



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

Wednesday, 27 June 2018

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
May 2018

KEY POINTS

- The underlying cash balance for the 2017-18 financial year to 31 May 2018 was a deficit of \$10,016 million.
- The fiscal balance for the 2017-18 financial year to 31 May 2018 was a surplus of \$1,128 million.

AGGREGATES	ACTUAL 2017-2018 May \$m	ACTUAL 2017-2018 YTD May \$m	Revised Budget Profile 2017-2018 YTD May \$m	Revised Budget ESTIMATE* 2017-2018 FULL YEAR \$m
Revenue	49,256	418,751	414,757	456,176
Expenses	38,839	416,899	420,205	468,788
Net operating balance	10,417	1,852	-5,449	-12,612
Net capital investment	976	724	408	748
Fiscal balance	9,442	1,128	-5,856	-13,360
Receipts(a)	45,595	404,212	401,012	445,146
less Payments(b)	40,289	410,295	412,999	459,881
less Net Future Fund earnings	392	3,933	3,791	3,503
Underlying cash balance(c)	4,914	-10,016	-15,778	-18,238
Headline cash balance	3,857	-19,008	-25,250	-37,108
Total assets		559,446		547,295
Total liabilities		945,063		872,527
Net worth(d)		-385,617		-325,232
Net debt(e)		336,554		341,003

*As published in the 2018-19 Budget.

(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 revenue and expenses vary from month to month.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 May 2018 was a deficit of \$10,016 million, which is \$5,762 million lower than the 2017-18 Revised Budget profile deficit of \$15,778 million.

- **Receipts**

Total receipts were \$3,200 million higher than the 2017-18 Revised Budget profile.

- **Payments**

Total payments were \$2,704 million lower than the 2017-18 Revised Budget profile.

Net Operating Balance

The net operating balance for the year to 31 May 2018 was a surplus of \$1,852 million, which is \$7,301 million better than the 2017-18 Revised Budget profile deficit of \$5,449 million. The difference primarily results from higher than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 31 May 2018 was a surplus of \$1,128 million, which is \$6,984 million better than the 2017-18 Revised Budget profile deficit of \$5,856 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 May 2018:

- net worth is negative \$385,617 million;
- net debt is \$336,554 million; and
- net financial liabilities are \$581,858 million.

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Australian Government general government sector operating statement

		ACTUAL 2017-2018 May \$m	ACTUAL 2017-2018 YTD May \$m	Revised Budget Profile 2017-2018 YTD May \$m	Revised Budget ESTIMATE* 2017-2018 FULL YEAR \$m
Note					
Revenue					
Taxation revenue	1,2	46,142	393,364	390,190	428,469
Sales of goods and services		1,165	9,200	9,020	10,095
Interest income		343	3,242	3,253	3,663
Dividend income		497	3,784	3,438	3,797
Other		1,108	9,161	8,855	10,152
Total revenue		49,256	418,751	414,757	456,176
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,729	17,674	17,984	20,019
Superannuation		500	7,060	7,225	7,825
Depreciation and amortisation		638	7,746	7,970	8,861
Supply of goods and services		9,636	91,512	93,318	104,027
Other operating expenses(a)		667	6,033	5,718	6,122
<i>Total gross operating expenses</i>		<i>13,171</i>	<i>130,024</i>	<i>132,215</i>	<i>146,854</i>
Superannuation interest expense		827	9,099	9,099	9,241
Interest expenses		1,486	16,243	16,374	17,931
Current transfers					
Current grants		10,691	125,073	125,690	141,923
Subsidy expenses		960	10,747	10,727	11,719
Personal benefits		10,482	117,433	118,396	128,525
<i>Total current transfers</i>		<i>22,133</i>	<i>253,253</i>	<i>254,813</i>	<i>282,167</i>
Capital transfers					
Mutually agreed write-downs		51	1,877	1,943	2,013
Other capital grants		1,171	6,403	5,761	10,581
<i>Total capital transfers</i>		<i>1,222</i>	<i>8,280</i>	<i>7,704</i>	<i>12,594</i>
Total expenses	3	38,839	416,899	420,205	468,788
Net operating balance		10,417	1,852	-5,449	-12,612
Other economic flows					
- included in operating result					
Net write-downs of assets (including bad and doubtful debts)		-702	-7,466	-8,483	-8,907
Assets recognised for the first time		-149	23	185	198
Actuarial revaluations		0	0	123	135
Net foreign exchange gains		270	-605	0	-336
Net swap interest received		-121	115	236	247
Market valuation of debt		-2,829	1,948	8,039	8,137
Other gains/(losses)		-249	6,793	14,707	9,756
Total other economic flows - included in operating result		-3,779	809	14,807	9,230
Operating Result (b)		6,638	2,661	9,359	-3,383
Non-owner movements in equity					
Revaluation of equity investments(c)		69	-115	575	-2,043
Actuarial revaluations		0	0	0	755
Other economic revaluations(d)		1,734	3,426	907	-302
Total other economic flows - included in equity		1,803	3,311	1,482	-1,590
Comprehensive result - Total change in net worth		8,441	5,972	10,841	-4,973
Net operating balance		10,417	1,852	-5,449	-12,612
Net acquisition of non-financial assets					
Purchases of non-financial assets		1,530	11,223	11,054	13,199
less Sales of non-financial assets		5	3,015	2,785	3,658
less Depreciation		638	7,746	7,970	8,861
plus Change in inventories		99	235	83	65
plus Other movements in non-financial assets		-11	27	25	1
Total net acquisition of non-financial assets		976	724	408	748
Fiscal balance (Net lending/borrowing)(e)		9,442	1,128	-5,856	-13,360

*As published in the 2018-19 Budget.

(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 May 2018 \$m	Revised Budget ESTIMATE* as at 30 June 2018 \$m
Assets		
Financial assets		
Cash and deposits	6,288	5,363
Advances paid	55,081	60,228
Investments, loans and placements	190,852	180,232
Other receivables	58,121	52,870
Equity investments		
Investments in other public sector entities	52,211	56,636
Equity accounted investments	83	185
Investments - shares	52,781	50,713
<i>Total financial assets</i>	415,416	406,226
Non-financial assets		
Land	11,332	10,708
Buildings	25,860	26,091
Plant, equipment and infrastructure	78,346	75,460
Inventories	8,641	8,204
Intangibles	7,728	8,577
Investment property	159	159
Biological assets	44	54
Heritage and cultural assets	11,598	11,669
Assets held for sale	234	86
Other non-financial assets	87	61
<i>Total non-financial assets</i>	144,030	141,069
Total assets	559,446	547,295
Liabilities		
Interest bearing liabilities		
Deposits held	215	218
Government securities	570,672	568,924
Loans	16,223	16,095
Other borrowing	1,664	1,588
<i>Total interest bearing liabilities</i>	588,775	586,825
Provisions and payables		
Superannuation liability(a)	287,655	216,287
Other employee liabilities	18,593	18,533
Suppliers payables	8,057	8,138
Personal benefits payables	2,519	2,952
Subsidies payables	467	548
Grants payables	2,606	3,312
Other payables	2,285	2,279
Provisions	34,106	33,652
<i>Total provisions and payables</i>	356,288	285,701
Total liabilities	945,063	872,527
Net worth(b)	-385,617	-325,232
<i>Net financial worth(c)</i>	-529,647	-466,301
<i>Net financial liabilities(d)</i>	581,858	522,937
<i>Net debt(e)</i>	336,554	341,003

*As published in the 2018-19 Budget.

(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 May \$m	ACTUAL 2017-2018 YTD May \$m	Revised Budget Profile 2017-2018 YTD May \$m	Revised Budget ESTIMATE* 2017-2018 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	43,012	377,885	375,282	416,354
Receipts from sales of goods and services	1,005	9,083	9,049	10,283
Interest receipts	289	2,947	2,969	3,458
Dividends and income tax equivalents	422	4,848	4,631	4,565
Other receipts	864	8,217	7,799	9,138
Total operating receipts	45,592	402,980	399,730	443,798
Cash payments for operating activities				
Payments for employees	-2,920	-25,661	-25,733	-28,843
Payments for goods and services	-9,328	-90,310	-90,966	-100,530
Grants and subsidies paid	-12,832	-142,957	-143,215	-164,524
Interest paid	-2,151	-16,046	-16,028	-16,586
Personal benefit payments	-11,384	-119,009	-119,927	-129,461
Other payments	-518	-5,938	-5,558	-5,840
Total operating payments	-39,133	-399,921	-401,427	-445,783
Net cash flows from operating activities	6,459	3,059	-1,697	-1,985
Cash flows from investments in non-financial assets				
Sales of non-financial assets	3	1,232	1,282	1,348
Purchases of non-financial assets	-1,157	-10,284	-11,527	-14,098
Net cash flows from investments in non-financial assets	-1,154	-9,052	-10,245	-12,751
Net cash flows from investments in financial assets for policy purposes	-1,449	-12,925	-13,263	-22,373
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-10,651	-4,958	323	8,636
Net cash flows from investments in financial assets for liquidity purposes	-10,651	-4,958	323	8,636
Cash flows from financing activities				
Borrowing (net)	6,027	28,212	26,915	31,639
Other financing (net)	-480	-3,176	-3,041	-2,943
Net cash flows from financing activities	5,547	25,036	23,874	28,696
Net increase/(decrease) in cash held	-1,248	1,160	-1,008	224
GFS cash surplus(+)/deficit(-)(b)(c)	5,305	-5,993	-11,942	-14,735
<i>less</i> Finance leases and similar arrangements(d)	-1	90	45	0
<i>less</i> Net Future Fund earnings	392	3,933	3,791	3,503
Equals underlying cash balance(e)	4,914	-10,016	-15,778	-18,238
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,449	-12,925	-13,263	-22,373
<i>plus</i> Net Future Fund earnings	392	3,933	3,791	3,503
Equals headline cash balance	3,857	-19,008	-25,250	-37,108

*As published in the 2018-19 Budget.

(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 May \$m	ACTUAL 2017-2018 YTD May \$m	Revised Budget Profile 2017-2018 YTD May \$m	Revised Budget ESTIMATE* 2017-2018 FULL YEAR \$m
Individuals and other withholding taxes				
Gross income tax withholding	18,349	178,501	177,492	192,800
Gross other individuals	7,742	43,623	42,447	46,800
less Refunds	1,718	28,071	28,057	29,100
Total individuals and other withholding taxation	24,373	194,052	191,882	210,500
Fringe benefits tax	233	4,074	4,106	4,140
Company tax	10,000	77,587	76,521	86,700
Superannuation fund taxes	585	10,511	10,558	11,060
Petroleum resource rent tax	72	1,152	1,088	1,170
Total income taxation revenue	35,263	287,377	284,155	313,570

*As published in the 2018-19 Budget.

Note 2: Indirect Tax

	ACTUAL 2017-2018 May \$m	ACTUAL 2017-2018 YTD May \$m	Revised Budget Profile 2017-2018 YTD May \$m	Revised Budget ESTIMATE* 2017-2018 FULL YEAR \$m
Goods and services tax	6,380	62,033	62,440	66,700
Wine equalisation tax	83	811	828	930
Luxury car tax	60	672	676	730
Excise duty	1,809	20,954	20,735	22,510
Customs duty	1,543	13,824	13,805	15,330
Other indirect tax	1,004	7,692	7,549	8,699
Total indirect taxation revenue	10,879	105,987	106,035	114,899

*As published in the 2018-19 Budget.

Note 3: Total expenses by function

	ACTUAL 2017-2018 May \$m	ACTUAL 2017-2018 YTD May \$m	Revised Budget ESTIMATE* 2017-2018 FULL YEAR \$m
Expenses by function			
General public services	1,972	21,820	24,975
Defence	2,828	26,609	30,982
Public order and safety	476	4,740	5,251
Education	1,803	31,114	33,746
Health	6,699	68,358	77,603
Social security and welfare	13,104	146,123	162,621
Housing and community amenities	346	4,019	5,435
Recreation and culture	233	2,663	3,793
Fuel and energy	791	6,631	7,515
Agriculture, forestry and fishing	303	2,165	3,019
Mining, manufacturing and construction	43	2,816	2,979
Transport and communication	1,072	6,703	9,252
Other economic affairs	765	8,915	10,212
Other purposes			
Public debt interest	1,484	15,596	17,047
Nominal superannuation interest	827	9,099	9,241
General purpose inter-government transactions	6,090	59,526	66,925
Natural disaster relief	0	0	109
Contingency reserve	0	0	-1,916
Total expenses	38,839	416,899	468,788

*As published in the 2018-19 Budget.

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>.