



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

Friday, 26 June 2020

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
May 2020

KEY POINTS

- The Monthly Financial Statements for May 2020 report the budget position against the expected monthly profile for the 2019-20 financial year through to 31 May 2020, based on the 2019-20 Mid-Year Economic and Fiscal Outlook (MYEFO) estimates published in December 2019.
- The May 2020 year-to-date results include the impact of the Australian Government's response to COVID-19.
- The underlying cash balance for the 2019-20 financial year to 31 May 2020 was a deficit of \$64,914 million against the 2019-20 MYEFO profile deficit of \$4,046 million.
- The fiscal balance for the 2019-20 financial year to 31 May 2020 was a deficit of \$68,454 million against the 2019-20 MYEFO profile surplus of \$2,976 million.

AGGREGATES^(a)				
	ACTUAL 2019-2020 May \$m	ACTUAL 2019-2020 YTD May \$m	MYEFO Profile 2019-2020 YTD May \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	43,870	447,598	465,734	511,148
Expenses	79,545	512,128	460,314	503,180
Net operating balance	-35,675	-64,530	5,420	7,968
Net capital investment	1,641	3,924	2,443	4,161
Fiscal balance	-37,316	-68,454	2,976	3,807
Receipts(b)	40,406	428,984	457,207	502,472
/ess Payments(c)	65,035	489,120	456,212	491,976
/ess Net Future Fund earnings	290	4,779	5,040	5,468
Underlying cash balance(d)	-24,920	-64,914	-4,046	5,028
Headline cash balance	-26,526	-72,009	-10,916	-2,841
Total assets		700,743		655,554
Total liabilities		1,324,952		1,001,597
Net worth(e)		-624,209		-346,042
Net debt(f)		463,654		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 May 2020 was a deficit of \$64,914 million, which is \$60,869 million higher than the 2019-20 MYEFO profile deficit of \$4,046 million.

- **Receipts**

Total receipts were \$28,223 million lower than the 2019-20 MYEFO profile, relating to lower taxation receipts (\$26,838 million), mainly driven by company tax receipts (around \$13.0 billion), individuals and other withholding tax receipts (around \$5.9 billion), GST (around \$4.9 billion) and superannuation funds tax receipts (around \$1.6 billion).

- **Payments**

Total payments were \$32,908 million higher than the 2019-20 MYEFO profile, primarily reflecting the Australian Government's response to COVID-19 including the following key decisions:

- Boosting cash flow for employers
- JobKeeper payments – eligible workers receive a fortnightly payment of \$1,500 (before tax) through their employer
- Economic stimulus payments – a one-off \$750 stimulus payment to pensioners, social security, veteran and other income support recipients and eligible concession card holders
- Coronavirus supplement - \$550 a fortnight for eligible income support recipients
- National Medical Stockpile – Purchase of Masks, Other Personal Protective Equipment and Pharmaceuticals
- National partnership agreement on a joint COVID-19 public health response
- Partnership with the private health sector to ensure viability and capacity during the COVID-19 response.

Net Operating Balance

The net operating balance for the year to 31 May 2020 was a deficit of \$64,530 million, which is \$69,950 million worse than the 2019-20 MYEFO profile surplus of \$5,420 million. The difference results from lower than expected revenue and higher expenses.

Fiscal Balance

The fiscal balance for the year to 31 May 2020 was a deficit of \$68,454 million, which is \$71,431 million worse than the 2019-20 MYEFO profile surplus of \$2,976 million. The difference results from revenue being \$18,136 million lower than expected, expenses being \$51,814 million higher than expected and higher net capital investment.

Assets and Liabilities

As at 31 May 2020:

- net worth is negative \$624,209 million;
- net debt is \$463,654 million; and
- net financial liabilities are \$859,443 million.

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Australian Government general government sector operating statement

		ACTUAL 2019-2020 May \$m	ACTUAL 2019-2020 YTD May \$m	MYEFO Profile 2019-2020 YTD May \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
	Note				
Revenue					
Taxation revenue	1,2	41,376	414,651	433,006	472,815
Sales of goods and services		1,307	14,023	13,657	14,980
Interest income		265	3,453	4,400	5,247
Dividend income		238	4,771	4,849	6,383
Other		684	10,700	9,821	11,723
Total revenue		43,870	447,598	465,734	511,148
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,867	18,963	19,243	21,366
Superannuation		1,080	11,364	11,258	12,357
Depreciation and amortisation(b)		1,012	10,971	10,972	11,446
Supply of goods and services(b)		11,145	113,137	113,062	124,029
Other operating expenses(a)		698	7,011	6,508	7,236
Total gross operating expenses		15,802	161,446	161,043	176,434
Superannuation interest expense		640	7,036	7,047	7,715
Interest expenses(b)		1,498	16,112	16,070	18,215
Current transfers					
Current grants		13,395	140,715	138,301	149,813
Subsidy expenses		31,741	48,966	10,975	12,136
Personal benefits		15,091	130,030	118,141	128,282
Total current transfers		60,228	319,711	267,417	290,232
Capital transfers					
Mutually agreed write-downs		-77	3,063	1,347	1,416
Other capital grants		1,454	4,761	7,391	9,168
Total capital transfers		1,377	7,824	8,738	10,584
Total expenses	3	79,545	512,128	460,314	503,180
Net operating balance		-35,675	-64,530	5,420	7,968
Other economic flows					
- included in operating result					
Net write-downs of assets		-1,611	-13,593	-6,981	-6,933
Assets recognised for the first time		10	123	347	201
Actuarial revaluations		0	0	74	81
Net foreign exchange gains		965	-4,923	-2	-92
Net swap interest received		-62	-927	-268	-210
Market valuation of debt		-798	-10,047	-1,804	-1,129
Other gains/(losses)		245	7,949	4,798	5,131
Total other economic flows		-1,252	-21,417	-3,835	-2,950
- included in operating result					
Operating Result(c)		-36,927	-85,946	1,585	5,018
Non-owner movements in equity					
Revaluation of equity investments		0	-10	-7	-3,928
Actuarial revaluations		0	0	0	1,879
Other economic revaluations		3,996	4,912	353	195
Total other economic flows - included in equity		3,996	4,902	346	-1,853
Comprehensive result					
- Total change in net worth		-32,931	-81,045	1,931	3,164
Net operating balance		-35,675	-64,530	5,420	7,968
Net acquisition of non-financial assets (b)					
Purchases of non-financial assets		2,004	14,032	14,393	16,868
less Sales of non-financial assets		12	1,197	1,068	1,219
less Depreciation		1,012	10,971	10,972	11,446
plus Change in inventories		664	2,029	78	-40
plus Other movements in non-financial assets		-3	31	12	-3
Total net acquisition of non-financial assets		1,641	3,924	2,443	4,161
Fiscal balance (Net lending/borrowing)(d)		-37,316	-68,454	2,976	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 May 2020 \$m	MYEFO ESTIMATE* as at 30 June 2020 \$m
Assets		
Financial assets		
Cash and deposits	8,619	7,204
Advances paid	84,681	85,155
Investments, loans and placements	238,285	198,528
Other receivables	72,815	58,577
Equity investments		
Investments in other public sector entities	58,232	55,640
Equity accounted investments	3,524	3,677
Investments - shares	57,585	73,969
<i>Total financial assets</i>	523,741	482,751
Non-financial assets		
Land	11,872	11,824
Buildings	42,525	43,415
Plant, equipment and infrastructure	90,571	87,832
Inventories	10,751	8,488
Intangibles	8,877	9,105
Investment properties	200	160
Biological assets	20	21
Heritage and cultural assets	11,821	11,695
Assets held for sale	298	231
Other non-financial assets	67	32
<i>Total non-financial assets(a)</i>	177,002	172,803
Total assets	700,743	655,554
Liabilities		
Interest bearing liabilities		
Deposits held	303	388
Government securities	756,187	645,907
Loans	19,428	17,759
Lease liabilities(a)	19,320	19,139
<i>Total interest bearing liabilities</i>	795,239	683,193
Provisions and payables		
Superannuation liability(b)	424,711	230,774
Other employee liabilities	26,943	26,663
Suppliers payables	9,875	7,579
Personal benefits payables	4,514	3,753
Subsidies payables	1,294	645
Grants payables	2,042	4,051
Other payables	2,790	2,186
Provisions	57,545	42,752
<i>Total provisions and payables</i>	529,713	318,404
Total liabilities	1,324,952	1,001,597
Net worth(c)	-624,209	-346,042
<i>Net financial worth(d)</i>	-801,211	-518,845
<i>Net financial liabilities(e)</i>	859,443	574,486
<i>Net debt(f)</i>	463,654	392,305

*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 May \$m	ACTUAL 2019-2020 YTD May \$m	MYEFO Profile 2019-2020 YTD May \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	38,553	392,793	419,631	463,791
Receipts from sales of goods and services	864	13,566	14,055	15,142
Interest receipts	301	3,306	4,296	5,134
Dividends and income tax equivalents	208	6,558	6,525	6,792
Other receipts	471	11,142	11,209	9,949
Total operating receipts	40,397	427,365	455,717	500,809
Cash payments for operating activities				
Payments for employees(b)	-2,684	-28,228	-28,639	-31,152
Payments for goods and services(c)	-11,145	-116,642	-114,713	-122,024
Grants and subsidies paid	-32,262	-179,945	-157,145	-170,400
Interest paid(c)	-2,706	-15,723	-15,983	-16,564
Personal benefit payments	-14,262	-128,584	-119,221	-128,416
Other payments(b)	-432	-6,253	-6,448	-6,768
Total operating payments	-63,491	-475,374	-442,149	-475,325
Net cash flows from operating activities	-23,095	-48,009	13,568	25,483
Cash flows from investments in non-financial assets				
Sales of non-financial assets	9	1,619	1,490	1,663
Purchases of non-financial assets	-1,327	-11,705	-11,948	-14,304
Net cash flows from investments in non-financial assets	-1,318	-10,086	-10,459	-12,641
Net cash flows from investments in financial assets for policy purposes	-1,897	-11,874	-11,911	-13,336
Net cash flows from investments in financial assets for liquidity purposes	-33,676	-46,678	-3,930	-15,923
Cash flows from financing activities				
Borrowing (net)	59,176	122,355	16,864	20,271
Other financing (net)(c)	-785	-5,694	-5,091	-5,257
Net cash flows from financing activities	58,391	116,661	11,773	15,014
Net increase/(decrease) in cash held	-1,594	14	-959	-1,403
GFS cash surplus (+)/deficit(-)(d)	-24,412	-58,095	3,109	12,842
<i>plus</i> Net cash flows from financing activities for leases(e)	-217	-2,041	-2,115	-2,347
<i>less</i> Net Future Fund earnings	290	4,779	5,040	5,468
Equals underlying cash balance(f)	-24,920	-64,914	-4,046	5,028
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,897	-11,874	-11,911	-13,336
<i>plus</i> Net Future Fund earnings	290	4,779	5,040	5,468
Equals headline cash balance	-26,526	-72,009	-10,916	-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 May \$m	ACTUAL 2019-2020 YTD May \$m	MYEFO Profile 2019-2020 YTD May \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	18,720	200,574	201,833	220,300
Gross other individuals	6,395	45,212	49,706	52,900
/less Refunds	1,420	34,781	35,507	36,800
Total individuals and other w ithholding taxation	23,696	211,005	216,032	236,400
Fringe benefits tax	133	3,774	4,029	4,040
Company tax	7,582	79,301	88,985	99,800
Superannuation fund taxes	363	6,440	7,882	8,460
Petroleum resource rent tax	15	1,109	1,143	1,130
Total income taxation revenue	31,790	301,629	318,072	349,830

*As published in the 2019-20 MYEFO.

Note 2: Indirect Tax

	ACTUAL 2019-2020 May \$m	ACTUAL 2019-2020 YTD May \$m	MYEFO Profile 2019-2020 YTD May \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	5,554	63,791	63,968	67,230
Wine equalisation tax	71	954	1,001	1,110
Luxury car tax	33	581	613	670
Excise duty	1,649	21,405	22,009	23,900
Customs duty	1,449	17,951	18,881	20,800
Other indirect tax	833	8,340	8,461	9,275
Total indirect taxation revenue	9,587	113,023	114,934	122,985

*As published in the 2019-20 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2019-2020 May \$m	ACTUAL 2019-2020 YTD May \$m	MYEFO ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function			
General public services	2,217	26,928	30,157
Defence	3,397	29,729	32,783
Public order and safety	520	5,688	5,966
Education	3,039	36,463	35,846
Health	7,931	77,507	83,425
Social security and welfare	18,950	176,920	180,782
Housing and community amenities	439	4,595	5,715
Recreation and culture	329	3,457	3,989
Fuel and energy	676	7,316	8,161
Agriculture, forestry and fishing	226	2,190	3,025
Mining, manufacturing and construction	254	2,651	3,073
Transport and communication	1,133	5,209	8,671
Other economic affairs	31,362	46,406	10,250
Other purposes			
Public debt interest	1,432	15,547	16,746
Nominal superannuation interest	640	7,036	7,715
General purpose inter-government transactions	6,990	64,401	68,547
Natural disaster relief	9	85	38
Contingency reserve	0	0	-1,707
Total expenses	79,545	512,128	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>.