



# MEDIA RELEASE

## THE HON LINDSAY TANNER MP

Minister for Finance and Deregulation

3 July 2009

39/2009

### AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS

May 2009

#### KEY POINTS

- The underlying cash balance for the 2008-09 year to 31 May 2009 was a deficit of \$21,100 million.
- The fiscal balance for the 2008-09 year to 31 May 2009 was a deficit of \$12,333 million.

AGGREGATES	ACTUAL 2008-2009 May	ACTUAL 2008-2009 YTD May	BUDGET ESTIMATE* 2008-2009 FULL YEAR
	\$m	\$m	\$m
<b>Revenue</b>	<b>25,015</b>	<b>275,929</b>	<b>295,939</b>
<b>Expenses</b>	<b>27,656</b>	<b>285,919</b>	<b>324,443</b>
Net operating balance	-2,641	-9,990	-28,504
Net capital investment	553	2,343	4,347
<b>Fiscal balance</b>	<b>-3,194</b>	<b>-12,333</b>	<b>-32,851</b>
<b>Underlying cash balance</b>	<b>-4,605</b>	<b>-21,100</b>	<b>-32,114</b>
<b>Headline cash balance</b>	<b>-5,383</b>	<b>-24,465</b>	<b>-35,939</b>
<b>Total assets</b>		<b>299,168</b>	<b>293,738</b>
<b>Total liabilities</b>		<b>247,495</b>	<b>282,981</b>
<b>Net worth</b>		<b>51,673</b>	<b>10,756</b>
<b>Net debt</b>		<b>-19,405</b>	<b>-4,697</b>

\*As published in the 2009-10 Budget .

The Australian Government in the *Budget Strategy and Outlook Budget Paper No 1 2008-09* 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

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payments and policy decisions can have a large impact on fiscal aggregates from one year to the next and on year-to-date outcomes.

## **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.

The underlying cash balance for the year to 31 May 2009 was a deficit of \$21,100 million. The difference to the pro-rata Budget estimate of the underlying cash deficit of \$29,438 million primarily reflects higher taxation receipts and the timing of grant payments.

### **Fiscal Balance**

The fiscal balance for the year to 31 May 2009 was a deficit of \$12,333 million. The pro rata Budget estimate of the fiscal balance for 2008-09 is a deficit of \$30,113 million.

## **FINANCIAL OUTCOMES**

### **Revenues and Expenses**

Expenses are \$11,486 million lower and revenue is \$4,652 million higher when compared with the pro rata Budget estimate for 2008-09.

### **Assets and Liabilities**

The net worth balance of the General Government sector is a positive net asset position of \$51,673 million at 31 May 2009.

Lindsay Tanner MP  
Minister for Finance and Deregulation

3 July 2009

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## Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2008-2009 May  \$m	ACTUAL 2008-2009 YTD May  \$m	BUDGET ESTIMATE* 2008-2009 FULL YEAR  \$m
<b>Revenue</b>			
Taxation revenue	23,697	257,327	275,751
Sales of goods and services	536	5,714	6,373
Interest income	277	4,728	5,454
Dividend income	104	3,190	3,194
Other	401	4,970	5,166
<b>Total revenue</b>	<b>25,015</b>	<b>275,929</b>	<b>295,939</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	1,325	14,119	15,691
Superannuation	232	2,409	2,945
Depreciation and amortisation	663	5,120	5,520
Payment for supply of goods and services	5,353	50,561	57,925
Other operating expenses	387	4,289	4,694
<i>Total gross operating expenses</i>	<i>7,960</i>	<i>76,498</i>	<i>86,774</i>
Superannuation interest expense	451	5,772	6,432
Interest expenses	461	4,697	5,358
Current transfers			
Current grants	8,486	81,338	94,804
Subsidy expenses	786	7,468	8,088
Personal benefits	8,575	99,966	111,556
<i>Total current transfers</i>	<i>17,847</i>	<i>188,772</i>	<i>214,448</i>
Capital transfers			
Mutually agreed write-downs	140	1,346	1,717
Other capital grants	797	8,835	9,712
<i>Total capital transfers</i>	<i>937</i>	<i>10,181</i>	<i>11,430</i>
<b>Total expenses</b>	<b>27,656</b>	<b>285,919</b>	<b>324,443</b>
<b>Net operating balance</b>	<b>-2,641</b>	<b>-9,990</b>	<b>-28,504</b>
<b>Other economic flows</b>			
Revaluation of equity(b)	-941	-7,280	-8,490
Net write-downs of assets (including bad and doubtful debts)	-749	-4,111	-4,089
Assets recognised for the first time	77	638	316
Actuarial revaluations	1	0	-1,866
Net foreign exchange gains	939	421	-143
Net swap interest received	13	-33	-25
Market valuation of debt	2,096	-1,162	-3,245
Other economic revaluations(c)	-119	2,025	-112
<b>Total other economic flows</b>	<b>1,318</b>	<b>-9,501</b>	<b>-17,653</b>
<b>Comprehensive result -</b>			
<b>Total change in net worth</b>	<b>-1,324</b>	<b>-19,492</b>	<b>-46,157</b>
<b>Net operating balance</b>	<b>-2,641</b>	<b>-9,990</b>	<b>-28,504</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	1,009	7,143	9,910
less Sales of non-financial assets	0	267	516
less Depreciation	663	5,120	5,520
plus Change in inventories	208	430	417
plus Other movements in non-financial assets	-1	157	56
<b>Total net acquisition of non-financial assets</b>	<b>553</b>	<b>2,343</b>	<b>4,347</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>	<b>-3,194</b>	<b>-12,333</b>	<b>-32,851</b>

\*As published in *the 2009-10 Budget* .

(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 as at 31 May 2009 \$m	BUDGET ESTIMATE* as at 30 June 2009 \$m
<b>Assets</b>		
Financial assets		
Cash and deposits	1,639	1,538
Advances paid	22,053	21,948
Investments, loans and placements	102,875	102,506
Other receivables	36,993	32,708
Equity investments		
Investments in other public sector entities	20,039	18,870
Equity accounted investments	223	224
Investments - shares	23,530	22,856
<i>Total financial assets</i>	<b>207,352</b>	<b>200,650</b>
Non-financial assets		
Land	8,228	7,994
Buildings	19,536	18,967
Plant, equipment and infrastructure	43,961	44,465
Inventories	6,138	6,523
Intangibles	2,496	3,101
Investment property	191	168
Biological assets	28	29
Heritage and cultural assets	7,925	8,286
Assets held for sale	367	552
Other non-financial assets	2,946	3,003
<i>Total non-financial assets</i>	<b>91,816</b>	<b>93,088</b>
<b>Total assets</b>	<b>299,168</b>	<b>293,738</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	329	339
Government securities	98,968	111,867
Loans	6,921	8,170
Other borrowing	944	919
<i>Total interest bearing liabilities</i>	<b>107,163</b>	<b>121,296</b>
Provisions and payables		
Superannuation liability	103,399	118,401
Other employee liabilities	9,168	9,419
Suppliers payable	2,541	3,658
Personal benefits payable	9,612	14,222
Subsidies payable	1,532	1,586
Grants payable	4,445	6,746
Other provisions and payables	9,635	7,653
<i>Total provisions and payables</i>	<b>140,333</b>	<b>161,686</b>
<b>Total liabilities</b>	<b>247,495</b>	<b>282,981</b>
<b>Net worth(a)</b>	<b>51,673</b>	<b>10,756</b>
<i>Net financial worth(b)</i>	-40,143	-82,331
<i>Net financial liabilities(c)</i>	60,182	101,201
<i>Net debt(d)(e)</i>	-19,405	-4,697

\*As published in the 2009-10 Budget .

(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 (a)

	ACTUAL 2008-2009 May	ACTUAL 2008-2009 YTD May	BUDGET ESTIMATE* 2008-2009 FULL YEAR
	\$m	\$m	\$m
<b>Cash receipts from operating activities</b>			
Taxes received	21,286	249,200	269,377
Receipts from sales of goods and services	432	5,859	6,356
Interest receipts	195	4,247	5,014
Dividends and income tax equivalents	71	3,132	3,152
Other receipts	473	5,192	5,328
<b>Total operating receipts</b>	<b>22,457</b>	<b>267,630</b>	<b>289,228</b>
<b>Cash payments for operating activities</b>			
Payments for employees	-1,686	-19,186	-21,412
Payments for goods and services	-4,800	-48,580	-56,813
Grants and subsidies paid	-10,051	-96,610	-111,812
Interest paid	-429	-3,452	-4,078
Personal benefit payments	-8,443	-103,201	-110,393
Other payments	-888	-6,487	-3,810
<b>Total operating payments</b>	<b>-26,297</b>	<b>-277,515</b>	<b>-308,319</b>
<b>Net cash flows from operating activities</b>	<b>-3,841</b>	<b>-9,885</b>	<b>-19,090</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	1	307	555
Purchases of non-financial assets	-578	-7,483	-9,469
<b>Net cash flows from investments in non-financial assets</b>	<b>-577</b>	<b>-7,177</b>	<b>-8,914</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-893</b>	<b>-6,836</b>	<b>-7,428</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>			
Increase in investments	-6,631	-14,092	-12,483
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-6,631</b>	<b>-14,092</b>	<b>-12,483</b>
<b>Cash flows from financing activities</b>			
Borrowing (net)	13,057	38,215	48,124
Other financing (net)	53	-402	-710
<b>Net cash flows from financing activities</b>	<b>13,110</b>	<b>37,813</b>	<b>47,414</b>
<b>Net increase/(decrease) in cash held</b>	<b>1,167</b>	<b>-176</b>	<b>-501</b>
<b>Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)</b>	<b>-4,418</b>	<b>-17,062</b>	<b>-28,004</b>
Finance leases and similar arrangements(b)	-72	-568	-507
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-4,490</b>	<b>-17,630</b>	<b>-28,511</b>
less Future Fund earnings	114	3,471	3,603
<b>Equals underlying cash balance (c)</b>	<b>-4,605</b>	<b>-21,100</b>	<b>-32,114</b>
plus net cash flows from investments in financial assets for policy purposes	-893	-6,836	-7,428
plus Future Fund earnings	114	3,471	3,603
<b>Equals headline cash balance</b>	<b>-5,383</b>	<b>-24,465</b>	<b>-35,939</b>

\*As published in the 2009-10 Budget .

(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**

	<b>ACTUAL 2008-2009 May</b>	<b>ACTUAL 2008-2009 YTD May</b>	<b>BUDGET ESTIMATE* 2008-2009 FULL YEAR</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Expenses by Purpose</b>			
General Public Services	2,022	14,707	17,910
Defence	2,037	17,007	18,745
Public Order and Safety	565	3,114	3,687
Education	3,398	19,158	21,502
Health	4,361	43,788	49,373
Social Security and Welfare	10,132	111,195	124,915
Housing and Community Amenities	1,331	4,965	4,410
Recreation and Culture	6	1,611	2,997
Fuel and Energy	384	4,910	6,280
Agriculture, Forestry and Fishing	434	2,237	3,267
Mining and Mineral Resources (other than fuels); Manufacturing and Construction	288	1,729	1,921
Transport and Communication	841	4,746	6,989
Other Economic Affairs	739	6,197	7,037
Other Purposes			
Public Debt Interest	215	2,557	3,938
Nominal Superannuation Interest	451	5,772	6,432
General Purpose Inter- Government Transactions	452	42,148	45,433
Natural Disaster Relief	0	59	398
Contingency Reserve (a)	0	20	-793
<b>Total Expenses</b>	<b>27,656</b>	<b>285,919</b>	<b>324,443</b>

\*As published in *the 2009-10 Budget* .

(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 i.e. the Australian Government's interpretation of AASB 1049.

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 May \$m	ACTUAL 2008-2009 YTD May \$m	BUDGET ESTIMATE* 2008-2009 FULL YEAR* \$m
<b>INDIVIDUALS AND OTHER WITHHOLDING TAX</b>			
Gross income tax withholding	9,702	108,145	117,680
Gross other individuals	5,020	29,420	31,210
Less refunds	1,475	22,869	23,200
<b>Total individuals and other withholding tax</b>	<b>13,248</b>	<b>114,697</b>	<b>125,690</b>
<b>OTHER SOURCES</b>			
Companies	3,000	55,730	57,950
Superannuation funds (a)	453	9,250	9,160
Petroleum Resource Rent Tax	-9	1,930	1,600
Fringe Benefits tax (b)	286	3,529	3,470
<b>Total income tax from other sources</b>	<b>3,730</b>	<b>70,438</b>	<b>72,180</b>
<b>Total income tax</b>	<b>16,978</b>	<b>185,135</b>	<b>197,870</b>

\*As published in *the 2009-10 Budget* .

(a) Includes superannuation contributions surcharge.

(b) Negative collections indicate refunds exceed collections.

### Note 2: Indirect Tax

	ACTUAL 2008-2009 May \$m	ACTUAL 2008-2009 YTD May \$m	BUDGET ESTIMATE* 2008-2009 FULL YEAR* \$m
Excise duty	1,939	22,214	24,520
Customs duty	483	5,776	6,440
Goods and services tax	3,757	40,673	43,130
Other indirect tax	541	3,529	3,791
<b>Total indirect tax revenue</b>	<b>6,720</b>	<b>72,192</b>	<b>77,881</b>

\*As published in *the 2009-10 Budget* .

**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>.