



Minister for Finance and Administration

THE HON JOHN FAHEY, MP

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COMMONWEALTH GOVERNMENT STATEMENT OF FINANCIAL TRANSACTIONS (CFT) SEPTEMBER 1998

KEY POINTS

- An underlying deficit of \$2,494 million was recorded for the period July 1998 to September 1998, which is an improvement of \$2,490 million compared to the same period last year.
- The underlying deficit comprised revenue collections of \$33,171 million and underlying outlays of \$35,665 million.
- Compared to the same period in 1997-98, revenue collections increased by \$3,610 million and underlying outlays increased by \$1,119 million.

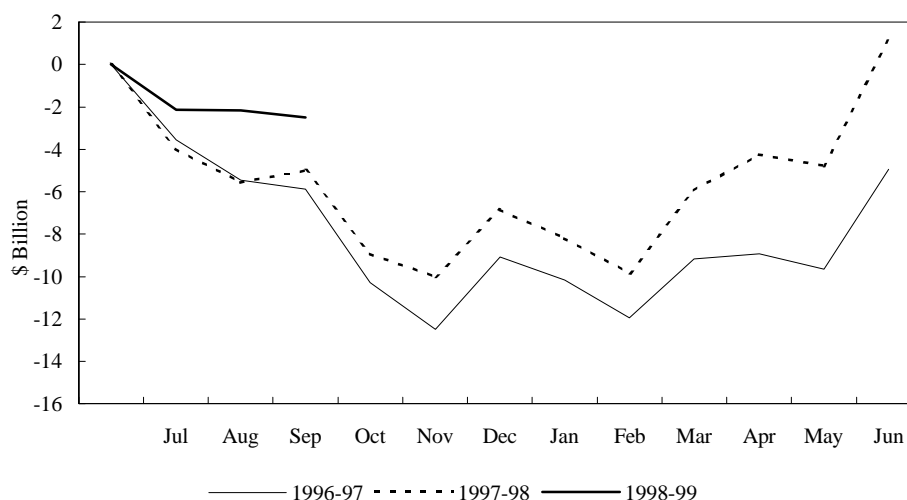
Attached to the September CFT is the 1997-98 outcome for Commonwealth Financial Assets and Liabilities data as required to be published under the Uniform Presentation Framework.

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

TABLE 1

	September 1998 \$m	Cumulative September 1997-98 \$m	Cumulative September 1998-99 \$m
Revenue	11,265	29,561	33,171
Underlying Outlays	11,593	34,545	35,665
Underlying balance	-328	-4,984	-2,494
<i>Memorandum items:</i>			
Net advances	45	-3,696	186
Headline balance	-373	-1,288	-2,679

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



OUTLAYS

Total underlying outlays for the current financial year to September 1998 were 3.2 per cent higher than for the comparable period in 1997-98.¹ The increase in outlays was mainly attributable to:

- the impact on the Financial and Fiscal affairs function of payments associated with the establishment of the Australian Prudential Regulatory Authority (APRA) on 1 July 1998 and lower Fringe Benefit Tax (FBT) payments by Commonwealth agencies as a result of a prepayment by Defence in 1997-98.
- the support payment to the PNG Government being made in full and the between year timing of payments for administrative expenses for Foreign Economic Aid function; and
- increased payments under the Commonwealth State Housing Agreement in the Housing and Community Amenities function reflecting a greater number of agreed strategic plans between the Commonwealth and the States; and
- higher outlays for public hospitals due to the change in Commonwealth-State funding arrangements resulting from the introduction of the new Australian Health Care agreements from 1 July 1998 in the Health function; and
- increased outlays in the Social Security and Welfare function due to the introduction of Youth Allowance on 1 July 1998. The new Youth Allowance scheme incorporates the replacement of some elements of the former AUSTUDY scheme for which outlays were reported in the Education function. The increase also reflects timing of payments under the new residential care subsidy arrangements in 1998-99; and
- the proceeds of the sale of DASFLEET received in 1997-98; and

partly offset by:

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.

- variations in the timing of interest payments on Treasury Fixed Coupon Bonds and in the pattern of Treasury Note redemptions in the Public Debt Interest function; and
- variations in the timing of financial assistance grant payments and a reduced level of special revenue assistance in the General Purpose Intergovernment Transactions function; and
- reduced outlays in the Education function as a result of the introduction of Differential HECS resulting in a decrease in Recurrent Grant payments; a variation in the timing of superannuation payments to institutions; the budgeted decline in Operating Funding to institutions; and the abolition of AUSTUDY on 1 July 1998 when some components of the scheme were replaced by Youth Allowance, outlays for which are reported in the Social Security and Welfare function.

REVENUE

Total revenue collections for the current financial year to September 1998 were 12.2 per cent above collections in the same period last year with increases mainly in the following areas:

- gross PAYE collections, largely due to new withholding tax arrangements announced in the 1997-98 Budget;
- gross non-PAYE (other) individuals collections, partly due to stronger collections arising from slippage of revenue into this financial year;
- gross PPS collections, in part due to the new withholding tax arrangements announced in the 1997-98 Budget and growth in the construction industry;
- superannuation funds tax, mainly due to higher payments by large June balancing funds;
- company tax, mainly due to a number of large one-off payments received in July 1998;
- sales tax, largely due to stronger motor vehicles sales tax receipts;
- withholding tax, mainly due to increased royalty payments by companies and heightened compliance activity by the ATO on Royalty withholding tax;
- fringe benefits tax, mainly as a result of fewer people varying down this year as opposed to last year and also less refunds distributed; 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;
- lower excise duty collections, largely due to a lower number of collections days in the first three months of 1998-99 compared to the same period of 1997-98;
- lower customs duty collections, partly due to a slippage of collections from September into October; and
- lower interest receipts, due to reduced receipts from all sources.

Commonwealth Government
Statement of Financial Transactions 1997-98
Underlying basis (\$ million)

	Budget estimate 1998-99	Month of September 1998	3 months to 30.09.98	3 months to 30.09.97
Underlying Outlays				
General Public Services				
Legislative and Executive Affairs	612	41.5	123.4	119.4
Financial and Fiscal Affairs	1964	212.0	548.0	439.2
Foreign Economic Aid	1811	215.7	501.5	321.6
General Research	1256	103.2	335.2	296.2
General Services	48 Cr	5.5	38.2	41.4
Govt Superannuation Benefits	1651	143.8	563.2	504.4
Defence	10981	810.4	2527.2	2449.5
Public Order and Safety	1010	88.3	316.5	335.0
Education	9536	488.5	2269.5	2589.3
Health	22273	1983.2	5632.9	5261.5
Social Security and Welfare	53458	4210.0	13227.2	12418.0
Housing and Community Amenities	1330	220.1	253.3	54.5
Recreation and Culture	1335	89.9	427.5	444.8
Fuel and Energy	27	0.1	2.5	16.8
Agriculture, Forestry and Fishing	2073	132.8	435.6	457.3
Mining & Mineral Resources, other than Fuels;				
Manufacturing; and Construction	1741	133.2	373.9	396.3
Transport and Communication	1435	144.8	304.8	321.1
Other Economic Affairs				
Tourism and Area Promotion	102	11.1	31.1	31.7
Labour and Employment Affairs	2737	198.8	549.6	618.9
Other Economic Affairs; nec	342	26.8	116.4	89.7
Other Purposes				
Public Debt Interest	7745	694.7	2475.2	2992.6
General Purpose Inter-Govt Transactions	18405	1635.1	4606.4	4727.7
Natural Disaster Relief	37	-	-	8.7
Contingency Reserve	288 Cr	-	-	-
Asset Sales	46	4.0	5.6	390.0 Cr
Total Underlying Outlays	141570	11593.4	35664.7	34545.5
Revenue				
Taxation Revenue				
Income Tax				
Individuals -				
PAYE (a)	70996	5353.8	18314.2	16199.0
Other Individuals (a) (b) (c)	11590	867.9	1943.7	1682.3
Prescribed Payments System (a) (d)	2710	201.1	711.5	640.9
Refunds (a) (e)	10406 Dr	1757.2 Dr	4446.8 Dr	4356.7 Dr
Total Individuals	74890	4665.6	16522.6	14165.4
Companies (b)	19900	3188.8	3879.3	3551.1
Superannuation Funds (b)	2950	445.8	537.4	414.7
Withholding Tax	1190	74.9	288.9	270.5
Petroleum Resource Rent Tax	960	147.6	118.2	160.1
Fringe Benefits Tax	3320	4.5	742.5	701.6
Total Income Tax	103210	8527.2	22088.9	19263.5
Indirect Tax				
Sales Tax	15090	1176.4	3700.0	3364.0
Excise Duty				
Petroleum Products, Crude Oil and LPG	11110	844.1	2474.0	2520.1
Other	2650	187.9	540.4	879.9
Customs Duty - Imports	3670	268.4	893.3	1031.4
Total Indirect Tax	32520	2476.8	7607.6	7795.4
Other Taxes, Fees and Fines	2442	183.1	455.0	466.4
Total Taxation Revenue	138172	11187.1	30151.5	27525.2
Non-Tax Revenue				
Interest	1100	12.2	129.3	269.4
Dividends and Other	4986	66.1	2890.0	1766.4
Total Non-Tax Revenue	6086	78.2	3019.3	2035.9
Total Revenue	144258	11265.4	33170.8	29561.1
Underlying Balance	2688 Cr	328.1 Dr	2493.9 Dr	4984.4 Dr
<i>Memorandum items:</i>				
Net Advances	16027 Cr	45.1	185.5	3696.1 Cr
Headline Balance	18715 Cr	373.1 Dr	2679.5 Dr	1288.3 Dr

.. Not zero, but rounds to zero.

(a) These figures include the Medicare levy.

(b) Includes tax on realised capital gains.

(c) Includes Child Support Trust Account 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 Trust Account receipts (estimated at \$12m in 1998-99).

continued over

	Budget estimate 1998-99	Month of September 1998	3 months to 30.09.98	3 months to 30.09.97
Financing Transactions				
Domestic Financing				
Treasury Bonds		206.2 Dr	665.0 Dr	3050.3 Dr
Treasury Adjustable Bonds		-	-	-
Treasury Indexed Bonds		-	19.8 Dr	94.6
Treasury Notes		206.2 Dr	3044.7	624.3
Australian Savings Bonds		.. Dr	0.1 Dr	0.2 Dr
Use of Cash Balances		1033.3	13207.4 Dr	1167.8 Dr
Other Loans and Financing Transactions		206.9 Dr	13824.2	4875.5
Total Domestic Financing		414.0	2976.6	1376.3
Overseas Financing		40.8 Dr	297.1 Dr	88.0 Dr
Total Financing Transactions	18715 Dr	373.1 Cr	2679.5 Cr	1288.3 Cr

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November 1998

John Fahey
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Commonwealth Government Sector Financial Assets and Liabilities (\$m) (a)

	1996-97 (g)	1997-98
GENERAL GOVERNMENT		
Financial Liabilities		
Deposits held	465	554
Advances received	0	0
Other borrowings (b)	115655	98894
<i>Gross debt</i>	<i>116120</i>	<i>99448</i>
Financial Assets		
Cash and deposits	3822	1421
Advances paid	10491	8938
Other lending (c)	5525	6154
<i>Total cash, deposits and lending</i>	<i>19838</i>	<i>16513</i>
Net debt	96282	82935
Other Liabilities:		
Unfunded employee entitlements (d)	68567	70525
Accounts payable	35637	34349
Gross debt	116120	99448
<i>Total Liabilities (e)</i>	<i>220324</i>	<i>204322</i>
Other Assets:		
Accounts receivable <i>less provision for doubtful debts</i>	33791	34452
Equity in enterprises	35370	29587
Total cash, deposits and lending	19838	16513
<i>Total Financial Assets (f)</i>	<i>88999</i>	<i>80552</i>
Net Liabilities	131325	123770
PUBLIC TRADING ENTERPRISES		
Financial Liabilities		
Deposits held	0	0
Advances received	875	903
Other borrowings (b)	10986	10785
<i>Gross debt</i>	<i>11861</i>	<i>11688</i>
Financial Assets		
Cash and deposits	955	576
Advances paid	0	0
Other lending (c)	2545	2640
<i>Total cash, deposits and lending</i>	<i>3500</i>	<i>3216</i>
Net debt	8361	8472
Other Liabilities:		
Unfunded employee entitlements (d)	600	655
Accounts payable	4734	4351
Gross debt	11861	11688
<i>Total Liabilities (e)</i>	<i>17195</i>	<i>16694</i>
Other Assets:		
Accounts receivable <i>less provision for doubtful debts</i>	4603	4609
Equity in enterprises	466	484
Total cash, deposits and lending	3500	3216
<i>Total Financial Assets (f)</i>	<i>8569</i>	<i>8309</i>
Net Liabilities	8626	8385

Commonwealth Government Sector Financial Assets and Liabilities (\$m) (a) - continued

	1996-97 (g)	1997-98
PUBLIC FINANCIAL ENTERPRISES		
Financial Liabilities		
Deposits held	19308	11186
Advances received	0	0
Other borrowings (b)	5562	5143
Reserve Bank Notes on issue	20064	21651
<i>Gross debt</i>	<i>44934</i>	<i>37980</i>
Financial Assets		
Cash and deposits	2462	1910
Advances paid	0	0
Other lending (c)	32149	28023
Gold and foreign exchange	23347	25434
<i>Total cash, deposits and lending</i>	<i>57958</i>	<i>55367</i>
Net debt	-13024	-17387
Other Liabilities:		
Unfunded employee entitlements (d)	165	168
Accounts payable	2978	3285
Gross debt	44934	37980
<i>Total Liabilities (e)</i>	<i>48077</i>	<i>41433</i>
Other Assets:		
Accounts receivable <i>less provision for doubtful debts</i>	2067	643
Equity in enterprises	473	361
Total cash, deposits and lending	57958	55367
<i>Total Financial Assets (f)</i>	<i>60498</i>	<i>56371</i>
Net Liabilities	-12421	-14938
CONSOLIDATED GOVERNMENT		
Financial Liabilities		
Deposits held	18890	10806
Advances received	0	0
Other borrowings (b)	108321	98662
Reserve Bank Notes on issue	20064	21651
<i>Gross debt</i>	<i>147275</i>	<i>131119</i>
Financial Assets		
Cash and deposits	6356	2973
Advances paid	9616	8035
Other lending (c)	16339	20657
Gold and foreign exchange	23347	25434
<i>Total cash, deposits and lending</i>	<i>55658</i>	<i>57099</i>
Net debt	91617	74020
Other Liabilities:		
Unfunded employee entitlements (d)	69332	71348
Accounts payable	43349	41986
Gross debt	147275	131119
<i>Total Liabilities (e)</i>	<i>259956</i>	<i>244453</i>
Other Assets:		
Accounts receivable <i>less provision for doubtful debts</i>	40461	39705
Equity in enterprises	939	845
Total cash, deposits and lending	55658	57099
<i>Total Financial Assets (f)</i>	<i>97058</i>	<i>97649</i>
Net Liabilities	162898	146804

- (a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out.
- (b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments.
- (c) Includes loan and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities.
- (d) Employer's liability to pay future benefits to employees less assets set aside to pay these benefits as they arise.
- (e) Excludes liabilities of a non-contractual nature such as future social security payments.
- (f) Excludes assets where the economic benefit may not eventuate or cannot be measured reliably such as the right to levy taxation.
- (g) Public sector financial asset and liability statistics are revised progressively as new or improved data become available. For this reason 1996-97 figures differ from those published previously.