



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

MEDIA RELEASE

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AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
September 2019

KEY POINTS

The Monthly Financial Statements for September 2019 report the budget position against the expected monthly profile for the 2019-20 financial year through the year to 30 September 2019. Against this profile, the September 2019 result shows that as at 30 September 2019, the underlying cash balance was \$119 million better than expected at the time of the 2019-20 Budget. This is a \$783 million improvement compared to the position against the Budget profile at the end of August.

AGGREGATES				
	ACTUAL 2019-2020 September \$m	ACTUAL 2019-2020 YTD September \$m	Budget Profile 2019-2020 YTD September \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	32,563	110,603	111,937	513,763
Expenses	39,353	125,812	124,466	500,872
Net operating balance	-6,791	-15,209	-12,528	12,891
Net capital investment	-238	-559	1,193	4,749
Fiscal balance	-6,553	-14,650	-13,721	8,142
Receipts(a)	33,087	108,070	107,442	505,521
/less Payments(b)	36,840	120,574	120,130	493,327
/less Net Future Fund earnings	430	1,348	1,284	5,140
Underlying cash balance(c)	-4,183	-13,853	-13,972	7,054
Headline cash balance	-4,968	-14,506	-16,851	-4,388
Total assets		615,794		611,012
Total liabilities		1,184,473		944,336
Net worth(d)		-568,678		-333,324
Net debt(e)		401,749		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 30 September 2019 was a deficit of \$13,853 million, which is \$119 million lower (better) than the 2019-20 Budget profile deficit of \$13,972 million.

- **Receipts**

Total receipts were \$627 million higher than the 2019-20 Budget profile.

- **Payments**

Total payments were \$444 million higher than the 2019-20 Budget profile.

Net Operating Balance

The net operating balance for the year to 30 September 2019 was a deficit of \$15,209 million, which is \$2,681 million higher than the 2019-20 Budget profile deficit of \$12,528 million. The difference results from lower than expected revenue and higher expenses.

Fiscal Balance

The fiscal balance for the year to 30 September 2019 was a deficit of \$14,650 million, which is \$928 million higher than the 2019-20 Budget profile deficit of \$13,721 million. The difference results from lower than expected revenue, higher expenses and lower net capital investment.

Assets and Liabilities

As at 30 September 2019:

- net worth is negative \$568,678 million;
- net debt is \$401,749 million; and
- net financial liabilities are \$777,889 million.

Senator the Hon. Mathias Cormann
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Australian Government general government sector operating statement

		ACTUAL 2019-2020 September	ACTUAL 2019-2020 YTD September	Budget Profile 2019-2020 YTD September	BUDGET ESTIMATE* 2019-2020 FULL YEAR
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1,2	29,029	101,755	103,938	476,596
Sales of goods and services		1,693	3,846	3,573	15,757
Interest income		338	1,082	1,104	6,009
Dividend income		461	1,276	1,169	6,112
Other		1,042	2,645	2,153	9,290
Total revenue		32,563	110,603	111,937	513,763
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,665	5,101	5,311	21,348
Superannuation		714	2,130	1,439	5,907
Depreciation and amortisation		981	2,298	2,071	8,505
Supply of goods and services		10,535	31,826	30,564	125,566
Other operating expenses(a)		651	1,868	1,734	6,873
<i>Total gross operating expenses</i>		<i>14,546</i>	<i>43,222</i>	<i>41,118</i>	<i>168,199</i>
Superannuation interest expense		719	2,158	2,782	11,127
Interest expenses		1,403	4,328	4,377	19,264
Current transfers					
Current grants		10,907	38,673	38,065	150,408
Subsidy expenses		989	2,974	3,110	12,661
Personal benefits		10,492	33,777	34,054	128,972
<i>Total current transfers</i>		<i>22,388</i>	<i>75,424</i>	<i>75,229</i>	<i>292,040</i>
Capital transfers					
Mutually agreed write-downs		221	422	395	1,368
Other capital grants		75	258	564	8,874
<i>Total capital transfers</i>		<i>296</i>	<i>679</i>	<i>959</i>	<i>10,241</i>
Total expenses	3	39,353	125,812	124,466	500,872
Net operating balance		-6,791	-15,209	-12,528	12,891
Other economic flows					
- included in operating result					
Net write-downs of assets		-69	-1,338	-1,476	-7,996
Assets recognised for the first time		-21	32	51	190
Actuarial revaluations		7	20	14	54
Net foreign exchange gains		105	-1,512	0	61
Net swap interest received		-66	-210	0	0
Market valuation of debt		5,403	-9,891	1,406	5,040
Other gains/(losses)		-1,806	3,025	438	3,090
Total other economic flows		3,554	-9,872	432	439
- included in operating result					
Operating Result(b)		-3,237	-25,080	-12,096	13,330
Non-owner movements in equity					
Revaluation of equity investments		4,277	0	0	-6,017
Actuarial revaluations		0	0	0	262
Other economic revaluations		-13,876	-140	167	-10
Total other economic flows - included in equity		-9,599	-139	167	-5,765
Comprehensive result					
- Total change in net worth					
Net operating balance		-6,791	-15,209	-12,528	12,891
Net acquisition of non-financial assets					
Purchases of non-financial assets		956	1,969	3,250	14,425
less Sales of non-financial assets		2	24	20	1,171
less Depreciation		981	2,298	2,071	8,505
plus Change in inventories		-218	-227	18	3
plus Other movements in non-financial assets		6	21	16	-3
Total net acquisition of non-financial assets		-238	-559	1,193	4,749
Fiscal balance (Net lending/borrowing)(c)		-6,553	-14,650	-13,721	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 30 September 2019 \$m	BUDGET ESTIMATE* as at 30 June 2020 \$m
Assets		
Financial assets		
Cash and deposits	7,602	5,342
Advances paid	75,780	83,302
Investments, loans and placements	194,628	188,358
Other receivables	59,205	57,430
Equity investments		
Investments in other public sector entities	57,590	48,324
Equity accounted investments	3,507	3,562
Investments - shares	65,862	70,034
<i>Total financial assets</i>	<i>464,174</i>	<i>456,352</i>
Non-financial assets		
Land	11,886	11,484
Buildings	27,281	27,589
Plant, equipment and infrastructure	82,726	86,178
Inventories	8,715	8,045
Intangibles	8,750	9,353
Investment properties	195	193
Biological assets	24	14
Heritage and cultural assets	11,690	11,594
Assets held for sale	298	179
Other non-financial assets	56	31
<i>Total non-financial assets</i>	<i>151,621</i>	<i>154,660</i>
Total assets	615,794	611,012
Liabilities		
Interest bearing liabilities		
Deposits held	282	381
Government securities	659,164	619,463
Loans	18,648	16,731
Other borrowing	1,667	1,466
<i>Total interest bearing liabilities</i>	<i>679,759</i>	<i>638,042</i>
Provisions and payables		
Superannuation liability (a)	417,159	230,748
Other employee liabilities	26,808	20,591
Suppliers payables	7,445	6,809
Personal benefits payables	3,294	3,746
Subsidies payables	4,380	1,210
Grants payables	1,970	3,927
Other payables	4,959	2,202
Provisions	38,698	37,060
<i>Total provisions and payables</i>	<i>504,713</i>	<i>306,294</i>
Total liabilities	1,184,473	944,336
Net worth(b)	-568,678	-333,324
<i>Net financial worth(c)</i>	<i>-720,299</i>	<i>-487,984</i>
<i>Net financial liabilities(d)</i>	<i>777,889</i>	<i>536,308</i>
<i>Net debt(e)</i>	<i>401,749</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 September \$m	ACTUAL 2019-2020 YTD September \$m	Budget Profile 2019-2020 YTD September \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	28,941	97,637	99,055	466,397
Receipts from sales of goods and services	1,085	3,820	3,678	15,745
Interest receipts	305	1,072	1,387	5,701
Dividends and income tax equivalents	2,188	2,997	1,156	6,165
Other receipts	566	2,529	2,139	9,897
Total operating receipts	33,084	108,054	107,416	503,906
Cash payments for operating activities				
Payments for employees(b)	-2,190	-6,830	-7,457	-31,101
Payments for goods and services	-9,943	-31,903	-30,698	-123,277
Grants and subsidies paid	-12,389	-42,555	-41,895	-171,775
Interest paid	-345	-1,100	-1,125	-16,638
Personal benefit payments	-10,608	-33,937	-34,225	-129,783
Other payments(b)	-533	-1,959	-1,593	-6,493
Total operating payments	-36,009	-118,284	-116,993	-479,066
Net cash flows from operating activities	-2,924	-10,230	-9,577	24,840
Cash flows from investments in non-financial assets				
Sales of non-financial assets	2	15	26	1,615
Purchases of non-financial assets	-844	-2,301	-3,137	-14,261
Net cash flows from investments in non-financial assets	-842	-2,286	-3,111	-12,647
Net cash flows from investments in financial assets for policy purposes	-1,215	-2,002	-4,164	-16,581
Net cash flows from investments in financial assets for liquidity purposes	-3,575	-5,526	-440	-12,248
Cash flows from financing activities				
Borrowing (net)	8,017	19,673	13,259	16,945
Other financing (net)	-240	-544	-106	-2,531
Net cash flows from financing activities	7,778	19,129	13,153	14,414
Net increase/(decrease) in cash held	-778	-914	-4,138	-2,222
GFS cash surplus(+)/deficit(-)(c)	-3,766	-12,515	-12,687	12,193
less Finance leases and similar arrangements(d)	-13	-11	0	0
less Net Future Fund earnings	430	1,348	1,284	5,140
Equals underlying cash balance(e)	-4,183	-13,853	-13,972	7,054
plus Net cash flows from investments in financial assets for policy purposes	-1,215	-2,002	-4,164	-16,581
plus Net Future Fund earnings	430	1,348	1,284	5,140
Equals headline cash balance	-4,968	-14,506	-16,851	-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 September \$m	ACTUAL 2019-2020 YTD September \$m	Budget Profile 2019-2020 YTD September \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other withholding taxes				
Gross income tax withholding	17,092	53,259	54,016	219,800
Gross other individuals	1,927	11,123	10,223	51,200
less Refunds	4,263	20,248	19,236	36,900
Total individuals and other withholding taxation	14,756	44,134	45,003	234,100
Fringe benefits tax	12	957	903	4,040
Company tax	6,551	21,827	22,928	100,600
Superannuation fund taxes	767	2,769	2,615	9,750
Petroleum resource rent tax	97	297	383	1,290
Total income taxation revenue	22,183	69,983	71,832	349,780

*As published in the 2019- 20 Budget.

Note 2: Indirect Tax

	ACTUAL 2019-2020 September \$m	ACTUAL 2019-2020 YTD September \$m	Budget Profile 2019-2020 YTD September \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	3,214	15,969	16,052	69,630
Wine equalisation tax	79	248	227	1,100
Luxury car tax	52	173	156	640
Excise duty	2,315	6,320	6,332	24,140
Customs duty	570	6,897	6,968	21,120
Other indirect tax	615	2,164	2,370	10,185
Total indirect taxation revenue	6,845	31,772	32,106	126,815

*As published in the 2019- 20 Budget.

Note 3: Total expenses by function

	ACTUAL 2019-2020 September \$m	ACTUAL 2019-2020 YTD September \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function			
General public services	675	5,597	23,614
Defence	3,320	8,500	32,243
Public order and safety	441	1,515	5,919
Education	1,757	8,620	36,350
Health	7,790	21,087	81,777
Social security and welfare	14,951	47,316	180,125
Housing and community amenities	324	1,019	5,907
Recreation and culture	274	933	3,849
Fuel and energy	666	1,972	8,171
Agriculture, forestry and fishing	173	558	2,871
Mining, manufacturing and construction	227	668	3,422
Transport and communication	222	547	9,038
Other economic affairs	785	2,387	9,297
Other purposes			
Public debt interest	1,359	4,148	17,037
Nominal superannuation interest	719	2,158	11,127
General purpose inter-government transactions	5,669	18,787	70,328
Natural disaster relief	0	0	11
Contingency reserve	0	0	-216
Total expenses	39,353	125,812	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>.