



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

MEDIA RELEASE

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AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
OCTOBER 2016

KEY POINTS

- The underlying cash balance for the 2016-17 financial year to 31 October 2016 was a deficit of \$24,548 million.
- The fiscal balance for the 2016-17 financial year to 31 October 2016 was a deficit of \$23,919 million.

AGGREGATES	ACTUAL 2016-2017 October \$m	ACTUAL 2016-2017 YTD October \$m	Budget Profile 2016-2017 YTD October \$m	BUDGET ESTIMATE* 2016-2017 Full Year \$m
Revenue	38,090	125,503	125,849	416,862
Expenses	36,971	149,053	152,542	450,553
Net operating balance	1,120	-23,550	-26,693	-33,691
Net capital investment	609	369	1,228	3,437
Fiscal balance	510	-23,919	-27,921	-37,129
Receipts(a)	33,827	124,280	124,222	411,284
less Payments(b)	37,114	147,471	151,696	445,045
less Net Future Fund earnings	402	1,357	967	3,321
Underlying cash balance(c)	-3,690	-24,548	-28,441	-37,081
Headline cash balance	-4,423	-27,396	-33,196	-53,438
Total assets		475,603		509,633
Total liabilities		910,350		810,561
Net worth(d)		-434,748		-300,929
Net debt(e)		313,971		325,962

*As published in the 2016-17 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 year to 31 October 2016 was a deficit of \$24,548 million, which is \$3,893 million lower than the 2016-17 Budget profile deficit of \$28,441 million.

- **Receipts**

Total receipts were \$58 million higher than the 2016-17 Budget profile.

- **Payments**

Total payments were \$4,225 million lower than the 2016-17 Budget profile.

Fiscal Balance

The fiscal balance for the year to 31 October 2016 was a deficit of \$23,919 million, which is \$4,002 million lower than the 2016-17 Budget profile deficit of \$27,921 million. The difference results from lower than expected expenses and net capital investment, partially offset by lower than expected revenue.

Assets and Liabilities

As at 31 October 2016:

- Net worth is negative \$434,748 million;
- Net debt is \$313,971 million; and
- Net financial liabilities are \$608,264 million.

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Australian Government general government sector operating statement

		ACTUAL 2016-2017 October	ACTUAL 2016-2017 YTD October	Budget Profile 2016-2017 YTD October	BUDGET ESTIMATE* 2016-2017 Full Year
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1, 2	35,850	117,002	117,641	391,283
Sales of goods and services		768	2,765	2,915	9,249
Interest income		289	1,227	1,391	4,280
Dividend income		324	1,101	1,156	3,242
Other		859	3,408	2,747	8,807
Total revenue		38,090	125,503	125,849	416,862
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,530	6,478	6,577	20,071
Superannuation		590	2,402	1,496	4,618
Depreciation and amortisation		480	2,482	2,498	7,522
Supply of goods and services		6,798	28,966	28,837	86,745
Other operating expenses(a)		418	1,940	1,839	5,452
<i>Total gross operating expenses</i>		<i>9,815</i>	<i>42,268</i>	<i>41,248</i>	<i>124,408</i>
Superannuation interest expense		769	3,077	3,319	9,959
Interest expenses		1,420	5,521	5,903	18,725
Current transfers					
Current grants		12,031	44,031	46,558	138,966
Subsidy expenses		1,068	4,316	4,416	13,425
Personal benefits		10,955	46,172	46,981	132,562
<i>Total current transfers</i>		<i>24,054</i>	<i>94,519</i>	<i>97,955</i>	<i>284,953</i>
Capital transfers					
Mutually agreed write-downs		114	472	605	1,845
Other capital grants		798	3,196	3,512	10,663
<i>Total capital transfers</i>		<i>912</i>	<i>3,669</i>	<i>4,117</i>	<i>12,508</i>
Total expenses	3	36,971	149,053	152,542	450,553
Net operating balance		1,120	-23,550	-26,693	-33,691
Other economic flows					
- included in operating result					
Net write-downs of assets (including bad and doubtful debts)		-2,558	-5,619	-2,427	-8,077
Assets recognised for the first time		26	95	143	348
Liabilities recognised for the first time		0	0	0	0
Actuarial revaluations		0	0	0	0
Net foreign exchange gains		310	1,133	8	8
Net swap interest received		17	62	0	0
Market valuation of debt		9,970	9,799	1,118	3,156
Other gains/(losses)		-292	1,445	1,593	4,705
Total other economic flows		7,473	6,915	435	140
- included in operating result		7,473	6,915	435	140
Operating result (b)		8,592	-16,635	-26,257	-33,552
Non-owner movements in equity					
Revaluation of equity investments(c)		-60	-3	0	-2,880
Actuarial revaluations		0	0	0	-6
Other economic revaluations(d)		181	455	4,810	536
Total other economic flows - included in equity		121	452	4,810	-2,350
Comprehensive result - Total change in net worth		8,713	-16,183	-21,447	-35,902
Net operating balance		1,120	-23,550	-26,693	-33,691
Net acquisition of non-financial assets					
Purchases of non-financial assets		540	2,697	3,737	11,416
less Sales of non-financial assets		18	72	121	932
less Depreciation		480	2,482	2,498	7,522
plus Change in inventories		561	163	86	449
plus Other movements in non-financial assets		5	63	24	26
Total net acquisition of non-financial assets		609	369	1,228	3,437
Fiscal balance (Net lending/borrowing)(e)		510	-23,919	-27,921	-37,129

*As published in the 2016-17 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 2016 \$m	BUDGET ESTIMATE* as at 30 June 2017 \$m
Assets		
Financial assets		
Cash and deposits	4,154	4,874
Advances paid	53,706	62,637
Investments, loans and placements	152,193	173,479
Other receivables	50,244	48,646
Equity investments		
Investments in other public sector entities	49,496	50,846
Equity accounted investments	288	354
Investments - shares	41,502	42,558
<i>Total financial assets</i>	<i>351,583</i>	<i>383,395</i>
Non-financial assets		
Land	10,604	9,674
Buildings	25,426	26,391
Plant, equipment and infrastructure	60,163	62,239
Inventories	8,509	8,184
Intangibles	7,248	7,414
Investment property	127	200
Biological assets	43	44
Heritage and cultural assets	11,520	11,658
Assets held for sale	215	147
Other non-financial assets	166	288
<i>Total non-financial assets</i>	<i>124,020</i>	<i>126,238</i>
Total assets	475,603	509,633
Liabilities		
Interest bearing liabilities		
Deposits held	218	218
Government securities	506,028	549,537
Loans	16,092	15,739
Other borrowing	1,687	1,458
<i>Total interest bearing liabilities</i>	<i>524,024</i>	<i>566,952</i>
Provisions and payables		
Superannuation liability(a)	316,987	175,661
Other employee liabilities	18,851	17,332
Suppliers payable	5,170	6,092
Personal benefits provisions and payable	12,110	13,542
Subsidies provisions and payable	4,872	5,216
Grants provisions and payable	11,334	10,876
Other provisions and payables	17,001	14,891
<i>Total provisions and payables</i>	<i>386,326</i>	<i>243,610</i>
Total liabilities	910,350	810,561
Net worth(b)	-434,748	-300,929
<i>Net financial worth(c)</i>	<i>-558,767</i>	<i>-427,167</i>
<i>Net financial liabilities(d)</i>	<i>608,264</i>	<i>478,013</i>
<i>Net debt(e)</i>	<i>313,971</i>	<i>325,962</i>

*As published in the 2016-17 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 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 2016-2017 October \$m	ACTUAL 2016-2017 YTD October \$m	Budget Profile 2016-2017 YTD October \$m	BUDGET ESTIMATE* 2016-2017 Full Year \$m
Cash receipts from operating activities				
Taxes received	30,919	112,188	113,342	382,769
Receipts from sales of goods and services	634	2,790	2,961	9,176
Interest receipts	260	1,121	1,067	3,262
Dividends and income tax equivalents	401	4,455	3,764	5,833
Other receipts	1,607	3,631	2,680	7,879
Total operating receipts	33,821	124,185	123,814	408,919
Cash payments for operating activities				
Payments for employees	-2,163	-8,717	-9,161	-28,259
Payments for goods and services	-6,439	-30,407	-29,707	-87,036
Grants and subsidies paid	-13,731	-51,930	-53,809	-161,853
Interest paid	-3,864	-6,058	-6,258	-15,903
Personal benefit payments	-9,780	-46,511	-47,646	-135,637
Other payments	-498	-1,295	-1,397	-5,141
Total operating payments	-36,475	-144,918	-147,979	-433,829
Net cash flows from operating activities	-2,654	-20,733	-24,165	-24,909
Cash flows from investments in non-financial assets				
Sales of non-financial assets	6	95	408	2,365
Purchases of non-financial assets	-639	-2,547	-3,717	-11,216
Net cash flows from investments in non-financial assets	-634	-2,452	-3,309	-8,851
Net cash flows from investments in financial assets for policy purposes	-1,136	-4,205	-5,723	-19,678
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-5,376	-5,318	-6,339	-19,579
Net cash flows from investments in financial assets for liquidity purposes	-5,376	-5,318	-6,339	-19,579
Cash flows from financing activities				
Borrowing (net)	11,835	34,392	32,825	77,572
Other financing (net)	-695	-1,168	-1,242	-3,193
Net cash flows from financing activities	11,140	33,224	31,583	74,379
Net increase/(decrease) in cash held	1,341	516	-7,953	1,362
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	-3,288	-23,185	-27,474	-33,760
Finance leases and similar arrangements(b)	0	-6	0	0
GFS cash surplus(+)/deficit(-)	-3,288	-23,191	-27,474	-33,760
less Net Future Fund earnings	402	1,357	967	3,321
Equals underlying cash balance(c)	-3,690	-24,548	-28,441	-37,081
plus Net cash flows from investments in financial assets for policy purposes	-1,136	-4,205	-5,723	-19,678
plus Net Future Fund earnings	402	1,357	967	3,321
Equals headline cash balance	-4,423	-27,396	-33,196	-53,438

*As published in the 2016-17 Budget.

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

(b) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash.

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

Note 1: Income Tax

	ACTUAL 2016-2017 October \$m	ACTUAL 2016-2017 YTD October \$m	Budget Profile 2016-2017 YTD October \$m	BUDGET ESTIMATE* 2016-2017 Full Year \$m
Individuals and other withholding taxes				
Gross income tax withholding	13,861	58,803	59,909	183,380
Gross other individuals	6,158	15,318	14,668	47,300
less Refunds	2,971	17,732	17,984	29,350
Total individuals and other withholding taxation	17,047	56,389	56,593	201,330
Fringe benefits tax	993	1,928	2,073	4,760
Company tax	6,671	20,528	19,987	70,100
Superannuation funds	972	2,947	2,766	7,510
Resource rent taxes	256	505	441	850
Total income taxation revenue	25,940	82,296	81,860	284,550

*As published in the 2016-17 Budget.

Note 2: Indirect Tax

	ACTUAL 2016-2017 October \$m	ACTUAL 2016-2017 YTD October \$m	Budget Profile 2016-2017 YTD October \$m	BUDGET ESTIMATE* 2016-2017 Full Year \$m
Goods and services tax	6,541	21,022	21,451	63,340
Wine equalisation tax	57	239	249	910
Luxury car tax	53	219	192	570
Excise duty	2,052	7,292	7,489	21,785
Customs duty	821	4,031	4,195	14,010
Other indirect tax	386	1,903	2,204	6,118
Total indirect taxation revenue	9,910	34,706	35,781	106,733

*As published in the 2016-17 Budget.

Note 3: Total expenses by function

	ACTUAL 2016-2017 October \$m	ACTUAL 2016-2017 YTD October \$m	BUDGET ESTIMATE* 2016-2017 Full Year \$m
Expenses by function			
General public services	1,453	7,236	22,659
Defence	2,044	9,150	27,155
Public order and safety	367	1,579	4,915
Education	4,331	12,739	33,669
Health	5,940	24,739	71,413
Social security and welfare	13,001	54,121	158,612
Housing and community amenities	409	1,349	5,282
Recreation and culture	293	1,029	3,401
Fuel and energy	563	2,217	6,687
Agriculture, Forestry and Fishing	171	629	3,122
Mining, manufacturing and construction	281	1,160	3,545
Transport and communication(a)	212	890	11,131
Other economic affairs	717	3,029	9,832
Other purposes			
Public debt interest	1,310	5,066	16,644
Nominal superannuation interest	769	3,077	9,959
General purpose inter-government transactions	5,110	21,045	63,553
Natural disaster relief	0	0	27
Contingency reserve	0	0	-1,055
Total expenses	36,971	149,053	450,553

*As published in the 2016-17 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/quarterly-data-september-2016/>.

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>.