



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

Friday, 27 March 2020

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
February 2020

KEY POINTS

- The Monthly Financial Statements for February 2020 report the budget position against the expected monthly profile for the 2019-20 financial year through to 29 February 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 29 February 2020 was a deficit of \$16,269 million against the 2019-20 MYEFO profile deficit of \$13,657 million.
- The fiscal balance for the 2019-20 financial year to 29 February 2020 was a deficit of \$11,444 million against the 2019-20 MYEFO profile deficit of \$11,287 million.

AGGREGATES^(a)				
	ACTUAL 2019-2020 February \$m	ACTUAL 2019-2020 YTD February \$m	MYEFO Profile 2019-2020 YTD February \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	47,888	321,743	324,909	511,148
Expenses	38,613	332,364	334,051	503,180
Net operating balance	9,274	-10,621	-9,142	7,968
Net capital investment	-1,235	823	2,145	4,161
Fiscal balance	10,509	-11,444	-11,287	3,807
Receipts(b)	46,522	313,346	318,930	502,472
/ess Payments(c)	35,833	325,940	328,863	491,976
/ess Net Future Fund earnings	348	3,676	3,724	5,468
Underlying cash balance(d)	10,341	-16,269	-13,657	5,028
Headline cash balance	9,558	-20,411	-18,044	-2,841
Total assets		656,826		655,554
Total liabilities		1,225,086		1,001,597
Net worth(e)		-568,260		-346,042
Net debt(f)		424,164		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 29 February 2020 was a deficit of \$16,269 million, which is \$2,612 million higher than the 2019-20 MYEFO profile deficit of \$13,657 million.

- **Receipts**

Total receipts were \$5,584 million lower than the 2019-20 MYEFO profile.

- **Payments**

Total payments were \$2,924 million lower than the 2019-20 MYEFO profile.

Net Operating Balance

The net operating balance for the year to 29 February 2020 was a deficit of \$10,621 million, which is \$1,479 million higher than the 2019-20 MYEFO profile deficit of \$9,142 million. The difference results from lower than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 29 February 2020 was a deficit of \$11,444 million, which is \$157 million higher than the 2019-20 MYEFO profile deficit of \$11,287 million. The difference results from lower than expected revenue, lower expenses and lower net capital investment.

Assets and Liabilities

As at 29 February 2020:

- net worth is negative \$568,260 million;
- net debt is \$424,164 million; and
- net financial liabilities are \$797,525 million.

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Australian Government general government sector operating statement

		ACTUAL 2019-2020 February \$m	ACTUAL 2019-2020 YTD February \$m	MYEFO Profile 2019-2020 YTD February \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Note					
Revenue					
Taxation revenue	1,2	44,971	297,419	300,894	472,815
Sales of goods and services		1,317	10,116	9,924	14,980
Interest income		312	2,582	2,997	5,247
Dividend income		438	3,696	3,565	6,383
Other		850	7,931	7,529	11,723
Total revenue		47,888	321,743	324,909	511,148
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,683	13,420	13,908	21,366
Superannuation		1,031	8,280	7,985	12,357
Depreciation and amortisation(b)		1,055	7,654	7,953	11,446
Supply of goods and services(b)		9,768	80,232	79,663	124,029
Other operating expenses(a)		621	4,828	4,721	7,236
Total gross operating expenses		14,159	114,414	114,230	176,434
Superannuation interest expense		640	5,117	5,162	7,715
Interest expenses(b)		1,392	11,561	11,655	18,215
Current transfers					
Current grants		10,752	104,030	104,799	149,813
Subsidy expenses		974	7,957	7,930	12,136
Personal benefits		9,973	85,868	85,993	128,282
Total current transfers		21,698	197,855	198,722	290,232
Capital transfers					
Mutually agreed write-downs		221	1,105	1,020	1,416
Other capital grants		503	2,312	3,263	9,168
Total capital transfers		724	3,417	4,283	10,584
Total expenses	3	38,613	332,364	334,051	503,180
Net operating balance		9,274	-10,621	-9,142	7,968
Other economic flows					
- included in operating result					
Net write-downs of assets		-1,056	-4,312	-4,554	-6,933
Assets recognised for the first time		28	105	231	201
Actuarial revaluations		0	0	54	81
Net foreign exchange gains		-2,158	-4,338	-1	-92
Net swap interest received		-88	-292	-268	-210
Market valuation of debt		-4,717	-15,520	-3,971	-1,129
Other gains/(losses)		289	7,989	3,366	5,131
Total other economic flows		-7,702	-16,368	-5,145	-2,950
- included in operating result					
Operating Result(c)		1,573	-26,989	-14,286	5,018
Non-owner movements in equity					
Revaluation of equity investments		3	14	-6	-3,928
Actuarial revaluations		0	0	0	1,879
Other economic revaluations		-78	1,878	755	195
Total other economic flows - included in equity		-75	1,892	748	-1,853
Comprehensive result					
- Total change in net worth		1,497	-25,096	-13,538	3,164
Net operating balance		9,274	-10,621	-9,142	7,968
Net acquisition of non-financial assets (b)					
Purchases of non-financial assets		850	9,568	10,096	16,868
less Sales of non-financial assets		1,034	1,147	84	1,219
less Depreciation		1,055	7,654	7,953	11,446
plus Change in inventories		0	23	64	-40
plus Other movements in non-financial assets		4	34	22	-3
Total net acquisition of non-financial assets		-1,235	823	2,145	4,161
Fiscal balance (Net lending/borrowing)(d)		10,509	-11,444	-11,287	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 29 February 2020 \$m	MYEFO ESTIMATE* as at 30 June 2020 \$m
Assets		
Financial assets		
Cash and deposits	9,671	7,204
Advances paid	81,615	85,155
Investments, loans and placements	201,974	198,528
Other receivables	63,148	58,577
Equity investments		
Investments in other public sector entities	57,978	55,640
Equity accounted investments	3,557	3,677
Investments - shares	67,597	73,969
<i>Total financial assets</i>	<i>485,540</i>	<i>482,751</i>
Non-financial assets		
Land	11,939	11,824
Buildings	42,754	43,415
Plant, equipment and infrastructure	86,559	87,832
Inventories	8,880	8,488
Intangibles	8,923	9,105
Investment properties	199	160
Biological assets	21	21
Heritage and cultural assets	11,682	11,695
Assets held for sale	261	231
Other non-financial assets	69	32
<i>Total non-financial assets(a)</i>	<i>171,286</i>	<i>172,803</i>
Total assets	656,826	655,554
Liabilities		
Interest bearing liabilities		
Deposits held	329	388
Government securities	676,583	645,907
Loans	21,299	17,759
Lease liabilities(a)	19,214	19,139
<i>Total interest bearing liabilities</i>	<i>717,424</i>	<i>683,193</i>
Provisions and payables		
Superannuation liability(b)	422,125	230,774
Other employee liabilities	26,810	26,663
Suppliers payables	6,964	7,579
Personal benefits payables	2,966	3,753
Subsidies payables	767	645
Grants payables	2,393	4,051
Other payables	2,829	2,186
Provisions	42,808	42,752
<i>Total provisions and payables</i>	<i>507,662</i>	<i>318,404</i>
Total liabilities	1,225,086	1,001,597
Net worth(c)	-568,260	-346,042
<i>Net financial worth(d)</i>	<i>-739,546</i>	<i>-518,845</i>
<i>Net financial liabilities(e)</i>	<i>797,525</i>	<i>574,486</i>
<i>Net debt(f)</i>	<i>424,164</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 February \$m	ACTUAL 2019-2020 YTD February \$m	MYEFO Profile 2019-2020 YTD February \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	44,631	285,482	290,787	463,791
Receipts from sales of goods and services	645	10,316	10,752	15,142
Interest receipts	123	2,576	3,078	5,134
Dividends and income tax equivalents	347	5,437	5,244	6,792
Other receipts	665	8,907	8,568	9,949
Total operating receipts	46,411	312,718	318,430	500,809
Cash payments for operating activities				
Payments for employees(b)	-2,549	-20,034	-20,028	-31,152
Payments for goods and services(c)	-9,660	-82,481	-82,513	-122,024
Grants and subsidies paid	-12,295	-114,536	-116,069	-170,400
Interest paid(c)	-155	-8,848	-8,970	-16,564
Personal benefit payments	-9,704	-86,640	-86,978	-128,416
Other payments(b)	-467	-4,425	-4,953	-6,768
Total operating payments	-34,831	-316,962	-319,509	-475,325
Net cash flows from operating activities	11,580	-4,244	-1,079	25,483
Cash flows from investments in non-financial assets				
Sales of non-financial assets	111	628	500	1,663
Purchases of non-financial assets	-812	-7,610	-7,817	-14,304
Net cash flows from investments in non-financial assets	-701	-6,982	-7,317	-12,641
Net cash flows from investments in financial assets for policy purposes	-1,131	-7,818	-8,111	-13,336
Net cash flows from investments in financial assets for liquidity purposes	-13,845	-10,477	-9,922	-15,923
Cash flows from financing activities				
Borrowing (net)	4,228	33,860	26,231	20,271
Other financing (net)(c)	-299	-3,273	-3,453	-5,257
Net cash flows from financing activities	3,929	30,588	22,778	15,014
Net increase/(decrease) in cash held	-167	1,067	-3,652	-1,403
GFS cash surplus(+)/deficit(-)(d)	10,879	-11,225	-8,397	12,842
<i>plus</i> Net cash flows from financing activities for leases(e)	-190	-1,368	-1,537	-2,347
<i>less</i> Net Future Fund earnings	348	3,676	3,724	5,468
Equals underlying cash balance(f)	10,341	-16,269	-13,657	5,028
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,131	-7,818	-8,111	-13,336
<i>plus</i> Net Future Fund earnings	348	3,676	3,724	5,468
Equals headline cash balance	9,558	-20,411	-18,044	-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 February \$m	ACTUAL 2019-2020 YTD February \$m	MYEFO Profile 2019-2020 YTD February \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other withholding taxes				
Gross income tax withholding	20,400	145,195	145,399	220,300
Gross other individuals	4,258	28,068	29,063	52,900
less Refunds	1,152	30,641	30,723	36,800
Total individuals and other withholding taxation	23,506	142,622	143,739	236,400
Fringe benefits tax	209	2,868	2,861	4,040
Company tax	6,762	60,622	62,534	99,800
Superannuation fund taxes	555	5,413	5,952	8,460
Petroleum resource rent tax	69	855	880	1,130
Total income taxation revenue	31,102	212,380	215,966	349,830

*As published in the 2019-20 MYEFO.

Note 2: Indirect Tax

	ACTUAL 2019-2020 February \$m	ACTUAL 2019-2020 YTD February \$m	MYEFO Profile 2019-2020 YTD February \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	9,340	48,176	47,011	67,230
Wine equalisation tax	127	747	759	1,110
Luxury car tax	51	435	436	670
Excise duty	1,767	15,904	15,921	23,900
Customs duty	1,254	13,180	14,623	20,800
Other indirect tax	1,330	6,596	6,179	9,275
Total indirect taxation revenue	13,869	85,039	84,928	122,985

*As published in the 2019-20 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2019-2020 February \$m	ACTUAL 2019-2020 YTD February \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function			
General public services	2,419	19,357	30,157
Defence	2,738	20,118	32,783
Public order and safety	465	4,051	5,966
Education	1,854	27,639	35,846
Health	6,661	54,593	83,425
Social security and welfare	13,667	120,442	180,782
Housing and community amenities	398	2,957	5,715
Recreation and culture	773	2,460	3,989
Fuel and energy	688	5,265	8,161
Agriculture, forestry and fishing	143	1,525	3,025
Mining, manufacturing and construction	235	1,821	3,073
Transport and communication	-17	2,617	8,671
Other economic affairs	872	6,406	10,250
Other purposes			
Public debt interest	1,358	11,257	16,746
Nominal superannuation interest	640	5,117	7,715
General purpose inter-government transactions	5,699	46,668	68,547
Natural disaster relief	20	73	38
Contingency reserve	0	0	-1,707
Total expenses	38,613	332,364	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>.