

2 December 2021

2021-22 National fiscal outlook:

Technical appendix

This appendix provides a glossary, data and method descriptions and some supplementary data tables. Further data can be found in the Parliamentary Budget Office's (PBO's) [data portal](#).

The complementary *2021-22 National fiscal outlook: At a glance* presents the net operating and fiscal balances, net capital investment, revenue and expenses, net debt, net financial worth and public debt interest payments for each jurisdiction as well as national totals.

Glossary

For expanded definitions of these and other budget-related terms, please see the PBO's [Online Budget Glossary](#) on our website.

Expenses

Expense in the budget context refers to the cost of providing government services, excluding costs related to revaluations such as the write down of assets. Expenses are recorded when costs are incurred, regardless of whether any cash is paid. This reflects an accrual accounting framework.

Fiscal balance

The fiscal balance is one of several indicators known as 'budget aggregates' that measure the impact of the government's budget on the economy. The fiscal balance is equal to the government's revenue minus its expenses, adjusted for government capital investments when they are acquired or sold. It reflects an accrual accounting framework.

General government sector

The general government sector consists primarily of government departments and agencies providing public services and benefits for free or at subsidised prices that are funded mainly through taxes.

Government businesses

For the purpose of this report, government businesses refer to public non-financial corporations, which provide services on a fee-for-service basis. Public non-financial corporations are financed through their own revenue. They may pay profits to government and, in general, they are legally distinguishable from the governments that own them.

Net capital investment

Net capital investment, sometimes referred to as net acquisition of non-financial assets, is calculated by deducting the value of any sales of non-financial assets from the value of non-financial assets purchased and adjusting for changes in the value of non-financial assets, such as for depreciation.

Net debt

Net debt is a widely used measure of the strength of the government's balance sheet. Net debt is the sum of selected financial liabilities (deposits held, advances received, government securities, loans and other borrowings) less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements). It does not include superannuation-related liabilities but may include superannuation-related assets where these are classified as one of the 'selected financial assets' listed above.

Net financial worth

Net financial worth is a broader measure of the strength of the government's balance sheet than net debt. Net financial worth is the sum of all financial assets (such as cash or shares in a company) less the sum of all financial liabilities, such as outstanding debts and superannuation-related liabilities.

Net operating balance

The net operating balance is an accrual budget aggregate equal to the government's revenue minus its expenses. It does not include net capital investment but does include the consumption of capital (depreciation). The net operating balance plus net capital investment is equal to the fiscal balance.

The net operating balance is the budget balance measure used in the annual National fiscal outlook. In contrast, the PBO's *Beyond the budget* reports use the Commonwealth Government's underlying and fiscal balances as measures of budget balance.

The primary reason for using the net operating balance in this publication is that presenting the net operating balance and net capital investment allows a clear distinction between recurrent and capital expenses, which is particularly important for understanding state budget positions.

Public debt interest

Public debt interest is the borrowing costs of the government, mainly incurred through issuing and servicing government debt, and recorded as a cost to government in the budget.

Payments

Payments capture all outgoing cash transactions. In the Commonwealth and state and territory budget context, payments are those that affect the underlying cash balance and comprise cash transactions for operating activities and the purchase of non-financial assets.

Revenue

Revenue is government income, recorded at the time it is earned as reported on an accrual accounting basis.

Data and method

The budget aggregates in the ‘What has changed since the 2020-21 National fiscal outlook?’ section comprise Commonwealth, state and territory, and local governments. The section ‘State trends’ only includes state and territory governments, unless otherwise indicated. With the exception of local government projections, this report does not include any PBO projections. The PBO adjusts historical data and budget projections to improve comparability across jurisdictions and through time (as discussed in ‘Method’ below). The PBO does not otherwise adjust historical or budget data. The analysis uses the budget papers as published, so only current government policies at the time of the respective budgets are included.

Data sources

In general, the scope of this report is the general government sector. The exception is information provided on net capital investment including government businesses.

Data from 2002-03 to 2019-20 are sourced from the Australian Bureau of Statistics (ABS) *Government Finance Statistics, Annual* publication. Data for 2020-21 through to 2024-25 are sourced from the 2021-22 Commonwealth and state and territory Budgets, with release dates as shown in Table A1.

Historical net debt figures were provided to the PBO through the ABS special data service, consistent with the presentation in the ABS *Government Finance Statistics, Annual, 2016-17* publication. The ABS no longer publishes a single measure of net debt and has instead introduced a debt matrix presentation for public sector debt statistics, disaggregated by government sector and debt instrument. Under the matrix presentation, item code L2 is the closest comparable measure to government reporting of net debt in line with the Uniform Presentation Framework used in Commonwealth and State and Territory budget papers.¹

Table A1: Release dates of the 2021-22 Budgets

Jurisdiction	Date released
Commonwealth	11 May 2021
Australian Capital Territory	6 October 2021
New South Wales	22 June 2021
Northern Territory	4 May 2021
Queensland	15 June 2021
South Australia	22 June 2021
Tasmania	16 August 2021
Victoria	20 May 2021
Western Australia	9 September 2020

Source: 2021-22 state Budgets.

¹ The Uniform Presentation Framework sets out agreed approaches to a common core of financial information in budget papers, based on recognised accounting standards and can be found at <https://treasury.gov.au/publication/p2019-t365789>.

Method

Data are generally comparable across the historical and forward estimates periods, but there are differences in the budget treatment of items across jurisdictions.

Reported revenue and expenses for the Commonwealth and state governments include transfers between governments. For example, GST is collected by the Commonwealth Government, where it is counted as Commonwealth revenue, and then passed onto state governments, where it is counted as state government revenue. When consolidating the national aggregates, totals are adjusted to remove double accounting.

The projections of revenue and expenses for New South Wales and Western Australia have been adjusted by the PBO to improve comparability across periods. The budget estimates published by New South Wales and Western Australia exclude Commonwealth transfers that 'pass through' their state accounts and, as such, their reported revenue and expenses do not include these amounts (these mainly relate to payments to non-government schools and local governments which the Commonwealth makes through the states). In contrast, the ABS requires that the full 'grossed up' amount be reported. Revenue and expenses for New South Wales and Western Australia from 2020-21 onwards are adjusted using the estimates of these transfers in state and Commonwealth budget papers.

The projections of net debt for the Australian Capital Territory are adjusted by the PBO to be consistent with the Uniform Presentation Framework.

Charts comparing variables from the previous and current outlooks use the GDP projections underpinning their corresponding Commonwealth budget updates when calculating shares of GDP. For example, the net debt projections from the 2020-21 outlook are expressed as a share of the GDP projection in the 2020-21 outlook.

From 2020-21, aggregated local government data on revenue and expenses are projected by the PBO using historical trends, and net capital investments are projected in line with the projected GDP

Supplementary data tables

Data for the net operating balance, revenue, expenses, and net debt across the forward estimates period are provided below. Further data for this release, comprising data for all charts in the report as well as disaggregated state data, can be found in the PBO's [data portal](#).

Table A2: Net operating balance

Net operating balance		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
National	% of GDP	-5.3	-8.3	-4.9	-3.9	-2.6	-1.8	
	\$b	-105.6	-170.8	-105.6	-85.3	-58.4	-42.8	
Commonwealth	% of GDP	-4.5	-7.5	-4.3	-4.1	-3.1	-2.3	
	\$b	-89.1	-154.5	-92.7	-90.2	-70.2	-55.7	
State and territory	% of GDP	-1.3	-1.3	-1.2	-0.3	-0.1	0.0	
	\$b	-25.8	-27.4	-24.7	-7.4	-1.2	-0.7	
Change in net operating balance since 2020-21 National fiscal outlook								Total revisions (2020-21 to 2023-24)
National	% of GDP	-0.1	2.8	0.5	-0.2	-0.4	-	
	\$b	-2.5	51.2	4.9	-7.3	-9.7	-	39.1
Commonwealth	% of GDP	0.2	1.7	0.5	-0.3	-0.5	-	
	\$b	4.4	30.6	5.5	-9.3	-13.0	-	13.8
State and territory	% of GDP	-0.2	1.1	0.1	0.2	0.2	-	
	\$b	-4.7	21.6	0.6	3.3	4.8	-	30.3

Source: Australian Bureau of Statistics (ABS), Commonwealth and state budget papers and PBO analysis.

Table A3: Revenue

Revenue		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
National	% of GDP	33.9	34.6	33.4	33.2	33.8	33.8	
	\$b	674.2	712.3	712.3	722.7	770.3	810.4	
Commonwealth	% of GDP	24.6	24.5	23.3	23.2	23.9	24.1	
	\$b	487.7	504.9	496.6	505.1	544.5	578.0	
State and territory	% of GDP	13.8	14.9	15.0	15.1	14.8	14.4	
	\$b	274.3	306.2	319.4	327.7	338.1	345.3	
Change in revenue since 2020-21 National fiscal outlook								Total revisions (2020-21 to 2023-24)
National	% of GDP	-0.7	0.7	0.0	-0.5	-0.7	-	
	\$b	-13.6	33.4	33.4	11.7	8.1	-	86.6
Commonwealth	% of GDP	0.1	0.5	0.0	-0.3	-0.5	-	
	\$b	1.4	22.8	24.1	10.3	6.0	-	63.2
State and territory	% of GDP	-0.5	0.6	0.1	0.1	0.0	-	
	\$b	-10.1	19.6	17.9	12.0	10.4	-	59.9

Source: ABS, Commonwealth and state budget papers and PBO analysis.

Table A4: Expenses

Expenses		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
National	% of GDP	39.3	42.9	38.3	37.1	36.3	35.6	
	\$b	779.8	883.2	818.0	807.9	828.7	853.1	
Commonwealth	% of GDP	29.0	32.0	27.6	27.4	27.0	26.4	
	\$b	576.8	659.4	589.3	595.4	614.7	633.7	
State and territory	% of GDP	15.1	16.2	16.1	15.4	14.9	14.4	
	\$b	300.3	333.6	344.0	335.2	339.3	346.0	
Change in expenses since 2020-21 National fiscal outlook								Total revisions (2020-21 to 2023-24)
National	% of GDP	-0.6	-2.0	-0.5	-0.3	-0.3	-	
	\$b	-11.1	-17.8	28.5	19.1	17.8	-	47.6
Commonwealth	% of GDP	-0.2	-1.2	-0.5	0.1	0.0	-	
	\$b	-3.0	-7.9	18.6	19.6	19.0	-	49.3
State and territory	% of GDP	-0.3	-0.5	0.1	-0.1	-0.2	-	
	\$b	-5.1	-2.0	17.3	8.7	5.6	-	29.6

Source: ABS, Commonwealth and state budget papers and PBO analysis.

Table A5: Net debt

Net debt		2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
National	% of GDP	27.7	37.6	44.3	50.6	53.9	55.3
	\$b	550.3	773.8	946.0	1102.0	1229.8	1324.8
Commonwealth	% of GDP	23.9	30.0	34.2	38.4	40.4	40.9
	\$b	474.5	617.5	729.0	835.0	920.4	980.6
State and territory	% of GDP	4.8	8.6	11.2	13.3	14.6	15.4
	\$b	94.9	176.7	238.7	290.0	333.7	370.0
Change in net debt since 2020-21 National fiscal outlook							
National	% of GDP	-1.8	-6.1	-7.2	-5.6	-4.8	-
	\$b	-36.6	-103.1	-101.7	-84.5	-68.1	-
Commonwealth	% of GDP	-0.8	-4.5	-5.1	-3.6	-2.7	-
	\$b	-16.7	-74.4	-69.4	-49.3	-31.2	-
State and territory	% of GDP	-1.0	-1.7	-2.2	-2.1	-2.1	-
	\$b	-20.0	-29.0	-32.6	-35.5	-37.2	-

Source: ABS, Commonwealth and state budget papers and PBO analysis.