



# Minister for Finance and Administration

THE HON JOHN FAHEY, MP

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### COMMONWEALTH GOVERNMENT STATEMENT OF FINANCIAL TRANSACTIONS (CFT) APRIL 1998

#### KEY POINTS

An underlying deficit of \$4,230 million was recorded for the period July 1997 to April 1998, which is an improvement of \$4,664 million compared to the same period last year. The underlying deficit comprises:

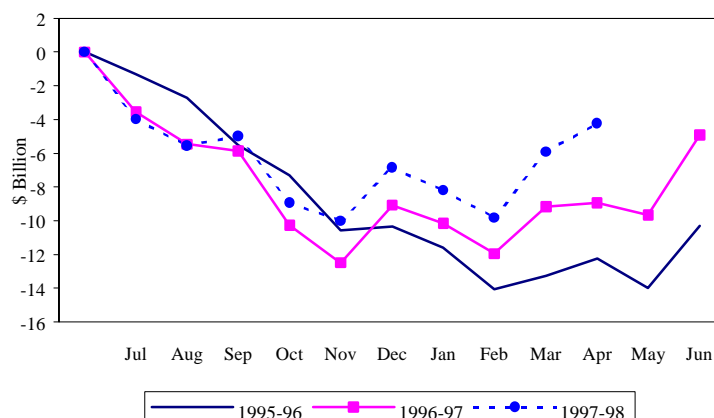
- revenue collections of \$109,254 million; and
- underlying outlays of \$113,484 million.

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

Table 1	April 1998 \$m	Cumulative April 1996-97 \$m	Cumulative April 1997-98 \$m
Revenue	13,010	104,768	109,254
Underlying Outlays	11,318	113,662	113,484
<b>Underlying balance</b> <sup>(a)</sup>	<b>1,692</b>	<b>-8,894</b>	<b>-4,230</b>
<i>Memorandum items:</i>			
Net advances	119	-4,274	-6,816
Headline balance	1,573	-4,619	2,586

- (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 April 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 \$4,230 million was recorded for the period July 1997 to April 1998. Revenue collections increased by \$4,485 million and underlying outlays decreased by \$178 million compared to the same period in 1996-97.

### **OUTLAYS**

Total underlying outlays for the current financial year to April 1998 are only marginally lower (0.16 per cent) than for the comparable period in 1996-97<sup>1</sup>.

The 0.16 per cent decrease in underlying outlays for the period of July 1997 to April 1998, when compared to the same period in 1996-97, is mainly attributable to:

- 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 decrease in the Public Debt Interest function reflecting a reduction in the volume of debt on issue; and
- 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.

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<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.

This decrease in underlying outlays is partly offset by:

- 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; and
- higher payments in the Social Security and Welfare function reflecting the introduction of the Parenting Payment in March 1998 and the Family Tax Initiative in January 1997, a slower than expected removal of former invalid Pensioners from the Disability Support Pensions and a slower rate of drawdown in 1996-97 due to the large cash carryover for the Aboriginal and Torres Strait Islander Commission.

## **REVENUE**

Total revenue collections in the ten months to the end of April 1998 were 4.3 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 PPS collections, largely due to growth in construction activity;
- withholding tax, due to the receipt of a large dividend withholding tax payment in April;
- 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, ASC registration fees, 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; and
- 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.

**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 April 1998	10 months to 30.04.98	10 months to 30.04.97
<b>Headline Outlays</b>				
<b>General Public Services</b>				
Legislative and Executive Affairs	549	40.5	404.1	380.0
Financial and Fiscal Affairs	1779	93.3	1335.3	1456.3
Foreign Economic Aid	1935	183.3	1506.5	1497.4
General Research	1227	111.7	1012.9	958.5
General Services	150 Cr	232.5 Cr	23.9 Cr	133.3
Govt Superannuation Benefits	1689	130.6	1347.0	1323.7
Defence	10405	882.1	8316.7	7923.5
Public Order and Safety	1139	82.1	858.9	1077.8
Education	10980	673.1	9523.6	9058.5
Health	20700	1669.4	16911.1	15960.8
Social Security and Welfare	50938	4840.3	42107.1	41589.3
Housing and Community Amenities	1147	17.3	500.7	837.7
Recreation and Culture	1319	69.5	1097.3	1146.8
Fuel and Energy	13	22.4	42.8	31.0
Agriculture, Forestry and Fishing	1949	172.0	1614.8	1489.8
Mining & Mineral Resources, other than Fuels;				
Manufacturing; and Construction	1727	114.2	1204.9	1330.5
Transport and Communication	1485	133.7	1143.7	738.6
<b>Other Economic Affairs</b>				
Tourism and Area Promotion	98	4.1	81.8	78.1
Labour and Employment Affairs	2755	294.5	2104.8	2421.5
Other Economic Affairs; nec	317	23.4	254.9	269.5
<b>Other Purposes</b>				
Public Debt Interest	8920	746.0	7671.3	8729.5
General Purpose Inter-Govt Transactions	17053	1354.9	14121.2	14689.1
Natural Disaster Relief	31	-	12.1	0.7
Contingency Reserve	1247 Cr	-	-	-
Asset Sales	9830 Cr	10.6	6482.1 Cr	3734.3 Cr
<b>Total Headline Outlays</b>	<b>126928</b>	<b>11436.3</b>	<b>106667.5</b>	<b>109387.5</b>
<b>Revenue</b>				
<b>Taxation Revenue</b>				
<b>Income Tax</b>				
Individuals -				
Gross PAYE (a)	65639	5598.7	54357.3	50673.2
Gross Other Individuals (a) (b) (c)	11140	2893.0	8270.1	8494.9
Gross Prescribed Payments System (a) (d)	2570	214.5	2072.3	1844.4
Refunds (a) (e)	9589 Dr	460.3 Dr	8800.1 Dr	8286.5 Dr
<b>Total Individuals</b>	<b>69760</b>	<b>8246.0</b>	<b>55899.6</b>	<b>52726.0</b>
Companies (b)	18590	249.4	14255.6	14275.9
Superannuation Funds (b)	2490	2.6	2188.3	2106.9
Withholding Tax	1230	138.5	958.2	893.6
Petroleum Resource Rent Tax	850	181.3	907.2	1308.2
Fringe Benefits Tax	3150	715.1	2860.3	2803.5
<b>Total Income Tax</b>	<b>96070</b>	<b>9532.9</b>	<b>77069.1</b>	<b>74114.1</b>
<b>Indirect Tax</b>				
Sales Tax	14170	1238.1	11842.8	11124.5
Excise Duty -				
Petroleum Products, Crude Oil and LPG	10840	852.5	9015.1	8712.9
Other	2700	193.9	2264.8	2295.6
Customs Duty - Imports	3410	291.0	3046.9	2754.6
<b>Total Indirect Tax</b>	<b>31120</b>	<b>2575.5</b>	<b>26169.6</b>	<b>24887.5</b>
Other Taxes, Fees and Fines	2243	156.0	1970.1	1798.6
<b>Total Taxation Revenue</b>	<b>129433</b>	<b>12264.4</b>	<b>105208.8</b>	<b>100800.2</b>
<b>Non-Tax Revenue</b>				
Interest	999	30.9	613.0	756.3
Dividends and Other	2919	714.4	3431.9	3211.8
<b>Total Non-Tax Revenue</b>	<b>3918</b>	<b>745.3</b>	<b>4044.8</b>	<b>3968.1</b>
<b>Total Revenue</b>	<b>133351</b>	<b>13009.7</b>	<b>109253.6</b>	<b>104768.4</b>
<b>Deficit (Dr)/Surplus(Cr)</b>	<b>6423 Cr</b>	<b>1573.4 Cr</b>	<b>2586.1 Cr</b>	<b>4619.2 Dr</b>

(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 April 1998	10 months to 30.04.98	10 months to 30.04.97
<b>Financing Transactions</b>				
<b>Domestic Financing</b>				
Treasury Bonds -				
Official (Face Value)		0.4 Dr	5384.4 Dr	1242.6 Dr
Non-Official (Face Value)		1797.6 Dr	1156.3 Dr	2765.1
Face Value Adjustment		89.8	199.4	52.3
Sub-total (Cash Value)		<u>1708.2 Dr</u>	<u>6341.3 Dr</u>	<u>1574.8</u>
Treasury Adjustable Bonds -				
Official (Face Value)		-	-	-
Non-Official (Face Value)		-	3700.0 Dr	900.0
Face Value Adjustment		-	2.4	-
Sub-total (Cash Value)		<u>-</u>	<u>3697.6 Dr</u>	<u>900.0</u>
Treasury Indexed Bonds -				
Official (Face Value)		-	-	20.0
Non-Official (Face Value)		100.0	600.5	453.1
Face Value Adjustment		-	4.8 Dr	24.9 Dr
Sub-total (Cash Value)		<u>100.0</u>	<u>595.7</u>	<u>448.2</u>
Treasury Notes -				
Official (Face Value)		900.0	3279.0 Dr	129.7
Non-Official (Face Value)		896.9 Dr	5077.6	29.4 Dr
Face Value Adjustment		13.6	31.4	115.6
Sub-total (Cash Value)		<u>16.8</u>	<u>1830.1</u>	<u>215.9</u>
Australian Savings Bonds		-	0.3 Dr	0.5 Dr
Other Borrowings from the Reserve Bank		-	-	-
Use of Cash Balances		187.0	8828.1 Dr	1780.4 Dr
Other Loans and Financing Transactions		60.5 Dr	14629.4	3491.0
<b>Total Domestic Financing</b>		<b>1464.9 Dr</b>	<b>1812.2 Dr</b>	<b>4849.0</b>
<b>Overseas Financing</b>		<b>108.6 Dr</b>	<b>773.9 Dr</b>	<b>229.8 Dr</b>
<b>Total Financing Transactions</b>	<b>6423 Dr</b>	<b>1573.4 Dr</b>	<b>2586.1 Dr</b>	<b>4619.2 Cr</b>

**Outstanding Short Term Debt and Cash Balances**

	<u>\$m</u>
Other Borrowings from Reserve Bank	-
Treasury Notes	15101.9
Cash Balances with Reserve Bank -	
Net Public Account	12192.4
Net Other Accounts	10429.2 Cr

Peter J. Boxall  
Secretary to the Department of Finance  
and Administration  
29 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 Coordination Unit (02) 6263 2299