



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

MEDIA RELEASE

Friday, 11 October 2019

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
July and August 2019

KEY POINTS

- The underlying cash balance for the 2019-20 financial year to 31 August 2019 was a deficit of \$9,669 million.
- The fiscal balance for the 2019-20 financial year to 31 August 2019 was a deficit of \$8,097 million.

AGGREGATES	ACTUAL 2019-2020 July \$m	ACTUAL 2019-2020 August \$m	ACTUAL 2019-2020 YTD August \$m	Budget Profile 2019-2020 YTD August \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	40,470	37,571	78,041	80,588	513,763
Expenses	46,894	39,564	86,459	86,169	500,872
Net operating balance	-6,425	-1,993	-8,418	-5,582	12,891
Net capital investment	-509	188	-321	662	4,749
Fiscal balance	-5,916	-2,181	-8,097	-6,243	8,142
Receipts(a)	39,846	35,137	74,983	75,439	505,521
less Payments(b)	46,605	37,129	83,734	83,588	493,327
less Net Future Fund earnings	550	368	918	856	5,140
Underlying cash balance(c)	-7,309	-2,360	-9,669	-9,005	7,054
Headline cash balance	-7,065	-2,473	-9,538	-10,981	-4,388
Total assets	607,567		617,420		611,012
Total liabilities	1,152,561		1,173,263		944,336
Net worth(d)	-544,994		-555,843		-333,324
Net debt(e)	388,934		399,059		361,040

*As published in the 2019-20 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 interest bearing liabilities (deposits held, government securities, loans and other borrowing), minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Monthly results are generally volatile due to timing differences between revenue and receipts, and expenses and payments. Historically, expenses and payments exceed revenue and receipts in the first half of the financial year. Therefore, care needs to be taken when comparing monthly or cumulative data across years and to full-year estimates, as revenue and receipts and expenses and payments vary from month to month.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 August 2019 was a deficit of \$9,669 million, which is \$664 million higher than the 2019-20 Budget profile deficit of \$9,005 million.

- **Receipts**

Total receipts were \$456 million lower than the 2019-20 Budget profile.

- **Payments**

Total payments were \$146 million higher than the 2019-20 Budget profile.

Net Operating Balance

The net operating balance for the year to 31 August 2019 was a deficit of \$8,418 million, which is \$2,836 million higher than the 2019-20 Budget profile deficit of \$5,582 million. The difference results from lower than expected revenue and higher expenses.

Fiscal Balance

The fiscal balance for the year to 31 August 2019 was a deficit of \$8,097 million, which is \$1,853 million higher than the 2019-20 Budget profile deficit of \$6,243 million. The difference results from lower than expected revenue, higher expenses and lower net capital investment.

Assets and Liabilities

As at 31 August 2019:

- net worth is negative \$555,843 million;
- net debt is \$399,059 million; and
- net financial liabilities are \$765,860 million.

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Australian Government general government sector operating statement

		ACTUAL 2019-2020 July \$m	ACTUAL 2019-2020 August \$m	ACTUAL 2019-2020 YTD August \$m	Budget Profile 2019-2020 YTD August \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
	Note					
Revenue						
Taxation revenue	1,2	38,243	34,484	72,726	75,311	476,596
Sales of goods and services		769	1,384	2,153	2,262	15,757
Interest income		368	375	743	740	6,009
Dividend income		407	408	815	766	6,112
Other		683	920	1,603	1,508	9,290
Total revenue		40,470	37,571	78,041	80,588	513,763
Expenses						
Gross operating expenses						
Wages and salaries(a)		1,721	1,714	3,435	3,549	21,348
Superannuation		712	705	1,416	961	5,907
Depreciation and amortisation		714	603	1,317	1,381	8,505
Supply of goods and services		10,639	10,652	21,290	20,447	125,566
Other operating expenses(a)		568	649	1,217	1,158	6,873
<i>Total gross operating expenses</i>		<i>14,353</i>	<i>14,323</i>	<i>28,676</i>	<i>27,497</i>	<i>168,199</i>
Superannuation interest expense		720	719	1,439	1,855	11,127
Interest expenses		1,433	1,492	2,925	2,939	19,264
Current transfers						
Current grants		16,836	10,930	27,766	27,398	150,408
Subsidy expenses		982	1,004	1,985	2,075	12,661
Personal benefits		12,387	10,898	23,285	23,696	128,972
<i>Total current transfers</i>		<i>30,205</i>	<i>22,832</i>	<i>53,036</i>	<i>53,170</i>	<i>292,040</i>
Capital transfers						
Mutually agreed write-downs		89	111	200	270	1,368
Other capital grants		95	88	183	439	8,874
<i>Total capital transfers</i>		<i>184</i>	<i>199</i>	<i>383</i>	<i>709</i>	<i>10,241</i>
Total expenses	3	46,894	39,564	86,459	86,169	500,872
Net operating balance		-6,425	-1,993	-8,418	-5,582	12,891
Other economic flows						
- included in operating result						
Net write-downs of assets		-798	-471	-1,269	-1,156	-7,996
Assets recognised for the first time		-34	87	53	34	190
Actuarial revaluations		5	9	13	9	54
Net foreign exchange gains		-450	-1,167	-1,617	0	61
Net swap interest received		-54	-90	-144	0	0
Market valuation of debt		-5,049	-10,245	-15,294	951	5,040
Other gains/(losses)		1,887	2,944	4,831	282	3,090
Total other economic flows		-4,493	-8,933	-13,426	121	439
- included in operating result						
Operating Result(b)		-10,918	-10,926	-21,843	-5,461	13,330
Non-owner movements in equity						
Revaluation of equity investments		-4,873	597	-4,277	0	-6,017
Actuarial revaluations		0	0	0	0	262
Other economic revaluations		14,256	-520	13,736	149	-10
Total other economic flows - included in equity		9,382	77	9,459	149	-5,765
Comprehensive result						
- Total change in net worth		-1,535	-10,849	-12,384	-5,312	7,565
Net operating balance		-6,425	-1,993	-8,418	-5,582	12,891
Net acquisition of non-financial assets						
Purchases of non-financial assets		276	736	1,012	2,021	14,425
less Sales of non-financial assets		18	4	22	14	1,171
less Depreciation		714	603	1,317	1,381	8,505
plus Change in inventories		-62	53	-9	19	3
plus Other movements in non-financial assets		9	6	15	16	-3
Total net acquisition of non-financial assets		-509	188	-321	662	4,749
Fiscal balance (Net lending/borrowing)(c)		-5,916	-2,181	-8,097	-6,243	8,142

*As published in the 2019-20 Budget.

(a) Consistent with the 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) The term fiscal balance is not used by the ABS.

Australian Government general government sector balance sheet

	ACTUAL as at 31 July 2019 \$m	ACTUAL as at 31 August 2019 \$m	BUDGET ESTIMATE* as at 30 June 2020 \$m
Assets			
Financial assets			
Cash and deposits	9,458	8,376	5,342
Advances paid	76,178	76,479	83,302
Investments, loans and placements	182,579	192,570	188,358
Other receivables	60,634	61,844	57,430
Equity investments			
Investments in other public sector entities	58,034	58,208	48,324
Equity accounted investments	3,494	3,494	3,562
Investments - shares	65,537	64,641	70,034
<i>Total financial assets</i>	<i>455,915</i>	<i>465,610</i>	<i>456,352</i>
Non-financial assets			
Land	11,942	11,827	11,484
Buildings	27,247	27,225	27,589
Plant, equipment and infrastructure	82,962	83,035	86,178
Inventories	8,622	8,731	8,045
Intangibles	8,731	8,723	9,353
Investment properties	207	208	193
Biological assets	25	25	14
Heritage and cultural assets	11,696	11,693	11,594
Assets held for sale	176	293	179
Other non-financial assets	44	50	31
<i>Total non-financial assets</i>	<i>151,653</i>	<i>151,810</i>	<i>154,660</i>
Total assets	607,567	617,420	611,012
Liabilities			
Interest bearing liabilities			
Deposits held	340	271	381
Government securities	637,241	655,424	619,463
Loans	17,944	19,176	16,731
Other borrowing	1,626	1,611	1,466
<i>Total interest bearing liabilities</i>	<i>657,150</i>	<i>676,483</i>	<i>638,042</i>
Provisions and payables			
Superannuation liability(a)	415,682	416,404	230,748
Other employee liabilities	20,309	20,562	20,591
Suppliers payables	8,249	9,372	6,809
Personal benefits payables	2,538	3,216	3,746
Subsidies payables	4,138	4,023	1,210
Grants payables	2,359	2,155	3,927
Other payables	4,098	3,981	2,202
Provisions	38,038	37,068	37,060
<i>Total provisions and payables</i>	<i>495,411</i>	<i>496,780</i>	<i>306,294</i>
Total liabilities	1,152,561	1,173,263	944,336
Net worth(b)	-544,994	-555,843	-333,324
<i>Net financial worth(c)</i>	<i>-696,646</i>	<i>-707,652</i>	<i>-487,984</i>
<i>Net financial liabilities(d)</i>	<i>754,680</i>	<i>765,860</i>	<i>536,308</i>
<i>Net debt(e)</i>	<i>388,934</i>	<i>399,059</i>	<i>361,040</i>

*As published in the 2019-20 Budget.

(a) For budget reporting purposes, a discount rate of 5 per cent determined by actuaries in preparing the 2017 Long Term Cost Reports is used to value the superannuation liability. This reflects the average annual rate estimated to apply over the term of the liability and it reduces the volatility in reported liabilities that would occur from year to year if the spot rates on long-term government bonds were used. Consistent with AAS, the superannuation liability for the 2019-20 Monthly Financial Statements was calculated using the spot rates on long-term government bonds as at 30 June 2019 that best matched each individual scheme's liability duration. These rates were between 1.4 and 1.9 per cent per annum.

(b) Net worth equals 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 interest bearing liabilities (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 2019-2020 July \$m	ACTUAL 2019-2020 August \$m	ACTUAL 2019-2020 YTD August \$m	Budget Profile 2019-2020 YTD August \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities					
Taxes received	35,819	32,876	68,696	69,859	466,397
Receipts from sales of goods and services	2,192	542	2,735	2,260	15,745
Interest receipts	423	344	767	965	5,701
Dividends and income tax equivalents	473	337	810	775	6,165
Other receipts	930	1,033	1,963	1,563	9,897
Total operating receipts	39,837	35,133	74,970	75,422	503,906
Cash payments for operating activities					
Payments for employees(b)	-2,580	-2,061	-4,640	-4,940	-31,101
Payments for goods and services	-11,960	-10,000	-21,959	-20,659	-123,277
Grants and subsidies paid	-17,800	-12,367	-30,166	-30,131	-171,775
Interest paid	-564	-190	-755	-756	-16,638
Personal benefit payments	-12,463	-10,866	-23,328	-23,973	-129,783
Other payments(b)	-685	-741	-1,426	-1,185	-6,493
Total operating payments	-46,051	-36,224	-82,275	-81,644	-479,066
Net cash flows from operating activities	-6,214	-1,091	-7,305	-6,222	24,840
Cash flows from investments in non-financial assets					
Sales of non-financial assets	9	4	13	18	1,615
Purchases of non-financial assets	-552	-905	-1,457	-1,945	-14,261
Net cash flows from investments in non-financial assets	-543	-901	-1,444	-1,927	-12,647
Net cash flows from investments in financial assets for policy purposes	-306	-480	-787	-2,832	-16,581
Net cash flows from investments in financial assets for liquidity purposes	3,231	-5,182	-1,951	-8,841	-12,248
Cash flows from financing activities					
Borrowing (net)	5,098	6,557	11,655	8,849	16,945
Other financing (net)	-320	16	-304	-146	-2,531
Net cash flows from financing activities	4,778	6,573	11,352	8,703	14,414
Net increase/(decrease) in cash held	946	-1,081	-136	-11,119	-2,222
GFS cash surplus(+)/deficit(-)(c)	-6,757	-1,992	-8,749	-8,149	12,193
<i>less</i> Finance leases and similar arrangements(d)	2	0	2	0	0
<i>less</i> Net Future Fund earnings	550	368	918	856	5,140
Equals underlying cash balance(e)	-7,309	-2,360	-9,669	-9,005	7,054
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-306	-480	-787	-2,832	-16,581
<i>plus</i> Net Future Fund earnings	550	368	918	856	5,140
Equals headline cash balance	-7,065	-2,473	-9,538	-10,981	-4,388

*As published in the 2019-20 Budget.

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

(b) Consistent with the ABS GFS classification, other employee related payments are reported under other payments.

(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 ABS.

Note 1: Income Tax

	ACTUAL 2019-2020 July \$m	ACTUAL 2019-2020 August \$m	ACTUAL 2019-2020 YTD August \$m	Budget Profile 2019-2020 YTD August \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other w ithholding taxes					
Gross income tax w ithholding	16,253	19,914	36,167	35,632	219,800
Gross other individuals	5,895	3,301	9,196	8,937	51,200
less Refunds	8,603	7,382	15,985	14,980	36,900
Total individuals and other w ithholding taxation	13,545	15,832	29,378	29,590	234,100
Fringe benefits tax	896	48	944	907	4,040
Company tax	8,669	6,607	15,276	17,420	100,600
Superannuation fund taxes	990	1,012	2,002	2,106	9,750
Petroleum resource rent tax	4	196	200	401	1,290
Total income taxation revenue	24,104	23,696	47,800	50,423	349,780

*As published in the 2019-20 Budget.

Note 2: Indirect Tax

	ACTUAL 2019-2020 July \$m	ACTUAL 2019-2020 August \$m	ACTUAL 2019-2020 YTD August \$m	Budget Profile 2019-2020 YTD August \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	6,493	6,262	12,756	12,674	69,630
Wine equalisation tax	77	93	169	149	1,100
Luxury car tax	74	47	121	107	640
Excise duty	2,207	1,798	4,005	4,049	24,140
Customs duty	4,779	1,548	6,327	6,218	21,120
Other indirect tax	509	1,041	1,549	1,692	10,185
Total indirect taxation revenue	14,139	10,788	24,927	24,888	126,815

*As published in the 2019-20 Budget.

Note 3: Total expenses by function

	ACTUAL 2019-2020 July \$m	ACTUAL 2019-2020 August \$m	ACTUAL 2019-2020 YTD August \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function				
General public services	2,926	1,996	4,922	23,614
Defence	2,632	2,548	5,180	32,243
Public order and safety	583	490	1,073	5,919
Education	4,973	1,890	6,863	36,350
Health	6,115	7,182	13,297	81,777
Social security and welfare	17,644	14,721	32,365	180,125
Housing and community amenities	301	395	696	5,907
Recreation and culture	414	245	659	3,849
Fuel and energy	627	679	1,306	8,171
Agriculture, forestry and fishing	155	231	385	2,871
Mining, manufacturing and construction	217	224	441	3,422
Transport and communication	117	207	325	9,038
Other economic affairs	784	818	1,603	9,297
Other purposes				
Public debt interest	1,391	1,397	2,788	17,037
Nominal superannuation interest	720	719	1,439	11,127
General purpose inter-government transactions	7,294	5,824	13,118	70,328
Natural disaster relief	0	0	0	11
Contingency reserve	0	0	0	-216
Total expenses	46,894	39,564	86,459	500,872

*As published in the 2019-20 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.

Australian Accounting Standard 16 – Leases

The new Australian Accounting Standard AASB 16 *Leases* (AASB 16), applies to all Australian Government entities from 1 July 2019. The effect of AASB 16 is to introduce a single lease accounting framework. This is achieved by removing the current distinction between operating and finance leases. As a result, leases that were previously accounted for as operating expenses and payments will be included as additional assets and liabilities on the balance sheet. For whole of Government and General Government Sector Financial Reporting, the implementation of AASB 16 will be reflected in the 2019-20 Mid-Year Economic and Fiscal Outlook estimates, and in the Australian Government General Government Sector Monthly Financial Statements from December 2019.

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 <https://www.aofm.gov.au/data-hub>.

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>.