



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

29 October 2010

46/2010

AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS
July and August 2010

KEY POINTS

- The underlying cash balance for the 2010-11 year to 31 August 2010 was a deficit of \$11,346 million.
- The fiscal balance for the 2010-11 year to 31 August 2010 was a deficit of \$12,698 million.

| AGGREGATES | ACTUAL 2010-2011 July \$m | ACTUAL 2010-2011 August \$m | ACTUAL 2010-2011 YTD August \$m | Budget Profile 2010-2011 YTD August \$m | BUDGET ESTIMATE* 2010-2011 FULL YEAR \$m |
|-----------------------------------|--|--|--|--|---|
| Revenue | 29,450 | 18,473 | 47,923 | 50,825 | 321,822 |
| Expenses | 31,777 | 28,273 | 60,050 | 61,941 | 354,644 |
| Net operating balance | -2,327 | -9,800 | -12,127 | -11,116 | -32,823 |
| Net capital investment | -228 | 799 | 571 | 495 | 6,775 |
| Fiscal balance | -2,099 | -10,599 | -12,698 | -11,612 | -39,598 |
| Underlying cash balance(a) | -752 | -10,594 | -11,346 | -11,813 | -40,756 |
| Headline cash balance | -141 | -9,459 | -9,599 | -12,412 | -48,007 |
| Total assets | 320,734 | | 310,366 | | 339,761 |
| Total liabilities | 366,121 | | 368,529 | | 396,231 |
| Net worth(b) | -45,387 | | -58,163 | | -56,470 |
| Net debt(c) | 42,234 | | 54,798 | | 78,520 |

*As published in the 2010-11 Budget.

(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 August 2010 was a deficit of \$11,346 million. The difference to the Budget profile estimate underlying cash balance deficit of \$11,813 million primarily reflects the timing of supplier, grant payments and purchase of non-financial assets.

Fiscal Balance

The fiscal balance for the year to 31 August 2010 was a deficit of \$12,698 million. The Budget profile estimate of the fiscal balance for 2010-11 is a deficit of \$11,612 million. The difference of \$1.1 billion is primarily relating lower taxation revenue and lower expenses mainly due to lower grants payments.

FINANCIAL OUTCOMES

Revenues and Expenses

Revenues are \$2,902 million lower and expenses are \$1,891 million lower when compared with the Budget profile estimate for 2010-11.

The main driver of lower revenue is taxation revenue, while the main driver of lower expenses is lower grant expenses.

Assets and Liabilities

The net worth balance of the General Government sector is a negative net asset position of \$58,163 million at 31 August 2010.

Senator Penny Wong
Minister for Finance and Deregulation

29 October 2010

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Australian Government General Government Sector – INCOME STATEMENT

| | ACTUAL 2010-2011 July \$m | ACTUAL 2010-2011 August \$m | ACTUAL 2010-2011 YTD August \$m | BUDGET ESTIMATE* 2010-2011 FULL YEAR \$m |
|---|------------------------------------|--------------------------------------|--|--|
| Revenue | | | | |
| Taxation revenue | 28,156 | 16,503 | 44,660 | 302,456 |
| Sales of goods and services | 638 | 628 | 1,266 | 8,047 |
| Interest income | 347 | 401 | 749 | 5,155 |
| Dividend income | 21 | 390 | 412 | 1,326 |
| Other | 287 | 550 | 837 | 4,838 |
| Total revenue | 29,450 | 18,473 | 47,923 | 321,822 |
| Expenses | | | | |
| Gross operating expenses | | | | |
| Wages and salaries(a) | 1,414 | 1,496 | 2,910 | 18,180 |
| Superannuation | 383 | 337 | 720 | 3,741 |
| Depreciation and amortisation | 475 | 447 | 923 | 5,495 |
| Supply of goods and services | 4,906 | 5,675 | 10,580 | 66,108 |
| Other operating expenses(a) | 410 | 418 | 827 | 4,369 |
| <i>Total gross operating expenses</i> | <i>7,588</i> | <i>8,372</i> | <i>15,960</i> | <i>97,893</i> |
| Superannuation interest expense | 584 | 584 | 1,168 | 7,065 |
| Interest expenses | 791 | 821 | 1,612 | 11,385 |
| Current transfers | | | | |
| Current grants | 10,759 | 6,818 | 17,577 | 110,067 |
| Subsidy expenses | 670 | 852 | 1,522 | 8,808 |
| Personal benefits | 9,948 | 9,704 | 19,652 | 104,869 |
| <i>Total current transfers</i> | <i>21,377</i> | <i>17,374</i> | <i>38,751</i> | <i>223,745</i> |
| Capital transfers | | | | |
| Mutually agreed write-downs | 128 | 253 | 381 | 1,888 |
| Other capital grants | 1,309 | 869 | 2,178 | 12,668 |
| <i>Total capital transfers</i> | <i>1,437</i> | <i>1,122</i> | <i>2,559</i> | <i>14,556</i> |
| Total expenses | 31,777 | 28,273 | 60,050 | 354,644 |
| Net operating balance | -2,327 | -9,800 | -12,127 | -32,823 |
| Other economic flows | | | | |
| Gain/loss on equity and on sale of assets(b) | -990 | -439 | -1,429 | 1,923 |
| Net write-downs of assets (including bad and doubtful debts) | 135 | -207 | -72 | -5,215 |
| Assets recognised for the first time | 51 | -41 | 10 | 626 |
| Net foreign exchange gains | 1,817 | -159 | 1,658 | -10 |
| Market valuation of debt | 699 | -2,461 | -1,762 | -499 |
| Other economic revaluations(c) | 77 | 330 | 407 | -335 |
| Total other economic flows | 1,788 | -2,977 | -1,189 | -3,510 |
| Comprehensive result - Total change in net worth | -538 | -12,777 | -13,315 | -36,333 |
| Net operating balance | -2,327 | -9,800 | -12,127 | -32,823 |
| Net acquisition of non-financial assets | | | | |
| Purchases of non-financial assets | 391 | 860 | 1,250 | 11,600 |
| less Sales of non-financial assets | 53 | 7 | 59 | 399 |
| less Depreciation | 475 | 447 | 923 | 5,495 |
| plus Change in inventories | -152 | -102 | -253 | 725 |
| plus Other movements in non-financial assets | 61 | 495 | 556 | 344 |
| Total net acquisition of non-financial assets | -228 | 799 | 571 | 6,775 |
| Fiscal balance (Net lending/borrowing)(d) | -2,099 | -10,599 | -12,698 | -39,598 |

*As published in the 2010-11 Budget.

(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 July 2010 \$m | ACTUAL as at 31 August 2010 \$m | BUDGET ESTIMATE* as at 30 June 2011 \$m |
|---|--|--|---|
| Assets | | | |
| Financial assets | | | |
| Cash and deposits | 1,842 | 1,626 | 2,066 |
| Advances paid | 24,343 | 24,738 | 25,434 |
| Investments, loans and placements | 104,399 | 93,625 | 114,722 |
| Other receivables | 36,137 | 36,184 | 39,172 |
| Equity investments | | | |
| Investments in other public sector entities | 23,409 | 23,415 | 28,146 |
| Equity accounted investments | 290 | 317 | 260 |
| Investments - shares | 29,632 | 29,323 | 25,807 |
| <i>Total financial assets</i> | <i>220,052</i> | <i>209,227</i> | <i>235,607</i> |
| Non-financial assets | | | |
| Land | 8,574 | 8,573 | 8,326 |
| Buildings | 21,342 | 21,392 | 21,785 |
| Plant, equipment and infrastructure | 47,539 | 47,607 | 49,896 |
| Inventories | 6,447 | 6,333 | 7,015 |
| Intangibles | 4,072 | 4,156 | 5,068 |
| Investment property | 344 | 337 | 182 |
| Biological assets | 33 | 32 | 33 |
| Heritage and cultural assets | 9,386 | 9,391 | 9,106 |
| Assets held for sale | 110 | 136 | 106 |
| Other non-financial assets | 2,835 | 3,182 | 2,639 |
| <i>Total non-financial assets</i> | <i>100,682</i> | <i>101,139</i> | <i>104,154</i> |
| Total assets | 320,734 | 310,366 | 339,761 |
| Liabilities | | | |
| Interest bearing liabilities | | | |
| Deposits held | 233 | 211 | 230 |
| Government securities | 161,318 | 163,264 | 209,436 |
| Loans | 10,438 | 10,484 | 10,156 |
| Other borrowing | 829 | 827 | 919 |
| <i>Total interest bearing liabilities</i> | <i>172,818</i> | <i>174,786</i> | <i>220,742</i> |
| Provisions and payables | | | |
| Superannuation liability | 141,272 | 141,725 | 127,114 |
| Other employee liabilities | 10,427 | 10,522 | 10,183 |
| Suppliers payable | 2,717 | 2,909 | 4,303 |
| Personal benefits provisions and payable | 12,003 | 12,711 | 12,492 |
| Subsidies provisions and payable | 2,135 | 2,257 | 2,273 |
| Grants provisions and payable | 7,191 | 5,972 | 7,876 |
| Other provisions and payables | 17,557 | 17,648 | 11,249 |
| <i>Total provisions and payables</i> | <i>193,303</i> | <i>193,743</i> | <i>175,489</i> |
| Total liabilities | 366,121 | 368,529 | 396,231 |
| Net worth(a) | -45,387 | -58,163 | -56,470 |
| <i>Net financial worth(b)</i> | <i>-146,069</i> | <i>-159,302</i> | <i>-160,624</i> |
| <i>Net financial liabilities(c)</i> | <i>169,477</i> | <i>182,716</i> | <i>188,770</i> |
| <i>Net debt(d)</i> | <i>42,234</i> | <i>54,798</i> | <i>78,520</i> |

*As published in the 2010-11 Budget.

(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 July \$m | ACTUAL 2010-2011 August \$m | ACTUAL 2010-2011 YTD August \$m | BUDGET ESTIMATE* 2010-2011 FULL YEAR \$m |
|---|------------------------------------|--------------------------------------|--|--|
| Cash receipts from operating activities | | | | |
| Taxes received | 31,050 | 14,637 | 45,687 | 294,338 |
| Receipts from sales of goods and services | 507 | 724 | 1,231 | 7,986 |
| Interest receipts | 188 | 268 | 456 | 4,976 |
| Dividends and income tax equivalents | 88 | 1,115 | 1,203 | 2,168 |
| Other receipts | 745 | 467 | 1,212 | 4,551 |
| Total operating receipts | 32,579 | 17,211 | 49,790 | 314,019 |
| Cash payments for operating activities | | | | |
| Payments for employees | -2,034 | -1,803 | -3,838 | -24,765 |
| Payments for goods and services | -6,810 | -5,207 | -12,017 | -66,403 |
| Grants and subsidies paid | -12,845 | -8,856 | -21,701 | -130,466 |
| Interest paid | -160 | -786 | -946 | -9,609 |
| Personal benefit payments | -10,601 | -9,033 | -19,634 | -105,040 |
| Other payments | -374 | -418 | -792 | -4,092 |
| Total operating payments | -32,823 | -26,103 | -58,927 | -340,374 |
| Net cash flows from operating activities | -245 | -8,892 | -9,137 | -26,355 |
| Cash flows from investments in non-financial assets | | | | |
| Sales of non-financial assets | 26 | 33 | 59 | 399 |
| Purchases of non-financial assets | -444 | -1,367 | -1,811 | -11,715 |
| Net cash flows from investments in non-financial assets | -418 | -1,334 | -1,752 | -11,317 |
| Net cash flows from investments in financial assets for policy purposes | 522 | 768 | 1,290 | -10,171 |
| Cash flows from investments in financial assets for liquidity purposes | | | | |
| Increase in investments | -4,427 | 9,754 | 5,327 | -6,005 |
| Net cash flows from investments in financial assets for liquidity purposes | -4,427 | 9,754 | 5,327 | -6,005 |
| Cash flows from financing activities | | | | |
| Borrowing (net) | 4,087 | -542 | 3,545 | 54,161 |
| Other financing (net) | 460 | 29 | 489 | -273 |
| Net cash flows from financing activities | 4,547 | -513 | 4,034 | 53,887 |
| Net increase/(decrease) in cash held | -21 | -217 | -238 | 39 |
| Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-)) | -663 | -10,226 | -10,889 | -37,672 |
| Finance leases and similar arrangements(b) | 0 | 0 | 0 | -163 |
| GFS cash surplus(+)/deficit(-) | -663 | -10,227 | -10,889 | -37,836 |
| less Future Fund earnings | 90 | 367 | 457 | 2,921 |
| Equals underlying cash balance(c) | -752 | -10,594 | -11,346 | -40,756 |
| plus net cash flows from investments in financial assets for policy purposes | 522 | 768 | 1,290 | -10,171 |
| plus Future Fund earnings | 90 | 367 | 457 | 2,921 |
| Equals headline cash balance | -141 | -9,459 | -9,599 | -48,007 |

*As published in the 2010-11 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

| | ACTUAL 2010-2011 July \$m | ACTUAL 2010-2011 August \$m | ACTUAL 2010-2011 YTD August \$m | BUDGET ESTIMATE* 2010-2011 FULL YEAR \$m |
|---|------------------------------------|--------------------------------------|--|--|
| Expenses by function | | | | |
| General public services | 1,428 | 1,389 | 2,817 | 20,137 |
| Defence | 1,448 | 2,041 | 3,489 | 21,000 |
| Public order and safety | 313 | 275 | 588 | 3,878 |
| Education | 5,346 | 1,500 | 6,846 | 32,996 |
| Health | 4,402 | 4,675 | 9,077 | 56,880 |
| Social security and welfare | 10,998 | 10,744 | 21,742 | 114,961 |
| Housing and community amenities | 398 | 504 | 902 | 5,432 |
| Recreation and culture | 239 | 223 | 461 | 3,246 |
| Fuel and energy | 500 | 603 | 1,103 | 7,607 |
| Agriculture, forestry and fishing | 138 | 237 | 375 | 3,587 |
| Mining, manufacturing and construction | 147 | 207 | 354 | 1,990 |
| Transport and communication | 65 | 293 | 357 | 4,932 |
| Other economic affairs | 592 | 766 | 1,358 | 9,150 |
| Other purposes | | | | |
| Public debt interest | 682 | 687 | 1,369 | 9,606 |
| Nominal superannuation interest | 584 | 584 | 1,168 | 7,065 |
| General purpose inter-government transactions | 4,498 | 3,546 | 8,044 | 50,403 |
| Natural disaster relief | 0 | 0 | 0 | 577 |
| Contingency reserve | 0 | 0 | 0 | 1,195 |
| Total expenses | 31,777 | 28,273 | 60,050 | 354,644 |

*As published in the 2010-11 Budget.

NOTES:

The Australian Government monthly financial statements for 2010-11 have been prepared on a basis consistent with 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 July \$m | ACTUAL 2010-2011 August \$m | ACTUAL 2010-2011 YTD August \$m | BUDGET ESTIMATE* 2010-2011 FULL YEAR \$m |
|--|------------------------------------|--------------------------------------|--|--|
| Individuals and other withholding taxes | | | | |
| Gross income tax withholding | 10,305 | 11,182 | 21,486 | 130,620 |
| Gross other individuals | 1,041 | 3,121 | 4,161 | 31,530 |
| less Refunds | 2,195 | 6,246 | 8,441 | 25,080 |
| Total individuals and other withholding taxation | 9,150 | 8,057 | 17,207 | 137,070 |
| Company tax | 9,896 | 720 | 10,616 | 66,520 |
| Superannuation funds | 630 | 751 | 1,381 | 7,170 |
| Petroleum resource rent tax | 8 | 293 | 301 | 1,860 |
| Fringe benefits tax | 662 | 51 | 713 | 4,010 |
| Total income taxation revenue | 20,346 | 9,872 | 30,218 | 216,630 |

*As published in the 2010-11 Budget.

Note 2: Indirect Tax

| | ACTUAL 2010-2011 July \$m | ACTUAL 2010-2011 August \$m | ACTUAL 2010-2011 YTD August \$m | BUDGET ESTIMATE* 2010-2011 FULL YEAR \$m |
|--|------------------------------------|--------------------------------------|--|--|
| Goods and services tax | 4,932 | 3,602 | 8,533 | 50,000 |
| Wine equalisation tax | 54 | 63 | 117 | 780 |
| Luxury car tax | 47 | 42 | 88 | 540 |
| Excise duty | 1,986 | 2,283 | 4,269 | 25,230 |
| Customs duty | 456 | 472 | 928 | 6,770 |
| Other indirect tax | 335 | 171 | 506 | 2,506 |
| Total indirect taxation revenue | 7,810 | 6,632 | 14,442 | 85,826 |

*As published in the 2010-11 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 Calendar <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>.