



SENATOR THE HON MATHIAS CORMANN
Minister for Finance

MEDIA RELEASE

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AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
JULY AND AUGUST 2014

KEY POINTS

- The underlying cash balance for the 2014-15 financial year to 31 August 2014 was a deficit of \$12,327 million.
- The fiscal balance for the 2014-15 financial year to 31 August 2014 was a deficit of \$9,631 million.

AGGREGATES	ACTUAL 2014-2015 July \$m	ACTUAL 2014-2015 August \$m	ACTUAL 2014-2015 YTD August \$m	Budget Profile 2014-2015 YTD August \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Revenue	34,640	26,712	61,351	60,521	391,348
Expenses	37,169	33,821	70,990	71,370	414,845
Net operating balance	-2,530	-7,109	-9,639	-10,849	-23,497
Net capital investment	-124	116	-7	279	2,359
Fiscal balance	-2,406	-7,225	-9,631	-11,128	-25,855
Receipts(a)	34,049	26,351	60,400	60,107	385,778
Payments(b)	40,028	31,878	71,906	72,009	412,484
Net Future Fund earnings	455	366	821	644	3,068
Underlying cash balance(c)	-6,435	-5,893	-12,327	-12,546	-29,773
Headline cash balance	-6,936	-6,396	-13,332	-12,778	-33,524
Total assets	398,038		400,032		414,620
Total liabilities	656,877		668,896		626,631
Net worth(d)	-258,838		-268,864		-212,010
Net debt(e)	208,149		217,550		226,388

*As published in the 2014-15 Budget.

(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, 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 August 2014 was a deficit of \$12,327 million, compared to the Budget profile deficit of \$12,546 million. The difference of \$219 million relates to higher than expected receipts and lower than expected cash payments.

Fiscal Balance

The fiscal balance for the year to 31 August 2014 was a deficit of \$9,631 million, compared to the Budget profile deficit of \$11,128 million. The difference of \$1,497 million is largely due to higher than expected revenue and slightly lower than forecast expenses.

- **Revenues**

Total revenue was \$831 million higher than the Budget profile, primarily due to higher than expected taxation revenue and dividend income.

- **Expenses**

Total expenses were \$380 million lower than the Budget profile, due to lower than expected supply of goods and services and grants expenses, partially offset by higher personal benefits.

Assets and Liabilities

The net worth of the Australian Government general government sector is a negative net asset position of \$268,864 million as at 31 August 2014. The net debt of the Australian Government general government sector is \$217,550 million as at 31 August 2014. Net financial liabilities of the Australian Government general government sector are \$420,917 million as at 31 August 2014.

Senator the Hon Mathias Cormann
Minister for Finance

10 October 2014

Jane Halton
Secretary of the
Department of Finance
10 October 2014

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Australian Government general government sector operating statement

		ACTUAL 2014-2015 July \$m	ACTUAL 2014-2015 August \$m	ACTUAL 2014-2015 YTD August \$m	Budget Profile 2014-2015 YTD August \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Revenue						
Taxation revenue	1, 2	32,740	24,476	57,216	56,799	368,814
Sales of goods and services		680	783	1,463	1,345	8,928
Interest income		260	270	530	806	4,229
Dividend income		595	462	1,057	467	2,570
Other		365	720	1,086	1,103	6,807
Total revenue		34,640	26,712	61,351	60,521	391,348
Expenses						
Gross operating expenses						
Wages and salaries(a)		1,584	1,564	3,149	3,390	19,638
Superannuation		458	484	942	719	4,291
Depreciation and amortisation		542	555	1,097	1,090	6,644
Supply of goods and services		6,335	6,663	12,998	13,415	79,875
Other operating expenses(a)		380	621	1,001	1,175	6,111
<i>Total gross operating expenses</i>		<i>9,299</i>	<i>9,887</i>	<i>19,186</i>	<i>19,789</i>	<i>116,559</i>
Superannuation interest expense		747	747	1,494	1,546	9,275
Interest expenses		1,253	1,258	2,510	2,566	15,551
Current transfers						
Current grants		10,876	9,295	20,172	20,751	124,121
Subsidy expenses		886	1,290	2,176	2,002	12,184
Personal benefits		13,183	10,576	23,759	23,018	126,336
<i>Total current transfers</i>		<i>24,946</i>	<i>21,162</i>	<i>46,107</i>	<i>45,771</i>	<i>262,641</i>
Capital transfers						
Mutually agreed write-downs		302	201	502	414	2,662
Other capital grants		623	567	1,189	1,284	8,156
<i>Total capital transfers</i>		<i>925</i>	<i>767</i>	<i>1,692</i>	<i>1,698</i>	<i>10,818</i>
Total expenses	3	37,169	33,821	70,990	71,370	414,845
Net operating balance		-2,530	-7,109	-9,639	-10,849	-23,497
Other economic flows						
- included in operating result(b)						
Net write-downs of assets (including bad and doubtful debts)		-536	-768	-1,304	-1,348	-7,037
Assets recognised for the first time		28	38	66	57	346
Net foreign exchange gains		-95	251	156	62	63
Net swap interest received		35	13	48	0	0
Market valuation of debt		-179	-2,924	-3,103	82	372
Other gains/(losses)		1,787	-1,164	623	853	6,259
Total other economic flows		1,040	-4,554	-3,514	-294	1
- included in operating result						
Operating result		-1,489	-11,663	-13,153	-11,142	-23,495
Non-owner movements in equity(b)						
Revaluation of equity investments(c)		1	125	126	0	-2,237
Actuarial revaluations		0	0	0	0	17
Other economic revaluations(d)		-1,305	1,512	208	-53	124
Total other economic flows - included in equity		-1,303	1,637	334	-53	-2,096
Comprehensive result - Total change in net worth		-2,793	-10,026	-12,819	-11,196	-25,591
Net operating balance		-2,530	-7,109	-9,639	-10,849	-23,497
Net acquisition of non-financial assets						
Purchases of non-financial assets		473	522	995	1,361	10,679
less Sales of non-financial assets		23	16	39	25	2,370
less Depreciation		542	555	1,097	1,090	6,644
plus Change in inventories		-76	140	64	7	492
plus Other movements in non-financial assets		44	26	70	26	201
Total net acquisition of non-financial assets		-124	116	-7	279	2,359
Fiscal balance (Net lending/borrowing)(e)		-2,406	-7,225	-9,631	-11,128	-25,855

*As published in the 2014-15 Budget.

(a) Consistent with Australian Bureau of Statistics' (ABS) Government Finance Statistics (GFS) classification, other employee related expenses are 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 July 2014 \$m	ACTUAL as at 31 August 2014 \$m	BUDGET ESTIMATE* as at 30 June 2015 \$m
Assets			
Financial assets			
Cash and deposits	2,771	2,383	2,480
Advances paid	40,383	40,783	45,145
Investments, loans and placements	118,232	117,893	128,753
Other receivables	45,805	46,973	45,489
Equity investments			
Investments in other public sector entities	37,516	38,067	35,506
Equity accounted investments	291	291	303
Investments - shares	39,117	39,656	39,715
Total financial assets	284,114	286,046	297,392
Non-financial assets			
Land	9,205	9,310	8,875
Buildings	24,916	24,706	25,425
Plant, equipment and infrastructure	54,061	54,030	57,347
Inventories	8,130	8,242	7,987
Intangibles	6,037	6,084	5,988
Investment property	239	264	211
Biological assets	35	35	35
Heritage and cultural assets	10,826	10,827	10,588
Assets held for sale	69	56	174
Other non-financial assets	406	431	598
Total non-financial assets	113,925	113,986	117,229
Total assets	398,038	400,032	414,620
Liabilities			
Interest bearing liabilities			
Deposits held	218	223	182
Government securities	357,726	366,799	387,772
Loans	9,914	9,913	13,436
Other borrowing	1,677	1,675	1,376
Total interest bearing liabilities	369,535	378,609	402,766
Provisions and payables			
Superannuation liability(a)	222,365	223,129	163,228
Other employee liabilities	15,073	15,272	15,291
Suppliers payable	4,580	5,776	4,705
Personal benefits provisions and payable	12,534	11,984	11,659
Subsidies provisions and payable	4,285	4,494	3,937
Grants provisions and payable	13,468	12,990	11,154
Other provisions and payables	15,036	16,641	13,891
Total provisions and payables	287,341	290,287	223,865
Total liabilities	656,877	668,896	626,631
Net worth(b)	-258,838	-268,864	-212,010
<i>Net financial worth(c)</i>	<i>-372,763</i>	<i>-382,850</i>	<i>-329,239</i>
<i>Net financial liabilities(d)</i>	<i>410,279</i>	<i>420,917</i>	<i>364,745</i>
<i>Net debt(e)</i>	<i>208,149</i>	<i>217,550</i>	<i>226,388</i>

*As published in the 2014-15 Budget.

(a) For budget reporting purposes, a discount rate applied by actuaries in preparing Long Term Cost Reports is used to value the superannuation liability. 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, advances paid, and loans and placements.

Australian Government general government sector cash flow statement

	ACTUAL 2014-2015 July \$m	ACTUAL 2014-2015 August \$m	ACTUAL 2014-2015 YTD August \$m	Budget Profile 2014-2015 YTD August \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Cash receipts from operating activities					
Taxes received	31,541	23,560	55,101	54,293	360,372
Receipts from sales of goods and services	677	943	1,620	1,328	8,910
Interest receipts	194	237	430	705	3,657
Dividends and income tax equivalents	425	1,012	1,436	2,158	4,257
Other receipts	1,189	584	1,772	1,556	6,339
Total operating receipts	34,026	26,335	60,361	60,040	383,534
Cash payments for operating activities					
Payments for employees	-2,943	-2,108	-5,051	-4,647	-27,022
Payments for goods and services	-7,462	-6,330	-13,792	-14,317	-79,807
Grants and subsidies paid	-13,328	-10,562	-23,890	-24,352	-147,617
Interest paid	-1,189	-752	-1,942	-1,822	-14,174
Personal benefit payments	-14,169	-10,992	-25,161	-24,822	-127,221
Other payments	-318	-592	-910	-683	-5,890
Total operating payments	-39,411	-31,335	-70,746	-70,642	-401,730
Net cash flows from operating activities	-5,386	-5,000	-10,386	-10,602	-18,196
Cash flows from investments in non-financial assets					
Sales of non-financial assets	23	16	39	68	2,244
Purchases of non-financial assets	-616	-543	-1,159	-1,367	-10,753
Net cash flows from investments in non-financial assets	-593	-527	-1,120	-1,300	-8,509
Net cash flows from investments in financial assets for policy purposes	-957	-869	-1,826	-876	-6,819
Cash flows from investments in financial assets for liquidity purposes					
Increase in investments	-567	338	-229	1,764	-7,017
Net cash flows from investments in financial assets for liquidity purposes	-567	338	-229	1,764	-7,017
Cash flows from financing activities					
Borrowing (net)	6,440	5,644	12,084	11,516	42,308
Other financing (net)	-194	25	-168	-448	-2,289
Net cash flows from financing activities	6,246	5,669	11,915	11,068	40,018
Net increase/(decrease) in cash held	-1,257	-388	-1,645	54	-523
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	-5,979	-5,527	-11,506	-11,902	-26,705
Finance leases and similar arrangements(b)	0	0	0	0	0
GFS cash surplus(+)/deficit(-)	-5,979	-5,527	-11,506	-11,902	-26,705
less Net Future Fund earnings	455	366	821	644	3,068
Equals underlying cash balance(c)	-6,435	-5,893	-12,327	-12,546	-29,773
plus Net cash flows from investments in financial assets for policy purposes	-957	-869	-1,826	-876	-6,819
plus Net Future Fund earnings	455	366	821	644	3,068
Equals headline cash balance	-6,936	-6,396	-13,332	-12,778	-33,524

*As published in the 2014-15 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 Australian Bureau of Statistics.

Note 1: Income Tax

	ACTUAL 2014-2015 July \$m	ACTUAL 2014-2015 August \$m	ACTUAL 2014-2015 YTD August \$m	Budget Profile 2014-2015 YTD August \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Individuals and other w ithholding taxes					
Gross income tax w ithholding	14,053	14,300	28,354	28,543	171,170
Gross other individuals	4,699	2,450	7,149	7,367	40,120
less Refunds	4,812	5,239	10,051	10,309	27,700
Total individuals and other w ithholding taxation	13,940	11,512	25,452	25,601	183,590
Company tax	7,744	4,149	11,893	11,068	73,230
Superannuation funds	865	836	1,701	1,934	7,870
Resource rent taxes	8	425	433	452	2,060
Fringe benefits tax	933	56	989	931	4,440
Total income taxation revenue	23,490	16,978	40,468	39,986	271,190

*As published in the 2014-15 Budget.

Note 2: Indirect Tax

	ACTUAL 2014-2015 July \$m	ACTUAL 2014-2015 August \$m	ACTUAL 2014-2015 YTD August \$m	Budget Profile 2014-2015 YTD August \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Goods and services tax	5,920	4,513	10,432	10,504	56,970
Wine equalisation tax	56	64	121	111	790
Luxury car tax	47	48	95	64	360
Excise duty	1,989	1,931	3,920	4,055	26,470
Customs duty	828	774	1,602	1,525	9,270
Other indirect tax	409	168	577	555	3,764
Total indirect taxation revenue	9,250	7,498	16,747	16,814	97,624

*As published in the 2014-15 Budget.

Note 3: Total expenses by function

	ACTUAL 2014-2015 July \$m	ACTUAL 2014-2015 August \$m	ACTUAL 2014-2015 YTD August \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Expenses by function				
General public services	1,525	2,062	3,587	23,185
Defence	1,844	2,181	4,026	24,197
Public order and safety	338	392	730	4,389
Education	4,083	2,008	6,092	29,553
Health	5,631	5,695	11,327	66,892
Social security and welfare	14,967	11,581	26,548	145,773
Housing and community amenities	193	547	740	4,835
Recreation and culture	23	125	148	3,512
Fuel and energy	641	595	1,236	7,058
Agriculture, Forestry and Fishing	134	148	282	2,752
Mining, manufacturing and construction	235	188	423	2,740
Transport and communication	398	276	674	7,286
Other economic affairs	1,130	898	2,028	10,670
Other purposes				
Public debt interest	1,212	1,222	2,433	14,708
Nominal superannuation interest	747	747	1,494	9,275
General purpose inter-government transactions □	4,068	5,155	9,223	57,148
Natural disaster relief	0	0	0	98
Contingency reserve	0	0	0	773
Total expenses	37,169	33,821	70,990	414,845

*As published in the 2014-15 Budget.

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>.