



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

Friday, 31 January 2020

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
December 2019

KEY POINTS

- The Monthly Financial Statements for December 2019 report the budget position against the expected monthly profile for the 2019-20 financial year through to 31 December 2019, based on the 2019-20 Mid-Year Economic and Fiscal Outlook (MYEFO) estimates published in December 2019.
- The underlying cash balance for the 2019-20 financial year to 31 December 2019 was a deficit of \$15,170 million against the 2019-20 MYEFO profile deficit of \$14,049 million.
- The fiscal balance for the 2019-20 financial year to 31 December 2019 was a deficit of \$11,947 million against the 2019-20 MYEFO profile deficit of \$11,296 million.
- Net debt as at 31 December 2019 was \$403,036 million. The movement in net debt and net financial worth relative to the balance at the end of November primarily reflects the impact of the new Australian Accounting Standard AASB 16 – *Leases*, which was implemented for the first time in the December 2019 reporting period.

AGGREGATES^(a)				
	ACTUAL 2019-2020 December \$m	ACTUAL 2019-2020 YTD December \$m	MYEFO Profile 2019-2020 YTD December \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	39,951	239,007	240,064	511,148
Expenses	41,380	249,220	249,834	503,180
Net operating balance	-1,429	-10,213	-9,770	7,968
Net capital investment	1,068	1,734	1,526	4,161
Fiscal balance	-2,497	-11,947	-11,296	3,807
Receipts(b)	40,664	236,165	236,474	502,472
less Payments(c)	41,431	248,376	247,676	491,976
less Net Future Fund earnings	556	2,958	2,847	5,468
Underlying cash balance(d)	-1,322	-15,170	-14,049	5,028
Headline cash balance	-2,649	-18,101	-15,822	-2,841
Total assets		638,368		655,554
Total liabilities		1,185,187		1,001,597
Net worth(e)		-546,819		-346,042
Net debt(f)		403,036		392,305

*As published in the 2019-20 MYEFO.

(a) Includes impacts resulting from the implementation of AASB 16 *Leases*.

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

(c) Cash payments for operating activities, purchases of non-financial assets and net cash flows from financing activities for leases.

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

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

(f) 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. 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 December 2019 was a deficit of \$15,170 million, which is \$1,121 million higher than the 2019-20 MYEFO profile deficit of \$14,049 million.

- **Receipts**
Total receipts were \$309 million lower than the 2019-20 MYEFO profile.
- **Payments**
Total payments were \$701 million higher than the 2019-20 MYEFO profile.

Net Operating Balance

The net operating balance for the year to 31 December 2019 was a deficit of \$10,213 million, which is \$443 million higher than the 2019-20 MYEFO profile deficit of \$9,770 million. The difference results from lower than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 31 December 2019 was a deficit of \$11,947 million, which is \$651 million higher than the 2019-20 MYEFO profile deficit of \$11,296 million. The difference results from lower than expected revenue, lower expenses and higher net capital investment.

Assets and Liabilities

As at 31 December 2019:

- net worth is negative \$546,819 million;
- net debt is \$403,036 million; and
- net financial liabilities are \$776,394 million.

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Australian Government general government sector operating statement

		ACTUAL 2019-2020 December	ACTUAL 2019-2020 YTD December	MYEFO Profile 2019-2020 YTD December	MYEFO ESTIMATE* 2019-2020 FULL YEAR
Note		\$m	\$m	\$m	\$m
Revenue					
	1,2	36,591	219,926	221,823	472,815
		1,550	7,606	7,422	14,980
		386	2,189	2,087	5,247
		534	2,941	2,792	6,383
		889	6,346	5,940	11,723
		39,951	239,007	240,064	511,148
Expenses					
Gross operating expenses					
		1,606	10,124	10,441	21,366
		726	5,546	5,823	12,357
		1,810	5,596	5,940	11,446
		9,733	62,145	61,678	124,029
		504	3,689	3,604	7,236
		14,379	87,100	87,486	176,434
		719	3,996	3,906	7,715
		1,589	8,743	8,734	18,215
Current transfers					
		12,646	76,096	75,974	149,813
		999	5,986	5,931	12,136
		10,574	65,317	65,601	128,282
		24,219	147,399	147,506	290,232
Capital transfers					
		190	802	891	1,416
		284	1,180	1,311	9,168
		474	1,982	2,202	10,584
		41,380	249,220	249,834	503,180
	3	-1,429	-10,213	-9,770	7,968
Net operating balance					
Other economic flows					
- included in operating result					
		-930	-3,247	-3,618	-6,933
		12	69	162	201
		0	0	41	81
		1,765	155	-1	-92
		21	-247	-268	-210
		15,002	5,889	-5,443	-1,129
		-2,325	2,096	3,068	5,131
		13,546	4,715	-6,060	-2,950
		12,116	-5,498	-15,830	5,018
Operating Result(c)					
Non-owner movements in equity					
		15	12	-6	-3,928
		0	0	0	1,879
		849	2,125	1,259	195
		864	2,138	1,253	-1,853
Total other economic flows - included in equity					
Comprehensive result					
		12,981	-3,360	-14,577	3,164
		-1,429	-10,213	-9,770	7,968
Net operating balance					
Net acquisition of non-financial assets (b)					
		2,796	7,421	7,556	16,868
		30	81	67	1,219
		1,810	5,596	5,940	11,446
		109	-42	-45	-40
		3	32	22	-3
		1,068	1,734	1,526	4,161
		-2,497	-11,947	-11,296	3,807

*As published in the 2019-20 MYEFO.

(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) Includes impacts resulting from the implementation of AASB 16 Leases.

(c) Operating result under Australian Accounting Standards.

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

Australian Government general government sector balance sheet

	ACTUAL as at 31 December 2019 \$m	MYEFO ESTIMATE* as at 30 June 2020 \$m
Assets		
Financial assets		
Cash and deposits	12,141	7,204
Advances paid	79,597	85,155
Investments, loans and placements	185,873	198,528
Other receivables	58,491	58,577
Equity investments		
Investments in other public sector entities	57,861	55,640
Equity accounted investments	3,545	3,677
Investments - shares	69,146	73,969
<i>Total financial assets</i>	<i>466,653</i>	<i>482,751</i>
Non-financial assets		
Land	11,950	11,824
Buildings	43,269	43,415
Plant, equipment and infrastructure	86,575	87,832
Inventories	8,869	8,488
Intangibles	8,672	9,105
Investment properties	197	160
Biological assets	22	21
Heritage and cultural assets	11,782	11,695
Assets held for sale	312	231
Other non-financial assets	67	32
<i>Total non-financial assets(a)</i>	<i>171,715</i>	<i>172,803</i>
Total assets	638,368	655,554
Liabilities		
Interest bearing liabilities		
Deposits held	384	388
Government securities	642,527	645,907
Loans	18,069	17,759
Lease liabilities(a)	19,667	19,139
<i>Total interest bearing liabilities</i>	<i>680,646</i>	<i>683,193</i>
Provisions and payables		
Superannuation liability(b)	419,778	230,774
Other employee liabilities	26,655	26,663
Suppliers payables	5,650	7,579
Personal benefits payables	3,011	3,753
Subsidies payables	4,258	645
Grants payables	3,286	4,051
Other payables	4,206	2,186
Provisions	37,695	42,752
<i>Total provisions and payables</i>	<i>504,540</i>	<i>318,404</i>
Total liabilities	1,185,187	1,001,597
Net worth(c)	-546,819	-346,042
<i>Net financial worth(d)</i>	<i>-718,533</i>	<i>-518,845</i>
<i>Net financial liabilities(e)</i>	<i>776,394</i>	<i>574,486</i>
<i>Net debt(f)</i>	<i>403,036</i>	<i>392,305</i>

*As published in the 2019-20 MYEFO.

(a) Includes impacts from implementation of AASB 16 Leases .

(b) 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.

(c) Net worth equals 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 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 December \$m	ACTUAL 2019-2020 YTD December \$m	MYEFO Profile 2019-2020 YTD December \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	37,651	213,745	214,416	463,791
Receipts from sales of goods and services	1,019	7,909	8,251	15,142
Interest receipts	314	2,188	2,359	5,134
Dividends and income tax equivalents	574	4,758	4,475	6,792
Other receipts	1,094	7,515	6,920	9,949
Total operating receipts	40,652	236,115	236,422	500,809
Cash payments for operating activities				
Payments for employees(b)	-2,595	-15,140	-15,128	-31,152
Payments for goods and services(c)	-10,722	-65,587	-64,666	-122,024
Grants and subsidies paid	-12,890	-82,721	-82,697	-170,400
Interest paid(c)	-1,013	-8,149	-8,229	-16,564
Personal benefit payments	-11,164	-66,400	-66,898	-128,416
Other payments(b)	-498	-3,436	-3,376	-6,768
Total operating payments	-38,882	-241,434	-240,994	-475,325
Net cash flows from operating activities	1,770	-5,319	-4,572	25,483
Cash flows from investments in non-financial assets				
Sales of non-financial assets	12	50	52	1,663
Purchases of non-financial assets	-1,676	-6,070	-5,536	-14,304
Net cash flows from investments in non-financial assets	-1,664	-6,020	-5,484	-12,641
Net cash flows from investments in financial assets for policy purposes	-1,882	-5,890	-4,620	-13,336
Net cash flows from investments in financial assets for liquidity purposes	-1,338	53	-989	-15,923
Cash flows from financing activities				
Borrowing (net)	6,967	23,279	19,525	20,271
Other financing (net)(c)	-525	-2,567	-2,858	-5,257
Net cash flows from financing activities	6,441	20,712	16,667	15,014
Net increase/(decrease) in cash held	3,327	3,536	1,002	-1,403
GFS cash surplus(+)/deficit(-)(d)	106	-11,339	-10,056	12,842
<i>plus</i> Net cash flows from financing activities for leases(e)	-873	-873	-1,146	-2,347
<i>less</i> Net Future Fund earnings	556	2,958	2,847	5,468
Equals underlying cash balance(f)	-1,322	-15,170	-14,049	5,028
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,882	-5,890	-4,620	-13,336
<i>plus</i> Net Future Fund earnings	556	2,958	2,847	5,468
Equals headline cash balance	-2,649	-18,101	-15,822	-2,841

*As published in the 2019-20 MYEFO.

(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) Include impacts from implementation of AASB 16 Leases .

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

(e) Principal payments on lease liabilities, which are cash flows from financing activities, are deducted in the calculation of the underlying cash balance to maintain consistency of measure following the implementation of AASB 16 Leases .

(f) The term underlying cash balance is not used by the ABS.

Note 1: Income Tax

	ACTUAL 2019-2020 December \$m	ACTUAL 2019-2020 YTD December \$m	MYEFO Profile 2019-2020 YTD December \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	18,107	108,432	108,070	220,300
Gross other individuals	1,434	21,749	22,486	52,900
less Refunds	1,289	28,025	28,022	36,800
Total individuals and other w ithholding taxation	18,252	102,156	102,535	236,400
Fringe benefits tax	90	2,007	1,964	4,040
Company tax	8,394	46,371	46,887	99,800
Superannuation fund taxes	1,268	5,774	5,993	8,460
Petroleum resource rent tax	-6	588	587	1,130
Total income taxation revenue	27,998	156,896	157,966	349,830

*As published in the 2019-20 MYEFO.

Note 2: Indirect Tax

	ACTUAL 2019-2020 December \$m	ACTUAL 2019-2020 YTD December \$m	MYEFO Profile 2019-2020 YTD December \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	4,332	34,548	34,724	67,230
Wine equalisation tax	97	517	535	1,110
Luxury car tax	52	332	328	670
Excise duty	2,415	12,459	12,368	23,900
Customs duty	1,047	10,456	11,291	20,800
Other indirect tax	650	4,717	4,610	9,275
Total indirect taxation revenue	8,593	63,029	63,857	122,985

*As published in the 2019-20 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2019-2020 December \$m	ACTUAL 2019-2020 YTD December \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function			
General public services	1,739	12,544	30,157
Defence	2,213	15,919	32,783
Public order and safety	428	2,878	5,966
Education	2,733	18,099	35,846
Health	6,265	41,376	83,425
Social security and w elfare	17,209	93,608	180,782
Housing and community amenities	350	2,150	5,715
Recreation and culture	227	1,496	3,989
Fuel and energy	670	3,946	8,161
Agriculture, forestry and fishing	177	1,139	3,025
Mining, manufacturing and construction	239	1,357	3,073
Transport and communication	440	1,886	8,671
Other economic affairs	752	4,765	10,250
Other purposes			
Public debt interest	1,566	8,463	16,746
Nominal superannuation interest	718	3,996	7,715
General purpose inter-government transactions	5,655	35,596	68,547
Natural disaster relief	0	0	38
Contingency reserve	0	0	-1,707
Total expenses	41,380	249,220	503,180

*As published in the 2019-20 MYEFO.

NOTES:

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (AASB 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 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.

AASB 16 *Leases* (AASB 16)

The new Australian Accounting Standard, AASB 16, applied to all Australian Government entities from 1 July 2019. AASB 16 introduced a single lease accounting framework for lessees and removed the distinction between operating and finance leases. As a result, new assets and liabilities have been recognised on the balance sheet for leases that were previously accounted for as operating expenses. The reduction in operating lease expenses is replaced with the depreciation charge for the right-of-use assets and interest expense on the lease liabilities.

The implementation of AASB 16 has implications for a number of budget aggregates, in particular, net debt and net financial worth due to the recognition of the new lease liabilities. To maintain consistency in the measurement of the underlying cash balance, the principal payments on lease liabilities which are recognised as cash flows from financing activities, have been included in the calculation following the implementation of AASB 16.

For General Government Sector financial reporting, the implementation of AASB 16 has been reflected in the 2019-20 MYEFO estimates and in the Australian Government General Government Sector Monthly Financial Statements from the December 2019 reporting period.

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>.