



**SENATOR THE HON PENNY WONG**  
**MINISTER FOR FINANCE AND DEREGULATION**  
**MEDIA RELEASE**

11 February 2011

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**AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS**  
**December 2010**

**KEY POINTS**

- The underlying cash balance for the 2010-11 year to 31 December 2010 was a deficit of \$36,681 million.
- The fiscal balance for the 2010-11 year to 31 December 2010 was a deficit of \$34,145 million.

AGGREGATES	ACTUAL 2010-2011 December	ACTUAL 2010-2011 YTD December	MYEFO Profile 2010-2011 YTD December	MYEFO ESTIMATE* 2010-2011 FULL YEAR
	\$m	\$m	\$m	\$m
<b>Revenue</b>	22,931	144,414	145,454	319,682
<b>Expenses</b>	32,101	177,418	178,061	354,348
Net operating balance	-9,171	-33,004	-32,607	-34,666
Net capital investment	240	1,141	2,707	7,254
<b>Fiscal balance</b>	-9,411	-34,145	-35,314	-41,920
<b>Underlying cash balance(a)</b>	-8,045	-36,681	-37,438	-41,468
<b>Headline cash balance</b>	-8,054	-33,683	-40,206	-48,539
<b>Total assets</b>		315,156		316,787
<b>Total liabilities</b>		388,841		380,148
<b>Net worth(b)</b>		-73,685		-63,361
<b>Net debt(c)</b>		76,612		79,581

\*As published in the 2010-11 MYEFO.

(a) Excludes Future Fund earnings.

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

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

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 December 2010 was a deficit of \$36,681 million, compared to the 2010-11 Mid-Year Economic and Fiscal Outlook (MYEFO) estimate profile underlying cash balance deficit of \$37,438 million.

### **Fiscal Balance**

The fiscal balance for the year to 31 December 2010 was a deficit of \$34,145 million. The MYEFO estimate profile of the fiscal balance for 2010-11 is a deficit of \$35,314 million. The difference of \$1,170 million primarily relates to lower grant payments, lower net acquisition of non-financial assets and lower revenue.

## **FINANCIAL OUTCOMES**

### **Revenues and Expenses**

Revenues are \$1,040 million lower than the MYEFO estimate profile for 2010-11 due to lower taxation revenue and interest income.

Expenses are \$643 million lower when compared with MYEFO estimate profile for 2010-11 due lower than anticipated grant payments to States and Territories.

### **Assets and Liabilities**

The net worth balance of the General Government sector is a negative net asset position of \$73,685 million at 31 December 2010.

Senator Penny Wong  
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11 February 2011

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## Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2010-2011 December \$m	ACTUAL 2010-2011 YTD December \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
<b>Revenue</b>			
Taxation revenue	21,900	135,193	299,419
Sales of goods and services	629	3,862	7,987
Interest income	-164	1,745	5,074
Dividend income	146	873	1,764
Other	419	2,742	5,438
<b>Total revenue</b>	<b>22,931</b>	<b>144,414</b>	<b>319,682</b>
<b>Expenses</b>			
Gross operating expenses			
Wages and salaries(a)	1,430	8,699	18,305
Superannuation	355	2,055	4,252
Depreciation and amortisation	467	2,769	5,613
Supply of goods and services	5,979	32,594	66,172
Other operating expenses(a)	313	2,483	4,360
<i>Total gross operating expenses</i>	<i>8,544</i>	<i>48,600</i>	<i>98,701</i>
Superannuation interest expense	584	3,505	6,989
Interest expenses	916	5,214	10,527
Current transfers			
Current grants	10,783	52,483	107,979
Subsidy expenses	703	4,515	8,736
Personal benefits	8,867	54,399	104,769
<i>Total current transfers</i>	<i>20,353</i>	<i>111,397</i>	<i>221,484</i>
Capital transfers			
Mutually agreed w rite-dow ns	348	1,572	2,368
Other capital grants	1,355	7,130	14,278
<i>Total capital transfers</i>	<i>1,703</i>	<i>8,702</i>	<i>16,647</i>
<b>Total expenses</b>	<b>32,101</b>	<b>177,418</b>	<b>354,348</b>
<b>Net operating balance</b>	<b>-9,171</b>	<b>-33,004</b>	<b>-34,666</b>
<b>Other economic flows</b>			
Gain/loss on equity and on sale of assets(b)	-792	-1,628	1,966
Net w rite-dow ns of assets (including bad and doubtful debts)	-2,019	-3,674	-5,773
Assets recognised for the first time	25	69	612
Net foreign exchange gains	2,329	5,977	152
Market valuation of debt	911	3,409	1,155
Other economic revaluations(c)	-130	14	283
<b>Total other economic flows</b>	<b>324</b>	<b>4,168</b>	<b>-1,604</b>
<b>Comprehensive result -</b>			
<b>Total change in net worth</b>	<b>-8,847</b>	<b>-28,836</b>	<b>-36,270</b>
<b>Net operating balance</b>	<b>-9,171</b>	<b>-33,004</b>	<b>-34,666</b>
<b>Net acquisition of non-financial assets</b>			
Purchases of non-financial assets	704	3,946	12,068
<i>less</i> Sales of non-financial assets	23	129	384
<i>less</i> Depreciation	467	2,769	5,613
<i>plus</i> Change in inventories	11	-7	840
<i>plus</i> Other movements in non-financial assets	15	100	343
<b>Total net acquisition of non-financial assets</b>	<b>240</b>	<b>1,141</b>	<b>7,254</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>	<b>-9,411</b>	<b>-34,145</b>	<b>-41,920</b>

\*As published in the 2010-11 MYEFO.

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.

(b) Reflects changes in the market valuation of investments and any 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 December 2010 \$m	MYEFO ESTIMATE* as at 30 June 2011 \$m
<b>Assets</b>		
Financial assets		
Cash and deposits	5,080	2,119
Advances paid	25,593	25,700
Investments, loans and placements	85,854	94,495
Other receivables	38,201	34,255
Equity investments		
Investments in other public sector entities	25,807	24,769
Equity accounted investments	272	272
Investments - shares	31,679	28,000
<i>Total financial assets</i>	<i>212,486</i>	<i>209,611</i>
Non-financial assets		
Land	8,518	8,562
Buildings	21,602	22,344
Plant, equipment and infrastructure	48,473	51,640
Inventories	6,413	6,915
Intangibles	4,284	5,094
Investment property	560	504
Biological assets	117	120
Heritage and cultural assets	9,302	9,378
Assets held for sale	115	99
Other non-financial assets	3,286	2,521
<i>Total non-financial assets</i>	<i>102,670</i>	<i>107,177</i>
<b>Total assets</b>	<b>315,156</b>	<b>316,787</b>
<b>Liabilities</b>		
Interest bearing liabilities		
Deposits held	204	232
Government securities	181,711	191,137
Loans	10,429	9,642
Other borrowing	795	885
<i>Total interest bearing liabilities</i>	<i>193,138</i>	<i>201,896</i>
Provisions and payables		
Superannuation liability	143,234	127,744
Other employee liabilities	10,496	10,787
Suppliers payable	8,351	4,216
Personal benefits provisions and payable	12,026	12,564
Subsidies provisions and payable	2,261	2,273
Grants provisions and payable	6,024	8,492
Other provisions and payables	13,310	12,178
<i>Total provisions and payables</i>	<i>195,702</i>	<i>178,252</i>
<b>Total liabilities</b>	<b>388,841</b>	<b>380,148</b>
<b>Net worth(a)</b>	<b>-73,685</b>	<b>-63,361</b>
<i>Net financial worth(b)</i>	<i>-176,355</i>	<i>-170,538</i>
<i>Net financial liabilities(c)</i>	<i>202,162</i>	<i>195,306</i>
<i>Net debt(d)</i>	<i>76,612</i>	<i>79,581</i>

\*As published in the 2010-11 MYEFO.

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

(b) Net financial worth equals total financial assets minus total liabilities.

(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, government securities, loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

## Australian Government General Government Sector – CASH FLOW STATEMENT

	ACTUAL 2010-2011 December \$m	ACTUAL 2010-2011 YTD December \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
<b>Cash receipts from operating activities</b>			
Taxes received	20,331	129,943	292,269
Receipts from sales of goods and services	587	3,885	7,879
Interest receipts	-186	1,321	4,779
Dividends and income tax equivalents	189	1,857	2,814
Other receipts	416	2,218	5,080
<b>Total operating receipts</b>	<b>21,337</b>	<b>139,225</b>	<b>312,821</b>
<b>Cash payments for operating activities</b>			
Payments for employees	-2,004	-11,892	-24,879
Payments for goods and services	-6,584	-34,475	-66,496
Grants and subsidies paid	-9,585	-61,842	-129,422
Interest paid	-628	-4,367	-9,160
Personal benefit payments	-8,837	-55,578	-105,061
Other payments	-620	-2,614	-4,286
<b>Total operating payments</b>	<b>-28,256</b>	<b>-170,767</b>	<b>-339,305</b>
<b>Net cash flows from operating activities</b>	<b>-6,919</b>	<b>-31,543</b>	<b>-26,484</b>
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	23	129	384
Purchases of non-financial assets	-1,029	-4,245	-12,175
<b>Net cash flows from investments in non-financial assets</b>	<b>-1,006</b>	<b>-4,116</b>	<b>-11,791</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-129</b>	<b>1,976</b>	<b>-10,084</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>			
Increase in investments	9,999	12,190	14,117
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>9,999</b>	<b>12,190</b>	<b>14,117</b>
<b>Cash flows from financing activities</b>			
Borrowing (net)	1,048	24,103	35,221
Other financing (net)	-43	605	-726
<b>Net cash flows from financing activities</b>	<b>1,005</b>	<b>24,708</b>	<b>34,495</b>
<b>Net increase/(decrease) in cash held</b>	<b>2,950</b>	<b>3,215</b>	<b>254</b>
<b>Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))</b>	<b>-7,925</b>	<b>-35,659</b>	<b>-38,275</b>
Finance leases and similar arrangements(b)	0	0	-180
<b>GFS cash surplus(+)/deficit(-)</b>	<b>-7,925</b>	<b>-35,659</b>	<b>-38,455</b>
less Future Fund earnings	120	1,022	3,013
<b>Equals underlying cash balance(c)</b>	<b>-8,045</b>	<b>-36,681</b>	<b>-41,468</b>
plus net cash flows from investments in financial assets for policy purposes	-129	1,976	-10,084
plus Future Fund earnings	120	1,022	3,013
<b>Equals headline cash balance</b>	<b>-8,054</b>	<b>-33,683</b>	<b>-48,539</b>

\*As published in the 2010-11M YEFO.

(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 2010-2011 December \$m	ACTUAL 2010-2011 YTD December \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
<b>Expenses by function</b>			
General public services	1,825	10,065	21,193
Defence	1,513	9,642	21,086
Public order and safety	308	1,811	3,924
Education	4,873	19,828	32,977
Health	4,490	27,142	57,435
Social security and welfare	10,545	60,899	115,699
Housing and community amenities	625	2,694	5,830
Recreation and culture	310	1,445	3,312
Fuel and energy	490	2,897	7,214
Agriculture, forestry and fishing	186	1,160	3,685
Mining, manufacturing and construction	141	965	2,041
Transport and communication	661	1,903	5,080
Other economic affairs	703	4,159	8,927
Other purposes			
Public debt interest	796	4,359	9,132
Nominal superannuation interest	584	3,505	6,989
General purpose inter-government transactions	4,052	24,943	50,000
Natural disaster relief	0	0	577
Contingency reserve	0	0	-752
<b>Total expenses</b>	<b>32,101</b>	<b>177,418</b>	<b>354,348</b>

\*As published in the 2010-11 MYEFO.

### NOTES:

The Australian Government monthly financial statements for 2010-11 have been prepared on a basis consistent with the 2010-11 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 are limited to complying with either ABS GFS or AAS.

In response to the report titled '*Review of Operation Sunlight: Overhauling Budgetary Transparency*', the Australian Government has improved the transparency and accountability of the Monthly Financial Statements (MFS) by reporting against a profile of expected revenue and expenses. This allows for a more accurate commentary and account for seasonality or patterns of revenue and expenses.

The Government is committed to releasing the MFS 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.

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 2010-2011 December \$m	ACTUAL 2010-2011 YTD December \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
Individuals and other w ithholding taxes			
Gross income tax w ithholding	11,584	64,964	132,270
Gross other individuals	1,031	13,386	30,440
less Refunds	1,147	18,251	24,350
Total individuals and other w ithholding taxation	11,467	60,099	138,360
Company tax	2,921	26,356	63,680
Superannuation funds	883	4,094	7,330
Resource rent tax	8	472	1,470
Fringe benefits tax	64	1,553	3,660
<b>Total income taxation revenue</b>	<b>15,344</b>	<b>92,574</b>	<b>214,500</b>

\*As published in the 2010-11 MYEFO.

## Note 2: Indirect Tax

	ACTUAL 2010-2011 December \$m	ACTUAL 2010-2011 YTD December \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
Goods and services tax	2,859	23,793	49,130
Wine equalisation tax	69	349	770
Luxury car tax	51	252	540
Excise duty	2,491	13,063	25,300
Customs duty	536	3,010	6,430
Other indirect tax	551	2,152	2,749
<b>Total indirect taxation revenue</b>	<b>6,556</b>	<b>42,619</b>	<b>84,919</b>

\*As published in the 2010-11 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>.