	Change	Change
	\$b	\$b	\$b	%
Taxation revenue	649.4	617.4	32.0	5.2
Non-taxation revenue	78.1	72.9	5.2	7.2
Total revenue	727.6	690.3	37.2	5.4

Taxation revenue

The Australian Government's total taxation revenue for the year ended 30 June 2024 was \$649.4 billion. The composition of taxation revenue is shown in Chart 4.

Chart 4: Composition of taxation revenue, 2023-24



* Other includes: Superannuation fund taxes (\$12.7 billion); Other indirect taxation (\$12.6 billion); Fringe benefits tax (\$4.8 billion) and Resource rent taxes (\$1.3 billion).

Taxation revenue increased by \$32.0 billion (5.2 per cent) in comparison to 2022-23. This increase is primarily driven by:

- a \$35.2 billion increase in **individuals and other withholding taxes** reflecting strong growth in employment and wages;
- a \$2.4 billion increase in **sales taxes**, mostly due to higher GST revenue reflecting increased consumption subject to GST;
- a \$2.3 billion increase in **superannuation fund taxes** reflecting continued growth in contributions driven by strong labour market conditions and the increase of the superannuation guarantee rates; partially offset by
- a \$10.2 billion decrease in **company taxes**, as a result of lower corporate profits.

See Note 2A of the 2023-24 CFS for further information.

Non-taxation revenue

The Australian Government's total non-taxation revenue for the year ended 30 June 2024 was \$78.1 billion. Further information is provided at Notes 2B to 2D of the 2023-24 CFS.

Expenses

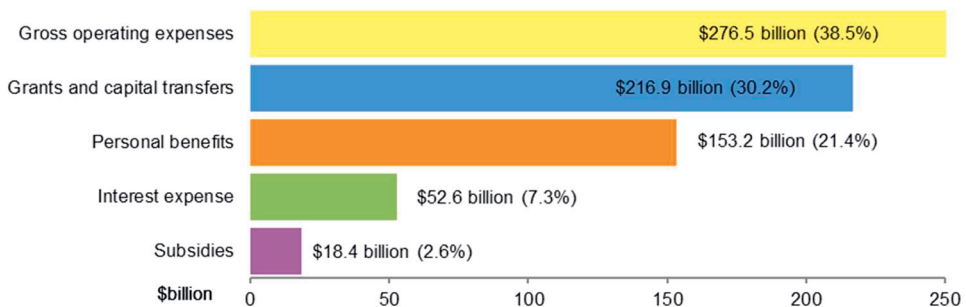
The Australian Government's total expenses for the year ended 30 June 2024 were \$717.6 billion.

Table 6: Expenses

	2023-24	2022-23	Change	Change
	\$b	\$b	\$b	%
Gross operating expenses	276.5	247.9	28.6	11.5
Interest expense	52.6	45.9	6.7	14.6
Grants and capital transfers	216.9	211.3	5.6	2.7
Personal benefits	153.2	142.8	10.4	7.3
Subsidies	18.3	17.5	0.8	4.2
Total expenses	717.6	665.4	52.2	7.8

The Australian Government's total expenses increased by \$52.2 billion (7.8 per cent) since 2022-23. The composition of expenses is shown in Chart 5.

Chart 5: Composition of expenses, 2023-24

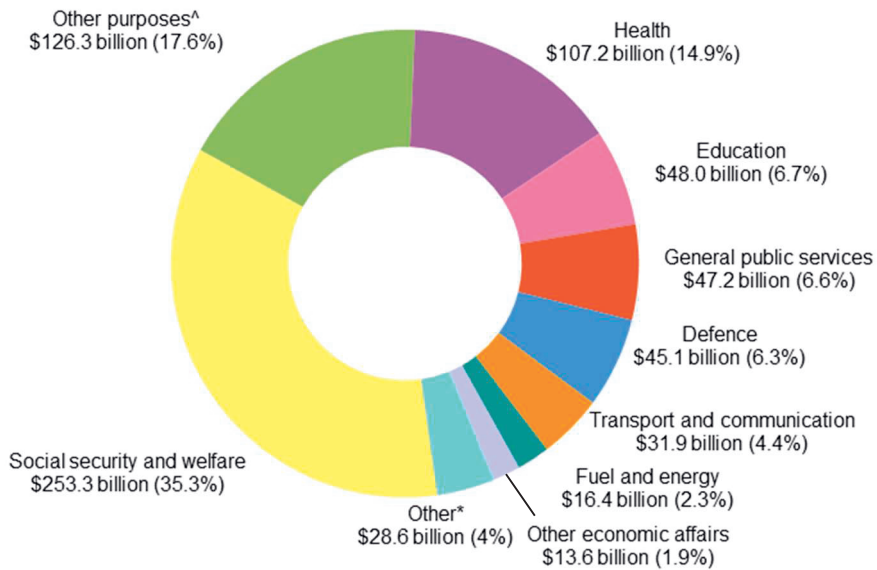


The key movements in **expenses** were:

- an increase in **gross operating expenses** of \$28.6 billion, driven by an increase in benefits to households in goods and services of \$18.3 billion, primarily relating to an increase in participant claims under the National Disability Insurance Scheme (\$6.7 billion) and indirect health and aged care personal benefits expenses (\$4.5 billion);
- an increase in **personal benefit expenses** of \$10.4 billion, primarily driven by an increase in social security benefits provided to individuals (\$11.1 billion);
- an increase in **interest expense** of \$6.7 billion, primarily driven by higher exchange settlement balances for the Reserve Bank of Australia (RBA) (\$2.0 billion) and an increase in superannuation interest expense (\$1.0 billion); and
- an increase of \$5.6 billion in **grants and capital transfers**, primarily as a result of increased grants to state and territory governments (\$6.6 billion).

Chart 6 presents total expenses across the range of functions funded by the Australian Government.

Chart 6: Total expenses by function, 2023-24



[^] Other purposes includes public debt transactions, general purpose inter-government transactions and natural disaster relief. Grants to and through state and territory governments are recorded against the 'other purposes' function.

* Other includes: Public order and safety (\$7.7 billion); Housing and community amenities (\$7.1 billion); Mining, manufacturing and construction (\$5.3 billion); Recreation and culture (\$5.0 billion); and Agriculture, forestry and fishing (\$3.5 billion).

See Note 3 of the 2023-24 CFS for further information on expenses.

Net worth

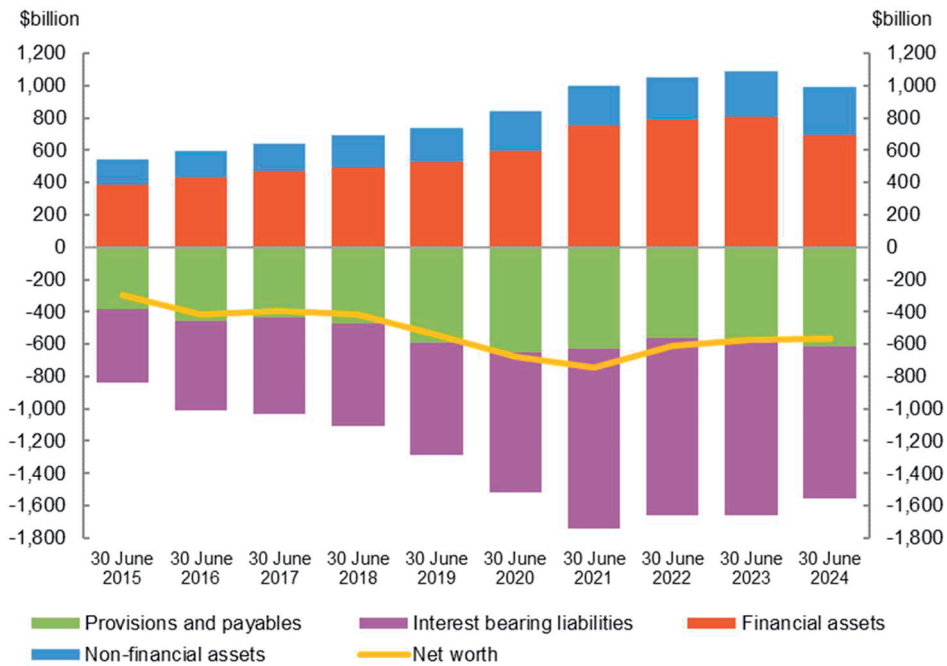
The Australian Government’s net worth increased by \$2.8 billion over the previous year to a negative net worth of \$567.5 billion as at 30 June 2024.

Table 7: Balance sheet

	30 June 2024	30 June 2023	Change	Change
	\$b	\$b	\$b	%
Financial assets	688.5	807.3	(118.8)	14.7
Non-financial assets	300.5	283.0	17.5	6.2
Total assets	989.0	1,090.3	(101.3)	9.3
Interest bearing liabilities	943.4	1,089.3	(145.9)	13.4
Provisions and payables	613.1	571.3	41.8	7.3
Total liabilities	1,556.5	1,660.6	(104.1)	6.3
Net worth	(567.5)	(570.3)	2.8	0.5

Chart 7 shows the composition of the Australian Government’s financial position over the past decade.

Chart 7: Balance sheet composition



Assets

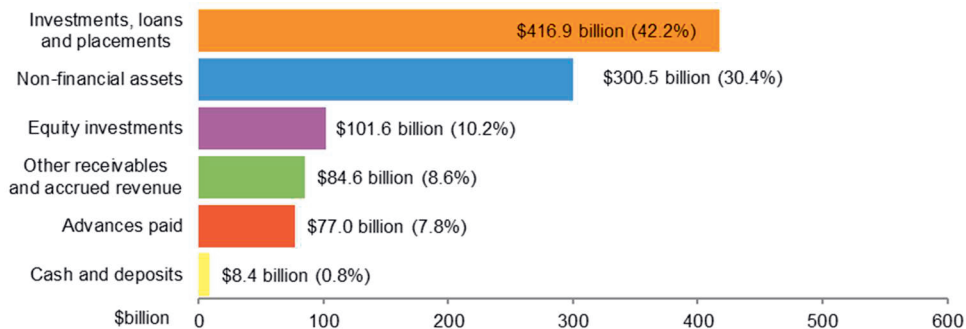
The Australian Government's total assets as at 30 June 2024 were \$989.0 billion.

Table 8: Assets

	30 June 2024	30 June 2023	Change	Change
	\$b	\$b	\$b	%
Financial assets				
Cash and deposits	8.4	7.1	1.3	19.7
Advances paid	77.0	73.0	4.0	5.5
Other receivables and accrued revenue	84.6	73.7	10.9	14.9
Investments, loans and placements	416.9	569.5	(152.6)	26.8
Equity investments	101.6	84.1	17.5	20.9
Total financial assets	688.5	807.3	(118.9)	14.7
Non-financial assets	300.5	283.0	17.5	6.2
Total assets	989.0	1,090.3	(101.4)	9.3

The Australian Government's total assets decreased by \$101.4 billion (9.3 per cent) since 30 June 2023. The composition of assets is shown in Chart 8.

Chart 8: Composition of assets, 30 June 2024



The key changes in **financial assets** were:

- a decrease of \$152.6 billion in **investments, loans and placements**, primarily driven by a decrease in Government securities (\$165.3 billion); partially offset by
- an increase of \$17.5 billion in **equity investments**, mainly due to the increase in listed equities and listed managed investment schemes by the Future Fund (\$13.5 billion).

The key changes in **non-financial assets** were:

- increases in **other plant, equipment and infrastructure** (\$9.4 billion), **specialist military equipment** (\$4.9 billion), **land** (\$1.9 billion), and **buildings** (\$1.3 billion) as a result of additions and revaluation adjustments.

Note 5 of the 2023-24 CFS provides further information on assets.

Liabilities

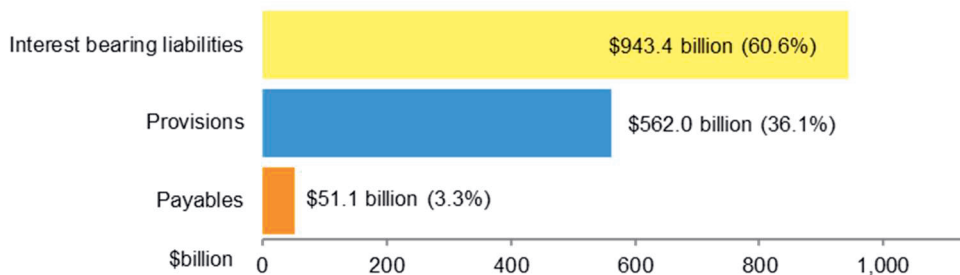
The Australian Government's total liabilities as at 30 June 2024 were \$1,556.5 billion.

Table 9: Liabilities

	30 June 2024	30 June 2023	Change	Change
	\$b	\$b	\$b	%
Interest bearing liabilities	943.4	1,089.3	(145.9)	13.4
Provisions and payables	613.1	571.3	41.8	7.3
Total liabilities	1,556.5	1,660.6	(104.1)	6.3

The Australian Government's liabilities balance decreased by \$104.1 billion (6.3 per cent) since 30 June 2023. The composition of liabilities is shown in Chart 9.

Chart 9: Composition of liabilities, 30 June 2024



The decrease of \$145.9 billion in **interest bearing liabilities** is primarily due to:

- a decrease in exchange settlement funds (\$186.1 billion) and deposits held by foreign governments (\$0.2 billion); partially offset by
- an increase in Government securities of \$37.1 billion, largely due to Treasury bonds by the Australian Office of Financial Management (AOFM) (\$33.3 billion).
- an increase of \$10.0 billion in loans, primarily due to increased borrowings from NBN Co (\$6.6 billion).

The increase in **provisions and payables** of \$41.8 billion is primarily driven by:

- increases in the personal benefit military compensation (\$15.6 billion) and health care military compensation (\$14.1 billion) provisions, primarily due to actuarial revaluations; partially offset by
- a decrease in unfunded superannuation provisions (\$4.6 billion) primarily due to an actuarial revaluation (refer Note 9C for further information).

Note 6 of the 2023-24 CFS provides further information on liabilities.

Cash flows

The Australian Government's cash balance was \$8.5 billion at 30 June 2024. For the year ended 30 June 2024, the Australian Government recorded a cash surplus of \$5.1 billion compared to a cash surplus of \$18.0 billion at 30 June 2023.

Table 10: Cash flows

	2023-24	2022-23	Change	Change
	\$b	\$b	\$b	%
Cash receipts				
Operating activities	708.6	670.9	37.7	5.6
Investing activities in non-financial assets	3.1	0.4	2.7	744.8
Investing activities in financial assets for policy purposes	8.6	9.3	(0.7)	7.3
Financing activities (net)	50.6	48.8	1.8	3.5
Total cash receipts	770.9	729.4	41.5	5.7
Cash payments				
Operating activities	678.9	628.2	50.7	8.1
Investing activities in non-financial assets	27.7	25.0	2.7	10.8
Investing activities in financial assets for policy purposes	13.3	13.2	0.1	1.2
Investing activities in financial assets for liquidity purposes (net)	(150.4)	6.8	(157.2)	2,296.8
Financing activities (net)	200.0	57.4	142.6	248.6
Total cash payments	769.5	730.6	38.9	5.3
Net movement in cash	1.4	(1.3)	2.6	210.8
Cash at beginning of the year	7.1	8.3	(1.2)	15.1
Cash at end of year	8.5	7.0	1.4	19.7
Key fiscal aggregate				
Net cash flows from operating activities	29.7	42.7	(13.0)	30.3
Net cash flows from investments in non-financial assets	(24.6)	(24.7)	0.1	0.2
Cash surplus/(deficit)	5.1	18.0	(12.9)	71.8

Receipts and payments

The following charts provide a detailed breakdown of Australian Government receipts and payments for 2023-24, showing the relative composition of each dollar received and paid.

Chart 10: Composition of each dollar of cash received in 2023-24

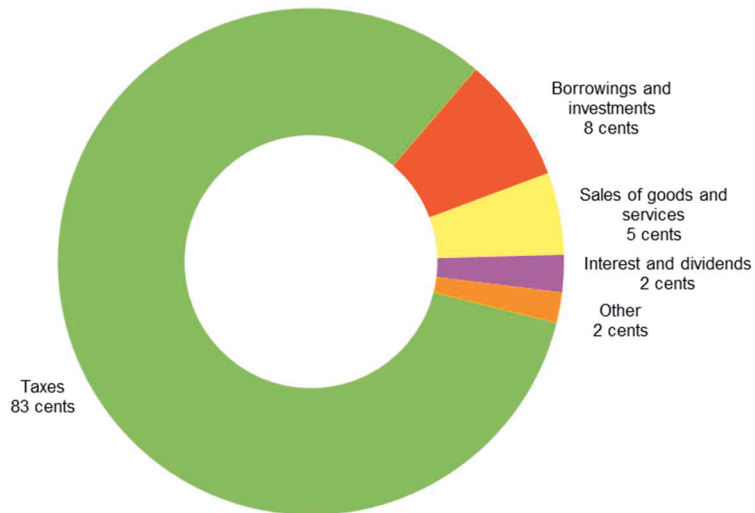
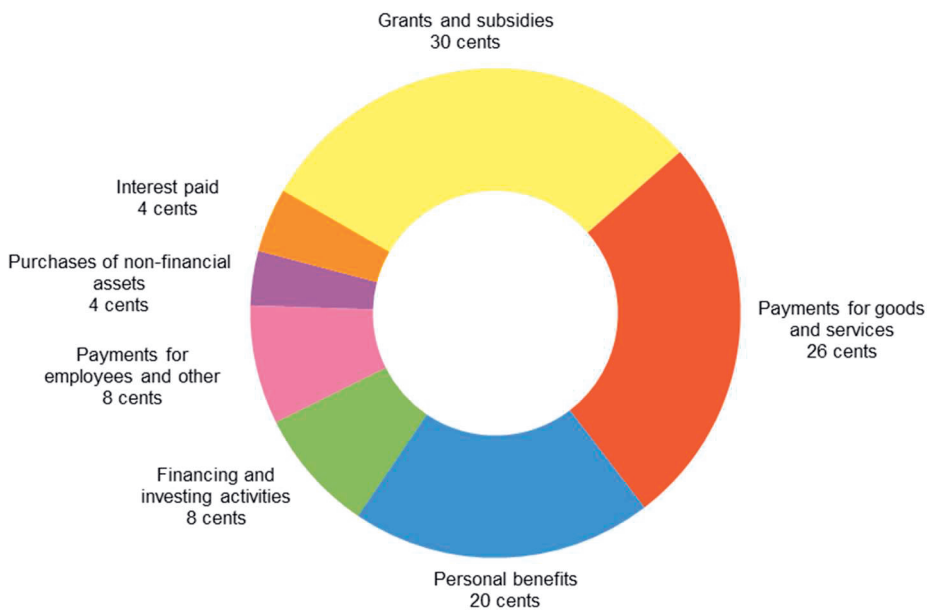


Chart 11: Composition of each dollar of cash paid in 2023-24



APPENDIX A

PREVIOUS YEARS

The CFS since 1995-96 are available on the Department of Finance website at: <http://www.finance.gov.au/publications/commonwealth-consolidated-financial-statements>.

The historical series datasets are available in electronic format at: <http://data.gov.au/dataset/australian-government-consolidated-financial-statements-tables-and-data>.

LINKS TO OTHER PUBLICATIONS

The Australian Government publishes a range of information about its projected and actual financial position. Links to some of these documents are set out below. The information in the following documents has been prepared for different purposes and therefore does not form part of the CFS. Further, the documents listed below are not subject to audit.

2023-24 Final Budget Outcome

The 2023-24 Final Budget Outcome (FBO) was prepared in a manner consistent with the *Charter of Budget Honesty Act 1998* (the Charter). The Charter requires that the Government provide the FBO no later than three months after the end of the financial year. Consistent with these requirements, the FBO encompasses Australian Government GGS fiscal outcomes for the 2023-24 financial year and is based on external reporting standards.

The 2023-24 FBO was released on the 30 September 2024 and is available on the Australian Government website at: <https://archive.budget.gov.au/2023-24/>.

Australian Government Monthly Financial Statements

The Australian Government GGS monthly financial statements (MFS) are prepared on a basis consistent with the Budget as required under section 47 of the PGPA Act. The statements are prepared in accordance with AASB 1049.

The Australian Government GGS MFS are available on the website of the Minister for Finance as well as the Department of Finance website: <https://www.finance.gov.au/publications/commonwealth-monthly-financial-statements#20232024>.

The historical series datasets are available in electronic format at: <http://data.gov.au/dataset/australian-government-general-government-sector-monthly-financial-statements-tables-and-data>.

Budget Strategy and Outlook and Mid-Year Economic and Fiscal Outlook

The Budget Strategy and Outlook – Budget Paper No.1 – 2023-24, the Mid-Year Economic and Fiscal Outlook 2023-24, the Budget Strategy and Outlook – Budget Paper No.1 – 2024-25 have been prepared in accordance with the Charter.

These Budget papers are available on the Australian Government website at <http://www.budget.gov.au/>.

Tax Benchmarks and Variations Statement 2021

The Tax Benchmarks and Variations Statement provides details of concessions, benefits, incentives and charges provided through the tax system (tax expenditures) to taxpayers by the Australian Government. Information is published on the Treasury website at:
<https://treasury.gov.au/publication/p2022-244177>.

**CONSOLIDATED FINANCIAL STATEMENTS,
INCLUDING THE AUSTRALIAN GOVERNMENT
AND GENERAL GOVERNMENT SECTOR
FINANCIAL REPORTS**



INDEPENDENT AUDITOR'S REPORT

To the Minister for Finance

Opinion

In my opinion, the Consolidated Financial Statements, which include the Australian Government and the General Government Sector (GGs) Financial Statements for the year ended 30 June 2024:

- (a) comply with Australian Accounting Standards; and
- (b) present fairly the Australian Government and General Government Sectors' financial position as at 30 June 2024 and their financial performance and cash flows for the year then ended.

The Consolidated Financial Statements, which I have audited, comprise the following as at 30 June 2024 and for the year then ended:

- Statement of Compliance;
- Australian Government operating statement and Australian Government operating statement by sector – including General Government Sector Financial Report;
- Australian Government balance sheet and Australian Government balance sheet by sector – including General Government Sector Financial Report;
- Australian Government cash flow statement and Australian Government cash flow statement by sector – including General Government Sector Financial Report;
- Australian Government statement of changes in equity (net worth) and Australian Government statement of changes in equity (net worth) by sector; and
- Notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Government and General Government Sector in accordance with the relevant ethical requirements for financial statement audits conducted by me. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of my audit of the Consolidated Financial Statements as a whole and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How the audit addressed the matter
<p data-bbox="182 226 485 249">Accuracy of taxation revenue</p> <p data-bbox="182 270 552 293"><i>Refer to Note 2A: 'Taxation revenue'</i></p> <p data-bbox="182 314 663 578">Taxation revenue is significant to the Australian Government operating statement. The Australian Government recorded taxation revenue of \$649.4 billion for the year ended 30 June 2024 (GGs: \$650.4 billion). The most significant components of taxation revenue relate to income taxation from individuals, companies and superannuation funds collected by the Australian Taxation Office.</p> <p data-bbox="182 599 650 712">I focused on the accuracy of taxation revenue, given the value of the transactions and the complexity and judgement involved in the estimation processes and calculations.</p> <p data-bbox="182 733 663 940">The reliable estimation of taxation revenue is complex due to uncertain timing of tax return assessments, payments and forecasting of likely taxation revenue outcomes. The Australian Government applies significant judgement when selecting the appropriate base for revenue recognition.</p> <p data-bbox="182 961 663 1220">In respect of the completeness, relevance and accuracy of data used in developing taxation revenue estimates, I identified internal control weaknesses relating to controls over change management for key information technology systems. These internal control weaknesses increased the risk that the data analysed as part of the estimation process was not complete, relevant and accurate.</p>	<p data-bbox="693 226 1134 249">To audit the accuracy of taxation revenue, I:</p> <ul data-bbox="693 270 1174 1306" style="list-style-type: none"> <li data-bbox="693 270 1174 382">• assessed the appropriateness of the base for revenue recognition with reference to the accuracy of prior year results and historical trends; <li data-bbox="693 403 1174 515">• assessed the design, implementation and operating effectiveness of the taxation estimation process controls and the associated validation procedures; <li data-bbox="693 536 1174 649">• performed a recalculation, on a sample basis, of processed income tax returns and activity statements by reference to taxation legislation; <li data-bbox="693 670 1174 972">• evaluated the impact of the identified internal control weaknesses relating to controls over change management by independently assessing the completeness, relevance and accuracy of data. This included reconciling report data to known sources, identifying reliable system logs and testing a sample of system logs to determine whether only valid changes were made; <li data-bbox="693 993 1174 1106">• assessed the reasonableness of the interpretation and analysis of data used for material estimates and recalculated these estimates as at 30 June 2024; and <li data-bbox="693 1127 1174 1306">• assessed the adequacy of documentation to support the judgements made in relation to key estimates and allocations of revenue at year-end. This included an assessment of the quality assurance process over manual adjustments processed as at 30 June 2024.
<p data-bbox="182 1327 357 1349">Key audit matter</p> <p data-bbox="182 1370 563 1393">Valuation of superannuation liability</p> <p data-bbox="182 1414 657 1467"><i>Refer to Note 6F: 'Employee benefits' and Note 9C: 'Defined benefit superannuation plans'</i></p> <p data-bbox="182 1488 663 1664">The Australian Government recorded a \$308.5 billion superannuation liability at 30 June 2024 (GGs: \$308.5 billion). The balance of the superannuation liability has a significant impact on the Australian Government's net worth.</p>	<p data-bbox="693 1327 1067 1349">How the audit addressed the matter</p> <p data-bbox="693 1370 1147 1424">To audit the valuation of the superannuation liability, I:</p> <ul data-bbox="693 1445 1174 1681" style="list-style-type: none"> <li data-bbox="693 1445 1174 1681">• assessed the design, implementation and operating effectiveness of internal controls over arrangements under which superannuation administration services are provided in relation to the defined benefit schemes, including management of members' data applied in the valuation model;

The Australian Government’s superannuation liability represents retirement and death benefits for Commonwealth and Defence Force employees, based on past service.

I focused on the valuation of the Australian Government’s superannuation due to the complexity of the process to measure the value of the liability. The measurement of the liability requires significant judgement and estimation in the selection of long-term assumptions, which include:

- salary growth rates and pension indexation rates;
- discount rates and other economic factors; and
- actuarial factors, including rates of mortality, redundancy, resignation, disability and retirement.

The valuation of the Australian Government’s superannuation liability is highly sensitive to changes in these assumptions.

In addition, disclosures that support the users’ understanding of the valuation of the superannuation liability are complex.

- tested the accuracy and completeness of the data used to calculate superannuation liability, including assessing the quality assurance and reconciliation processes used by the Australian Government to provide data to its actuary;
- evaluated the appropriateness of the methodology and reasonableness of the key assumptions applied in estimating the superannuation liability by:
 - comparing economic assumptions to realistic long-term expectations over the term of the schemes’ liabilities, based on the Government’s economic forecasts;
 - assessing the detailed analysis undertaken by the Australian Government’s actuary for consistency with historical data on the membership experience with regards to:
 - rates of mortality, redundancy, resignation, disability and retirement;
 - the proportion of members who will select each form of payment option available under the plan terms; and
 - promotional salary increases;
- assessed the reasonableness of the results of the valuation including the explanations for the changes in the valuation; and
- evaluated the appropriateness of the disclosures of key assumptions applied and of the uncertainties that impact the key assumptions, including the sensitivity analysis in Note 9C to the Consolidated Financial Statements.

Key audit matter

Valuation of specialist military equipment and other plant, equipment and infrastructure assets

Refer to Note 5D ‘Land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles’

How the audit addressed the matter

To address the key audit matter, I:

- assessed whether the selection of the method for determining fair value was appropriate for each asset class and whether the key assumptions used in the valuation methodology were reasonable;

The Australian Government reported a balance of non-financial assets of \$300.5 billion as at 30 June 2024 (GGs: \$220.8 billion). The balance includes:

- specialist military equipment \$88.6 billion (GGs: \$88.6 billion); and
- other plant, equipment and infrastructure assets of \$88.3 billion (GGs: \$22.4 billion). Other plant, equipment and infrastructure assets mainly comprises communications (postal and national broadband network), transport and electricity infrastructure.

I focused on the valuation of specialist military equipment and other plant, equipment and infrastructure assets due to the high degree of judgement applied by the Australian Government to measure these assets at fair value, including:

- the subjectivity in the valuation assessment due to the difficulty in obtaining the replacement costs of assets with a similar capability in the absence of an active market;
 - the selection and application of appropriate indices applied in the valuation;
 - the determination and assessment of appropriate useful lives;
 - the identification of indicators of impairment; and
 - in respect of specialist military equipment the complexity and high degree of judgement in the cost attribution model that allocates accumulated capitalised costs on large scale acquisition projects between individual platform assets, associated spares and inventory; in respect of the cost attribution model applied in the valuation of specialist military equipment.
- assessed the competence, capability and objectivity of the valuation subject matter experts where the Australian Government sought advice in determining the appropriate fair value of assets at 30 June 2024;
 - tested the completeness and accuracy of data applied in the assessment of fair value of specialist military equipment and other plant, equipment and infrastructure assets at 30 June 2024;
 - assessed whether the useful lives applied (for the calculation of depreciation) were consistent with other available information including expected withdrawal dates for specialist military equipment and operational information and industry benchmarking for other plant, equipment and infrastructure assets; and
 - performed the following procedures particularly in respect of specialist military equipment:
 - assessed whether the assumptions and judgements used to determine the impairment of specialist military equipment were consistent with other available information including changes to planned capability and unscheduled repairs and maintenance;
 - evaluated the sufficiency and appropriateness of the disclosure of the valuation process and balances reported in the financial statements;
 - assessed the Australian Government's assurance process for impairment and inspected a sample of assets to test for indicators of impairment;
 - tested a sample of costs allocated to specialist military equipment assets under construction in the cost attribution model to assess the appropriateness of capitalisation in accordance with Australian Accounting Standards; and

- for significant projects, reviewed the quality assurance processes performed by management on the cost attribution model and the approval of cost allocations related to specialist military equipment under construction.

Key audit matter

Valuation of Government Securities

Refer to Note 6B: ‘Government securities’ and Note 9B: ‘Financial instruments’

Government Securities primarily comprise treasury bonds, treasury indexed bonds and treasury notes issued by the Australian Office of Financial Management to meet the Australian Government’s financing needs.

The Australian Government recorded a liability of \$611.0 billion for Government Securities as at 30 June 2024 (GGs: \$844.2 billion).

I focused on the valuation of Government Securities due to:

- the significance of the value of Government Securities to the Australian Government’s net worth; and
- the variety of methodologies used to determine the fair value of Government Securities. These include the use of assumptions relating to forward yield curves, the consumer price index and discount rates.

In addition, disclosures that support the users’ understanding of the valuation of Government Securities are complex.

How the audit addressed the matter

To audit the valuation of Government Securities, I:

- tested the design, implementation and operating effectiveness of relevant controls related to the issuance of Government Securities;
- tested the design, implementation and operating effectiveness of relevant controls in relation to the ongoing assessment and recalculation of market valuations of securities; and
- assessed the valuation of Government Securities at 30 June 2024, using the following procedures:
 - agreed the face values and coupon rates of treasury bonds, treasury indexed bonds and treasury notes to independent third party reports;
 - assessed the reasonableness of the yield to maturity assumption on securities, relative to market interest rates and performed a recalculation of the fair value of Government Securities for issued treasury bonds, treasury indexed bonds and treasury notes; and
 - evaluated the appropriateness of the disclosures of sensitivities and risks related to Government Securities as disclosed in Note 6B and 9B to the Consolidated Financial Statements.

Other information

The Minister for Finance (the Minister) is responsible for the other information. The other information comprises the information included in the Preface and Commentary on the Consolidated Financial Statements for the year ended 30 June 2024 but does not include the Consolidated Financial Statements and my auditor’s report thereon.

My opinion on the Consolidated Financial Statements does not cover the other information, and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the Consolidated Financial Statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Minister for Finance's responsibility for the Consolidated Financial Statements

The Minister is responsible under section 48 of the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of Consolidated Financial Statements that comply with Australian Accounting Standards and the rules made under the Act. The Minister is also responsible for such internal control as the Minister determines is necessary to enable the preparation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Minister is responsible for assessing the ability of the Australian Government and the General Government Sector to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the assessment indicates that it is not appropriate.

Auditor's responsibilities for the audit of the Consolidated Financial Statements

My objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Consolidated Financial Statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Australian Government's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Minister;
- conclude on the appropriateness of the Minister's use of the going concern basis of accounting applied in preparing the Consolidated Financial Statements, up to the date of my auditor's report, based on the audit evidence I have obtained;
- evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation; and

Consolidated financial statements

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Australian Government to express an opinion on the Consolidated Financial Statements. I am responsible for the direction, supervision and performance of the Australian Government and General Government sector audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Australian National Audit Office



Dr Caralee McLiesh PSM
Auditor-General for Australia

Canberra

2 December 2024

STATEMENT OF COMPLIANCE

The annual Consolidated Financial Statements of the Australian Government are required by section 48 of the *Public Governance, Performance and Accountability Act 2013*.

In my opinion, the attached annual Consolidated Financial Statements of the Australian Government, which includes the whole of government and general government sector financial statements:

- (a) comply with Australian Accounting Standards and any other requirements prescribed by the rules; and
- (b) present fairly the Australian Government's consolidated financial position as at 30 June 2024 and its financial performance and cash flows for the year then ended.



Senator the Hon Katy Gallagher
Minister for Finance

28 November 2024

Australian Government operating statement
for the year ended 30 June 2024

	Note	2024 \$m	2023 \$m
Revenue from transactions			
Taxation revenue	2A	649,443	617,367
Sales of goods and services	2B	41,597	39,425
Interest income	2C	13,671	11,926
Dividend and distribution income	2C	6,262	5,230
Other	2D	16,603	16,333
Total revenue		727,576	690,281
Expenses from transactions			
<i>Gross operating expenses</i>			
Wages and salaries	3A	31,682	28,785
Superannuation	3A	9,747	9,808
Depreciation and amortisation	3B	18,684	17,256
Supply of goods and services	3C	201,936	181,304
Other operating expenses	3A	14,410	10,732
<i>Total gross operating expenses</i>		<i>276,459</i>	<i>247,885</i>
Superannuation interest expense	3A	13,375	12,336
Interest expense	3D	39,259	33,587
<i>Current transfers</i>			
Current grants	3E	197,585	190,846
Subsidy expenses		18,348	17,606
Personal benefits		153,237	142,770
<i>Total current transfers</i>		<i>369,170</i>	<i>351,222</i>
<i>Capital transfers</i>			
Mutually agreed write-downs	3E	2,282	2,714
Other capital grants	3E	17,040	17,695
<i>Total capital transfers</i>		<i>19,322</i>	<i>20,409</i>
Total expenses	3F	717,585	665,439
Net operating balance		9,991	24,842
Other economic flows - included in operating result			
Net write-down of assets (including bad and doubtful debts)	4A	(16,370)	(18,368)
Net gains/(losses) from the sale of assets	4B	4,384	(2,146)
Net foreign exchange gains	4C	678	2,611
Net interest on derivatives (losses)	4C	(706)	(1,676)
Net fair value gains	4C	11,196	20,192
Net other (losses)	4C	(29,238)	(12,266)
Operating result(a)		(20,065)	13,189
Other economic flows - other non-owner movements in equity			
<i>Items that will not be reclassified to operating result</i>			
Revaluation of non-financial assets	7	8,954	7,269
Actuarial revaluations of superannuation		11,919	16,429
Other economic revaluations		(411)	2
<i>Items that may be reclassified subsequently to operating result</i>			
Revaluation of equity investments	7	2,282	1,180
Comprehensive result - total change in net worth		2,679	38,069
Net operating balance		9,991	24,842
less Net acquisition of non-financial assets			
Purchases of non-financial assets		31,389	29,208
less Sales of non-financial assets		1,017	285
less Depreciation and amortisation		18,684	17,256
plus Change in inventories		698	2,951
plus Other movements in non-financial assets		(9)	(8)
Total net acquisition of non-financial assets		12,377	14,610
Fiscal balance (Net lending/(borrowing))		(2,386)	10,232

(a) Includes \$6 million attributable to minority interests (2023: \$56 million).

Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government balance sheet
 as at 30 June 2024

	Note	2024 \$m	2023 \$m
Assets			
<i>Financial assets</i>			
Cash and deposits		8,449	7,056
Advances paid	5A	76,990	72,985
Other receivables and accrued revenue	5A	84,641	73,657
Investments, loans and placements	5B	416,912	569,545
Equity investments	5C	101,585	84,051
Total financial assets		688,577	807,294
<i>Non-financial assets(a)</i>			
Land	5D	18,704	16,818
Buildings	5D	55,414	54,121
Specialist military equipment	5D	88,607	83,716
Other plant, equipment and infrastructure	5D	88,278	79,049
Intangibles	5D	17,113	16,475
Investment property	5D	327	343
Inventories	5E	12,016	12,874
Heritage and cultural assets	5D	12,772	12,618
Other non-financial assets	5F	7,226	6,948
Total non-financial assets		300,457	282,962
Total assets	5G	989,034	1,090,256
Liabilities			
<i>Interest bearing liabilities</i>			
Deposits held	6A	226,641	412,584
Government securities	6B	611,045	573,980
Loans	6C	52,873	42,897
Leases	6D	32,521	33,013
Other interest bearing liabilities	6E	20,356	26,818
Total interest bearing liabilities		943,436	1,089,292
<i>Provisions and payables</i>			
Superannuation liability	6F	308,469	313,080
Other employee liabilities	6F	63,045	46,563
Supplier payables	6G	25,850	20,832
Personal benefits payable	6G	4,172	3,142
Subsidies payable	6G	684	561
Grants payable	6G	4,272	3,570
Australian currency on issue	6H	100,765	101,285
Other payables	6G	16,108	13,922
Other provisions	6H	89,737	68,329
Total provisions and payables		613,102	571,284
Total liabilities		1,556,538	1,660,576
Net worth			
Accumulated results		(678,876)	(668,537)
Reserves		110,456	97,445
Minority interests		916	772
Net worth		(567,504)	(570,320)

(a) Right-of-use assets are included in the following line items: Land, Buildings and Other plant, equipment and infrastructure.

Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government cash flow statement
for the year ended 30 June 2024

	Note	2024 \$m	2023 \$m
OPERATING ACTIVITIES			
Operating cash received			
Taxes received		633,314	601,053
Receipts from sales of goods and services		40,813	39,689
Interest receipts		12,423	8,724
Dividend and distribution receipts		6,151	5,049
Other receipts		15,920	16,360
Total cash received		708,621	670,875
Operating cash used			
Payments for employees		(48,711)	(44,362)
Payments for goods and services		(199,849)	(180,576)
Grants and subsidies paid		(232,261)	(226,819)
Interest paid		(32,453)	(22,247)
Interest payments on lease liabilities		(1,469)	(1,329)
Personal benefits paid		(152,770)	(143,652)
Other payments		(11,394)	(9,231)
Total cash used		(678,907)	(628,216)
Net cash flows from operating activities	8	29,714	42,659
INVESTING ACTIVITIES			
Investments in non-financial assets			
Sales of non-financial assets		3,109	368
Purchases of non-financial assets		(27,749)	(25,047)
Net investments in non-financial assets		(24,640)	(24,679)
Investments in financial assets for policy purposes			
Receipts from policy investments		8,599	9,276
Payments for policy investments		(13,309)	(13,153)
Net investments in financial assets for policy purposes		(4,710)	(3,877)
Investments in financial assets for liquidity purposes			
		150,412	(6,847)
Net cash flows from investing activities		121,062	(35,403)
FINANCING ACTIVITIES			
Net financing cash received			
Borrowings		42,810	14,814
Contributed equity		144	99
Other financing(a)		7,617	33,930
Net cash received		50,571	48,843
Net financing cash used			
Distributions paid		(9)	(15)
Principal payments of lease liabilities		(3,385)	(3,189)
Other financing(a)		(196,560)	(54,152)
Net cash used		(199,954)	(57,356)
Net cash flows from financing activities		(149,383)	(8,513)
Net increase/(decrease) in cash held		1,393	(1,257)
Cash at beginning of year		7,056	8,313
Cash at end of year		8,449	7,056
Key fiscal aggregate			
Net cash flows from operating activities		29,714	42,659
Net cash flows from investments in non-financial assets		(24,640)	(24,679)
Cash surplus		5,074	17,980

(a) Comparatives have been restated to align with current year classification. Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government statement of changes in equity (net worth)
for the year ended 30 June 2024

Item	Accumulated results \$m	Asset revaluation reserve \$m	Reserves				Total reserves \$m	Contributed equity \$m	Total net worth \$m
			Foreign currency translation reserve \$m	Investments reserve \$m	Other reserves \$m	Total reserves \$m			
Australian Government									
Adjusted opening balance as at 1 July 2022	(697,990)	71,987	58	13,756	3,284	89,085	431	(608,474)	
Contribution/(distribution) of equity	-	-	-	-	-	-	100	100	
Dividends provided for or paid	(15)	-	-	-	-	-	-	(15)	
Comprehensive result - change in net worth	29,467	7,928	-	519	155	8,602	-	38,069	
Transfers to/(from)/between reserves	241	(44)	-	(519)	322	(241)	-	-	
Net worth as at 30 June 2023	(668,297)	79,871	58	13,756	3,761	97,446	531	(570,320)	
less: Minority interests	240	-	-	1	-	1	531	772	
Attributable to the Australian Government Sector at 30 June 2023	(668,537)	79,871	58	13,755	3,761	97,445	-	(571,092)	
Contribution/(distribution) of equity	-	-	-	-	-	-	144	144	
Dividends provided for or paid	(7)	-	-	-	-	-	-	(7)	
Comprehensive result - change in net worth	(8,035)	10,606	(5)	624	(511)	10,714	-	2,679	
Transfers to/(from)/between reserves	(2,297)	(869)	-	(445)	3,611	2,297	-	-	
Net worth as at 30 June 2024	(678,636)	89,608	53	13,935	6,861	110,457	675	(567,504)	
less: Minority interests	240	-	-	1	-	1	675	916	
Attributable to the Australian Government Sector at 30 June 2024	(678,876)	89,608	53	13,934	6,861	110,456	-	(568,420)	

The above statements should be read in conjunction with the accompanying notes. Certain comparatives have been restated. Refer to Note 1.6 for further details.

SECTOR STATEMENTS

Australian Government operating statement by sector — including General Government Sector Financial Report for the year ended 30 June 2024

	Note	General Government		Public non-financial corporations		Public financial corporations		Eliminations and netting(a)		Australian Government	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions											
Taxation revenue	2A	650,365	618,288	-	-	-	-	(922)	(921)	649,443	617,367
Sales of goods and services	2B	19,786	18,940	21,909	21,018	1,406	833	(1,504)	(1,366)	41,597	39,425
Interest income	2C	12,222	9,892	105	75	11,026	10,903	(9,682)	(8,944)	13,671	11,926
Dividend and distribution income	2C	6,455	5,291	-	-	63	56	(256)	(117)	6,262	5,230
Other	2D	16,588	16,341	270	301	245	169	(500)	(478)	16,603	16,333
Total revenue		705,416	668,752	22,284	21,394	12,740	11,961	(12,864)	(11,826)	727,576	690,281
Expenses from transactions											
<i>Gross operating expenses</i>											
Wages and salaries	3A	26,547	23,830	4,784	4,652	351	303	-	-	31,682	28,785
Superannuation	3A	9,146	9,217	544	526	61	68	(4)	(3)	9,747	9,808
Depreciation and amortisation	3B	13,623	12,667	4,986	4,506	75	83	-	-	18,684	17,256
Supply of goods and services	3C	192,434	171,448	10,436	10,760	685	573	(1,619)	(1,477)	201,936	181,304
Other operating expenses	3A	13,387	9,662	953	980	76	98	(6)	(8)	14,410	10,732
Total gross operating expenses		255,137	226,824	21,703	21,424	1,248	1,125	(1,629)	(1,488)	276,459	247,885
Superannuation interest expense	3A	13,375	12,336	-	-	-	-	-	-	13,375	12,336
Interest expense	3D	28,257	25,652	2,056	1,821	18,628	15,058	(9,682)	(8,944)	39,259	33,587
Current transfers											
Current grants	3E	197,590	190,895	-	-	-	-	(5)	(49)	197,585	190,846
Subsidy expenses		19,420	18,562	-	-	-	-	(1,072)	(956)	18,348	17,606
Personal benefits		153,237	142,768	-	-	-	2	-	-	153,237	142,770
Tax expenses		-	-	214	69	17	11	(231)	(80)	-	-
Total current transfers		370,247	352,225	214	69	17	73	(1,308)	(1,085)	369,170	351,222
Capital transfers											
Mutually agreed write-downs	3E	2,282	2,714	-	-	-	-	-	-	2,282	2,714
Other capital grants	3E	17,131	17,808	-	-	-	-	(91)	(113)	17,040	17,695
Total capital transfers		19,413	20,522	-	-	-	-	(91)	(113)	19,322	20,409
Total expenses	3F	686,429	637,559	23,973	23,314	19,893	16,196	(12,710)	(11,630)	717,585	665,439
Net operating balance		18,987	31,193	(1,689)	(1,920)	(7,153)	(4,235)	(154)	(196)	9,991	24,842

(a) The eliminations and netting column includes the elimination of inter-sector transactions and the netting of gains and losses across sectors. Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government operating statement by sector — including General Government Sector Financial Report
(continued)
for the year ended 30 June 2024

	Note	General Government		Public non-financial corporations		Public financial corporations		Eliminations and netting(a)		Australian Government	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Other economic flows - included in operating result											
Net write-down of assets (including bad and doubtful debts)	4A	(14,183)	(16,488)	(2,151)	(1,880)	(36)	-	-	-	(16,370)	(18,368)
Net gains/(losses) from the sale of assets	4B	3,938	(1,846)	47	20	399	(320)	-	-	4,384	(2,146)
Net foreign exchange gains/(losses)	4C	(160)	(510)	(1)	3	839	3,118	-	-	678	2,611
Net interest on derivatives (losses)	4C	(660)	(1,642)	(2)	-	(44)	(34)	-	-	(706)	(1,676)
Net fair value gains/(losses)	4C	8,411	23,746	(139)	347	2,924	(3,901)	-	-	11,196	20,192
Net other (losses)	4C	(28,667)	(11,930)	(31)	(62)	(540)	(274)	-	-	(29,238)	(12,266)
Operating result(b)		(12,334)	22,523	(3,966)	(3,492)	(3,611)	(5,646)	(154)	(196)	(20,065)	13,189
Other economic flows - through equity											
Will not be reclassified to operating result											
Revaluation of non-financial assets	7	4,688	3,441	4,316	3,969	(50)	(141)	-	-	8,954	7,269
Actuarial revaluations of superannuation		11,901	16,653	57	(79)	(39)	(145)	-	-	11,919	16,429
Other economic revaluations		42	3	(323)	29	-	-	(130)	(30)	(411)	2
May be reclassified to operating result											
Revaluation of equity investments	7	934	(664)	-	-	1,653	661	(305)	1,183	2,282	1,180
Comprehensive result		5,231	41,956	84	427	(2,047)	(5,271)	(589)	957	2,679	38,089
Net operating balance		18,987	31,193	(1,689)	(1,920)	(7,153)	(4,235)	(154)	(196)	9,991	24,842
less Net acquisition of non-financial assets											
Purchases of non-financial assets		20,172	19,316	11,065	9,812	144	81	8	(1)	31,389	29,208
less Sales of non-financial assets		896	224	120	61	1	1	-	(1)	1,017	285
less Depreciation and amortisation		13,623	12,667	4,986	4,506	75	83	-	-	18,684	17,256
plus Change in inventories		691	2,964	(22)	(24)	29	11	-	-	698	2,951
plus Other movements in non-financial assets		(9)	(8)	-	-	-	-	-	-	(9)	(8)
Total net acquisition of non-financial assets		6,355	9,381	5,937	5,221	97	8	8	-	12,377	14,610
Fiscal balance (Net lending/borrowing)		12,652	21,812	(7,626)	(7,141)	(7,250)	(4,243)	(162)	(196)	(2,386)	10,232

(a) The eliminations and netting column includes the elimination of inter-sector transactions and the netting of gains and losses across sectors.

(b) General Government operating result includes \$23 million attributable to minority interests (2023: \$15 million).

Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government balance sheet by sector — including General Government Sector Financial Report
as at 30 June 2024

	Note	General Government		Public non-financial corporations		Public financial corporations		Eliminations(a)		Australian Government	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Assets											
Financial assets											
Cash and deposits		97,318	89,305	1,851	2,102	1,362	1,363	(92,082)	(85,714)	8,449	7,056
Advances paid	5A	73,247	74,508	25	29	6,048	6,171	(2,330)	(7,723)	76,990	72,985
Other receivables and accrued revenue	5A	80,473	69,104	4,833	5,227	381	260	(1,046)	(934)	84,641	73,657
Investments, loans and placements	5B	233,469	221,460	894	968	414,911	597,742	(232,362)	(250,625)	416,912	569,545
Equity investments	5C	145,336	124,514	344	321	1,409	1,312	(45,504)	(42,096)	101,585	84,051
Total financial assets		629,843	578,897	7,947	8,647	424,111	606,848	(373,324)	(387,092)	688,577	807,294
Non-financial assets(b)											
Land	5D	14,631	13,474	3,812	3,033	261	311	-	-	18,704	16,818
Buildings	5D	50,675	49,509	4,379	4,273	360	348	-	(9)	55,414	54,121
Specialist military equipment	5D	88,607	83,716	-	-	-	-	-	-	88,607	83,716
Other plant, equipment and infrastructure	5D	22,353	20,283	65,756	58,630	169	136	-	-	88,278	79,049
Intangibles	5D	13,228	12,590	3,771	3,761	63	73	51	51	17,113	16,475
Investment property	5D	228	219	99	124	-	-	-	-	327	343
Inventories	5E	11,748	12,603	184	216	84	55	-	-	12,016	12,874
Heritage and cultural assets	5D	12,772	12,618	-	-	-	-	-	-	12,772	12,618
Tax assets		-	-	1,318	1,227	5	5	(1,323)	(1,232)	-	-
Other non-financial assets	5F	6,553	6,270	691	669	96	67	(114)	(58)	7,226	6,948
Total non-financial assets		220,795	211,282	80,070	71,933	1,038	995	(1,386)	(1,248)	300,457	282,962
Total assets	5G	850,638	790,173	87,957	80,580	425,149	607,843	(374,710)	(388,340)	989,034	1,090,256

(a) Comprises the elimination of inter-sector balances.

(b) Right-of-use assets are included in the following line items: Land, Buildings and Other plant, equipment and infrastructure. Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government balance sheet by sector — including General Government Sector Financial Report (continued)
as at 30 June 2024

Note	General Government		Public non-financial corporations		Public financial corporations		Eliminations(a)		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Liabilities										
<i>Interest bearing liabilities</i>										
Deposits held	417	415	12	16	318,310	497,862	(92,098)	(85,709)	226,641	412,584
Government securities	844,238	825,548	-	-	-	-	(233,193)	(251,568)	611,045	573,980
Loans	12,721	11,778	35,194	31,462	6,433	6,415	(1,475)	(6,758)	52,873	42,897
Leases	19,005	19,948	13,423	13,036	93	38	-	(9)	32,521	33,013
Other interest bearing liabilities	18,661	18,885	-	-	1,695	7,933	-	-	20,356	26,818
Total interest bearing liabilities	895,042	876,574	48,629	44,514	326,531	512,248	(326,766)	(344,044)	943,436	1,089,292
<i>Provisions and payables</i>										
Superannuation liability	308,461	313,069	8	11	-	-	-	-	308,469	313,080
Other employee liabilities	60,803	44,351	2,042	2,014	200	198	-	-	63,045	46,563
Supplier payables	13,997	11,717	3,308	3,277	8,631	5,922	(86)	(84)	25,850	20,832
Personal benefits payable	4,172	3,142	-	-	-	-	-	-	4,172	3,142
Subsidies payable	695	559	-	-	-	-	(11)	2	684	561
Grants payable	4,265	3,562	7	8	-	-	-	-	4,272	3,570
Australian currency on issue	-	-	-	-	100,765	101,285	-	-	100,765	101,285
Tax liabilities	-	-	809	743	3	4	(812)	(747)	-	-
Other payables	9,071	9,496	3,034	2,739	4,148	1,796	(145)	(109)	16,108	13,922
Other provisions	87,489	66,308	966	1,014	2,186	1,815	(904)	(808)	89,737	68,329
Total provisions and payables	488,953	452,204	10,174	9,806	115,933	111,020	(1,958)	(1,746)	673,102	571,284
Total liabilities	1,383,995	1,328,778	58,803	54,320	442,464	623,268	(328,724)	(345,790)	1,556,538	1,660,576
Net worth										
Accumulated results	(597,871)	(598,870)	(40,517)	(36,468)	(33,681)	(26,412)	(6,807)	(6,787)	(678,876)	(668,537)
Reserves	64,461	60,043	20,039	16,042	15,493	10,280	10,463	11,080	110,456	97,445
Contributed equity	(210)	-	49,632	46,686	873	707	(50,295)	(47,393)	-	-
Minority interests	263	222	-	-	-	-	653	550	916	772
Net worth	(533,357)	(538,605)	29,154	26,260	(17,315)	(15,425)	(45,986)	(42,550)	(567,504)	(570,320)

(a) Comprises the elimination of inter-sector balances.

Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government cash flow statement by sector — including General Government Sector Financial Report for the year ended 30 June 2024

	General Government		Public non-financial corporations		Public financial corporations		Eliminations and netting(a)		Australian Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
OPERATING ACTIVITIES										
Cash received										
Taxes received	633,401	601,299	-	-	-	-	(87)	(246)	633,314	601,053
Receipts from sales of goods and services	19,897	19,301	23,076	23,019	1,465	799	(3,625)	(3,430)	40,813	39,689
Interest receipts	10,510	7,006	101	54	11,603	10,555	(9,791)	(8,891)	12,423	8,724
Dividend and distribution receipts	6,406	5,149	-	-	9	22	(264)	(122)	6,151	5,049
GST receipts	-	-	185	185	40	24	(225)	(209)	-	-
Other receipts	15,990	16,351	176	287	241	169	(487)	(447)	15,920	16,360
Total cash received	686,204	649,106	23,538	23,545	13,358	11,569	(14,479)	(13,345)	708,621	670,875
Cash used										
Taxes paid	-	-	(106)	(164)	(3)	1	109	163	-	-
Payments for employees	(43,111)	(38,901)	(5,209)	(5,147)	(395)	(317)	4	3	(48,711)	(44,362)
Payments for goods and services	(191,159)	(171,201)	(11,592)	(12,265)	(622)	(529)	3,524	3,419	(199,849)	(180,576)
Grants and subsidies paid	(232,627)	(227,148)	-	-	-	-	366	329	(232,261)	(226,819)
Interest paid	(22,280)	(18,454)	(1,078)	(848)	(18,774)	(13,416)	9,679	10,471	(32,453)	(22,247)
Interest payments on lease liabilities	(493)	(408)	(974)	(920)	(2)	(1)	-	-	(1,469)	(1,329)
Personal benefits paid	(152,770)	(143,652)	-	-	-	-	-	-	(152,770)	(143,652)
GST paid	-	-	(357)	(421)	(96)	(29)	453	450	-	-
Other payments	(10,387)	(8,307)	(930)	(830)	(77)	(94)	-	-	(11,394)	(9,231)
Total cash used	(652,827)	(608,071)	(20,246)	(20,595)	(19,969)	(14,385)	14,135	14,835	(678,907)	(628,216)
Net cash from operating activities	33,377	41,035	3,292	2,950	(6,611)	(2,816)	(344)	1,490	29,714	42,659
INVESTING ACTIVITIES										
Investments in non-financial assets										
Sales of non-financial assets	3,001	311	108	57	-	-	-	-	3,109	368
Purchases of non-financial assets	(17,835)	(16,663)	(9,884)	(8,306)	(30)	(78)	-	-	(27,749)	(25,047)
Net cash from non-financial assets	(14,834)	(16,352)	(9,776)	(8,249)	(30)	(78)	-	-	(24,640)	(24,679)

(a) The eliminations and netting column includes the elimination of inter-sector transactions and the netting of certain cash flows across sectors. Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government cash flow statement by sector — including General Government Sector Financial Report
(continued)
for the year ended 30 June 2024

	General Government		Public non-financial corporations		Public financial corporations		Eliminations and netting(a)		Australian Government	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
INVESTING ACTIVITIES										
Investments in financial assets for policy purposes										
Receipts from policy investments	13,790	9,887	-	-	451	447	(5,642)	(1,058)	8,599	9,276
Payments for policy investments	(15,606)	(17,849)	(2)	(2)	(1,146)	(591)	3,445	5,289	(13,309)	(13,153)
Net cash from policy investments	(1,816)	(7,962)	(2)	(2)	(695)	(144)	(2,197)	4,231	(4,710)	(3,877)
Investments in financial assets for liquidity purposes										
Net cash from investing activities	(18,364)	(6,246)	10	(36)	187,029	20,494	(18,263)	(21,059)	150,412	(6,847)
	(35,014)	(30,560)	(9,768)	(8,287)	186,304	20,272	(20,460)	(16,828)	121,062	(35,403)
FINANCING ACTIVITIES										
Cash flows from financing activities										
Net cash received										
Borrowings	15,094	(7,238)	3,697	1,605	359	180	23,660	20,267	42,810	14,814
Contributed equity	24	15	3,057	5,039	166	130	(3,103)	(5,085)	144	99
Other financing(b)	11,614	29,305	61	149	2,332	2,083	(6,390)	2,393	7,617	33,930
Net cash received	26,732	22,082	6,815	6,793	2,857	2,393	14,167	17,575	50,571	48,843
Net cash used										
Distributions paid	(9)	(15)	(247)	(111)	(19)	(15)	266	126	(9)	(15)
Principal payments of lease liabilities	(2,738)	(2,645)	(623)	(534)	(24)	(10)	-	-	(3,385)	(3,189)
Other financing(b)	(14,335)	(34,969)	280	(88)	(182,508)	(19,147)	3	52	(196,560)	(54,152)
Net cash used	(17,082)	(37,629)	(590)	(733)	(182,551)	(19,172)	269	178	(199,954)	(57,356)
Net cash from financing activities	9,650	(15,547)	6,225	6,060	(179,694)	(16,779)	14,436	17,753	(149,383)	(8,513)
Net increase/(decrease) in cash	8,013	(5,072)	(251)	723	(1)	677	(6,368)	2,415	1,393	(1,257)
Cash at beginning of year	89,305	94,377	2,102	1,379	1,363	686	(85,714)	(88,129)	7,056	8,313
Cash at end of year	97,318	89,305	1,851	2,102	1,362	1,363	(92,082)	(85,714)	8,449	7,056
Key fiscal aggregate										
Net cash flows from operating activities	33,377	41,035	3,292	2,950	(6,611)	(2,816)	(344)	1,490	29,714	42,659
Net cash flows from investments in non-financial assets	(14,834)	(16,352)	(9,776)	(8,249)	(30)	(78)	-	-	(24,640)	(24,679)
Cash surplus/(deficit)	18,543	24,683	(6,484)	(5,299)	(6,641)	(2,894)	(344)	1,490	5,074	17,980

(a) The eliminations and netting column includes the elimination of inter-sector transactions and the netting of certain cash flows across sectors.

(b) Comparatives have been restated to align with current year classification.

Certain comparatives have been restated. Refer to Note 1.6 for further details

Australian Government statement of changes in equity (net worth) by sector
for the year ended 30 June 2024

Item	Reserves							Total Net Worth \$m	
	Accumulated results \$m	Asset revaluation reserve \$m	Foreign currency translation reserve \$m	Investments reserve \$m	Statutory funds \$m	Other reserves \$m	Total reserves \$m		Contributed equity \$m
General Government									
Adjusted opening balance as at 1 July 2022	(636,888)	59,287	55	(3,282)	-	80	56,140	187	(580,561)
Dividends provided for or paid	(15)	-	-	-	-	-	-	-	(15)
Comprehensive result - change in net worth	39,172	3,439	2	(664)	-	7	2,784	-	41,956
Contribution of equity	-	-	-	-	-	-	-	-	15
Transfers to/(from)/between reserves	(1,120)	(44)	-	1,088	-	76	1,120	-	-
Net worth as at 30 June 2023	(598,851)	62,682	57	(2,858)	-	163	60,044	202	(538,605)
less: Minority interests	19	-	-	1	-	-	1	202	222
Attributable to the General Government									
Sector at 30 June 2023	(598,870)	62,682	57	(2,859)	-	163	60,043	-	(538,827)
Dividends provided for or paid	(7)	-	-	-	-	-	-	-	(7)
Comprehensive result - change in net worth	(387)	4,688	(5)	929	-	6	5,618	-	5,231
Contribution of equity	-	-	-	-	-	-	-	24	24
Transfers to/(from)/between reserves	1,410	(856)	-	(230)	-	(114)	(1,200)	(210)	-
Net worth as at 30 June 2024	(597,835)	66,514	52	(2,159)	-	55	64,462	16	(533,357)
less: Minority interests	36	-	-	1	-	-	1	226	263
Attributable to the General Government									
Sector at 30 June 2024	(597,871)	66,514	52	(2,160)	-	55	64,461	(210)	(533,620)

Certain comparatives have been restated. Refer to Note 1.6 for further details.

Australian Government statement of changes in equity (net worth) by sector (continued)
for the year ended 30 June 2024

Item	Reserves								Total Net Worth \$m
	Accumulated results \$m	Asset revaluation reserve \$m	Foreign currency translation reserve \$m	Investments reserve \$m	Statutory funds \$m	Other reserves \$m	Total reserves \$m	Contributed equity \$m	
Public non-financial corporations									
Opening balance as at 1 July 2022	(32,843)	10,996	2	-	-	1,103	12,101	41,699	20,957
Comprehensive result - change in net worth	(3,514)	3,934	(3)	-	-	10	3,941	-	427
Dividends provided for or paid	(111)	-	-	-	-	-	-	-	(111)
Contribution of equity	-	-	-	-	-	-	-	4,987	4,987
Net worth as at 30 June 2023	(36,468)	14,930	(1)	-	-	1,113	16,042	46,686	26,260
Comprehensive result - change in net worth	(3,873)	4,293	-	-	-	(283)	4,010	(53)	84
Dividends provided for or paid	(247)	-	-	-	-	-	-	-	(247)
Transfers to/(from)/between reserves	71	(13)	-	-	-	-	(13)	(58)	-
Contribution of equity	-	-	-	-	-	-	-	3,057	3,057
Net worth as at 30 June 2024	(40,517)	19,210	(1)	-	-	830	20,039	49,632	29,154

Australian Government statement of changes in equity (net worth) by sector (continued)
for the year ended 30 June 2024

Item	Reserves										Total Net Worth \$m
	Accumulated results \$m	Asset revaluation reserve \$m	Foreign currency translation reserve \$m	Investments reserve \$m	Statutory funds \$m	Other reserves \$m	Total reserves \$m	Contributed equity \$m			
Public financial corporations											
Opening balance as at 1 July 2022	(20,222)	7,694	-	-	-	1,673	9,367	577			(10,278)
Comprehensive result - change in net worth	(5,938)	520	-	-	-	147	667	-			(5,271)
Dividends provided for or paid	(6)	-	-	-	-	-	-	-			(6)
Transfers to/(from)/between reserves	(246)	-	-	-	-	246	246	-			-
Contribution of equity	-	-	-	-	-	-	-	130			130
Net worth as at 30 June 2023	(26,412)	8,214	-	-	-	2,066	10,280	707			(15,425)
Comprehensive result - change in net worth	(3,535)	1,603	-	-	-	(115)	1,488	-			(2,047)
Dividends provided for or paid	(9)	-	-	-	-	-	-	-			(9)
Transfers to/(from)/between reserves	(3,725)	-	-	-	-	3,725	3,725	-			-
Contribution of equity	-	-	-	-	-	-	-	166			166
Net worth as at 30 June 2024	(33,681)	9,817	-	-	-	5,676	15,493	873			(17,315)

The above statements should be read in conjunction with the accompanying note.

NOTES TO THE FINANCIAL STATEMENTS

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Note 1: Basis of financial statements preparation

1.1 Purpose

The purpose of this note is to outline the basis on which the financial statements for the Australian Government (whole of government) and the general government sector (GGS) have been prepared.

Significant accounting policies that are relevant to understanding the financial statements are provided throughout the notes to the financial statements. Except as otherwise noted, the accounting policies detailed in this note and throughout the financial statements are applicable at both the whole of government level and for the GGS.

1.2 Statement of compliance

The Australian Government Consolidated Financial Statements (CFS) are required by section 48 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The CFS are general purpose financial statements that have been prepared for the whole of government and the GGS in accordance with Australian Accounting Standards (AAS), including AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 1049).

The GGS financial statements are included in the CFS and can be found in the Sector statements and the Notes to the financial statements.

1.3 Basis of accounting

The CFS provides users with information about the stewardship by the Australian Government and accountability for the resources entrusted to it; information about the financial position, performance and cash flows of the Australian Government; and information that facilitates assessment of the macroeconomic impact.

The principles and rules in the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 – ABS Catalogue No. 5514.0* (ABS GFS Manual) have been applied in the production of these financial statements, except in instances in which their application would conflict with AAS, or for reporting by the functions of Government as discussed below.

The CFS presents financial aggregates according to the Uniform Presentation Framework (UPF). The UPF is an agreed framework between the Australian, state and territory governments for the presentation of government financial information.

The CFS also presents expenses and assets classified according to the functions of Government (refer Notes 3F and 5G respectively). The Classifications of Functions of Government - Australia (COFOG-A) in the 2015 ABS GFS Manual replaced the former Government Purpose Classification (GPC).

However, consistent with the Final Budget Outcome and historical reporting, the CFS adopts the GPC under the previous ABS 2005 GFS Manual (*Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 – ABS Catalogue No. 5514.0*).

The adoption of COFOG-A would result in the reallocation of Government superannuation expenses from the General Public Services function across all functions and the grouping or reallocation of certain sub-functions.

Under the 2019 UPF, jurisdictions which apply the former GPC hierarchy must reference the previous ABS 2005 GFS Manual.

Where the key fiscal aggregates presented on the face of the financial statements are materially different to those measured in accordance with the applied ABS GFS Manual, an explanation of the differences between the two measures is provided (refer Note 12A).

The CFS has been prepared on an accrual basis and is presented in Australian dollars.

1.4 New Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

During 2023-24, the Australian Government adopted all applicable accounting standards that became effective during the year. There were no new accounting standards applicable to the CFS in 2023-24.

1.5 The reporting entity and basis of consolidation

For the purposes of these financial statements, the Australian Government means the executive (consisting principally of Ministers and their departments), the legislature (that is, the Parliament) and the judiciary (that is, the courts). Where the 'Australian Government' is referred to throughout these statements, it is intended to also mean the 'Commonwealth of Australia'. The Australian Government reporting entity (referred to as the reporting entity) includes Australian Government Departments of State, Parliamentary Departments, other non-corporate Commonwealth entities, corporate Commonwealth entities and companies in which the Australian Government holds a controlling interest.

The Australian Government controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The existence of control in the context of these financial statements does not in any way indicate that there is necessarily control over the manner in which statutory/professional functions are performed by an entity.

In the process of reporting the Australian Government as a single economic entity, all material transactions and balances between Australian Government controlled entities are eliminated. Any dissimilar accounting policies applied at the entity level are amended to ensure consistent policies are adopted in these financial statements where the effect is material.

Where control of an entity is obtained during a financial year, results are included in the consolidated operating statement and the consolidated cash flow statement from the date on which control commenced. Where control of an entity ceases during a financial year, results are included for that part of the year for which control existed.

1.6 Prior period error and reclassification of comparatives

The 2022-23 comparatives have been restated to account for the following:

- The Department of Education, the Department of Home Affairs, Services Australia and the Future Fund identified material adjustments to the fair value of financial and non-financial assets that should have been reflected in the balances reported at 30 June 2023. Adjustments have been made to the 2022-23 comparatives to reflect the correct fair values as per adjustment (a) in the accompanying table below.
- The Department of Defence, the Department of Health and Aged Care, the Australian Electoral Commission and Geoscience Australia identified prior period errors relating to the recognition or classification of non-financial assets. The adjustments resulted in the reclassification of assets and additional supplier expenses. Adjustments have been made to the 2022-23 comparatives to correctly recognise and classify non-financial assets as per adjustment (b) in the accompanying table below.
- The Department of Education and the Department of Health and Aged Care identified prior period adjustments relating to recovery receivables. The amounts adjusted should have been recognised in line with underlying legislation and for the amounts legally recoverable. The Department of Health and Aged Care also determined that the additional amounts recoverable were impaired. Adjustments have been made to the 2022-23 comparatives to reflect the recoverable amounts as per adjustment (c) in the accompanying table below.
- The Australian Renewable Energy Authority voluntarily changed its accounting policy for cash and cash equivalents to classify cash held in deposits with a maturity date of three months or greater as investments. Adjustments have been made to the 2022-23 comparatives as per adjustment (d) in the accompanying table below. A corresponding adjustment has been made in the cash flow statement to reflect the change in opening and closing cash balance for the year ending 30 June 2023.

In addition to the above restatements, some immaterial reclassifications between notes have been made to align 2022-23 comparatives to ensure consistency with the current year reporting period. Adjustments have been made to the 2022-23 comparatives as per the reclassification column in the accompanying table. Reclassifications within a note or financial statement category are not shown but noted in the respective note disclosure.

Notes to the financial statements

		Adjusted			Reclass-	Restated	
	Note	2023	(a)	(b)	(c)	(d) ifications	2023
		\$m	\$m	\$m	\$m	\$m	\$m
Revenue from transactions							
Sales of goods and services	2B	39,499	-	-	-	(74)	39,425
Non-taxation revenue	2D	15,899	-	-	360	74	16,333
Total revenue		689,921	-	-	360	-	690,281
Expenses from transactions							
<i>Gross operating expenses</i>							
Depreciation and amortisation	3B	17,250	25	(19)	-	-	17,256
Supply of goods and services	3C	180,809	-	303	157	35	181,304
Other operating expenses	3A	10,767	-	-	-	(35)	10,732
<i>Total gross operating expenses</i>		<i>247,419</i>	<i>25</i>	<i>284</i>	<i>157</i>	<i>-</i>	<i>247,885</i>
Interest expense	3D	33,586	-	1	-	-	33,587
Total expenses	3F	664,972	25	285	157	-	665,439
Net operating balance		24,949	(25)	(285)	203	-	24,842
Other economic flows - other non-owner movements in equity							
Net write-down of assets (including bad and doubtful debts)	4A	(18,049)	-	41	(360)	-	(18,368)
Net fair value gains/(losses)	4C	20,294	(102)	-	-	-	20,192
Net other gains/(losses)	4C	(12,236)	-	(30)	-	-	(12,266)
Revaluation of non-financial assets	7	7,047	222	-	-	-	7,269
Comprehensive result - total change in net worth		38,405	95	(274)	(157)	-	38,069
Assets							
<i>Financial assets</i>							
Cash and deposits		7,464	-	-	-	(408)	7,056
Advances paid	5A	73,135	(150)	-	-	-	72,985
Other receivables and accrued revenue	5A	73,814	-	-	(157)	-	73,657
Investments, loans and placements	5B	569,265	(128)	-	-	408	569,545
<i>Total financial assets</i>		<i>807,729</i>	<i>(278)</i>	<i>-</i>	<i>(157)</i>	<i>-</i>	<i>807,294</i>
<i>Non-financial assets</i>							
Buildings	5D	53,831	191	99	-	-	54,121
Specialist military equipment	5D	84,627	-	(911)	-	-	83,716
Other plant, equipment and infrastructure	5D	78,806	124	119	-	-	79,049
Intangibles	5D	15,810	-	665	-	-	16,475
Inventories	5E	12,976	-	(102)	-	-	12,874
Other non-financial assets	5F	6,790	-	158	-	-	6,948
<i>Total non-financial assets</i>		<i>282,619</i>	<i>315</i>	<i>28</i>	<i>-</i>	<i>-</i>	<i>282,962</i>
Total assets	5G	1,090,348	37	28	(157)	-	1,090,256
Liabilities							
<i>Interest bearing liabilities</i>							
Leases	6D	32,913	-	100	-	-	33,013
<i>Total interest bearing liabilities</i>		<i>1,089,192</i>	<i>-</i>	<i>100</i>	<i>-</i>	<i>-</i>	<i>1,089,292</i>
<i>Provisions and payables</i>							
Supplier payables	6G	20,854	-	(22)	-	-	20,832
Other provisions	6H	68,403	(74)	-	-	-	68,329
<i>Total provisions and payables</i>		<i>571,380</i>	<i>(74)</i>	<i>(22)</i>	<i>-</i>	<i>-</i>	<i>571,284</i>
Total liabilities		1,660,572	(74)	78	-	-	1,660,576
Net worth							
Opening balance as at 1 July 2022		(608,714)	16	224	-	-	(608,474)
Comprehensive result - Change in net worth		38,405	95	(274)	(157)	-	38,069
Net worth		(570,224)	111	(50)	(157)	-	(570,320)

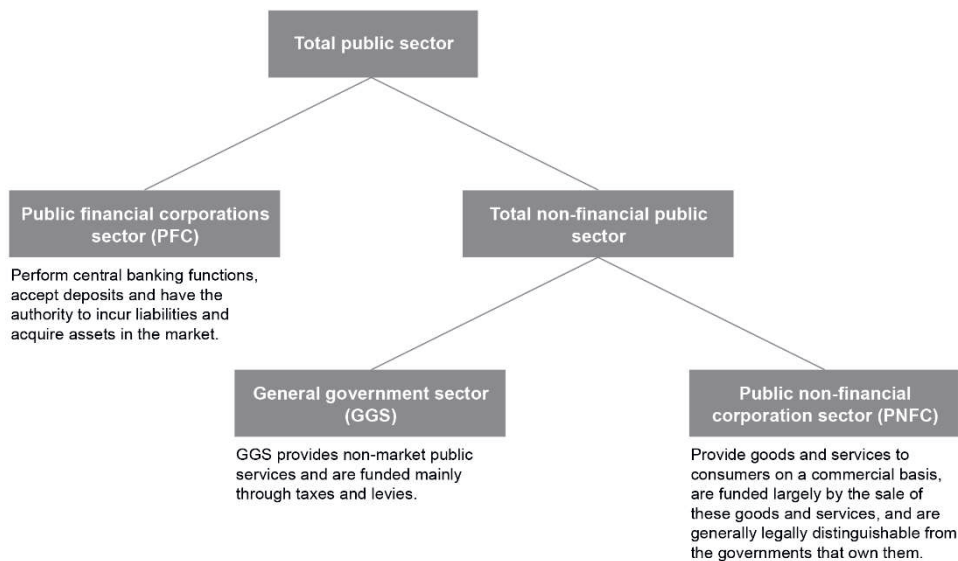
1.7 Business combinations

There were no material business combinations in 2023-24 or the comparative year.

1.8 Sectors

The sector classification of Australian Government entities follows that defined by the Australian Bureau of Statistics for the purposes of GFS. This, in turn, is based on international standards issued by the International Monetary Fund (IMF).

Figure 1: Institutional structure of the public sector



1.9 Significant accounting judgements and estimates

In preparing financial statements, Australian Government entities are required to make judgements and estimates that impact:

- income and expenses for the year;
- the reported amounts of assets and liabilities; and
- the disclosure of off-balance sheet arrangements, including contingent assets and contingent liabilities.

Judgements and estimates are subject to periodic review, including through the receipt of actuarial advice. They are based on historical experience, various other assumptions believed to be reasonable under the circumstances and, where appropriate, practices adopted by other entities.

Judgements and estimates made by Australian Government entities that have the most significant impact on the amounts recorded in these financial statements include:

Significant accounting estimate / judgement	Note
Taxation revenue items reported under the Economic Transactions Method	2A
Revenue recognition – whether revenue from contracts with customers is recognised over time or at a point in time	2B
Impairment – key assumptions and methodologies used to estimate the recoverability of accounts receivable, statutory debts and inventory	4A
Fair value – assumptions used in valuation techniques for the fair value of financial assets and liabilities, including derivatives	5, 6
Fair value and impairment test – key assumptions underlying recoverable amount and valuations of land, property, plant and equipment and infrastructure	5D
Lease terms – whether Commonwealth entities are reasonably certain to exercise extension options	5D, 6D
Measurement of defined benefit obligations – principal actuarial assumptions	6F, 9C
Recognition and measurement of provisions and contingencies – key assumptions about the likelihood and magnitude of an outflow or inflow of resources	6H, 9A

The ABS GFS Manual requires assets and liabilities to be measured at market value. Under AASB 1049, the Australian Government applies the AASB 13 *Fair Value Measurement* fair value hierarchy to assets and liabilities except where another standard requires an alternate treatment. The fair value hierarchy categorises fair value measurements into three levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The classification of each asset and liability class by fair value level is disclosed in the relevant notes to the balance sheet.

Australian Government entities utilise a range of valuation techniques and inputs in determining fair value. The following table summarises the valuation techniques used by entities in determining the values of Level 2 and Level 3 categorised assets and liabilities.

Valuation technique	Description
Cost approach / Current replacement cost (CRC)	The amount a market participant would be prepared to pay to acquire or construct a substitute asset of comparable utility, adjusted for obsolescence. Obsolescence is determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.
Income approach / Discounted cash flows	Converts future amounts (cash flow or income and expenses) to a single current (i.e. discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
Market approach	Market approach seeks to estimate the current value of an asset with reference to recent market evidence including transactions of comparable assets within local second-hand markets.
Net assets of entities	The value of the entity's assets less the value of its liabilities.

The following table summarises the inputs used by entities.

Input used	Description
Cost of new assets	The amount a market participant would pay to acquire or construct a new substitute asset of comparable utility.
Per square metre cost	The square metre cost of new or replacement assets.
Consumed economic benefit	Physical deterioration, functional or technical obsolescence and conditions of the economic environment specific to the asset.
Capitalisation rate	Rate of return on a real estate investment property based on the income that the property is expected to generate.
Market transactions	Market transactions of comparable assets, adjusted to reflect differences in price sensitive characteristics (for example size, condition).
Adjusted market transactions	Market transactions of comparable assets, involving significant professional judgement to adjust for other factors (for example economic conditions) and their impact on price sensitive characteristics.
Principal due	The amount of the principal remaining to be repaid.
Discount rate	Rate at which cash flows are discounted back to the value at measurement date.
Future cash flows	The future predicted cash flows of the asset.
Foreign exchange rates	Rates used to convert foreign currencies into Australian dollars.
Weighted average cost of capital	The rate of return expected to pay on average to security holders to finance assets.
Net assets of entities	The value of the entity's assets less the value of its liabilities.

1.10 Insurance

Australian Government entities operating in the GGS are members of the Australian Government's self-managed fund for insurable risks, Comcover. This excludes workers' compensation where the risk is managed by Comcare. Australian Government entities operating outside the GGS adopt their own insurance strategies, which includes both self-insurance and commercial insurance coverage.

1.11 Rounding

All amounts have been rounded to the nearest million dollars, unless otherwise noted.

1.12 Compliance with the Commonwealth of Australia Constitution Act

Section 83 of the *Commonwealth of Australia Constitution Act* (Constitution) provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. It is important to note that it is not possible in all instances to fully remove the potential for Section 83 breaches under existing legislation. In many cases, the Australian Government relies on information provided by payment recipients to calculate and pay appropriate entitlements and this information is not always timely or accurate.

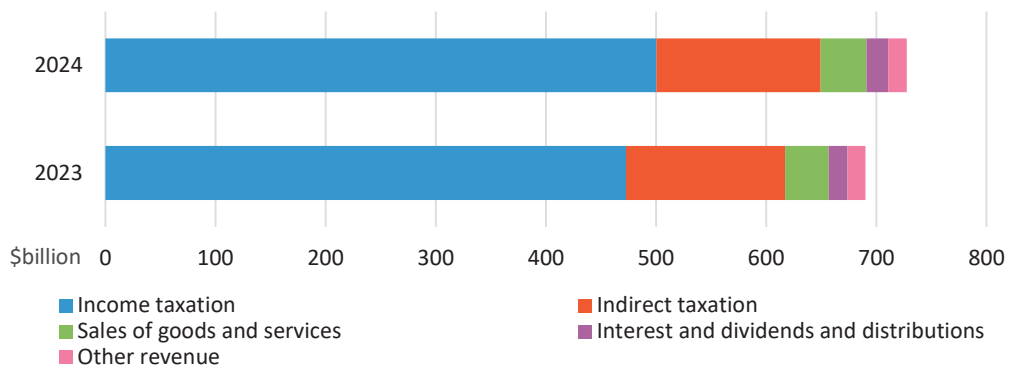
Australian Government entities monitor their level of compliance with Section 83 of the Constitution across all legislation for which they have legislative responsibility. If an entity identified a potential or actual Section 83 breach during the reporting period, the details have been disclosed in the financial statements of the responsible entity.

In 2023-24, actual breaches of Section 83 were identified across five Commonwealth entities, with a total value of \$1.8 million (2022-23: across seven Commonwealth entities, with a total value of \$19.7 million).

Note 2: Revenue from transactions

Revenue from transactions arise from interactions between the Australian Government and other entities, including households, private corporations, the not-for-profit sector and other governments. It excludes gains resulting from changes in price levels and other changes in the volume of assets. These are disclosed separately in Note 4 as 'other economic flows'. The Australian Government's total revenue and relative composition of revenue sources were as follows:

Revenue composition



- **Income taxation** (refer Note 2A) is the largest source of Australian Government revenue and refers to the taxation of income, profits and capital gains.
- **Indirect taxation** (refer Note 2A) includes taxes on the sale and use of goods and services and other taxes. This includes the goods and services tax (GST), customs and excise duties and other taxes levied on particular products or industries.
- **Revenue from sales of goods and services** (refer Note 2B) is distinguished from taxation in that the revenue is received in return for the direct provision of goods and services (including the provision of regulatory services) to the payer as well as rental income which relates to income received in return for the right-to-use an asset.
- **Interest income** (refer Note 2C) refers to income accrued on financial assets such as deposits, securities other than shares, loans and accounts receivable.
- **Dividend and distribution income** (refer Note 2C) includes equity distributions received by the Australian Government investment funds (investment funds) and corporations and, at the GGS level, also includes distributions from corporate Commonwealth entities or companies (which are eliminated upon consolidation).

- **Other sources of non-taxation revenue** (refer Note 2D) includes transaction revenue not categorised elsewhere. Significant items include the Pharmaceutical Benefits Scheme (PBS) drug recoveries, the collection of royalties, the collection of child support payments to pass on to custodial parents and in-kind contributions from states and territories for services provided under the National Disability Support Scheme.

Note 2A: Taxation revenue

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Income taxation				
Individuals and other withholding taxes				
Gross income tax withholding	298,329	271,628	298,329	271,628
Gross other individuals	78,160	74,064	78,160	74,064
less Refunds	(37,635)	(42,014)	(37,635)	(42,014)
Total individuals and other withholding taxation	338,854	303,678	338,854	303,678
Company tax	142,945	153,159	142,824	153,005
Superannuation funds taxes	12,668	10,356	12,668	10,356
Fringe benefits tax	4,856	4,147	4,856	4,147
Resource rent taxes	1,276	1,725	1,276	1,725
Total income taxation revenue	500,599	473,065	500,478	472,911
Indirect taxation				
Sales taxes				
Goods and services tax	90,329	87,908	90,329	87,908
Wine equalisation tax	1,102	1,141	1,102	1,141
Luxury car tax	1,230	1,187	1,230	1,187
Total sales taxes	92,661	90,236	92,661	90,236
Excise duty revenue(a)	29,898	26,281	29,898	26,281
Customs duty revenue(a)	13,836	17,079	13,836	17,079
Other indirect taxation				
Visa application charges	3,385	3,156	3,385	3,156
Major bank levy	1,656	1,542	1,656	1,542
Agricultural levies	624	677	624	677
Other taxes	7,706	6,252	6,905	5,485
Total other indirect taxation revenue	13,371	11,627	12,570	10,860
Mirror taxes	903	762	903	762
less Transfers to States in relation to mirror tax revenue	(903)	(762)	(903)	(762)
Mirror tax revenue	-	-	-	-
Total indirect taxation revenue	149,766	145,223	148,965	144,456
Total taxation revenue	650,365	618,288	649,443	617,367

(a) The 2023-24 Final Budget Outcome provides a disaggregation of excise and customs duty revenue by duty type.

Taxation revenue

Taxation revenues are recognised when there is a basis establishing the Australian Government's right to receive the revenue, it is probable that future economic benefits will be received, and the amount of revenue to be received can be reliably measured. Estimation of some revenues can be difficult due to impacts of economic conditions and the timing of final taxable income, hence the Australian Government uses two bases of recognition:

- **Economic Transactions Method (ETM)** - Revenue is recognised when the Government, through the application of legislation to taxation and other relevant activities, gains control over the future economic benefits that arise from taxes and other statutory charges. Where a taxation revenue type is able to be measured reliably (even in cases where the transactions are yet to occur, but are likely to be reported) the ETM method is used to recognise revenue.
- **Taxation Liability Method (TLM)** - Revenue is recognised at the earlier of when an assessment of a tax or superannuation liability is made, or payment is received. Furthermore, revenue is recognised when there is sufficient information to raise an assessment, but an event has occurred which delays the issue of the assessment. This method is permitted when there is an 'inability to reliably measure taxes when the underlying transactions or events occur'. Revenue recognised under this policy is generally measured at a later time than would be the case if it were measured under ETM.

The revenue recognition policy adopted by the Australian Government for each major type of taxation revenue is as follows:

Type of taxation revenue	Method	Basis of revenue recognition
Income tax – individuals	TLM	Comprise income tax withholding (ITW), other individuals, Medicare levy and income tax refunds. ITW represents amounts withheld from payments of remuneration for the year. Other individuals income tax revenue includes income tax instalments and final tax returns received during the year. It does not include estimates of individual income tax revenue or refunds related to the reporting year that will be recognised in annual income tax returns lodged after the reporting date.
Income tax – companies	TLM	Comprise amounts of tax payable by companies that relate to instalments and final payments received/raised for current and former periods. It does not include estimates of revenue related to the reporting year that will be recognised in annual income tax returns lodged after the reporting date.
Income tax – superannuation funds	TLM	Superannuation funds income tax is levied on earnings and taxable contributions. Superannuation funds tax revenue includes amounts payable by superannuation funds that relate to income tax instalments and final payments for the current and prior reporting periods. It does not include estimates of revenue related to the reporting year that will be recognised in annual income tax returns lodged after the reporting date.

Type of taxation revenue	Method	Basis of revenue recognition
Petroleum resource rent tax (Resource rent taxes)	ETM	Recognised based on the actual taxable profits in respect to offshore petroleum projects excluding some of the North-West Shelf production and associated exploration areas, which are subject to excise (included in excise on petroleum and other fuel products) and royalties.
Goods and services tax (GST)	ETM	Recognised based on the actual liabilities raised during the year and includes an estimate of amounts outstanding that relate to transactions occurring in the reporting period.
Excise duty	ETM	Recognised based on the actual and estimated duty payable. Excise duty becomes payable when certain goods are distributed for home consumption during the reporting period.
Customs duty	ETM	Recognised when imported goods are distributed for home consumption.
Luxury car tax	ETM	Recognised at the time the sale (or private import) of a luxury vehicle occurs within the reporting period and includes an estimate of amounts outstanding that relate to transactions occurring in the reporting period.
Wine equalisation tax	ETM	Recognised when an assessable dealing occurs within the reporting period giving rise to a tax liability and includes an estimate of amounts outstanding that relate to transactions occurring in the reporting period.
Fringe benefits tax (FBT)	ETM	Recognised on fringe benefits provided by employers to employees during the reporting period and includes an estimate of outstanding instalments and balancing payments for the annual FBT return.
Major bank levy	ETM	Calculated within the reporting period on authorised deposit-taking institutions with a total liability threshold of greater than \$100 billion.

Penalties and general interest charges (GIC) arising under taxation legislation are recognised as revenue at the time the penalty and GIC are imposed on the taxpayer and included within the relevant revenue categories. Generally, subsequent remissions and write-offs of such penalties and interest are treated as an expense (mutually agreed write-down) or other economic flow of the period. Penalties and interest that are imposed by law and immediately cancelled by the Commissioner of Taxation are not recognised as revenue or expense.

Taxpayers are entitled to dispute amounts assessed by the Australian Government. Where the Government considers that the probable outcome will be a reduction in the amount of tax owed by a taxpayer, an allowance for credit amendment (if the disputed debt is unpaid) or a provision for refund (if the disputed debt has been paid) will be created and there will be a corresponding reduction in revenue.

Concessions and other forms of tax expenditures constitute revenue foregone and are not reported as taxation revenue or an expense (unless available to beneficiaries regardless of whether they are required to pay tax in which case an expense is recorded). The Department of the Treasury (the Treasury) issues an annual Tax Benchmarks and Insights Statement (unaudited), which provides a list of tax expenditures provided by the Australian Government to individuals and businesses.

Note 2B: Sales of goods and services

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Revenue from contracts with customers				
Rendering of services	15,615	14,840	31,722	30,324
Sales of goods	1,406	1,400	5,962	5,834
Fees from regulatory services	1,154	1,132	1,154	1,132
Total revenue from contracts with customers	18,175	17,372	38,838	37,290
Rental income(a)				
Operating leases	428	405	528	503
Total rental income	428	405	528	503
Other fees and charges				
Rendering of services	402	355	1,450	824
Other fees from regulatory services	781	808	781	808
Total other fees and charges	1,183	1,163	2,231	1,632
Total sales of goods and services	19,786	18,940	41,597	39,425

(a) Comprises revenue from operating leases where an Australian Government entity is the lessor.

Disaggregation of revenue from contracts with customers

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Function of government				
Transport and Communications	84	71	16,228	15,634
Social Security and Welfare	11,454	10,762	11,454	10,761
Fuel and Energy	3	3	4,164	3,928
General Public Services	2,048	2,056	2,164	2,229
Other Economic Affairs	925	779	1,100	919
Health	894	852	938	942
Other	2,767	2,849	2,790	2,877
Total revenue from contracts with customers	18,175	17,372	38,838	37,290

Sale of goods

Revenue from the generation and sale of electricity by Snowy Hydro Limited (SHL) currently accounts for over 69 per cent (2023: 67 per cent) of Australian Government sales of goods revenue and is recognised at a point in time, being when SHL fulfils its performance obligations in generating energy.

Rendering of services

Revenue from postal services currently accounts for over 26 per cent (2023: 27 per cent) of Australian Government rendering of services revenue and includes domestic mail products, parcels and express services and international letters and parcels along with associated retail services. The collection, processing and distribution of articles is identified collectively as a single performance obligation to deliver the series of articles lodged to the specified destination in the manner requested by the customer and is recognised progressively over time.

Telecommunications revenue for NBN Co Limited (NBN Co) currently accounts for over 16 per cent (2023: 17 per cent) of Australian Government rendering of services revenue and includes recurring wholesale-only broadband network revenue and recurring facility access services revenue. The performance obligations associated with these products are satisfied over time. Non-refundable upfront fees for connection and installation charges and similar are recognised at the point in time when these services are provided.

Remaining performance obligations

The Australian Government's contracts with customers for certain products and services include performance obligations which Commonwealth entities have either not satisfied, or partially satisfied, at 30 June 2024.

Other fees and services

The requirements of AASB 1058 *Income for Not-for-Profit Entities* apply to not-for-profit transactions that are not contracts with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset), received by an entity.

Revenue is recognised upon receipt of funding, unless received to construct non-financial assets which are recognised as unearned revenue when received, and subsequently recognised progressively through construction of the asset.

The Government charges fees for both regulatory and other services. These fees are designed to cover all or part of the cost of providing a regulatory function. If the revenue collected is clearly out of proportion to the costs of providing the regulatory service, then the fee is classified as taxation revenue. Fees from regulatory services are recognised when collected or when due and payable under the relevant legislation.

Operating lease receivables

The following table sets out a maturity analysis of operating lease receipts, showing the undiscounted lease payments to be received after the reporting date.

Maturity analysis of operating lease income receivables:	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Within 1 year	63	64	96	107
One to two years	51	46	75	73
Two to three years	39	35	56	53
Three to four years	31	31	45	45
Four to five years	25	25	39	40
More than 5 years	154	186	179	222
Total undiscounted lease payments receivable	363	387	490	540

Note 2C: Interest and dividend and distribution income

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Interest from other governments				
General purpose advances	-	-	1,891	1,924
Housing agreements	67	72	67	72
State and territory debt	14	8	14	8
Total interest from other governments	81	80	1,972	2,004
Interest from other sources				
Securities	2,711	1,905	2,744	1,924
Indexation of HELP receivable and other student loans	2,415	3,411	2,415	3,411
Advances, deposits and other	7,015	4,496	6,540	4,587
Total interest from other sources	12,141	9,812	11,699	9,922
Total interest	12,222	9,892	13,671	11,926
Dividends and distributions				
Dividends from other public sector entities	256	116	-	-
Other dividends and distributions	6,199	5,175	6,262	5,230
Total dividends and distributions	6,455	5,291	6,262	5,230
Total interest and dividend and distributions income	18,677	15,183	19,933	17,156

Interest and dividend and distribution income

Interest revenue is recognised using the effective interest method. Dividend and distribution revenue is recognised when the right to receive a dividend or distribution has been established.

Finance lease receivables

The following table sets out a maturity analysis of finance lease receipts, disclosed in Advances, deposits and other above, showing the undiscounted lease payments to be received after the reporting date.

Maturity analysis of finance lease receivables:	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Within 1 year	1	2	12	12
One to two years	1	3	12	14
Two to three years	1	2	13	13
Three to four years	1	2	16	2
Four to five years	1	1	15	12
More than 5 years	1	2	1,039	861
Total undiscounted lease payments receivable	6	12	1,107	914
Unearned finance income	-	-	(887)	(725)
Net investment in leases	6	12	220	189

Note 2D: Other sources of non-taxation revenue

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
PBS drug recoveries	5,333	4,652	5,333	4,652
Child support payments	2,043	1,916	2,043	1,916
Royalties	1,057	2,079	1,057	2,079
Other contributions from state and territory governments	952	1,088	952	1,088
Unclaimed monies(a)	481	806	481	806
Private health insurance risk equalisation levy(a)	447	419	447	419
Seigniorage	40	70	40	70
Other(a)(b)	6,235	5,311	6,250	5,303
Total other sources of non-taxation revenue	16,588	16,341	16,603	16,333

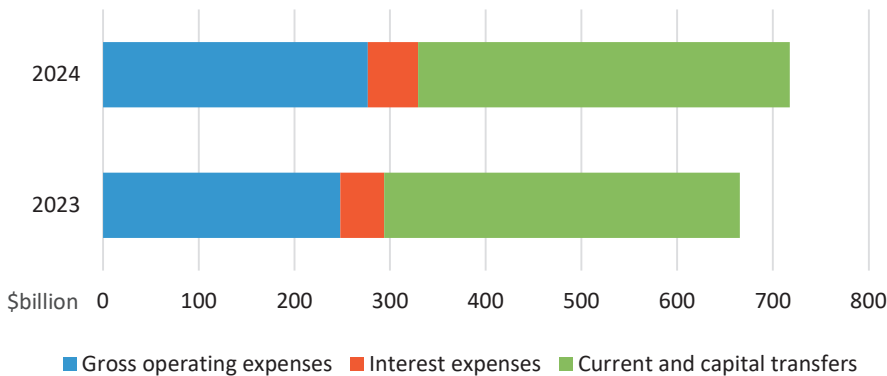
(a) Comparatives have been restated to align with current year classification.

(b) Comparatives have been restated. Refer to Note 1.6 for further details

Note 3: Expenses from transactions

Expenses from transactions arise from interactions between the Australian Government and other entities, including households, private corporations, the not-for-profit sector and other governments. They exclude losses resulting from changes in price levels and other changes in the volume of assets. These are disclosed separately in Note 4 as 'other economic flows'. The Australian Government's total expenses and relative composition of expenses are as follows:

Expense composition



- **Gross operating expenses** cover the costs incurred by the Government in the provision of services, including benefit payments to third parties to provide services to households (such as Medicare). Included in gross operating expenses are:
 - employee and superannuation expenses (refer Note 3A);
 - depreciation and amortisation (refer Note 3B); and
 - supply of goods and services (refer Note 3C).
- **Interest expenses** comprise the nominal growth in the Government's unfunded superannuation liabilities (refer Note 3A), interest incurred on financial liabilities and the initial discount recognised on the provision of concessional loans (refer Note 3D).
- **Current and capital transfers** are unrequited transfers in the form of:
 - personal benefits paid directly to individuals or households;
 - subsidies to public and private entities to allow them to provide goods or services at a reduced cost; or
 - financial assistance in the form of current or capital grants (refer Note 3E) to third parties to achieve particular government outcomes.

Note 3A: Employee and superannuation expenses

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Wages and salaries expenses	26,547	23,830	31,682	28,785
Other operating expenses				
Workers compensation premiums and claims	6,240	3,460	6,341	3,538
Leave and other entitlements(a)	4,084	3,464	4,753	4,202
Allowances, FBT and other(a)	2,966	2,590	3,119	2,692
Separations and redundancies	97	148	197	300
Total other operating expenses	13,387	9,662	14,410	10,732
Superannuation expenses				
Superannuation interest	13,375	12,336	13,375	12,336
Superannuation	9,146	9,217	9,747	9,808
Total superannuation expenses	22,521	21,553	23,122	22,144
Total employee and superannuation expenses(b)	62,455	55,045	69,214	61,661

(a) Comparatives have been restated. Refer to Note 1.6 for further details

(b) Employee benefits accounting policies are disclosed in Note 6F and superannuation is disclosed in Note 9C.

Note 3B: Depreciation and amortisation expenses

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Depreciation				
Specialist military equipment(a)	5,111	4,676	5,111	4,676
Buildings(a)	4,391	4,238	4,870	4,709
Other plant, equipment and infrastructure	2,777	2,561	6,743	6,109
Heritage and cultural assets	67	73	67	73
Land	4	6	11	13
Total depreciation	12,350	11,554	16,802	15,580
Amortisation				
Computer software	1,273	1,113	1,882	1,676
Other intangibles(a)	83	96	167	189
Total amortisation	1,356	1,209	2,049	1,865
<i>add back</i> Amortisation of non-produced assets(a)	(83)	(96)	(167)	(189)
Total depreciation and amortisation expenses(b)	13,623	12,667	18,684	17,256

(a) Comparatives have been restated. Refer to Note 1.6 for further details

(b) Includes depreciation and amortisation relating to right-of-use assets which is separately disclosed in Note 5D.

Depreciation

Owned land is an asset with an unlimited useful life and is not depreciated. The depreciation amounts reported above represent the right-of-use of land held under lease arrangements. Some heritage and cultural assets are not depreciated as they are considered to have infinite useful lives given they have appropriate curatorial and preservation policies and procedures in place. The majority of buildings, plant, equipment and infrastructure are depreciated on a straight-line basis over their useful life, or over the lesser of the lease term or useful life for leasehold improvements.

Given the breadth of government operations there is a significant range in the remaining useful lives of Australian Government assets as shown below.

	2024	2023
Buildings	Up to 230 years	Up to 230 years
Specialist military equipment	Up to 52 years	Up to 52 years
Other plant, equipment and infrastructure	Up to 400 years	Up to 400 years
Heritage and cultural assets	Up to 5,000 years	Up to 5,000 years

The depreciation rates for right-of-use assets are based on the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Amortisation

The majority of software is amortised on a straight-line basis over its anticipated useful life. Other intangible assets are amortised from the date they are available for use, unless classified as an indefinite life intangible (for example, goodwill and water entitlements). Amortisation rates applying to each class of intangible asset are based on the following useful lives:

	2024	2023
Computer software	Up to 26 years	Up to 26 years
Other intangibles	Up to 100 years	Up to 100 years

Note 3C: Supply of goods and services

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Benefits to households in goods and services(a)	134,831	116,303	134,834	116,305
Supply of goods and services(a)	44,595	42,637	51,583	49,914
Health care payments	6,390	5,260	6,391	5,261
Use of inventory	3,272	4,090	3,711	4,690
Short-term leases	207	436	1,565	1,764
Low-value leases	9	9	66	61
Variable lease payments	4	3	4	3
Other	3,126	2,710	3,782	3,306
Total payment for supply of goods and services	192,434	171,448	201,936	181,304

(a) Comparatives have been restated. Refer to Note 1.6 for further details

The above lease disclosures should be read in conjunction with the accompanying Notes 2B, 3D, 4B, 5D and 6D.

Supply of goods and services

The expense recognition policy for the supply of goods and services is consistent with the revenue policy detailed in Note 2B.

Short-term leases and leases of low-value assets

The Australian Government has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The Australian Government recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Subleases

Within the Australian Government, the majority of sublease commitments involve property arrangements between controlled entities. Some entities also sublease to external parties, with the largest arrangements including commercial, industrial and retail sites subleased by Australia Post (2024: \$66 million; 2023: \$84 million) and facilities and diplomatic land subleased by the National Capital Authority in Canberra (2024: \$76 million; 2023: \$78 million).

Benefits to households in goods and services (indirect personal benefits)

These benefits are provided to households as social transfers and delivered by a third party (for example, medical and pharmaceutical benefits). The benefits are reported separately to personal benefits which comprise current transfers provided directly to individuals or households, rather than via a third party. Direct and indirect personal benefit payments are determined in accordance with provisions under social security law and other legislation.

Note 3D: Interest expense

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Interest on debt				
Government securities	22,488	22,218	16,412	15,422
Exchange settlement funds	-	-	14,651	12,603
Taxation overpayments	483	208	483	208
Other	950	639	2,490	1,864
Total interest on debt	23,921	23,065	34,036	30,097
Other financing costs				
Unwinding of provisions and other	2,083	993	1,940	924
Discount on concessional instruments	1,760	1,181	1,795	1,210
Interest on lease liabilities(a)	493	413	1,488	1,356
Total other financing costs	4,336	2,587	5,223	3,490
Total interest expense	28,257	25,652	39,259	33,587

(a) Comparatives have been restated. Refer to Note 1.6 for further details

The above lease disclosures should be read in conjunction with the accompanying Notes 2B, 3C, 4B, 5D and 6D.

Interest expense

Interest on outstanding borrowings and other finance costs directly related to borrowings is expensed as incurred.

Note 3E: Grants expense

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Current grants expense				
State and territory governments(a)	158,644	153,418	158,644	153,418
Non-profit organisations	14,116	13,331	14,116	13,331
Multi-jurisdictional sector	12,364	12,064	12,364	12,064
Private sector	4,943	4,649	4,943	4,649
Overseas	4,206	4,379	4,206	4,379
Other	3,317	3,054	3,312	3,005
Total current grants expense	197,590	190,895	197,585	190,846
Capital grants expense				
Mutually agreed write-downs	2,282	2,714	2,282	2,714
<i>Other capital grants expense</i>				
State and territory governments(a)	15,406	16,029	15,406	16,029
Local governments	1,090	850	1,090	850
Non-profit organisations	439	488	439	488
Private sector	45	312	45	312
Other	151	129	60	16
<i>Total other capital grants expense</i>	17,131	17,808	17,040	17,695
Total capital grants expense	19,413	20,522	19,322	20,409
Total grants expense	217,003	211,417	216,907	211,255

(a) Current and capital grants to and through state and territory governments are limited to grants under the Federal Financial Relations framework, as disclosed in Budget Paper No. 3 and the Final Budget Outcome. Commonwealth entities may also provide grants to individual state and territory government entities, including under the Commonwealth Grants Rules and Guidelines (CGRGs). These are disclosed as grants to non-profit organisations or other grants as appropriate.

Current and capital transfers (grants)

Where no economic benefits are receivable in return for transfers, amounts are recognised as current transfers. For other transfers, the distinction between current and capital transfers is based on the nature of the activities or assets for which the transfers are made. If the activities or assets relate to the acquisition of assets, other than inventories that will be used in production for one year or more, the transfers are treated as capital transfers. Otherwise, they are treated as current transfers.

Where a transaction or event gives rise to legal, social, political or economic consequences such that the Australian Government has little discretion to avoid the sacrifice of future economic benefits, a liability and expense is recognised. In other circumstances, grants are recognised to the extent that the services required to be performed by the grantee have been performed or the grant eligibility criteria have been satisfied.

Multi-year government-to-government grants, including education grants, are recognised when the recipient government has met the grant eligibility criteria or provided the services or facilities that make it eligible to receive the grant.

Capital transfers also include mutually agreed write-downs. These transactions occur when both parties agree to the write-off of an amount owed to the Australian Government, rather than the Australian Government unilaterally deciding to write-down or write-off a debt. Mutually agreed write-downs include, for example, the remission of a penalty raised for overdue taxes receivable. Mutually agreed write-downs are recorded as an expense rather than a revaluation.

The 2023-24 Final Budget Outcome provides a disaggregation of current and capital grants to state and territory governments, and local governments, by jurisdiction.

Note 3F: Expenses by function

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Social security and welfare(a)	253,428	223,079	253,374	223,026
Health(a)	107,120	102,994	107,175	103,081
Education	48,008	44,932	48,008	44,932
General public services(a)	31,563	30,052	47,151	43,572
Defence(a)	45,004	41,441	45,067	41,518
Transport and communication	14,041	12,166	31,896	29,302
Fuel and energy	12,913	9,093	16,354	12,763
Other economic affairs	13,490	14,399	13,599	14,550
Public order and safety	7,722	7,513	7,720	7,510
Housing and community amenities	6,982	8,357	7,099	8,444
Mining, manufacturing and construction	5,123	5,167	5,276	5,266
Recreation and culture	5,088	4,641	4,992	4,543
Agriculture, forestry and fishing	3,554	3,371	3,554	3,370
Other purposes	132,393	130,354	126,320	123,562
Total expenses	686,429	637,559	717,585	665,439

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

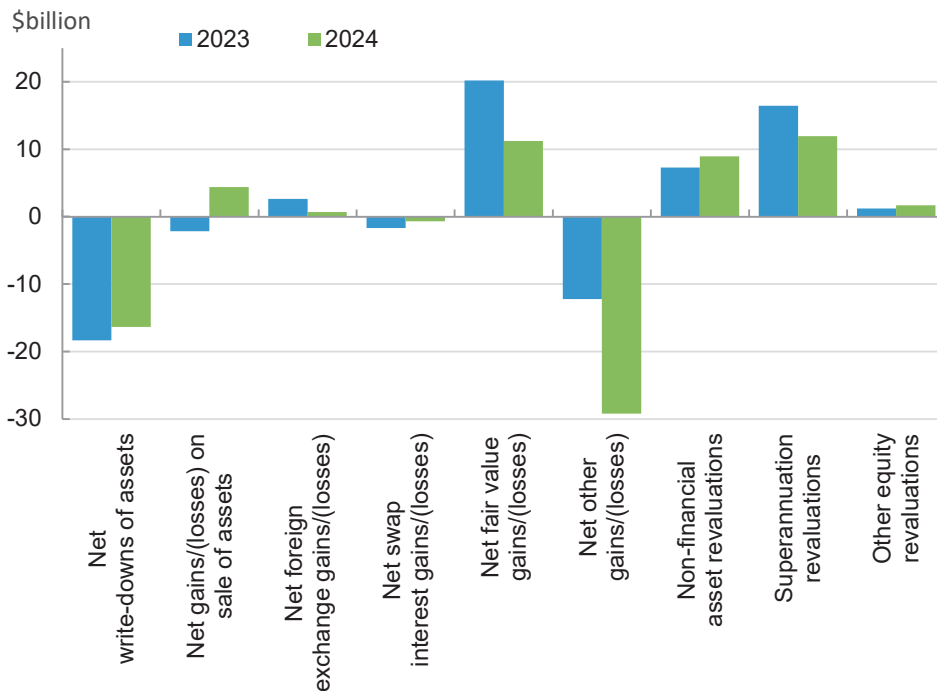
The functional classification of expenses shows the total accrual outlays according to the socioeconomic objectives that the Australian Government aims to achieve. The following table provides a description of each function.

Notes to the financial statements

Function	Description
General public services	Includes legislative and executive affairs, financial and fiscal affairs, foreign affairs, foreign economic aid, general research, general economic and social planning, statistical services and government superannuation benefits.
Defence	Includes military and civil defence affairs, foreign military aid and defence research.
Public order and safety	Includes administration of the federal legal system and the provision for legal services, including legal aids, to the community. Public order and safety expenses also include law enforcement and intelligence activities and the protection of Australian Government property.
Education	Includes primary and secondary education, university and other higher education, technical and further education, preschool and special education and transportation of students.
Health	Includes general hospitals, repatriation hospitals, mental health institutions, nursing homes, special hospitals, hospital benefits, medical benefits, medical clinics and practitioners, dental clinics and practitioners, maternal and infant health, ambulance services, school and other public health services, pharmaceuticals, medical aids and appliances and health research.
Social security and welfare	Includes sickness benefits, benefits to ex-service people and their dependants, invalid and other permanent disablement benefits, old age benefits, widows, deserted wives, divorcees and orphans' benefits, unemployment benefits, family and child benefits, sole parent benefits, family and child welfare and aged and disability welfare.
Housing and community amenities	Includes housing and community development, water supply, household garbage and other sanitation, sewerage, urban stormwater drainage, protection of the environment and street lighting.
Recreation and culture	Includes public halls and civic centres, swimming pools and beaches, national parks and wildlife, libraries, creative and performing arts, museums, art galleries, broadcasting and film production.
Fuel and energy	Includes coal, petroleum, gas, nuclear affairs and electricity.
Agriculture, forestry and fishing	Includes agricultural land management, agricultural water resources management, agricultural support schemes, agricultural research and extension services, forestry and fishing.
Mining, manufacturing and construction	Includes activities relating to prospecting, mining and mineral resources development, manufacturing activities and research into manufacturing methods, materials and industrial management and activities associated with the building and construction industry.
Transport and communication	Includes road construction, road maintenance, parking, water transport, rail transport, air transport, pipelines, multi-mode urban transit systems and communications.
Other economic affairs	Includes storage, saleyards, markets, tourism and area promotion and labour and employment affairs.
Other purposes	Includes public debt transactions, general purpose inter-government transactions and natural disaster relief. Grants to and through state and territory governments are recorded against the 'other purposes' function.

Note 4: Other economic flows

Other economic flows are the changes in the volume or value of assets and liabilities that do not result from transactions. This includes impairment write-downs (unless mutually agreed with the counter-party), fair value movements, changes in assumptions underpinning actuarial assessments and foreign exchange gains or losses. For government reporting, these flows are distinguished from transactions as they do not involve an interaction between entities and are often not related to economic activities (for example, production, income generation, consumption, wealth accumulation). Noting that other economic flows comprise both gains and losses, the predominant sources of other economic flows are as follows:



Of the above, the following flows are included in the measurement of the accounting operating result. The remaining movements are adjusted directly to equity.

- **Net write-down of assets (including bad and doubtful debts)** (refer Note 4A) comprise the revaluation and impairment of financial and non-financial assets.
- **Net gains/(losses) from the sale of assets** (refer Note 4B) is the difference between the proceeds and the carrying amount of assets sold after selling costs.
- **Net foreign exchange gains/(losses)** (refer Note 4C) comprise unrealised gains/losses from the translation of assets and liabilities held overseas.

- **Net swap interest gains/(losses)** (refer Note 4C) comprise interest accrued or incurred on swaps and other derivatives (a form of financing transaction).
- **Net fair value and other gains/(losses)** (refer Note 4C) comprise fair value movements and other volume or price movements included in the calculation of the operating result for accounting purposes.

Note 4A: Net write-down of assets (including bad and doubtful debts)

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Financial assets				
Receivables – impairment gain or loss				
Taxes due	10,269	13,135	10,269	13,135
Receivables from contracts with customers	89	75	135	111
Other(a)	1,695	1,099	1,699	1,103
Total financial write-down and impairment	12,053	14,309	12,103	14,349
Non-financial assets				
Other infrastructure, plant and equipment	90	24	2,214	1,842
Inventories(a)	1,423	1,517	1,433	1,527
Specialist military equipment	412	316	412	316
Intangibles	137	377	168	384
Land	56	5	58	2
Heritage and cultural assets	2	(21)	2	(21)
Buildings	10	(39)	(20)	(31)
Net write-down, impairment and fair value losses arising from the revaluation of non-financial assets	2,130	2,179	4,267	4,019
Total net write-down and impairment of assets and fair value losses	14,183	16,488	16,370	18,368

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Impairment of statutory receivables - taxes due

Impairment losses for taxes due are recognised as incurred. Impairment for large tax receivables (greater than \$30 million) are estimated on an individual assessment basis, with a default percentage impairment rate (based on historical collectability rates) applied to debts where the taxpayer is insolvent or has entered into a payment arrangement. The remaining tax receivables (less than or equal to \$30 million) impairment loss is derived using an automated model which allows large debt populations to be examined and provides for statistical credibility, in conjunction with interpretive judgement.

Impairment of receivables from contracts with customers

Applying the simplified approach under AASB 9 *Financial Instruments*, an impairment loss allowance is recognised for goods and services receivable based on lifetime expected credit losses (ECLs). Australian Government entities use impairment loss allowance matrices to measure the ECL from individual customers, which comprise a large number of small balances. Estimated losses are based on previous credit loss experience, adjusted to reflect changes in economic conditions where appropriate.

Impairment of non-financial assets

Non-financial assets were assessed for impairment at 30 June 2024. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. Where an asset is held for continuing use and not primarily for its ability to generate net cash flows, its value in use is taken to be its current replacement cost (CRC).

Note 4B: Net gains/(losses) from the sale of assets

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Financial assets				
Net gains/(losses) from sale of investments	3,953	(1,867)	4,351	(2,188)
Non-financial assets				
Proceeds from sale of non-financial assets	813	172	914	234
less selling costs	(17)	(27)	(18)	(27)
less written down value of assets sold	(828)	(151)	(881)	(192)
Net gains/(losses) - non-financial assets	(32)	(6)	15	15
Net gains/(losses) from sale of assets	3,921	(1,873)	4,366	(2,173)
add back selling costs included in expenses	17	27	18	27
Net gains/(losses) from sale of assets in other economic flows	3,938	(1,846)	4,384	(2,146)

Note 4C: Other gains/(losses)

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Foreign exchange				
Net foreign exchange gains/(losses)	(160)	(510)	678	2,611
Net foreign exchange gains/(losses)	(160)	(510)	678	2,611
Interest on derivatives				
Net swap interest revenue	11,505	29,241	11,596	29,311
Net swap interest expense	(12,165)	(30,883)	(12,302)	(30,987)
Net interest on derivatives	(660)	(1,642)	(706)	(1,676)
Fair value through profit or loss				
Net fair value gains/(losses) - financial instruments(a)	8,410	23,761	11,203	20,207
Net fair value gains/(losses) - biological assets	1	(9)	1	(9)
Net fair value gains/(losses) - investment properties	-	(6)	(8)	(6)
Net fair value gains/(losses)	8,411	23,746	11,196	20,192
Other				
Net actuarial gains/(losses)	(28,857)	(11,654)	(29,387)	(11,928)
Amortisation of non-produced assets(a)	(83)	(96)	(167)	(189)
Net repurchase premia	(83)	-	(83)	-
Net result from associates and joint ventures	146	(85)	176	(58)
Other	210	(95)	223	(91)
Net other gains/(losses)	(28,667)	(11,930)	(29,238)	(12,266)
Total other gains/(losses)	(21,076)	9,664	(18,070)	8,861

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Foreign currency translation

Transactions are translated to Australian dollars at the rate of exchange applicable at the date of the transaction. Balances and investments are translated at the exchange rates applicable at balance date.

Swap interest

Consistent with the ABS GFS Manual, interest on swaps and other derivatives are classified as a financing transaction and recorded in 'other economic flows'.

Fair value through profit or loss

Comprises fair value gains and losses in financial assets and liabilities categorised as 'held at fair value through profit or loss' (FVTPL) and fair value movements in biological assets and investment properties. Financial assets categorised as FVTPL include student loans and investments held by the Future Fund and other Australian Government Investment Funds. Financial liabilities classified as FVTPL include Government securities.

Other gains/(losses)

The net actuarial gains/(losses) are revaluations of provisions other than the Australian Government's accumulated superannuation liability. The revaluations represent subsequent changes in the estimate of the expenditure required to settle the present obligation. The revaluations primarily relate to the military compensation provision and Disaster Recovery Funding Arrangements. For further information on the military compensation provision, refer to Note 6F. For further information on the Disaster Recovery Funding Arrangements, refer to the Department of the Treasury's 2023-24 annual report.

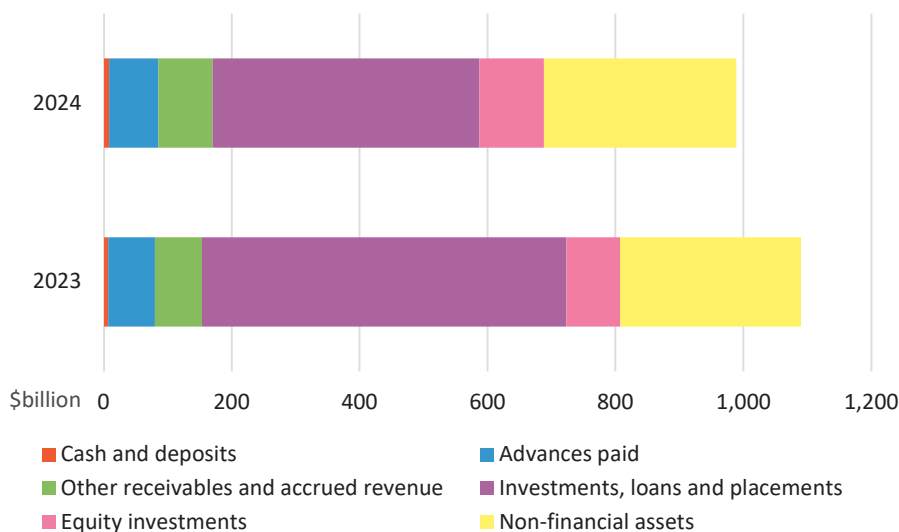
Other gains/(losses) also includes:

- the amortisation of intangible 'non-produced' assets such as goodwill and purchased trademarks;
- net repurchase premia on Government securities; and
- gains and losses from Australian Government investments in associates and joint ventures.

Note 5: Assets

Assets are probable future economic benefits obtained or controlled by an Australian Government entity as a result of past transactions and activities undertaken and other events. The value and composition of Australian Government assets are as follows:

Asset composition



General recognition and measurement policies

Financial assets

Financial assets are classified in accordance with the Uniform Presentation Framework as follows:

- **Cash and deposits** include cash on hand or at bank and short-term deposits.
- **Advances paid** (refer Note 5A) include loans receivable and are predominantly provided for policy purposes such as student loans.
- **Other receivables and accrued revenue** (refer Note 5A) include statutory amounts due for the collection of tax or the recovery of benefits and contractual amounts due for the provision of goods and services or other arrangements.
- **Investments, loans and placements** (refer Note 5B) comprise securities and other non-equity investments held for liquidity or policy purposes.
- **Equity investments** (refer Note 5C) cover shares held by the Investment Funds and corporations and, at the GGS level, include the investment in public corporations (which are eliminated upon consolidation).

The Australian Government also discloses financial assets by category of financial instrument. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Statutory receivables, gold holdings and equity accounted investments are included in financial assets in the balance sheet, but are excluded from additional financial instrument disclosures as they are not contractual in nature. Financial assets are allocated into the following categories:

AASB 9 Financial Instruments			Statutory receivables, gold holdings and equity accounted investments
Amortised cost	Fair value through other comprehensive income (FVOCI)	Financial assets at fair value through profit or loss (FVTPL)	
Financial assets held in order to collect contractual cash flows, the contractual terms of which give rise to cash flows which are solely payments of principal and interest (SPPI) on the amount outstanding.	Financial assets which in addition to being held to collect the contractual cash that are SPPI may also be sold. With the exception of equity accounted investments, equity investments disclosed in Note 5C are also categorised as FVOCI where the Australian Government intends to hold for the long term for policy purposes.	Financial assets which do not meet the SPPI criteria or are irrevocably designated as such in order to eliminate or reduce a recognition or measurement inconsistency. Certain equity investments are designated as FVTPL because their performance is actively monitored and they are managed on a fair value basis. Concessional and other loans are categorised as FVTPL where they exhibit repayment features that are not SPPI.	Financial assets which are statutory in nature, or are excluded from the scope of AASB 9. Statutory receivables are measured at amortised cost. Gold holdings are valued at fair value. Equity accounted investments are a type of equity investment that are recognised and measured in accordance with AASB 128, <i>Investments in Associates and Joint Ventures</i> .

Financial assets at amortised cost or FVOCI are assessed for impairment at each balance date as follows:

Financial asset category	Recognition and measurement of impairment loss
Financial assets held at amortised cost: Contractual	Measured based on Expected Credit Losses (ECL), using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to the 12 month expected credit losses if risk has not increased. The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses. The impairment is recognised by way of an allowance loss account which reduces the carrying amount of the financial asset, with the loss recognised in the operating statement as an 'other economic flow – included in operating result'.
Financial assets held at FVOCI	Measured based on ECL as per financial assets held at amortised cost. The impairment does not reduce the carrying amount of the financial asset, which is held at fair value, but is recognised in the operating statement as an 'other economic flow – other non-owner movements in equity'.

Financial asset category	Recognition and measurement of impairment loss
Statutory receivables	<p>Measured based on estimated incurred losses with the impairment loss representing the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.</p> <p>The impairment is recognised by way of an allowance loss account which reduces the carrying amount of the financial asset, with the loss recognised in the operating statement as an 'other economic flow – included in operating result'.</p>

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the asset is transferred to another entity. In the case of a transfer to another entity, it is necessary that the risks and rewards of ownership are also transferred.

Non-financial assets

Non-financial assets comprise the Government's holdings of land and buildings, plant, equipment and infrastructure, heritage and cultural assets, investment properties and intangibles (refer Note 5D). Non-financial assets also includes inventories for sale, use or distribution (refer Note 5E) and other non-financial assets (refer Note 5F).

Land and buildings, plant, equipment and infrastructure, heritage and cultural assets and investment properties are stated at fair value. Intangibles are measured at cost unless there is an active market in which case fair value is applied.

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are measured at cost, adjusted for any loss of service potential.

Prepayments are recognised at amortised cost.

Note 5A: Advances paid and receivables

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
ADVANCES PAID				
Student loans(a)	54,823	52,216	54,823	52,216
Loans to state and territory governments	1,494	1,659	1,494	1,659
Other	17,621	21,178	21,364	19,655
less Impairment allowance(b)	(691)	(545)	(691)	(545)
Total advances paid	73,247	74,508	76,990	72,985
OTHER RECEIVABLES				
Taxes receivable				
Taxes receivable	90,587	82,911	89,779	82,158
less Impairment allowance	(43,787)	(40,315)	(43,787)	(40,315)
less Credit amendment allowance	(6,100)	(4,748)	(6,100)	(4,748)
Net taxes receivable	40,700	37,848	39,892	37,095
Personal benefits recoverable				
Recoveries of benefit payments(a)	6,500	6,141	6,500	6,141
less Impairment allowance	(2,316)	(2,202)	(2,316)	(2,202)
Net personal benefits recoverable	4,184	3,939	4,184	3,939
Goods and services and other				
Goods and services receivable	1,604	1,478	4,139	3,664
Other receivables(a)	17,582	10,767	19,897	13,853
less Impairment allowance(a)	(3,226)	(2,533)	(3,375)	(2,664)
Net goods and services and other	15,960	9,712	20,661	14,853
Total other receivables	60,844	51,499	64,737	55,887
ACCRUED REVENUE				
Accrued taxation revenue	19,030	17,110	19,030	17,110
Other accrued revenue	599	495	874	660
Total accrued revenue	19,629	17,605	19,904	17,770
Other receivables and accrued revenue	80,473	69,104	84,641	73,657
Total advances paid and receivables	153,720	143,612	161,631	146,642
By maturity:				
No more than 12 months	66,963	62,076	71,021	60,885
More than 12 months	86,757	81,536	90,610	85,757
Total by maturity	153,720	143,612	161,631	146,642
By category of financial assets				
Amortised cost	26,793	26,473	31,724	25,842
<i>Fair value:</i>				
Fair value through profit and loss	61,029	56,323	63,432	58,785
Fair value through other comprehensive income	-	-	1,385	1,952
Statutory and other	65,898	60,816	65,090	60,063
Total by category of financial asset	153,720	143,612	161,631	146,642

(a) As part of the restatements, it was determined that \$1,066 million in additional amounts receivable were not recoverable and have been reported as impaired. Refer to Note 1.6 for further details.

(b) An impairment allowance is separately recognised for financial assets measured at amortised cost. Financial assets measured at fair value through profit or loss, such as student loans, are reported net of impairment and after fair value movements.

Note objective

Advances paid comprises of concessional and commercial loans which are provided in pursuit of policy objectives, the largest of which are for student loans provided under the Higher Education Loan Program (HELP). Other receivables include statutory amounts due under tax and social security legislation and contractual receivables for the provision of goods and services.

Recognition and measurement of advances paid and receivables

Advances are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method (less impairment), unless these loans have been designated as 'held at fair value through profit or loss'. Interest is recognised on loans evenly in proportion to the amount outstanding over the period to repayment. Loans designated as 'held at fair value through profit or loss' are those which exhibit cash flow characteristics which are not solely payments of principal and interest (SPPI) and include HELP student loans.

Trade debtors, bills of exchange, promissory notes and other receivables are initially recorded at the fair value of the amounts to be received and are subsequently measured at amortised cost using the effective interest rate method, less any impairment loss allowance. Other accrued revenue is recognised when a service has been provided but has not been invoiced. Accrued revenue is recognised at the nominal amounts due. Taxation related accounting policies are disclosed in Note 2A.

At any point in time, there are benefit recipients who have received a benefit in excess of their entitlement and owe money to the Commonwealth. The amount owing is recognised as a personal benefit recoverable. For certain programs, the amount of overpayment is subject to eligibility requirements including a year-end reconciliation after the reporting date, generally on the receipt of tax returns. For relevant programs, a receivable is recognised based on actuarial advice as to the likely level of debt recovery, unless the estimate is subject to significant uncertainty, in which case a receivable is not recognised until the year-end reconciliation has been completed. Personal benefit recoveries for overpayments are offset against personal benefits expense in the Statement of Comprehensive Income.

Accounting judgement and estimate – Credit risk

Credit risk in relation to financial assets is the risk that a third party will not meet its obligations in accordance with agreed terms. Generally, the Australian Government's maximum exposure to credit risk in relation to each class of advances paid and receivables is the carrying amount of those assets as indicated in the consolidated balance sheet and the majority of Australian Government entities do not have significant exposures to concentrations of credit risk.

Accounting judgement and estimate – Expected credit losses (ECLs) on amortised cost receivables

Advances paid, excluding those held at fair value, are assessed for impairment based on ECL models underpinned by assumptions which require judgements about the recoverability of the loan. The judgements are based on expected cash flow forecasts, indicative credit ratings and probabilities of default events occurring. Significant judgement may be involved where there is an absence of market comparisons.

ECL allowances on other contractual receivables and accrued revenue are estimated using the simplified approach through the use of provision matrices based on historical credit loss experience within invoice ageing categories, adjusted for forward-looking estimates of recovery conditions based on macroeconomic data. ECLs are not recognised on receivables or accrued revenue from state and territory government entities as the probability of default is negligible.

Reconciliation of the impairment loss allowance(a)

	General Government		Australian Government	
	Goods and		Goods and	
	Advances and loans	services and other	Advances and loans	services and other
	\$m	\$m	\$m	\$m
Opening balance at 1 July 2022	(402)	(1,305)	(402)	(1,425)
<i>less</i> Amounts written off	(65)	(81)	(65)	(102)
<i>less</i> Amounts recovered and reversed	-	8	-	8
<i>plus</i> (Increase)/decrease recognised in operating result	(208)	(1,216)	(208)	(1,248)
<i>plus</i> Other movement	-	(85)	-	(85)
Closing balance at 30 June 2023	(545)	(2,533)	(545)	(2,664)
<i>less</i> Amounts written off	(7)	(767)	(7)	(796)
<i>less</i> Amounts recovered and reversed	(1)	9	(1)	9
<i>plus</i> (Increase)/decrease recognised in operating result	(154)	(1,451)	(154)	(1,498)
Closing balance at 30 June 2024	(691)	(3,226)	(691)	(3,375)

(a) Excludes statutory receivables such as taxes receivable and personal benefits recoverable.

Accounting judgement and estimate – Credit risk on fair value advances

The largest of the fair value loans are student loans, including those under HELP. The recoverability of these loans is factored into the annual fair value actuarial assessment. The actuarial assessment takes into account future income projections, the pattern and timing of repayments and debt not expected to be recovered (DNER). The gross nominal value of HELP student loans was \$75,115 million at 30 June 2024 (2023: \$71,771 million) and no collateral is held. The following table shows the changes in the fair value of HELP loans due to credit risk.

	2024	2023
	\$m	\$m
Fair value changes (decreases) due to credit risk:		
During the period	918	946
Prior periods (cumulative)	16,220	18,916
Cumulative change	17,138	19,862

Collateral

In limited circumstances, Australian Government entities are required to hold collateral in order to manage credit risk. Cash invested in overseas markets by the RBA under repurchase agreements is secured by collateral to the value of 102 per cent of the cash invested with \$1,695 million sold and contracted for purchase under repurchase agreements at 30 June 2024 (2023: \$6,844 million). Indigenous Business Australia holds collateral in the form of personal guarantees or security against home and business loans of \$1,071 million at 30 June 2024 (2023: \$974 million). In addition, the Future Fund received collateral of \$2,421 million at 30 June 2024 (2023: \$1,479 million).

Accounting judgement and estimate – Fair value

The following tables provide an analysis of advances paid and receivables that are measured at fair value against the AASB 13 fair value hierarchy.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Advances paid and receivables at fair value				
Level 1	30	45	65	68
Level 2	4,690	2,835	6,774	5,427
Level 3	56,309	53,443	57,978	55,242
Total fair value	61,029	56,323	64,817	60,737

Advances paid and receivables categorised as Level 2 and Level 3 have predominantly been valued using a discounted cash flow approach with the exception for derivative instruments that have been valued using a market approach based on observable market transactions.

The primary inputs have been valued using a market approach based on observable market transactions including principal due and the discount rate. Level 3 receivables are differentiated from Level 2 in that they are generally actuarially assessed. The two main valuation inputs are DNER and the fair value of the remaining receivable, calculated as the present value of projected future cash flows.

These balances are sensitive to changes in the underlying assumptions, including the discount rate. Student loans are sensitive to changes in the future CPI growth, the discount rate (yield curve) and DNER. Level 3 advances paid and receivables are reconciled as follows.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Level 3 advances paid and receivables				
Opening balance at 1 July	53,443	52,141	55,242	54,126
Purchases/payments	8,014	8,570	8,377	8,940
Sales/repayments	(7,905)	(8,336)	(8,243)	(8,665)
Gains/(losses) recognised in the operating result	2,757	1,068	2,602	841
Total fair value	56,309	53,443	57,978	55,242

Note 5B: Investments, loans and placements

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Government securities(b)	-	-	147,107	312,440
Collective investment vehicles(a)	117,329	114,677	117,329	114,677
IMF quota and SDR holdings	25,423	25,865	34,943	35,301
Deposits(a)	6,277	8,952	18,445	23,678
Gold	-	-	9,035	7,406
Defined benefit superannuation plan assets	-	-	681	781
Structured finance securities	322	658	322	658
Other interest bearing securities	56,567	56,072	57,350	56,852
Other	27,551	15,236	31,700	17,752
Total investments, loans and placements	233,469	221,460	416,912	569,545
By category of financial assets				
Amortised cost	17,201	17,717	61,288	234,144
<i>Fair value:</i>				
Fair value through profit and loss	189,960	177,292	319,600	300,762
Fair value through other comprehensive income	26,308	26,451	26,308	26,452
Other(c)	-	-	9,716	8,187
Total by category of financial asset	233,469	221,460	416,912	569,545

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

(b) Comprise government securities (non-Australian Government) held by the RBA for monetary policy objectives. Government securities held for investment purposes are included in other interest bearing securities.

(c) Gold holdings and superannuation plan assets are included in financial assets in the balance sheet, but are not financial instruments for the purposes of AASB 7 *Financial Instruments: Disclosures*.

Note objective

The GGS holds deposits for liquidity management and the International Monetary Fund (IMF) quota to meet its subscription obligations to the IMF. Investments in collective investment vehicles (CIVs) and other interest bearing liabilities are held by the Australian Government Investment Funds (Investment Funds) as detailed in Note 9B. The RBA holds gold and government securities in conducting monetary policy.

Recognition and measurement of investments, loans and placements

The fair value of gold holdings is equal to the Australian dollar equivalent of the benchmark rate set at 3:00 pm London time in the London gold market on balance date.

Depending on the type of instrument, deposits are recognised at either nominal or market value. Interest is credited to revenue as it accrues. Deposits have varying terms and rates of interest with the majority recoverable within 12 months.

Investments in domestic and foreign government securities are predominantly held by the RBA and are used to manage liquidity risk and for monetary policy. The majority of these securities are recoverable in more than 12 months. With the exception of securities contracted for sale under repurchase agreements, these securities are classified by the RBA as 'at fair value through profit or loss'. Securities purchased and contracted for sale under repurchase agreements are valued at amortised cost. The difference between the purchase and sale price is accrued over the term of the agreement and recognised as interest revenue.

The IMF quota represents Australia's membership subscription to the International Monetary Fund (IMF), an organisation of 190 member countries working to ensure the stability of the international monetary system. Under the IMF Articles of Agreement, each member country is assigned a quota denominated in special drawing rights (SDR), the payment of which is used by the IMF to finance its activities. The SDR is the IMF's unit of account, the value of which is determined daily based on the market exchange rates of a basket of national currencies. The value of the investment reported in the Consolidated Financial Statements is equal to Australia's quota at 30 June 2024, translated to Australian dollars, as this is the amount that would be payable under the IMF Articles if a country were to withdraw from the IMF. The investment is classified as FVOCI and is not expected to be realised in the next 12 months.

CIVs are held by the Investment Funds as part of their investment strategy. CIVs are entities that enable investors to pool their money and invest the pooled funds, rather than buying securities directly. They allow the investor to invest in a range of assets, such as debt securities, equity, commodity-linked investments, real estate, shares in other investment funds and structured assets. Investments in CIVs are recorded at fair value on the date which consideration is provided to the contractual counterparty under the terms of the relevant subscription agreement.

Other interest bearing securities are primarily held by the Investment Funds (refer Note 9B) and include negotiable certificates of deposit, mortgage and asset backed securities, bank bills and corporate debt securities.

Investments in CIVs and other interest bearing securities by the Future Fund and Investment Funds are held for the longer term, consistent with each fund's investment mandate.

Accounting judgement and estimate – Fair value

The following tables provide an analysis of investments, loans and placements that are measured at fair value.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Investments, loans and placements at fair value				
Level 1	16,687	7,118	138,657	124,815
Level 2	53,892	53,568	70,130	66,344
Level 3	145,689	143,057	146,156	143,461
Total fair value(a)	216,268	203,743	354,943	334,620

(a) Includes gold holdings which are not a financial instrument under AASB 7 but are held at fair value.

Investments, loans and placements categorised as Level 2 have been valued using a market approach based on observable market transactions. Those categorised as Level 3 use the following techniques:

	Valuation technique(s)	Inputs used
IMF quota	Cost approach	Foreign exchange rates
Collective investment vehicles	Discounted cash flow Market approach	Discount rate Adjusted market transactions
Other interest bearing securities	Discounted cash flow	Discount rate
Other	Net assets of entities	Net assets of entities

Investments, loans and placements categorised as Level 3 that are valued using the net assets technique have been based on either the latest available audited accounts of those entities or internal management accounts because this is the most relevant available information at the end of the period.

In determining the fair value of CIVs, reference is made to the underlying unit price provided by the CIV Manager (where available), associated Manager or independent expert valuation reports and capital account statements and the most recent audited financial statements of each CIV. Manager valuation reports are reviewed to ensure the underlying valuation principles are materially compliant with Australian Accounting Standards and applicable industry standards.

For the IMF quota investment, the value of shares are held in foreign currency and converted to an Australian dollar equivalent for inclusion in the financial statements.

The following table reconciles the movement in the balance of investments, loans and placements classified as Level 3.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Level 3 investments, loans and placements				
Opening balance at 1 July	143,057	133,779	143,461	134,148
Purchases/payments	15,162	17,378	15,245	17,409
Sales/repayments	(15,380)	(10,624)	(15,402)	(10,624)
Gains/(losses) recognised in the operating result	2,947	2,381	2,949	2,385
Gains/(losses) recognised in equity	-	31	-	31
Transfers in/(out) of Level 3	(97)	112	(97)	112
Total fair value	145,689	143,057	146,156	143,461

Accounting judgement and estimate – Credit risk

Generally, Australian Government entities' credit risk exposures on investments are limited to highly rated counterparties and their credit risks are low. However, Australian Government entities that have material concentrations of credit risk include:

- the Investment Funds' exposure to debt securities issued by domestic banks. The Future Fund utilises credit default swaps for exposure to credit risk. The counterparties for these swaps include major banking firms and their affiliates with exposure managed by utilising multiple counterparties and considering each counterparty's credit rating. The credit risk exposure is concentrated in securities with 'A' ratings. Further detail is provided in the financial statements for the Future Fund Management Agency and Board of Guardians;
- the Public Financial Corporation sector's exposure on financing and credit facilities extended to non-government clients, including commercial account exposures for Export Finance Australia (EFA) and the RBA's exposure to the issuers of held securities, banks with which the RBA deposits funds and counterparties that are yet to settle transactions;
- investments, loans and placements managed by the Clean Energy Finance Corporation (CEFC) have a significant concentration of exposure to the energy and renewables sectors as CEFC has been established for investment in commercialisation and deployment of (or in relation to the use of) Australian based renewable energy, energy efficiency and low emissions technologies (or businesses that supply goods or services needed to develop the same); and
- the AOFM's financial investments including loans to state and territory governments, deposits and securities.

The Boards responsible for governing the above organisations manage exposure by setting limits on the credit rating of counterparties.

The Australian Government is also exposed to credit risk on foreign exchange swaps and interest rate derivatives. The net derivative exposure is detailed in Note 9B.

Note 5C: Equity investments

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Investments in private funds and corporations	93,623	76,997	95,054	78,329
Investment in public corporations	45,526	42,116	-	-
Equity accounted investments	6,187	5,401	6,531	5,722
Total equity investments	145,336	124,514	101,585	84,051
By category of financial assets				
<i>Fair value:</i>				
Fair value through profit and loss	88,287	72,204	88,938	72,827
Fair value through other comprehensive income	50,862	46,909	6,116	5,502
Other	6,187	5,401	6,531	5,722
Total by category of financial asset	145,336	124,514	101,585	84,051

Note objective

Shares are held by the Investment Funds as detailed in Note 9B. The Australian Government also holds share equity in international financial institutions and multilateral aid organisations to meet its international policy obligations. The investment in public corporations represents the Government’s ownership interest in public corporations such as the RBA, SHL and NBN Co. Equity investments are not expected to be realised within the next 12 months.

Recognition and measurement of equity investments

At the whole of government level, equity investments primarily consist of the Future Fund’s holdings of listed equities and listed managed investment schemes. These investments are designated as ‘financial assets through profit or loss’ on acquisition.

At the GGS level, equity investments also include the Australian Government’s ownership interest in public corporations. The investments are eliminated at whole of government level. Where the public corporation is a government business enterprise whose principal function is to engage in commercial activities in the private sector and the corporation generates significant non-government cash inflows (compared to inflows from Government), the investment is measured at fair value applying a discounted cash flow technique. Investments in other public corporations are measured as the Australian Government’s proportional interest in the net assets of the public corporation as at the end of the reporting period.

Accounting judgement and estimate – Fair value

In the fair value hierarchy, equity investments were valued as follows:

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Equity investments at fair value				
Level 1	85,999	70,173	85,999	70,173
Level 2	1,416	1,416	1,416	1,416
Level 3	51,734	47,524	7,639	6,740
Total fair value	139,149	119,113	95,054	78,329

Equity investments categorised as Level 2 have been valued using a market approach based on observable market transactions. Those categorised as Level 3 use the following techniques:

	Valuation technique(s)	Inputs used
Shares	Values of shares held Net assets of entities	Foreign exchange rates Net assets of entities
Investment in public corporations	Net assets of entities Discounted cash flow	Net assets of entities Weighted average cost of capital

For general government investments in public corporations valued using a discounted cash flow technique, cash flow projections for a forecast period and terminal year are based on management corporate plans and have been discounted using a weighted average cost of capital appropriate to the public corporation.

The fair value of the GGS investment in the following corporations has been determined based on a discounted cash flow method prepared with the advice of independent valuation experts:

- Australian Rail Track Corporation (ARTC) was valued at \$1,615 million at 30 June 2024 (2023: \$1,785 million). The discounted cash flow method was applied to ARTC's valuation of its interstate and Hunter Valley rail network assets, modified where necessary for cash flows associated with its other asset and liability categories. ARTC measures assets arising from construction of the Inland Rail project at cost, with subsequent impairment using multiple valuation methods including market assessments and discounted cash flow calculations. These assets will be integrated into the valuation of ARTC's interstate network assets once the project is substantially complete but have been impaired to zero value, or close to zero value, at 30 June 2024.

The valuation was subject to independent sensitivity analysis, including sensitivity to the discount rate. With all other assumptions remaining the same, a discount rate in the range of 7.0 per cent to 8.1 per cent (2023: 6.2 per cent to

7.3 per cent) resulted in a calculated fair value in the range of \$1,200 million to \$2,300 million.

- NBN Co was valued at \$20,600 million at 30 June 2024 (2023: \$19,500 million) using a discounted cash flow valuation. The discounted cash flow valuation adopts an equity approach using the free cash flows forecast in NBN Co's Integrated Operating Plan (IOP) extrapolated to 2040. The cash flow forecasts were adjusted where appropriate for assumptions on investments and other decisions that would be adopted by a hypothetical purchaser and included calculation of a terminal value, discounted using an assumed rate of return on equity of 9.70 per cent (2023: 9.35 per cent).

The valuation was subject to independent sensitivity analysis, including sensitivity to the discount rate. With all other assumptions remaining the same, a discount rate in the range of 9.2 per cent to 10.2 per cent (2023: 8.85 per cent to 9.85 per cent) resulted in a calculated fair value in the range of \$19,000 million to \$22,400 million at 30 June 2024 (2023: \$17,600 million to \$21,700 million).

- SHL was valued at \$9,750 million at 30 June 2024 (2023: \$8,750 million). The discounted cash flow valuation uses cash flow projections based on the Snowy Hydro Limited Corporate Plan (2025 to 2034). The valuation was supported by crosschecking against the capitalisation of future maintainable earnings method based on an analysis of share trading in energy generation companies.

The valuation was subject to independent sensitivity analysis, including sensitivity to the discount rate. With all other assumptions remaining the same, a change in the discount rate of 0.25 per cent resulted in a calculated fair value in the range of \$8,800 million to \$10,900 million at 30 June 2024 (2023: \$7,900 million to \$10,000 million).

Other corporations where the GGS investment has been valued applying a discounted cash flow method include Airservices Australia and the Australian Submarine Corporation.

During the year, the Australian Government acquired a non-controlling interest in CEA Technologies Pty Limited (CEA). The Australian Government will hold this interest for 18 months after which the Australian Government expects to take majority ownership and CEA will become a Government Business Enterprise.

Marinus Link Pty Ltd (MLPL) is a new joint venture arrangement between the Australian Government and the Victorian and Tasmanian State to complete the Marinus Link Project. The Australian Government holds 49 per cent of the MLPL equity with the Victorian Government holding 33.3 per cent and the Tasmanian Government the remaining 17.7 per cent.

The Australian Postal Corporation (Australia Post) was previously valued using a discounted cash flow method, however, due to significant level of uncertainty surrounding Australia Post's future cash flows, a net assets value was adopted in 2022-23 and has been maintained.

Other public corporations in which the GGS investment value is based on the net assets of the investee are as follows:

- Australian Hearing Services (Hearing Australia)
- Australian Naval Infrastructure Pty Ltd
- Australian Reinsurance Pool Corporation
- Coal Mining Industry (Long Service Leave Funding) Corporation
- CSIRO Innovation Funds
- Export Finance Australia
- National Intermodal Company Limited
- WSA Co Ltd

For WSA Co Ltd, the valuation methodology to adjust net assets for fair value of land is no longer adopted given the stage of project construction.

Noting that the value of the investment cannot go below zero, a net asset valuation has resulted in the following investees being carried at no value:

- Housing Australia
- Reserve Bank of Australia
- Voyages Indigenous Tourism Australia Pty Ltd

For shares in international financial institutions held by the Australian Government, the value is held in foreign currency and converted to an Australian dollar equivalent for inclusion in the financial statements. This information is an observable input.

The following table reconciles the movement in the balance of equity investments classified as Level 3:

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Level 3 equity investments				
Opening balance at 1 July	47,524	43,205	6,740	6,085
Purchases/Payments	2,143	2,329	241	439
Sales/Repayments	(65)	(99)	(66)	(46)
Gains/(losses) recognised in the operating result	(132)	140	(151)	198
Gains/(losses) recognised in equity	2,234	1,965	845	80
Transfers in/(out) of level 3	30	(16)	30	(16)
Total fair value	51,734	47,524	7,639	6,740

Note 5D: Land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles
Land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles by basis of valuation

Item	Land		Buildings		Specialist military equipment		Other plant, equipment and infrastructure		Heritage and cultural assets		Investment property		Computer software		Other intangibles		Total	
	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Cost	\$m	Cost	\$m	
Australian Government																		
Measurement basis(a)																		
Net book value at 30 June 2024																		
Gross book value	18,751	71,377	89,402	119,202	10,127	12,996	327	23,313	10,120	345,488								
Accumulated depreciation/amortisation	(47)	(15,963)	(795)	(30,924)	-	(224)	-	(15,015)	(1,305)	(64,273)								
Net book value at 30 June 2024	18,704	55,414	88,607	88,278	10,127	12,772	327	8,298	8,815	281,215								
Carrying amount of right-of-use assets																		
Assets at fair value by level of the fair value hierarchy:																		
Level 2	15,224	5,171	-	13,376	1,880	262	-	-	-	38								
Level 3	3,265	33,525	88,398	64,775	10,892	65	-	-	-	200,920								
Fair value at 30 June 2024	18,489	38,696	88,398	78,151	12,772	327	-	-	38	27,307								
Net book value at 30 June 2023																		
Gross book value(b)	16,864	67,436	84,610	105,571	12,865	343	21,810	9,904	319,403									
Accumulated depreciation/amortisation(b)	(46)	(13,315)	(894)	(26,522)	(247)	-	(13,929)	(1,310)	(56,263)									
Net book value at 30 June 2023	16,818	54,121	83,716	79,049	12,618	343	7,881	8,594	263,140									
Carrying amount of right-of-use assets																		
Assets at fair value by level of the fair value hierarchy:																		
Level 2	13,330	5,386	-	10,559	1,748	273	-	-	45	28,098								
Level 3	3,259	31,085	83,468	58,564	10,870	70	-	-	-	31,296								
Fair value at 30 June 2023	16,589	36,471	83,468	69,123	12,618	343	-	-	45	218,612								

(a) Fair value excludes right-of-use assets which are held at cost.

(b) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles by basis of valuation
(continued)

Item	Land		Buildings		Specialist military equipment		Other plant, equipment and infrastructure		Heritage and cultural assets		Investment property		Computer software		Other intangibles		Total
	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Fair value	\$m	Cost	\$m	Cost	\$m
General Government																	
Measurement basis(a)																	
Net book value at 30 June 2024																	
Gross book value	14,643		65,342		89,402		28,006		12,996		228		16,605		7,450		234,672
Accumulated depreciation/amortisation	(12)		(14,667)		(795)		(5,653)		(224)		-		(10,089)		(738)		(32,178)
Net book value at 30 June 2024	14,631		50,675		88,607		22,353		12,772		228		6,516		6,712		202,494
Carrying amount of right-of-use assets																	
Assets at fair value by level of the fair value hierarchy:																	
Level 2	11,795		3,869		-		1,988		1,880		228		-		-		19,760
Level 3	2,681		31,324		88,398		18,965		10,892		-		-		-		152,260
Fair value at 30 June 2024	14,476		35,193		88,398		20,953		12,772		228		-		-		172,020
Net book value at 30 June 2023																	
Gross book value(b)	13,483		61,772		84,610		25,707		12,865		219		15,158		7,337		221,151
Accumulated depreciation/amortisation(b)	(9)		(12,263)		(894)		(5,424)		(247)		-		(9,261)		(644)		(28,742)
Net book value at 30 June 2023	13,474		49,509		83,716		20,283		12,618		219		5,897		6,693		192,409
Carrying amount of right-of-use assets																	
Assets at fair value by level of the fair value hierarchy:																	
Level 2	10,605		3,974		-		2,151		1,748		219		-		-		18,697
Level 3	2,704		29,017		83,468		16,690		10,870		-		-		-		142,749
Fair value at 30 June 2023	13,309		32,991		83,468		18,841		12,618		219		-		-		161,446

(a) Fair value excludes right-of-use assets which are held at cost.

(b) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Reconciliation of movement in land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles

Item	Land		Buildings		Specialist military equipment		Other plant, equipment and infrastructure		Heritage and cultural assets		Investment property		Computer software		Other intangibles		Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Australian Government																	
Net book value at 1 July 2022	15,113	50,860	80,314	70,918	12,632	365	7,702	8,226	246,130								
Additions:																	
Purchases and entity acquisitions	425	2,617	8,539	10,736	103	3	663	551	23,637								
Internally developed	-	-	-	-	-	-	1,634	-	1,634								
Right-of-use assets	9	2,900	-	225	-	-	-	-	-								
Revaluations	1,076	1,971	(167)	4,491	(70)	(6)	2	(2)	7,295								
Depreciation/amortisation expense(a)	-	(1,895)	(4,637)	(5,363)	(73)	-	(1,676)	(181)	(13,825)								
Depreciation of right-of-use assets	(13)	(2,814)	(39)	(746)	-	-	-	(8)	(3,620)								
Recoverable amount write-downs	1	(141)	(728)	(1,966)	(1)	-	(352)	(46)	(3,233)								
Net write-down of right-of-use assets	(3)	20	412	(1)	(1)	-	-	-	16								
Reversal of write-downs	-	152	22	125	22	7	7	7	725								
Other movements	279	429	22	(144)	5	11	(88)	48	562								
Other movements of right-of-use assets	11	57	-	803	-	-	-	-	871								
Disposals	(80)	(35)	-	(29)	-	(30)	(11)	(1)	(186)								
As at 30 June 2023	16,818	54,121	83,716	79,049	12,618	343	7,881	8,594	263,140								
Additions:																	
Purchases and entity acquisitions	179	2,420	10,277	12,779	90	5	755	543	27,048								
Internally developed	-	-	-	-	-	-	1,517	-	1,517								
Right-of-use assets	3	2,174	-	497	-	-	-	1	2,675								
Revaluations	1,806	1,711	109	4,509	97	(8)	-	722	8,946								
Depreciation/amortisation expense(a)	-	(1,985)	(5,072)	(5,920)	(67)	-	(1,882)	(158)	(15,084)								
Depreciation of right-of-use assets	(11)	(2,885)	(39)	(823)	-	-	-	(9)	(3,767)								
Recoverable amount write-downs	(60)	(44)	(769)	(2,301)	(26)	-	(150)	(32)	(3,382)								
Net write-down of right-of-use assets	(4)	12	-	(2)	-	-	-	-	6								
Reversal of write-downs	6	52	357	89	24	11	11	3	542								
Other movements	(3)	89	32	(81)	36	(1)	196	(128)	140								
Other movements of right-of-use assets	(3)	(229)	-	529	-	-	-	1	298								
Disposals	(27)	(22)	(4)	(47)	-	(12)	(30)	(722)	(864)								
As at 30 June 2024	18,704	55,414	88,607	88,278	12,772	327	8,298	8,815	281,215								

(a) The depreciation/amortisation expense movement includes the amortisation of non-produced intangible assets as reported in Note 4C: Other gains/(losses).

Reconciliation of movement in land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles (continued)

Item	Land		Buildings		Specialist military equipment		Other plant, equipment and infrastructure		Heritage and cultural assets		Investment property		Computer software		Other intangibles		Total	
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	
General Government																		
Net book value at 1 July 2022	12,718	46,183	80,314	18,417	12,632	206	5,604	6,422	182,496									
Additions:																		
Purchases and entity acquisitions	73	2,282	8,539	3,203	103	3	516	337	15,056									
Internally developed	-	-	-	-	-	-	1,300	-	1,300									
Right-of-use assets	1	2,712	-	146	-	-	-	-	-									
Revaluations	488	1,967	(167)	1,255	(70)	(6)	2	(2)	2,859									
Depreciation/amortisation expense(a)	-	(1,684)	(4,637)	(2,248)	(73)	-	(1,113)	(96)	(9,851)									
Depreciation of right-of-use assets	(6)	(2,554)	(39)	(313)	-	-	-	-	(2,912)									
Recoverable amount write-downs	(2)	(137)	(728)	(148)	(1)	-	(352)	(39)	(1,407)									
Net write-down of right-of-use assets	(3)	24	-	-	-	-	-	-	21									
Reversal of write-downs	-	152	412	124	22	-	7	7	724									
Other movements	277	421	22	(167)	5	17	(55)	64	584									
Other movements of right-of-use assets	7	174	-	37	-	-	-	-	218									
Disposals	(79)	(31)	-	(23)	-	(1)	(12)	-	(146)									
As at 30 June 2023	13,474	49,509	83,716	20,283	12,618	219	5,897	6,693	192,409									
Additions:																		
Purchases and entity acquisitions	123	2,262	10,277	3,580	90	5	727	244	17,308									
Internally developed	-	-	-	-	-	-	1,133	-	1,133									
Right-of-use assets	1	1,821	-	246	-	-	-	-	2,068									
Revaluations	1,101	1,622	109	1,037	97	-	-	722	4,688									
Depreciation/amortisation expense(a)	-	(1,796)	(5,072)	(2,434)	(67)	-	(1,273)	(83)	(10,725)									
Depreciation of right-of-use assets	(4)	(2,595)	(39)	(343)	-	-	-	-	(2,981)									
Recoverable amount write-downs	(58)	(89)	(769)	(177)	(26)	-	(124)	(27)	(1,270)									
Net write-down of right-of-use assets	(4)	27	-	(2)	-	-	-	-	21									
Reversal of write-downs	6	52	357	89	24	-	11	3	542									
Other movements	-	169	32	55	36	4	175	(118)	353									
Other movements of right-of-use assets	(4)	(285)	-	57	-	-	-	-	(232)									
Disposals	(4)	(22)	(4)	(38)	-	-	(30)	(722)	(820)									
As at 30 June 2024	14,631	50,675	88,607	22,353	12,772	228	6,516	6,712	202,494									

(a) The depreciation/amortisation expense movement includes the amortisation of non-produced intangible assets as reported in Note 4C: Other gains/(losses).

Note objective

Property, plant and equipment are held for operational purposes as is computer software. The Department of Defence (Defence) is the largest holder of non-financial assets. Heritage and cultural assets include the cultural collections of the national gallery, library and museums while other intangibles include the Australian Government's portfolio of water entitlements acquired and which are held for environmental water purposes.

Recognition and measurement of non-financial assets

Where available, the fair value of property, plant and equipment is determined by reference to market based evidence including, for example, the market value of similar properties. Fair value is estimated using an income (net present value/discounted cash flows) or a cost (current replacement cost (CRC)) approach, if there is no market-based evidence of fair value because of the specialised nature of the item of property, plant or equipment and the item is rarely sold.

The cost of restoration or removal is included in the measurement of property, plant and equipment when a legal or constructive obligation exists. These costs include obligations relating to the dismantling, removal, remediation, restoration and other expenditure associated with the Australian Government's fixed assets or site fit-outs. Restoration provisions are initially recorded when a reliable estimate of the costs to be incurred can be determined and are discounted to present value. Estimates are based upon a review of lease contracts, legal requirements, historical information and expected future costs. Any changes to these estimates are adjusted on a progressive basis as required.

The Australian Government's intangibles comprise internally developed software for internal use, water entitlements, goodwill and intangible assets acquired by public corporations (PNFCs and PFCs). Intangibles are carried at cost. Water entitlements, goodwill and other indefinite life intangibles are not amortised but tested for impairment on an annual basis. When public corporations acquire investments in controlled entities, and pay an amount greater than the fair value of the net identifiable assets of the entity, this excess is recognised as goodwill.

Right-of-use assets

Leased right-of-use assets are capitalised at the commencement date of the lease and comprise of: the initial lease liability amount; initial direct costs incurred when entering into the lease; less any lease incentives received. The initial right-of-use value will also include the estimated provision for restoration costs where there is a requirement to restore the premises not related to the specific leasehold improvement. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

Accounting judgement and estimate - Fair value

The analysis of land and buildings, plant, equipment and infrastructure, heritage and cultural assets and intangibles by basis of valuation includes a disaggregation of asset values against the AASB 13 fair value hierarchy. Non-financial assets categorised as Level 2 and 3 have been valued using the following techniques:

	Category	Valuation technique(s)	Inputs used
Land	2	Market approach Income approach	Market transactions Future cash flows
	3	Market approach Income approach	Adjusted market transactions Future cash flows
Buildings	2	Market approach Income approach Cost approach	Market transactions Future cash flows Replacement cost of new assets
	3	Market approach Income approach Cost approach	Adjusted market transactions Future cash flows Replacement cost of new assets Consumed economic benefit
Specialist military equipment	3	Market approach Cost approach	Adjusted market transactions Replacement cost of new assets Market indices Consumed economic benefit
Other plant, equipment and infrastructure	2	Market approach Cost approach	Market transactions Replacement cost of new assets
	3	Market approach Income approach Cost approach	Adjusted market transactions Future cash flows Replacement cost of new assets Consumed economic benefit
Heritage and cultural assets	2	Market approach Cost approach	Market transactions Replacement cost of new assets
	3	Market approach Cost approach	Adjusted market transactions Replacement cost of new assets Consumed economic benefit
Other	2	Market approach	Market transactions

Level 3 non-financial assets valued using the market approach utilise market transactions of similar assets adjusted using professional judgement for each individual asset's characteristics to determine fair value. Non-financial assets that do not transact with enough frequency and transparency to develop objective

opinions of value from observable market evidence have been valued utilising the cost (CRC) approach, unless this cannot be reliably calculated.

Valuations are undertaken with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. Details pertaining to valuations can be found in the audited financial statements of individual Australian Government controlled entities and is summarised below.

Land

Land which will continue to be used is valued by independent valuers at fair value (highest and best use). Highest and best use is determined from the perspective of market participants with the current use of the land presumed to be its highest and best use unless market or other factors suggest otherwise.

Buildings

The majority of Government owned buildings are in the defence estate, domestic and overseas property portfolio, CSIRO and Parliament House. The fair value of buildings is performed by independent valuers using inputs such as sales prices of comparable assets, replacement cost, expected useful life and adjustments for obsolescence. Buildings categorised as Level 3 in the fair value hierarchy include those held for specialised purposes and where there is no readily available market price.

Specialist military equipment

Specialist military equipment assets are specialised in nature and there is generally limited availability of observable market inputs to assess fair value. As it is often necessary to use professional judgement when estimating fair value of these assets, independent valuers are used.

Assets in this class have largely been valued using the cost approach or, to a lesser degree, the market approach. Under the cost approach, an estimate is determined by establishing a replacement cost of a new asset and allowing for deductions for physical deterioration and obsolescence. The cost price of assets that are still under construction is considered to be their fair values as there is no market for partially completed military assets.

Valuation techniques include reference to comparable assets, recently purchased assets, recent market data where available, and indexation based on country of manufacture. Some 142 indices and 26 foreign currencies were utilised in 2023-24 in the fair value assessments of specialist military equipment. National indices from Australia and the USA are the significant contributors for fair value movement in 2023-24. The Australian dollar, US dollar and the Euro are the primary currencies impacting prices applied during indexation.

The table below demonstrates the sensitivity of hypothetical movements in these valuation inputs and the magnitude of impact these have to the adopted fair value measurement of specialist military equipment.

	Impact on fair value and net worth			
	2024		2023	
	+	-	+	-
	\$m	\$m	\$m	\$m
Change in price indices (+/- 1%)	380	(379)	354	(422)
Change in foreign currencies(+/- 1.8%)	615	(610)	573	(612)

For further information refer to the 2023-24 annual report of the Department of Defence.

Other plant, equipment and infrastructure

This asset class includes a range of cash-generating assets, including those held by public corporations, and assets held for internal use. These assets are typically valued using an income approach or a cost approach. Given the specialised nature of the assets and the fact that these assets are not collectively sold or traded, fair value cannot generally be determined with reference to observable market prices or recent market transactions.

Cash generating assets are grouped into cash-generating units for valuation and impairment purposes. Significant infrastructure assets held by the Australian Government include rail infrastructure, electricity generation assets, the broadband network and defence infrastructure.

Rail infrastructure assets were valued at \$2,600 million at 30 June 2024 (2023: \$2,419 million). This value was calculated using the income approach reflecting current market expectations of future cash flows discounted to their present value using a post-tax discount rate that reflects an expert's assessment of current market assessments of the time value of money and the business risk. Long term growth rates for annual revenue reflect contract data, GDP and inflation forecasts and have been estimated in the range 0.6 per cent to 4.1 per cent (2023: 1.1 per cent to 4.3 per cent). The nominal post-tax weighted average cost of capital has been estimated in the range of 7.0 per cent to 8.1 per cent (2023: 6.8 per cent to 7.9 per cent). The fair value of these assets is therefore sensitive to changes in these unobservable inputs as illustrated below.

	Impact on operating result and net worth			
	2024		2023	
	+	-	+	-
	\$m	\$m	\$m	\$m
Annual revenue (1% revenue movement p.a.)	113	(113)	121	(121)
Discount rate (+/- 100bps movement)	(347)	467	(361)	492

Electricity generation assets and related retail assets were valued at \$14,308 million at 30 June 2024 (2023: \$10,802 million) by an independent valuer using both the income approach and the cost approach. In calculating the income approach, a nominal pre-tax weighted average cost of capital was estimated in the range of 7.0 per cent to 8.1 per cent, with an adopted rate of 7.7 per cent (2023: 7.4 per cent). The independent valuer developed a range of scenarios to test sensitivity to changes in key assumptions.

Broadband network infrastructure assets held at fair value (excluding of leased assets valued at cost) were valued at \$35,896 million at 30 June 2024 (2023: \$32,352 million) and continue to be valued using a cost approach which involves the calculation of a replacement cost and obsolescence. Replacement cost is the cost that is relevant to determining the price that a market participant would pay as it is based on replicating the utility of the asset. An income approach was not applied to the valuation of the broadband infrastructure assets as it is not possible to reliably identify or attribute income to individual or grouped infrastructure assets. The use of the income approach in this instance could result in the allocation of intangible assets valued to the tangible infrastructure assets.

Non-cash generating assets include specialised assets and plant and equipment measured by independent valuers at fair value (highest and best use).

Heritage and cultural assets

Australian Government cultural organisations hold significant collections of heritage and cultural assets, comprising sculptures, artefacts, paintings, drawings, prints, books, photography and memorabilia. This asset class also includes buildings, residences and equipment that may be used but which are primarily held for their heritage or cultural significance.

Heritage and cultural assets are stored, managed, displayed, repaired and restored in ways that will maintain their cultural or heritage value over time. The valuation method for heritage and cultural collections is by market based evidence where a market exists for items in the collection. The valuation of heritage and cultural assets categorised as Level 3 in the fair value hierarchy can be subject to a high level of estimation uncertainty where collection assets are unique and there are few comparable transactions and/or a limited market.

Reconciliation for recurring Level 3 fair value measurements

The following table reconciles the movement in the balance of non-financial assets classified as Level 3.

Item	General Government					Australian Government				
	Land \$m	Buildings \$m	Specialist military equipment \$m	Other IPE \$m	Heritage & cultural assets \$m	Land \$m	Buildings \$m	Specialist military equipment \$m	Other IPE \$m	Heritage & cultural assets \$m
Level 3 fair value at 1 July 2022	2,858	26,525	80,027	15,675	12,463	3,352	28,546	80,027	54,659	12,463
Additions	2	1,977	8,539	2,641	59	2	2,213	8,539	7,249	59
Disposals	-	(88)	-	(19)	-	-	(88)	-	(21)	-
Gains/(losses) recognised in the operating result	(2)	(1,232)	(4,931)	(1,925)	(44)	1	(1,313)	(4,931)	(6,499)	(44)
Gains/(losses) recognised in equity	242	1,607	(167)	399	(67)	295	1,498	(167)	3,255	(67)
Transfers in/(out) of level 3	(396)	228	-	(81)	(1,541)	(391)	229	-	(79)	(1,541)
As at 30 June 2023	2,704	29,017	83,468	16,690	10,870	3,259	31,085	83,468	58,564	10,870
Additions	-	2,058	10,277	3,090	48	41	2,106	10,277	7,000	48
Disposals	-	(46)	(4)	(23)	-	-	(46)	(4)	(21)	-
Gains/(losses) recognised in the operating result	(2)	(1,811)	(5,452)	(2,254)	(53)	(4)	(1,920)	(5,452)	(4,957)	(53)
Gains/(losses) recognised in equity	76	1,685	109	978	27	66	1,760	109	3,756	27
Transfers in/(out) of level 3	(97)	421	-	484	-	(97)	540	-	433	-
As at 30 June 2024	2,681	31,324	88,398	18,965	10,892	3,265	33,525	88,398	64,775	10,892

Contractual capital commitments

At the reporting date, commitments for capital works comprised:

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Capital commitments				
Specialist military equipment	40,210	25,676	40,210	25,676
Other plant, equipment and intangibles	3,543	3,422	12,025	8,755
Land and buildings commitments	1,688	2,834	2,744	4,475
Total capital commitments	45,441	31,932	54,979	38,906

Assets under construction

At the reporting date, the Australian Government had the following assets under construction:

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Assets under construction				
Specialist military equipment	31,135	20,909	31,135	20,909
Land and buildings	3,311	2,504	3,548	2,897
Computer software	2,234	2,518	2,403	2,832
Heritage and cultural assets	24	18	24	18
Other plant, equipment and infrastructure	4,384	3,321	16,626	12,811
Other intangibles	1,481	1,187	2,286	1,831
Total assets under construction	42,569	30,457	56,022	41,298

Joint operations

The Australian Government is a joint operator in the following jointly controlled operations and assets:

	Share of Output	
	2024	2023
	%	%
Joint Operations		
Southern Positioning Augmentation Network	75	75
River Murray Operations	20	20
Living Murray Initiative	20	20

The Australian Government recognises its share of the jointly controlled assets in its financial statements, classified according to the nature of the assets, its share of any liabilities incurred in respect of the joint operation and any income from the sale or use of its share of the output of the joint operation, together with its share of any expenses incurred by the joint operation. The Australian Government's share of each of these is detailed below.

	Australian Government	
	2024	2023
	\$m	\$m
Expenses	26	24
Income	29	32
Assets	1,014	929
Liabilities	39	13

Service concession assets

As part of the Southern Positioning Augmentation Network (SouthPAN) joint operation, the joint operators entered into a service concession arrangement with Lockheed Martin. The arrangement is expected to become fully operational in 2027 and continue through to 2042 (19 years).

The joint operators are required to pay consideration for the construction and operation of the network over its duration. The service provider is required to deliver Satellite-Based Augmentation System services including designing, building, operating and maintenance of SouthPAN. At the completion of the project, certain SouthPAN assets are to be transferred to Geoscience Australia on behalf of the Australian Government.

As at 30 June 2024, \$108 million (2023: nil) assets associated with the service concession arrangement are operational and \$102 million (2023: \$149 million) are under construction.

Note 5E: Inventories

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Inventories held for sale				
Finished goods(a)	125	114	259	228
Raw materials and stores	92	103	120	128
Work in progress	199	176	208	188
Total inventories held for sale	416	393	587	544
Consumable stores and inventories held for distribution(b)	11,332	12,210	11,429	12,330
Total inventories	11,748	12,603	12,016	12,874

(a) Australian Government finished goods include \$42 million valued at net realisable value (2023: \$50 million). General Government recorded nil finished goods at realisable value (2023: nil).

(b) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Note objective

Inventories not held for sale include explosive ordnance, general spares and consumables and strategic stockpiles held for distribution.

Recognition and measurement of inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Inventories held for distribution are measured at cost, adjusted for any loss of service potential. Quantities on hand and items of inventory are periodically evaluated with excess and obsolete inventory recorded as a reduction to inventory and an expense.

Australian Government inventories include \$3,049 million (2023: \$3,791 million) expected to be consumed or sold within the next 12 months. General Government inventories include \$2,780 million (2023: \$3,518 million) expected to be consumed or sold within the next 12 months.

Note 5F: Other non-financial assets

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Prepayments(a)	6,447	6,118	7,111	6,789
Assets held for sale	95	131	104	138
Biological assets	5	6	5	6
Other	6	15	6	15
Total other non-financial assets	6,553	6,270	7,226	6,948

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Note 5G: Assets by function

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
General public services(a)	414,410	371,952	412,965	370,828
Other economic affairs(a)	9,329	8,672	180,027	342,589
Defence	148,317	138,436	148,020	138,158
Transport and communication	35,088	39,238	75,898	72,079
Education(a)	58,284	55,457	58,284	55,457
Fuel and energy	17,973	15,251	26,596	21,415
Recreation and culture	20,452	19,965	13,580	13,093
Social security and welfare(a)	11,486	10,703	11,156	10,394
Housing and community amenities	6,597	6,134	9,252	8,171
Agriculture, forestry and fishing	8,783	8,566	8,783	8,566
Public order and safety(a)	6,047	6,299	6,047	6,299
Health(a)	5,298	6,602	5,313	6,602
Mining, manufacturing and construction	2,454	2,002	3,990	3,527
Other purposes(b)	106,120	100,896	29,123	33,078
Total assets	850,638	790,173	989,034	1,090,256

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

(b) Cash and deposits that are not allocated to other functions are included in the 'other purposes' function.

Refer to Note 3F for a description of each function.

Note 6: Liabilities

Liabilities are obligations to another entity to provide economic value as a result of past transactions and activities undertaken by Australian Government entities. The value and composition of Australian Government liabilities are as follows:

Liabilities composition



Interest bearing liabilities

Interest bearing liabilities are classified in accordance with the ABS GFS Manual as follows:

- **Deposits held** (refer Note 6A) are predominantly the liability for cash and deposits held with the Reserve Bank of Australia (RBA).
- **Government securities** (refer Note 6B) are issued by the Australian Government in the form of Treasury Bonds, Treasury Indexed Bonds and Treasury Notes.
- **Loans** (refer Note 6C) comprise promissory notes issued to the International Monetary Fund (IMF) and other multilateral organisations to meet Australia’s international financial obligations, bonds issued by public corporations and other loans.
- **Leases** (refer Note 6D) covers obligations under lease arrangements and includes liabilities for right-of-use assets.
- **Other interest bearing liabilities** (refer Note 6E) include Australia’s liability to the IMF as denominated in Special Drawing Rights (SDR), repurchase agreements entered into by the RBA and other debt not classified elsewhere.

The Australian Government also discloses interest bearing liabilities and other financial liabilities by category of financial instrument. Financial liabilities are allocated into the following categories:

Financial liabilities at fair value through profit or loss	Other liabilities
Financial liabilities, including derivative liabilities, designated at fair value through profit or loss in order to eliminate or reduce a measurement or recognition inconsistency or where a group of financial assets or liabilities is managed and evaluated on a fair value basis.	Non-derivative financial liabilities measured at amortised cost.

Financial liabilities are derecognised when the obligation under the contract is discharged, cancelled or expired.

Provisions and payables

Provisions and payables reported in the balance sheet are summarised into:

- **Employee benefits** (refer Note 6F) capture amounts owing to current and former employees, the largest of which is the Australian Government obligation for the unfunded portion of the public sector and military superannuation schemes.
- **Other payables** (refer Note 6G) include year-end obligations for goods and services, grants and unearned income.
- **Other provisions** (refer Note 6H) include a liability for currency notes issued by the RBA and provisions for benefits and claims, grants, subsidies and tax refunds.

Note 6A: Deposit liabilities

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Exchange settlement funds	-	-	223,491	409,436
Foreign governments	-	-	1,419	1,575
Drawing accounts held with the RBA	-	-	723	651
Monies held in trust	403	398	403	398
State governments	-	-	2	9
Other	14	17	603	515
Total deposit liabilities	417	415	226,641	412,584

Note objective

Exchange settlement accounts are provided by the RBA for financial institutions to settle financial obligations arising from the clearing of payments, while state and foreign governments may also hold deposits at the RBA. Deposits held by Commonwealth entities are not reported as these are internal to Government and eliminated on consolidation.

Recognition and measurement of deposits held

Deposits include deposits at call and term deposits and are classified as financial liabilities. Deposit balances are shown at their amortised cost, which is equivalent to their face value. Interest is accrued over the term of deposits and is paid periodically or at maturity.

Liquidity risk on deposits held

Liquidity risk is the risk that the Australian Government will not be able to meet its obligations as they fall due. The outflows disclosed in the following table represent the contractual undiscounted cash flows relating to deposits held at the reporting date:

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Exposure to liquidity risk on deposits held				
On demand	404	400	226,628	412,570
1 to 5 years	14	15	14	15
Total	418	415	226,642	412,585

Note 6B: Government securities

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Treasury bonds	531,710	498,390	531,456	498,136
Treasury indexed bonds	51,763	49,493	51,763	49,493
Treasury notes	27,821	26,345	27,821	26,345
Other(a)	232,944	251,320	5	6
Total government securities	844,238	825,548	611,045	573,980

(a) Primarily securities issued by the Australian Government held by Australian Government public corporations.

Note objective

Australian Government Securities (AGS) are issued through the AOFM to meet the Australian Government's financing needs.

Recognition and measurement of government securities

Government securities are recognised at fair value through profit or loss applying Level 1 in the fair value hierarchy. Where a security is issued at a premium or discount, the premium or discount is recognised at that time and included in the book value of the liability.

Liquidity risk on government securities

The outflows disclosed in the following table represent the contractual undiscounted cash flows relating to government securities issued at the reporting date.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Exposure to liquidity risk on government securities				
1 year or less	131,677	82,589	95,971	58,496
1 to 5 years	377,801	383,055	251,461	229,722
5 to 10 years	399,137	409,358	276,017	267,497
10 to 15 years	82,143	96,716	82,143	96,716
More than 15 years	83,408	78,898	83,408	78,898
Total	1,074,166	1,050,616	789,000	731,329

The reported value of AGS is exposed to movements in market interest rates. Unrealised losses from the remeasurement of Government securities amounted to \$4,178 million in 2023-24, increasing the AGS liability (2023: unrealised gains \$13,435 million). Further detail on interest rate risk is provided in Note 9B.

Note 6C: Loans

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Loans	817	767	35,060	26,499
Bills of exchange and promissory notes	9,632	8,707	10,746	9,947
Bonds (non-Treasury)	2,272	2,304	7,067	6,451
Total loans	12,721	11,778	52,873	42,897
By maturity:				
No more than 12 months	477	298	8,654	5,481
More than 12 months	12,244	11,480	44,219	37,416
Total by maturity	12,721	11,778	52,873	42,897
By category and valuation of financial liability:				
Amortised cost	10,260	11,778	47,713	39,793
Fair value:				
Level 2	2,461	-	5,160	3,104
Total by category and valuation	12,721	11,778	52,873	42,897

Note objective

General Government promissory notes are issued to the IMF and international financial institutions and relate to the undrawn paid in capital subscriptions to these international organisations. Outside the General Government Sector, Export Finance Australia (EFA) borrows to fund lending activities.

Recognition and measurement of loans

Loans are initially recognised at fair value plus any transaction costs that are directly attributable to the issue and are subsequently measured at either amortised cost or at fair value through profit or loss. Any differences between the final amounts paid to discharge the loan and the initial loan proceeds (including transaction costs) are recognised in the operating statement over the borrowing period using the effective interest method.

Accounting judgements and estimates – Fair value

Loans designated at fair value through profit or loss and categorised as Level 2 are limited to EFA borrowings. The fair value designation reduces the accounting mismatch that would otherwise arise with derivatives that have been entered by EFA to hedge transactions. The fair value of these loans have been determined using market interest rates and valuation techniques which incorporate discounted cash flows.

Liquidity risk on loans

The outflows disclosed in the following table represent the contractual undiscounted cash flows relating to loans issued at the reporting date:

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Exposure to liquidity risk on loans				
1 year or less	517	344	12,365	16,161
1 to 5 years	2,947	3,050	22,550	21,449
More than 5 years	10,370	9,001	24,968	18,374
Total	13,834	12,395	59,883	55,984

Note 6D: Leases

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Lease liabilities(a)	19,005	19,948	32,521	33,013
Total leases	19,005	19,948	32,521	33,013

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Note objective

Australian Government leasing obligations for premises occupied and other infrastructure, plant and equipment used but not owned.

Recognition and measurement of leases

For all new contracts entered into, the Australian Government considers whether the contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the Government's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

Total cash outflows for leases for the year ended 30 June 2024 for the Australian Government amounted to \$6,489 million (2023: \$6,346 million) and \$3,451 million (2023: \$3,501 million) for the General Government Sector.

Maturity analysis – contractual undiscounted cash flows

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Within 1 year	2,812	2,522	4,695	4,399
Between 1 to 5 years	8,572	8,216	14,263	13,816
More than 5 years	10,687	10,939	31,395	31,389
Total leases	22,071	21,677	50,353	49,604

The Australian Government in its capacity as lessee has significant leasing arrangements for premises occupied by entities within the Defence, Social Services, Home Affairs and Foreign Affairs portfolios and for network assets operated by NBN Co.

The above lease disclosures should be read in conjunction with the accompanying Notes 2B, 3C, 3D, 4B and 5D.

Note 6E: Other interest bearing liabilities

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Special reserve - IMF special drawing rights	18,624	18,875	18,624	18,875
Amounts outstanding under repurchase agreements	-	-	1,695	6,844
Other	37	10	37	1,099
Total other interest bearing liabilities	18,661	18,885	20,356	26,818
By category and valuation of financial liability:				
Amortised cost	18,661	18,885	20,356	26,818
Total by category and valuation	18,661	18,885	20,356	26,818

Note objective

The IMF Special Drawing Rights (SDR) liability reflects the Government’s obligation to repay to the IMF the cumulative allocations of SDRs provided to Australia since joining the IMF.

The RBA enters into repurchase agreements in carrying out its operations to manage domestic liquidity and foreign reserves. Refer Note 9B for a discussion of swap agreements.

Recognition and measurement of other interest bearing liabilities

The IMF SDR allocation liability reflects the amortised cost adjusted for foreign currency translation in Australian dollars of the Australian Government’s liability to repay Australia’s cumulative allocations of SDRs. Interest is payable to the IMF in relation to the amount by which Australia’s SDR holdings are below Australia’s net cumulative allocations.

In the course of financial market operations, the RBA engages in repurchase agreements involving foreign and Australian dollar marketable securities. Securities sold but contracted for purchase under repurchase agreements are reported within the relevant investment category and are valued at market prices. The counterparty obligation to repurchase is reported as an interest bearing liability and is measured at amortised cost. The difference between the sale and purchase price is recognised as interest expense over the term of the agreement.

Liquidity risk on other interest bearing liabilities

The outflows disclosed in the following table represent the contractual undiscounted cash flows relating to other interest bearing liabilities at the reporting date:

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Exposure to liquidity risk on other debt				
1 year or less	37	10	1,732	7,943
More than 5 years	18,624	18,875	18,624	18,875
Total	18,661	18,885	20,356	26,818

Note 6F: Employee benefits

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Total superannuation liability	308,461	313,069	308,469	313,080
Other employee liabilities				
Military compensation	46,962	31,407	46,962	31,407
Leave and other entitlements	10,162	9,538	11,808	11,127
Workers compensation claims	2,045	1,952	2,320	2,207
Accrued salaries and wages	952	837	1,142	1,020
Separations and redundancies	66	82	146	197
Other	616	535	667	605
Total other employee liabilities	60,803	44,351	63,045	46,563
Total employee and superannuation liabilities	369,264	357,420	371,514	359,643
Employee benefits maturity schedule(a):				
No more than 12 months	21,980	18,814	23,735	20,548
More than 12 months	347,284	338,606	347,779	339,095
Total employee benefits by maturity	369,264	357,420	371,514	359,643

(a) Note 9C provides the average expected maturity for each of the Australian Government's large defined benefit superannuation schemes.

Note objective

The management of the Australian Government's accumulated superannuation liability is discussed in Note 9C. Other employee liabilities include provisions for the accumulated leave entitlements of Australian Government employees, claims for workers compensation (managed through Comcare) and military compensation (managed through the Department of Veterans' Affairs (DVA)).

Recognition and measurement of employee benefits

The superannuation liability represents the present value of the Australian Government's unfunded liability to employees for past services as estimated by the actuaries of the respective superannuation plans.

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within 12 months of balance date are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. The liability for leave and other entitlements includes provision for annual leave and long service leave.

All other employee benefits liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Accounting judgements and estimates — employee benefits

The liability for long service leave is calculated using expected future increases in wages and salary rates including related on-costs and is discounted using applicable government bond rates. In determining the present value of the liability, attrition rates, pay increases through promotion and inflation are taken into account. The liability for long service leave has been determined by reference to the work of actuaries.

The provision for workers compensation claims represents an estimate of the present value of future payments in respect of claims for events occurring on or before 30 June 2024 with a 75 per cent probability of sufficiency. The expected future payments are discounted to present value using a risk-free rate. The expected future payments include claims reported but not yet paid, claims incurred but not yet reported and anticipated claims handling costs.

An independent actuary is engaged to value the provision. The provision is subject to a variety of assumptions, including external economic conditions, short-term and long-term continuance rates and administration costs. Small changes in these assumptions can have a material impact on the provision. To provide for the risks and uncertainties associated with the combination of these assumptions, the actuary applies a risk premium to the central estimate (13 per cent for premium claims liabilities and 17 per cent for pre-premium claims liabilities) which results in the 75 per cent probability of sufficiency. The 2023-24 annual report for Comcare includes greater detail on this provision.

The military compensation provision represents an estimate of the present value of future payments in respect of claims under the *Military Rehabilitation and Compensation Act 2004* and the *Safety, Rehabilitation and Compensation Act 1988* arising from service rendered before 30 June 2024. A provision is also recognised under Note 6H for the hospital and other health care costs associated with treatment and was valued at \$38,349 million at 30 June 2024 (2023: \$24,281 million). The provisions are

calculated by discounting future payments using a yield curve derived from the yields on Commonwealth bonds of various durations as at 30 June 2024. As 'long tail' provisions, the assumptions underpinning the valuation estimate contain inherent uncertainties. These include assumptions as to the impacts of health costs, technology and economic conditions on the growth in payments, short-term and long-term incapacity rates and a range of other factors as set out in the 2023-24 DVA annual report.

Note 6G: Other payables

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Supplier payables				
Trade creditors and accrued expenses(a)	7,941	8,054	10,552	10,454
Personal benefits - indirect	1,524	1,481	1,524	1,481
Other creditors	4,532	2,182	13,774	8,897
Total supplier payables	13,997	11,717	25,850	20,832
Total personal benefits payable - direct	4,172	3,142	4,172	3,142
Total subsidies payable	695	559	684	561
Grants payable				
Overseas	1,528	1,866	1,528	1,866
State and territory governments	1,185	525	1,185	525
Private sector	1,120	812	1,120	812
Other	432	359	439	367
Total grants payable	4,265	3,562	4,272	3,570
Other payables				
Swap principal payable	1,925	3,745	6,561	6,033
Unearned income	4,171	2,056	6,488	4,140
Tax refunds	2,175	2,121	2,175	2,121
Other	800	1,574	884	1,628
Total other payables	9,071	9,496	16,108	13,922
Total payables	32,200	28,476	51,086	42,027
By category and valuation of financial liability:				
Amortised cost - statutory liability	7,042	5,822	6,347	5,263
Amortised cost	17,685	15,171	33,703	25,819
Fair value:				
Level 1	32	77	70	163
Level 2	1,892	3,669	2,721	4,694
Level 3	1,378	1,681	1,757	1,948
Unearned income	4,171	2,056	6,488	4,140
Total by category and valuation	32,200	28,476	51,086	42,027

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Note objective

Supplier payables are mostly managed in accordance with the Commonwealth Procurement Rules (CPRs) issued under section 105B(1) of the PGPA Act and which apply to all non-corporate Commonwealth entities and prescribed corporate Commonwealth entities. The CPRs set out rules and principles for achieving value for money in Commonwealth procurement. Settlement of suppliers depends on the contractual terms but is generally less than 20 days.

Grant payables are governed by the Commonwealth Grants Rules and Guidelines (CGRGs) issued under section 105C of the PGPA Act, with some exceptions such as state and territory grants. Personal benefit payables represent amounts for which recipients are currently entitled to payment at the reporting date.

Contract liabilities in the form of payments received in advance are reported as unearned income. Income is recognised at either point in time as the performance obligation is met or over time as the customer consumes the benefit of the service being provided. This is dependent on the nature of the contractual arrangement.

Recognition and measurement of other payables

Trade and other payables, including accruals, are recorded when Australian Government entities are required to make future payments as a result of a purchase of assets or services. Payables are initially recognised at fair value and are subsequently measured at amortised cost. Most payables are expected to be settled within 12 months.

Accounting judgements and estimates – Fair value

Payables categorised as Level 2 have been determined using market interest rates and valuation techniques which incorporate discounted cash flows. Payables classified as Level 3 predominantly include multilateral grants and contributions payable which have been valued at Level 3 applying a discounted cash flow method using a discounted rate range and a 10-year government bond rate. The following table reconciles the movement in the balance of Level 3 payables.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Level 3 payables				
Opening balance at 1 July	1,681	1,496	1,948	2,048
Purchases/payments	-		185	188
Sales/repayments	(373)	(341)	(373)	(341)
Gains/(losses) recognised in the operating result	70	526	(3)	53
Total fair value	1,378	1,681	1,757	1,948

Liquidity risk on other payables

Supplier and related contractual payables are largely due within the next 30 days to 12 months. In assessing liquidity risk, the remaining contractual cash flow maturities of these liabilities do not differ materially from the carrying amount reported above.

With the exception of grants payable to multilateral aid organisations, grant and subsidies payable at 30 June 2024 are for amounts contractually due within the next twelve months. As such, they are not subject to discounting on recognition in the financial statements.

The maturity profile for multilateral grants and swap principal payable is as follows:

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Exposure to swap principal and other multilateral grants payable				
1 year or less	2,363	4,226	6,121	5,816
1 to 5 years	894	1,100	2,009	1,889
More than 5 years	126	251	866	507
Total	3,383	5,577	8,996	8,212

Note 6H: Other provisions

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Australian currency on issue	-	-	100,765	101,285
Other provisions				
Provision for outstanding benefits and claims	53,074	37,958	55,241	39,743
Grant provisions(a)	15,217	11,514	15,217	11,514
Subsidy provisions	7,585	6,870	6,745	6,062
Provision for restoration, decommissioning and makegood	5,966	4,735	6,382	5,172
Provision for tax refunds	2,220	2,224	2,220	2,224
Other	3,427	3,007	3,932	3,614
Total other provisions	87,489	66,308	89,737	68,329
Total provisions	87,489	66,308	190,502	169,614

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Note objective

Australian banknote currency is issued by the RBA. The RBA’s objective in issuing Australian note currency is to maintain public confidence in the supply, security and quality of Australian banknotes. The provisions for outstanding benefits and claims, taxation refunds and for subsidies are for amounts to which recipients are entitled under legislation, but which are not yet payable. This includes tax, social security and health legislation. Grant provisions are typically incurred in pursuit of government policy objectives and include the provision for unfunded university superannuation and provisions for recovery from identified disasters.

The provision for restoration, decommissioning and make good arises where the Government has a legal or constructive obligation to remediate a site, including Defence sites and sites on Antarctica and sub-Antarctic Macquarie Island.

Recognition and measurement of other provisions

Australian currency issued represents a liability of the RBA in favour of the holder. Currency issued for circulation, including demonetised currency, is measured at face value. When the RBA issues currency notes to the commercial banks it receives funds equal to the full face value of the notes issued in exchange.

Non-employee provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows required to settle the obligation. This is done using a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The calculation of provisions is subject to the volatility of economic assumptions, in particular, discount rates, inflation and payment pattern assumptions. In calculating the estimated cost of future payments for each provision, actuarial advice is generally obtained.

Reconciliation of movement in provisions

	General Government	Australian Government
	2024	2024
	\$m	\$m
Balance of provisions at 1 July 2023	66,308	169,614
Provisions made during the year	28,532	27,773
Provisions used during the year	(23,224)	(22,810)
Provisions remeasured, reversed or unwound during the year	15,873	15,925
Balance of provisions at 30 June 2024	87,489	190,502

Note 7: Net revaluation increases/(decreases) in other comprehensive income

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Financial assets				
Financial assets	-	-	1,653	661
Administered investments	934	(664)	629	519
Total financial assets	934	(664)	2,282	1,180
Non-financial assets				
Other plant, equipment and infrastructure	1,037	1,255	4,509	4,491
Land	1,101	488	1,806	1,076
Buildings	1,622	1,967	1,711	1,971
Specialist military equipment	109	(167)	109	(167)
Heritage and cultural assets	97	(70)	97	(70)
Provision for restoration, decommissioning and makegood	-	(32)	-	(32)
Intangibles	722	-	722	-
Total non-financial assets	4,688	3,441	8,954	7,269
Total revaluation increases/(decreases) in other comprehensive income	5,622	2,777	11,236	8,449

(a) Certain comparatives have been restated. Refer to Note 1.6 for further details.

Note 8: Reconciliation of cash

Cash includes cash at bank and on hand; short term deposits at call; and investments in short-term money market instruments that are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts. Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Deposits at call, which are held for longer-term investment purposes, are classified as investments. Cash is recognised at its nominal amount.

Reconciliation of net operating balance to net cash flows from operating activities

In the cash flow statement, certain flows are reported on a net basis as this is considered to provide more reliable and comparable information to users. Cash flows reported on a net basis include taxation receipts (net of refunds) and cash flows undertaken for liquidity or financing purposes.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Net operating balance	18,987	31,193	9,991	24,842
<i>less</i> Revenues not providing cash				
Other non-cash revenues	3,371	3,769	3,475	3,822
Total revenues not providing cash	3,371	3,769	3,475	3,822
<i>plus</i> Expenses not requiring cash				
Increase in employee entitlements	(1,112)	6,976	(1,596)	6,676
Depreciation and amortisation expenses	13,623	12,667	18,684	17,256
Mutually agreed write-downs	2,283	2,712	2,283	2,712
Other non-cash expenses	3,858	3,437	3,943	3,505
Total expenses not requiring cash	18,652	25,792	23,314	30,149
<i>plus</i> Cash provided by working capital items				
(Increase)/decrease in inventories	(465)	(2,369)	(471)	(2,356)
(Increase)/decrease in receivables	(15,955)	(12,524)	(16,153)	(12,628)
(Increase)/decrease in other financial assets	(2,019)	(2,237)	(1,377)	(2,031)
(Increase)/decrease in other non-financial assets	(942)	(664)	(948)	(551)
Increase/(decrease) in benefits, subsidies and grants liabilities	2,835	52	2,789	(8)
Increase/(decrease) in supplier payables	(330)	747	75	597
Increase/(decrease) in other provisions and payables	15,985	4,814	15,969	8,467
Total cash provided/(used by) working capital items	(891)	(12,181)	(116)	(8,510)
equals Net cash from/(used by) operating activities	33,377	41,035	29,714	42,659

(a) Certain comparatives have been restated

Reconciliation of changes in liabilities arising from financing activities

The following table shows changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

Australian Government	Opening balance at 1 July 2022	Cash flows	Non-cash movements		Closing balance at 30 June 2023
			Acquisition	Other movements	
Australian currency on issue	102,345	(1,060)	-	-	101,285
Government securities	575,625	8,846	-	(10,491)	573,980
Loans	26,637	1,547	-	3,304	31,488
Leases	31,783	(2,615)	3,024	821	33,013
Deposits held	426,128	(13,541)	-	(3)	412,584
Other	-	(15)	-	15	-
Total	1,162,518	(6,838)	3,024	(6,354)	1,152,350

Australian Government	Opening balance at 1 July 2023	Cash flows	Non-cash movements		Closing balance at 30 June 2024
			Acquisition	Other movements	
Australian currency on issue	101,285	(520)	-	-	100,765
Government securities	573,980	31,172	-	5,893	611,045
Loans	31,488	9,719	-	(179)	41,028
Leases	33,013	(3,099)	2,674	(67)	32,521
Deposits held	412,584	(185,939)	-	(4)	226,641
Other	-	(9)	-	9	-
Total	1,152,350	(148,676)	2,674	5,652	1,012,000

Reconciliation of changes in liabilities arising from financing activities (continued)

General Government Sector	Opening balance at 1 July 2022	Cash flows	Non-cash movements		Closing balance at 30 June 2023
			Acquisition	Other movements	
Government securities	848,456	(11,524)	-	(11,384)	825,548
Loans	592	(217)	-	2,572	2,947
Leases	19,194	(2,162)	2,748	168	19,948
Deposits held	406	11	-	(2)	415
Other	-	(15)	-	15	-
Total	868,648	(13,907)	2,748	(8,631)	848,858

General Government Sector	Opening balance at 1 July 2023	Cash flows	Non-cash movements		Closing balance at 30 June 2024
			Acquisition	Other movements	
Government securities	825,548	12,796	-	5,894	844,238
Loans	2,947	262	-	(250)	2,959
Leases	19,948	(2,741)	2,068	(270)	19,005
Deposits held	415	2	-	-	417
Other	-	(9)	-	9	-
Total	848,858	10,310	2,068	5,383	866,619

Note 9: Risks

The assets and liabilities in the CFS incorporate assumptions and judgements based on the best information available at the date of signing. The judgements and estimates made by Australian Government entities that have the most significant impact on the amounts recorded in the financial statements are disclosed in Note 1.9. In addition to these, there are a range of factors that may influence the amounts ultimately realised or settled in future years that relate to past events. The disclosure of these factors increases the transparency of the risks to the Government's financial position. These risks have been grouped into the following disclosures:

- **Contingencies** (refer Note 9A) comprise possible obligations or assets arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events.
- **Financial instrument market risk** disclosures (refer Note 9B) concern the contractual arrangements that the Australian Government has entered into for policy, liquidity or financing purposes.
- **Defined benefit superannuation plans** disclosures (refer Note 9C) explain the characteristics of the major defined benefit plans and the associated risks and describe how the plans may affect the amount, timing and uncertainty of the Australian Government's future cash flows. The Future Fund is a long-term investment fund that is designed to enhance the ability of the Australian Government to discharge unfunded superannuation liabilities.

Consistent with the amounts recognised in the financial statements, the disclosures are based on the policies, events and arrangements up to the reporting date and do not include policy decisions announced in the 2024-25 Budget which have not yet been enacted or implemented.

Note 9A: Contingencies

Contingencies are possible obligations or assets arising from past events whose existence will be confirmed by future events. Material Australian Government contingencies include the following:

Quantifiable contingencies

Indemnities, guarantees and warranties

An indemnity is a legally binding promise whereby the Australian Government undertakes to accept the risk of loss or damage another party may suffer. A guarantee is a promise whereby the Australian Government assumes responsibility for the debt, or performance obligations, of another party on default of its obligation. A guarantee may also involve a promise to provide a loan if certain future conditions are met. A warranty is a promise whereby the Australian Government provides certain assurances to the other party to an arrangement.

The following table reconciles the movement in quantifiable indemnities, guarantees and warranties.

	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Opening balance as at 1 July	69,560	61,112	52,578	49,348
Increases(a)	6,775	7,977	4,181	2,886
Remeasurement	(410)	522	(335)	529
Liabilities crystallised	(103)	(29)	(103)	(29)
Expired	(77)	(22)	(404)	(156)
As at 30 June	75,745	69,560	55,917	52,578

(a) Certain comparatives have been restated

Uncalled shares and capital subscriptions

The Australian Government holds uncalled capital subscriptions to the European Bank for Reconstruction and Development, the International Bank for Reconstruction and Development, the Multilateral Investment Guarantee Agency and the Asian Development Bank. The following table reconciles the movement in uncalled shares and capital subscriptions.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Opening balance as at 1 July	21,914	20,868	21,988	20,938
Increases	239	-	239	-
Remeasurement	14	1,066	12	1,070
Liabilities/assets crystallised	(5)	(20)	(5)	(20)
As at 30 June	22,162	21,914	22,234	21,988

Claims and proceedings

At any time various Australian Government entities are subject to claims and legal actions that are pending court or other processes. The majority of Australian Government entities are insured through the Australian Government general insurance fund, Comcover.

The following table reconciles the movement in quantifiable contingencies for claims and damages.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Opening balance as at 1 July	182	161	182	163
Increases	267	150	270	150
Remeasurement	45	134	44	132
Liabilities crystallised	(178)	(213)	(178)	(213)
Expired	(3)	(50)	(3)	(50)
As at 30 June	313	182	315	182

Other contingencies

The RBA provides a Committed Liquidity Facility (CLF) to eligible authorised deposit-taking institutions (ADIs) as part of Australia's implementation of the Basel III liquidity standards. The CLF provides ADIs with a contractual commitment to funding under repurchase agreements with the RBA, subject to certain conditions. It was established to ensure that ADIs are able to meet their liquidity requirements under Basel III and was made available because the supply of high-quality liquid assets is lower in Australia than is typical in other major countries. In September 2021, it was assessed that there was sufficient high-quality liquid assets for locally incorporated ADIs to meet their liquidity requirements without the need to utilise the CLF. Accordingly, the CLF was remeasured to zero as at 1 January 2024.

The following table reconciles the movement in the CLF and other quantifiable contingencies.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Opening balance as at 1 July	11,624	9,535	11,625	74,951
Increases(a)	3,983	3,639	3,982	3,616
Remeasurement	(272)	224	(272)	(65,167)
Liabilities crystallised	(11)	-	(11)	-
Expired	(1,855)	(1,774)	(1,855)	(1,775)
As at 30 June	13,469	11,624	13,469	11,625

(a) Certain comparatives have been restated

Contingent assets

The following table reconciles the movement in quantifiable contingent assets.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
Opening balance as at 1 July	768	373	785	390
Increases	478	719	494	733
Remeasurement	37	(24)	37	(24)
Assets crystallised	(673)	(204)	(673)	(204)
Expired	(19)	(96)	(33)	(110)
As at 30 June	591	768	610	785

Additionally, at any time various Australian Government entities are pursuing other claims and legal actions that are pending court or other processes.

Unquantifiable contingencies

Indemnities, guarantees and warranties

Non-corporate Australian Government entities are bound by section 60 of the PGPA Act in relation to the provision of indemnities, guarantees or warranties on behalf of the Australian Government. Arrangements above \$30 million or considered more than remote must be approved by the Cabinet, the National Security Committee of the Cabinet, the Prime Minister, or by a written determination of the Minister for Finance. Corporate Australian Government entities are legally separate from the Commonwealth and may act in their own right subject to rules that may be prescribed under section 61 of the PGPA Act.

In addition to the above, the Commonwealth has entered into a number of indemnities, guarantees and warranties, for which the exposure cannot be reliably quantified, including some that are unlimited. The following table lists the major unquantifiable indemnities, guarantees and warranties and the administering portfolio. Greater detail on each contingency can be found in the annual report for the respective portfolio departments and entities:

Unquantifiable indemnities, guarantees and warranties	Administering portfolio
<p>Terrorism and cyclone related. Under the <i>Terrorism and Cyclone Insurance Act 2003</i> the Australian Reinsurance Pool Corporation administers a terrorism reinsurance scheme for commercial property and associated business interruption losses arising from a Declared Terrorism Incident and a cyclone reinsurance scheme for households and small businesses for cyclone and cyclone-related flood damage. The Australian Government guarantees payment above the private sector retrocession balance up to a maximum of \$10 billion for each pool. The Australian Government also operates the Australian Victims of Terrorism Overseas Payment Scheme to provide financial assistance to Australians who are victims of a declared overseas terrorist act.</p>	Treasury / Home Affairs
<p>Medical indemnities. The Australian Government indemnifies potential liabilities under the <i>Medical Indemnity Act 2002</i> and the <i>Midwife Professional Indemnity (Commonwealth Contribution) Scheme Act 2010</i>. The Australian Government also indemnifies certain health-care organisations for adverse events arising from the provision of agreed services or health-care products (including blood products and vaccines).</p>	Health
Unquantifiable indemnities, guarantees and warranties	Administering portfolio
<p>Garrison and welfare services and immigration detention services. The Australian Government has negotiated limited liability contracts with providers of garrison and welfare services at regional processing centres; and immigration detention and related services in Australia.</p>	Home Affairs
<p>Officers and directors assisting the Commonwealth in relation to asset sales, reviews and other arrangements. From time to time, the Australian Government has provided warranties, undertakings and indemnities to directors, committee members, advisers, officers and/or staff of organisations for activities undertaken in good faith in assisting the Commonwealth in relation to asset sales, reviews and other arrangements.</p>	Various

In addition to the above, the following contingencies are considered remote but are significant to the Australian Government financial position.

Significant but remote indemnities, guarantees and warranties	Administering portfolio
<p>Financial Claims Scheme – Deposits. Authorised under the <i>Banking Act 1959</i> and guarantees deposits up to \$250,000 at eligible authorised deposit-taking institutions. When last estimated as at 31 December 2023, deposits eligible for coverage under the Financial Claims Scheme were approximately \$1.3 trillion (31 December 2022: \$1.2 trillion).</p>	Treasury
<p>Financial Claims Scheme – Insurance. The Policyholder Compensation Facility established under the <i>Insurance Act 1973</i> provides a mechanism for making payments to eligible beneficiaries with a valid claim against a failed general insurer.</p>	Treasury

The Australian Government has also entered into significant but remote guarantees in respect of the NBN Co financial obligations to Telstra, further details of which are contained in the 2023-24 annual report for the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. Other guarantees and indemnities considered remote are excluded from this disclosure.

Claims and proceedings

In addition to the quantifiable contingent claims and proceedings above, the Commonwealth is subject to various claims including income apportionment that are before the Administrative Appeals Tribunal and courts for which the exposure cannot be reliably quantified as the claim is either not sufficiently progressed and/or the costs are not reliable.

Personal benefits – Income apportionment

Regarding income apportionment, this was a practice that related to personal benefit overpayment debts incurred from the early 1990s to 7 December 2020. The unlawful practice involved apportioning employment income across more than one Centrelink instalment period and arose due to genuine misinterpretation of the relevant legislative provisions. While there continues to be consensus the practice was unlawful, a recent decision by the Administrative Appeals Tribunal regarding income apportionment reached a different position on the interpretation of the legislation and this matter has been appealed to the Full Federal Court by the respondent.

Desktop reviews have been undertaken by the Department of Social Services to gain a better understanding of the impact of income apportionment on individuals. The reviews are assisting the Australian Government in developing options to resolve the issue. However, due to the complex nature, it is not possible to reliably estimate the quantum of any possible liability or otherwise that may result from the resolution of the issue. For further information refer to the 2023-24 annual report of the Department of Social Services.

Greater detail on each contingency can be found in the annual report for the respective portfolio departments and entities.

Remediation and decontamination

From time to time, the Australian Government may have ownership of properties that have a potential or possible environmental and associated concern. Where this is the case, further reviews may be undertaken to determine the extent, nature and estimated costs of remediation, if required. Financial provision has been made for the estimated costs in restoring, decontaminating and decommissioning property. Sites where the potential costs cannot be quantified include contingencies for Defence properties, the Googong Dam lease agreement with the Australian Capital Territory Government and the clean-up of the former British atomic test site at Maralinga.

The Australian Government has also provided a number of indemnities or other guarantees in relation to the costs associated with the management and clean-up of sites following incidents or other events. These include potential incidents arising from liquid fuel emergencies, ship sourced marine pollution and carbon dioxide leakage from the Gorgon liquefied natural gas and carbon dioxide storage project.

Other contingencies

In addition to the other contingencies above, a select number of entities have identified unquantifiable contingencies in relation to potential underpayments of employee on-costs.

Note 9B: Financial instruments

The Notes to the balance sheet include information on the classification of financial assets and liabilities under AASB 7 *Financial Instruments - Disclosures*.

AASB 7 also requires disclosure of items of income, expenses, gains and losses by financial instrument category. This disclosure is to assist users to understand the financial performance results, given the different measurement basis applied to each category.

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
FINANCIAL ASSETS				
Amortised cost				
Interest income	5,816	3,475	7,206	4,462
Net foreign exchange gain/(loss)	98	(223)	96	2,897
Write-down and impairment	(1,647)	(496)	(1,698)	(536)
Interest expenses	(862)	(889)	(897)	(918)
Net gain/(loss)	3,405	1,867	4,707	5,905
Fair value through other comprehensive income				
Interest income	13	442	13	442
Dividend income	263	115	14	-
Net gain/(loss) on disposal	-	9	-	9
Net foreign exchange gain/(loss)	(353)	(148)	(353)	(148)
Other gains/(losses)	28	51	28	74
Fair value movements in equity	756	(664)	2,104	1,180
Net gain/(loss)	707	(195)	1,806	1,557
Fair value through profit and loss				
Interest income	17,787	35,216	17,926	36,333
Net gain/(loss) on disposal	3,953	(1,876)	4,351	(2,197)
Dividend income	6,192	5,176	6,248	5,230
Net foreign exchange gain/(loss)	(170)	(186)	670	(185)
Write-down and impairment	(1,012)	(1,128)	(1,011)	(1,128)
Other gains/(losses)	12,582	10,426	15,355	6,850
Net gain/(loss)	39,332	47,628	43,539	44,903

	General Government		Australian Government	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
FINANCIAL LIABILITIES				
Fair value through profit and loss				
Interest expenses	(35,785)	(51,043)	(32,649)	(42,335)
Net foreign exchange gain/(loss)	251	-	251	-
Other gains/(losses)	(4,208)	13,386	(4,208)	13,385
Net gain/(loss)	(39,742)	(37,657)	(36,606)	(28,950)
Other financial liabilities				
Interest expenses	(1,292)	(3,499)	(15,675)	(20,286)
Net foreign exchange gain/(loss)	14	47	14	47
Net gain/(loss)	(1,278)	(3,452)	(15,661)	(20,239)

For assets and liabilities held at fair value through profit or loss, interest and dividends are reported separately from gains and losses.

The Australian Government is exposed to the following financial risks:

Interest rate risk	Foreign exchange risk	Other price risk	Credit risk	Liquidity risk
The risk to fair value or future cash flows from changes in market interest rates	The risk to fair value or future cash flows from changes in foreign exchange rates	The risk to fair value or future cash flows from other market changes	The risk of financial loss to the Australian Government if a customer or counterparty fails to meet its contractual obligations	The risk that the Australian Government will encounter difficulty in meeting its financial obligations

Credit risk and liquidity risk are specific to the Australian Government's dealing with its counter-parties and are disclosed in the respective Notes to the balance sheet. This Note focuses on the market risks to which the Australian Government has material exposures, being interest rate risk, foreign exchange risk and equity price risk.

(a) Overview of market risk management in the Australian Government

The management of market risk by Australian Government entities is governed by the PGPA Act and, for some entities such as the RBA, specific legislation. The three sectors of government (GGS, PNFC and PFC) hold financial instruments for different purposes and with different financial risk exposures:

General Government Sector

The GGS holds financial instruments for:

- financing and liquidity management;
- strengthening the Australian Government's long-term financial position through the establishment of investment funds;
- policy purposes through the provision of concessional loans and other instruments; and
- to meet the Australian Government's international commitments to the IMF and other multilateral organisations.

Financing and liquidity management

Australian Government entities subject to the PGPA Act are required to draw down monies on an 'as-needed' basis. As a general principle, Commonwealth GGS entities cannot invest public monies except as delegated under section 58 of the PGPA Act or authorised by legislation. Corporate Commonwealth entities subject to the PGPA Act are also restricted in how they can invest monies that are surplus to operational requirements. As a general principle, surplus money may only be placed on deposit with a bank or invested directly in securities issued or guaranteed by the Australian Government, a state or a territory, unless an exemption is approved by the Minister for Finance. Financial assets held by the majority of GGS entities are non-interest bearing, including trade receivables, or have fixed interest and do not fluctuate due to changes in the market interest rate.

The majority of GGS entities are also prohibited from borrowing. The Australian Office of Financial Management (AOFM) is responsible for debt management and for ensuring that the Australian Government has sufficient cash to meet its needs. To do this, the AOFM manages the issuance of government securities, including medium to long-term Treasury Bonds and Treasury Indexed Bonds and short-term Treasury Notes.

Investment Funds

The Australian Government has also established a number of investment funds to meet future liabilities or provide financing resources for critical areas of infrastructure and research. The investment funds currently comprise of the:

- **Future Fund** – a long-term investment fund that is designed to enhance the ability of the Australian Government to discharge unfunded superannuation liabilities;

- **DisabilityCare Australia Fund (DCAF)** – an investment fund to enhance the Commonwealth’s ability to reimburse the Commonwealth, states and territories for expenditure incurred in relation to the *National Disability Insurance Scheme Act 2013*;
- **Medical Research Future Fund (MRFF)** – a financial asset fund established to provide an endowment that will support medical research and innovation into the future;
- **Aboriginal and Torres Strait Islander Land and Sea Future Fund (ATSILSFF)** – to support the Government making annual and discretionary payments to the Indigenous Land and Sea Corporation;
- **Future Drought Fund (fdf)** – established to fund initiatives that enhance future drought resilience, preparedness and response across Australia;
- **Disaster Ready Fund (DRF)** – an investment fund allowing the Government to draw up to \$200 million per annum to fund natural disaster resilience and risk reduction from 2023-2024 onwards, and;
- **Housing Australia Future Fund (HAFF)** – established on 1 November 2023 as an investment vehicle dedicated to supporting and increasing social and affordable housing and other acute housing needs.

All the Funds operate under the same governance arrangements with the Future Fund Board of Guardians (the Board) having responsibility for investing decisions and managing the Funds’ assets. The Board is administratively supported by the Future Fund Management Agency. The Department of Finance advises the Minister for Finance on various aspects of the Funds, including policy, legislative and governance matters. Each Fund has an investment mandate that is determined by the Australian Government under legislation.

The Government specifies a benchmark return for each Fund and requires the Board to take an acceptable but not excessive level of risk. The Board sets and reviews asset allocations designed to achieve this outcome. It encapsulates a level of risk that is expected to deliver the key return objectives while limiting the downside risk.

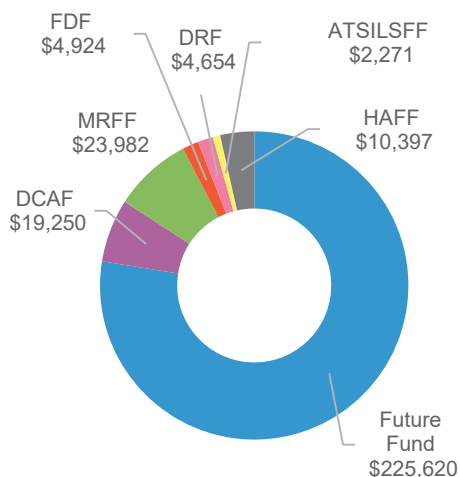
A range of factors are considered in constructing the investment portfolios to ensure that there is adequate diversity so that a negative outcome in any one area does not unduly impact the overall return. The factors considered include the outlook for: global economic growth; inflation; global real interest rates; changes in risk premia attached to various asset classes; movements in the value of currencies held; and changes in liquidity and credit conditions.

The Board has overall responsibility for risk management, including that related to environmental, social and governance (ESG) factors. The Board considers these risks from a risk-adjusted returns perspective. As with social and governance factors, the Board integrates material transition and physical climate-related risks and opportunities into Fund investment processes. This includes understanding the potential risks to company earnings due to climate risk and to what extent markets are pricing-in carbon risk.

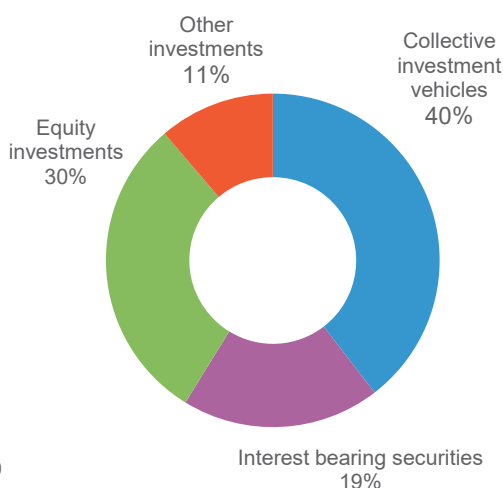
The Board’s ESG Policy provides a framework which helps to determine what entities and sectors are excluded from the investment fund portfolio for non-financial reasons.

As at 30 June 2024, the Investment Funds held \$291,098 million in investment assets (2023: \$259,325 million). The allocation of assets by Investment Fund and percentage share by investment category is shown below as at 30 June 2024.

Asset allocation by Fund (\$m)



Allocation by investment category



The Future Fund and the MRFF have long-term investment mandates for which the Future Fund Board constructs a highly diversified portfolio. The remaining funds have shorter-term investment horizons.

The different investment categories provide diversification and exposure to various market risks, consistent with the Future Fund Board's mandate to target appropriate levels of risk to achieve the benchmark returns for each Fund.

The assets of the Investment Funds encompass the following broad investment categories and exposures:

- Equity investments in private funds and corporations (refer Note 5C), which include both domestic and international listed equities and listed managed investment schemes. Equity investments are held both long-term and short-term and provide exposure to price and foreign exchange risk (for international equities).
- Collective Investment Vehicles (CIVs) (refer Note 5B) enable the Future Fund and MRFF to pool funds with multiple investors in investment holding entities in order to manage investment risks through portfolio diversification and provide investment exposure to larger assets. CIVs comprise 40 per cent (2023: 43 per cent) of assets held by the Investment Funds at 30 June 2024 and include a range of underlying strategies including debt, private equity, hedge funds, property, infrastructure and timberland assets, both in Australia and overseas. The diversity of underlying investment strategies in CIVs give rise to credit risk, interest rate risk, price risk and foreign exchange risk, which are summarised in the CFS with further detail provided in the Future Fund's Annual Report.
- Interest bearing securities (refer Note 5B) include international government securities, corporate securities, mortgage and asset-backed securities and interest bearing securities issued by domestic banks. Interest bearing securities are utilised by all of the Investment Funds for return generation and to manage risk, including in the short-term. The portfolio of interest bearing securities provide exposure to credit risk, interest rate risk and foreign exchange risk.
- Other investments (refer Note 5B) include derivatives and cash deposits held for investment purposes, which are not available for Australian Government operating activities.

This Note provides an overview of the interest rate, foreign exchange and equity risks associated with these investments, with credit risk discussed in Note 5B.

The 2023-24 annual report for the Board provides a detailed discussion of the underlying investment strategies, exposures as at the reporting date and the 2023-24 investment performance for each of the Investment Funds.

The investment portfolio includes debt, equity and certain transactions denominated in foreign currencies. These give rise to interest rate risk, price risk and foreign exchange risk.

Advances and investments for policy purposes

The GGS also holds certain financial assets and liabilities for public policy purposes, rather than liquidity management. These include:

- loans and investments to facilitate increased flows of finance into certain industries or sectors and loans provided on concessional terms in pursuit of policy objectives. For example, income contingent student and other loans and loans to fund critical infrastructure;
- loans to state and territory governments under previous Commonwealth-State financing arrangements; and
- equity contributions to public corporations for infrastructure development.

International commitments

Australia has shareholdings in international financial institutions (IFIs) and multilateral development banks, including the IMF and the World Bank Group's International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation and the Multilateral Investment Guarantee Agency. Australia also has shareholdings in the Asian Development Bank, the Asian Infrastructure Investment Bank and the European Bank for Reconstruction and Development. In addition to the shareholdings recognised as financial assets, Australia conducts financial transactions with these institutions to manage existing obligations.

Public Financial Corporations

The PFC sector comprises the RBA and similar entities. The RBA is Australia's central bank with responsibility for monetary policy. Its role is set out in the *Reserve Bank Act 1959*. The RBA also holds Australia's foreign currency reserves, operates Australia's main high value payments system, provides banking services to the Australian Government and designs, produces and issues Australia's banknotes. In undertaking these functions, the RBA has significant exposures to interest rate and currency risk. Export Finance Australia (EFA) is also involved in lending and borrowing activities with exposures to interest rate and currency risk.

In the PFC sector the market operations of the RBA and the EFA make up the majority of the sector's exposure to market risk.

Public Non-Financial Corporations

PNFC entities primarily hold financial instruments as a direct result of operations, including trade receivables and payables, or to finance operations. Certain entities in the PNFC sector also enter into derivative transactions, including interest rate swaps, forward currency contracts and commodity swap contracts. The purpose is to manage the interest rate, currency and commodity risks arising from the entity's operations and sources of finance.

(b) Interest rate risk

Exposure

The Australian Government's main exposures to interest rate risk are reflected in the fair value of Australian Government Securities on issue and in the fair value and future cash flows associated with debt securities held by the Investment Funds and the RBA. The Australian Government's exposure to interest rate risk on relevant asset and liability classes is set out below.

	2024			Total \$m
	Fixed interest rate \$m	Floating interest rate \$m	Non- interest bearing \$m	
Financial assets				
Advances paid and receivables (non-statutory)	15,518	61,475	20,243	97,236
<i>Investments, loans and placements:</i>				
Deposits	17,052	1,393	-	18,445
Government securities	147,107	-	-	147,107
Residential mortgage-backed securities	322	-	-	322
Collective investment vehicles	-	-	117,329	117,329
Other interest bearing securities	44,329	13,021	-	57,350
Total financial assets	224,328	75,889	137,572	437,789
Financial liabilities				
Deposits held	226,527	102	12	226,641
Government securities	611,045	-	-	611,045
Loans	33,712	8,620	10,541	52,873
Total financial liabilities	871,284	8,722	10,553	890,559
Net exposure to interest rate risk	(646,956)	67,167	127,019	(452,770)

For the comparative period, the exposure to interest rate risk was as follows:

	2023			Total \$m
	Fixed interest rate \$m	Floating interest rate \$m	Non- interest bearing \$m	
	Financial assets			
Advances paid and receivables (non-statutory)	14,472	58,511	13,596	86,579
<i>Investments, loans and placements:</i>				
Deposits	21,701	1,977	-	23,678
Government securities	312,440	-	-	312,440
Residential mortgage-backed securities	658	-	-	658
Collective investment vehicles	-	-	114,677	114,677
Other interest bearing securities	46,673	10,179	-	56,852
Total financial assets	395,944	70,667	128,273	594,884
Financial liabilities				
Deposits held	412,495	73	16	412,584
Government securities	573,980	-	-	573,980
Loans	26,422	6,304	10,171	42,897
Total financial liabilities	1,012,897	6,377	10,187	1,029,461
Net exposure to interest rate risk	(616,953)	64,290	118,086	(434,577)

Sensitivity

The following table provides a sensitivity analysis for the individual interest rate exposures where the variability is material to the Australian Government. For fixed interest rate instruments that are carried at fair value, changes in fair value only are considered relevant while for fixed rate instruments that are carried at amortised cost, sensitivity to interest rate risk is not considered relevant.

Individually material exposures	Impact on operating result and net worth			
	2024		2023	
	+ 136 basis points \$m	- 136 basis points \$m	+ 104 basis points \$m	- 104 basis points \$m
Financial assets				
Investment funds	(3,503)	3,937	(1,452)	1,621
RBA Government securities	(14,838)	14,838	(14,078)	14,078
Financial liabilities				
Government securities	56,705	(56,705)	46,359	(46,359)

In the above sensitivity analysis, there is an equivalent impact on operating result and net worth as the identified instruments are not classified as 'available for sale'.

The value of concessional loans held at fair value, such as HELP, are also impacted by changes in market interest rates, however, interest rate changes will have no impact on the future cash flows or principal amounts at maturity.

Management of interest rate risk

The *Loans Securities Act 1919* provides authority to enter into swaps in the management of the debt portfolio. However, the Australian Government does not currently use interest rate swaps in the management of the debt portfolio, with the cost of debt instead managed through debt issuance and investment activities.

The Future Fund's investment managers utilise interest rate derivative contracts to manage the exposure to interest rates and to ensure it remains within approved limits. At 30 June 2024, the notional value of open futures contracts and swaps totalled \$82,084 million (2023: \$49,997 million).

The other investment funds had open positions in exchange traded interest rate futures contracts and interest rate swap agreements at the reporting date. At 30 June 2024, the notional value of open futures contracts and swaps totalled \$7,538 million (2023: \$5,754 million).

The RBA faces interest rate risk because most of its assets are financial assets that have a fixed income stream, such as Australian dollar and foreign currency securities. The RBA uses interest rate futures contracts on overseas exchanges to manage interest rate risk on its portfolio of foreign government securities.

(c) Foreign exchange risk

Exposure

The Australian Government's main exposures to foreign exchange risk are reflected in the foreign currency investments of the RBA and the Investment Funds, foreign currency facilities provided by EFA and in the value of financial assets and liabilities held with international financial institutions (IFIs) and development banks.

The Australian Government's material holdings of foreign exchange assets and liabilities are set out below by class at the reported amount.

	Foreign currency	
	2024	2023
	\$m	\$m
Financial assets		
Advances paid and receivables(a)	4,313	4,006
<i>Investments, loans and placements:</i>		
Gold	1,799	-
Deposits	9,987	13,224
Government securities	77,588	70,362
IMF quota and SDR holdings	34,943	35,301
Collective investment vehicles	64,427	63,900
Other interest bearing securities(a)	40,075	29,258
Equity investments(a)	67,695	58,247
Total financial assets	300,827	274,298
Financial liabilities		
Loans(a)	13,035	12,258
Other interest bearing liabilities	18,624	18,875
Other payables(a)	10,768	10,893
Total financial liabilities	42,427	42,026
Net foreign exchange holdings	258,400	232,272

(a) Comparatives have been restated to align with current year classification.

The foreign exchange holdings of the RBA, the Investment Funds and EFA are in multiple currencies, but predominantly US dollars (USD), while the financial assets and liabilities held with IFIs and development banks are denominated in USD, Euros (EUR) and Special Drawing Rights (SDR).

In addition to the above, certain Commonwealth entities are also exposed to foreign exchange risks on sales and procurement contracts denominated in foreign currency. These are not considered material to the Australian Government balance sheet.

Sensitivity

Given the Australian Government's net holdings of foreign currency assets, an appreciation in the Australian dollar exchange rate results in valuation losses, while a depreciation leads to valuation gains. The following table provides a sensitivity analysis for the individual foreign exchange rate exposures where the variability is material to the Australian Government. The analysis is based on the foreign exchange standardised rate of +/- 8.28 per cent (2023: +/- 8.48 per cent) applied to the value of the Australian dollar exchange rate as at 30 June 2024.

Individually material exposures	Impact on operating result and net worth			
	2024		2023	
	+8.28 per cent \$m	-8.28 per cent \$m	+8.48 per cent \$m	-8.48 per cent \$m
Foreign financial assets				
Investment Funds	(11,990)	10,506	(10,935)	9,392
RBA Government securities	(4,432)	5,417	(4,366)	5,337
IMF and IFI Investments	(454)	537	(1,446)	1,714
Foreign financial liabilities				
IMF SDR and loan liabilities	1,429	(1,687)	1,481	(1,755)

Management of foreign exchange risk

In the GGS, entities are responsible for the management of their foreign exchange risks. However, it is Australian Government policy that GGS entities do not act to reduce the foreign exchange risk that they would otherwise face in the course of their business arrangements. Unless exempted by the Minister for Finance, entities are not permitted to undertake any form of hedging.

Rather than allowing entities to enter into individual hedging arrangements, the Australian Government has taken a decision to self-insure foreign exchange exposures and not accept the additional costs associated with hedging. This is based on the view that, as a large organisation, the Australian Government has a broad spread of assets and liabilities and a range of revenues and expenses, both geographically and across classes, which assists in the management of movements in exchange rates.

Certain entities have been granted an exemption from the policy, including the Future Fund. The Board sets a target exposure to foreign currency risk for the Future Fund and other investment funds with risk managed utilising forward foreign exchange contracts and other derivatives.

The Australian Government is exposed to foreign currency denominated in USD, EUR and SDR on financial assets and liabilities held with IFIs and development banks. These exposures are not hedged as these instruments are held for policy purposes.

In the PFC sector, the RBA's holdings of foreign currency-denominated assets expose the bank and the Australian Government balance sheet to fluctuations in exchange rates. As these assets serve a policy function, the RBA does not seek to eliminate this exchange rate exposure. Rather, the RBA mitigates it by diversifying foreign currency assets across several currencies. The RBA also undertakes foreign currency swaps with market counterparties both to assist daily domestic liquidity management and in managing foreign reserve assets.

EFA eliminates foreign exchange risk on its foreign currency facilities by borrowing in the same currency as the assets or, typically, by borrowing in another currency and using cross-currency swaps and other foreign exchange instruments to remove the foreign exchange exposure.

The following table shows the net reduction in foreign exchange exposure through foreign exchange derivative contracts undertaken by the RBA, Future Fund and other investment funds and EFA:

	2024	2023
	\$m	\$m
Forward exchange contracts and foreign currency swaps		
Sell foreign currency(a)	(163,266)	(141,187)
Purchase foreign currency(a)	85,801	78,628
Net forward exchange contracts and foreign currency swaps	(77,465)	(62,559)

(a) Comparatives have been restated to align with current year classification.

(d) Other price risk

Exposure

The Australian Government is exposed to equity price risk arising from equity investments, primarily through the investments of the Future Fund and other investment funds. The equity price risk is the risk that the value of the equity portfolio will decrease as a result of changes in the levels of equity indices and the price of individual stocks. The Investment Funds hold equities at fair value through profit or loss. The following table provides the Investment Funds' equity price risk exposure at the reporting date:

	2024	2023
	\$m	\$m
Equity price risk exposure		
Domestic equities and managed investment schemes	24,826	18,800
International equities and managed investment schemes	55,930	52,510
Total equity price risk exposure	80,756	71,310

The Investment Funds are also exposed to other price risks arising from investments in Collective Investment Vehicles.

Sensitivity

The following table demonstrates the impact on the net operating balance and net worth of a +/- 20 & 15 per cent change in domestic equities and a +/- 20 & 15 per cent change in international equities held by the Investment Funds.

Individually material exposures	Impact on operating result and net worth			
	2024		2023	
	+ 20 & 15 per cent	- 20 & 15 per cent	+ 20 & 15 per cent	- 20 & 15 per cent
	\$m	\$m	\$m	\$m
Domestic equities	6,680	(6,615)	5,283	(5,145)
International equities	15,988	(15,526)	14,702	(14,577)
Total	22,668	(22,141)	19,985	(19,722)

Management of other price risk

The Future Fund and the other investment funds had open positions in exchange traded equity futures contracts and equity option contracts as at the reporting date. The exchange traded equity futures, swaps and options are used to manage market exposures to equity price risk to ensure that asset allocations remain within the Future Fund Board's approved limits. The notional value of the open contracts and their fair market value are set out below.

	2024		2023	
	Notional value	Fair value	Notional value	Fair value
	\$m	\$m	\$m	\$m
	Total	30,223	1,031	12,811

Note 9C: Defined benefit superannuation plans

Accounting policy

The Australian Government recognises actuarial gains or losses in other comprehensive income in the year in which they occur. Interest on the net defined benefit liability is recognised as an expense. The return on plan assets excluding the amount included in interest income is recognised in other comprehensive income.

Superannuation liabilities are calculated annually as the present value of future benefit obligations less the fair value of scheme assets. The rate used to discount future benefits of material schemes is determined by reference to the long-term

government bond rate. The long-term government bond rate increased from between 4.2 and 4.4 per cent at 30 June 2023 to between 4.4 per cent and 4.8 per cent at 30 June 2024. This drove the decrease in the superannuation liability in comparison to the prior year.

Overview of schemes

Civilian GGS employees will usually be members of the Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) or the Public Sector Superannuation Accumulation Plan (PSSap). The PSS and the CSS are closed to new members, with the PSSap available to most new employees who commenced employment on or after 1 July 2005. The CSS and PSS provide defined benefits. The PSSap provides fully funded accumulation benefits to members, with no ongoing liability to the Australian Government. In this disclosure, unless otherwise specified, reference to the CSS includes both the CSS 1976 scheme and the preceding CSS 1922 scheme.

Australian Government military personnel who entered service prior to 1 July 2016 are members of the Defence Force Retirement and Death Benefits Scheme (DFRDB) or the Military Superannuation Benefits Scheme (MSBS). Both schemes are defined benefit schemes. The DFRDB was closed to new members in 1991. The MSBS was closed to new members from 1 July 2016. Military personnel who entered on or after 1 July 2016 are part of ADF Super, an accumulation scheme. The DFRDB disclosures include the DFRDB and the preceding Defence Forces Retirement Benefits Scheme.

In addition to the above, several schemes have been established under legislation for specified personnel, including the Parliamentary Contributory Superannuation Scheme (PCSS) (closed to new members since 9 October 2004), Judges' Pension Scheme, Governor-General Pension Scheme, Federal Circuit Court Judges Death and Disability Scheme and the North American, London, Dublin and New Delhi pension schemes.

Several Public Corporations are responsible for defined benefit schemes for their employees, including:

Scheme title	Responsible entities
AvSuper(a)	Airservices Australia
Australia Post Superannuation Scheme (APSS)(a)	Australia Post Corporation
State Authorities Superannuation Scheme (SASS), State Superannuation Scheme (SSS), State Authorities Non-contributory Superannuation Scheme (SANCS)(a)	Australian Rail Track Corporation
Australian Submarine Corporation Superannuation Fund (ASCSF)	ASC Pty Ltd
Reserve Bank of Australia Officers' Superannuation Fund (OSF) and UK Pension Scheme (UKPS)(a)	RBA
Energy Industries Superannuation Scheme (EISS), State Superannuation Scheme (SSS) and State Authorities Non-contributory Superannuation Scheme (SANCS)	SHL

- (a) As required under AASB 119, the rate used to discount the superannuation liability is determined by reference to market yields on government bonds. Certain for-profit public corporations have applied the market yield on high quality corporate bonds in discounting their long-term employee benefits. On consolidation into these statements, the discount rate and associated disclosures have been adjusted back to apply government bond rates.

For the purposes of this whole of government disclosure, the smaller schemes have been grouped under 'other'.

Composition

As at 30 June 2024, the composition of the Australian Government's net liability for the defined benefit schemes (as reported in Note 6F) was as follows:

Scheme	General Government		Australian Government	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Commonwealth Superannuation Scheme (CSS)	66,212	69,464	66,212	69,464
Public Sector Superannuation Scheme (PSS)	101,678	103,249	101,678	103,249
Defence Force Retirement and Death Benefits Scheme (DFRDB)	31,694	33,753	31,694	33,753
Military Superannuation Benefits Scheme (MSBS)	101,205	100,122	101,205	100,122
Other schemes	7,510	6,313	7,512	6,317
Other superannuation liabilities	162	168	168	175
Total superannuation provision	308,461	313,069	308,469	313,080

The defined benefit plan asset of \$681 million reported in Note 5B (2023: \$781 million) relates to certain schemes sponsored by public corporations (included in 'other').

Regulatory framework

The following table details the enabling legislation for each of the individually disclosed defined benefits schemes and whether the scheme must comply with the requirements of the *Superannuation Industry (Supervision) Act 1993*.

Scheme	Enabling Act	Period open for new members	Requirement
CSS	<i>Superannuation Act 1976</i>	1 July 1976 to 30 June 1990	Compliance with the <i>Superannuation Industry (Supervision) Act 1993</i> .
PSS	<i>Superannuation Act 1990</i>	1 July 1990 to 30 June 2005	
MSBS	<i>Military Superannuation and Benefits Act 1991</i>	1 October 1991 to 30 June 2016	
DFRDB	<i>Defence Force Retirement and Death Benefits Act 1973</i>	1 October 1972 to 30 September 1991	Exempt from <i>Superannuation Industry (Supervision) Act 1993</i> .

Funding arrangements

The funding arrangements for the individually disclosed schemes are as follows:

Scheme	Funding
CSS	Partially funded. Contributions generally comprise basic member contributions and employer productivity (up to three per cent) contributions. Benefits are funded on an emerging cost basis (as payments are made to retired employees).
PSS	
MSBS	
DFRDB	Unfunded. DFRDB's member's contribution rate is 5.5 per cent of the highest incremental salary for rank plus Service Allowance, which is paid into consolidated revenue. Benefits are funded on an emerging cost basis. Employer contributions also include the three per cent productivity contributions.

The remaining schemes are a combination of unfunded, partially funded and funded defined benefit schemes.

Entitlements

The nature of the benefits provided under the schemes are as follows:

Scheme	Benefits paid
CSS	<p>Employer financed indexed pension defined by a set formula based on the member's age at retirement, years of contributory service and final superannuation salary. Indexation occurs twice yearly (January and July) in line with changes in the CPI.</p> <p>Member's basic contributions, employer productivity contributions and interest can be taken as a lump sum or an additional non-indexed lifetime pension. This benefit is determined by the value of contributions and investment returns, and in the case of the non-indexed pension, by applying age-based factors.</p> <p>Where a member has preserved their benefit in the scheme, when the benefit becomes payable, the employer financed indexed pension is calculated by applying age-based factors to the amount of two and a half times the member's accumulated basic member contributions and interest.</p>

Scheme	Benefits paid
PSS	<p>The types of benefits payable are a lifetime indexed pension (indexed in January and July) in line with changes in the CPI and a lump sum payment. On retirement a lump sum benefit is payable which is calculated based on the member's length of contributory membership, their rate of member contributions and final average salary (average of a member's superannuation salary on their last three birthdays).</p> <p>Where a member preserves their benefit in the scheme, generally the member's lump sum benefit at that time is crystallised with the funded component of the benefit accumulating with interest and the unfunded component accumulating with changes in the CPI, until the benefit becomes payable.</p> <p>Generally members can convert 50% or more of their lump sum to a lifetime indexed pension. The indexed pension is calculated by applying age-based factors to the amount of the lump sum to be converted to a pension.</p>
MSBS	<p>Benefits payable comprise a lump sum of accumulated member contributions and an employer financed defined benefit. The defined benefit is calculated on the basis of the member's final average salary and length of contributory service.</p> <p>Benefits arising from members contributions, the employer three per cent productivity contribution and amounts notionally carried over from the DFRDB are determined by the value of contributions and investment returns.</p> <p>May be taken as a lump sum or as a pension or as a combination of lump sum and pension.</p>
DFRDB	<p>Length of service is the primary factor that determines benefit entitlement.</p> <p>Members who retire from the Australian Defence Force (Defence) after 20 years of effective service (or after 15 years of service at retirement age for rank) are entitled to a pension based on a percentage of their annual pay on retirement, some of which can be commuted to a lump sum. Members are entitled to a productivity benefit based on three per cent of pay increased with interest, which is paid as a lump sum in addition to the defined benefits.</p>

Generally, benefits may also be payable to any surviving eligible spouse and children on the death of a member or pensioner.

Governance

Commonwealth Superannuation Corporation (CSC), was established under the *Governance of Australian Government Superannuation Schemes Act 2011* and is the trustee for eleven schemes, including the CSS, PSS, DFRDB and MSBS. CSC is responsible for:

- administration of each Scheme;
- management and investment of Scheme assets;
- compliance with superannuation and taxation laws and other applicable laws; and
- compliance with relevant legislation including the *Governance of Australian Government Superannuation Schemes Act 2011*.

CSC is supported by an administrator, a custodian and other specialist providers. The governance arrangements for the 'other' defined benefit superannuation schemes are detailed in the annual reports of the respective employing entities.

Risks

The Australian Government is exposed to risks such as interest rate risk, investment risk, longevity risk and salary risk. The following pages identify and explain the amounts reported in these financial statements and detail the principal actuarial assumptions underpinning each of the major schemes, including an analysis of the sensitivity of changes in these assumptions to the amounts reported in the financial statements.

Assumptions

For the defined benefit obligation, assumptions have been made regarding rates of retirement, death (for active, preserved and pension members), mortality improvements, invalidity, resignation, retrenchment, retention and take up rates of pensions in the schemes. Assumptions have also been made for the ages of spouses and rates of member contributions. These assumptions are consistent to those used within the 2020 Long Term Cost Reports (LTCRs).

Membership data for the CSS, PSS, DFRDB and MSBS as at 30 June 2023 was projected forward to 30 June 2024 applying assumptions in accordance with the LTCRs and adjusted to recognise the difference between actual benefit payments and assumed decrements. Members' account balances were increased to be consistent with the estimated level of earning rates prevailing at 30 June 2024.

For the fair value of plan assets, assumptions have been made as to the expected rate of return. For certain schemes, the fair value of scheme assets as at 30 June 2024 was estimated using the pre-30 June 2024 fair value of scheme assets and adjusted for subsequent cash flows. The following tables explain the amounts reported in the financial statements.

Reconciliation of the present value of the defined benefit obligation for 2023-24

Scheme	2024				
	CSS \$m	PSS \$m	DFRDB \$m	MSBS \$m	Other \$m
Reconciliation of the present value of the defined benefit obligation					
Opening present value	(70,661)	(126,640)	(33,753)	(112,974)	(11,654)
Current service cost	(24)	(2,051)	(30)	(2,172)	(1,924)
Productivity contributions	(3)	(145)	-	-	-
Interest cost	(2,869)	(5,495)	(1,379)	(4,974)	(579)
Contributions by scheme participants	(11)	(485)	-	(204)	(6)
<i>Actuarial gains/(losses) arising from:</i>					
Changes in demographic assumptions	16	(381)	436	(6,031)	(411)
Changes in financial assumptions	2,038	5,647	1,447	9,680	662
Liability experience	(276)	(2,054)	(259)	(677)	400
Other assumptions	-	-	-	-	(42)
Benefits paid	4,540	3,671	1,843	2,230	724
Taxes, premiums and expenses paid	1	22	-	-	-
Other	-	(1)	1	-	(1)
Present value at 30 June	(67,249)	(127,912)	(31,694)	(115,122)	(12,831)
Reconciliation of the fair value of scheme assets					
Opening fair value	1,196	23,390	-	12,852	6,289
Changes in fair value of scheme assets:					
Interest income	45	1,040	-	563	341
Adjust for actual return on scheme assets	47	1,046	-	618	23
Net appropriation from CRF	4,275	3,819	1,843	1,910	230
Employer contributions	3	145	-	-	72
Participant contributions	11	485	-	204	6
Benefits paid	(4,540)	(3,671)	(1,843)	(2,230)	(720)
Taxes, premiums and expenses paid	(1)	(22)	-	-	(11)
Other	1	2	-	-	2
Fair value at 30 June	1,037	26,234	-	13,917	6,232
Composition of scheme assets					
Australian equity	24.0%	24.0%	-	24.0%	13.7%
International equity	23.0%	23.0%	-	23.0%	10.5%
Fixed income	-	-	-	-	15.0%
Property and infrastructure	14.0%	14.0%	-	14.0%	13.8%
Private equity	11.0%	11.0%	-	11.0%	22.1%
Hedge funds	-	-	-	-	1.2%
Debt instruments	4.0%	4.0%	-	-	3.3%
Diversified growth funds	-	-	-	-	0.1%
Other	9.0%	9.0%	-	14.0%	4.1%
Cash	15.0%	15.0%	-	14.0%	16.2%
Total	100%	100%	-	100%	100%
Principal actuarial assumptions at the reporting date					
Discount rate (active members)	4.5%	4.7%	4.5%	4.8%	4.4-5.7%
Discount rate (pensioners)	4.5%	4.7%	4.5%	4.8%	4.8%
Expected rate of return on plan assets	-	-	-	4.8%	-
Expected salary increase rate(a)	3.4-3.8%	3.4-3.8%	3.8%	4.0%	3.2-4.9%
Expected pension increase rate	2.5-3.5%	2.5-3.5%	2.7-3.7%	2.5%	2.5-4.0%

(a) CSS and PSS assume general salary increases of 3.8% to June 2025, 3.4% to June 2026 and 3.5% thereafter. DFRDB and MSBS assume general salary increases of 3.8% to June 2025, 3.4% to June 2026 and 3.7% thereafter.

Reconciliation of the present value of the defined benefit obligation for 2022-23

Scheme	2023				
	CSS \$m	PSS \$m	DFRDB \$m	MSBS \$m	Other \$m
Reconciliation of the present value of the defined benefit obligation					
Opening present value	(72,623)	(128,215)	(36,103)	(113,415)	(10,652)
Current service cost	(34)	(2,266)	(45)	(2,525)	(1,882)
Productivity contributions	(4)	(149)	-	-	-
Interest cost	(2,674)	(4,940)	(1,374)	(4,438)	(496)
Contributions by scheme participants	(15)	(494)	-	(209)	(7)
<i>Actuarial gains/(losses) arising from:</i>					
Changes in demographic assumptions	-	-	(550)	(3,005)	-
Changes in financial assumptions	2,442	9,548	3,708	11,871	459
Liability experience	(2,106)	(3,443)	(1,170)	(3,236)	261
Other assumptions	-	-	-	-	28
Benefits paid	4,354	3,299	1,781	1,983	642
Taxes, premiums and expenses paid	1	23	-	-	-
Other	(2)	(3)	-	-	(2)
Exchange rate gains/(losses)	-	-	-	-	(5)
Present value at 30 June	(70,661)	(126,640)	(33,753)	(112,974)	(11,654)
Reconciliation of the fair value of scheme assets					
Opening fair value	1,380	20,805	-	11,813	6,479
Changes in fair value of scheme assets:					
Interest income	47	821	-	460	329
Adjust for actual return on scheme assets	63	1,010	-	629	(60)
Actuarial gains/(losses)	-	-	-	-	(9)
Net appropriation from CRF	4,042	3,433	1,781	1,724	109
Employer contributions	4	149	-	-	81
Participant contributions	15	494	-	209	7
Foreign currency exchange rate changes	-	-	-	-	3
Benefits paid	(4,354)	(3,299)	(1,781)	(1,983)	(639)
Taxes, premiums and expenses paid	(1)	(23)	-	-	(11)
Fair value at 30 June	1,196	23,390	-	12,852	6,289
Composition of scheme assets					
Australian equity	24.0%	25.0%	-	24.0%	13.5%
International equity	21.0%	21.0%	-	22.0%	10.1%
Fixed income	-	-	-	-	19.9%
Property	14.0%	14.0%	-	14.0%	15.2%
Private equity	12.0%	11.0%	-	13.0%	22.0%
Hedge funds	-	-	-	-	1.4%
Debt instruments	4.0%	4.0%	-	-	1.4%
Diversified growth funds	-	-	-	-	0.4%
Other	12.0%	12.0%	-	11.0%	4.3%
Cash	13.0%	13.0%	-	16.0%	11.8%
Total	100%	100%	-	100%	100%
Principal actuarial assumptions at the reporting date					
Discount rate (active members)	4.2%	4.4%	4.2%	4.4%	3.9-5.8%
Discount rate (pensioners)	4.2%	4.4%	4.2%	4.4%	4.4%
Expected rate of return on plan assets	-	-	-	4.4%	-
Expected salary increase rate (a)	3.5-4.0%	3.5-4.0%	3.7%	3.7%	1.8-6.3%
Expected pension increase rate	2.5-3.5%	2.5-3.5%	2.5-3.7%	2.5%	2.6-4.0%

(a) CSS and PSS assume general salary increases of 4.0% to June 2024, 3.5% to June 2025, 3.0% to June 2026 and 3.5% thereafter. DFRDB and MSBS assume general salary increases of 4.0% to June 2024 to June 2026 and 3.7% thereafter.

The discount rate for 'Other' Schemes includes schemes sponsored by for-profit entities which apply a corporate bond rate for measurement of the liability. In the CFS, these discount rates are adjusted back to a Government bond rate for the consistent measurement of the overall Australian Government liability.

Sensitivity analysis for significant actuarial assumptions

The impact of a change in the defined benefit obligation reported as at 30 June 2024 under several scenarios is presented below. The balance has been recalculated by changing the assumptions as outlined below, whilst retaining all other assumptions.

	Change in assumption	Impact on defined benefit obligation	
		Increase \$m	Decrease \$m
CSS			
Discount rate	0.5%	(3,170)	3,450
Salary growth rate	0.5%	12	(13)
Rate of CPI increase	0.5%	3,014	(2,796)
PSS			
Discount rate	0.5%	(8,944)	10,055
Salary growth rate	0.5%	1,381	(1,317)
Rate of CPI increase	0.5%	8,109	(7,371)
DFRDB and MSBS			
Discount rate	0.5%	(11,162)	12,960
Salary growth rate	0.5%	3,424	(1,343)
Rate of CPI increase	0.5%	10,489	(8,842)
Other			
Discount rate	0.5%	(320)	355
Salary growth rate	0.5%	216	(1,340)

Employer contributions

The following table shows the expected contributions for 2024-25 by scheme.

Scheme	2025 \$m
Commonwealth Superannuation Scheme	2
Public Sector Superannuation Scheme	117
Defence Force Retirement and Death Benefits Scheme	1,887
Military Superannuation Benefits Scheme	2,094
Other schemes	250

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation in years for each of the schemes is outlined below.

Scheme	Weighted average duration of the defined benefit obligation in years
Commonwealth Superannuation Scheme 1976	10.5 years
Commonwealth Superannuation Scheme 1922	6.5 years
Public Sector Superannuation Scheme	16.6 years
Defence Force Retirement and Death Benefits Scheme	12.0 years
Defence Forces Retirement Benefits Scheme	7.2 years
Military Superannuation Benefits Scheme	22.3 years
Other schemes	10.4 years

Note 10: Related parties

Note 10A: Ministerial remuneration

Cabinet Ministers are key management personnel of the Australian Government. The disclosure includes all Cabinet Ministers who have served during the financial year.

Ministerial benefits that are not considered to be for personal benefit, such as electorate allowance for staff, transport, printing and communication, as well as costs incurred by portfolio departments on behalf of Ministers, are excluded from this disclosure. Costs associated with The Lodge and Kirribilli House are not included, as these are national assets and incur costs regardless of who uses them. Key management personnel remuneration is reported below:

Remuneration	2024 \$m	2023 \$m
Short-term employee benefits(a)	10.1	9.9
Post-employment benefits(b)	1.6	1.5
Total key management personnel remuneration	11.7	11.4

(a) Short-term benefits comprise total salary (including the additional ministerial component), motor vehicle and other fringe benefit costs including related fringe benefits tax.

(b) Post-employment benefits comprise superannuation contributions, post-retirement travel.

The number of Cabinet Minister positions during the financial year was 23 (2023: 23).

Note 10B: Related party disclosures

For the Government, related parties include Cabinet Ministers, their close family members and bodies they control.

Cabinet Ministers transact with the Government in respect of their remuneration (refer Note 10A) and public resources under the *Parliamentary Business Resources Act 2017*. Additionally, they or their close family members and bodies they control may transact with government on the same basis as other Australians, such as for the payment of taxes.

Besides these general transaction categories, there were no related party transactions between Cabinet Ministers, close family members and bodies they control and Government to be disclosed.

Transactions with superannuation funds represent contributions and payments of benefits to members or their beneficiaries. These are made in accordance with the rules of the relevant fund. Contributions to the funds for Cabinet Ministers totalled \$1.6 million (2023: \$1.5 million). Further information about defined benefit funds are included at Note 9C.

The Government may also receive taxes and other government charges from entities it jointly controls or in which it is an associate.

Note 11: Events occurring after balance date

In accordance with AASB 110 *Events after the Reporting Period*, reporting entities are required to disclose any event between the balance sheet date and the date the financial statements are authorised for issue that may affect the financial statements. The standard classifies these events as either 'adjusting' or 'non-adjusting'.

Subsequent to 30 June 2024, the Department of the Treasury obtained legal advice from the Australian Government Solicitor which concluded that some surcharges imposed on (debit and credit card) payments made to Commonwealth entities are likely to be unlawful: specifically where a Commonwealth entity has legislative authority to collect the payment, but does not have legislative authority to collect the surcharge.

Legislation was passed by the Parliament in November 2024 regarding this issue. Once enacted, the *Commonwealth Entities (Payment Surcharges) Act 2024* will provide prospective legislative authority for all Commonwealth entities to impose and collect surcharges associated with statutory payments to address identified and yet to be identified unlawful surcharging practices, and the *Commonwealth Entities (Payment Surcharges) Tax (Imposition) Act 2024* will provide retrospective authorisation for past surcharging practices, supported by the imposition of a tax equivalent to any amount that would otherwise have been payable by the Commonwealth. This legislation mitigates risks related to this issue including the potential for future claims and entitlement to refunds.

Note 12: Reconciliations and explanations

Prepared in accordance with AASB 1049, the whole of government and GGS financial statements provide users with information about the financial position, performance and cash flows of the Australian Government and its sectors; and information that facilitates assessments of the macroeconomic impact of the Australian Government and its sectors.

Reporting at the whole of government and sector level is also distinguished by the following two characteristics:

- the application of two international reporting frameworks, being the accounting standards issued by the International Accounting Standards Board (through the AASB) and the system of Government Finance Statistics (GFS) issued by the IMF and, in Australia, administered by the Australian Bureau of Statistics (ABS); and
- the public release of budget information for the GGS.

To assist the differing users of these whole of government accounts, AASB 1049 requires the following reconciliations and explanations:

- **Explanation of differences to ABS GFS measures** (refer Note 12A) which explains the material differences in key fiscal aggregates between the CFS and the corresponding ABS GFS measures;
- **Reconciliation to original budget** (refer Note 12B), also required by AASB 1055 *Budgetary Reporting*, which compares the reported results to the original budget for 2023-24 as outlined in May 2023 with explanations for key movements; and
- **Glossary of key fiscal aggregates** (refer Note 12C) which explains the key technical terms reported in the CFS and which are not common to financial reports prepared by other entities.

Note 12A: Explanation of differences to ABS GFS measures

The Government Finance Statistics (GFS) framework reports key fiscal aggregates that measure the financial activities of each government and the impacts of those activities on other sectors of the economy. In Australia, the GFS framework is set out in the Australian Bureau of Statistics (ABS) GFS Manual. The main convergence differences between the key fiscal aggregates reported in the CFS under AASB 1049 and the corresponding fiscal aggregates reported under the ABS GFS Manual include:

Notes to the financial statements

Issue	CFS treatment	ABS GFS treatment
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.
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'.
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.
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.
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'.
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 used.	Unlisted entities are valued based on their net assets in the balance sheet.
Provision for restoration, decommissioning and make-good	Capitalised when the asset is acquired.	Capitalised when make-good activity takes place.
Renewable Energy Certificates (RECs)	Recognise revenue from the surrender of RECs and expenses associated with the refund of shortfall charges.	The issuance and registration of RECs is considered to be government financial transactions resulting in the recognition of assets, liabilities, revenue and expenses.
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.
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.
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.
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.

Issue	CFS treatment	ABS GFS treatment
Inventory	Inventory held for sale is measured at the lower of cost and net realisable value. Inventory held for distribution is measured at cost, adjusted for any loss of service potential.	The ABS GFS Manual measures inventory at market value.
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 is recognised as an 'other economic flow'.
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.
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.
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.
Classification differences		
Prepayments	Treated as a non-financial asset.	Treated as a financial asset.
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.
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.

Note 12B: Reconciliation to original budget

The following tables provide a comparison of the May 2024 Budget to the final actual results for the GGS, with explanations provided for major variances. Variances are treated as major when it is considered important for the reader's understanding and is not focused solely on numerical differences between Budget and actual amounts. Variances relating to cash flows are a result of the factors explained in the Operating Statement and Balance Sheet.

The Australian Government does not present budgets at the whole of government level and therefore, only the GGS is presented in this note. The Budget is not audited.

In the following tables the Budget for 2023-24 in the 2023-24 Budget papers, released in May 2024, is presented on the same basis as the actual information to facilitate comparison.

General government sector operating statement 2023-24

	2024 Actual \$m	Original budget \$m	Budget variance \$m
Revenue from transactions			
Taxation revenue	650,365	629,729	20,636
Sales of goods and services	19,786	20,811	(1,025)
Interest income	12,222	9,426	2,796
Dividend and distribution income	6,455	6,913	(458)
Other	16,588	13,494	3,094
Total revenue	705,416	680,372	25,044
Expenses from transactions			
<i>Gross operating expenses</i>			
Wages and salaries	26,547	26,260	287
Superannuation	9,146	7,608	1,538
Depreciation and amortisation	13,623	12,570	1,053
Supply of goods and services	192,434	188,790	3,644
Other operating expenses	13,387	9,346	4,041
<i>Total gross operating expenses</i>	<i>255,137</i>	<i>244,574</i>	<i>10,563</i>
Superannuation interest expense	13,375	13,631	(256)
Interest expense	28,257	27,762	495
<i>Current transfers</i>			
Current grants	197,590	203,464	(5,874)
Subsidy expenses	19,420	16,964	2,456
Personal benefits	153,237	154,254	(1,017)
<i>Total current transfers</i>	<i>370,247</i>	<i>374,682</i>	<i>(4,435)</i>
<i>Capital transfers</i>			
Mutually agreed write-downs	2,282	3,012	(730)
Other capital grants	17,131	20,423	(3,292)
<i>Total capital transfers</i>	<i>19,413</i>	<i>23,435</i>	<i>(4,022)</i>
Total expenses	686,429	684,085	2,344
Net operating balance	18,987	(3,713)	22,700
Other economic flows - included in operating result			
Net write-down of assets	(14,183)	(6,639)	(7,544)
Net gain/(loss) from the sale of assets	3,938	848	3,090
Net foreign exchange gains/(losses)	(160)	(62)	(98)
Net interest on derivatives gains/(losses)	(660)	(16)	(644)
Net fair value gains/(losses)	8,411	(2,114)	10,525
Net other gains/(losses)	(28,667)	(76)	(28,591)
Operating result	(12,334)	(11,773)	(561)
Other economic flows - through equity			
Will not be reclassified to operating result			
Revaluation of non-financial assets	4,688	372	4,316
Actuarial revaluations of superannuation	11,901	(227)	12,128
Other economic revaluations	42	(296)	338
May be reclassified to operating result			
Revaluation of equity investments	934	(307)	1,241
Comprehensive result	5,231	(12,231)	17,462
Net operating balance	18,987	(3,713)	22,700
less Net acquisition of non-financial assets			
Purchases of non-financial assets	20,172	22,251	(2,079)
less Sales of non-financial assets	896	53	843
less Depreciation and amortisation	13,623	12,570	1,053
plus Change in inventories	691	803	(112)
plus Other movements in non-financial assets	(9)	-	(9)
Total net acquisition of non-financial assets	6,335	10,431	(4,096)
Fiscal balance (Net lending/borrowing)	12,652	(14,144)	26,796

Revenue

Line item	Variance	Explanation
Taxation revenue	\$20.6b	Total taxation revenue was \$20.6 billion higher than the original budget, largely driven by the following: <ul style="list-style-type: none"> • Company tax (\$11.8 billion higher), reflecting higher than expected commodity prices which has flowed through to higher corporate profitability; and • Individuals and other withholding taxes (\$13.6 billion higher), primarily because of stronger than expected labour market conditions.
Interest income	\$2.8b	Interest revenue was \$2.8 billion higher than the original budget, primarily driven by higher-than-estimated interest earnings from the Future Fund, Australian Government Investment Funds and deposit investments of the Australian Office of Financial Management (AOFM).
Other	\$3.1b	Other sources of non-taxation revenue were \$3.1 billion higher than the original budget, primarily driven by a security for the rehabilitation of the Ranger mine, and unbudgeted in-kind contributions made to the National Disability Insurance Agency (NDIA) from states and territory governments.

Expenses

Line item	Variance	Explanation
Current and Capital grant expense	(\$9.2b)	Current grants expenses and capital grants expenses were \$5.9 billion and \$3.3 billion respectively lower than the original budget, mainly due to lower than estimated payments across a range of programs.
Supply of goods and services	\$3.6b	Supply of goods and services were \$3.6 billion higher than the original budget, primarily driven by an increase in participant plan expenses due to strong growth in participant numbers and increase in average annualised payment per participant through the National Disability Insurance Scheme, as well as the increase in Health Care Provision.
Other operating expenses	\$4.0b	Employee and superannuation expenses were \$4.0 billion higher than the original budget, primarily driven by the increase of Military Compensation provisions and clearing the claims backlog.

Other economic flows

Line item	Variance	Explanation
Net other gains/(losses)	(\$28.6b)	Net other losses were \$28.6 billion higher than budget, mainly relating to the actuarial revaluation of the Military Compensation Scheme provisions and the Disaster Recovery Funding Arrangements (DRFA) provisions.
Actuarial revaluations of superannuation	\$12.1b	The movement of \$12.1 billion in the value of the superannuation liability compared to original budget is a result of actuarial revaluations as a result of changes in the discount rates used to calculate the liability in the CFS (from a range between 4.0 and 4.4 per cent per annum as at 30 June 2023 to a range between 4.2 and 4.8 per cent per annum as at 30 June 2024) as well as changes in scheme experience and other demographic assumptions.
Net fair value gains/(losses)	\$10.5b	Net fair value gains were \$10.5 billion higher than the original budget, primarily reflecting: <ul style="list-style-type: none"> a higher market value of Australian Government Securities as a result of higher market yields; changes in actuarial assessments for the Higher Education Loan Program (HELP) and Higher Education Superannuation Program (HESP); the change in valuation of investments held by the Future Fund.
Net write-down of assets	(\$7.5b)	Net write-down of assets was \$7.5 billion higher than budget, primarily attributable to the ongoing increase in aged debt and the write-off of expired stock, including the National Medical Stockpile.
Revaluation of non-financial assets	\$4.3b	Revaluation of non-financial assets was \$4.3 billion higher than original budget, predominantly due to the upward revaluation in Land, Buildings and specialist military equipment held by Defence.
Net gain/(loss) from the sale of assets	\$3.1b	Net gains from the sale of assets were \$3.1 billion higher than the original budget, primarily attributable to gains on the sale of Future Fund investments.

General government sector balance sheet as at 30 June 2024

	2024 Actual \$m	Original budget \$m	Budget variance \$m
Assets			
<i>Financial assets</i>			
Cash and deposits	97,318	60,841	36,477
Advances paid	73,247	76,032	(2,785)
Other receivables and accrued revenue	80,473	75,661	4,812
Investments, loans and placements	233,469	241,748	(8,279)
Equity investments	145,336	132,089	13,247
Total financial assets	629,843	586,372	43,471
<i>Non-financial assets</i>			
Land	14,631	13,168	1,463
Buildings	50,675	50,944	(269)
Other plant, equipment and infrastructure (including specialist military equipment)	110,960	111,491	(531)
Intangibles	13,228	12,791	437
Investment property	228	205	23
Inventories	11,748	12,010	(262)
Heritage and cultural assets	12,772	12,712	60
Other non-financial assets	6,553	4,491	2,062
Total non-financial assets	220,795	217,812	2,983
Total assets	850,638	804,184	46,454
Liabilities			
<i>Interest bearing liabilities</i>			
Deposits held	417	406	11
Government securities	844,238	902,988	(58,750)
Loans	12,721	12,967	(246)
Leases	19,005	19,073	(68)
Other interest bearing liabilities	18,661	18,040	621
Total interest bearing liabilities	895,042	953,474	(58,432)
<i>Provisions and payables</i>			
Superannuation liability	308,461	282,487	25,974
Other employee liabilities	60,803	36,326	24,477
Supplier payables	13,997	12,487	1,510
Personal benefits payable	4,172	4,008	164
Subsidies payable	695	901	(206)
Grants payable	4,265	2,658	1,607
Other payables	9,071	7,716	1,355
Other provisions	87,489	63,212	24,277
Total provisions and payables	488,953	409,795	79,158
Total liabilities	1,383,995	1,363,269	20,726
Net worth	(533,357)	(559,085)	25,728

Assets

Line item	Variance	Explanation
Cash and deposits	\$36.5b	Cash and deposits were \$36.5 billion higher than the original budget, primarily reflecting a stronger fiscal performance resulting in a richer cash position for the Australian Office of Financial Management (AOFM). Additionally, the National Disability Insurance Agency (NDIA) moved funds from term deposits to cash and cash equivalents.
Equity investments	\$13.2b	Equity investments were \$13.2 billion higher than the original budget, primarily due to the Future Fund managing a higher value of equity investments than included in the original budget.
Investments, loans and placements	(\$8.3b)	Investments, loans and placements were \$8.3 billion lower than the original budget, primarily driven by: <ul style="list-style-type: none"> a lower-than-anticipated surplus of cash funds held as term deposits by NDIA; the reduced interest bearing securities held by the Future Fund.
Other receivables and accrued revenue	\$4.8b	Other receivables and accrued revenue were \$4.8 billion higher than the original budget, primarily due to stronger than expected financial outcomes by Future Fund and partially offset by increased impairment of small debts.
Advances paid	(\$2.8b)	Advances paid were \$2.8 billion lower than the original budget, largely as a result of changes in actuarial assumptions and the government bond rate for higher education loans.
Other Non-Financial Assets	\$2.1b	Other non-financial assets were \$2.1 billion higher than the original budget, predominantly driven by: <ul style="list-style-type: none"> higher than expected prepayments for National Medical Stockpile, COVID-19 vaccines and consumables; and higher prepayments made by Defence.

Liabilities

Line item	Variance	Explanation
Government securities	(\$58.7b)	Australian Government Securities managed by the AOFM was \$58.7 billion lower than the original budget, mainly due to lower term issuance and the higher interest rate environment resulting in a lower market valuation of the debt outstanding.
Superannuation liability	\$26.0b	The superannuation liability was \$26.0 billion higher than the original budget, resulting from the difference between discount rates used to value the Government's defined benefit superannuation liability at the 2023-24 Budget and as at 30 June 2024 for the CFS.
Other employee liabilities	\$24.5b	Other employee liabilities were \$24.5 billion higher than the original budget, driven by higher Military Compensation provision.
Other provisions	\$24.3b	Other provisions were \$24.3 billion higher than the original budget, primarily related to the actuarial revaluation of the Health Care Military Compensation provisions and Disaster Recovery Funding Arrangements provision.

General government sector cash flow statement 2023-24

	2024 Actual \$m	Original budget \$m	Budget variance \$m
OPERATING ACTIVITIES			
Cash received			
Taxes received	633,401	616,275	17,126
Receipts from sales of goods and services	19,897	20,792	(895)
Interest receipts	10,510	7,654	2,856
Dividend and distribution receipts	6,406	6,889	(483)
Other receipts	15,990	14,255	1,735
Total cash received	686,204	665,865	20,339
Cash used			
Payments for employees	(43,111)	(41,669)	(1,442)
Payments for goods and services	(191,159)	(188,258)	(2,901)
Grants and subsidies paid	(232,627)	(246,189)	13,562
Interest paid	(22,280)	(21,052)	(1,228)
Interest payments on lease liabilities	(493)	-	(493)
Personal benefits paid	(152,770)	(153,940)	1,170
Other payments	(10,387)	(8,541)	(1,846)
Total cash used	(652,827)	(659,649)	6,822
Net cash from/(used by) operating activities	33,377	6,216	27,161
INVESTING ACTIVITIES			
Investments in non-financial assets			
Sales of non-financial assets	3,001	2,277	724
Purchases of non-financial assets	(17,835)	(19,861)	2,026
Net cash from non-financial assets	(14,834)	(17,584)	2,750
Net cash flows from investments in financial assets for policy purposes	(1,816)	(5,795)	3,979
Net cash flows from investments in financial assets for liquidity purposes	(18,364)	(17,073)	(1,291)
Net cash from/(used by) investing activities	(35,014)	(40,452)	5,438
FINANCING ACTIVITIES			
Cash flows from financing activities			
Net cash received			
Borrowings	15,094	35,362	(20,268)
Contributed equity	24	-	24
Other financing	11,614	133	11,481
Net cash received	26,732	35,495	(8,763)
Net cash used			
Distributions paid	(9)	-	(9)
Principal payments of lease liabilities	(2,738)	-	(2,738)
Other financing	(14,335)	(4,784)	(9,551)
Net cash used	(17,082)	(4,784)	(12,298)
Net cash flows from financing activities	9,650	30,712	(21,062)
Net (decrease)/increase in cash held	8,013	(3,524)	11,537
Cash at beginning of year	89,305	64,365	24,940
Cash at end of year	97,318	60,841	36,477
Key fiscal aggregate			
Net cash flows from operating activities	33,377	6,216	27,161
Net cash flows from investments in non-financial assets	(14,834)	(17,584)	2,750
Cash surplus/(deficit)	18,543	(11,368)	29,911

Note 12C: Glossary of key fiscal aggregates

Balance sheet

The balance sheet shows stocks of assets, liabilities and net worth. In accordance with the Uniform Presentation Framework, net debt, net financial worth and net financial liabilities are also reported in the balance sheet.

Comprehensive result (total change in net worth before transactions with owners as owners)

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other movements in equity, other than transactions with owners as owners.

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.

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 GGS to the balance on the current account in the balance of payments.

Mutually agreed bad debts

Financial assets written-off where there was prior knowledge and consent by the counterparties.

Net actuarial gains

Includes actuarial gains and losses on defined benefits superannuation plans.

Net lending/borrowing

This is the net operating balance minus the net acquisition/(disposal) of non-financial assets. It is also equal to transactions in the net acquisition/(disposal) of financial assets minus the net incurrence of liabilities. It indicates the extent to which financial resources are placed at the disposal of the rest of the economy or the utilisation of financial resources generated by the rest of the economy. It is an indicator of the financial impact on the rest of the economy.

Net other economic flows

The net change in the volume or value of assets and liabilities that does not result from transactions.

Net operating balance

This is calculated as income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net worth

The net worth of the GGS, PNFC and PFC sectors are 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.

Operating result

A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'.

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.

Transactions

Interactions between two units by mutual agreement or an action within a unit that is analytically useful to treat as a transaction.

Unilaterally determined bad debts

Financial assets written-off without an agreement with the debtor in cases such as bankruptcy of the debtor.

Note 13: Audit expenses

With the exception of a small number of entities, audit services within the reporting entity are provided by the Auditor-General. The cost of these services, which include performance and financial statement audits, totalled \$104.1 million (2023: \$95.0 million). The audit of the CFS cost \$0.9 million (2023: \$0.7 million).

Note 14: List of Australian Government reporting entities

The following is a list of Australian Government reporting entities which have been consolidated for the purposes of the financial report. Unless otherwise noted, all such entities are wholly owned. The list is based on the Australian Government Administrative Arrangement Orders in place at 30 June 2024.

Agriculture, Fisheries and Forestry Portfolio

General Government:

Australian Fisheries Management Authority	Grains Research and Development Corporation
Australian Pesticides and Veterinary Medicines Authority	Regional Investment Corporation
Cotton Research and Development Corporation	Rural Industries Research and Development Corporation
Department of Agriculture, Fisheries and Forestry	Wine Australia
Fisheries Research and Development Corporation	

Attorney-General's Portfolio

General Government:

Administrative Appeals Tribunal(a)	Federal Court of Australia
Attorney-General's Department	High Court of Australia
Australian Crime Commission (Australian Criminal Intelligence Commission)	National Anti-Corruption Commission
Australian Federal Police	Office of Parliamentary Counsel
Australian Financial Security Authority	Office of the Australian Information Commissioner
Australian Human Rights Commission	Office of the Commonwealth Ombudsman
Australian Institute of Criminology	Office of the Director of Public Prosecutions
Australian Law Reform Commission	Office of the Inspector-General of Intelligence and Security
Australian Transaction Reports and Analysis Centre	Office of the Special Investigator

Climate Change, Energy, the Environment and Water Portfolio

General Government:

Australian Institute of Marine Science	Director of National Parks
Australian Renewable Energy Agency	Great Barrier Reef Marine Park Authority
Bureau of Meteorology	Murray-Darling Basin Authority
Clean Energy Finance Corporation	Sydney Harbour Federation Trust
Clean Energy Regulator	
Climate Change Authority	
Department of Climate Change, Energy, the Environment and Water	

Public Non-Financial Corporation:

Snowy Hydro Limited

(a) Administrative Appeals Tribunal ceased on 14 October 2024, replaced with the Administrative Review Tribunal.

Defence Portfolio

General Government:

AAF Company (company limited by guarantee)
Army and Air Force Canteen Service (Frontline Defence Services)
Australian Military Forces Relief Trust Fund (Army Relief Trust Fund)
Australian Signals Directorate
Australian Strategic Policy Institute Ltd (company limited by guarantee)
Australian Submarine Agency
Australian War Memorial
Defence Housing Australia

Department of Defence
Department of Veterans' Affairs
RAAF Welfare Recreational Company (company limited by guarantee)
Royal Australian Air Force Veterans' Residences Trust Fund
Royal Australian Air Force Welfare Trust Fund
Royal Australian Navy Central Canteens Board
Royal Australian Navy Relief Trust Fund

Education Portfolio

General Government:

Australian Curriculum, Assessment and Reporting Authority
Australian Institute for Teaching and School Leadership Ltd (company limited by guarantee)
Australian Research Council

Department of Education
Tertiary Education Quality and Standards Agency

Employment and Workplace Relations Portfolio

General Government:

Asbestos and Silica Safety and Eradication Agency
Australian Skills Quality Authority (National Vocational Education and Training Regulator)
Comcare
Department of Employment and Workplace Relations

Fair Work Commission
Office of the Fair Work Ombudsman
Safe Work Australia
Seafarers Safety, Rehabilitation and Compensation Authority (Seacare Authority)

Public Financial Corporation:

Coal Mining Industry (Long Service Leave Funding) Corporation

Finance Portfolio

General Government:

Australian Electoral Commission
Commonwealth Superannuation Corporation
Department of Finance
Digital Transformation Agency

Future Fund Management Agency
Independent Parliamentary Expenses Authority
Parliamentary Workplace Support Service

Public Non-Financial Corporations:

ASC Pty Ltd

Australian Naval Infrastructure Pty Ltd

Foreign Affairs and Trade Portfolio

General Government:

Australian Centre for International Agricultural Research
 Australian Secret Intelligence Service
 Australian Trade and Investment Commission

Department of Foreign Affairs and Trade
 Export Finance and Insurance Corporation (National Interest Account)
 Tourism Australia

Public Financial Corporation:

Export Finance and Insurance Corporation (Export Finance Australia)

Health and Aged Care Portfolio

General Government:

Aged Care Quality and Safety Commission
 Australian Commission on Safety and Quality in Health Care
 Australian Digital Health Agency
 Australian Institute of Health and Welfare
 Australian National Preventive Health Agency
 Australian Radiation Protection and Nuclear Safety Agency
 Australian Sports Commission (Australian Institute of Sport)
 Australian Sports Foundation Limited (company limited by guarantee)

Cancer Australia
 Department of Health and Aged Care
 Food Standards Australia New Zealand
 Independent Health and Aged Care Pricing Authority
 National Blood Authority
 National Health and Medical Research Council
 National Health Funding Body
 National Mental Health Commission(a)
 Office of the Inspector-General of Aged Care
 Organ and Tissue Authority
 Professional Services Review
 Sport Integrity Australia

Home Affairs Portfolio

General Government:

Australian Security Intelligence Organisation(b)
 Department of Home Affairs

National Emergency Management Agency

- (a) National Mental Health Commission ceased on 30 September 2024.
- (b) Australian Security Intelligence Organisation moved from Home Affairs to the Attorney-General's portfolio on 29 July 2024.

Industry, Science and Resources Portfolio

General Government:

Australian Nuclear Science and Technology Organisation
Commonwealth Scientific and Industrial Research Organisation
Department of Industry, Science and Resources

Geoscience Australia
IP Australia
National Offshore Petroleum Safety and Environmental Management Authority
National Reconstruction Fund Corporation

Public Non-Financial Corporation:

ANSTO Nuclear Medicine Pty Ltd(a)

Public Financial Corporations:

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

Infrastructure, Transport, Regional Development, Communications and the Arts Portfolio

General Government:

Australian Broadcasting Corporation
Australian Communications and Media Authority
Australian Film, Television and Radio School
Australian Maritime Safety Authority
Australian National Maritime Museum
Australian Transport Safety Bureau
Bundanon Trust (company limited by guarantee)
Civil Aviation Safety Authority
Creative Australia
Department of Infrastructure, Transport, Regional Development, Communications and the Arts
High Speed Rail Authority
Infrastructure Australia

National Archives Australia
National Capital Authority
National Film and Sound Archive of Australia
National Gallery of Australia
National Library of Australia
National Museum of Australia
National Portrait Gallery of Australia
National Transport Commission
Norfolk Island Health and Residential Aged Care Service
Northern Australia Infrastructure Facility
Old Parliament House
Screen Australia
Special Broadcasting Service Corporation

Public Non-Financial Corporations:

Airservices Australia
Australian Postal Corporation (Australia Post)
Australian Rail Track Corporation Limited

National Intermodal Corporation Limited
NBN Co Limited
WSA Co Ltd

(a) ANSTO Nuclear Medicine ceased on 21 May 2024.

Prime Minister and Cabinet Portfolio

General Government:

Aboriginal Hostels Limited (company limited by guarantee)
 Australian Institute of Aboriginal and Torres Strait Islander Studies
 Australian National Audit Office
 Australian Public Service Commission
 Department of the Prime Minister and Cabinet
 Indigenous Business Australia
 Indigenous Land and Sea Corporation

National Australia Day Council Limited (company limited by guarantee)
 National Indigenous Australians Agency
 Northern Territory Aboriginal Investment Corporation(a)
 Office of National Intelligence
 Office of the Official Secretary to the Governor-General
 Outback Stores Pty Limited
 Torres Strait Regional Authority
 Workplace Gender Equality Agency

Public Non-Financial Corporation:

Voyages Indigenous Tourism Australia Pty Ltd

Social Services Portfolio

General Government:

Australian Institute of Family Studies
 Department of Social Services
 Domestic, Family and Sexual Violence Commission

National Disability Insurance Agency
 NDIS Quality and Safeguards Commission
 Services Australia

Public Non-Financial Corporation:

Australian Hearing Services (Hearing Australia)

Treasury Portfolio

General Government:

Australian Bureau of Statistics
 Australian Competition and Consumer Commission
 Australian Office of Financial Management
 Australian Prudential Regulation Authority
 Australian Securities and Investments Commission
 Australian Taxation Office
 Commonwealth Grants Commission
 Department of the Treasury

Inspector-General of Taxation
 National Competition Council
 Housing Australia
 Office of the Auditing and Assurance Standards Board
 Office of the Australian Accounting Standards Board
 Productivity Commission
 Royal Australian Mint

Public Financial Corporations:

Australian Reinsurance Pool Corporation
 Housing Australia - Australian Housing Bond Aggregator (AHBA)

Reserve Bank of Australia

Parliamentary Departments

General Government:

Department of Parliamentary Services
 Department of the House of Representatives

Department of the Senate
 Parliamentary Budget Office

(a) On 28 July 2024, Northern Territory Aboriginal Investment Corporation has been renamed to Aboriginal Investment Northern Territory.

Entity changes during 2023-24

Entity no longer consolidated

Australian Commission for Law Enforcement Integrity (1 July 2023)

Creative Partnerships Australia Ltd (1 July 2023)

North Queensland Water Infrastructure Authority (31 August 2023)

Entity newly controlled/established in 2023-24

Australian Submarine Agency (1 July 2023)

National Anti-Corruption Commission (1 July 2023)

National Reconstruction Fund Corporation (18 September 2023)

Parliamentary Workplace Support Service (1 October 2023)

Office of the Inspector-General of Aged Care (16 October 2023)

Entities with name changes

Asbestos and Silica Safety and Eradication Agency

(previously Asbestos Safety and Eradication Agency)

Creative Australia

(previously Australia Council)

Housing Australia including the Australian Housing Bond Aggregator

(previously National Housing Finance and Investment Corporation)

The Australian Government Organisations Register (www.directory.gov.au) provides information on the function, composition, origins and other details of more than 1,200 Australian Government entities and bodies, including the reporting entities consolidated in the financial statements.