



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

Friday, 13 October 2017

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
JULY AND AUGUST 2017

KEY POINTS

- The underlying cash balance for the 2017-18 financial year to 31 August 2017 was a deficit of \$8,784 million.
- The fiscal balance for the 2017-18 financial year to 31 August 2017 was a deficit of \$6,307 million.

AGGREGATES	ACTUAL 2017-2018 July \$m	ACTUAL 2017-2018 August \$m	ACTUAL 2017-2018 YTD August \$m	Budget Profile 2017-2018 YTD August \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Revenue	35,818	34,830	70,648	65,887	444,414
Expenses	40,544	36,777	77,321	79,066	464,262
Net operating balance	-4,726	-1,947	-6,673	-13,179	-19,848
Net capital investment	-521	155	-366	455	484
Fiscal balance	-4,205	-2,102	-6,307	-13,634	-20,331
Receipts(a)	35,057	33,443	68,500	65,405	433,494
less Payments(b)	41,147	35,554	76,702	76,946	459,684
less Net Future Fund earnings	521	62	583	441	3,205
Underlying cash balance(c)	-6,611	-2,173	-8,784	-11,982	-29,396
Headline cash balance	-8,156	-2,289	-10,445	-15,295	-48,411
Total assets	506,492		515,351		533,220
Total liabilities	904,494		912,089		851,329
Net worth(d)	-398,003		-396,738		-318,109
Net debt(e)	332,036		332,593		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 August 2017 was a deficit of \$8,784 million, which is \$3,198 million lower than the 2017-18 Budget profile deficit of \$11,982 million.

- **Receipts**

Total receipts were \$3,095 million higher than the 2017-18 Budget profile.

- **Payments**

Total payments were \$244 million lower than the 2017-18 Budget profile.

Net Operating Balance

The net operating balance for the year to 31 August 2017 was a deficit of \$6,673 million, which is \$6,506 million lower than the 2017-18 Budget profile deficit of \$13,179 million. The difference results from higher than expected revenue and lower than expected expenses.

Fiscal Balance

The fiscal balance for the year to 31 August 2017 was a deficit of \$6,307 million, which is \$7,327 million lower than the 2017-18 Budget profile deficit of \$13,634 million. As with the net operating balance, the difference results from higher than expected revenue and lower than expected expenses.

Assets and Liabilities

As at 31 August 2017:

- Net worth is negative \$396,738 million;
- Net debt is \$332,593 million; and
- Net financial liabilities are \$587,669 million.

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Australian Government general government sector operating statement

		ACTUAL 2017-2018 July \$m	ACTUAL 2017-2018 August \$m	ACTUAL 2017-2018 YTD August \$m	Budget Profile 2017-2018 YTD August \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
	Note					
Revenue						
Taxation revenue	1, 2	33,584	32,881	66,464	61,597	415,428
Sales of goods and services		994	671	1,666	1,623	11,496
Interest income		345	324	668	732	4,397
Dividend income		228	214	442	457	3,517
Other		668	740	1,407	1,478	9,578
Total revenue		35,818	34,830	70,648	65,887	444,414
Expenses						
Gross operating expenses						
Wages and salaries(a)		1,547	1,679	3,227	3,182	19,906
Superannuation		532	514	1,046	753	4,578
Depreciation and amortisation		714	691	1,405	1,527	9,226
Supply of goods and services		7,348	8,246	15,594	15,771	102,477
Other operating expenses(a)		446	521	966	1,102	5,761
Total gross operating expenses		10,587	11,651	22,238	22,335	141,948
Superannuation interest expense		856	856	1,712	1,732	10,392
Interest expenses		1,502	1,482	2,984	3,000	18,544
Current transfers						
Current grants		13,579	10,331	23,910	24,792	138,221
Subsidy expenses		995	1,007	2,002	1,928	12,064
Personal benefits		12,864	11,251	24,115	24,288	130,507
Total current transfers		27,438	22,589	50,027	51,009	280,792
Capital transfers						
Mutually agreed write-downs		130	134	264	252	1,429
Other capital grants		31	65	96	738	11,157
Total capital transfers		161	199	360	990	12,586
Total expenses	3	40,544	36,777	77,321	79,066	464,262
Net operating balance		-4,726	-1,947	-6,673	-13,179	-19,848
Other economic flows						
- included in operating result						
Net write-downs of assets (including bad and doubtful debts)		-2,764	636	-2,128	-1,343	-9,310
Assets recognised for the first time		24	26	50	46	285
Liabilities recognised for the first time		0	0	0	0	0
Actuarial revaluations		0	0	0	0	25
Net foreign exchange gains		784	13	797	0	-125
Net swap interest received		45	115	161	0	0
Market valuation of debt		938	1,575	2,513	357	1,832
Other gains/(losses)		-195	31	-164	724	7,572
Total other economic flows		-1,168	2,396	1,229	-217	281
Operating result (b)		-5,894	449	-5,445	-13,396	-19,567
Non-owner movements in equity						
Revaluation of equity investments(c)		-53	-27	-80	0	-6,693
Actuarial revaluations		0	0	0	-1	8
Other economic revaluations(d)		-1,159	843	-316	-596	-162
Total other economic flows - included in equity		-1,212	816	-396	-597	-6,847
Comprehensive result - Total change in net worth		-7,106	1,265	-5,841	-13,993	-26,414
Net operating balance		-4,726	-1,947	-6,673	-13,179	-19,848
Net acquisition of non-financial assets						
Purchases of non-financial assets		435	878	1,313	1,840	13,582
less Sales of non-financial assets		13	8	21	27	4,041
less Depreciation		714	691	1,405	1,527	9,226
plus Change in inventories		-227	-22	-249	169	177
plus Other movements in non-financial assets		-2	-2	-4	0	-8
Total net acquisition of non-financial assets		-521	155	-366	455	484
Fiscal balance (Net lending/borrowing)(e)		-4,205	-2,102	-6,307	-13,634	-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 July 2017 \$m	ACTUAL as at 31 August 2017 \$m	BUDGET ESTIMATE* as at 30 June 2018 \$m
Assets			
Financial assets			
Cash and deposits	5,049	6,201	3,411
Advances paid	45,151	45,335	72,083
Investments, loans and placements	173,548	177,121	170,989
Other receivables	52,649	54,951	54,322
Equity investments			
Investments in other public sector entities	50,736	52,470	44,323
Equity accounted investments	304	303	479
Investments - shares	40,099	40,507	47,905
Total financial assets	367,535	376,889	393,511
Non-financial assets			
Land	10,883	10,884	10,215
Buildings	25,652	25,543	25,883
Plant, equipment and infrastructure	74,608	74,166	74,595
Inventories	8,282	8,234	8,349
Intangibles	7,412	7,514	8,711
Investment property	105	105	164
Biological assets	53	52	49
Heritage and cultural assets	11,625	11,623	11,412
Assets held for sale	194	200	227
Other non-financial assets	143	141	103
Total non-financial assets	138,956	138,462	139,709
Total assets	506,492	515,351	533,220
Liabilities			
Interest bearing liabilities			
Deposits held	215	348	217
Government securities	538,156	543,483	584,562
Loans	15,733	15,743	15,065
Other borrowing	1,681	1,678	1,569
Total interest bearing liabilities	555,784	561,251	601,414
Provisions and payables			
Superannuation liability(a)	279,975	280,581	181,303
Other employee liabilities	18,190	18,358	18,560
Suppliers payable	3,813	4,757	5,874
Personal benefits provisions and payable	13,373	13,259	13,552
Subsidies provisions and payable	489	477	439
Grants provisions and payable	10,421	10,267	10,589
Other provisions and payables	22,451	23,138	19,599
Total provisions and payables	348,711	350,837	249,915
Total liabilities	904,494	912,089	851,329
Net worth(b)	-398,003	-396,738	-318,109
<i>Net financial worth(c)</i>	<i>-536,959</i>	<i>-535,199</i>	<i>-457,818</i>
<i>Net financial liabilities(d)</i>	<i>587,695</i>	<i>587,669</i>	<i>502,141</i>
<i>Net debt(e)</i>	<i>332,036</i>	<i>332,593</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 July \$m	ACTUAL 2017-2018 August \$m	ACTUAL 2017-2018 YTD August \$m	Budget Profile 2017-2018 YTD August \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Cash receipts from operating activities					
Taxes received	32,571	30,614	63,185	60,065	404,302
Receipts from sales of goods and services	764	829	1,593	1,674	11,497
Interest receipts	535	149	684	548	3,233
Dividends and income tax equivalents	325	1,277	1,602	1,549	3,996
Other receipts	850	565	1,415	1,621	9,104
Total operating receipts	35,044	33,435	68,479	65,458	432,133
Cash payments for operating activities					
Payments for employees	-2,298	-2,236	-4,535	-4,435	-28,553
Payments for goods and services	-8,050	-8,457	-16,507	-16,144	-101,003
Grants and subsidies paid	-15,703	-11,608	-27,310	-27,544	-161,202
Interest paid	-1,060	-243	-1,303	-1,243	-16,589
Personal benefit payments	-12,752	-11,705	-24,458	-24,545	-133,463
Other payments	-597	-475	-1,072	-1,142	-5,369
Total operating payments	-40,459	-34,725	-75,184	-75,053	-446,179
Net cash flows from operating activities	-5,415	-1,290	-6,705	-9,595	-14,046
Cash flows from investments in non-financial assets					
Sales of non-financial assets	13	8	21	-53	1,361
Purchases of non-financial assets	-687	-830	-1,517	-1,894	-13,506
Net cash flows from investments in non-financial assets	-674	-822	-1,495	-1,946	-12,145
Net cash flows from investments in financial assets for policy purposes	-2,066	-178	-2,244	-3,754	-22,221
Cash flows from investments in financial assets for liquidity purposes					
Increase in investments	16,823	-2,350	14,474	17,018	10,475
Net cash flows from investments in financial assets for liquidity purposes	16,823	-2,350	14,474	17,018	10,475
Cash flows from financing activities					
Borrowing (net)	-8,183	5,624	-2,559	-1,827	41,366
Other financing (net)	-534	167	-367	-380	-3,427
Net cash flows from financing activities	-8,717	5,791	-2,926	-2,208	37,939
Net increase/(decrease) in cash held	-48	1,152	1,104	-485	3
GFS cash surplus(+)/deficit(-)(b)(c)	-6,088	-2,111	-8,200	-11,541	-26,191
<i>less</i> Finance leases and similar arrangements(d)	-2	0	-2	0	0
<i>less</i> Net Future Fund earnings	521	62	583	441	3,205
Equals underlying cash balance(e)	-6,611	-2,173	-8,784	-11,982	-29,396
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-2,066	-178	-2,244	-3,754	-22,221
<i>plus</i> Net Future Fund earnings	521	62	583	441	3,205
Equals headline cash balance	-8,156	-2,289	-10,445	-15,295	-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 July \$m	ACTUAL 2017-2018 August \$m	ACTUAL 2017-2018 YTD August \$m	Budget Profile 2017-2018 YTD August \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Individuals and other withholding taxes					
Gross income tax withholding	14,068	17,673	31,742	31,521	188,750
Gross other individuals	5,704	2,456	8,160	8,831	49,860
less Refunds	5,799	6,043	11,842	11,319	29,000
Total individuals and other withholding taxation	13,973	14,086	28,059	29,033	209,610
Fringe benefits tax	851	-1	850	964	4,430
Company tax	7,303	8,054	15,357	10,572	79,400
Superannuation funds	1,289	845	2,134	1,664	8,540
Resource rent taxes	1	249	250	298	990
Total income taxation revenue	23,417	23,234	46,650	42,531	302,970

*As published in the 2017-18 Budget.

Note 2: Indirect Tax

	ACTUAL 2017-2018 July \$m	ACTUAL 2017-2018 August \$m	ACTUAL 2017-2018 YTD August \$m	Budget Profile 2017-2018 YTD August \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Goods and services tax	5,974	5,826	11,799	11,597	65,710
Wine equalisation tax	56	64	121	122	900
Luxury car tax	70	47	117	111	650
Excise duty	2,115	1,706	3,821	3,664	22,190
Customs duty	1,363	1,505	2,867	2,574	14,730
Other indirect tax	589	500	1,089	998	8,278
Total indirect taxation revenue	10,167	9,647	19,814	19,066	112,458

*As published in the 2017-18 Budget.

Note 3: Total expenses by function

	ACTUAL 2017-2018 July \$m	ACTUAL 2017-2018 August \$m	ACTUAL 2017-2018 YTD August \$m	BUDGET ESTIMATE* 2017-2018 Full Year \$m
Expenses by function				
General public services	1,686	1,671	3,358	20,703
Defence	2,319	2,389	4,707	30,051
Public order and safety	467	340	807	5,042
Education	4,629	1,801	6,431	33,800
Health	6,522	6,469	12,992	75,277
Social security and welfare	15,642	13,530	29,172	164,059
Housing and community amenities	348	315	663	5,351
Recreation and culture	258	301	559	3,632
Fuel and energy	553	548	1,101	6,940
Agriculture, forestry and fishing	139	228	368	2,972
Mining, manufacturing and construction	279	314	593	3,825
Transport and communication	127	248	376	10,420
Other economic affairs	726	799	1,525	9,411
Other purposes				
Public debt interest	1,428	1,415	2,843	17,154
Nominal superannuation interest	856	856	1,712	10,392
General purpose inter-government transactions □	4,565	5,550	10,115	64,274
Natural disaster relief	0	0	0	9
Contingency reserve	0	0	0	951
Total expenses	40,544	36,777	77,321	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>.