



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

Friday, 24 November 2017

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
OCTOBER 2017

KEY POINTS

- The underlying cash balance for the 2017-18 financial year to 31 October 2017 was a deficit of \$23,130 million.
- The fiscal balance for the 2017-18 financial year to 31 October 2017 was a deficit of \$17,181 million.

AGGREGATES	ACTUAL 2017-2018 October \$m	ACTUAL 2017-2018 YTD October \$m	Budget Profile 2017-2018 YTD October \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Revenue	36,394	134,646	129,675	444,414
Expenses	38,509	153,414	154,421	464,262
Net operating balance	-2,115	-18,768	-24,746	-19,848
Net capital investment	-1,609	-1,587	1,255	484
Fiscal balance	-506	-17,181	-26,001	-20,331
Receipts(a)	34,939	130,652	127,405	433,494
less Payments(b)	40,410	152,300	153,171	459,684
less Net Future Fund earnings	374	1,482	914	3,205
Underlying cash balance(c)	-5,845	-23,130	-26,680	-29,396
Headline cash balance	-5,869	-25,421	-31,404	-48,411
Total assets		508,783		533,220
Total liabilities		916,739		851,329
Net worth(d)		-407,956		-318,109
Net debt(e)		346,181		354,931

*As published in the 2017-18 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 acquisition of assets under finance leases.

(c) Excludes net Future Fund earnings. Consistent with Budget documents, the net adjustment for the Future Fund is shown separately.

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

(e) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

Care needs to be taken when comparing monthly or cumulative data across years and to full-year estimates, as revenues and expenses vary from month to month.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 October 2017 was a deficit of \$23,130 million, which is \$3,550 million lower than the 2017-18 Budget profile deficit of \$26,680 million.

- **Receipts**

Total receipts were \$3,247 million higher than the 2017-18 Budget profile.

- **Payments**

Total payments were \$871 million lower than the 2017-18 Budget profile.

Net Operating Balance

The net operating balance for the year to 31 October 2017 was a deficit of \$18,768 million, which is \$5,978 million lower than the 2017-18 Budget profile deficit of \$24,746 million. The difference primarily results from higher than expected revenue.

Fiscal Balance

The fiscal balance for the year to 31 October 2017 was a deficit of \$17,181 million, which is \$8,820 million lower than the 2017-18 Budget profile deficit of \$26,001 million. As with the net operating balance, the difference primarily results from higher than expected revenue.

Assets and Liabilities

As at 31 October 2017:

- Net worth is negative \$407,956 million;
- Net debt is \$346,181 million; and
- Net financial liabilities are \$599,253 million.

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Australian Government general government sector operating statement

		ACTUAL 2017-2018 October	ACTUAL 2017-2018 YTD October	Budget Profile 2017-2018 YTD October	BUDGET ESTIMATE* 2017-2018 Full Year
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1, 2	34,046	125,514	121,070	415,428
Sales of goods and services		791	3,290	3,350	11,496
Interest income		343	1,367	1,421	4,397
Dividend income		373	1,323	964	3,517
Other		841	3,153	2,870	9,578
Total revenue		36,394	134,646	129,675	444,414
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,618	6,406	6,360	19,906
Superannuation		530	2,494	1,513	4,578
Depreciation and amortisation		714	2,876	3,057	9,226
Supply of goods and services		8,099	32,526	33,081	102,477
Other operating expenses(a)		486	1,995	2,164	5,761
<i>Total gross operating expenses</i>		<i>11,448</i>	<i>46,297</i>	<i>46,173</i>	<i>141,948</i>
Superannuation interest expense		856	3,395	3,464	10,392
Interest expenses		1,479	5,912	5,993	18,544
Current transfers					
Current grants		13,083	46,818	47,633	138,221
Subsidy expenses		964	4,073	3,885	12,064
Personal benefits		9,834	44,842	45,170	130,507
<i>Total current transfers</i>		<i>23,880</i>	<i>95,734</i>	<i>96,688</i>	<i>280,792</i>
Capital transfers					
Mutually agreed write-downs		76	1,187	510	1,429
Other capital grants		771	890	1,593	11,157
<i>Total capital transfers</i>		<i>846</i>	<i>2,076</i>	<i>2,102</i>	<i>12,586</i>
Total expenses	3	38,509	153,414	154,421	464,262
Net operating balance		-2,115	-18,768	-24,746	-19,848
Other economic flows					
- included in operating result					
Net write-downs of assets (including bad and doubtful debts)		-829	-2,793	-2,684	-9,310
Assets recognised for the first time		24	97	91	285
Liabilities recognised for the first time		0	0	0	0
Actuarial revaluations		0	0	0	25
Net foreign exchange gains		-538	-162	0	-125
Net swap interest received		11	261	0	0
Market valuation of debt		-5,998	738	703	1,832
Other gains/(losses)		4,484	4,140	1,407	7,572
Total other economic flows		-2,846	2,281	-483	281
- included in operating result		-2,846	2,281	-483	281
Operating result (b)		-4,961	-16,487	-25,229	-19,567
Non-owner movements in equity					
Revaluation of equity investments(c)		-3	-17	0	-6,693
Actuarial revaluations		0	0	-1	8
Other economic revaluations(d)		216	-556	-685	-162
Total other economic flows - included in equity		213	-572	-686	-6,847
Comprehensive result - Total change in net worth		-4,748	-17,059	-25,915	-26,414
Net operating balance		-2,115	-18,768	-24,746	-19,848
Net acquisition of non-financial assets					
Purchases of non-financial assets		886	3,234	4,238	13,582
less Sales of non-financial assets		1,772	1,801	118	4,041
less Depreciation		714	2,876	3,057	9,226
plus Change in inventories		-8	-159	190	177
plus Other movements in non-financial assets		-1	14	1	-8
Total net acquisition of non-financial assets		-1,609	-1,587	1,255	484
Fiscal balance (Net lending/borrowing)(e)		-506	-17,181	-26,001	-20,331

*As published in the 2017-18 Budget.

(a) Consistent with 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) Operating result under Australian Accounting Standards.

(c) Reflects changes in the market valuation of investments and any revaluations at the point of disposal or sale.

(d) Largely reflects other revaluation of assets and liabilities.

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

Australian Government general government sector balance sheet

	ACTUAL as at 31 October 2017 \$m	BUDGET ESTIMATE* as at 30 June 2018 \$m
Assets		
Financial assets		
Cash and deposits	5,735	3,411
Advances paid	46,170	72,083
Investments, loans and placements	169,739	170,989
Other receivables	51,379	54,322
Equity investments		
Investments in other public sector entities	52,892	44,323
Equity accounted investments	300	479
Investments - shares	44,162	47,905
<i>Total financial assets</i>	<i>370,378</i>	<i>393,511</i>
Non-financial assets		
Land	11,005	10,215
Buildings	25,400	25,883
Plant, equipment and infrastructure	74,081	74,595
Inventories	8,271	8,349
Intangibles	7,553	8,711
Investment property	110	164
Biological assets	50	49
Heritage and cultural assets	11,583	11,412
Assets held for sale	195	227
Other non-financial assets	158	103
<i>Total non-financial assets</i>	<i>138,405</i>	<i>139,709</i>
Total assets	508,783	533,220
Liabilities		
Interest bearing liabilities		
Deposits held	228	217
Government securities	550,037	584,562
Loans	15,840	15,065
Other borrowing	1,721	1,569
<i>Total interest bearing liabilities</i>	<i>567,826</i>	<i>601,414</i>
Provisions and payables		
Superannuation liability(a)	282,500	181,303
Other employee liabilities	18,756	18,560
Suppliers payable	3,641	5,874
Personal benefits provisions and payable	13,257	13,552
Subsidies provisions and payable	641	439
Grants provisions and payable	9,999	10,589
Other provisions and payables	20,120	19,599
<i>Total provisions and payables</i>	<i>348,913</i>	<i>249,915</i>
Total liabilities	916,739	851,329
Net worth(b)	-407,956	-318,109
<i>Net financial worth(c)</i>	<i>-546,361</i>	<i>-457,818</i>
<i>Net financial liabilities(d)</i>	<i>599,253</i>	<i>502,141</i>
<i>Net debt(e)</i>	<i>346,181</i>	<i>354,931</i>

*As published in the 2017-18 Budget.

(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long Term Cost Reports is used to value the superannuation liability. This reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with Australian Accounting Standards, the long-term government bond rate as at 30 June, that best matches each individual scheme's liability duration, is used to calculate the superannuation liability for the purpose of actuals reporting.

(b) Net worth is calculated as 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 equals the sum of 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 2017-2018 October \$m	ACTUAL 2017-2018 YTD October \$m	Budget Profile 2017-2018 YTD October \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Cash receipts from operating activities				
Taxes received	32,430	120,584	117,619	404,302
Receipts from sales of goods and services	627	3,060	3,627	11,497
Interest receipts	307	1,207	1,051	3,233
Dividends and income tax equivalents	413	2,576	2,063	3,996
Other receipts	1,182	3,216	2,990	9,104
Total operating receipts	34,959	130,643	127,351	432,133
Cash payments for operating activities				
Payments for employees	-2,174	-8,680	-8,869	-28,553
Payments for goods and services	-8,483	-33,445	-33,267	-101,003
Grants and subsidies paid	-14,674	-52,867	-53,103	-161,202
Interest paid	-4,119	-6,235	-6,034	-16,589
Personal benefit payments	-9,593	-45,295	-45,501	-133,463
Other payments	-411	-2,131	-2,112	-5,369
Total operating payments	-39,454	-148,654	-148,887	-446,179
Net cash flows from operating activities	-4,495	-18,011	-21,536	-14,046
Cash flows from investments in non-financial assets				
Sales of non-financial assets	-20	9	54	1,361
Purchases of non-financial assets	-866	-3,555	-4,284	-13,506
Net cash flows from investments in non-financial assets	-886	-3,547	-4,230	-12,145
Net cash flows from investments in financial assets for policy purposes	-399	-3,773	-5,638	-22,221
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	1,391	22,261	21,610	10,475
Net cash flows from investments in financial assets for liquidity purposes	1,391	22,261	21,610	10,475
Cash flows from financing activities				
Borrowing (net)	4,471	4,957	10,247	41,366
Other financing (net)	-754	-1,249	-1,241	-3,427
Net cash flows from financing activities	3,717	3,708	9,006	37,939
Net increase/(decrease) in cash held	-671	639	-788	3
GFS cash surplus(+)/deficit-(b)(c)	-5,381	-21,557	-25,766	-26,191
<i>less</i> Finance leases and similar arrangements(d)	89	91	0	0
<i>less</i> Net Future Fund earnings	374	1,482	914	3,205
Equals underlying cash balance(e)	-5,845	-23,130	-26,680	-29,396
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-399	-3,773	-5,638	-22,221
<i>plus</i> Net Future Fund earnings	374	1,482	914	3,205
Equals headline cash balance	-5,869	-25,421	-31,404	-48,411

*As published in the 2017-18 Budget.

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

(b) Due to the implementation of the 2015 ABS GFS Manual in the 2017-18 Budget, finance leases are no longer deducted in the derivation of the GFS cash surplus/deficit.

(c) GFS cash surplus/deficit equals net cash flows from operating activities and investments in non-financial assets.

(d) The acquisition of assets under finance leases worsens the underlying cash balance. The disposal of assets previously held under finance leases improves the underlying cash balance.

(e) The term underlying cash balance is not used by the Australian Bureau of Statistics.

Note 1: Income Tax

	ACTUAL 2017-2018 October \$m	ACTUAL 2017-2018 YTD October \$m	Budget Profile 2017-2018 YTD October \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Individuals and other withholding taxes				
Gross income tax withholding	14,595	62,373	61,992	188,750
Gross other individuals	4,862	14,730	15,669	49,860
less Refunds	3,156	18,446	18,161	29,000
Total individuals and other withholding taxation	16,301	58,657	59,500	209,610
Fringe benefits tax	892	1,836	1,981	4,430
Company tax	4,452	23,605	19,903	79,400
Superannuation funds	1,223	3,985	2,959	8,540
Resource rent taxes	342	574	564	990
Total income taxation revenue	23,209	88,658	84,907	302,970

*As published in the 2017-18 Budget.

Note 2: Indirect Tax

	ACTUAL 2017-2018 October \$m	ACTUAL 2017-2018 YTD October \$m	Budget Profile 2017-2018 YTD October \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Goods and services tax	7,243	22,218	22,091	65,710
Wine equalisation tax	57	240	231	900
Luxury car tax	55	232	211	650
Excise duty	2,130	7,685	7,515	22,190
Customs duty	834	4,270	4,079	14,730
Other indirect tax	518	2,210	2,036	8,278
Total indirect taxation revenue	10,837	36,856	36,163	112,458

*As published in the 2017-18 Budget.

Note 3: Total expenses by function

	ACTUAL 2017-2018 October \$m	ACTUAL 2017-2018 YTD October \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Expenses by function			
General public services	2,498	8,282	20,703
Defence	1,684	9,401	30,051
Public order and safety	353	1,530	5,042
Education	4,516	12,698	33,800
Health	6,138	25,068	75,277
Social security and welfare	12,801	55,563	164,059
Housing and community amenities	334	1,370	5,351
Recreation and culture	237	1,091	3,632
Fuel and energy	575	2,230	6,940
Agriculture, forestry and fishing	156	748	2,972
Mining, manufacturing and construction	279	1,181	3,825
Transport and communication	259	1,120	10,420
Other economic affairs	1,160	3,493	9,411
Other purposes			
Public debt interest	1,407	5,619	17,154
Nominal superannuation interest	856	3,395	10,392
General purpose inter-government transactions □	5,257	20,625	64,274
Natural disaster relief	0	0	9
Contingency reserve	0	0	951
Total expenses	38,509	153,414	464,262

*As published in the 2017-18 Budget.

NOTES:

Australian Accounting Standard 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 the Australian Accounting Standards Board 1049 – *Whole of Government and General Government Sector Financial Reporting* (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.

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 <http://aofm.gov.au/cgs-quarterly/>.

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>.