



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

Thursday, 25 October 2018

AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
September 2018

KEY POINTS

- The underlying cash balance for the 2018-19 financial year to 30 September 2018 was a deficit of \$10,525 million.
- The fiscal balance for the 2018-19 financial year to 30 September 2018 was a deficit of \$10,149 million.

AGGREGATES	ACTUAL 2018-2019 September \$m	ACTUAL 2018-2019 YTD September \$m	Budget Profile 2018-2019 YTD September \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Revenue	31,157	107,460	101,521	486,141
Expenses	36,603	117,834	121,543	488,584
Net operating balance	-5,446	-10,373	-20,022	-2,443
Net capital investment	161	-224	1,392	4,989
Fiscal balance	-5,607	-10,149	-21,414	-7,431
Receipts(a)	32,202	107,574	100,880	473,745
less Payments(b)	36,721	116,798	119,515	484,648
less Net Future Fund earnings	473	1,302	891	3,559
Underlying cash balance(c)	-4,991	-10,525	-19,526	-14,462
Headline cash balance	-5,618	-12,585	-22,111	-27,562
Total assets		560,442		567,956
Total liabilities		986,433		905,565
Net worth(d)		-425,991		-337,609
Net debt(e)		350,887		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 30 September 2018 was a deficit of \$10,525 million, which is \$9,001 million lower than the 2018-19 Budget profile deficit of \$19,526 million.

- **Receipts**

Total receipts were \$6,694 million higher than the 2018-19 Budget profile.

- **Payments**

Total payments were \$2,717 million lower than the 2018-19 Budget profile.

Net Operating Balance

The net operating balance for the year to 30 September 2018 was a deficit of \$10,373 million, which is \$9,649 million better than the 2018-19 Budget profile deficit of \$20,022 million. The difference primarily results from higher than expected revenue and lower expenses.

Fiscal Balance

The fiscal balance for the year to 30 September 2018 was a deficit of \$10,149 million, which is \$11,264 million better than the 2018-19 Budget profile deficit of \$21,414 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 30 September 2018:

- net worth is negative \$425,991 million;
- net debt is \$350,887 million; and
- net financial liabilities are \$629,062 million.

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Australian Government general government sector operating statement

		ACTUAL 2018-2019 September	ACTUAL 2018-2019 YTD September	Budget Profile 2018-2019 YTD September	BUDGET ESTIMATE* 2018-2019 FULL YEAR
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1,2	28,511	99,608	93,612	452,001
Sales of goods and services		1,089	3,267	3,525	14,490
Interest income		413	936	1,062	4,442
Dividend income		466	1,278	767	4,126
Other		679	2,371	2,555	11,082
Total revenue		31,157	107,460	101,521	486,141
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,549	4,899	4,988	20,411
Superannuation		510	1,839	1,790	6,022
Depreciation and amortisation		634	2,134	2,261	9,023
Supply of goods and services		9,613	27,792	29,586	119,633
Other operating expenses(a)		530	1,507	1,545	6,045
Total gross operating expenses		12,836	38,171	40,169	161,134
Superannuation interest expense		806	2,419	2,445	10,648
Interest expenses		1,447	4,477	4,653	19,045
Current transfers					
Current grants		10,051	35,796	36,304	149,042
Subsidy expenses		962	2,857	2,938	12,055
Personal benefits		10,243	33,334	33,550	126,429
Total current transfers		21,255	71,988	72,793	287,525
Capital transfers					
Mutually agreed write-downs		98	360	371	1,494
Other capital grants		161	418	1,112	8,738
Total capital transfers		259	778	1,483	10,232
Total expenses	3	36,603	117,834	121,543	488,584
Net operating balance		-5,446	-10,373	-20,022	-2,443
Other economic flows					
- included in operating result					
Net write-downs of assets (including bad and doubtful debts)		-353	-1,313	-1,911	-8,867
Assets recognised for the first time		17	50	50	200
Actuarial revaluations		6	17	10	41
Net foreign exchange gains		240	-576	0	130
Net swap interest received		-91	-218	0	0
Market valuation of debt		5,576	2,281	385	1,315
Other gains/(losses)		-2,890	1,865	1,285	3,633
Total other economic flows		2,504	2,106	-181	-3,547
- included in operating result		-2,942	-8,267	-20,203	-5,990
Operating Result(b)					
Non-owner movements in equity					
Revaluation of equity investments		414	1	-40	-6,091
Actuarial revaluations		0	0	0	81
Other economic revaluations		488	411	4,450	-377
Total other economic flows - included in equity		902	412	4,410	-6,387
Comprehensive result					
- Total change in net worth		-2,040	-7,855	-15,793	-12,377
Net operating balance		-5,446	-10,373	-20,022	-2,443
Net acquisition of non-financial assets					
Purchases of non-financial assets		848	2,032	3,208	14,222
less Sales of non-financial assets		17	36	75	287
less Depreciation		634	2,134	2,261	9,023
plus Change in inventories		-26	-113	505	75
plus Other movements in non-financial assets		-10	27	14	1
Total net acquisition of non-financial assets		161	-224	1,392	4,989
Fiscal balance (Net lending/borrowing)(c)		-5,607	-10,149	-21,414	-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 30 September 2018 \$m	BUDGET ESTIMATE* as at 30 June 2019 \$m
Assets		
Financial assets		
Cash and deposits	5,884	5,875
Advances paid	58,541	73,041
Investments, loans and placements	184,263	183,513
Other receivables	54,111	55,983
Equity investments		
Investments in other public sector entities	58,564	51,976
Equity accounted investments	144	331
Investments - shares	54,428	51,928
<i>Total financial assets</i>	<i>415,936</i>	<i>422,648</i>
Non-financial assets		
Land	11,619	10,650
Buildings	26,515	26,622
Plant, equipment and infrastructure	78,138	78,346
Inventories	8,497	7,874
Intangibles	7,855	9,819
Investment property	26	159
Biological assets	32	54
Heritage and cultural assets	11,605	11,636
Assets held for sale	160	85
Other non-financial assets	59	62
<i>Total non-financial assets</i>	<i>144,507</i>	<i>145,308</i>
Total assets	560,442	567,956
Liabilities		
Interest bearing liabilities		
Deposits held	346	218
Government securities	580,692	594,437
Loans	17,017	16,090
Other borrowing	1,519	1,534
<i>Total interest bearing liabilities</i>	<i>599,575</i>	<i>612,280</i>
Provisions and payables		
Superannuation liability(a)	315,514	223,564
Other employee liabilities	20,250	18,902
Suppliers payables	6,672	8,203
Personal benefits payables	3,441	3,038
Subsidies payables	595	1,114
Grants payables	2,340	3,072
Other payables	2,618	2,236
Provisions	35,428	33,157
<i>Total provisions and payables</i>	<i>386,858</i>	<i>293,285</i>
Total liabilities	986,433	905,565
Net worth(b)	-425,991	-337,609
<i>Net financial worth(c)</i>	<i>-570,497</i>	<i>-482,917</i>
<i>Net financial liabilities(d)</i>	<i>629,062</i>	<i>534,893</i>
<i>Net debt(e)</i>	<i>350,887</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 September \$m	ACTUAL 2018-2019 YTD September \$m	Budget Profile 2018-2019 YTD September \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	29,712	98,028	91,593	440,480
Receipts from sales of goods and services	711	3,012	3,440	14,551
Interest receipts	292	1,100	821	4,257
Dividends and income tax equivalents	546	2,007	1,004	3,970
Other receipts	929	3,399	3,947	9,767
Total operating receipts	32,189	107,547	100,805	473,026
Cash payments for operating activities				
Payments for employees	-2,228	-6,613	-7,433	-29,718
Payments for goods and services	-9,298	-29,225	-30,222	-117,209
Grants and subsidies paid	-11,287	-39,961	-41,094	-169,900
Interest paid	-2,380	-3,027	-1,790	-18,749
Personal benefit payments	-10,297	-34,004	-34,115	-129,372
Other payments	-323	-1,537	-1,612	-5,717
Total operating payments	-35,813	-114,366	-116,266	-470,664
Net cash flows from operating activities	-3,624	-6,820	-15,461	2,362
Cash flows from investments in non-financial assets				
Sales of non-financial assets	13	28	75	720
Purchases of non-financial assets	-908	-2,430	-3,249	-13,984
Net cash flows from investments in non-financial assets	-895	-2,402	-3,174	-13,265
Net cash flows from investments in financial assets for policy purposes	-1,099	-3,361	-3,476	-16,659
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-4,683	6,289	6,788	1,359
Net cash flows from investments in financial assets for liquidity purposes	-4,683	6,289	6,788	1,359
Cash flows from financing activities				
Borrowing (net)	5,641	5,810	15,184	29,358
Other financing (net)	180	-411	-372	-2,643
Net cash flows from financing activities	5,821	5,399	14,812	26,715
Net increase/(decrease) in cash held	-4,480	-894	-511	512
GFS cash surplus(+)/deficit(-)(b)	-4,519	-9,222	-18,635	-10,903
<i>less</i> Finance leases and similar arrangements(c)	0	2	0	0
<i>less</i> Net Future Fund earnings	473	1,302	891	3,559
Equals underlying cash balance(d)	-4,991	-10,525	-19,526	-14,462
<i>plus</i> Net cash flows from investments in financial assets for policy purposes	-1,099	-3,361	-3,476	-16,659
<i>plus</i> Net Future Fund earnings	473	1,302	891	3,559
Equals headline cash balance	-5,618	-12,585	-22,111	-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 September \$m	ACTUAL 2018-2019 YTD September \$m	Budget Profile 2018-2019 YTD September \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Individuals and other withholding taxes				
Gross income tax withholding	16,613	50,810	50,079	203,800
Gross other individuals	1,642	10,175	10,095	49,600
less Refunds	3,277	15,520	16,083	30,500
Total individuals and other withholding taxation	14,977	45,465	44,092	222,900
Fringe benefits tax	-50	837	918	4,310
Company tax	6,274	21,806	17,496	91,200
Superannuation fund taxes	602	3,010	2,717	10,360
Petroleum resource rent tax	-59	205	333	1,420
Total income taxation revenue	21,744	71,324	65,555	330,190

*As published in the 2018-19 Budget.

Note 2: Indirect Tax

	ACTUAL 2018-2019 September \$m	ACTUAL 2018-2019 YTD September \$m	Budget Profile 2018-2019 YTD September \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Goods and services tax	3,377	16,039	16,159	70,310
Wine equalisation tax	76	219	213	1,010
Luxury car tax	54	177	179	740
Excise duty	1,813	5,757	5,644	23,120
Customs duty	818	3,951	3,648	16,500
Other indirect tax	629	2,141	2,214	10,131
Total indirect taxation revenue	6,766	28,284	28,057	121,811

*As published in the 2018-19 Budget.

Note 3: Total expenses by function

	ACTUAL 2018-2019 September \$m	ACTUAL 2018-2019 YTD September \$m	BUDGET ESTIMATE* 2018-2019 FULL YEAR \$m
Expenses by function			
General public services	1,729	8,551	23,065
Defence	2,838	7,314	31,215
Public order and safety	432	1,448	5,324
Education	1,729	8,263	34,736
Health	6,019	16,685	78,825
Social security and welfare	13,168	43,301	175,971
Housing and community amenities	336	900	5,382
Recreation and culture	106	732	3,638
Fuel and energy	617	1,763	7,541
Agriculture, forestry and fishing	207	542	3,070
Mining, manufacturing and construction	236	719	3,260
Transport and communication	433	861	9,062
Other economic affairs	824	2,328	9,471
Other purposes			
Public debt interest	1,421	4,363	17,811
Nominal superannuation interest	806	2,419	10,648
General purpose inter-government transactions	5,701	17,642	69,446
Natural disaster relief	0	0	17
Contingency reserve	0	0	101
Total expenses	36,603	117,834	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>.