



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

MEDIA RELEASE

Friday, 22 November 2019

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
October 2019

KEY POINTS

- The Monthly Financial Statements for October 2019 report the budget position against the expected monthly profile for the 2019-20 financial year through the year to 31 October 2019.
- The underlying cash balance for the 2019-20 financial year to 31 October 2019 was a deficit of \$14,723 million, which is \$425 million lower (better) than expected at the time of the 2019-20 Budget. This is a further \$306 million improvement compared to the position against the Budget profile at the end of September.
- Net debt as at 31 October 2019 was \$394,770 million, which is \$6,979 million lower than the balance at the end of September, largely driven by a change in Australian Government Securities on issue and investments held.

AGGREGATES	ACTUAL	ACTUAL	Budget Profile	BUDGET
	2019-2020 October \$m	2019-2020 YTD October \$m	2019-2020 YTD October \$m	ESTIMATE* 2019-2020 FULL YEAR \$m
Revenue	44,330	154,934	155,309	513,763
Expenses	42,654	168,466	167,184	500,872
Net operating balance	1,676	-13,532	-11,875	12,891
Net capital investment	808	249	1,536	4,749
Fiscal balance	869	-13,781	-13,411	8,142
Receipts(a)	45,113	153,183	152,358	505,521
less Payments(b)	45,460	166,034	165,803	493,327
less Net Future Fund earnings	523	1,872	1,703	5,140
Underlying cash balance(c)	-871	-14,723	-15,148	7,054
Headline cash balance	-1,276	-15,782	-18,517	-4,388
Total assets		606,577		611,012
Total liabilities		1,167,953		944,336
Net worth(d)		-561,376		-333,324
Net debt(e)		394,770		361,040

*As published in the 2019-20 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 interest bearing liabilities (deposits held, government securities, loans and other borrowing), minus the sum of 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. Historically, expenses and payments exceed revenue and receipts in the first half of the financial year. Therefore, 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 31 October 2019 was a deficit of \$14,723 million, which is \$425 million lower than the 2019-20 Budget profile deficit of \$15,148 million.

- **Receipts**

Total receipts were \$825 million higher than the 2019-20 Budget profile.

- **Payments**

Total payments were \$231 million higher than the 2019-20 Budget profile.

Net Operating Balance

The net operating balance for the year to 31 October 2019 was a deficit of \$13,532 million, which is \$1,657 million higher than the 2019-20 Budget profile deficit of \$11,875 million. The difference results from lower than expected revenue and higher expenses.

Fiscal Balance

The fiscal balance for the year to 31 October 2019 was a deficit of \$13,781 million, which is \$370 million higher than the 2019-20 Budget profile deficit of \$13,411 million. The difference results from lower than expected revenue, higher expenses and lower net capital investment.

Assets and Liabilities

As at 31 October 2019:

- net worth is negative \$561,376 million;
- net debt is \$394,770 million; and
- net financial liabilities are \$771,212 million.

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Australian Government general government sector operating statement

		ACTUAL 2019-2020 October	ACTUAL 2019-2020 YTD October	Budget Profile 2019-2020 YTD October	BUDGET ESTIMATE* 2019-2020 FULL YEAR
Note		\$m	\$m	\$m	\$m
Revenue					
	1,2	41,189	142,944	144,855	476,596
		634	4,480	4,310	15,757
		406	1,488	1,455	6,009
		569	1,845	1,685	6,112
		1,533	4,178	3,004	9,290
		44,330	154,934	155,309	513,763
Expenses					
Gross operating expenses					
		1,744	6,845	6,996	21,348
		662	2,792	1,996	5,907
		544	2,842	2,762	8,505
		10,455	42,281	40,889	125,566
		622	2,490	2,328	6,873
		14,028	57,250	54,971	168,199
		719	2,877	3,709	11,127
		1,450	5,778	5,838	19,264
Current transfers					
		14,341	53,014	52,474	150,408
		1,016	3,990	4,135	12,661
		10,680	44,457	44,846	128,972
		26,036	101,461	101,454	292,040
Capital transfers					
		133	554	506	1,368
		289	547	706	8,874
		421	1,101	1,212	10,241
	3	42,654	168,466	167,184	500,872
		1,676	-13,532	-11,875	12,891
Other economic flows					
- included in operating result					
		-573	-1,911	-2,599	-7,996
		5	38	59	190
		7	27	18	54
		688	-824	0	61
		-73	-283	0	0
		5,482	-4,408	1,858	5,040
		-991	2,034	602	3,090
		4,544	-5,328	-62	439
		6,220	-18,860	-11,937	13,330
Non-owner movements in equity					
		-3	-3	0	-6,017
		0	0	0	262
		1,085	945	175	-10
		1,082	942	175	-5,765
Comprehensive result					
		7,302	-17,918	-11,762	7,565
		1,676	-13,532	-11,875	12,891
Net acquisition of non-financial assets					
		1,365	3,334	4,283	14,425
		16	40	28	1,171
		544	2,842	2,762	8,505
		-3	-230	25	3
		6	27	18	-3
		808	249	1,536	4,749
		869	-13,781	-13,411	8,142

*As published in the 2019-20 Budget.

(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) Operating result under Australian Accounting Standards.

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

Australian Government general government sector balance sheet

	ACTUAL as at 31 October 2019 \$m	BUDGET ESTIMATE* as at 30 June 2020 \$m
Assets		
Financial assets		
Cash and deposits	9,465	5,342
Advances paid	77,108	83,302
Investments, loans and placements	180,977	188,358
Other receivables	59,242	57,430
Equity investments		
Investments in other public sector entities	57,635	48,324
Equity accounted investments	3,511	3,562
Investments - shares	66,438	70,034
<i>Total financial assets</i>	<i>454,376</i>	<i>456,352</i>
Non-financial assets		
Land	11,933	11,484
Buildings	27,084	27,589
Plant, equipment and infrastructure	83,504	86,178
Inventories	8,674	8,045
Intangibles	8,738	9,353
Investment properties	196	193
Biological assets	24	14
Heritage and cultural assets	11,689	11,594
Assets held for sale	298	179
Other non-financial assets	62	31
<i>Total non-financial assets</i>	<i>152,201</i>	<i>154,660</i>
Total assets	606,577	611,012
Liabilities		
Interest bearing liabilities		
Deposits held	328	381
Government securities	642,849	619,463
Loans	17,621	16,731
Other borrowing	1,521	1,466
<i>Total interest bearing liabilities</i>	<i>662,319</i>	<i>638,042</i>
Provisions and payables		
Superannuation liability(a)	417,711	230,748
Other employee liabilities	26,172	20,591
Suppliers payables	7,222	6,809
Personal benefits payables	2,499	3,746
Subsidies payables	3,962	1,210
Grants payables	2,022	3,927
Other payables	4,945	2,202
Provisions	41,100	37,060
<i>Total provisions and payables</i>	<i>505,634</i>	<i>306,294</i>
Total liabilities	1,167,953	944,336
Net worth(b)	-561,376	-333,324
<i>Net financial worth(c)</i>	<i>-713,577</i>	<i>-487,984</i>
<i>Net financial liabilities(d)</i>	<i>771,212</i>	<i>536,308</i>
<i>Net debt(e)</i>	<i>394,770</i>	<i>361,040</i>

*As published in the 2019-20 Budget.

(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 AAS, the superannuation liability for the 2019-20 Monthly Financial Statements was calculated using the spot rates on long-term government bonds as at 30 June 2019 that best matched each individual scheme's liability duration. These rates were between 1.4 and 1.9 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 equals the sum of interest bearing liabilities (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 2019-2020 October \$m	ACTUAL 2019-2020 YTD October \$m	Budget Profile 2019-2020 YTD October \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	38,623	136,260	137,156	466,397
Receipts from sales of goods and services	2,401	6,221	4,534	15,745
Interest receipts	512	1,583	1,844	5,701
Dividends and income tax equivalents	664	3,661	1,677	6,165
Other receipts	2,895	5,424	7,111	9,897
Total operating receipts	45,095	153,149	152,322	503,906
Cash payments for operating activities				
Payments for employees(b)	-3,324	-10,154	-10,224	-31,101
Payments for goods and services	-10,154	-42,056	-40,487	-123,277
Grants and subsidies paid	-15,487	-58,042	-57,445	-171,775
Interest paid	-3,712	-4,812	-4,936	-16,638
Personal benefit payments	-11,363	-45,300	-46,084	-129,783
Other payments(b)	-541	-2,500	-2,499	-6,493
Total operating payments	-44,581	-162,864	-161,675	-479,066
Net cash flows from operating activities	514	-9,715	-9,353	24,840
Cash flows from investments in non-financial assets				
Sales of non-financial assets	18	34	36	1,615
Purchases of non-financial assets	-869	-3,170	-4,128	-14,261
Net cash flows from investments in non-financial assets	-850	-3,136	-4,093	-12,647
Net cash flows from investments in financial assets for policy purposes	-929	-2,931	-5,071	-16,581
Net cash flows from investments in financial assets for liquidity purposes	11,612	6,086	13,018	-12,248
Cash flows from financing activities				
Borrowing (net)	-7,707	11,966	2,753	16,945
Other financing (net)	-782	-1,326	-967	-2,531
Net cash flows from financing activities	-8,489	10,640	1,786	14,414
Net increase/(decrease) in cash held	1,858	944	-3,712	-2,222
GFS cash surplus(+)/deficit(-)(c)	-336	-12,851	-13,445	12,193
<i>less</i> Finance leases and similar arrangements(d)	11	0	0	0
<i>less</i> Net Future Fund earnings	523	1,872	1,703	5,140
Equals underlying cash balance(e)	-871	-14,723	-15,148	7,054
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-929	-2,931	-5,071	-16,581
<i>plus</i> Net Future Fund earnings	523	1,872	1,703	5,140
Equals headline cash balance	-1,276	-15,782	-18,517	-4,388

*As published in the 2019-20 Budget.

(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 reported under other payments.

(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 ABS.

Note 1: Income Tax

	ACTUAL 2019-2020 October \$m	ACTUAL 2019-2020 YTD October \$m	Budget Profile 2019-2020 YTD October \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	18,266	71,525	71,102	219,800
Gross other individuals	5,976	17,099	16,112	51,200
less Refunds	3,925	24,174	23,253	36,900
Total individuals and other w ithholding taxation	20,317	64,451	63,961	234,100
Fringe benefits tax	901	1,857	1,839	4,040
Company tax	7,691	29,518	31,115	100,600
Superannuation fund taxes	869	3,638	3,853	9,750
Petroleum resource rent tax	299	596	804	1,290
Total income taxation revenue	30,077	100,060	101,572	349,780

*As published in the 2019-20 Budget.

Note 2: Indirect Tax

	ACTUAL 2019-2020 October \$m	ACTUAL 2019-2020 YTD October \$m	Budget Profile 2019-2020 YTD October \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Goods and services tax	7,246	23,215	23,561	69,630
Wine equalisation tax	72	320	291	1,100
Luxury car tax	54	228	207	640
Excise duty	1,795	8,116	8,248	24,140
Customs duty	1,329	8,226	7,938	21,120
Other indirect tax	615	2,779	3,039	10,185
Total indirect taxation revenue	11,112	42,884	43,283	126,815

*As published in the 2019-20 Budget.

Note 3: Total expenses by function

	ACTUAL 2019-2020 October \$m	ACTUAL 2019-2020 YTD October \$m	BUDGET ESTIMATE* 2019-2020 FULL YEAR \$m
Expenses by function			
General public services	2,069	7,666	23,614
Defence	2,381	10,882	32,243
Public order and safety	497	2,012	5,919
Education	4,938	13,558	36,350
Health	6,929	28,016	81,777
Social security and w elfare	15,098	62,414	180,125
Housing and community amenities	367	1,386	5,907
Recreation and culture	163	1,096	3,849
Fuel and energy	660	2,632	8,171
Agriculture, forestry and fishing	208	766	2,871
Mining, manufacturing and construction	215	883	3,422
Transport and communication	480	1,027	9,038
Other economic affairs	852	3,239	9,297
Other purposes			
Public debt interest	1,401	5,549	17,037
Nominal superannuation interest	719	2,877	11,127
General purpose inter-government transactions	5,677	24,463	70,328
Natural disaster relief	0	0	11
Contingency reserve	0	0	-216
Total expenses	42,654	168,466	500,872

*As published in the 2019-20 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.

Australian Accounting Standard 16 – Leases

The new Australian Accounting Standard AASB 16 *Leases* (AASB 16), applies to all Australian Government entities from 1 July 2019. The effect of AASB 16 is to introduce a single lease accounting framework. This is achieved by removing the current distinction between operating and finance leases. As a result, leases that were previously accounted for as operating expenses and payments will be included as additional assets and liabilities on the balance sheet. For whole of Government and General Government Sector Financial Reporting, the implementation of AASB 16 will be reflected in the 2019-20 Mid-Year Economic and Fiscal Outlook estimates, and in the Australian Government General Government Sector Monthly Financial Statements from December 2019.

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>.