



# Minister for Finance and Administration

THE HON JOHN FAHEY, MP

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### COMMONWEALTH GOVERNMENT STATEMENT OF FINANCIAL TRANSACTIONS (CFT) MARCH 1999

#### KEY POINTS

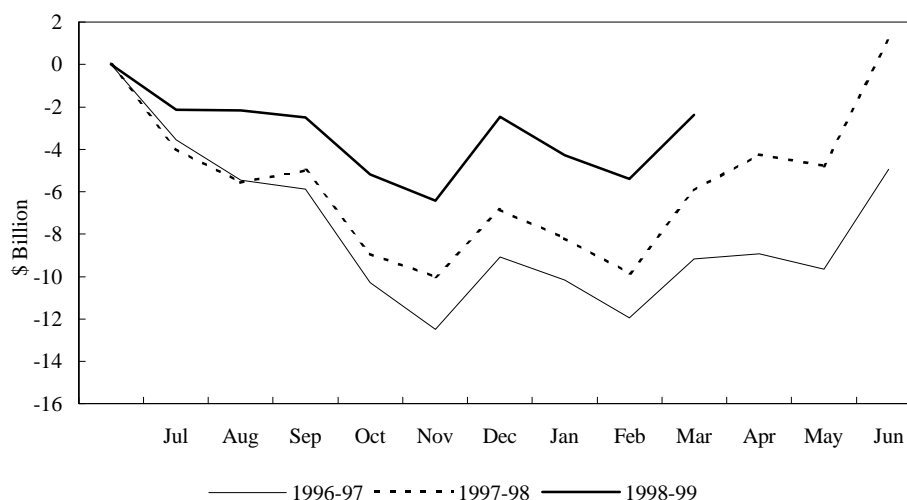
- An underlying deficit of \$2.4 billion was recorded for the period July 1998 to March 1999, which is an improvement of \$3.5 billion compared to the same period last year.
- The underlying deficit comprised revenue collections of \$104.6 billion and underlying outlays of \$107.0 billion.
- Compared to the same period in 1997-98, revenue collections increased by \$8.4 billion and underlying outlays increased by \$4.8 billion.

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

TABLE 1

	Month of March 1999 \$m	9 months to 31.03.99 \$m	9 months to 31.03.98 \$m
Revenue	15,793	104,606	96,244
Underlying Outlays	12,794	106,986	102,143
<b>Underlying balance</b>	<b>2,999</b>	<b>-2,380</b>	<b>-5,899</b>
<i>Memorandum items:</i>			
Net advances	-611	-11	-6,912
Headline balance	3,610	-2,369	1,013

**Chart 1**  
**Underlying Balances – Cumulative Monthly Pattern**  
**(actual monthly balances)**



## OUTLAYS

Total underlying outlays for the nine months to March 1999 were 4.7 per cent higher than for the comparable period in 1997-98.<sup>1</sup> The increase in outlays was mainly attributable to:

- an increase in Health expenditure for public hospitals due to the change in funding arrangements resulting from the introduction of the new Health Care Agreements from 1 July 1998;
- an increase in expenditure on hospital services for veterans and dependents due to advance processing of monthly payments, increased demand and higher costs associated with State Hospital Agreements;
- an increase in Health expenditure on private health insurance incentives following the introduction of the 30 per cent rebate for private health insurance on 1 January 1999;
- increased expenditure on Social Security and Welfare due to increases in customer numbers and rates for Age and Disability Support Pensions and as a result of the introduction of the Youth Allowance on 1 July 1998. The new Youth Allowance incorporates payments previously made against Youth Training, Newstart and Sickness Allowances for those under 21 years of age, and elements of the former AUSTUDY scheme that had been previously reported in the Education function; and
- an increase in the Recreation and Culture expenditure due to the transfer of certain balances of the Federation Fund from the Department of Prime Minister and Cabinet to other agencies which will administer individual Centenary of Federation projects.

The above increases were partly offset by:

- net reductions in expenditure on education as a result of the introduction of differential HECS and the abolition of AUSTUDY on 1 July 1998. Some components of AUSTUDY were replaced

<sup>1</sup> 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.

by the Youth Allowance, expenditure for which is reported in the Social Security and Welfare function;

- a decrease in Public Debt Interest associated with a lower stock of net debt consequent upon the improvement of the budgetary position, as well as, within-year variations in the timing of interest payments on the stock of debt and in the pattern of discounts and premia paid and received in relation to the redemption and issue of debt; and
- a decrease in the Legislative and Executive expenditure due to the transfer of certain balances of the Federation Fund from the Department of Prime Minister and Cabinet to other agencies which will administer individual Centenary of Federation projects.

## **REVENUE**

Total revenue collections in the nine months to March 1999 were 8.7 per cent above collections in the same period last year, with increases mainly in the following areas:

- gross PAYE collections, partly due to employment and wage growth;
- gross non-PAYE (other) individuals collections, largely reflecting growth in income subject to provisional tax;
- gross PPS collections, in part due to growth in the construction industry;
- superannuation funds tax, mainly due to higher payments by large and medium sized June balancing funds, and payments from a number of previously non-taxable funds;
- company tax, mainly due to a number of large one-off payments received in July and October 1998, and stronger payments from large June balancing companies; and
- dividend and other receipts, mainly due to increased dividends from the RBA and other financial enterprises.

This growth in revenue is partly offset by:

- lower petroleum resource rent tax (PRRT) collections, largely due to a fall in the price of oil and the Victorian gas crisis; and
- lower interest receipts, due to reduced receipts from all sources.

**Commonwealth Government**  
**Statement of Financial Transactions 1998-99**  
**Underlying basis (\$ million)**

	Budget estimate 1998-99	Month of March 1999	9 months to 31.03.99	9 months to 31.03.98
<b>Underlying Outlays</b>				
<b>General Public Services</b>				
Legislative and Executive Affairs	612	363.2 Cr	10.1	368.8
Financial and Fiscal Affairs	1964	205.2	1611.5	1246.5
Foreign Economic Aid	1811	129.7	1241.3	1166.4
General Research	1256	106.9	945.8	901.2
General Services	48 Cr	24.0	88.0	181.0
Govt Superannuation Benefits	1651	141.1	1406.2	1216.5
Defence	10981	1032.3	7884.3	7485.5
Public Order and Safety	1010	128.1	771.5	776.8
Education	9536	525.2	7858.9	8551.9
Health	22273	2133.0	17349.4	15241.8
Social Security and Welfare	53458	4479.4	39423.2	37266.4
Housing and Community Amenities	1330	172.8	937.4	764.9
Recreation and Culture	1335	1019.0	1973.1	1028.6
Fuel and Energy	27	1.4	13.0	28.8
Agriculture, Forestry and Fishing	2073	190.1	1464.8	1461.1
Mining & Mineral Resources, other than Fuels;				
Manufacturing; and Construction	1741	72.2	1186.8	1130.7
Transport and Communication	1435	150.0	839.3	1004.8
<b>Other Economic Affairs</b>				
Tourism and Area Promotion	102	6.0	88.7	77.8
Labour and Employment Affairs	2737	197.8	1588.3	1787.7
Other Economic Affairs; nec	342	33.6	280.9	243.2
<b>Other Purposes</b>				
Public Debt Interest	7745	782.4	6144.1	6925.3
General Purpose Inter-Govt Transactions	18405	1620.1	13824.3	13482.2
Natural Disaster Relief	37	3.6	7.3	12.1
Contingency Reserve	288 Cr	-	-	-
Asset Sales	46	3.3	48.2	206.7 Cr
<b>Total Underlying Outlays</b>	<b>141570</b>	<b>12794.2</b>	<b>106986.2</b>	<b>102143.2</b>
<b>Revenue</b>				
<b>Taxation Revenue</b>				
<b>Income Tax</b>				
Individuals -				
PAYE (a)	70996	5700.4	53366.4	48758.6
Other Individuals (a) (b) (c)	11590	1434.7	5911.6	5377.1
Prescribed Payments System (a) (d)	2710	200.1	2056.4	1857.8
Refunds (a) (e)	10406 Dr	564.5 Dr	9026.7 Dr	8339.8 Dr
Total Individuals	74890	6770.8	52307.7	47653.6
Companies (b)	19900	4904.3	15380.2	14006.2
Superannuation Funds (b)	2950	833.0	2970.5	2185.7
Withholding Tax	1190	82.8	929.8	819.7
Petroleum Resource Rent Tax	960	-	373.4	725.9
Fringe Benefits Tax	3320	7.7	2301.1	2145.1
<b>Total Income Tax</b>	<b>103210</b>	<b>12598.6</b>	<b>74262.8</b>	<b>67536.2</b>
<b>Indirect Tax</b>				
Sales Tax	15090	1144.4	11403.7	10604.7
Excise Duty				
Petroleum Products, Crude Oil and LPG	11110	1087.3	8237.1	8162.6
Other	2650	317.5	2034.7	2070.9
Customs Duty - Imports	3670	352.2	2751.2	2755.8
<b>Total Indirect Tax</b>	<b>32520</b>	<b>2901.4</b>	<b>24426.7</b>	<b>23594.1</b>
Other Taxes, Fees and Fines	2442	190.0	1756.5	1814.1
<b>Total Taxation Revenue</b>	<b>138172</b>	<b>15690.0</b>	<b>100446.0</b>	<b>92944.3</b>
<b>Non-Tax Revenue</b>				
Interest	1100	59.9	368.8	582.1
Dividends and Other	4986	43.3	3791.4	2717.4
<b>Total Non-Tax Revenue</b>	<b>6086</b>	<b>103.2</b>	<b>4160.3</b>	<b>3299.5</b>
<b>Total Revenue</b>	<b>144258</b>	<b>15793.2</b>	<b>104606.2</b>	<b>96243.9</b>
<b>Underlying Balance</b>	<b>2688 Cr</b>	<b>2999.0 Cr</b>	<b>2379.9 Dr</b>	<b>5899.3 Dr</b>
<i>Memorandum items:</i>				
Net Advances	16027 Cr	611.4 Cr	11.0 Cr	6911.9 Cr
Headline Balance	18715 Cr	3610.4 Cr	2368.9 Dr	1012.6 Cr

continued over

	Budget estimate 1998-99	Month of March 1999	9 months to 31.03.99	9 months to 31.03.98
<b>Financing Transactions</b>				
<b>Domestic Financing</b>				
Treasury Bonds		2519.8 Dr	2204.9 Dr	4633.2 Dr
Treasury Adjustable Bonds		-	-	3697.6 Dr
Treasury Indexed Bonds		100.0	329.5	495.7
Treasury Notes		883.1 Dr	2871.9	1813.3
Australian Savings Bonds		.. Dr	0.3 Dr	0.3 Dr
Use of Cash Balances		1337.8	16197.9 Dr	9015.0 Dr
Other Loans and Financing Transactions		1553.0 Dr	18580.4	14689.8
<b>Total Domestic Financing</b>		<b>3518.1 Dr</b>	<b>3378.8</b>	<b>347.3 Dr</b>
<b>Overseas Financing</b>		<b>92.3 Dr</b>	<b>1009.8 Dr</b>	<b>665.3 Dr</b>
<b>Total Financing Transactions</b>	<b>18715 Dr</b>	<b>3610.4 Dr</b>	<b>2368.9 Cr</b>	<b>1012.6 Dr</b>

.. Not zero, but rounds to zero.

- (a) These figures include the Medicare levy.
- (b) Includes tax on realised capital gains.
- (c) Includes Child Support Reserve receipts (estimated at \$518m in 1998-99).
- (d) Includes Reportable Payments System payments by individuals (estimated at \$1m in 1998-99).
- (e) Includes refunds of Child Support Reserve receipts (estimated at \$12m in 1998-99).

Note: Totals may not add due to rounding

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April 1999

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**NOTE:**

**International Monetary Fund (IMF) Special Data Dissemination Standards (SDDS)**

- (1) In accordance with the IMF's SDDS, quarter ahead notice of the date of release of the data on central government operations, which is contained in the CFT, is given on the IMF's Data Dissemination Bulletin Board at <http://dsbb.imf.org>.
- (2) Quarterly data on debt guaranteed by the Commonwealth (central) government that meet the coverage and timeliness requirements of the SDDS are published on the DOFA website at <http://www.dofa.gov.au>. In accordance with the IMF SDDS, quarter ahead notice of the approximate date of release of the data on debt guaranteed by the Commonwealth (central) government, is given on the IMF's Data Dissemination Bulletin Board at <http://dsbb.imf.org>.