



SENATOR THE HON. MATHIAS CORMANN
Minister for Finance
Leader of the Government in the Senate

Friday, 23 February 2018

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
JANUARY 2018

KEY POINTS

- The underlying cash balance for the 2017-18 financial year to 31 January 2018 was a deficit of \$28,170 million.
- The fiscal balance for the 2017-18 financial year to 31 January 2018 was a deficit of \$24,979 million.

AGGREGATES	ACTUAL 2017-2018 January \$m	ACTUAL 2017-2018 YTD January \$m	MYEFO Profile 2017-2018 YTD January \$m	MYEFO ESTIMATE* 2017-2018 FULL YEAR \$m
Revenue	31,823	244,453	240,260	448,702
Expenses	40,333	269,148	272,266	466,937
Net operating balance	-8,510	-24,695	-32,006	-18,235
Net capital investment	477	284	-612	193
Fiscal balance	-8,986	-24,979	-31,394	-18,428
Receipts(a)	30,605	239,694	234,818	437,075
less Payments(b)	36,552	265,196	266,818	457,606
less Net Future Fund earnings	275	2,668	2,316	3,076
Underlying cash balance(c)	-6,222	-28,170	-34,316	-23,608
Headline cash balance	-8,261	-33,319	-39,884	-39,573
Total assets		514,760		537,962
Total liabilities		923,148		848,622
Net worth(d)		-408,388		-310,660
Net debt(e)		353,359		343,778

*As published in the 2017-18 MYEFO.

(a) Cash receipts for operating activities and sales of non-financial assets.

(b) Cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.

(c) Excludes net Future Fund earnings. Consistent with Budget documents, the net adjustment for the Future Fund is shown separately.

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

(e) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Care needs to be taken when comparing monthly or cumulative data across years and to full-year estimates, as revenues and expenses vary from month to month.

Comparators for the January 2018 monthly financial statements are based on the 2017-18 Mid-Year Economic and Fiscal Outlook published in December 2017.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 January 2018 was a deficit of \$28,170 million, which is \$6,146 million lower than the 2017-18 MYEFO profile deficit of \$34,316 million.

- **Receipts**

Total receipts were \$4,876 million higher than the 2017-18 MYEFO profile.

- **Payments**

Total payments were \$1,622 million lower than the 2017-18 MYEFO profile.

Net Operating Balance

The net operating balance for the year to 31 January 2018 was a deficit of \$24,695 million, which is \$7,311 million lower than the 2017-18 MYEFO profile deficit of \$32,006 million. The difference primarily results from higher than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 31 January 2018 was a deficit of \$24,979 million, which is \$6,415 million lower than the 2017-18 MYEFO profile deficit of \$31,394 million. As with the net operating balance, the difference primarily results from higher than expected revenue and lower expenses.

Assets and Liabilities

As at 31 January 2018:

- net worth is negative \$408,388 million;
- net debt is \$353,359 million; and
- net financial liabilities are \$600,929 million.

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Australian Government general government sector operating statement

	Note	ACTUAL 2017-2018 January \$m	ACTUAL 2017-2018 YTD January \$m	MYEFO Profile 2017-2018 YTD January \$m	MYEFO ESTIMATE* 2017-2018 FULL YEAR \$m
Revenue					
Taxation revenue	1,2	29,845	228,994	225,473	421,508
Sales of goods and services		787	5,540	5,736	10,491
Interest income		304	2,145	1,877	3,580
Dividend income		199	2,361	1,950	3,112
Other		689	5,413	5,224	10,012
Total revenue		31,823	244,453	240,260	448,702
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,476	11,087	11,455	20,083
Superannuation		1,057	4,393	4,173	7,748
Depreciation and amortisation		655	4,939	5,564	9,507
Supply of goods and services		6,219	56,809	58,019	104,308
Other operating expenses(a)		494	3,703	3,361	5,832
<i>Total gross operating expenses</i>		<i>9,901</i>	<i>80,930</i>	<i>82,571</i>	<i>147,478</i>
Superannuation interest expense		798	5,790	5,608	9,240
Interest expenses		1,538	10,337	10,359	18,027
Current transfers					
Current grants		15,487	84,022	84,848	140,142
Subsidy expenses		946	6,784	6,779	11,869
Personal benefits		10,038	76,431	76,758	128,483
<i>Total current transfers</i>		<i>26,471</i>	<i>167,237</i>	<i>168,385</i>	<i>280,495</i>
Capital transfers					
Mutually agreed write-downs		101	1,484	1,441	1,913
Other capital grants		1,524	3,369	3,902	9,784
<i>Total capital transfers</i>		<i>1,625</i>	<i>4,853</i>	<i>5,343</i>	<i>11,697</i>
Total expenses	3	40,333	269,148	272,266	466,937
Net operating balance		-8,510	-24,695	-32,006	-18,235
Other economic flows					
- included in operating result					
Net write-downs of assets (including bad and doubtful debts)		-152	-3,844	-4,307	-7,852
Assets recognised for the first time		-23	121	119	204
Actuarial revaluations		23	27	5	8
Net foreign exchange gains		871	1,402	0	-64
Net swap interest received		24	182	204	250
Market valuation of debt		4,055	6,059	-2,260	-1,303
Other gains/(losses)		3,057	2,793	2,359	7,443
Total other economic flows - included in operating result		7,855	6,739	-3,881	-1,314
Operating Result (b)		-654	-17,956	-35,886	-19,549
Non-owner movements in equity					
Revaluation of equity investments(c)		269	-125	-2,055	-6,231
Actuarial revaluations		0	0	38	-2,274
Other economic revaluations(d)		1,625	813	9	-302
Total other economic flows - included in equity		1,894	687	-2,008	-8,807
Comprehensive result - Total change in net worth		1,240	-17,268	-37,894	-28,355
Net operating balance		-8,510	-24,695	-32,006	-18,235
Net acquisition of non-financial assets					
Purchases of non-financial assets		1,063	7,179	6,440	12,993
less Sales of non-financial assets		85	1,936	1,582	3,699
less Depreciation		655	4,939	5,564	9,507
plus Change in inventories		106	-57	114	405
plus Other movements in non-financial assets		47	37	-20	1
Total net acquisition of non-financial assets		477	284	-612	193
Fiscal balance (Net lending/borrowing)(e)		-8,986	-24,979	-31,394	-18,428

*As published in the 2017-18 MYEFO.

(a) Consistent with Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Operating result under Australian Accounting Standards.

(c) Reflects changes in the market valuation of investments and any revaluations at the point of disposal or sale.

(d) Largely reflects other revaluation of assets and liabilities.

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

Australian Government general government sector balance sheet

	ACTUAL as at 31 January 2018 \$m	MYEFO ESTIMATE* as at 30 June 2018 \$m
Assets		
Financial assets		
Cash and deposits	7,396	4,400
Advances paid	50,048	63,049
Investments, loans and placements	159,279	186,430
Other receivables	53,290	53,945
Equity investments		
Investments in other public sector entities	52,102	46,725
Equity accounted investments	79	200
Investments - shares	52,128	42,546
<i>Total financial assets</i>	374,322	397,295
Non-financial assets		
Land	11,029	10,882
Buildings	25,399	26,280
Plant, equipment and infrastructure	75,891	74,670
Inventories	8,367	8,538
Intangibles	7,573	8,381
Investment property	159	113
Biological assets	48	54
Heritage and cultural assets	11,678	11,601
Assets held for sale	196	86
Other non-financial assets	97	61
<i>Total non-financial assets</i>	140,438	140,666
Total assets	514,760	537,962
Liabilities		
Interest bearing liabilities		
Deposits held	214	218
Government securities	552,474	580,340
Loans	15,716	15,518
Other borrowing	1,678	1,582
<i>Total interest bearing liabilities</i>	570,082	597,658
Provisions and payables		
Superannuation liability(a)	284,553	181,257
Other employee liabilities	18,488	18,600
Suppliers payables	5,404	8,015
Personal benefits payables	3,020	2,993
Subsidies payables	342	554
Grants payables	2,942	3,350
Other payables	4,305	2,183
Provisions	34,012	34,012
<i>Total provisions and payables</i>	353,066	250,964
Total liabilities	923,148	848,622
Net worth(b)	-408,388	-310,660
<i>Net financial worth(c)</i>	<i>-548,826</i>	<i>-451,326</i>
<i>Net financial liabilities(d)</i>	<i>600,929</i>	<i>498,052</i>
<i>Net debt(e)</i>	<i>353,359</i>	<i>343,778</i>

*As published in the 2017-18 MYEFO.

(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long Term Cost Reports is used to value the superannuation liability. This reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with Australian Accounting Standards, the long-term government bond rate as at 30 June, that best matches each individual scheme's liability duration, is used to calculate the superannuation liability for the purpose of actuals reporting.

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

(c) Net financial worth equals total financial assets minus total liabilities.

(d) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(e) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Australian Government general government sector cash flow statement^(a)

	ACTUAL 2017-2018 January \$m	ACTUAL 2017-2018 YTD January \$m	MYEFO Profile 2017-2018 YTD January \$m	MYEFO ESTIMATE* 2017-2018 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	26,819	221,174	217,735	409,350
Receipts from sales of goods and services	1,130	5,759	6,130	10,609
Interest receipts	235	2,104	1,743	3,249
Dividends and income tax equivalents	247	3,515	3,187	4,174
Other receipts	645	5,474	5,328	8,305
Total operating receipts	29,076	238,026	234,123	435,686
Cash payments for operating activities				
Payments for employees	-2,243	-15,477	-15,983	-28,917
Payments for goods and services	-6,403	-57,746	-57,345	-101,030
Grants and subsidies paid	-17,370	-95,119	-96,326	-162,144
Interest paid	-734	-8,945	-9,107	-16,623
Personal benefit payments	-8,756	-77,542	-78,119	-130,231
Other payments	-446	-3,995	-3,434	-5,498
Total operating payments	-35,952	-258,824	-260,314	-444,443
Net cash flows from operating activities	-6,876	-20,798	-26,191	-8,757
Cash flows from investments in non-financial assets				
Sales of non-financial assets	1,529	1,668	695	1,389
Purchases of non-financial assets	-600	-6,281	-6,504	-13,163
Net cash flows from investments in non-financial assets	929	-4,613	-5,809	-11,774
Net cash flows from investments in financial assets for policy purposes	-2,314	-7,817	-7,884	-19,042
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	13,076	25,632	36,882	8,165
Net cash flows from investments in financial assets for liquidity purposes	13,076	25,632	36,882	8,165
Cash flows from financing activities				
Borrowing (net)	-4,001	11,709	10,474	33,746
Other financing (net)	-333	-1,823	-1,408	-3,076
Net cash flows from financing activities	-4,334	9,886	9,066	30,669
Net increase/(decrease) in cash held	481	2,290	6,064	-739
GFS cash surplus(+)/deficit-(b)(c)	-5,947	-25,411	-32,000	-20,531
<i>less</i> Finance leases and similar arrangements(d)	0	91	0	0
<i>less</i> Net Future Fund earnings	275	2,668	2,316	3,076
Equals underlying cash balance(e)	-6,222	-28,170	-34,316	-23,608
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-2,314	-7,817	-7,884	-19,042
<i>plus</i> Net Future Fund earnings	275	2,668	2,316	3,076
Equals headline cash balance	-8,261	-33,319	-39,884	-39,573

*As published in the 2017-18 MYEFO.

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

(b) Due to the implementation of the 2015 ABS GFS Manual in the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.

(c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(d) The acquisition of assets under finance leases worsens the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

(e) The term underlying cash balance is not used by the Australian Bureau of Statistics.

Note 1: Income Tax

	ACTUAL 2017-2018 January \$m	ACTUAL 2017-2018 YTD January \$m	MYEFO Profile 2017-2018 YTD January \$m	MYEFO ESTIMATE* 2017-2018 FULL YEAR \$m
Individuals and other withholding taxes				
Gross income tax withholding	13,871	109,697	109,183	190,600
Gross other individuals	1,724	20,919	20,568	47,800
less Refunds	1,202	23,105	23,250	29,200
Total individuals and other withholding taxation	14,393	107,511	106,501	209,200
Fringe benefits tax	786	2,708	2,629	4,080
Company tax	7,052	47,041	45,996	83,800
Superannuation fund taxes	50	7,780	7,575	10,570
Petroleum resource rent tax	240	839	809	1,030
Total income taxation revenue	22,521	165,880	163,510	308,680

*As published in the 2017-18 MYEFO.

Note 2: Indirect Tax

	ACTUAL 2017-2018 January \$m	ACTUAL 2017-2018 YTD January \$m	MYEFO Profile 2017-2018 YTD January \$m	MYEFO ESTIMATE* 2017-2018 FULL YEAR \$m
Goods and services tax	3,355	36,400	35,573	65,560
Wine equalisation tax	83	518	525	920
Luxury car tax	57	440	401	680
Excise duty	1,940	13,444	13,400	22,350
Customs duty	1,320	8,203	8,054	14,800
Other indirect tax	569	4,109	4,010	8,518
Total indirect taxation revenue	7,324	63,114	61,963	112,828

*As published in the 2017-18 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2017-2018 January \$m	ACTUAL 2017-2018 YTD January \$m	MYEFO ESTIMATE* 2017-2018 FULL YEAR \$m
Expenses by function			
General public services	2,983	13,905	24,371
Defence	1,748	16,145	31,022
Public order and safety	663	3,094	5,249
Education	7,716	23,877	33,793
Health	5,755	43,645	75,942
Social security and welfare	11,125	94,752	163,953
Housing and community amenities	503	2,592	5,383
Recreation and culture	69	1,797	3,731
Fuel and energy	609	4,004	7,393
Agriculture, forestry and fishing	258	1,341	3,027
Mining, manufacturing and construction	238	2,007	3,557
Transport and communication	405	3,295	9,389
Other economic affairs	726	5,697	10,106
Other purposes			
Public debt interest	1,455	9,886	16,959
Nominal superannuation interest	798	5,790	9,240
General purpose inter-government transactions □	5,281	37,321	64,347
Natural disaster relief	0	0	12
Contingency reserve	0	0	-538
Total expenses	40,333	269,148	466,937

*As published in the 2017-18 MYEFO.

NOTES:

Australian Accounting Standard 1049

The Australian Government monthly financial statements have been prepared on a basis consistent with the Budget as required under section 47 of the *Public Governance, Performance and Accountability Act 2013*. The statements are prepared in accordance with the Australian Accounting Standards Board 1049 – *Whole of Government and General Government Sector Financial Reporting* (AASB 1049), which require treatment based on the Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) except where Australian Accounting Standards (AAS) provide a better conceptual treatment for specific items. Departures are limited to complying with either ABS GFS or AAS.

Taxation revenue

While total tax collections are known with certainty at the end of each month, the distribution across the relevant heads of revenue cannot be finalised until all business activity statements are received and processed. The outcomes for some revenue items provided in this statement are therefore estimates, in accordance with the best judgement of the Commissioner of Taxation, and subject to revision. The taxation revenue items not affected are: petroleum resource rent tax, excise duty, customs duty, other taxes and individuals refunds.

Style conventions

Figures in tables and generally in the text have been rounded. Discrepancies in tables between totals and sums of components are due to rounding.

International Monetary Fund Special Data Dissemination Standards

The Government is committed to releasing the monthly financial statements in a timely fashion and will endeavour to do so in accordance with International Monetary Fund (IMF) Special Data Dissemination Standards (SDDS). Under these standards the timeframe for releasing the monthly financial statements is by the end of the following month. Australia applies a special flexibility option which allows it to publish late the last and first month of a financial year.

In accordance with the IMF SDDS, the approximate date of release of the data on debt guaranteed by the Australian Government (central government), is given on the IMF's Data Dissemination Advance Release Calendar <http://dsbb.imf.org>. Monthly and quarterly data on debt guaranteed by the Australian Government (central government) that meet the coverage and timeliness requirements of the SDDS are published on the Australian Office of Financial Management website at <http://aofm.gov.au/cgs-quarterly/>.

Electronic access to monthly financial statements

The Australian Government general government sector monthly financial statements and the historical series are available in electronic format at:

<http://data.gov.au/dataset/australian-government-general-government-sector-monthly-financial-statements-tables-and-data>.