



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

MEDIA RELEASE

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AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
MAY 2017

KEY POINTS

- The underlying cash balance for the 2016-17 financial year to 31 May 2017 was a deficit of \$30,427 million.
- The fiscal balance for the 2016-17 financial year to 31 May 2017 was a deficit of \$23,901 million.

AGGREGATES	ACTUAL 2016-2017 May \$m	ACTUAL 2016-2017 YTD May \$m	Revised Budget Profile^ 2016-2017 YTD May \$m	Revised Budget ESTIMATE* 2016-2017 Full Year \$m
Revenue	43,640	382,937	376,447	412,091
Expenses	37,475	405,329	408,179	450,757
Net operating balance	6,165	-22,392	-31,732	-38,666
Net capital investment	29	1,509	174	2,047
Fiscal balance	6,136	-23,901	-31,905	-40,713
Receipts(a)	42,726	369,835	363,493	405,724
less Payments(b)	36,792	396,843	399,182	440,540
less Net Future Fund earnings	283	3,419	2,765	2,784
Underlying cash balance(c)	5,651	-30,427	-38,454	-37,600
Headline cash balance	4,249	-39,912	-50,803	-51,061
Total assets		532,754		517,500
Total liabilities		958,688		809,194
Net worth(d)		-425,934		-291,695
Net debt(e)		323,363		325,091

*As published in the 2017-18 Budget.

^Based on the previous profile, adjusted for significant changes in the 2017-18 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 revenues and expenses vary from month to month.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 May 2017 was a deficit of \$30,427 million, which is \$8,028 million lower than the Revised Budget profile deficit of \$38,454 million.

- **Receipts**

Total receipts were \$6,342 million higher than the Revised Budget profile. This reflects higher than expected tax receipts of \$3,969 million, partly from early tax receipts that were expected in June.

- **Payments**

Total payments were \$2,339 million lower than the Revised Budget profile.

Fiscal Balance

The fiscal balance for the year to 31 May 2017 was a deficit of \$23,901 million, which is \$8,004 million lower than the Revised Budget profile deficit of \$31,905 million. The difference results from higher than expected revenue and lower than expected expenses.

Net Operating Balance

The net operating balance for the year to 31 May 2017 was a deficit of \$22,392 million, which is \$9,339 million lower than the Revised Budget profile deficit of \$31,732 million. As with the fiscal balance, the difference results from higher than expected revenue and lower than expected expenses.

Assets and Liabilities

As at 31 May 2017:

- Net worth is negative \$425,934 million;
- Net debt is \$323,363 million; and
- Net financial liabilities are \$616,921 million.

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Australian Government general government sector operating statement

		ACTUAL 2016-2017 May \$m	ACTUAL 2016-2017 YTD May \$m	Revised Budget Profile [^] 2016-2017 YTD May \$m	Revised Budget ESTIMATE [*] 2016-2017 Full Year \$m
Note					
Revenue					
	Taxation revenue	41,220	358,455	354,393	386,172
	Sales of goods and services	913	7,991	7,834	8,894
	Interest income	362	3,370	3,344	3,753
	Dividend income	400	3,179	2,490	3,653
	Other	746	9,942	8,386	9,618
	Total revenue	43,640	382,937	376,447	412,091
Expenses					
	Gross operating expenses				
	Wages and salaries(a)	1,670	17,507	17,980	19,926
	Superannuation	899	9,123	8,966	9,702
	Depreciation and amortisation	715	7,767	8,143	9,547
	Supply of goods and services	9,970	81,794	82,322	91,334
	Other operating expenses(a)	488	5,247	5,118	5,686
	<i>Total gross operating expenses</i>	<i>13,743</i>	<i>121,437</i>	<i>122,529</i>	<i>136,195</i>
	Superannuation interest expense	746	8,210	8,069	8,446
	Interest expenses	1,497	15,673	15,647	17,582
	Current transfers				
	Current grants	8,598	121,630	121,369	134,064
	Subsidy expenses	1,123	12,020	12,051	12,663
	Personal benefits	11,039	119,522	119,999	129,941
	<i>Total current transfers</i>	<i>20,760</i>	<i>253,173</i>	<i>253,419</i>	<i>276,668</i>
	Capital transfers				
	Mutually agreed write-downs	127	1,158	1,254	1,389
	Other capital grants	602	5,678	7,261	10,478
	<i>Total capital transfers</i>	<i>729</i>	<i>6,836</i>	<i>8,515</i>	<i>11,867</i>
	Total expenses	37,475	405,329	408,179	450,757
	Net operating balance	6,165	-22,392	-31,732	-38,666
Other economic flows					
- included in operating result					
	Net write-downs of assets (including bad and doubtful debts)	-142	-9,234	-9,807	-9,013
	Assets recognised for the first time	-87	162	305	315
	Liabilities recognised for the first time	0	0	0	0
	Actuarial revaluations	0	0	0	373
	Net foreign exchange gains	-209	1,065	1	157
	Net swap interest received	-38	96	25	25
	Market valuation of debt	-5,470	11,829	19,449	19,594
	Other gains/(losses)	2,059	6,478	4,231	6,989
	Total other economic flows	-3,888	10,396	14,204	18,440
	- included in operating result	-3,888	10,396	14,204	18,440
	Operating result (b)	2,277	-11,996	-17,528	-20,226
Non-owner movements in equity					
	Revaluation of equity investments(c)	-15	-22	0	-7,075
	Actuarial revaluations	0	0	1	-138
	Other economic revaluations(d)	-6,340	4,650	12,206	-5,354
	Total other economic flows - included in equity	-6,355	4,627	12,207	0
	Comprehensive result - Total change in net worth	-4,078	-7,369	-5,321	-12,567
	Net operating balance	6,165	-22,392	-31,732	-38,666
Net acquisition of non-financial assets					
	Purchases of non-financial assets	1,262	9,773	8,859	12,181
	less Sales of non-financial assets	509	717	657	790
	less Depreciation	715	7,767	8,143	9,547
	plus Change in inventories	-3	154	87	205
	plus Other movements in non-financial assets	-6	66	28	-2
	Total net acquisition of non-financial assets	29	1,509	174	2,047
	Fiscal balance (Net lending/borrowing)(e)	6,136	-23,901	-31,905	-40,713

^{*}As published in the 2017-18 Budget.

[^]Based on the previous profile, adjusted for significant changes in the 2017-18 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 2017 \$m	Revised Budget ESTIMATE* as at 30 June 2017 \$m
Assets		
Financial assets		
Cash and deposits	4,242	3,408
Advances paid(a)	48,782	54,073
Investments, loans and placements	189,901	181,854
Other receivables	56,783	49,736
Equity investments(a)		
Investments in other public sector entities	55,878	48,126
Equity accounted investments	294	366
Investments - shares	41,765	43,440
<i>Total financial assets</i>	<i>397,645</i>	<i>381,003</i>
Non-financial assets		
Land	10,497	10,296
Buildings	25,488	25,795
Plant, equipment and infrastructure	71,269	72,022
Inventories	8,490	8,482
Intangibles	7,340	7,912
Investment property	81	164
Biological assets	40	49
Heritage and cultural assets	11,521	11,439
Assets held for sale	214	227
Other non-financial assets	168	111
<i>Total non-financial assets</i>	<i>135,109</i>	<i>136,497</i>
Total assets	532,754	517,500
Liabilities		
Interest bearing liabilities		
Deposits held	249	217
Government securities	548,267	546,915
Loans	16,128	15,685
Other borrowing	1,645	1,609
<i>Total interest bearing liabilities</i>	<i>566,289</i>	<i>564,426</i>
Provisions and payables		
Superannuation liability(b)	324,068	174,989
Other employee liabilities	18,782	18,180
Suppliers payable	3,973	5,659
Personal benefits provisions and payable	13,808	13,189
Subsidies provisions and payable	507	451
Grants provisions and payable	10,757	11,537
Other provisions and payables	20,505	20,763
<i>Total provisions and payables</i>	<i>392,399</i>	<i>244,768</i>
Total liabilities	958,688	809,194
Net worth(c)	-425,934	-291,695
<i>Net financial worth(d)</i>	<i>-561,043</i>	<i>-428,191</i>
<i>Net financial liabilities(e)</i>	<i>616,921</i>	<i>476,317</i>
<i>Net debt(f)</i>	<i>323,363</i>	<i>325,091</i>

*As published in the 2017-18 Budget.

(a) Due to the implementation of the 2015 ABS GFS Manual in the 2017-18 Budget, Australia's subscriptions to the International Development Association and Asian Development Fund have been reclassified from 'advances paid' to 'equity investments' in the balance sheet. The implementation of the 2015 ABS GFS Manual also resulted in these subscriptions being recognised at fair value rather than nominal value.

(b) 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 is used to calculate the superannuation liability for the purpose of actuals reporting.

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

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

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

(f) 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 2016-2017 May \$m	ACTUAL 2016-2017 YTD May \$m	Revised Budget Profile^ 2016-2017 YTD May \$m	Revised Budget ESTIMATE* 2016-2017 Full Year \$m
Cash receipts from operating activities				
Taxes received	40,096	343,646	339,677	377,201
Receipts from sales of goods and services	830	7,710	7,597	8,786
Interest receipts	277	2,747	2,620	3,003
Dividends and income tax equivalents	330	6,418	5,780	5,820
Other receipts	684	8,617	7,193	8,695
Total operating receipts	42,217	369,139	362,867	403,505
Cash payments for operating activities				
Payments for employees	-2,371	-24,540	-24,930	-27,918
Payments for goods and services	-9,264	-81,744	-82,434	-90,127
Grants and subsidies paid	-11,077	-139,892	-141,126	-157,615
Interest paid	-1,456	-14,926	-14,909	-15,251
Personal benefit payments	-11,179	-121,202	-121,486	-132,186
Other payments	-466	-5,622	-5,008	-5,464
Total operating payments	-35,812	-387,926	-389,894	-428,560
Net cash flows from operating activities	6,405	-18,787	-27,026	-25,055
Cash flows from investments in non-financial assets				
Sales of non-financial assets	509	695	626	2,219
Purchases of non-financial assets	-974	-8,901	-9,286	-11,979
Net cash flows from investments in non-financial assets	-465	-8,206	-8,660	-9,760
Net cash flows from investments in financial assets for policy purposes	-1,686	-12,904	-15,114	-16,246
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-13,664	-35,772	-13,507	-30,734
Net cash flows from investments in financial assets for liquidity purposes	-13,664	-35,772	-13,507	-30,734
Cash flows from financing activities				
Borrowing (net)	7,946	79,424	76,562	84,770
Other financing (net)	-358	-3,150	-3,182	-3,205
Net cash flows from financing activities	7,587	76,274	73,380	81,565
Net increase/(decrease) in cash held	-1,822	604	9,073	-230
GFS cash surplus(+)/deficit-(b)(c)	5,941	-26,993	-35,687	-34,816
<i>less</i> Finance leases and similar arrangements(d)	-6	-16	-3	0
<i>less</i> Net Future Fund earnings	283	3,419	2,765	2,784
Equals underlying cash balance(e)	5,651	-30,427	-38,454	-37,600
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,686	-12,904	-15,114	-16,246
<i>plus</i> Net Future Fund earnings	283	3,419	2,765	2,784
Equals headline cash balance	4,249	-39,912	-50,803	-51,061

*As published in the 2017-18 Budget.

^Based on the previous profile, adjusted for significant changes in the 2017-18 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 decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash.

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

Note 1: Income Tax

	ACTUAL 2016-2017 May \$m	ACTUAL 2016-2017 YTD May \$m	Revised Budget Profile^ 2016-2017 YTD May \$m	Revised Budget ESTIMATE* 2016-2017 Full Year \$m
Individuals and other withholding taxes				
Gross income tax withholding	16,591	165,915	165,241	180,150
Gross other individuals	5,997	42,497	43,189	46,730
less Refunds	1,651	27,335	27,397	28,300
Total individuals and other withholding taxation	20,938	181,076	181,033	198,580
Fringe benefits tax	205	4,247	4,425	4,450
Company tax	8,668	65,654	62,345	68,900
Superannuation funds	571	7,720	7,416	7,760
Resource rent taxes	5	975	973	1,050
Total income taxation revenue	30,386	259,673	256,192	280,740

*As published in the 2017-18 Budget.

^Based on the previous profile, adjusted for significant changes in the 2017-18 Budget.

Note 2: Indirect Tax

	ACTUAL 2016-2017 May \$m	ACTUAL 2016-2017 YTD May \$m	Revised Budget Profile^ 2016-2017 YTD May \$m	Revised Budget ESTIMATE* 2016-2017 Full Year \$m
Goods and services tax	6,665	59,164	58,992	62,220
Wine equalisation tax	75	777	786	870
Luxury car tax	48	605	606	660
Excise duty	2,068	20,126	20,022	21,560
Customs duty	1,482	12,581	12,499	14,090
Other indirect tax	495	5,528	5,296	6,032
Total indirect taxation revenue	10,833	98,782	98,201	105,432

*As published in the 2017-18 Budget.

^Based on the previous profile, adjusted for significant changes in the 2017-18 Budget.

Note 3: Total expenses by function

	ACTUAL 2016-2017 May \$m	ACTUAL 2016-2017 YTD May \$m	Revised Budget ESTIMATE* 2016-2017 Full Year \$m
Expenses by function			
General public services	2,378	23,630	27,172
Defence	2,559	24,916	28,464
Public order and safety	410	4,414	5,162
Education	1,858	30,555	33,237
Health	6,618	66,665	73,820
Social security and welfare	12,425	141,217	155,698
Housing and community amenities	335	3,842	4,700
Recreation and culture	336	3,071	3,609
Fuel and energy	569	6,158	6,790
Agriculture, forestry and fishing	284	2,209	2,843
Mining, manufacturing and construction	304	3,297	3,559
Transport and communication	1,000	6,680	9,394
Other economic affairs	932	8,327	9,840
Other purposes			
Public debt interest	1,434	14,690	16,028
Nominal superannuation interest	746	8,210	8,446
General purpose inter-government transactions	5,286	57,448	63,448
Natural disaster relief	0	0	82
Contingency reserve	0	0	-1,536
Total expenses	37,475	405,329	450,757

*As published in the 2017-18 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/quarterly-data-march-2017/>.

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>.