SENATOR THE HON MATHIAS CORMANN
Minister for Finance

MEDIA RELEASE

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AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR MONTHLY FINANCIAL STATEMENTS December 2014

KEY POINTS

- The underlying cash balance for the 2014-15 financial year to 31 December 2014 was a deficit of $31,366 million.
- The fiscal balance for the 2014-15 financial year to 31 December 2014 was a deficit of $29,713 million.

AGGREGATES	ACTUAL 2014-2015 December $m	ACTUAL 2014-2015 YTD December $m	MYEFO PROFILE 2014-2015 YTD December $m	MYEFO ESTIMATE* 2014-2015 Full Year $m
Revenue	**28,594**	**179,547**	**180,532**	**385,876**
Expenses	**36,661**	**208,211**	**208,246**	**422,898**
Net operating balance	-8,067	-28,664	-27,714	-37,022
Net capital investment	375	1,049	1,234	2,784
Fiscal balance	**-8,442**	**-29,713**	**-28,948**	**-39,806**
Receipts(a)	29,904	178,870	178,189	379,483
Payments(b)	35,834	207,797	207,132	416,526
Net Future Fund earnings	654	2,439	2,325	3,319
Underlying cash balance(c)	**-6,585**	**-31,366**	**-31,268**	**-40,362**
Headline cash balance	**-6,652**	**-27,328**	**-28,627**	**-43,863**
Total assets		**406,402**		**422,234**
Total liabilities		**700,227**		**651,715**
Net worth(d)		**-293,825**		**-229,481**
Net debt(e)		**239,160**		**244,836**

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).
(a) Cash receipts for operating activities and sales of non-financial assets.
(b) Cash payments for operating activities, purchases of non-financial assets and net acquisition of assets under finance leases.
(c) Excludes net Future Fund earnings. Consistent with Budget documents, the net adjustment for the Future Fund is shown separately.
(d) Net worth is calculated as total assets minus total liabilities.
(e) 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, as revenues and expenses vary from month to month.

FISCAL OUTCOMES

Underlying Cash Balance

The underlying cash balance for the year to 31 December 2014 was a deficit of $31,366 million, compared to the Mid-Year Economic and Fiscal Outlook (MYEFO) profile deficit of $31,268 million. The difference of $98 million relates to higher than expected cash payments excluding net Future Fund earnings.

Fiscal Balance

The fiscal balance for the year to 31 December 2014 was a deficit of $29,713 million, compared to the MYEFO profile deficit of $28,948 million. The difference of $765 million is largely due to lower than expected revenue.

- **Revenues**
  Total revenue was $985 million lower than the MYEFO profile, primarily due to lower than expected taxation revenue and interest income.

- **Expenses**
  Total expenses were $35 million lower than the MYEFO profile, due to lower than expected personal benefits and subsidy expenses and interest expense, partially offset by higher superannuation and other operating expenses.

Assets and Liabilities

As at 31 December 2014:

- Net worth is negative $293,825 million;
- Net debt is $239,160 million; and
- Net financial liabilities are $443,037 million.

Senator the Hon Mathias Cormann	Jane Halton
Minister for Finance	Secretary
	Department of Finance
30 January 2015	30 January 2015

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Australian Government general government sector operating statement

	Note	ACTUAL 2014-2015 December $m	ACTUAL 2014-2015 YTD December $m	MYEFO PROFILE 2014-2015 YTD December $m	MYEFO ESTIMATE* 2014-2015 Full Year $m
Revenue					
Taxation revenue	1, 2	26,830	167,662	168,332	361,959
Sales of goods and services		720	4,431	4,344	9,190
Interest income		310	1,733	2,173	3,987
Dividend income		278	2,311	2,377	3,396
Other		457	3,411	3,306	7,344
Total revenue		**28,594**	**179,547**	**180,532**	**385,876**
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,481	9,271	9,373	19,221
Superannuation		479	2,919	2,546	6,777
Depreciation and amortisation		591	3,324	3,365	6,787
Supply of goods and services		6,420	39,238	39,130	80,809
Other operating expenses(a)		408	2,838	2,679	5,472
Total gross operating expenses		*9,378*	*57,590*	*57,093*	*119,067*
Superannuation interest expense		747	4,481	4,562	8,989
Interest expenses		1,619	7,886	8,039	16,387
Current transfers					
Current grants		9,979	58,735	58,747	124,201
Subsidy expenses		1,070	6,217	6,384	12,200
Personal benefits		13,110	68,515	68,639	131,506
Total current transfers		*24,159*	*133,467*	*133,770*	*267,907*
Capital transfers					
Mutually agreed write-downs		187	1,156	1,139	2,564
Other capital grants		570	3,632	3,643	7,984
Total capital transfers		*757*	*4,788*	*4,782*	*10,548*
Total expenses	3	**36,661**	**208,211**	**208,246**	**422,898**
Net operating balance		**-8,067**	**-28,664**	**-27,714**	**-37,022**
Other economic flows					
- included in operating result(b)					
Net write-downs of assets (including bad and doubtful debts)		-220	-3,000	-2,196	-6,154
Assets recognised for the first time		8	172	157	321
Liabilities recognised for the first time		0	0	0	0
Actuarial revaluations		0	0	0	0
Net foreign exchange gains		-612	-2,037	27	28
Net swap interest received		-195	-427	-170	-170
Market valuation of debt		-5,420	-13,440	-6,596	-5,344
Other gains/(losses)		2,227	13,634	9,375	13,446
Total other economic flows					
- included in operating result		**-4,211**	**-5,098**	**598**	**2,127**
Operating result		**-12,278**	**-33,762**	**-27,116**	**-34,894**
Non-owner movements in equity(b)					
Revaluation of equity investments(c)		0	-13	0	-2,140
Actuarial revaluations		0	0	0	206
Other economic revaluations(d)		202	-4,004	-3,440	-3,243
Total other economic flows - included in equity		**202**	**-4,017**	**-3,440**	**-5,177**
Comprehensive result - Total change in net worth		**-12,076**	**-37,779**	**-30,556**	**-40,071**
Net operating balance		**-8,067**	**-28,664**	**-27,714**	**-37,022**
Net acquisition of non-financial assets					
Purchases of non-financial assets		874	4,229	4,656	11,222
less Sales of non-financial assets		-36	229	267	2,317
less Depreciation		591	3,324	3,365	6,787
plus Change in inventories		31	213	106	471
plus Other movements in non-financial assets		25	160	104	195
Total net acquisition of non-financial assets		**375**	**1,049**	**1,234**	**2,784**
Fiscal balance (Net lending/borrowing)(e)		**-8,442**	**-29,713**	**-28,948**	**-39,806**

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).
(a) Consistent with Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) classification, other employee related expenses are reported under other operating expenses. Total employee expenses equal wages and salaries plus other operating expenses.
(b) The presentation of other economic flows has changed to align more closely with Australian Accounting Standard AASB 1049.
(c) Reflects changes in the market valuation of investments and any revaluations at the point of disposal or sale.
(d) Largely reflects other revaluation of assets and liabilities.
(e) The term fiscal balance is not used by the ABS.

Australian Government general government sector balance sheet

	ACTUAL as at 31 December 2014 $m	MYEFO ESTIMATE* as at 30 June 2015 $m
Assets		
Financial assets		
Cash and deposits	7,048	3,825
Advances paid	42,134	46,208
Investments, loans and placements	120,023	130,197
Other receivables	46,248	46,024
Equity investments		
Investments in other public sector entities	34,097	35,478
Equity accounted investments	314	327
Investments - shares	41,423	41,724
Total financial assets	*291,287*	*303,784*
Non-financial assets		
Land	9,340	9,299
Buildings	25,078	26,125
Plant, equipment and infrastructure	54,587	56,518
Inventories	8,293	8,337
Intangibles	6,130	6,359
Investment property	201	198
Biological assets	31	36
Heritage and cultural assets	10,840	10,842
Assets held for sale	57	133
Other non-financial assets	558	604
Total non-financial assets	*115,115*	*118,450*
Total assets	**406,402**	**422,234**
Liabilities		
Interest bearing liabilities		
Deposits held	222	211
Government securities	395,718	409,609
Loans	10,759	13,693
Other borrowing	1,666	1,553
Total interest bearing liabilities	*408,365*	*425,066*
Provisions and payables		
Superannuation liability(a)	225,687	163,240
Other employee liabilities	15,007	15,977
Suppliers payable	6,799	4,905
Personal benefits provisions and payable	12,162	13,234
Subsidies provisions and payable	4,196	4,397
Grants provisions and payable	13,033	11,671
Other provisions and payables	14,979	13,225
Total provisions and payables	*291,862*	226,649
Total liabilities	**700,227**	**651,715**
Net worth(b)	**-293,825**	**-229,481**
Net financial worth(c)	*-408,940*	*-347,931*
Net financial liabilities(d)	*443,037*	*383,409*
Net debt(e)	*239,160*	*244,836*

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).
(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long Term Cost Reports is used to value the superannuation liability. This reduces the volatility in reported liabilities that would occur from year to year if the long-term government bond rate were used. Consistent with Australian Accounting Standards, the long-term government bond rate as at 30 June is used to calculate the superannuation liability for the purpose of actuals reporting.
(b) Net worth is calculated as total assets minus total liabilities.
(c) Net financial worth equals total financial assets minus total liabilities.
(d) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.
(e) Net debt equals the sum of deposits held, government securities, loans and other borrowing, minus the sum of cash and deposits,

Australian Government general government sector cash flow statement

	ACTUAL 2014-2015 December $m	ACTUAL 2014-2015 YTD December $m	MYEFO PROFILE 2014-2015 YTD December $m	MYEFO ESTIMATE* 2014-2015 Full Year $m
Cash receipts from operating activities				
Taxes received	27,913	164,100	163,251	353,594
Receipts from sales of goods and services	740	4,401	4,300	9,114
Interest receipts	240	1,438	1,914	3,469
Dividends and income tax equivalents	528	3,118	3,112	3,831
Other receipts	526	3,764	3,504	7,261
Total operating receipts	**29,948**	**176,821**	**176,082**	**377,269**
Cash payments for operating activities				
Payments for employees	-2,589	-13,476	-13,131	-26,691
Payments for goods and services	-7,484	-40,595	-39,772	-80,557
Grants and subsidies paid	-10,820	-68,940	-70,182	-146,215
Interest paid	-659	-6,952	-6,953	-14,221
Personal benefit payments	-13,131	-70,515	-69,857	-132,142
Other payments	-284	-2,848	-2,460	-5,280
Total operating payments	**-34,967**	**-203,326**	**-202,356**	**-405,106**
Net cash flows from operating activities	**-5,019**	**-26,505**	**-26,274**	**-27,837**
Cash flows from investments in non-financial assets				
Sales of non-financial assets	-44	2,049	2,106	2,215
Purchases of non-financial assets	-857	-4,446	-4,775	-11,420
Net cash flows from investments in non-financial assets	**-900**	**-2,397**	**-2,668**	**-9,205**
Net cash flows from investments in financial assets for policy purposes	**-721**	**1,599**	**316**	**-6,821**
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	6,512	-87	-3,533	-7,736
Net cash flows from investments in financial assets for liquidity purposes	**6,512**	**-87**	**-3,533**	**-7,736**
Cash flows from financing activities				
Borrowing (net)	3,590	31,456	32,653	53,855
Other financing (net)	15	-862	-977	0
Net cash flows from financing activities	**3,605**	**30,594**	**31,676**	**51,580**
Net increase/(decrease) in cash held	**3,476**	**3,203**	**-483**	**-19**
Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))	**-5,920**	**-28,902**	**-28,942**	**-37,042**
Finance leases and similar arrangements(b)	-11	-24	-1	0
GFS cash surplus(+)/deficit(-)	**-5,931**	**-28,927**	**-28,943**	**-37,042**
less Net Future Fund earnings	654	2,439	2,325	3,319
Equals underlying cash balance(c)	**-6,585**	**-31,366**	**-31,268**	**-40,362**
plus Net cash flows from investments in financial assets for policy purposes	-721	1,599	316	-6,821
plus Net Future Fund earnings	654	2,439	2,325	3,319
Equals headline cash balance	**-6,652**	**-27,328**	**-28,627**	**-43,863**

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (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 Australian Bureau of Statistics.

Note 1: Income Tax

	ACTUAL 2014-2015 December $m	ACTUAL 2014-2015 YTD December $m	MYEFO PROFILE 2014-2015 YTD December $m	MYEFO ESTIMATE* 2014-2015 Full Year $m
Individuals and other withholding taxes				
Gross income tax withholding	14,730	84,722	84,484	168,430
Gross other individuals	78	15,766	17,124	40,470
less Refunds	1,272	20,484	20,470	27,500
Total individuals and other withholding taxation	13,536	80,004	81,138	181,400
Company tax	5,708	32,238	31,435	70,930
Superannuation funds	485	3,875	4,095	7,130
Resource rent taxes	27	1,125	1,066	1,830
Fringe benefits tax	33	2,107	2,096	4,480
Total income taxation revenue	**19,790**	**119,349**	**119,830**	**265,770**

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).

Note 2: Indirect Tax

	ACTUAL 2014-2015 December $m	ACTUAL 2014-2015 YTD December $m	MYEFO PROFILE 2014-2015 YTD December $m	MYEFO ESTIMATE* 2014-2015 Full Year $m
Goods and services tax	2,995	28,262	28,609	56,820
Wine equalisation tax	73	382	387	810
Luxury car tax	39	260	255	400
Excise duty	2,498	12,289	12,448	25,360
Customs duty	1,099	5,032	4,764	9,060
Other indirect tax	336	2,090	2,039	3,740
Total indirect taxation revenue	**7,040**	**48,313**	**48,503**	**96,190**

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).

Note 3: Total expenses by function

	ACTUAL 2014-2015 December $m	ACTUAL 2014-2015 YTD December $m	MYEFO ESTIMATE* 2014-2015 Full Year $m
Expenses by function			
General public services	1,582	10,191	25,749
Defence	2,054	12,287	24,994
Public order and safety	427	2,239	4,539
Education	3,027	15,850	31,200
Health	5,016	32,592	67,052
Social security and welfare	14,745	77,686	149,913
Housing and community amenities	369	2,362	4,984
Recreation and culture	279	1,600	3,601
Fuel and energy	581	3,337	7,125
Agriculture, Forestry and Fishing	242	1,153	2,828
Mining, manufacturing and construction	266	1,348	2,781
Transport and communication(a)	651	1,570	7,292
Other economic affairs	907	5,782	10,544
Other purposes			
Public debt interest	1,217	7,270	14,733
Nominal superannuation interest	747	4,481	8,989
General purpose inter-government transactions	4,550	28,463	57,157
Natural disaster relief	0	0	83
Contingency reserve	0	0	-665
Total expenses	**36,661**	**208,211**	**422,898**

*As published in the 2014-15 Mid-Year Economic and Fiscal Outlook (MYEFO).

NOTES:

Australian Accounting Standard 1049

The Australian Government Monthly Financial Statements have been prepared on a basis consistent with the Budget as required under section 47 of the *Public Governance, Performance and Accountability Act 2013*. The statements are prepared in accordance with the Australian Accounting Standards Board 1049 – *Whole of Government and General Government Sector Financial Reporting* (AASB 1049), which require treatment 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.

Taxation Revenue

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 therefore estimates, in accordance with the best judgement of the Commissioner of Taxation, and subject to revision. The taxation revenue items not affected are: petroleum resource rent tax, excise duty, customs duty, other taxes and individuals refunds.

Style Conventions

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)

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 Monthly Financial Statements is by the end of the following month. Australia applies a special flexibility option which allows it to publish late the last and first month of a financial year.

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 Australian Office of Financial Management website at http://www.aofm.gov.au/content/borrowing/commonwealth.asp?NavID=32.