



Minister for Finance and Administration

THE HON JOHN FAHEY, MP

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COMMONWEALTH GOVERNMENT STATEMENT OF FINANCIAL TRANSACTIONS (CFT) MARCH 1998

KEY POINTS

An underlying deficit of \$5,922 million was recorded for the period July 1997 to March 1998, which is an improvement of \$3,300 million compared to the same period last year. The underlying deficit comprises:

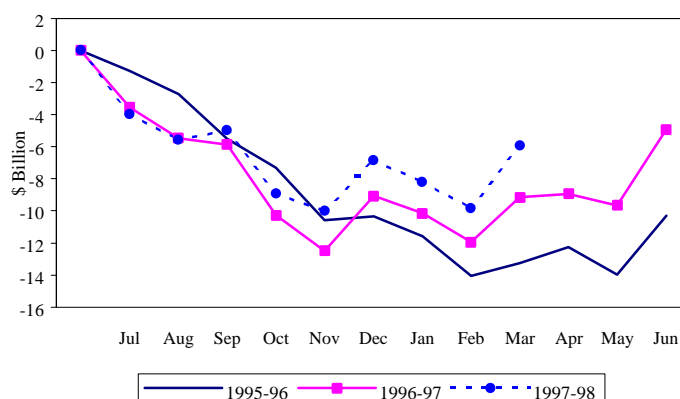
- revenue collections of \$96,244 million; and
- underlying outlays of \$102,166 million.

Table 1 provides an analysis of revenue, outlays and balances. The cumulative underlying balance is illustrated in the graph below.

Table 1	March 1998 \$m	Cumulative March 1996-97 \$m	Cumulative March 1997-98 \$m
Revenue	14,783	92,476	96,244
Underlying Outlays	10,871	101,698	102,166
Underlying balance ^(a)	3,912	-9,222	-5,922
<i>Memorandum items:</i>			
Net advances	7	-4,090	-6,935
Headline balance	3,905	-5,132	1,013

- (a) The underlying balance is measured as revenue less underlying outlays (defined as outlays excluding net advances). Net advances consist of net policy lending (new policy lending less repayment of past policy lending) and net equity transactions (equity injections/purchases less equity sales). The outcome for March 1998 cannot be extrapolated to estimate the financial outcomes for 1997-98.

Underlying Balances – Cumulative Monthly Pattern (actual monthly balances)



BALANCE

An underlying deficit of \$5,922 million was recorded for the period July 1997 to March 1998. Revenue collections increased by \$3,768 million and underlying outlays increased by \$468 million compared to the same period in 1996-97.

OUTLAYS

Total underlying outlays for the current financial year to March 1998 are 0.46 per cent higher than for the comparable period in 1996-97¹.

The 0.46 per cent increase in underlying outlays for the period of July 1997 to March 1998, when compared to the same period in 1996-97, is mainly attributable to:

- increased expenditure in the Defence function, reflecting an increase in payments on large equipment projects;
- increased expenditure in the Education function reflecting changes in the timing of payments for schools programmes and supplementation for schools for the 1997 calendar year;
- higher outlays in the Health function reflecting growth in the pharmaceutical benefits scheme, Medicare Benefits Schedule and nursing home and domiciliary care services, the timing of hospital funding grants and the implementation of the Private Health Insurance Incentive Scheme;
- higher payments in the Social Security and Welfare function reflecting the introduction of the Family Tax Initiative, a lower than expected removal of former Invalid Pensioners from the Disability Support Pension, a greater running costs base for the Social Security portfolio after the creation of Centrelink, and increasing average rates for Family Payments; and

¹ Care needs to be taken when comparing monthly or cumulative data across years as factors such as the timing of payments and policy decisions can have a large impact on outlays from one year to the next.

- higher outlays in the Transport and Communication function due to the timing of payments of Road Grants to the States and Territories and the timing of airport administration and aviation payments.

This increase in underlying outlays is partly offset by:

- lower Public Order and Safety outlays reflecting the winding down of the National Firearms Programme;
- lower expenditure in the Labour and Employment function, reflecting lower payments to Labour Market programmes and lower running costs of the Department of Employment, Education, Training and Youth Affairs;
- a reduction in outlays in the General Purpose Inter-government Transactions function, reflecting a one-off payment made in 1996-97 in settlement of the Victorian Petroleum Resource Rent Tax dispute, offset by the payment of the first tranche of the general purpose Competition Payments to the States;
- lower expenditure in the Housing and Community Amenities function, largely reflecting a lower overall allocation for the last two years of the Interim Commonwealth State Housing Agreement and a reduction on home acquisition assistance by Defence Service Homes as a result of lower benchmark interest rates.
- proceeds from the sale of DASFLEET, which are partly offset by costs associated with the sale of Telstra in the Asset Sales function.

REVENUE

Total revenue collections in the nine months to the end of March 1998 were 4.1 per cent above collections in the same period of 1996-97 with increases mainly in the following areas:

- gross PAYE collections, largely due to wage and employment growth over the past year;
- gross non-PAYE (other) individuals collections, largely due to higher quarterly provisional tax collections;
- gross PPS collections, largely due to growth in construction activity;
- superannuation funds tax, due to growth in contributions to and earnings of superannuation funds;
- sales tax, mainly due to growth in consumption expenditure;
- customs duty, mainly due to growth in imports; and
- other taxes, fees and fines, mainly due to higher receipts from immigration control fees, international passenger movement charges, and cost recovery for trade related services.

This growth in revenue is partly offset by:

- higher individual income tax refunds, mainly due to higher income tax collected during 1996-97 and the impact of the introduction of the Family Tax Initiative;
- lower petroleum resource rent tax (PRRT) collections, reflecting a large one-off payment received in December 1996 related to the settlement of the Victorian PRRT dispute; and
- lower non-tax revenue, reflecting lower interest receipts on general purpose advances and lower dividends from communications and transport government business enterprises and from the Reserve Bank.

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Commonwealth Government
Statement of Financial Transactions 1997-98
\$ million

(This statement presents the transactions of the Commonwealth Public Account as far as practicable in terms of the outlay and revenue format used for budgetary presentation purposes.)

	Budget estimate 1997-98	Month of March 1998	9 months to 31.03.98	9 months to 31.03.97
Headline Outlays				
General Public Services				
Legislative and Executive Affairs	549	47.2	363.5	329.2
Financial and Fiscal Affairs	1779	212.8	1242.0	1267.0
Foreign Economic Aid	1935	117.6	1323.2	1283.3
General Research	1227	86.5	901.2	866.2
General Services	150 Cr	17.1	208.6	45.8
Govt Superannuation Benefits	1689	110.9	1216.5	1232.1
Defence	10405	970.4	7434.6	7020.4
Public Order and Safety	1139	73.8	776.8	945.9
Education	10980	634.3	8850.5	8413.2
Health	20700	1578.0	15241.8	14293.3
Social Security and Welfare	50938	3992.7	37266.9	36749.9
Housing and Community Amenities	1147	83.7	483.4	821.5
Recreation and Culture	1319	92.8	1027.8	1046.0
Fuel and Energy	13	1.3	20.4	27.5
Agriculture, Forestry and Fishing	1949	148.2	1442.8	1336.3
Mining & Mineral Resources, other than Fuels;				
Manufacturing; and Construction	1727	126.1	1090.7	1188.9
Transport and Communication	1485	112.0	1010.1	656.7
Other Economic Affairs				
Tourism and Area Promotion	98	6.5	77.8	74.4
Labour and Employment Affairs	2755	189.7	1810.3	2187.4
Other Economic Affairs; nec	317	29.0	231.5	237.8
Other Purposes				
Public Debt Interest	8920	714.2	6925.3	8020.0
General Purpose Inter-Govt Transactions	17053	1539.8	12766.3	13021.3
Natural Disaster Relief	31	-	12.1	0.2
Contingency Reserve	1247 Cr	-	-	-
Asset Sales	9830 Cr	6.4 Cr	6492.7 Cr	3456.6 Cr
Total Headline Outlays	126928	10878.2	95231.2	97607.9
Revenue				
Taxation Revenue				
Income Tax				
Individuals -				
Gross PAYE (a)	65639	5197.4	48758.6	45416.9
Gross Other Individuals (a), (b) (c)	11140	1422.4	5377.1	5026.0
Gross Prescribed Payments System (a) (d)	2570	199.3	1857.8	1661.0
Refunds (a) (e)	9589 Dr	455.9 Dr	8339.8 Dr	7728.4 Dr
Total Individuals	69760	6363.2	47653.6	44375.5
Companies (b)	18590	4774.1	14006.2	14116.7
Superannuation Funds (b)	2490	588.6	2185.7	2064.5
Withholding Tax	1230	80.1	819.7	804.2
Petroleum Resource Rent Tax	850	-	725.9	1039.4
Fringe Benefits Tax	3150	10.9	2145.1	2143.8
Total Income Tax	96070	11817.0	67536.2	64544.1
Indirect Tax				
Sales Tax	14170	1066.2	10604.7	10085.0
Excise Duty -				
Petroleum Products, Crude Oil and LPG	10840	1055.8	8162.6	7798.8
Other	2700	216.2	2070.9	2083.4
Customs Duty - Imports	3410	308.5	2755.8	2462.3
Total Indirect Tax	31120	2646.7	23594.1	22429.6
Other Taxes, Fees and Fines	2243	178.9	1814.1	1610.9
Total Taxation Revenue	129433	14642.6	92944.3	88584.6
Non-Tax Revenue				
Interest	999	18.4	582.1	716.8
Dividends and Other	2919	121.7	2717.4	3174.4
Total Non-Tax Revenue	3918	140.1	3299.5	3891.2
Total Revenue	133351	14782.7	96243.9	92475.8
Deficit (Dr)/Surplus(Cr)	6423 Cr	3904.5 Cr	1012.6 Cr	5132.1 Dr

(a) These figures include the Medicare levy.

(b) Includes tax on realised capital gains.

(c) Includes Child Support Trust Account receipts (estimated at \$454m in 1997-98).

(d) Includes Reportable Payments System payments by individuals (estimated at \$1m in 1997-98).

(e) Includes refunds of Child Support Trust Account receipts (estimated at \$10m in 1997-98).

continued over

	Budget estimate 1997-98	Month of March 1998	9 months to 31.03.98	9 months to 31.03.97
Financing Transactions				
Domestic Financing				
Treasury Bonds -				
Official (Face Value)		-	5384.0 Dr	1242.7 Dr
Non-Official (Face Value)		477.9 Dr	641.4	2404.9
Face Value Adjustment		<u>35.8</u>	<u>109.6</u>	<u>190.1</u> Dr
Sub-total (Cash Value)		442.1 Dr	4633.1 Dr	972.1
Treasury Adjustable Bonds -				
Official (Face Value)		-	-	-
Non-Official (Face Value)		1514.0 Dr	3700.0 Dr	600.0
Face Value Adjustment		<u>23.4</u>	<u>2.4</u>	<u>-</u>
Sub-total (Cash Value)		1490.6 Dr	3697.6 Dr	600.0
Treasury Indexed Bonds -				
Official (Face Value)		-	-	20.0
Non-Official (Face Value)		100.0	500.5	453.1
Face Value Adjustment		<u>-</u>	<u>4.8</u> Dr	<u>24.9</u> Dr
Sub-total (Cash Value)		100.0	495.7	448.2
Treasury Notes -				
Official (Face Value)		500.0	4179.0 Dr	1529.6
Non-Official (Face Value)		2401.2 Dr	5974.5	874.0
Face Value Adjustment		<u>20.5</u>	<u>17.8</u>	<u>59.9</u>
Sub-total (Cash Value)		1880.7 Dr	1813.3	2463.5
Australian Savings Bonds		-	0.3 Dr	0.4 Dr
Other Borrowings from the Reserve Bank		-	-	-
Use of Cash Balances		458.4 Dr	9015.1 Dr	1937.2 Dr
Other Loans and Financing Transactions		349.0	14689.8	2814.4
Total Domestic Financing		3822.8 Dr	347.3 Dr	5360.5
Overseas Financing		81.8 Dr	665.3 Dr	228.4 Dr
Total Financing Transactions		6423 Dr	3904.5 Dr	5132.1 Cr

Outstanding Short Term Debt and Cash Balances

	<u>\$m</u>
Other Borrowings from Reserve Bank	-
Treasury Notes	15098.8
Cash Balances with Reserve Bank -	
Net Public Account	12379.4
Net Other Accounts	10829.4 Cr

Peter J. Boxall
Secretary to the Department of Finance
and Administration
1 May 1998

John Fahey
Minister for Finance
and Administration

For further information or access to additional information contact the Department of Finance and Administration,
Budget Policy and Coordination Group (02) 6263 2299

Note: The February Statement of Commonwealth Financial Transactions showed monthly figures for Gross Other Individuals Income Tax and Gross Prescribed Payments System taxation, rather than year to date figures. The correct figures are:

	8 months to 28.02.98
Gross Other Individuals	3954.7
Gross Prescribed Payments System	1658.5

Subtotals and all other figures in the February CFT are unaffected.

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