



SENATOR THE HON PENNY WONG
MINISTER FOR FINANCE AND DEREGULATION
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AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS
October 2010

KEY POINTS

- The underlying cash balance for the 2010-11 year to 31 October 2010 was a deficit of \$21,665 million.
- The fiscal balance for the 2010-11 year to 31 October 2010 was a deficit of \$17,035 million.

AGGREGATES	ACTUAL 2010-2011 October	ACTUAL 2010-2011 YTD October	MYEFO Profile 2010-2011 YTD October	MYEFO ESTIMATE* 2010-2011 FULL YEAR
	\$m	\$m	\$m	\$m
Revenue	34,662	99,239	97,522	319,682
Expenses	27,720	115,919	115,976	354,348
Net operating balance	6,942	-16,680	-18,454	-34,666
Net capital investment	233	355	1,223	7,254
Fiscal balance	6,710	-17,035	-19,677	-41,920
Underlying cash balance(a)	3,567	-21,665	-22,235	-41,468
Headline cash balance	2,689	-19,738	-23,536	-48,539
Total assets		322,437		316,787
Total liabilities		381,049		380,148
Net worth(b)		-58,612		-63,361
Net debt(c)		62,004		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 October 2010 was a deficit of \$21,665 million, compared to the 2010-11 Mid-Year Economic and Fiscal Outlook (MYEFO) estimate profile underlying cash balance deficit of \$22,235 million.

Fiscal Balance

The fiscal balance for the year to 31 October 2010 was a deficit of \$17,035 million. The MYEFO estimate profile of the fiscal balance for 2010-11 is a deficit of \$19,677 million. The difference of \$2,642 million primarily relates to higher taxation revenue and lower net acquisition of non-financial assets.

FINANCIAL OUTCOMES

Revenues and Expenses

Revenues are \$1,717 million higher and expenses are \$57 million lower when compared with the MYEFO estimate profile for 2010-11. The main driver of higher revenue is taxation revenue.

Assets and Liabilities

The net worth balance of the General Government sector is a negative net asset position of \$58,612 million at 31 October 2010.

Senator Penny Wong
Minister for Finance and Deregulation

10 December 2010

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Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2010-2011 October	ACTUAL 2010-2011 YTD October	MYEFO ESTIMATE* 2010-2011 FULL YEAR
	\$m	\$m	\$m
Revenue			
Taxation revenue	32,795	92,706	299,419
Sales of goods and services	679	2,608	7,987
Interest income	463	1,549	5,074
Dividend income	97	601	1,764
Other	628	1,774	5,438
Total revenue	34,662	99,239	319,682
Expenses			
Gross operating expenses			
Wages and salaries(a)	1,441	5,788	18,305
Superannuation	326	1,332	4,252
Depreciation and amortisation	531	1,903	5,613
Supply of goods and services	5,639	21,435	66,172
Other operating expenses(a)	432	1,725	4,360
<i>Total gross operating expenses</i>	<i>8,369</i>	<i>32,183</i>	<i>98,701</i>
Superannuation interest expense	584	2,337	6,989
Interest expenses	862	3,374	10,527
Current transfers			
Current grants	7,295	32,961	107,979
Subsidy expenses	780	2,991	8,736
Personal benefits	8,413	36,589	104,769
<i>Total current transfers</i>	<i>16,488</i>	<i>72,541</i>	<i>221,484</i>
Capital transfers			
Mutually agreed w rite-down ns	309	1,007	2,368
Other capital grants	1,108	4,476	14,278
<i>Total capital transfers</i>	<i>1,417</i>	<i>5,483</i>	<i>16,647</i>
Total expenses	27,720	115,919	354,348
Net operating balance	6,942	-16,680	-34,666
Other economic flows			
Gain/loss on equity and on sale of assets(b)	773	-1,156	1,966
Net w rite-down ns of assets (including bad and doubtful debts)	-228	-983	-5,773
Assets recognised for the first time	40	56	612
Net foreign exchange gains	351	3,962	152
Market valuation of debt	1,204	1,279	1,155
Other economic revaluations(c)	-105	-241	283
Total other economic flows	2,035	2,916	-1,604
Comprehensive result - Total change in net worth	8,977	-13,763	-36,270
Net operating balance	6,942	-16,680	-34,666
Net acquisition of non-financial assets			
Purchases of non-financial assets	703	2,354	12,068
less Sales of non-financial assets	8	90	384
less Depreciation	531	1,903	5,613
plus Change in inventories	63	-88	840
plus Other movements in non-financial assets	5	82	343
Total net acquisition of non-financial assets	233	355	7,254
Fiscal balance (Net lending/borrowing)(d)	6,710	-17,035	-41,920

*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 October 2010 \$m	MYEFO ESTIMATE* as at 30 June 2011 \$m
Assets		
Financial assets		
Cash and deposits	2,292	2,119
Advances paid	24,792	25,700
Investments, loans and placements	97,489	94,495
Other receivables	40,680	34,255
Equity investments		
Investments in other public sector entities	23,707	24,769
Equity accounted investments	272	272
Investments - shares	31,058	28,000
<i>Total financial assets</i>	<i>220,288</i>	<i>209,611</i>
Non-financial assets		
Land	8,583	8,562
Buildings	21,537	22,344
Plant, equipment and infrastructure	47,891	51,640
Inventories	6,440	6,915
Intangibles	4,255	5,094
Investment property	530	504
Biological assets	117	120
Heritage and cultural assets	9,400	9,378
Assets held for sale	86	99
Other non-financial assets	3,308	2,521
<i>Total non-financial assets</i>	<i>102,149</i>	<i>107,177</i>
Total assets	322,437	316,787
Liabilities		
Interest bearing liabilities		
Deposits held	243	232
Government securities	175,444	191,137
Loans	10,085	9,642
Other borrowing	805	885
<i>Total interest bearing liabilities</i>	<i>186,577</i>	<i>201,896</i>
Provisions and payables		
Superannuation liability	142,579	127,744
Other employee liabilities	10,356	10,787
Suppliers payable	6,196	4,216
Personal benefits provisions and payable	12,054	12,564
Subsidies provisions and payable	2,002	2,273
Grants provisions and payable	6,668	8,492
Other provisions and payables	14,618	12,178
<i>Total provisions and payables</i>	<i>194,472</i>	<i>178,252</i>
Total liabilities	381,049	380,148
Net worth(a)	-58,612	-63,361
<i>Net financial worth(b)</i>	<i>-160,761</i>	<i>-170,538</i>
<i>Net financial liabilities(c)</i>	<i>184,467</i>	<i>195,306</i>
<i>Net debt(d)</i>	<i>62,004</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 October	ACTUAL 2010-2011 YTD October	MYEFO ESTIMATE* 2010-2011 FULL YEAR
	\$m	\$m	\$m
Cash receipts from operating activities			
Taxes received	29,113	88,265	292,269
Receipts from sales of goods and services	441	2,422	7,879
Interest receipts	573	1,248	4,779
Dividends and income tax equivalents	159	1,687	2,814
Other receipts	325	1,712	5,080
Total operating receipts	30,611	95,334	312,821
Cash payments for operating activities			
Payments for employees	-1,845	-8,021	-24,879
Payments for goods and services	-6,158	-22,865	-66,496
Grants and subsidies paid	-8,493	-41,283	-129,422
Interest paid	-1,145	-2,511	-9,160
Personal benefit payments	-8,414	-37,422	-105,061
Other payments	-410	-1,662	-4,286
Total operating payments	-26,465	-113,765	-339,305
Net cash flows from operating activities	4,146	-18,430	-26,484
Cash flows from investments in non-financial assets			
Sales of non-financial assets	8	90	384
Purchases of non-financial assets	-456	-2,457	-12,175
Net cash flows from investments in non-financial assets	-448	-2,367	-11,791
Net cash flows from investments in financial assets for policy purposes	-1,009	1,060	-10,084
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	-5,113	2,211	14,117
Net cash flows from investments in financial assets for liquidity purposes	-5,113	2,211	14,117
Cash flows from financing activities			
Borrowing (net)	3,777	17,292	35,221
Other financing (net)	109	660	-726
Net cash flows from financing activities	3,886	17,952	34,495
Net increase/(decrease) in cash held	1,461	426	254
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	3,698	-20,797	-38,275
Finance leases and similar arrangements(b)	0	0	-180
GFS cash surplus(+)/deficit(-)	3,698	-20,797	-38,455
less Future Fund earnings	131	867	3,013
Equals underlying cash balance(c)	3,567	-21,665	-41,468
plus net cash flows from investments in financial assets for policy purposes	-1,009	1,060	-10,084
plus Future Fund earnings	131	867	3,013
Equals headline cash balance	2,689	-19,738	-48,539

*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 October	ACTUAL 2010-2011 YTD October	MYEFO ESTIMATE* 2010-2011 FULL YEAR
	\$m	\$m	\$m
Expenses by function			
General public services	1,610	6,469	21,193
Defence	1,691	6,488	21,086
Public order and safety	391	1,241	3,924
Education	1,569	11,464	32,977
Health	4,399	17,854	57,435
Social security and welfare	9,787	40,925	115,699
Housing and community amenities	359	1,744	5,830
Recreation and culture	212	885	3,312
Fuel and energy	478	1,958	7,214
Agriculture, forestry and fishing	181	771	3,685
Mining, manufacturing and construction	147	625	2,041
Transport and communication	359	958	5,080
Other economic affairs	676	2,724	8,927
Other purposes			
Public debt interest	752	2,814	9,132
Nominal superannuation interest	584	2,337	6,989
General purpose inter-government transactions	4,525	16,662	50,000
Natural disaster relief	0	0	577
Contingency reserve	0	0	-752
Total expenses	27,720	115,919	354,348

*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 October \$m	ACTUAL 2010-2011 YTD October \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
Individuals and other withholding taxes			
Gross income tax withholding	9,895	42,397	132,270
Gross other individuals	4,842	10,442	30,440
less Refunds	2,711	14,786	24,350
Total individuals and other withholding taxation	12,026	38,054	138,360
Company tax	10,697	22,509	63,680
Superannuation funds	730	2,143	7,330
Resource rent tax	221	486	1,470
Fringe benefits tax	745	1,462	3,660
Total income taxation revenue	24,419	64,652	214,500

*As published in the 2010-11M YEFO.

Note 2: Indirect Tax

	ACTUAL 2010-2011 October \$m	ACTUAL 2010-2011 YTD October \$m	MYEFO ESTIMATE* 2010-2011 FULL YEAR \$m
Goods and services tax	5,508	16,585	49,130
Wine equalisation tax	12	202	770
Luxury car tax	43	170	540
Excise duty	1,962	8,121	25,300
Customs duty	480	1,874	6,430
Other indirect tax	370	1,101	2,749
Total indirect taxation revenue	8,375	28,054	84,919

*As published in the 2010-11M YEFO.

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>.