



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

Friday, 23 October 2020

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
July, August and September 2020

KEY POINTS

- The Monthly Financial Statements for July, August and September 2020 report the budget position against the expected monthly profile for the 2020-21 financial year through to 30 September 2020, based on the 2020-21 Budget estimates published in October 2020.
- The July, August and September 2020 year-to-date results include the impact of the Australian Government's response to COVID-19.
- The underlying cash balance for the 2020-21 financial year to 30 September 2020 was a deficit of \$80.9 billion against the 2020-21 Budget profile deficit of \$83.3 billion.
- The fiscal balance for the 2020-21 financial year to 30 September 2020 was a deficit of \$92.1 billion against the 2020-21 Budget profile deficit of \$92.0 billion.

AGGREGATES	ACTUAL	ACTUAL	ACTUAL	ACTUAL	Budget Profile 2020-2021 YTD September \$b	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$b
	2020-2021 July \$b	2020-2021 YTD August \$b	2020-2021 September \$b	2020-2021 YTD September \$b		
Revenue	37.4	76.8	33.3	110.2	110.0	472.4
Expenses	74.4	135.7	67.0	202.7	202.2	670.3
Net operating balance	-37.0	-58.9	-33.6	-92.5	-92.2	-197.9
Net capital investment	-0.6	-0.5	0.2	-0.4	-0.1	7.8
Fiscal balance	-36.3	-58.3	-33.8	-92.1	-92.0	-205.7
Receipts(a)	37.3	76.4	37.4	113.8	113.6	463.8
Payments(b)	70.3	131.5	63.1	194.6	196.9	677.4
Underlying cash balance	-33.0	-55.1	-25.7	-80.9	-83.3	-213.7
Headline cash balance	-33.4	-56.1	-26.2	-82.4	-85.0	-230.0
Total assets	708.7	713.0		738.5		696.0
Total liabilities	1,415.2	1,432.3		1,502.3		1,353.4
Net worth(c)	-706.5	-719.3		-763.8		-657.4
Net debt(d)	532.1	547.4		580.8		703.2

*As published in the 2020-21 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 cash flows from financing activities for leases.

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

(d) Net debt is the sum of interest bearing liabilities less the sum of selected financial assets (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 30 September 2020 was a deficit of \$80.9 billion, which is \$2.5 billion lower than the 2020-21 Budget profile deficit of \$83.3 billion.

- **Receipts**

Total receipts were \$0.2 billion higher than the 2020-21 Budget profile.

- **Payments**

Total payments were \$2.3 billion lower than the 2020-21 Budget profile.

Net Operating Balance

The net operating balance for the year to 30 September 2020 was a deficit of \$92.5 billion, which is \$0.3 billion higher than the 2020-21 Budget profile deficit of \$92.2 billion. The difference results from higher than expected revenue and expenses.

Fiscal Balance

The fiscal balance for the year to 30 September 2020 was a deficit of \$92.1 billion, which is \$0.1 billion higher than the 2020-21 Budget profile deficit of \$92.0 billion. The difference results from higher than expected revenue and expenses, and lower than expected net capital investment.

Assets and Liabilities

As at 30 September 2020:

- net worth is negative \$763.8 billion;
- net debt is \$580.8 billion; and
- net financial liabilities are \$1,002.3 billion.

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 2020-2021 July	ACTUAL 2020-2021 YTD August	ACTUAL 2020-2021 September	ACTUAL 2020-2021 YTD September	Budget Profile 2020-2021 YTD September	BUDGET ESTIMATE* 2020-2021 FULL YEAR
	Note	\$m	\$m	\$m	\$m	\$m	\$m
Revenue							
Taxation revenue	1,2	34,397	70,651	30,771	101,422	101,063	434,913
Sales of goods and services		1,421	2,699	1,324	4,023	4,009	15,874
Interest income		323	627	120	746	1,053	4,181
Dividend income		508	1,126	411	1,537	1,411	6,419
Other		778	1,746	724	2,470	2,473	11,054
Total revenue		37,427	76,848	33,349	110,197	110,010	472,442
Expenses							
Gross operating expenses							
Wages and salaries(a)		1,812	3,611	1,834	5,444	5,387	21,593
Superannuation		1,063	2,104	1,040	3,144	3,125	12,433
Depreciation and amortisation		892	2,016	751	2,768	2,711	12,037
Supply of goods and services		12,004	22,344	11,327	33,672	34,014	150,520
Other operating expenses(a)		664	1,413	804	2,217	2,156	8,342
Total gross operating expenses		16,435	31,488	15,756	47,245	47,393	204,925
Superannuation interest expense		606	1,211	540	1,751	1,790	7,004
Interest expenses(b)		1,466	2,939	1,683	4,623	4,572	19,821
Current transfers							
Current grants		19,385	31,461	10,377	41,838	42,004	157,257
Subsidy expenses		15,019	31,201	23,904	55,105	55,215	99,546
Personal benefits		20,466	35,923	14,048	49,971	49,832	165,845
Total current transfers		54,870	98,585	48,329	146,914	147,051	422,649
Capital transfers							
Mutually agreed write-downs		1,008	1,096	362	1,457	617	1,496
Other capital grants		32	410	292	702	737	14,435
Total capital transfers		1,040	1,506	654	2,160	1,354	15,931
Total expenses	3	74,416	135,730	66,962	202,692	202,161	670,330
Net operating balance		-36,988	-58,882	-33,613	-92,495	-92,151	-197,888
Other economic flows							
- included in operating result							
Net write-downs of assets		-333	-725	85	-640	-791	-5,859
Assets recognised for the first time		0	23	21	45	44	173
Actuarial revaluations		0	0	0	0	0	111
Net foreign exchange gains		1,273	2,074	-2,057	16	23	-59
Net swap interest received		220	490	135	625	473	0
Market valuation of debt		-3,599	4,469	-9,011	-4,542	141	5,815
Other gains/(losses)(b)		-792	-1,662	2,358	696	478	7,639
Total other economic flows		-3,230	4,669	-8,469	-3,800	367	7,821
- included in operating result							
Operating Result(c)		-40,219	-54,213	-42,082	-96,295	-91,784	-190,068
Non-owner movements in equity							
Revaluation of equity investments		0	0	-1	-1	0	-4,415
Actuarial revaluations		0	0	0	0	0	54
Other economic revaluations		-1,429	-235	-2,407	-2,642	-538	-269
Total other economic flows - included in equity		-1,429	-235	-2,407	-2,642	-538	-4,630
Comprehensive result							
- Total change in net worth		-41,648	-54,448	-44,490	-98,937	-92,322	-194,698
Net operating balance		-36,988	-58,882	-33,613	-92,495	-92,151	-197,888
Net acquisition of non-financial assets							
Purchases of non-financial assets		452	1,662	868	2,529	2,843	18,904
less Sales of non-financial assets		13	20	13	33	34	467
less Depreciation		892	2,016	751	2,768	2,711	12,037
plus Change in inventories		-201	-177	77	-100	-249	1,422
plus Other movements in non-financial assets		5	10	4	14	7	-4
Total net acquisition of non-financial assets		-648	-542	184	-357	-144	7,818
Fiscal balance (Net lending/borrowing)(d)		-36,340	-58,341	-33,797	-92,138	-92,007	-205,706

*As published in the 2020-21 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) From 2020-21, the value of Debt Not Expected to be Repaid on initial recognition of income contingent concessional loans is reported as *Other Financing costs* rather than as a valuation adjustment. This change is consistent with Australian Accounting Standards and brings the accounting treatment of income contingent concessional loans into line with other concessional loans.

(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 July 2020 \$m	ACTUAL as at 31 August 2020 \$m	ACTUAL as at 30 September 2020 \$m	BUDGET ESTIMATE* as at 30 June 2021 \$m
Assets				
Financial assets				
Cash and deposits	10,699	9,336	7,467	5,780
Advances paid	81,769	81,831	81,918	87,054
Investments, loans and placements	238,863	244,438	278,153	218,509
Other receivables	74,846	74,047	68,636	67,027
Equity investments				
Investments in other public sector entities	64,141	64,500	63,400	63,617
Equity accounted investments	3,411	3,257	3,436	3,547
Investments - shares	59,883	60,595	60,410	67,416
Total financial assets	533,611	538,004	563,419	512,949
Non-financial assets				
Land	11,724	11,764	11,741	11,742
Buildings	42,942	42,812	42,550	43,521
Plant, equipment and infrastructure	89,001	89,000	89,388	94,047
Inventories	9,820	9,821	9,694	11,047
Intangibles	9,090	9,015	9,158	10,135
Investment properties	216	218	214	218
Biological assets	30	29	28	28
Heritage and cultural assets	11,918	12,018	11,975	11,994
Assets held for sale	262	265	248	241
Other non-financial assets	42	48	51	34
Total non-financial assets	175,045	174,989	175,047	183,007
Total assets	708,656	712,993	738,466	695,956
Liabilities				
Interest bearing liabilities				
Deposits held	329	296	315	484
Government securities	825,690	845,490	911,341	978,283
Loans	17,780	17,784	17,302	16,928
Lease liabilities	19,593	19,415	19,422	18,893
Total interest bearing liabilities	863,393	882,985	948,381	1,014,588
Provisions and payables				
Superannuation liability(a)	430,600	431,512	432,382	236,690
Other employee liabilities	32,448	32,818	33,068	33,097
Suppliers payables	7,566	6,520	6,261	8,033
Personal benefits payables	4,453	4,535	4,120	3,146
Subsidies payables	793	1,154	1,120	998
Grants payables	2,321	2,176	2,299	2,908
Other payables	4,898	4,211	6,163	2,351
Provisions	68,722	66,420	68,502	51,575
Total provisions and payables	551,802	549,348	553,915	338,798
Total liabilities	1,415,195	1,432,333	1,502,296	1,353,385
Net worth(b)	-706,540	-719,340	-763,829	-657,429
Net financial worth(c)	-881,585	-894,329	-938,876	-840,436
Net financial liabilities(d)	945,725	958,828	1,002,276	904,053
Net debt(e)	532,062	547,379	580,843	703,245

*As published in the 2020-21 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 2020-21 Monthly Financial Statements was calculated using the spot rates on long-term government bonds as at 30 June 2020 that best matched each individual scheme's liability duration. These rates were between 1.0 and 1.7 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 is the sum of interest bearing liabilities less the sum of selected financial assets (cash and deposits, advances paid, and investments, loans and placements).

Australian Government general government sector cash flow statement^(a)

	ACTUAL 2020-2021 July \$m	ACTUAL 2020-2021 YTD August \$m	ACTUAL 2020-2021 September \$m	ACTUAL 2020-2021 YTD September \$m	Budget Profile 2020-2021 YTD September \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Cash receipts from operating activities						
Taxes received	33,062	69,898	32,316	102,214	101,621	424,643
Receipts from sales of goods and services	2,398	3,337	467	3,804	4,205	16,538
Interest receipts	378	651	174	824	1,146	4,133
Dividends and income tax equivalents	515	1,075	3,052	4,127	3,985	6,837
Other receipts	914	1,385	1,367	2,752	2,603	11,140
Total operating receipts	37,268	76,346	37,376	113,722	113,560	463,291
Cash payments for operating activities						
Payments for employees(b)	-2,723	-5,497	-2,636	-8,133	-8,343	-32,530
Payments for goods and services	-13,658	-23,526	-11,434	-34,960	-35,601	-148,237
Grants and subsidies paid	-30,809	-62,525	-31,485	-94,011	-95,132	-285,970
Interest paid	-696	-814	-656	-1,470	-1,529	-17,230
Personal benefit payments	-20,786	-35,851	-15,199	-51,050	-51,104	-166,482
Other payments(b)	-1,039	-1,189	-555	-1,743	-1,774	-7,543
Total operating payments	-69,711	-129,402	-61,965	-191,367	-193,483	-657,992
Net cash flows from operating activities	-32,444	-53,055	-24,590	-77,645	-79,922	-194,701
Cash flows from investments in non-financial assets						
Sales of non-financial assets	16	27	18	45	40	473
Purchases of non-financial assets	-361	-1,661	-1,000	-2,661	-2,837	-17,075
Net cash flows from investments in non-financial assets	-345	-1,634	-982	-2,616	-2,796	-16,601
Net cash flows from investments in financial assets for policy purposes	-397	-999	-499	-1,497	-1,644	-16,375
Net cash flows from investments in financial assets for liquidity purposes	-1,928	-7,259	-31,826	-39,085	-922	27,799
Cash flows from financing activities						
Borrowing (net)	36,348	62,889	56,310	119,199	81,922	203,311
Other financing (net)	11	-59	-283	-342	-300	-7,105
Net cash flows from financing activities	36,359	62,830	56,027	118,857	81,622	196,206
Net increase/(decrease) in cash held	1,246	-117	-1,870	-1,986	-3,662	-3,673
GFS cash surplus(+)/deficit(-)(c)	-32,788	-54,689	-25,572	-80,261	-82,719	-211,303
<i>plus</i> Net cash flows from financing activities for leases(d)	-189	-428	-166	-594	-631	-2,351
Equals underlying cash balance(e)	-32,977	-55,118	-25,738	-80,856	-83,349	-213,654
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-397	-999	-499	-1,497	-1,644	-16,375
Equals headline cash balance	-33,374	-56,116	-26,237	-82,353	-84,993	-230,029

*As published in the 2020-21 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) 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 .

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

Note 1: Income Tax

	ACTUAL 2020-2021 July \$m	ACTUAL 2020-2021 YTD August \$m	ACTUAL 2020-2021 September \$m	ACTUAL 2020-2021 YTD September \$m	Budget Profile 2020-2021 YTD September \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Individuals and other withholding taxes						
Gross income tax withholding	17,828	37,609	18,946	56,555	56,555	212,300
Gross other individuals	5,734	9,858	1,359	11,217	11,217	47,300
/ess Refunds	8,936	15,301	4,224	19,525	19,525	37,400
Total individuals and other withholding taxation	14,626	32,165	16,081	48,247	48,247	222,200
Fringe benefits tax	819	967	28	995	995	3,880
Company tax	8,531	14,326	6,799	21,126	21,112	86,200
Superannuation fund taxes	736	1,773	383	2,156	2,156	8,180
Petroleum resource rent tax	-5	129	40	169	169	870
Total income taxation revenue	24,707	49,360	23,332	72,692	72,678	321,330

*As published in the 2020-21 Budget.

Note 2: Indirect Tax

	ACTUAL 2020-2021 July \$m	ACTUAL 2020-2021 YTD August \$m	ACTUAL 2020-2021 September \$m	ACTUAL 2020-2021 YTD September \$m	Budget Profile 2020-2021 YTD September \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Goods and services tax	5,177	11,896	4,273	16,169	16,169	62,970
Wine equalisation tax	69	166	80	245	245	1,060
Luxury car tax	84	127	40	168	168	540
Excise duty	1,904	3,986	1,832	5,817	5,817	22,760
Customs duty	2,090	3,928	477	4,405	4,404	18,840
Other indirect tax	366	1,189	736	1,925	1,581	7,413
Total indirect taxation revenue	9,690	21,291	7,438	28,730	28,385	113,583

*As published in the 2020-21 Budget.

Note 3: Total expenses by function

	ACTUAL 2020-2021 July \$m	ACTUAL 2020-2021 YTD August \$m	ACTUAL 2020-2021 September \$m	ACTUAL 2020-2021 YTD September \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Expenses by function					
General public services	2,405	4,748	2,454	7,202	31,764
Defence	2,737	5,297	2,192	7,489	34,415
Public order and safety	684	1,190	444	1,634	6,212
Education	5,143	7,683	2,678	10,362	41,742
Health	8,393	16,264	7,628	23,892	93,771
Social security and welfare	26,493	45,920	19,260	65,180	227,529
Housing and community amenities	331	685	384	1,069	7,086
Recreation and culture	394	690	244	934	4,364
Fuel and energy	660	1,321	702	2,023	8,771
Agriculture, forestry and fishing	201	406	274	680	3,913
Mining, manufacturing and construction	203	420	251	671	3,306
Transport and communication	244	599	462	1,062	13,060
Other economic affairs	14,766	30,137	23,451	53,588	97,948
Other purposes					
Public debt interest	1,446	2,871	1,328	4,199	16,804
Nominal superannuation interest	606	1,211	540	1,751	7,004
General purpose inter-government transactions	9,712	16,287	4,669	20,957	64,092
Natural disaster relief	0	0	0	0	482
Contingency reserve	0	0	0	0	8,068
Total expenses	74,416	135,730	66,962	202,692	670,330

*As published in the 2020-21 Budget.

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>.