



MEDIA RELEASE

THE HON LINDSAY TANNER MP

Minister for Finance and Deregulation

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AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS

May 2010

KEY POINTS

- The underlying cash balance for the 2009-10 year to 31 May 2010 was a deficit of \$42,341 million.
- The fiscal balance for the 2009-10 year to 31 May 2010 was a deficit of \$35,147 million.

AGGREGATES	ACTUAL 2009-2010 May	ACTUAL 2009-2010 YTD May	Revised Budget 2009-2010 YTD May	BUDGET ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m	\$m
Revenue	23,444	273,326	275,557	294,215
Expenses	30,167	303,745	303,583	343,122
Net operating balance	-6,723	-30,419	-28,027	-48,907
Net capital investment	738	4,728	5,026	5,847
Fiscal balance	-7,461	-35,147	-33,053	-54,753
Underlying cash balance	-5,232	-42,341	-43,142	-57,079
Headline cash balance	-5,265	-43,515	-45,663	-59,194
Total assets		327,246		317,569
Total liabilities		337,935		337,706
Net worth		-10,689		-20,137
Net debt		37,551		41,838

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 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*'.

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.

16 July 2010

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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.

Note that the profile of expected revenue and expenses has been updated to reflect the revised 2009-10 estimate (Revised Budget) as detailed in the 2010-11 Budget.

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 2010 was a deficit of \$42,341 million. The difference to the Revised Budget profile estimate underlying cash balance deficit of \$43,142 million primarily reflects the timing of supplier and grant payments and purchase of non-financial assets.

Fiscal Balance

The fiscal balance for the year to 31 May 2010 was a deficit of \$35,147 million. The Revised Budget profile estimate of the fiscal balance for 2009-10 is a deficit of \$33,053 million.

FINANCIAL OUTCOMES

Revenues and Expenses

Revenues are \$2,231 million lower and expenses are \$161 million lower when compared with the Budget profile estimate for 2009-10.

The main driver of lower revenue is taxation revenue, while the main driver of lower expenses is supplier expenses partially offset by higher grant expenses.

Assets and Liabilities

The net worth balance of the General Government sector is a negative net asset position of \$10,689 million at 31 May 2010.

Lindsay Tanner MP
Minister for Finance and Deregulation

16 July 2010

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16 July 2010

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Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2009-2010 May	ACTUAL 2009-2010 YTD May	BUDGET ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m
Revenue			
Taxation revenue	21,778	250,044	269,529
Sales of goods and services	695	7,046	7,699
Interest income	422	4,071	4,569
Dividend income	112	7,500	7,426
Other	437	4,666	4,993
Total revenue	23,444	273,326	294,215
Expenses			
Gross operating expenses			
Wages and salaries(a)	1,400	14,928	17,691
Superannuation	389	3,163	3,586
Depreciation and amortisation	402	4,990	5,529
Payment for supply of goods and services	5,361	55,062	63,119
Other operating expenses	408	4,316	4,353
<i>Total gross operating expenses</i>	<i>7,960</i>	<i>82,460</i>	<i>94,279</i>
Superannuation interest expense	750	6,098	6,695
Interest expenses	875	6,852	7,985
Current transfers			
Current grants	10,149	88,176	102,152
Subsidy expenses	793	7,719	8,432
Personal benefits	8,334	91,150	99,235
<i>Total current transfers</i>	<i>19,276</i>	<i>187,044</i>	<i>209,820</i>
Capital transfers			
Mutually agreed write-downs	378	2,073	2,287
Other capital grants	928	19,217	22,055
<i>Total capital transfers</i>	<i>1,306</i>	<i>21,290</i>	<i>24,342</i>
Total expenses	30,167	303,745	343,122
Net operating balance	-6,723	-30,419	-48,907
Other economic flows			
Revaluation of equity(b)	1,068	3,239	5,790
Net write-downs of assets (including bad and doubtful debts)	-437	-4,503	-5,190
Assets recognised for the first time	105	539	603
Actuarial revaluations	0	0	1,253
Net foreign exchange gains	-2,545	635	482
Net swap interest received	0	41	41
Market valuation of debt	-1,324	-618	633
Other economic revaluations(c)	599	676	37
Total other economic flows	-2,533	9	3,649
Comprehensive result - Total change in net worth	-9,257	-30,410	-45,258
Net operating balance	-6,723	-30,419	-48,907
Net acquisition of non-financial assets			
Purchases of non-financial assets	894	9,064	10,838
<i>less</i> Sales of non-financial assets	19	142	269
<i>less</i> Depreciation	402	4,990	5,529
<i>plus</i> Change in inventories	267	579	678
<i>plus</i> Other movements in non-financial assets	-1	216	129
Total net acquisition of non-financial assets	738	4,728	5,847
Fiscal balance (Net lending/borrowing)(d)	-7,461	-35,147	-54,753

*As published in the 2010-11 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 30 April 2010 \$m	ACTUAL as at 31 May 2010 \$m	BUDGET ESTIMATE* as at 30 June 2010 \$m
Assets			
Financial assets			
Cash and deposits	1,492	1,640	2,027
Advances paid	23,633	23,908	23,422
Investments, loans and placements	101,337	99,633	99,288
Other receivables	40,266	39,627	39,024
Equity investments			
Investments in other public sector entities	26,409	26,504	26,352
Equity accounted investments	205	205	262
Investments - shares	37,186	37,784	28,821
<i>Total financial assets</i>	<i>230,527</i>	<i>229,303</i>	<i>219,197</i>
Non-financial assets			
Land	8,570	8,576	8,349
Buildings	20,477	20,656	20,667
Plant, equipment and infrastructure	46,325	46,587	46,702
Inventories	6,285	6,536	6,613
Intangibles	3,846	3,848	4,123
Investment property	53	53	182
Biological assets	29	29	32
Heritage and cultural assets	9,089	9,086	9,091
Assets held for sale	88	131	158
Other non-financial assets	2,847	2,442	2,456
<i>Total non-financial assets</i>	<i>97,610</i>	<i>97,943</i>	<i>98,372</i>
Total assets	328,137	327,246	317,569
Liabilities			
Interest bearing liabilities			
Deposits held	238	233	230
Government securities	143,930	150,603	154,080
Loans	10,927	11,040	11,430
Other borrowing	864	856	835
<i>Total interest bearing liabilities</i>	<i>155,959</i>	<i>162,732</i>	<i>166,575</i>
Provisions and payables			
Superannuation liability	127,782	128,430	122,874
Other employee liabilities	9,557	9,692	9,874
Suppliers payable	3,044	3,443	4,363
Personal benefits payable	12,036	12,543	12,651
Subsidies payable	1,825	1,829	1,897
Grants payable	6,267	6,172	7,062
Other provisions and payables	13,098	13,094	12,410
<i>Total provisions and payables</i>	<i>173,611</i>	<i>175,203</i>	<i>171,131</i>
Total liabilities	329,569	337,935	337,706
Net worth(a)	-1,433	-10,689	-20,137
<i>Net financial worth(b)</i>	<i>-99,042</i>	<i>-108,632</i>	<i>-118,509</i>
<i>Net financial liabilities(c)</i>	<i>125,451</i>	<i>135,137</i>	<i>144,861</i>
<i>Net debt(d)(e)</i>	<i>29,497</i>	<i>37,551</i>	<i>41,838</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. 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, 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 May	ACTUAL 2009-2010 YTD May	BUDGET ESTIMATE* 2009-2010 FULL YEAR
	\$m	\$m	\$m
Cash receipts from operating activities			
Taxes received	21,810	241,324	260,959
Receipts from sales of goods and services	691	7,335	7,657
Interest receipts	249	3,208	4,507
Dividends and income tax equivalents	100	6,851	6,927
Other receipts	411	4,167	4,882
Total operating receipts	23,260	262,885	284,932
Cash payments for operating activities			
Payments for employees	-1,830	-20,387	-23,024
Payments for goods and services	-4,883	-56,011	-62,931
Grants and subsidies paid	-11,944	-115,287	-131,537
Interest paid	-952	-5,758	-6,493
Personal benefit payments	-7,844	-92,661	-100,620
Other payments	-334	-4,065	-4,047
Total operating payments	-27,788	-294,169	-328,652
Net cash flows from operating activities	-4,527	-31,284	-43,720
Cash flows from investments in non-financial assets			
Sales of non-financial assets	19	142	269
Purchases of non-financial assets	-568	-8,812	-10,826
Net cash flows from investments in non-financial assets	-549	-8,670	-10,557
Net cash flows from investments in financial assets for policy purposes	-190	-3,555	-4,916
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	-180	-3,796	7,740
Net cash flows from investments in financial assets for liquidity purposes	-180	-3,796	7,740
Cash flows from financing activities			
Borrowing (net)	5,717	42,898	46,909
Other financing (net)	-121	4,393	4,918
Net cash flows from financing activities	5,595	47,291	51,827
Net increase/(decrease) in cash held	149	-13	374
Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))	-5,077	-39,954	-54,277
Finance leases and similar arrangements(b)	2	-6	-1
GFS cash surplus(+)/deficit(-)	-5,075	-39,960	-54,278
less Future Fund earnings	158	2,381	2,802
Equals underlying cash balance (c)	-5,232	-42,341	-57,079
plus net cash flows from investments in financial assets for policy purposes	-190	-3,555	-4,916
plus Future Fund earnings	158	2,381	2,802
Equals headline cash balance	-5,265	-43,515	-59,194

*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 2009-2010 May \$m	ACTUAL 2009-2010 YTD May \$m	BUDGET ESTIMATE* 2009-2010 FULL YEAR \$m
Expenses by Purpose			
General Public Services	2,075	16,610	18,864
Defence	1,674	17,553	20,620
Public Order and Safety	236	3,238	3,936
Education	2,186	33,344	34,895
Health	4,445	46,558	52,786
Social Security and Welfare	8,788	100,956	109,675
Housing and Community Amenities	1,694	7,721	9,270
Recreation and Culture	214	2,512	3,208
Fuel and Energy	478	7,516	8,971
Agriculture, Forestry and Fishing	286	2,444	3,330
Mining and Mineral Resources (other than fuels); Manufacturing and Construction	254	2,000	1,690
Transport and Communication	651	4,061	6,837
Other Economic Affairs	538	5,390	8,796
Other Purposes			
Public Debt Interest	640	5,685	6,514
Nominal Superannuation Interest	750	6,098	6,695
General Purpose Inter- Government Transactions	5,245	41,934	47,632
Natural Disaster Relief	13	125	402
Contingency Reserve (a)	0	0	-999
Total Expenses	30,167	303,745	343,122

*As published in the 2010-11 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: 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 May \$m	ACTUAL 2009-2010 YTD May \$m	BUDGET ESTIMATE* 2009-2010 FULL YEAR \$m
INDIVIDUALS AND OTHER WITHHOLDING TAX			
Gross income tax withholding	10,351	109,981	119,970
Gross other individuals	3,707	25,375	28,500
Less refunds	1,399	23,308	25,120
Total individuals and other withholding tax	12,659	112,049	123,350
OTHER SOURCES			
Companies	1,495	51,739	53,650
Superannuation funds (a)	-31	6,291	5,990
Resource Rent Tax	8	1,272	1,480
Fringe Benefits tax (b)	275	3,622	3,670
Total income tax from other sources	1,747	62,922	64,790
Total income tax	14,406	174,971	188,140

*As published in the 2010-11 Budget.

(a) Includes superannuation contributions surcharge.

(b) Negative collections indicate refunds exceed collections.

Note 2: Indirect Tax

	ACTUAL 2009-2010 May \$m	ACTUAL 2009-2010 YTD May \$m	BUDGET ESTIMATE* 2009-2010 FULL YEAR \$m
Excise duty	2,296	22,591	24,890
Customs duty	445	5,271	5,830
Goods and services tax	4,252	43,523	46,830
Wine equalisation tax	71	681	730
Luxury car tax	39	434	490
Other indirect tax	270	2,573	2,619
Total indirect tax revenue	7,373	75,073	81,389

*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 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>.