



SENATOR THE HON. MATHIAS CORMANN
Minister for Finance and the Public Service
Leader of the Government in the Senate

Thursday, 11 October 2018

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
July and August 2018

KEY POINTS

- The underlying cash balance for the 2018-19 financial year to 31 August 2018 was a deficit of \$5,534 million.
- The fiscal balance for the 2018-19 financial year to 31 August 2018 was a deficit of \$4,543 million.

AGGREGATES	ACTUAL	ACTUAL	ACTUAL	Budget Profile	BUDGET
	2018-2019	2018-2019	2018-2019	2018-2019	ESTIMATE*
	July	August	YTD August	YTD August	FULL YEAR
	\$m	\$m	\$m	\$m	\$m
Revenue	37,914	38,390	76,303	73,335	486,141
Expenses	42,921	38,309	81,231	83,065	488,584
Net operating balance	-5,008	80	-4,928	-9,730	-2,443
Net capital investment	-766	382	-385	1,027	4,989
Fiscal balance	-4,241	-301	-4,543	-10,757	-7,431
Receipts(a)	38,925	36,447	75,372	70,959	473,745
less Payments(b)	41,988	38,089	80,077	82,478	484,648
less Net Future Fund earnings	495	334	829	593	3,559
Underlying cash balance(c)	-3,558	-1,975	-5,534	-12,112	-14,462
Headline cash balance	-4,078	-2,889	-6,967	-13,626	-27,562
Total assets	555,974		563,822		567,956
Total liabilities	978,317		987,790		905,565
Net worth(d)	-422,343		-423,968		-337,609
Net debt(e)	347,739		352,544		349,851

*As published in the 2018-19 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.

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

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the financial year to 31 August 2018 was a deficit of \$5,534 million, which is \$6,578 million lower than the 2018-19 Budget profile deficit of \$12,112 million.

- **Receipts**

Total receipts were \$4,413 million higher than the 2018-19 Budget profile.

- **Payments**

Total payments were \$2,401 million lower than the 2018-19 Budget profile.

Net Operating Balance

The net operating balance for the year to 31 August 2018 was a deficit of \$4,928 million, which is \$4,802 million better than the 2018-19 Budget profile deficit of \$9,730 million. The difference primarily results from higher than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 31 August 2018 was a deficit of \$4,543 million, which is \$6,214 million better than the 2018-19 Budget profile deficit of \$10,757 million. As with the net operating balance, the difference primarily results from higher than expected revenue, lower expenses and lower net capital investments.

Assets and Liabilities

As at 31 August 2018:

- net worth is negative \$423,968 million;
- net debt is \$352,544 million; and
- net financial liabilities are \$627,389 million.

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Australian Government general government sector operating statement

		ACTUAL 2018-2019 July \$m	ACTUAL 2018-2019 August \$m	ACTUAL 2018-2019 YTD August \$m	Budget Profile 2018-2019 YTD August \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
	Note					
Revenue						
Taxation revenue	1,2	35,428	35,670	71,098	68,030	452,001
Sales of goods and services		1,172	1,005	2,178	2,390	14,490
Interest income		277	247	523	711	4,442
Dividend income		364	448	812	502	4,126
Other		673	1,020	1,693	1,702	11,082
Total revenue		37,914	38,390	76,303	73,335	486,141
Expenses						
Gross operating expenses						
Wages and salaries(a)		1,673	1,677	3,350	3,356	20,411
Superannuation		616	713	1,329	1,210	6,022
Depreciation and amortisation		751	749	1,500	1,507	9,023
Supply of goods and services		8,889	9,290	18,179	19,524	119,633
Other operating expenses(a)		389	588	977	1,053	6,045
<i>Total gross operating expenses</i>		<i>12,318</i>	<i>13,017</i>	<i>25,335</i>	<i>26,650</i>	<i>161,134</i>
Superannuation interest expense		806	806	1,613	1,630	10,648
Interest expenses		1,538	1,492	3,030	3,132	19,045
Current transfers						
Current grants		14,952	10,793	25,745	25,736	149,042
Subsidy expenses		944	952	1,896	1,956	12,055
Personal benefits		12,198	10,894	23,091	23,132	126,429
<i>Total current transfers</i>		<i>28,094</i>	<i>22,639</i>	<i>50,733</i>	<i>50,824</i>	<i>287,525</i>
Capital transfers						
Mutually agreed write-downs		106	157	263	263	1,494
Other capital grants		60	197	257	566	8,738
<i>Total capital transfers</i>		<i>165</i>	<i>354</i>	<i>520</i>	<i>829</i>	<i>10,232</i>
Total expenses	3	42,921	38,309	81,231	83,065	488,584
Net operating balance		-5,008	80	-4,928	-9,730	-2,443
Other economic flows						
- included in operating result						
Net write-downs of assets (including bad and doubtful debt)		-352	-641	-977	-1,793	-8,867
Assets recognised for the first time		16	16	33	33	200
Actuarial revaluations		3	8	12	7	41
Net foreign exchange gains		468	-1,284	-816	0	130
Net swap interest received		-67	-60	-126	0	0
Market valuation of debt		242	-3,538	-3,295	258	1,315
Other gains/(losses)		1,921	2,834	4,755	845	3,633
Total other economic flows		2,233	-2,664	-415	-650	-3,547
- included in operating result						
Operating Result(b)		-2,775	-2,584	-5,342	-10,380	-5,990
Non-owner movements in equity						
Revaluation of equity investments		-412	0	-412	-40	-6,091
Actuarial revaluations		0	0	0	0	81
Other economic revaluations		-1,020	943	-77	4,595	-377
Total other economic flows - included in equity		-1,433	943	-490	4,555	-6,387
Comprehensive result						
- Total change in net worth		-4,208	-1,641	-5,832	-5,826	-12,377
Net operating balance		-5,008	80	-4,928	-9,730	-2,443
Net acquisition of non-financial assets						
Purchases of non-financial assets		217	967	1,184	2,041	14,222
less Sales of non-financial assets		5	14	19	17	287
less Depreciation		751	749	1,500	1,507	9,023
plus Change in inventories		-224	137	-87	500	75
plus Other movements in non-financial assets		-3	40	37	10	1
Total net acquisition of non-financial assets		-766	382	-385	1,027	4,989
Fiscal balance (Net lending/borrowing)(c)		-4,241	-301	-4,543	-10,757	-7,431

*As published in the 2018-19 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) The term fiscal balance is not used by the ABS.

Australian Government general government sector balance sheet

	ACTUAL as at 31 July 2018 \$m	ACTUAL as at 31 August 2018 \$m	BUDGET ESTIMATE* as at 30 June 2019 \$m
Assets			
Financial assets			
Cash and deposits	6,466	10,303	5,875
Advances paid	56,453	57,552	73,041
Investments, loans and placements	182,109	180,308	183,513
Other receivables	53,182	57,443	55,983
Equity investments			
Investments in other public sector entities	58,319	58,699	51,976
Equity accounted investments	94	105	331
Investments - shares	54,884	54,691	51,928
<i>Total financial assets</i>	<i>411,507</i>	<i>419,099</i>	<i>422,648</i>
Non-financial assets			
Land	11,609	11,611	10,650
Buildings	26,327	26,345	26,622
Plant, equipment and infrastructure	78,410	78,507	78,346
Inventories	8,261	8,376	7,874
Intangibles	7,859	7,835	9,819
Investment property	160	164	159
Biological assets	34	32	54
Heritage and cultural assets	11,612	11,609	11,636
Assets held for sale	132	141	85
Other non-financial assets	63	103	62
<i>Total non-financial assets</i>	<i>144,467</i>	<i>144,723</i>	<i>145,308</i>
Total assets	555,974	563,822	567,956
Liabilities			
Interest bearing liabilities			
Deposits held	193	130	218
Government securities	574,304	580,995	594,437
Loans	16,674	17,985	16,090
Other borrowing	1,596	1,596	1,534
<i>Total interest bearing liabilities</i>	<i>592,767</i>	<i>600,706</i>	<i>612,280</i>
Provisions and payables			
Superannuation liability(a)	314,247	314,722	223,564
Other employee liabilities	20,206	20,502	18,902
Suppliers payables	5,130	7,629	8,203
Personal benefits payables	3,135	2,891	3,038
Subsidies payables	551	559	1,114
Grants payables	2,902	2,464	3,072
Other payables	3,088	2,758	2,236
Provisions	36,292	35,559	33,157
<i>Total provisions and payables</i>	<i>385,551</i>	<i>387,084</i>	<i>293,285</i>
Total liabilities	978,317	987,790	905,565
Net worth(b)	-422,343	-423,968	-337,609
<i>Net financial worth(c)</i>	<i>-566,810</i>	<i>-568,690</i>	<i>-482,917</i>
<i>Net financial liabilities(d)</i>	<i>625,129</i>	<i>627,389</i>	<i>534,893</i>
<i>Net debt(e)</i>	<i>347,739</i>	<i>352,544</i>	<i>349,851</i>

*As published in the 2018-19 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 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 2018-2019 July \$m	ACTUAL 2018-2019 August \$m	ACTUAL 2018-2019 YTD August \$m	Budget Profile 2018-2019 YTD August \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Cash receipts from operating activities					
Taxes received	34,834	33,482	68,317	65,165	440,480
Receipts from sales of goods and services	985	1,316	2,301	2,248	14,551
Interest receipts	445	363	809	529	4,257
Dividends and income tax equivalents	656	804	1,461	739	3,970
Other receipts	1,998	472	2,470	2,261	9,767
Total operating receipts	38,919	36,439	75,358	70,942	473,026
Cash payments for operating activities					
Payments for employees	-1,928	-2,457	-4,385	-4,944	-29,718
Payments for goods and services	-9,530	-10,397	-19,927	-20,260	-117,209
Grants and subsidies paid	-16,125	-12,549	-28,675	-29,044	-169,900
Interest paid	-402	-246	-647	-689	-18,749
Personal benefit payments	-12,576	-11,130	-23,706	-24,066	-129,372
Other payments	-810	-403	-1,214	-1,570	-5,717
Total operating payments	-41,370	-37,183	-78,553	-80,573	-470,664
Net cash flows from operating activities	-2,451	-744	-3,195	-9,631	2,362
Cash flows from investments in non-financial assets					
Sales of non-financial assets	6	9	14	17	720
Purchases of non-financial assets	-616	-906	-1,522	-1,905	-13,984
Net cash flows from investments in non-financial assets	-610	-897	-1,507	-1,888	-13,265
Net cash flows from investments in financial assets for policy purposes	-1,014	-1,248	-2,262	-2,107	-16,659
Cash flows from investments in financial assets for liquidity purposes					
Increase in investments	6,056	4,917	10,972	2,451	1,359
Net cash flows from investments in financial assets for liquidity purposes	6,056	4,917	10,972	2,451	1,359
Cash flows from financing activities					
Borrowing (net)	-1,633	1,803	169	10,116	29,358
Other financing (net)	-596	5	-591	-632	-2,643
Net cash flows from financing activities	-2,229	1,808	-421	9,484	26,715
Net increase/(decrease) in cash held	-249	3,835	3,586	-1,691	512
GFS cash surplus(+)/deficit(-)(b)	-3,061	-1,641	-4,703	-11,519	-10,903
<i>less</i> Finance leases and similar arrangements(c)	2	0	2	0	0
<i>less</i> Net Future Fund earnings	495	334	829	593	3,559
Equals underlying cash balance(d)	-3,558	-1,975	-5,534	-12,112	-14,462
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,014	-1,248	-2,262	-2,107	-16,659
<i>plus</i> Net Future Fund earnings	495	334	829	593	3,559
Equals headline cash balance	-4,078	-2,889	-6,967	-13,626	-27,562

*As published in the 2018-19 Budget.

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

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

(c) 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.

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

Note 1: Income Tax

	ACTUAL 2018-2019 July \$m	ACTUAL 2018-2019 August \$m	ACTUAL 2018-2019 YTD August \$m	Budget Profile 2018-2019 YTD August \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Individuals and other withholding taxes					
Gross income tax withholding	14,840	19,357	34,197	33,642	203,800
Gross other individuals	5,342	3,191	8,534	8,984	49,600
Less Refunds	6,348	5,895	12,243	12,555	30,500
Total individuals and other withholding taxation	13,834	16,654	30,488	30,072	222,900
Fringe benefits tax	856	31	887	914	4,310
Company tax	8,418	7,115	15,532	13,401	91,200
Superannuation fund taxes	1,244	1,164	2,408	2,055	10,360
Petroleum resource rent tax	1	263	264	335	1,420
Total income taxation revenue	24,353	25,227	49,580	46,776	330,190

*As published in the 2018-19 Budget.

Note 2: Indirect Tax

	ACTUAL 2018-2019 July \$m	ACTUAL 2018-2019 August \$m	ACTUAL 2018-2019 YTD August \$m	Budget Profile 2018-2019 YTD August \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Goods and services tax	6,441	6,221	12,662	12,579	70,310
Wine equalisation tax	68	75	143	143	1,010
Luxury car tax	75	49	123	125	740
Excise duty	2,181	1,763	3,945	3,878	23,120
Customs duty	1,757	1,376	3,134	2,906	16,500
Other indirect tax	553	960	1,512	1,622	10,131
Total indirect taxation revenue	11,075	10,443	21,518	21,253	121,811

*As published in the 2018-19 Budget.

Note 3: Total expenses by function

	ACTUAL 2018-2019 July \$m	ACTUAL 2018-2019 August \$m	ACTUAL 2018-2019 YTD August \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Expenses by function				
General public services	4,637	2,185	6,823	23,065
Defence	2,254	2,222	4,476	31,215
Public order and safety	510	506	1,016	5,324
Education	4,734	1,800	6,535	34,736
Health	3,864	6,802	10,665	78,825
Social security and welfare	16,186	13,946	30,132	175,971
Housing and community amenities	271	293	564	5,382
Recreation and culture	293	333	626	3,638
Fuel and energy	548	597	1,146	7,541
Agriculture, forestry and fishing	155	180	335	3,070
Mining, manufacturing and construction	225	258	483	3,260
Transport and communication	221	207	428	9,062
Other economic affairs	808	697	1,505	9,471
Other purposes				
Public debt interest	1,481	1,462	2,943	17,811
Nominal superannuation interest	806	806	1,613	10,648
General purpose inter-government transactions	5,928	6,014	11,942	69,446
Natural disaster relief	0	0	0	17
Contingency reserve	0	0	0	101
Total expenses	42,921	38,309	81,231	488,584

*As published in the 2018-19 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>.