



# MEDIA RELEASE

## THE HON LINDSAY TANNER MP

Minister for Finance and Deregulation

18 December 2008

44/2008

### AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS September and October 2008

#### KEY POINTS

- The underlying cash balance for the 2008-09 year to 31 October 2008 was a surplus of \$234 million.
- The fiscal balance for the 2008-09 year to 31 October 2008 was a surplus of \$5,637 million.

AGGREGATES	ACTUAL	ACTUAL	ACTUAL	MYEFO
	2008-2009	2008-2009	2008-2009	ESTIMATE
	YTD	October	YTD	2008-2009
	September		October	FULL YEAR*
	\$m	\$m	\$m	\$m
Revenue	67,324	35,957	103,281	313,250
Expenses	70,018	27,179	97,197	303,624
Net operating balance	-2,694	8,778	6,084	9,626
Net capital investment	266	181	447	3,784
<b>Fiscal balance</b>	<b>-2,960</b>	<b>8,597</b>	<b>5,637</b>	<b>5,842</b>
<b>Underlying cash balance</b>	<b>-5,324</b>	<b>5,558</b>	<b>234</b>	<b>5,365</b>
<b>Headline cash balance</b>	<b>-3,804</b>	<b>5,454</b>	<b>1,650</b>	<b>7,078</b>
Total assets	269,802	8,092	277,894	295,563
Total liabilities	205,649	2,676	208,325	225,547
Net worth	64,153	5,415	69,569	70,016
Net debt	-34,229	-3,531	-37,761	-47,181

The Australian Government in the *Budget Strategy and Outlook Budget Paper No 1 2008-09* in May 2008 initiated major accounting policy reforms that improved the transparency, reliability and understanding of the government's financial statements. The government decided that the Budget statements will continue to be 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 will be limited to complying with either ABS GFS or AAS.

The Australian Government monthly financial statements for 2008-09 have been re-designed to provide information consistent with Budget papers as required under section 54 of the *Financial Management and Accountability Act 1997*.

Care needs to be taken when comparing monthly or cumulative data across years and to full year estimates. Revenues and expenses vary from month-to-month. The accrual framework, including the timing of payments and policy decisions can have a large impact on fiscal aggregates from one year to the next and on year-to-date outcomes.

18 December 2008

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## **FISCAL OUTCOMES**

### **Underlying Cash Balance**

The underlying cash balance includes cash from operations and net cash provided by investing activities in non-financial assets but excludes the cash earnings for the Future Fund Management Agency.

The underlying cash balance for the year to 31 October 2008 was a surplus of \$234 million which is \$1,554 million lower than the pro rata MYEFO estimate for 2008-09. The difference primarily reflects lower taxation receipts partially offset by higher than pro rata dividend and interest receipts.

### **Fiscal Balance**

The fiscal balance for the year to 31 October 2008 was a surplus of \$5,637 million, which is \$3,689 million higher than the pro rata MYEFO estimate for 2008-09.

## **FINANCIAL OUTCOMES**

### **Revenues and Expenses**

Expenses are \$4,011 million lower and revenue is \$1,136 million lower when compared with the pro rata MYEFO estimate for 2008-09.

### **Assets and Liabilities**

The net worth balance of the General Government sector is a positive net asset position of \$69,569 million at 31 October 2008.

Lindsay Tanner MP  
Minister for Finance and Deregulation

18 December 2008

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## Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2008-2009 YTD September \$m	ACTUAL 2008-2009 October \$m	ACTUAL 2008-2009 YTD October \$m	MYEFO ESTIMATE 2008-2009 FULL YEAR* \$m
<b>Revenue</b>				
Taxation revenue	60,984	34,332	95,315	293,627
Sales of goods and services	1,423	479	1,902	5,803
Interest income	1,651	466	2,117	6,114
Dividend income	1,996	224	2,220	3,238
Other	1,270	457	1,727	4,468
<b>Total revenue</b>	<b>67,324</b>	<b>35,957</b>	<b>103,281</b>	<b>313,250</b>
<b>Expenses</b>				
Gross operating expenses				
Wages and salaries(a)	3,896	1,293	5,190	15,360
Superannuation	566	279	845	2,925
Depreciation and amortisation	1,324	477	1,801	5,480
Payment for supply of goods and services	13,064	4,926	17,990	55,440
Other operating expenses	1,187	324	1,510	4,301
<i>Total gross operating expenses</i>	<i>20,036</i>	<i>7,300</i>	<i>27,336</i>	<i>83,505</i>
Superannuation interest expense	1,219	866	2,084	6,470
Interest expenses	1,105	385	1,489	5,088
Current transfers				
Current grants	21,527	10,647	32,174	93,791
Subsidy expenses	1,883	683	2,566	7,642
Personal benefits	22,288	7,734	30,022	98,940
<i>Total current transfers</i>	<i>45,698</i>	<i>19,064</i>	<i>64,762</i>	<i>200,373</i>
Capital transfers				
Mutually agreed w rite-down s	360	-950	-590	1,722
Other capital grants	1,600	515	2,115	6,466
<i>Total capital transfers</i>	<i>1,960</i>	<i>-435</i>	<i>1,525</i>	<i>8,188</i>
<b>Total expenses</b>	<b>70,018</b>	<b>27,179</b>	<b>97,197</b>	<b>303,624</b>
<b>Net operating balance</b>	<b>-2,694</b>	<b>8,778</b>	<b>6,084</b>	<b>9,626</b>
<b>Other economic flows</b>				
Revaluation of equity(b)	360	290	650	-169
Net w rite-down s of assets (including bad and doubtful debts)	-1,908	-1,893	-3,802	-3,545
Assets recognised for the first time	73	39	112	108
Actuarial revaluations	0	0	0	-34
Net foreign exchange gains	-850	-1,853	-2,703	64
Net sw ap interest received	-81	-20	-101	-36
Market valuation of debt	-1,970	5	-1,966	-1,512
Other economic revaluations(c)	59	69	129	114
<b>Total other economic flows</b>	<b>-4,317</b>	<b>-3,363</b>	<b>-7,680</b>	<b>-5,011</b>
<b>Comprehensive result -</b>				
<b>Total change in net worth</b>	<b>-7,011</b>	<b>5,415</b>	<b>-1,596</b>	<b>4,615</b>
<b>Net operating balance</b>	<b>-2,694</b>	<b>8,778</b>	<b>6,084</b>	<b>9,626</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	1,581	746	2,327	9,017
less Sales of non-financial assets	45	91	136	523
less Depreciation	1,324	477	1,801	5,480
plus Change in inventories	25	-22	3	672
plus Other movements in non-financial assets	29	25	55	97
<b>Total net acquisition of non-financial assets</b>	<b>266</b>	<b>181</b>	<b>447</b>	<b>3,784</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>	<b>-2,960</b>	<b>8,597</b>	<b>5,637</b>	<b>5,842</b>

\*As published in the 2008-09 MYEFO .

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses.

(b) Revaluations of equity reflects changes in the market valuation of investments. This line also reflects any equity revaluations at the point of disposal or sale

(c) Largely reflects other revaluation of assets and liabilities.

(d) The term fiscal balance is not used by the ABS.

## Australian Government General Government Sector – BALANCE SHEET

	ACTUAL 2008-2009 as at 30 September 2008 \$m	ACTUAL 2008-2009 as at 31 October 2008 \$m	MYEFO ESTIMATE 2008-2009 as at 30 June 2009 \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	1,032	1,482	868
Advances paid	20,566	21,210	23,125
Investments, loans and placements	80,445	85,543	98,427
Other receivables	31,411	33,633	33,535
Equity investments			
Investments in other public sector entities	21,050	20,900	20,876
Equity accounted investments	222	222	234
Investments - shares	25,632	25,468	26,495
<i>Total financial assets</i>	<i>180,358</i>	<i>188,458</i>	<i>203,561</i>
Non-financial assets			
Land	7,812	7,832	7,733
Buildings	18,048	18,092	18,949
Plant, equipment and infrastructure	41,908	42,097	44,152
Inventories	6,194	6,134	6,792
Intangibles	2,347	2,373	2,508
Investment property	192	192	191
Biological assets	26	26	29
Heritage and cultural assets	645	591	8,275
Assets held for sale	8,301	8,267	586
Other non-financial assets	3,972	3,831	2,787
<i>Total non-financial assets</i>	<i>89,444</i>	<i>89,436</i>	<i>92,002</i>
<b>Total assets</b>	<b>269,802</b>	<b>277,894</b>	<b>295,563</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	334	344	339
Government securities	59,873	62,438	66,729
Loans	6,891	6,841	7,252
Other borrowing	716	851	919
<i>Total interest bearing liabilities</i>	<i>67,813</i>	<i>70,474</i>	<i>75,239</i>
Provisions and payables			
Superannuation liability	100,690	100,963	109,953
Other employee liabilities	9,215	8,781	9,079
Suppliers payable	2,386	2,303	3,614
Personal benefits payable	10,800	10,069	12,943
Subsidies payable	1,356	1,352	1,416
Grants payable	4,674	4,506	5,130
Other provisions and payables	8,714	9,876	8,173
<i>Total provisions and payables</i>	<i>137,835</i>	<i>137,851</i>	<i>150,308</i>
<b>Total liabilities</b>	<b>205,649</b>	<b>208,325</b>	<b>225,547</b>
<b>Net worth(a)</b>	<b>64,153</b>	<b>69,569</b>	<b>70,016</b>
<i>Net financial worth(b)</i>	<i>-25,291</i>	<i>-19,867</i>	<i>-21,986</i>
<i>Net financial liabilities(c)</i>	<i>46,341</i>	<i>40,767</i>	<i>42,863</i>
<i>Net debt(d)(e)</i>	<i>-34,229</i>	<i>-37,761</i>	<i>-47,181</i>

\*As published in the 2008-09 MYEFO .

(a) Net worth is calculated as total assets minus total liabilities.

(b) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.

(c) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(d) Net debt equals the sum of deposits held, advances received, government securities loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

(e) The net debt estimates include the expected impact of the Future Fund rebalancing its portfolio allocation by increasing its holding of equities, which are not included in the calculation of net debt.

## Australian Government General Government Sector – CASH FLOW STATEMENT

	ACTUAL 2008-2009 YTD September \$m	ACTUAL 2008-2009 October \$m	ACTUAL 2008-2009 YTD October \$m	MYEFO ESTIMATE 2008-2009 FULL YEAR* \$m
<b>Cash receipts from operating activities</b>				
Taxes received	60,908	32,236	93,144	287,748
Receipts from sales of goods and services	1,585	332	1,917	5,823
Interest receipts	1,757	513	2,270	5,540
Dividends and income tax equivalents	2,081	275	2,356	3,238
Other receipts	923	645	1,567	4,436
<b>Total operating receipts</b>	<b>67,253</b>	<b>34,002</b>	<b>101,254</b>	<b>306,784</b>
<b>Cash payments for operating activities</b>				
Payments for employees	-5,052	-2,496	-7,548	-20,898
Payments for goods and services	-13,968	-4,891	-18,859	-56,034
Grants and subsidies paid	-25,114	-10,864	-35,978	-106,534
Interest paid	-1,068	-323	-1,391	-3,934
Personal benefit payments	-23,070	-8,543	-31,613	-97,827
Other payments	-1,116	-161	-1,277	-3,804
<b>Total operating payments</b>	<b>-69,388</b>	<b>-27,277</b>	<b>-96,665</b>	<b>-289,031</b>
<b>Net cash flows from operating activities</b>	<b>-2,136</b>	<b>6,725</b>	<b>4,589</b>	<b>17,753</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	45	91	136	523
Purchases of non-financial assets	-1,703	-560	-2,264	-8,786
<b>Net cash flows from investments in non-financial assets</b>	<b>-1,658</b>	<b>-469</b>	<b>-2,127</b>	<b>-8,263</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>239</b>	<b>-649</b>	<b>-410</b>	<b>-1,913</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>				
Increase in investments	4,036	-7,495	-3,459	-13,592
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>4,036</b>	<b>-7,495</b>	<b>-3,459</b>	<b>-13,592</b>
<b>Cash flows from financing activities</b>				
Borrowing (net)	-1,292	2,377	1,085	6,494
Other financing (net)	27	-39	-12	-1,650
<b>Net cash flows from financing activities</b>	<b>-1,265</b>	<b>2,338</b>	<b>1,073</b>	<b>4,844</b>
<b>Net increase/(decrease) in cash held</b>	<b>-784</b>	<b>450</b>	<b>-334</b>	<b>-1,171</b>
<b>Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))</b>	<b>-3,794</b>	<b>6,256</b>	<b>2,462</b>	<b>9,490</b>
Finance leases and similar arrangements(b)	-249	-154	-403	-499
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-4,043</b>	<b>6,102</b>	<b>2,059</b>	<b>8,991</b>
less Future Fund earnings	1,281	544	1,825	3,626
<b>Equals underlying cash balance (c)</b>	<b>-5,324</b>	<b>5,558</b>	<b>234</b>	<b>5,365</b>
plus net cash flows from investments in financial assets for policy purposes	239	-649	-410	-1,913
plus Future Fund earnings	1,281	544	1,825	3,626
<b>Equals headline cash balance</b>	<b>-3,804</b>	<b>5,454</b>	<b>1,650</b>	<b>7,078</b>

\*As published in the 2008-09 MYEFO .

(a) A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

(b) The acquisition of assets under finance leases decreases the underlying cash balance. The disposal of assets previously held under finance leases increases the underlying cash.

(c) The term underlying cash balance is not used by the ABS.

**Australian Government General Government Sector –  
EXPENSES BY FUNCTION**

	ACTUAL 2008-2009 YTD September	ACTUAL 2008-2009 October	ACTUAL 2009 YTD October	MYEFO ESTIMATE 2008-2009 FULL YEAR*
	\$m	\$m	\$m	\$m
<b>Expenses by Purpose</b>				
General Public Services	4,999	2,438	7,437	17,320
Defence	4,542	1,602	6,144	17,965
Public Order and Safety	542	234	776	3,857
Education	5,362	1,797	7,159	19,559
Health	11,581	4,116	15,697	46,647
Social Security and Welfare	24,543	9,360	33,903	111,439
Housing and Community Amenities	821	279	1,100	4,335
Recreation and Culture	130	512	642	3,013
Fuel and Energy	1,248	462	1,710	5,811
Agriculture, Forestry and Fishing	504	125	628	3,520
Mining and Mineral Resources (other than fuels); Manufacturing and Construction	338	153	491	1,846
Transport and Communication	1,266	136	1,402	4,808
Other Economic Affairs	1,559	-164	1,395	6,915
Other Purposes				
Public Debt Interest	925	316	1,240	3,750
Nominal Superannuation Interest	529	176	705	6,470
General Purpose Inter- Government Transactions	11,123	5,632	16,755	46,683
Natural Disaster Relief	7	3	10	93
Contingency Reserve (a)	2	1	3	-407
<b>Total Expenses</b>	<b>70,018</b>	<b>27,179</b>	<b>97,197</b>	<b>303,624</b>

\*As published in the 2008-09 MYEFO .

(a) Asset sale related expenses are treated as a component of the contingency reserve.

**NOTES:**

The framework used as a basis for these statements and notes is generally consistent with the requirements of ABS GFS. The *Financial Management and Accountability Act 1997* requires monthly financial statements to be consistent with the Budget estimates, accordingly, and pursuant to the *Charter of Budget Honesty Act 1998*, this presentation covers the General Government sector based on the same conceptual framework as the Budget.

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 thus estimates, in accordance with the best judgement of the Taxation Commissioner, and subject to revision. The taxation revenue items not affected are: Petroleum Resource Rent Tax, Excise duty, Customs duty, Other Taxes and Individuals Refunds.

The sum of the revenue accrued in the month and the revisions to prior periods equals the revenue reported in the Income Statement.

**Note 1: Income Tax**

	ACTUAL 2008-2009 YTD September \$m	ACTUAL 2008-2009 October \$m	ACTUAL 2008-2009 YTD October \$m	MYEFO ESTIMATE 2008-2009 FULL YEAR* \$m
<b>INDIVIDUALS AND OTHER WITHHOLDING TAX</b>				
Gross income tax w ithholding	30,274	10,424	40,698	119,680
Gross other individuals	5,807	3,073	8,880	31,620
<i>Less refunds</i>	11,138	2,467	13,606	22,600
<b>Total individuals and other withholding tax</b>	<b>24,943</b>	<b>11,030</b>	<b>35,973</b>	<b>128,700</b>
<b>OTHER SOURCES</b>				
Companies	14,118	11,873	25,992	68,990
Superannuation funds (a)	2,747	1,603	4,350	9,270
Petroleum Resource Rent Tax	716	957	1,673	2,400
Fringe Benefits tax (b)	642	790	1,433	3,870
<b>Total income tax from other sources</b>	<b>18,224</b>	<b>15,224</b>	<b>33,447</b>	<b>84,530</b>
<b>Total income tax</b>	<b>43,167</b>	<b>26,253</b>	<b>69,420</b>	<b>213,230</b>

\*As published in the 2008-09 MYEFO .

(a) Includes superannuation contributions surcharge.

(b) Negative collections indicate refunds exceed collections.

**Note 2: Indirect Tax**

	ACTUAL 2008-2009 YTD September \$m	ACTUAL 2008-2009 October \$m	ACTUAL 2008- 2009 YTD October \$m	MYEFO ESTIMATE 2008-2009 FULL YEAR* \$m
Excise duty	5,730	1,867	7,597	24,560
Customs duty	1,586	522	2,107	6,382
Other indirect tax (including GST)	10,502	5,689	16,191	49,456
<b>Total indirect tax revenue</b>	<b>17,817</b>	<b>8,078</b>	<b>25,895</b>	<b>80,397</b>

\*As published in the 2008-09 MYEFO .

**NOTE:**

**Style Conventions**

- (1) 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 (IMF) Special Data Dissemination Standards (SDDS)**

- (2) 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 Australian Government Financial Statements, is given on the IMF's Data Dissemination Bulletin Board at <http://dsbb.imf.org>.
- (3) 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 Calender <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 AOFM website at <http://www.aofm.gov.au/content/borrowing/commonwealth.asp?NavID=32>.