



SENATOR THE HON SIMON BIRMINGHAM
Minister for Finance
Leader of the Government in the Senate

Friday, 27 November 2020

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
October 2020

KEY POINTS

- The Monthly Financial Statements for October 2020 report the budget position against the expected monthly profile for the 2020-21 financial year through to 31 October 2020, based on the 2020-21 Budget estimates published in October 2020.
- The October 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 31 October 2020 was a deficit of \$104.1 billion against the 2020-21 Budget profile deficit of \$107.6 billion.
- The fiscal balance for the 2020-21 financial year to 31 October 2020 was a deficit of \$104.9 billion against the 2020-21 Budget profile deficit of \$106.4 billion.

AGGREGATES	ACTUAL 2020-2021 October \$b	ACTUAL 2020-2021 YTD October \$b	Budget Profile 2020-2021 YTD October \$b	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$b
Revenue	41.8	152.0	152.9	472.4
Expenses	52.8	255.5	258.8	670.3
Net operating balance	-11.0	-103.5	-105.8	-197.9
Net capital investment	1.8	1.4	0.5	7.8
Fiscal balance	-12.7	-104.9	-106.4	-205.7
Receipts(a)	41.6	155.4	155.8	463.8
Payments(b)	64.8	259.4	263.4	677.4
Underlying cash balance	-23.2	-104.1	-107.6	-213.7
Headline cash balance	-23.7	-106.0	-110.2	-230.0
Total assets		733.0		696.0
Total liabilities		1,506.9		1,353.4
Net worth(c)		-773.8		-657.4
Net debt(d)		602.0		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 31 October 2020 was a deficit of \$104.1 billion, which is \$3.6 billion lower than the 2020-21 Budget profile deficit of \$107.6 billion.

- **Receipts**

Total receipts were \$0.5 billion lower than the 2020-21 Budget profile.

- **Payments**

Total payments were \$4.0 billion lower than the 2020-21 Budget profile.

Net Operating Balance

The net operating balance for the year to 31 October 2020 was a deficit of \$103.5 billion, which is \$2.4 billion lower than the 2020-21 Budget profile deficit of \$105.8 billion. The difference results from lower than expected revenue and expenses.

Fiscal Balance

The fiscal balance for the year to 31 October 2020 was a deficit of \$104.9 billion, which is \$1.5 billion lower than the 2020-21 Budget profile deficit of \$106.4 billion. The difference results from lower than expected revenue and expenses, and higher than expected net capital investment.

Assets and Liabilities

As at 31 October 2020:

- net worth is negative \$773.8 billion;
- net debt is \$602.0 billion; and
- net financial liabilities are \$1,014.0 billion.

Senator the Hon. Simon Birmingham
Minister for Finance

Rosemary Huxtable PSM
Secretary
Department of Finance

Media Contacts

Benn Ayre

0428 342 325

Australian Government general government sector operating statement

		ACTUAL 2020-2021 October	ACTUAL 2020-2021 YTD October	Budget Profile 2020-2021 YTD October	BUDGET ESTIMATE* 2020-2021 FULL YEAR
Note		\$m	\$m	\$m	\$m
Revenue					
	1,2	37,053	138,475	140,584	434,913
		1,394	5,417	5,373	15,874
		376	1,122	1,392	4,181
		370	1,907	1,758	6,419
		2,634	5,103	3,805	11,054
		41,827	152,024	152,912	472,442
Expenses					
Gross operating expenses					
		1,779	7,224	7,095	21,593
		1,014	4,158	4,244	12,433
		928	3,696	3,997	12,037
		11,294	44,966	46,134	150,520
		748	2,966	2,892	8,342
		15,764	63,009	64,362	204,925
		584	2,335	2,370	7,004
		1,470	6,093	6,062	19,821
Current transfers					
		14,597	56,436	56,975	157,257
		6,393	61,498	61,814	99,546
		13,602	63,573	65,007	165,845
		34,592	181,507	183,796	422,649
Capital transfers					
		-24	1,434	780	1,496
		415	1,117	1,385	14,435
		391	2,551	2,165	15,931
		52,801	255,494	258,754	670,330
	3	-10,974	-103,469	-105,842	-197,888
Other economic flows					
- included in operating result					
		163	-477	-1,469	-5,859
		29	74	58	173
		0	0	0	111
		-92	-75	11	-59
		79	704	473	0
		307	-4,235	852	5,815
		612	1,308	1,239	7,639
		1,098	-2,702	1,163	7,821
		-9,876	-106,171	-104,679	-190,068
Operating Result(c)					
Non-owner movements in equity					
		-1	-2	0	-4,415
		0	0	0	54
		-125	-2,766	-476	-269
		-126	-2,768	-475	-4,630
Comprehensive result					
		-10,002	-108,940	-105,155	-194,698
		-10,974	-103,469	-105,842	-197,888
Net acquisition of non-financial assets					
		1,529	4,058	4,510	18,904
		6	39	46	467
		928	3,696	3,997	12,037
		1,159	1,059	53	1,422
		7	21	10	-4
		1,760	1,403	530	7,818
		-12,735	-104,873	-106,372	-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 October 2020 \$m	BUDGET ESTIMATE* as at 30 June 2021 \$m
Assets		
Financial assets		
Cash and deposits	11,111	5,780
Advances paid	82,138	87,054
Investments, loans and placements	265,259	218,509
Other receivables	67,305	67,027
Equity investments		
Investments in other public sector entities	63,623	63,617
Equity accounted investments	3,447	3,547
Investments - shares	63,561	67,416
<i>Total financial assets</i>	<i>556,445</i>	<i>512,949</i>
Non-financial assets		
Land	11,742	11,742
Buildings	42,616	43,521
Plant, equipment and infrastructure	89,698	94,047
Inventories	10,814	11,047
Intangibles	9,196	10,135
Investment properties	215	218
Biological assets	28	28
Heritage and cultural assets	11,974	11,994
Assets held for sale	246	241
Other non-financial assets	58	34
<i>Total non-financial assets</i>	<i>176,588</i>	<i>183,007</i>
Total assets	733,032	695,956
Liabilities		
Interest bearing liabilities		
Deposits held	344	484
Government securities	923,519	978,283
Loans	17,355	16,928
Lease liabilities	19,333	18,893
<i>Total interest bearing liabilities</i>	<i>960,550</i>	<i>1,014,588</i>
Provisions and payables		
Superannuation liability(a)	433,119	236,690
Other employee liabilities	32,628	33,097
Suppliers payables	6,618	8,033
Personal benefits payables	3,565	3,146
Subsidies payables	1,097	998
Grants payables	2,118	2,908
Other payables	6,332	2,351
Provisions	60,837	51,575
<i>Total provisions and payables</i>	<i>546,313</i>	<i>338,798</i>
Total liabilities	1,506,864	1,353,385
Net worth(b)	-773,831	-657,429
<i>Net financial worth(c)</i>	<i>-950,419</i>	<i>-840,436</i>
<i>Net financial liabilities(d)</i>	<i>1,014,042</i>	<i>904,053</i>
<i>Net debt(e)</i>	<i>602,042</i>	<i>703,245</i>

*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 Australian Accounting Standards, 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 October \$m	ACTUAL 2020-2021 YTD October \$m	Budget Profile 2020-2021 YTD October \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	35,785	138,000	138,570	424,643
Receipts from sales of goods and services	3,392	7,196	7,063	16,538
Interest receipts	360	1,185	1,503	4,133
Dividends and income tax equivalents	338	4,465	4,335	6,837
Other receipts	1,701	4,453	4,305	11,140
Total operating receipts	41,577	155,299	155,776	463,291
Cash payments for operating activities				
Payments for employees(b)	-3,238	-11,371	-11,280	-32,530
Payments for goods and services	-11,525	-46,486	-47,058	-148,237
Grants and subsidies paid	-30,781	-124,791	-126,015	-285,970
Interest paid	-3,233	-4,702	-4,873	-17,230
Personal benefit payments	-14,047	-65,097	-66,729	-166,482
Other payments(b)	-563	-2,306	-2,553	-7,543
Total operating payments	-63,387	-254,754	-258,508	-657,992
Net cash flows from operating activities	-21,810	-99,455	-102,732	-194,701
Cash flows from investments in non-financial assets				
Sales of non-financial assets	11	56	46	473
Purchases of non-financial assets	-1,156	-3,817	-4,104	-17,075
Net cash flows from investments in non-financial assets	-1,145	-3,761	-4,058	-16,601
Net cash flows from investments in financial assets for policy purposes	-496	-1,993	-2,595	-16,375
Net cash flows from investments in financial assets for liquidity purposes	12,738	-26,347	9,890	27,799
Cash flows from financing activities				
Borrowing (net)	15,553	134,752	100,292	203,311
Other financing (net)	-1,196	-1,537	-1,462	-7,105
Net cash flows from financing activities	14,357	133,214	98,830	196,206
Net increase/(decrease) in cash held	3,644	1,658	-666	-3,673
GFS cash surplus(+)/deficit(-)(c)	-22,955	-103,216	-106,790	-211,303
<i>plus</i> Net cash flows from financing activities for leases(d)	-242	-836	-814	-2,351
Equals underlying cash balance(e)	-23,197	-104,052	-107,605	-213,654
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-496	-1,993	-2,595	-16,375
Equals headline cash balance	-23,693	-106,046	-110,200	-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 October \$m	ACTUAL 2020-2021 YTD October \$m	Budget Profile 2020-2021 YTD October \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	17,920	74,475	74,986	212,300
Gross other individuals	5,106	16,323	17,496	47,300
/ess Refunds	3,655	23,180	23,573	37,400
Total individuals and other w ithholding taxation	19,371	67,618	68,910	222,200
Fringe benefits tax	845	1,840	1,844	3,880
Company tax	5,350	26,476	28,336	86,200
Superannuation fund taxes	1,166	3,322	2,813	8,180
Petroleum resource rent tax	123	292	459	870
Total income taxation revenue	26,856	99,548	102,363	321,330

*As published in the 2020-21 Budget.

Note 2: Indirect Tax

	ACTUAL 2020-2021 October \$m	ACTUAL 2020-2021 YTD October \$m	Budget Profile 2020-2021 YTD October \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Goods and services tax	6,424	22,593	22,343	62,970
Wine equalisation tax	70	315	312	1,060
Luxury car tax	56	224	207	540
Excise duty	1,867	7,684	7,536	22,760
Customs duty	1,309	5,714	5,799	18,840
Other indirect tax	471	2,396	2,024	7,413
Total indirect taxation revenue	10,197	38,927	38,221	113,583

*As published in the 2020-21 Budget.

Note 3: Total expenses by function

	ACTUAL 2020-2021 October \$m	ACTUAL 2020-2021 YTD October \$m	BUDGET ESTIMATE* 2020-2021 FULL YEAR \$m
Expenses by function			
General public services	2,520	9,722	31,764
Defence	2,658	10,147	34,415
Public order and safety	479	2,114	6,212
Education	5,969	16,330	41,742
Health	7,820	31,712	93,771
Social security and welfare	18,634	83,814	227,529
Housing and community amenities	469	1,538	7,086
Recreation and culture	305	1,239	4,364
Fuel and energy	726	2,750	8,771
Agriculture, forestry and fishing	202	881	3,913
Mining, manufacturing and construction	240	911	3,306
Transport and communication	299	1,361	13,060
Other economic affairs	5,935	59,523	97,948
Other purposes			
Public debt interest	1,326	5,525	16,804
Nominal superannuation interest	584	2,335	7,004
General purpose inter-government transactions	4,637	25,593	64,092
Natural disaster relief	0	0	482
Contingency reserve	0	0	8,068
Total expenses	52,801	255,494	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>.