



MEDIA RELEASE

THE HON LINDSAY TANNER MP

Minister for Finance and Deregulation

18 December 2009

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AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS

October 2009

KEY POINTS

- The underlying cash balance for the 2009-10 year to 31 October 2009 was a deficit of \$16,872 million.
- The fiscal balance for the 2009-10 year to 31 October 2009 was a deficit of \$10,015 million.

AGGREGATES	ACTUAL 2009-2010 October	ACTUAL 2009-2010 YTD October	MYEFO Profile YTD October 2009	MYEFO ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m	\$m
Revenue	31,829	98,260	98,067	291,823
Expenses	28,855	107,501	109,000	340,166
Net operating balance	2,974	-9,241	-10,933	-48,344
Net capital investment	639	775	749	6,033
Fiscal balance	2,335	-10,015	-11,682	-54,377
Underlying cash balance	-230	-16,872	-17,398	-57,685
Headline cash balance	-241	-16,979	-17,661	-63,064
Total assets		309,836		323,426
Total liabilities		298,310		346,469
Net worth		11,525		-23,043
Net debt		4,421		45,171

*As published in the 2009-10 MYEFO .

The Australian Government monthly financial statements for 2009-10 have been prepared on a basis consistent with 2009-10 Budget as required under section 54 of the *Financial Management and Accountability Act 1997*. The statements are 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 has improved the transparency and accountability of the monthly financial statements by reporting actuals against a profile of expected revenue and expenses. The outcomes of the monthly financial statements will be compared to this profile allowing for a more accurate commentary and account for seasonality or patterns of revenue and expenses. This improvement to the monthly financial statements is in response to the report titled '*Review of Operation Sunlight: Overhauling Budgetary Transparency*'.

18 December 2009

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The Government is committed to releasing the monthly financial statements in a timely fashion and will endeavour to do so in accordance with International Monetary Fund (IMF) Special Data Dissemination Standards. Under these standards the timeframe for releasing the MFS is by the end of the following month. The exception is the July MFS, for which the IMF has given Australia special dispensation to release before 30 September.

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.

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 October 2009 was a deficit of \$16,872 million. The difference between the Mid-Year Economic and Fiscal Outlook (MYEFO) profile estimate underlying cash balance deficit of \$17,398 million primarily reflects the dividends received offset by timing of taxation receipts and the timing of grant payments.

Fiscal Balance

The fiscal balance for the year to 31 October 2009 was a deficit of \$10,015 million. The MYEFO profile estimate of the fiscal balance for 2009-10 is a deficit of \$11,682 million.

FINANCIAL OUTCOMES

Revenues and Expenses

Revenues are \$193 million higher and expenses are \$1,499 million lower when compared with the MYEFO profile estimate for 2009-10.

The main driver of lower expenses is grants and goods and services expense, whilst higher revenues are primarily due to an increase in other revenue.

Assets and Liabilities

The net worth balance of the General Government sector is a positive net asset position of \$11,525 million at 31 October 2009.

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18 December 2009

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Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2009-2010 October	ACTUAL 2009-2010 YTD October	MYEFO ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m
Revenue			
Taxation revenue	30,135	85,807	267,508
Sales of goods and services	745	2,587	7,953
Interest income	320	1,377	4,749
Dividend income	108	6,526	7,384
Other	521	1,964	4,229
Total revenue	31,829	98,260	291,823
Expenses			
Gross operating expenses			
Wages and salaries(a)	1,354	5,429	16,840
Superannuation	352	1,202	3,410
Depreciation and amortisation	463	1,818	5,572
Payment for supply of goods and services	4,968	20,000	64,120
Other operating expenses	411	1,642	4,764
<i>Total gross operating expenses</i>	<i>7,549</i>	<i>30,090</i>	<i>94,707</i>
Superannuation interest expense	555	2,218	6,792
Interest expenses	478	2,113	8,263
Current transfers			
Current grants	8,664	29,076	101,407
Subsidy expenses	631	2,825	8,301
Personal benefits	8,555	33,893	98,509
<i>Total current transfers</i>	<i>17,850</i>	<i>65,793</i>	<i>208,217</i>
Capital transfers			
Mutually agreed write-downs	257	738	1,777
Other capital grants	2,166	6,549	20,410
<i>Total capital transfers</i>	<i>2,424</i>	<i>7,287</i>	<i>22,187</i>
Total expenses	28,855	107,501	340,166
Net operating balance	2,974	-9,241	-48,344
Other economic flows			
Revaluation of equity(b)	235	1,439	3,659
Net write-downs of assets (including bad and doubtful debts)	-201	-1,417	-5,050
Assets recognised for the first time	-1	87	287
Actuarial revaluations	0	0	-1
Net foreign exchange gains	397	1,624	-572
Net swap interest received	5	26	39
Market valuation of debt	475	487	762
Other economic revaluations(c)	-794	-1,200	155
Total other economic flows	116	1,046	-721
Comprehensive result -			
Total change in net worth	3,090	-8,195	-49,065
Net operating balance	2,974	-9,241	-48,344
Net acquisition of non-financial assets			
Purchases of non-financial assets	939	2,470	11,153
less Sales of non-financial assets	14	60	309
less Depreciation	463	1,818	5,572
plus Change in inventories	-10	-154	663
plus Other movements in non-financial assets	187	336	97
Total net acquisition of non-financial assets	639	775	6,033
Fiscal balance (Net lending/borrowing)(d)	2,335	-10,015	-54,377

*As published in the 2009-10 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 as at 31 October 2009 \$m	MYEFO ESTIMATE* as at 30 June 2010 \$m
Assets		
Financial assets		
Cash and deposits	1,813	1,820
Advances paid	21,430	23,425
Investments, loans and placements	100,299	105,219
Other receivables	37,547	38,529
Equity investments		
Investments in other public sector entities	26,636	26,855
Equity accounted investments	217	261
Investments - shares	27,387	28,586
<i>Total financial assets</i>	<i>215,330</i>	<i>224,694</i>
Non-financial assets		
Land	8,403	8,224
Buildings	19,622	20,648
Plant, equipment and infrastructure	44,420	47,271
Inventories	5,954	6,862
Intangibles	3,420	4,120
Investment property	54	167
Biological assets	31	32
Heritage and cultural assets	9,053	9,122
Assets held for sale	107	128
Other non-financial assets	3,442	2,158
<i>Total non-financial assets</i>	<i>94,506</i>	<i>98,732</i>
Total assets	309,836	323,426
Liabilities		
Interest bearing liabilities		
Deposits held	356	230
Government securities	114,826	162,486
Loans	11,894	12,093
Other borrowing	889	826
<i>Total interest bearing liabilities</i>	<i>127,964</i>	<i>175,634</i>
Provisions and payables		
Superannuation liability	125,994	122,349
Other employee liabilities	9,507	9,828
Suppliers payable	2,625	3,716
Personal benefits payable	11,996	12,782
Subsidies payable	1,677	1,752
Grants payable	5,533	6,564
Other provisions and payables	13,015	13,843
<i>Total provisions and payables</i>	<i>170,346</i>	<i>170,835</i>
Total liabilities	298,310	346,469
Net worth(a)	11,525	-23,043
<i>Net financial worth(b)</i>	<i>-82,980</i>	<i>-121,774</i>
<i>Net financial liabilities(c)</i>	<i>109,617</i>	<i>148,629</i>
<i>Net debt(d)(e)</i>	<i>4,421</i>	<i>45,171</i>

*As published in the 2009-10 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 (a)

	ACTUAL 2009-2010 October	ACTUAL 2009-2010 YTD October	MYEFO ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m
Cash receipts from operating activities			
Taxes received	28,769	82,853	259,739
Receipts from sales of goods and services	769	2,861	7,941
Interest receipts	122	1,127	4,684
Dividends and income tax equivalents	145	6,019	6,885
Other receipts	261	1,734	4,050
Total operating receipts	30,067	94,594	283,299
Cash payments for operating activities			
Payments for employees	-2,049	-7,474	-22,965
Payments for goods and services	-5,310	-21,401	-63,192
Grants and subsidies paid	-11,455	-39,403	-129,319
Interest paid	-781	-1,592	-6,635
Personal benefit payments	-9,152	-35,930	-100,773
Other payments	-392	-1,562	-4,493
Total operating payments	-29,139	-107,362	-327,376
Net cash flows from operating activities	927	-12,768	-44,077
Cash flows from investments in non-financial assets			
Sales of non-financial assets	14	60	309
Purchases of non-financial assets	-1,164	-3,225	-11,015
Net cash flows from investments in non-financial assets	-1,150	-3,166	-10,706
Net cash flows from investments in financial assets for policy purposes	-18	-1,045	-8,279
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	-3,556	4,778	3,337
Net cash flows from investments in financial assets for liquidity purposes	-3,556	4,778	3,337
Cash flows from financing activities			
Borrowing (net)	4,047	7,483	55,902
Other financing (net)	168	4,877	3,989
Net cash flows from financing activities	4,215	12,360	59,891
Net increase/(decrease) in cash held	418	160	167
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	-222	-15,934	-54,783
Finance leases and similar arrangements(b)	0	0	-1
GFS cash surplus(+)/deficit(-)	-222	-15,934	-54,785
less Future Fund earnings	8	938	2,901
Equals underlying cash balance (c)	-230	-16,872	-57,685
plus net cash flows from investments in financial assets for policy purposes	-18	-1,045	-8,279
plus Future Fund earnings	8	938	2,901
Equals headline cash balance	-241	-16,979	-63,064

*As published in the 2009-10 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 2009-2010 October	ACTUAL 2009-2010 YTD October	MYEFO ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m
Expenses by Purpose			
General Public Services	3,534	9,794	17,946
Defence	1,429	6,399	20,740
Public Order and Safety	320	1,166	3,818
Education	2,200	6,834	35,231
Health	4,305	16,822	52,355
Social Security and Welfare	9,585	37,933	110,195
Housing and Community Amenities	551	1,952	9,129
Recreation and Culture	313	1,264	3,094
Fuel and Energy	784	2,556	8,467
Agriculture, Forestry and Fishing	248	783	3,597
Mining and Mineral Resources (other than fuels); Manufacturing and Construction	188	647	1,692
Transport and Communication	380	1,407	5,805
Other Economic Affairs	547	1,790	9,038
Other Purposes			
Public Debt Interest	489	1,819	6,912
Nominal Superannuation Interest	555	2,218	6,792
General Purpose Inter- Government Transactions	3,426	14,027	44,701
Natural Disaster Relief	0	91	145
Contingency Reserve (a)	0	0	508
Total Expenses	28,855	107,501	340,166

*As published in *the 2009-10 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 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 2009-2010 October \$m	ACTUAL 2009-2010 YTD October \$m	MYEFO ESTIMATE* 2009-2010 FULL YEAR* \$m
INDIVIDUALS AND OTHER WITHHOLDING TAX			
Gross income tax w ithholding	9,878	39,310	119,290
Gross other individuals	3,295	10,417	29,050
Less refunds	2,762	15,511	25,270
Total individuals and other withholding tax	10,411	34,215	123,070
OTHER SOURCES			
Companies	9,524	20,058	54,670
Superannuation funds (a)	1,284	2,832	6,690
Petroleum Resource Rent Tax	408	694	1,450
Fringe Benefits tax (b)	803	1,573	3,430
Total income tax from other sources	12,019	25,157	66,240
Total income tax	22,431	59,372	189,310

*As published in the 2009-10 MYEFO .

(a) Includes superannuation contributions surcharge.

(b) Negative collections indicate refunds exceed collections.

Note 2: Indirect Tax

	ACTUAL 2009-2010 October \$m	ACTUAL 2009-2010 YTD October \$m	MYEFO ESTIMATE* 2009-2010 FULL YEAR* \$m
Excise duty	1,876	7,752	24,410
Customs duty	537	2,032	5,830
Goods and services tax	4,860	15,259	44,260
Wine equalisation tax	53	225	730
Luxury car tax	38	152	390
Other indirect tax	340	1,014	2,578
Total indirect tax revenue	7,704	26,434	78,198

*As published in the 2009-10 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>.