



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

Friday, 27 October 2017

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
SEPTEMBER 2017

KEY POINTS

- The underlying cash balance for the 2017-18 financial year to 30 September 2017 was a deficit of \$17,285 million.
- The fiscal balance for the 2017-18 financial year to 30 September 2017 was a deficit of \$16,675 million.

AGGREGATES	ACTUAL 2017-2018 September \$m	ACTUAL 2017-2018 YTD September \$m	Budget Profile 2017-2018 YTD September \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Revenue	27,604	98,252	91,731	444,414
Expenses	37,583	114,904	115,084	464,262
Net operating balance	-9,979	-16,653	-23,352	-19,848
Net capital investment	388	22	1,043	484
Fiscal balance	-10,367	-16,675	-24,396	-20,331
Receipts(a)	27,212	95,713	91,372	433,494
less Payments(b)	35,188	111,890	111,924	459,684
less Net Future Fund earnings	525	1,108	1,530	3,205
Underlying cash balance(c)	-8,502	-17,285	-22,081	-29,396
Headline cash balance	-9,106	-19,551	-25,232	-48,411
Total assets		509,221		533,220
Total liabilities		912,429		851,329
Net worth(d)		-403,208		-318,109
Net debt(e)		337,733		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 30 September 2017 was a deficit of \$17,285 million, which is \$4,796 million lower than the 2017-18 Budget profile deficit of \$22,081 million.

- **Receipts**

Total receipts were \$4,340 million higher than the 2017-18 Budget profile.

- **Payments**

Total payments were \$34 million lower than the 2017-18 Budget profile.

Net Operating Balance

The net operating balance for the year to 30 September 2017 was a deficit of \$16,653 million, which is \$6,700 million lower than the 2017-18 Budget profile deficit of \$23,352 million. The difference primarily results from higher than expected revenue.

Fiscal Balance

The fiscal balance for the year to 30 September 2017 was a deficit of \$16,675 million, which is \$7,721 million lower than the 2017-18 Budget profile deficit of \$24,396 million. As with the net operating balance, the difference primarily results from higher than expected revenue.

Assets and Liabilities

As at 30 September 2017:

- Net worth is negative \$403,208 million;
- Net debt is \$337,733 million; and
- Net financial liabilities are \$594,473 million.

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Australian Government general government sector operating statement

		ACTUAL 2017-2018 September	ACTUAL 2017-2018 YTD September	Budget Profile 2017-2018 YTD September	BUDGET ESTIMATE* 2017-2018 Full Year
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1, 2	25,003	91,468	85,370	415,428
Sales of goods and services		833	2,499	2,416	11,496
Interest income		355	1,023	1,077	4,397
Dividend income		508	950	672	3,517
Other		904	2,312	2,197	9,578
Total revenue		27,604	98,252	91,731	444,414
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,561	4,788	4,757	19,906
Superannuation		918	1,964	1,136	4,578
Depreciation and amortisation		756	2,161	2,291	9,226
Supply of goods and services		8,833	24,427	23,892	102,477
Other operating expenses(a)		543	1,509	1,568	5,761
<i>Total gross operating expenses</i>		<i>12,611</i>	<i>34,849</i>	<i>33,644</i>	<i>141,948</i>
Superannuation interest expense		827	2,539	2,598	10,392
Interest expenses		1,449	4,433	4,462	18,544
Current transfers					
Current grants		9,825	33,735	34,553	138,221
Subsidy expenses		1,108	3,110	2,924	12,064
Personal benefits		10,893	35,008	35,280	130,507
<i>Total current transfers</i>		<i>21,826</i>	<i>71,853</i>	<i>72,757</i>	<i>280,792</i>
Capital transfers					
Mutually agreed write-downs		847	1,111	351	1,429
Other capital grants		23	119	1,271	11,157
<i>Total capital transfers</i>		<i>870</i>	<i>1,230</i>	<i>1,622</i>	<i>12,586</i>
Total expenses	3	37,583	114,904	115,084	464,262
Net operating balance		-9,979	-16,653	-23,352	-19,848
Other economic flows					
- included in operating result					
Net write-downs of assets (including bad and doubtful debts)		164	-1,964	-1,569	-9,310
Assets recognised for the first time		24	74	68	285
Liabilities recognised for the first time		0	0	0	0
Actuarial revaluations		0	0	0	25
Net foreign exchange gains		-421	376	0	-125
Net swap interest received		89	250	0	0
Market valuation of debt		4,223	6,736	528	1,832
Other gains/(losses)		-180	-344	1,064	7,572
Total other economic flows		3,898	5,127	92	281
- included in operating result		3,898	5,127	92	281
Operating result (b)		-6,081	-11,526	-23,261	-19,567
Non-owner movements in equity					
Revaluation of equity investments(c)		66	-14	0	-6,693
Actuarial revaluations		0	0	-1	8
Other economic revaluations(d)		-455	-772	-641	-162
Total other economic flows - included in equity		-389	-785	-642	-6,847
Comprehensive result - Total change in net worth		-6,470	-12,311	-23,902	-26,414
Net operating balance		-9,979	-16,653	-23,352	-19,848
Net acquisition of non-financial assets					
Purchases of non-financial assets		1,035	2,348	3,254	13,582
less Sales of non-financial assets		7	29	112	4,041
less Depreciation		756	2,161	2,291	9,226
plus Change in inventories		98	-151	192	177
plus Other movements in non-financial assets		19	15	1	-8
Total net acquisition of non-financial assets		388	22	1,043	484
Fiscal balance (Net lending/borrowing)(e)		-10,367	-16,675	-24,396	-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 30 September 2017 \$m	BUDGET ESTIMATE* as at 30 June 2018 \$m
Assets		
Financial assets		
Cash and deposits	6,406	3,411
Advances paid	45,709	72,083
Investments, loans and placements	170,749	170,989
Other receivables	53,540	54,322
Equity investments		
Investments in other public sector entities	52,951	44,323
Equity accounted investments	303	479
Investments - shares	41,249	47,905
<i>Total financial assets</i>	<i>370,907</i>	<i>393,511</i>
Non-financial assets		
Land	10,898	10,215
Buildings	25,601	25,883
Plant, equipment and infrastructure	73,840	74,595
Inventories	8,305	8,349
Intangibles	7,530	8,711
Investment property	108	164
Biological assets	51	49
Heritage and cultural assets	11,622	11,412
Assets held for sale	200	227
Other non-financial assets	160	103
<i>Total non-financial assets</i>	<i>138,314</i>	<i>139,709</i>
Total assets	509,221	533,220
Liabilities		
Interest bearing liabilities		
Deposits held	214	217
Government securities	542,959	584,562
Loans	15,739	15,065
Other borrowing	1,685	1,569
<i>Total interest bearing liabilities</i>	<i>560,596</i>	<i>601,414</i>
Provisions and payables		
Superannuation liability(a)	281,801	181,303
Other employee liabilities	18,575	18,560
Suppliers payable	4,288	5,874
Personal benefits provisions and payable	13,353	13,552
Subsidies provisions and payable	529	439
Grants provisions and payable	10,211	10,589
Other provisions and payables	23,075	19,599
<i>Total provisions and payables</i>	<i>351,832</i>	<i>249,915</i>
Total liabilities	912,429	851,329
Net worth(b)	-403,208	-318,109
<i>Net financial worth(c)</i>	<i>-541,522</i>	<i>-457,818</i>
<i>Net financial liabilities(d)</i>	<i>594,473</i>	<i>502,141</i>
<i>Net debt(e)</i>	<i>337,733</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 September \$m	ACTUAL 2017-2018 YTD September \$m	Budget Profile 2017-2018 YTD September \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Cash receipts from operating activities				
Taxes received	24,969	88,154	83,895	404,302
Receipts from sales of goods and services	840	2,434	2,526	11,497
Interest receipts	216	900	811	3,233
Dividends and income tax equivalents	561	2,163	1,764	3,996
Other receipts	619	2,034	2,336	9,104
Total operating receipts	27,205	95,684	91,332	432,133
Cash payments for operating activities				
Payments for employees	-1,971	-6,506	-6,633	-28,553
Payments for goods and services	-8,456	-24,962	-24,199	-101,003
Grants and subsidies paid	-10,883	-38,193	-38,797	-161,202
Interest paid	-813	-2,116	-1,960	-16,589
Personal benefit payments	-11,245	-35,703	-35,485	-133,463
Other payments	-649	-1,720	-1,542	-5,369
Total operating payments	-34,016	-109,199	-108,618	-446,179
Net cash flows from operating activities	-6,811	-13,516	-17,286	-14,046
Cash flows from investments in non-financial assets				
Sales of non-financial assets	7	29	40	1,361
Purchases of non-financial assets	-1,173	-2,689	-3,306	-13,506
Net cash flows from investments in non-financial assets	-1,165	-2,660	-3,266	-12,145
Net cash flows from investments in financial assets for policy purposes	-1,130	-3,374	-4,681	-22,221
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	6,395	20,869	21,370	10,475
Net cash flows from investments in financial assets for liquidity purposes	6,395	20,869	21,370	10,475
Cash flows from financing activities				
Borrowing (net)	3,045	486	4,200	41,366
Other financing (net)	-129	-496	-422	-3,427
Net cash flows from financing activities	2,916	-10	3,778	37,939
Net increase/(decrease) in cash held	205	1,310	-85	3
GFS cash surplus(+)/deficit-(b)(c)	-7,976	-16,176	-20,551	-26,191
<i>less</i> Finance leases and similar arrangements(d)	3	2	0	0
<i>less</i> Net Future Fund earnings	525	1,108	1,530	3,205
Equals underlying cash balance(e)	-8,502	-17,285	-22,081	-29,396
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,130	-3,374	-4,681	-22,221
<i>plus</i> Net Future Fund earnings	525	1,108	1,530	3,205
Equals headline cash balance	-9,106	-19,551	-25,232	-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 September \$m	ACTUAL 2017-2018 YTD September \$m	Budget Profile 2017-2018 YTD September \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Individuals and other withholding taxes				
Gross income tax withholding	16,036	47,778	46,916	188,750
Gross other individuals	1,708	9,868	9,835	49,860
less Refunds	3,448	15,290	14,937	29,000
Total individuals and other withholding taxation	14,297	42,356	41,814	209,610
Fringe benefits tax	94	944	952	4,430
Company tax	3,796	19,153	14,603	79,400
Superannuation funds	628	2,763	2,174	8,540
Resource rent taxes	-17	233	282	990
Total income taxation revenue	18,799	65,449	59,825	302,970

*As published in the 2017-18 Budget.

Note 2: Indirect Tax

	ACTUAL 2017-2018 September \$m	ACTUAL 2017-2018 YTD September \$m	Budget Profile 2017-2018 YTD September \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Goods and services tax	3,177	14,976	14,922	65,710
Wine equalisation tax	62	183	185	900
Luxury car tax	60	177	159	650
Excise duty	1,734	5,555	5,404	22,190
Customs duty	569	3,436	3,284	14,730
Other indirect tax	603	1,692	1,591	8,278
Total indirect taxation revenue	6,204	26,018	25,545	112,458

*As published in the 2017-18 Budget.

Note 3: Total expenses by function

	ACTUAL 2017-2018 September \$m	ACTUAL 2017-2018 YTD September \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Expenses by function			
General public services	2,426	5,784	20,703
Defence	3,010	7,717	30,051
Public order and safety	370	1,177	5,042
Education	1,752	8,182	33,800
Health	5,939	18,930	75,277
Social security and welfare	13,590	42,762	164,059
Housing and community amenities	372	1,035	5,351
Recreation and culture	295	854	3,632
Fuel and energy	554	1,655	6,940
Agriculture, forestry and fishing	224	592	2,972
Mining, manufacturing and construction	309	902	3,825
Transport and communication	485	861	10,420
Other economic affairs	808	2,333	9,411
Other purposes			
Public debt interest	1,370	4,213	17,154
Nominal superannuation interest	827	2,539	10,392
General purpose inter-government transactions □	5,253	15,368	64,274
Natural disaster relief	0	0	9
Contingency reserve	0	0	951
Total expenses	37,583	114,904	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/quarterly-data-june-2017/>.

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>.