



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

Friday, 29 January 2021

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
December 2020

KEY POINTS

- The Monthly Financial Statements for December 2020 report the budget position against the expected monthly profile for the 2020-21 financial year through to 31 December 2020, based on the 2020-21 Mid-Year Economic and Fiscal Outlook (MYEFO) estimates published in December 2020.
- The December 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 December 2020 was a deficit of \$116.0 billion against the MYEFO profile deficit of \$125.5 billion.
- The fiscal balance for the 2020-21 financial year to 31 December 2020 was a deficit of \$117.4 billion against the MYEFO profile deficit of \$124.2 billion.

AGGREGATES	ACTUAL 2020-2021 December \$b	ACTUAL 2020-2021 YTD December \$b	MYEFO Profile 2020-2021 YTD December \$b	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$b
Revenue	44.2	241.6	239.5	482.1
Expenses	52.1	357.1	361.0	667.3
Net operating balance	-7.9	-115.5	-121.5	-185.2
Net capital investment	0.3	1.9	2.7	8.8
Fiscal balance	-8.2	-117.4	-124.2	-193.9
Receipts(a)	46.6	246.7	241.0	473.1
Payments(b)	53.2	362.7	366.6	670.9
Underlying cash balance	-6.6	-116.0	-125.5	-197.7
Headline cash balance	-6.0	-118.5	-131.1	-214.9
Total assets		714.3		684.2
Total liabilities		1,487.1		1,330.8
Net worth(c)		-772.9		-646.5
Net debt(d)		611.1		691.9

*As published in the 2020-21 MYEFO.

(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 December 2020 was a deficit of \$116.0 billion, which is \$9.5 billion lower than the 2020-21 MYEFO profile deficit of \$125.5 billion.

- **Receipts**

Total receipts were \$5.6 billion higher than the 2020-21 MYEFO profile.

- **Payments**

Total payments were \$3.9 billion lower than the 2020-21 MYEFO profile.

Net Operating Balance

The net operating balance for the year to 31 December 2020 was a deficit of \$115.5 billion, which is \$6.0 billion lower than the 2020-21 MYEFO profile deficit of \$121.5 billion. The difference results from higher than expected revenue and lower than expected expenses.

Fiscal Balance

The fiscal balance for the year to 31 December 2020 was a deficit of \$117.4 billion, which is \$6.8 billion lower than the 2020-21 MYEFO profile deficit of \$124.2 billion. The difference results from higher than expected revenue, and lower than expected expenses and net capital investment.

Assets and Liabilities

As at 31 December 2020:

- net worth is negative \$772.9 billion;
- net debt is \$611.1 billion; and
- net financial liabilities are \$1,014.0 billion.

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Australian Government general government sector operating statement

		ACTUAL 2020-2021 December	ACTUAL 2020-2021 YTD December	MYEFO Profile 2020-2021 YTD December	MYEFO ESTIMATE* 2020-2021 FULL YEAR
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1,2	40,503	221,905	220,323	441,842
Sales of goods and services		1,306	7,982	7,994	15,765
Interest income		280	1,675	2,154	4,161
Dividend income		1,362	3,493	2,496	8,203
Other		710	6,528	6,527	12,165
Total revenue		44,160	241,584	239,495	482,136
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,722	10,736	10,770	21,665
Superannuation		1,074	6,263	6,227	12,427
Depreciation and amortisation		943	5,656	5,584	12,087
Supply of goods and services		13,344	69,564	69,961	151,369
Other operating expenses(a)		615	4,309	4,311	8,322
<i>Total gross operating expenses</i>		<i>17,697</i>	<i>96,527</i>	<i>96,854</i>	<i>205,870</i>
Superannuation interest expense		584	3,502	3,502	7,004
Interest expenses(b)		2,248	9,803	9,729	20,596
Current transfers					
Current grants		11,734	78,548	78,568	160,505
Subsidy expenses		5,105	73,108	73,825	88,718
Personal benefits		13,738	91,118	93,919	168,222
<i>Total current transfers</i>		<i>30,577</i>	<i>242,774</i>	<i>246,312</i>	<i>417,446</i>
Capital transfers					
Mutually agreed write-downs		212	1,830	1,682	2,286
Other capital grants		746	2,627	2,879	14,119
<i>Total capital transfers</i>		<i>959</i>	<i>4,457</i>	<i>4,561</i>	<i>16,405</i>
Total expenses	3	52,064	357,062	360,958	667,321
Net operating balance		-7,904	-115,478	-121,464	-185,185
Other economic flows					
- included in operating result					
Net write-downs of assets		-340	-1,324	-1,933	-4,618
Assets recognised for the first time		43	136	125	173
Actuarial revaluations		0	0	0	111
Net foreign exchange gains		125	282	23	-278
Net swap interest received		97	826	678	608
Market valuation of debt		3,377	2,904	1,178	4,501
Other gains/(losses)(b)		676	7,511	5,998	5,377
Total other economic flows		3,976	10,336	6,068	5,873
- included in operating result					
Operating Result(c)		-3,927	-105,143	-115,396	-179,311
Non-owner movements in equity					
Revaluation of equity investments		0	1	0	-4,201
Actuarial revaluations		0	0	0	54
Other economic revaluations		-40	-466	-806	-326
Total other economic flows - included in equity		-40	-465	-806	-4,473
Comprehensive result					
- Total change in net worth		-3,967	-105,608	-116,202	-183,785
Net operating balance		-7,904	-115,478	-121,464	-185,185
Net acquisition of non-financial assets					
Purchases of non-financial assets		1,356	6,801	6,976	18,813
less Sales of non-financial assets		24	91	84	274
less Depreciation		943	5,656	5,584	12,087
plus Change in inventories		-103	837	1,369	2,310
plus Other movements in non-financial assets		-2	20	15	-4
Total net acquisition of non-financial assets		284	1,911	2,693	8,758
Fiscal balance (Net lending/borrowing)(d)		-8,188	-117,390	-124,157	-193,942

*As published in the 2020-21 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) 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 December 2020 \$m	MYEFO ESTIMATE* as at 30 June 2021 \$m
Assets		
Financial assets		
Cash and deposits	7,905	6,115
Advances paid	81,167	87,370
Investments, loans and placements	242,337	204,339
Other receivables	70,348	67,649
Equity investments		
Investments in other public sector entities	64,237	63,987
Equity accounted investments	3,461	3,547
Investments - shares	67,943	67,391
<i>Total financial assets</i>	<i>537,398</i>	<i>500,397</i>
Non-financial assets		
Land	11,731	11,743
Buildings	42,598	43,671
Plant, equipment and infrastructure	90,249	93,954
Inventories	10,560	11,814
Intangibles	9,204	10,145
Investment properties	219	218
Biological assets	27	28
Heritage and cultural assets	11,962	11,992
Assets held for sale	254	241
Other non-financial assets	57	34
<i>Total non-financial assets</i>	<i>176,862</i>	<i>183,840</i>
Total assets	714,261	684,236
Liabilities		
Interest bearing liabilities		
Deposits held	418	484
Government securities	905,791	953,548
Loans	16,883	16,775
Lease liabilities	19,375	18,907
<i>Total interest bearing liabilities</i>	<i>942,468</i>	<i>989,714</i>
Provisions and payables		
Superannuation liability(a)	434,479	236,687
Other employee liabilities	32,984	33,099
Suppliers payables	5,583	8,428
Personal benefits payables	3,596	3,105
Subsidies payables	914	1,000
Grants payables	2,011	3,972
Other payables	5,597	2,687
Provisions	59,516	52,061
<i>Total provisions and payables</i>	<i>544,680</i>	<i>341,037</i>
Total liabilities	1,487,148	1,330,751
Net worth(b)	-772,887	-646,515
<i>Net financial worth(c)</i>	<i>-949,749</i>	<i>-830,355</i>
<i>Net financial liabilities(d)</i>	<i>1,013,986</i>	<i>894,342</i>
<i>Net debt(e)</i>	<i>611,059</i>	<i>691,891</i>

*As published in the 2020-21 MYEFO.

(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 December \$m	ACTUAL 2020-2021 YTD December \$m	MYEFO Profile 2020-2021 YTD December \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	42,212	222,304	218,744	433,500
Receipts from sales of goods and services	2,211	10,108	8,333	16,233
Interest receipts	165	1,549	2,018	3,709
Dividends and income tax equivalents	1,399	6,103	5,104	7,115
Other receipts	581	6,530	6,758	12,295
Total operating receipts	46,569	246,594	240,957	472,853
Cash payments for operating activities				
Payments for employees(b)	-2,408	-16,338	-16,116	-32,600
Payments for goods and services	-13,722	-71,383	-72,056	-148,265
Grants and subsidies paid	-17,989	-162,038	-162,613	-276,728
Interest paid	-966	-8,713	-8,850	-17,174
Personal benefit payments	-15,772	-93,277	-95,846	-168,985
Other payments(b)	-884	-3,688	-3,756	-7,520
Total operating payments	-51,741	-355,437	-359,237	-651,271
Net cash flows from operating activities	-5,172	-108,842	-118,280	-178,419
Cash flows from investments in non-financial assets				
Sales of non-financial assets	26	90	93	280
Purchases of non-financial assets	-1,229	-6,019	-6,123	-17,270
Net cash flows from investments in non-financial assets	-1,203	-5,929	-6,030	-16,989
Net cash flows from investments in financial assets for policy purposes	576	-2,477	-5,524	-17,145
Net cash flows from investments in financial assets for liquidity purposes	4,384	-7,512	-4,390	38,608
Cash flows from financing activities				
Borrowing (net)	1,708	125,815	135,298	176,924
Other financing (net)	-106	-2,603	-2,517	-6,317
Net cash flows from financing activities	1,603	123,212	132,780	170,607
Net increase/(decrease) in cash held	189	-1,548	-1,443	-3,338
GFS cash surplus(+)/deficit(-)(c)	-6,374	-114,771	-124,310	-195,408
<i>plus</i> Net cash flows from financing activities for leases(d)	-217	-1,248	-1,236	-2,339
Equals underlying cash balance(e)	-6,591	-116,019	-125,547	-197,747
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	576	-2,477	-5,524	-17,145
Equals headline cash balance	-6,015	-118,496	-131,070	-214,892

*As published in the 2020-21 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 classified separately from wages and salaries 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 December \$m	ACTUAL 2020-2021 YTD December \$m	MYEFO Profile 2020-2021 YTD December \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	19,063	112,083	112,316	212,400
Gross other individuals	1,565	21,858	21,774	46,900
less Refunds	1,471	27,496	27,476	37,400
Total individuals and other w ithholding taxation	19,157	106,444	106,614	221,900
Fringe benefits tax	11	1,964	2,019	3,880
Company tax	10,514	45,675	44,845	89,100
Superannuation fund taxes	2,596	7,295	6,895	8,740
Petroleum resource rent tax	52	420	357	770
Total income taxation revenue	32,329	161,799	160,730	324,390

*As published in the 2020-21 MYEFO.

Note 2: Indirect Tax

	ACTUAL 2020-2021 December \$m	ACTUAL 2020-2021 YTD December \$m	MYEFO Profile 2020-2021 YTD December \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Goods and services tax	4,415	34,503	34,263	65,750
Wine equalisation tax	101	524	515	1,060
Luxury car tax	71	354	334	610
Excise duty	2,081	12,182	11,966	23,400
Customs duty	1,023	8,596	8,769	19,090
Other indirect tax	484	3,949	3,746	7,542
Total indirect taxation revenue	8,174	60,107	59,593	117,452

*As published in the 2020-21 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2020-2021 December \$m	ACTUAL 2020-2021 YTD December \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Expenses by function			
General public services	3,236	15,416	32,618
Defence	2,639	15,484	34,407
Public order and safety	419	3,035	6,253
Education	2,574	20,919	43,318
Health	7,865	47,705	95,119
Social security and welfare	21,143	123,149	230,519
Housing and community amenities	352	2,210	6,871
Recreation and culture	371	1,898	4,393
Fuel and energy	737	4,185	8,899
Agriculture, forestry and fishing	290	1,397	3,982
Mining, manufacturing and construction	298	1,465	3,609
Transport and communication	883	3,161	13,337
Other economic affairs	4,716	70,245	87,070
Other purposes			
Public debt interest	1,369	8,186	17,051
Nominal superannuation interest	584	3,502	7,004
General purpose inter-government transactions	4,588	35,106	67,199
Natural disaster relief	0	0	266
Contingency reserve	0	0	5,403
Total expenses	52,064	357,062	667,321

*As published in the 2020-21 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>.