



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

Friday, 28 February 2020

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
January 2020

KEY POINTS

- The Monthly Financial Statements for January 2020 report the budget position against the expected monthly profile for the 2019-20 financial year through to 31 January 2020, 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 January 2020 was a deficit of \$26,610 million against the 2019-20 MYEFO profile deficit of \$22,885 million.
- The fiscal balance for the 2019-20 financial year to 31 January 2020 was a deficit of \$21,953 million against the 2019-20 MYEFO profile deficit of \$20,349 million.

AGGREGATES^(a)

	ACTUAL 2019-2020 January \$m	ACTUAL 2019-2020 YTD January \$m	MYEFO Profile 2019-2020 YTD January \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	34,849	273,856	275,608	511,148
Expenses	44,531	293,751	294,184	503,180
Net operating balance	-9,682	-19,895	-18,576	7,968
Net capital investment	323	2,058	1,773	4,161
Fiscal balance	-10,006	-21,953	-20,349	3,807
Receipts(b)	30,660	266,824	271,623	502,472
/ess Payments(c)	41,730	290,107	291,223	491,976
/ess Net Future Fund earnings	369	3,328	3,284	5,468
Underlying cash balance(d)	-11,440	-26,610	-22,885	5,028
Headline cash balance	-11,868	-29,969	-26,333	-2,841
Total assets		639,691		655,554
Total liabilities		1,209,449		1,001,597
Net worth(e)		-569,758		-346,042
Net debt(f)		430,211		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 January 2020 was a deficit of \$26,610 million, which is \$3,725 million higher than the 2019-20 MYEFO profile deficit of \$22,885 million.

- **Receipts**

Total receipts were \$4,798 million lower than the 2019-20 MYEFO profile.

- **Payments**

Total payments were \$1,117 million lower than the 2019-20 MYEFO profile.

Net Operating Balance

The net operating balance for the year to 31 January 2020 was a deficit of \$19,895 million, which is \$1,319 million higher than the 2019-20 MYEFO profile deficit of \$18,576 million. The difference results from lower than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 31 January 2020 was a deficit of \$21,953 million, which is \$1,604 million higher than the 2019-20 MYEFO profile deficit of \$20,349 million. The difference results from lower than expected revenue, lower expenses and higher net capital investment.

Assets and Liabilities

As at 31 January 2020:

- net worth is negative \$569,758 million;
- net debt is \$430,211 million; and
- net financial liabilities are \$799,498 million.

Senator the Hon. Mathias Cormann
Minister for Finance

Rosemary Huxtable PSM
Secretary
Department of Finance

Media Contacts

Karen Wu

0428 350 139

Australian Government general government sector operating statement

		ACTUAL 2019-2020 January	ACTUAL 2019-2020 YTD January	MYEFO Profile 2019-2020 YTD January	MYEFO ESTIMATE* 2019-2020 FULL YEAR
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1,2	32,523	252,448	254,473	472,815
Sales of goods and services		1,193	8,799	8,726	14,980
Interest income		81	2,270	2,541	5,247
Dividend income		317	3,258	3,185	6,383
Other		735	7,081	6,684	11,723
Total revenue		34,849	273,856	275,608	511,148
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,613	11,737	12,198	21,366
Superannuation		1,702	7,248	6,908	12,357
Depreciation and amortisation(b)		1,003	6,599	6,952	11,446
Supply of goods and services(b)		8,319	70,464	69,855	124,029
Other operating expenses(a)		518	4,206	4,150	7,236
Total gross operating expenses		13,155	100,255	100,062	176,434
Superannuation interest expense		481	4,477	4,534	7,715
Interest expenses(b)		1,426	10,169	10,235	18,215
Current transfers					
Current grants		17,182	93,278	93,500	149,813
Subsidy expenses		998	6,984	6,935	12,136
Personal benefits		10,579	75,895	76,094	128,282
Total current transfers		28,758	176,157	176,529	290,232
Capital transfers					
Mutually agreed write-downs		82	884	945	1,416
Other capital grants		629	1,809	1,879	9,168
Total capital transfers		711	2,693	2,824	10,584
Total expenses	3	44,531	293,751	294,184	503,180
Net operating balance		-9,682	-19,895	-18,576	7,968
Other economic flows					
- included in operating result					
Net write-downs of assets		-9	-3,256	-3,741	-6,933
Assets recognised for the first time		8	77	192	201
Actuarial revaluations		0	0	47	81
Net foreign exchange gains		-2,335	-2,180	-1	-92
Net swap interest received		43	-205	-268	-210
Market valuation of debt		-16,692	-10,803	-4,684	-1,129
Other gains/(losses)		5,603	7,700	3,191	5,131
Total other economic flows		-13,381	-8,666	-5,264	-2,950
- included in operating result					
Operating Result(c)		-23,064	-28,561	-23,840	5,018
Non-owner movements in equity					
Revaluation of equity investments		-1	11	-6	-3,928
Actuarial revaluations		0	0	0	1,879
Other economic revaluations		-169	1,956	1,266	195
Total other economic flows - included in equity		-170	1,968	1,260	-1,853
Comprehensive result					
- Total change in net worth		-23,234	-26,594	-22,580	3,164
Net operating balance		-9,682	-19,895	-18,576	7,968
Net acquisition of non-financial assets (b)					
Purchases of non-financial assets		1,297	8,718	8,716	16,868
less Sales of non-financial assets		32	113	75	1,219
less Depreciation		1,003	6,599	6,952	11,446
plus Change in inventories		65	23	59	-40
plus Other movements in non-financial assets		-3	29	24	-3
Total net acquisition of non-financial assets		323	2,058	1,773	4,161
Fiscal balance (Net lending/borrowing)(d)		-10,006	-21,953	-20,349	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 January 2020 \$m	MYEFO ESTIMATE* as at 30 June 2020 \$m
Assets		
Financial assets		
Cash and deposits	9,836	7,204
Advances paid	80,303	85,155
Investments, loans and placements	184,954	198,528
Other receivables	60,218	58,577
Equity investments		
Investments in other public sector entities	57,941	55,640
Equity accounted investments	3,555	3,677
Investments - shares	71,085	73,969
<i>Total financial assets</i>	<i>467,892</i>	<i>482,751</i>
Non-financial assets		
Land	11,955	11,824
Buildings	43,055	43,415
Plant, equipment and infrastructure	86,762	87,832
Inventories	8,885	8,488
Intangibles	8,773	9,105
Investment properties	197	160
Biological assets	22	21
Heritage and cultural assets	11,783	11,695
Assets held for sale	303	231
Other non-financial assets	65	32
<i>Total non-financial assets(a)</i>	<i>171,799</i>	<i>172,803</i>
Total assets	639,691	655,554
Liabilities		
Interest bearing liabilities		
Deposits held	371	388
Government securities	666,347	645,907
Loans	19,021	17,759
Lease liabilities(a)	19,565	19,139
<i>Total interest bearing liabilities</i>	<i>705,304</i>	<i>683,193</i>
Provisions and payables		
Superannuation liability(b)	421,231	230,774
Other employee liabilities	26,677	26,663
Suppliers payables	6,584	7,579
Personal benefits payables	2,656	3,753
Subsidies payables	4,366	645
Grants payables	2,370	4,051
Other payables	3,372	2,186
Provisions	36,888	42,752
<i>Total provisions and payables</i>	<i>504,145</i>	<i>318,404</i>
Total liabilities	1,209,449	1,001,597
Net worth(c)	-569,758	-346,042
<i>Net financial worth(d)</i>	<i>-741,557</i>	<i>-518,845</i>
<i>Net financial liabilities(e)</i>	<i>799,498</i>	<i>574,486</i>
<i>Net debt(f)</i>	<i>430,211</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 January \$m	ACTUAL 2019-2020 YTD January \$m	MYEFO Profile 2019-2020 YTD January \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	27,106	240,851	245,911	463,791
Receipts from sales of goods and services	1,763	9,672	9,987	15,142
Interest receipts	265	2,453	2,711	5,134
Dividends and income tax equivalents	332	5,090	4,865	6,792
Other receipts	727	8,242	7,659	9,949
Total operating receipts	30,193	266,307	271,134	500,809
Cash payments for operating activities				
Payments for employees(b)	-2,345	-17,485	-17,640	-31,152
Payments for goods and services(c)	-7,233	-72,820	-72,965	-122,024
Grants and subsidies paid	-19,519	-102,240	-102,584	-170,400
Interest paid(c)	-544	-8,693	-8,781	-16,564
Personal benefit payments	-10,536	-76,936	-77,343	-128,416
Other payments(b)	-521	-3,957	-3,997	-6,768
Total operating payments	-40,698	-282,131	-283,309	-475,325
Net cash flows from operating activities	-10,505	-15,824	-12,175	25,483
Cash flows from investments in non-financial assets				
Sales of non-financial assets	467	517	489	1,663
Purchases of non-financial assets	-728	-6,798	-6,572	-14,304
Net cash flows from investments in non-financial assets	-261	-6,281	-6,082	-12,641
Net cash flows from investments in financial assets for policy purposes	-797	-6,687	-6,733	-13,336
Net cash flows from investments in financial assets for liquidity purposes	3,315	3,368	4,551	-15,923
Cash flows from financing activities				
Borrowing (net)	6,353	29,632	22,866	20,271
Other financing (net)(c)	-407	-2,974	-3,259	-5,257
Net cash flows from financing activities	5,946	26,658	19,607	15,014
Net increase/(decrease) in cash held	-2,302	1,234	-833	-1,403
GFS cash surplus(+)/deficit(-)(d)	-10,766	-22,105	-18,258	12,842
<i>plus</i> Net cash flows from financing activities for leases(e)	-305	-1,178	-1,343	-2,347
<i>less</i> Net Future Fund earnings	369	3,328	3,284	5,468
Equals underlying cash balance(f)	-11,440	-26,610	-22,885	5,028
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-797	-6,687	-6,733	-13,336
<i>plus</i> Net Future Fund earnings	369	3,328	3,284	5,468
Equals headline cash balance	-11,868	-29,969	-26,333	-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 January \$m	ACTUAL 2019-2020 YTD January \$m	MYEFO Profile 2019-2020 YTD January \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other withholding taxes				
Gross income tax withholding	16,362	124,795	126,092	220,300
Gross other individuals	2,062	23,811	24,313	52,900
Less Refunds	1,464	29,489	29,601	36,800
Total individuals and other withholding taxation	16,960	119,116	120,804	236,400
Fringe benefits tax	652	2,659	2,670	4,040
Company tax	7,490	53,860	53,891	99,800
Superannuation fund taxes(a)	-916	4,858	5,198	8,460
Petroleum resource rent tax	197	786	880	1,130
Total income taxation revenue	24,382	181,278	183,442	349,830

*As published in the 2019-20 MYEFO.

(a) The negative movement in Superannuation fund taxes for January reflects a higher amount of refunds issued for the month.

Note 2: Indirect Tax

	ACTUAL 2019-2020 January \$m	ACTUAL 2019-2020 YTD January \$m	MYEFO Profile 2019-2020 YTD January \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	4,288	38,836	37,909	67,230
Wine equalisation tax	104	621	651	1,110
Luxury car tax	52	384	384	670
Excise duty	1,678	14,137	14,117	23,900
Customs duty	1,470	11,926	12,758	20,800
Other indirect tax	549	5,266	5,212	9,275
Total indirect taxation revenue	8,141	71,170	71,030	122,985

*As published in the 2019-20 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2019-2020 January \$m	ACTUAL 2019-2020 YTD January \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function			
General public services	4,394	16,938	30,157
Defence	1,460	17,380	32,783
Public order and safety	708	3,586	5,966
Education	7,685	25,785	35,846
Health	6,556	47,932	83,425
Social security and welfare	13,167	106,775	180,782
Housing and community amenities	409	2,559	5,715
Recreation and culture	191	1,687	3,989
Fuel and energy	631	4,577	8,161
Agriculture, forestry and fishing	243	1,382	3,025
Mining, manufacturing and construction	228	1,586	3,073
Transport and communication	748	2,634	8,671
Other economic affairs	768	5,533	10,250
Other purposes			
Public debt interest	1,436	9,899	16,746
Nominal superannuation interest	481	4,477	7,715
General purpose inter-government transactions	5,373	40,969	68,547
Natural disaster relief	53	53	38
Contingency reserve	0	0	-1,707
Total expenses	44,531	293,751	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>.