



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

Friday, 26 March 2021

MEDIA RELEASE

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
February 2021

KEY POINTS

- The Monthly Financial Statements for February 2021 report the budget position against the expected monthly profile for the 2020-21 financial year through to 28 February 2021, based on the 2020-21 Mid-Year Economic and Fiscal Outlook (MYEFO) estimates published in December 2020.
- The February 2021 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 28 February 2021 was a deficit of \$134.6 billion against the MYEFO profile deficit of \$157.7 billion.
- The fiscal balance for the 2020-21 financial year to 28 February 2021 was a deficit of \$132.6 billion against the MYEFO profile deficit of \$160.4 billion.

AGGREGATES	ACTUAL 2020-2021 February \$b	ACTUAL 2020-2021 YTD February \$b	MYEFO Profile 2020-2021 YTD February \$b	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$b
Revenue	45.4	321.1	307.6	482.1
Expenses	43.7	450.8	463.6	667.3
Net operating balance	1.7	-129.7	-156.1	-185.2
Net capital investment	0.2	3.0	4.3	8.8
Fiscal balance	1.6	-132.6	-160.4	-193.9
Receipts(a)	40.3	317.2	306.5	473.1
Payments(b)	41.1	451.9	464.2	670.9
Underlying cash balance	-0.7	-134.6	-157.7	-197.7
Headline cash balance	-1.4	-139.0	-166.1	-214.9
Total assets		709.1		684.2
Total liabilities		1,452.0		1,330.8
Net worth(c)		-742.9		-646.5
Net debt(d)		583.3		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 28 February 2021 was a deficit of \$134.6 billion, which is \$23.1 billion lower than the 2020-21 MYEFO profile deficit of \$157.7 billion.

- **Receipts**

Total receipts were \$10.7 billion higher than the 2020-21 MYEFO profile.

- **Payments**

Total payments were \$12.3 billion lower than the 2020-21 MYEFO profile.

Net Operating Balance

The net operating balance for the year to 28 February 2021 was a deficit of \$129.7 billion, which is \$26.4 billion lower than the 2020-21 MYEFO profile deficit of \$156.1 billion. The difference results from higher than expected revenue and lower than expected expenses.

Fiscal Balance

The fiscal balance for the year to 28 February 2021 was a deficit of \$132.6 billion, which is \$27.8 billion lower than the 2020-21 MYEFO profile deficit of \$160.4 billion. The difference results from higher than expected revenue, and lower than expected expenses and net capital investment.

Assets and Liabilities

As at 28 February 2021:

- net worth is negative \$742.9 billion;
- net debt is \$583.3 billion; and
- net financial liabilities are \$985.1 billion.

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Australian Government general government sector operating statement

		ACTUAL 2020-2021 February \$m	ACTUAL 2020-2021 YTD February \$m	MYEFO Profile 2020-2021 YTD February \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Revenue					
Taxation revenue	1,2	42,605	295,946	282,869	441,842
Sales of goods and services		1,340	10,530	10,428	15,765
Interest income		302	2,249	2,818	4,161
Dividend income		343	4,172	3,117	8,203
Other		840	8,243	8,325	12,165
Total revenue		45,430	321,140	307,557	482,136
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,721	13,968	14,212	21,665
Superannuation		1,033	8,308	8,295	12,427
Depreciation and amortisation		957	7,563	8,058	12,087
Supply of goods and services		10,630	89,148	92,231	151,369
Other operating expenses(a)		579	5,081	5,360	8,322
<i>Total gross operating expenses</i>		<i>14,919</i>	<i>124,069</i>	<i>128,156</i>	<i>205,870</i>
Superannuation interest expense		584	4,669	4,669	7,004
Interest expenses(b)		1,505	12,917	12,885	20,596
Current transfers					
Current grants		11,119	108,488	109,750	160,505
Subsidy expenses		2,585	80,090	81,341	88,718
Personal benefits		12,296	114,748	120,288	168,222
<i>Total current transfers</i>		<i>26,000</i>	<i>303,326</i>	<i>311,379</i>	<i>417,446</i>
Capital transfers					
Mutually agreed write-downs		71	1,903	1,889	2,286
Other capital grants		605	3,908	4,672	14,119
<i>Total capital transfers</i>		<i>677</i>	<i>5,811</i>	<i>6,562</i>	<i>16,405</i>
Total expenses	3	43,684	450,792	463,650	667,321
Net operating balance		1,746	-129,652	-156,093	-185,185
Other economic flows					
- included in operating result					
Net write-downs of assets		-1,148	-3,129	-2,581	-4,618
Assets recognised for the first time		16	82	115	173
Actuarial revaluations		0	0	0	111
Net foreign exchange gains		-717	-465	-1	-278
Net swap interest received		151	1,132	678	608
Market valuation of debt		37,914	48,193	2,323	4,501
Other gains/(losses)(b)		172	8,765	5,824	5,377
Total other economic flows		36,388	54,579	6,357	5,873
- included in operating result					
Operating Result(c)		38,134	-75,073	-149,736	-179,311
Non-owner movements in equity					
Revaluation of equity investments		-1	3	1	-4,201
Actuarial revaluations		0	0	0	54
Other economic revaluations		73	-556	60	-326
Total other economic flows - included in equity		72	-553	61	-4,473
Comprehensive result					
- Total change in net worth		38,206	-75,626	-149,675	-183,785
Net operating balance		1,746	-129,652	-156,093	-185,185
Net acquisition of non-financial assets					
Purchases of non-financial assets		918	8,885	11,205	18,813
less Sales of non-financial assets		20	149	114	274
less Depreciation		957	7,563	8,058	12,087
plus Change in inventories		239	1,780	1,300	2,310
plus Other movements in non-financial assets		0	20	16	-4
Total net acquisition of non-financial assets		179	2,973	4,348	8,758
Fiscal balance (Net lending/borrowing)(d)		1,567	-132,625	-160,441	-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 28 February 2021 \$m	MYEFO ESTIMATE* as at 30 June 2021 \$m
Assets		
Financial assets		
Cash and deposits	9,397	6,115
Advances paid	82,365	87,370
Investments, loans and placements	230,111	204,339
Other receivables	72,607	67,649
Equity investments		
Investments in other public sector entities	64,565	63,987
Equity accounted investments	3,473	3,547
Investments - shares	68,993	67,391
<i>Total financial assets</i>	<i>531,511</i>	<i>500,397</i>
Non-financial assets		
Land	11,750	11,743
Buildings	42,336	43,671
Plant, equipment and infrastructure	90,363	93,954
Inventories	11,413	11,814
Intangibles	9,240	10,145
Investment properties	223	218
Biological assets	27	28
Heritage and cultural assets	11,965	11,992
Assets held for sale	239	241
Other non-financial assets	58	34
<i>Total non-financial assets</i>	<i>177,613</i>	<i>183,840</i>
Total assets	709,124	684,236
Liabilities		
Interest bearing liabilities		
Deposits held	355	484
Government securities	868,717	953,548
Loans	16,887	16,775
Lease liabilities	19,169	18,907
<i>Total interest bearing liabilities</i>	<i>905,128</i>	<i>989,714</i>
Provisions and payables		
Superannuation liability(a)	436,092	236,687
Other employee liabilities	32,840	33,099
Suppliers payables	6,816	8,428
Personal benefits payables	3,779	3,105
Subsidies payables	721	1,000
Grants payables	2,699	3,972
Other payables	5,201	2,687
Provisions	58,754	52,061
<i>Total provisions and payables</i>	<i>546,902</i>	<i>341,037</i>
Total liabilities	1,452,029	1,330,751
Net worth(b)	-742,905	-646,515
<i>Net financial worth(c)</i>	<i>-920,518</i>	<i>-830,355</i>
<i>Net financial liabilities(d)</i>	<i>985,083</i>	<i>894,342</i>
<i>Net debt(e)</i>	<i>583,254</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 February \$m	ACTUAL 2020-2021 YTD February \$m	MYEFO Profile 2020-2021 YTD February \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	38,535	288,876	278,335	433,500
Receipts from sales of goods and services	613	11,953	11,530	16,233
Interest receipts	144	1,876	2,579	3,709
Dividends and income tax equivalents	280	6,736	5,720	7,115
Other receipts	729	7,660	8,224	12,295
Total operating receipts	40,301	317,101	306,389	472,853
Cash payments for operating activities				
Payments for employees(b)	-2,223	-20,746	-20,659	-32,600
Payments for goods and services	-10,632	-89,715	-91,921	-148,265
Grants and subsidies paid	-15,171	-202,706	-206,181	-276,728
Interest paid	-114	-9,356	-9,391	-17,174
Personal benefit payments	-11,057	-114,884	-120,005	-168,985
Other payments(b)	-736	-5,022	-4,973	-7,520
Total operating payments	-39,934	-442,428	-453,130	-651,271
Net cash flows from operating activities	367	-125,327	-146,741	-178,419
Cash flows from investments in non-financial assets				
Sales of non-financial assets	31	138	111	280
Purchases of non-financial assets	-913	-7,764	-9,519	-17,270
Net cash flows from investments in non-financial assets	-882	-7,626	-9,408	-16,989
Net cash flows from investments in financial assets for policy purposes	-705	-4,312	-8,386	-17,145
Net cash flows from investments in financial assets for liquidity purposes	-9,265	8,069	8,769	38,608
Cash flows from financing activities				
Borrowing (net)	9,140	132,111	157,877	176,924
Other financing (net)	-135	-2,972	-3,112	-6,317
Net cash flows from financing activities	9,005	129,139	154,765	170,607
Net increase/(decrease) in cash held	-1,480	-57	-1,002	-3,338
GFS cash surplus(+)/deficit(-)(c)	-515	-132,953	-156,149	-195,408
<i>plus</i> Net cash flows from financing activities for leases(d)	-211	-1,691	-1,579	-2,339
Equals underlying cash balance(e)	-725	-134,643	-157,728	-197,747
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-705	-4,312	-8,386	-17,145
Equals headline cash balance	-1,430	-138,955	-166,115	-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 February \$m	ACTUAL 2020-2021 YTD February \$m	MYEFO Profile 2020-2021 YTD February \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	19,517	146,140	144,532	212,400
Gross other individuals	2,901	26,394	26,226	46,900
/ess Refunds	1,231	30,075	30,640	37,400
Total individuals and other w ithholding taxation	21,187	142,459	140,118	221,900
Fringe benefits tax	146	2,873	2,818	3,880
Company tax	6,741	59,078	56,800	89,100
Superannuation fund taxes	632	8,037	6,758	8,740
Petroleum resource rent tax	101	580	592	770
Total income taxation revenue	28,807	213,028	207,086	324,390

*As published in the 2020-21 MYEFO.

Note 2: Indirect Tax

	ACTUAL 2020-2021 February \$m	ACTUAL 2020-2021 YTD February \$m	MYEFO Profile 2020-2021 YTD February \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Goods and services tax	8,760	48,192	42,286	65,750
Wine equalisation tax	124	734	719	1,060
Luxury car tax	69	510	419	610
Excise duty	1,836	15,763	15,390	23,400
Customs duty	1,704	12,036	11,927	19,090
Other indirect tax	1,304	5,683	5,042	7,542
Total indirect taxation revenue	13,798	82,918	75,783	117,452

*As published in the 2020-21 MYEFO.

Note 3: Total expenses by function

	ACTUAL 2020-2021 February \$m	ACTUAL 2020-2021 YTD February \$m	MYEFO ESTIMATE* 2020-2021 FULL YEAR \$m
Expenses by function			
General public services	2,458	20,968	32,618
Defence	2,629	20,302	34,407
Public order and safety	509	3,929	6,253
Education	2,484	33,183	43,318
Health	7,359	61,748	95,119
Social security and w elfare	16,261	153,507	230,519
Housing and community amenities	365	3,007	6,871
Recreation and culture	319	2,533	4,393
Fuel and energy	706	5,594	8,899
Agriculture, forestry and fishing	194	1,813	3,982
Mining, manufacturing and construction	309	2,064	3,609
Transport and communication	445	4,282	13,337
Other economic affairs	2,202	76,507	87,070
Other purposes			
Public debt interest	1,302	10,884	17,051
Nominal superannuation interest	584	4,669	7,004
General purpose inter-government transactions	5,561	45,801	67,199
Natural disaster relief	0	0	266
Contingency reserve	0	0	5,403
Total expenses	43,684	450,792	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>.