



SENATOR THE HON MATHIAS CORMANN
Minister for Finance

MEDIA RELEASE

8 November 2013

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**AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL
STATEMENTS – SEPTEMBER 2013**

KEY POINTS

- The underlying cash balance for the 2013-14 financial year to 30 September 2013 was a deficit of \$22,929 million.
- The fiscal balance for the 2013-14 financial year to 30 September 2013 was a deficit of \$19,659 million.

AGGREGATES	ACTUAL 2013-2014 September \$m	ACTUAL 2013-2014 YTD September \$m	Budget Profile 2013-2014 YTD September \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Revenue	18,193	79,649	84,229	387,749
Expenses	31,821	99,394	104,030	398,301
Net operating balance	-13,629	-19,745	-19,801	-10,552
Net capital investment	311	-86	438	2,945
Fiscal balance	-13,940	-19,659	-20,239	-13,497
Underlying Cash Receipts(a)	17,896	77,308	79,599	373,156
Underlying Cash Payments	30,262	100,237	101,319	391,198
Underlying cash balance(a)	-12,365	-22,929	-21,720	-18,043
Headline cash balance	-12,436	-24,472	-23,137	-25,278
Total assets		358,144		376,601
Total liabilities		578,814		550,059
Net worth(b)		-220,670		-173,458
Net debt(c)		174,577		178,104

*As published in the 2013-14 Budget.

(a) Excludes net 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 as revenues and expenses vary from month to month. This is particularly so for the first few months of the year.

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 net cash earnings for the Future Fund.

The underlying cash balance for the year to 30 September 2013 was a deficit of \$22,929 million, compared to the Budget profile deficit of \$21,720 million. The difference of \$1,209 million relates to lower than expected underlying cash receipts partially offset by lower than expected underlying cash payments.

Fiscal Balance

The fiscal balance for the year to 30 September 2013 was a deficit of \$19,659 million. This is \$580 million lower than the Budget profile deficit. The difference relates to lower than expected expenses and net capital investment, partially offset by lower than expected revenue.

- **Revenues**

Total revenue was \$4,580 million lower than the Budget profile primarily due to lower than expected taxation revenue. This reflects lower than expected individuals and other withholding taxation, company tax, superannuation fund tax and resource rent taxes.

- **Expenses**

Total expenses were \$4,636 million lower than the Budget profile primarily due to lower than expected grants and subsidies, suppliers and personal benefits expenditure. This is in part consistent with reduced expenditure during the election caretaker period and reflecting timing differences, particularly for grants and subsidies.

Assets and Liabilities

The net worth of the General Government sector is a negative net asset position of \$220,670 million at 30 September 2013. The net debt of the General Government sector is \$174,557 million at 30 September 2013.

Senator the Hon Mathias Cormann
Minister for Finance

8 November 2013

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8 November 2013

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Australian Government General Government Sector – OPERATING STATEMENT

	ACTUAL 2013-2014 September \$m	ACTUAL 2013-2014 YTD September \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Revenue			
Taxation revenue	16,428	74,237	366,664
Sales of goods and services	833	2,246	8,577
Interest income	256	802	4,313
Dividend income	154	548	2,426
Other	521	1,816	5,768
Total revenue	18,193	79,649	387,749
Expenses			
Gross operating expenses			
Wages and salaries(a)	1,590	4,846	19,772
Superannuation	463	1,354	4,039
Depreciation and amortisation	531	1,579	5,813
Supply of goods and services	5,838	18,415	75,918
Other operating expenses(a)	515	1,380	5,467
<i>Total gross operating expenses</i>	<i>8,938</i>	<i>27,572</i>	<i>111,009</i>
Superannuation interest expense	684	2,051	8,462
Interest expenses	1,075	3,211	14,008
Current transfers			
Current grants	7,742	26,489	118,137
Subsidy expenses	2,601	4,678	14,944
Personal benefits	10,148	33,026	121,699
<i>Total current transfers</i>	<i>20,491</i>	<i>64,194</i>	<i>254,780</i>
Capital transfers			
Mutually agreed write-downs	132	672	2,137
Other capital grants	502	1,693	7,905
<i>Total capital transfers</i>	<i>634</i>	<i>2,366</i>	<i>10,042</i>
Total expenses	31,821	99,394	398,301
Net operating balance	-13,629	-19,745	-10,552
Other economic flows			
- included in operating result(b)			
Net write-downs of assets (including bad and doubtful debts)	-714	-1,499	-7,488
Assets recognised for the first time	0	166	559
Net foreign exchange gains	1,245	440	73
Net swap interest received	-44	-509	0
Market valuation of debt	-628	1,107	2,924
Other gains/(losses)	-1,125	2,068	3,655
Total other economic flows			
- included in operating result	-1,267	1,774	-278
Operating result(c)	-14,895	-17,971	-10,830
Non-owner movements in equity(b)			
Revaluation of equity investments	119	119	-2,223
Actuarial revaluations	0	0	140
Other economic revaluations	14	-168	567
Total other economic flows - included in equity	133	-49	-1,517
Comprehensive result - Total change in net worth	-14,762	-18,020	-12,347
Net operating balance	-13,629	-19,745	-10,552
Net acquisition of non-financial assets			
Purchases of non-financial assets	904	1,755	8,755
less Sales of non-financial assets	23	102	346
less Depreciation	531	1,579	5,813
plus Change in inventories	-46	-165	270
plus Other movements in non-financial assets	7	5	78
Total net acquisition of non-financial assets	311	-86	2,945
Fiscal balance (Net lending/borrowing)(e)	-13,940	-19,659	-13,497

*As published in the 2013-14 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) The presentation of other economic flows has changed to align more closely with AASB 1049. The AASB 1049 version of other economic flows is no longer presented.

(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 30 September 2013 \$m	BUDGET ESTIMATE* as at 30 June 2014 \$m
Assets		
Financial assets		
Cash and deposits	4,179	2,679
Advances paid	35,660	41,017
Investments, loans and placements	102,620	112,965
Other receivables(a)	44,958	46,756
Equity investments		
Investments in other public sector entities	26,322	26,208
Equity accounted investments	298	331
Investments - shares	34,213	34,026
<i>Total financial assets</i>	<i>248,251</i>	<i>263,982</i>
Non-financial assets		
Land	8,913	8,719
Buildings	23,731	24,454
Plant, equipment and infrastructure	52,819	54,888
Inventories	7,632	7,206
Intangibles	5,634	5,712
Investment property	193	182
Biological assets	32	37
Heritage and cultural assets	10,556	10,465
Assets held for sale	94	83
Other non-financial assets(a)	288	873
<i>Total non-financial assets</i>	<i>109,893</i>	<i>112,619</i>
Total assets	358,144	376,601
Liabilities		
Interest bearing liabilities		
Deposits held	238	192
Government securities	306,288	321,252
Loans	9,187	11,851
Other borrowing	1,322	1,470
<i>Total interest bearing liabilities</i>	<i>317,036</i>	<i>334,765</i>
Provisions and payables		
Superannuation liability(b)	195,002	148,710
Other employee liabilities	14,442	14,829
Suppliers payable	4,698	4,259
Personal benefits provisions and payable	13,311	13,952
Subsidies provisions and payable	4,536	3,475
Grants provisions and payable	14,539	15,892
Other provisions and payables	15,250	14,178
<i>Total provisions and payables</i>	<i>261,778</i>	<i>215,294</i>
Total liabilities	578,814	550,059
Net worth(c)	-220,670	-173,458
<i>Net financial worth(d)</i>	<i>-330,563</i>	<i>-286,077</i>
<i>Net financial liabilities(e)</i>	<i>356,885</i>	<i>312,285</i>
<i>Net debt(f)</i>	<i>174,577</i>	<i>178,104</i>

*As published in the 2013-14 Budget.

(a) As a result of the 2013-14 Budget there has been a reclassification between other non-financial assets and other receivables.

(b) 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.

(c) Net worth is calculated as total assets minus total liabilities.

(d) Net financial worth equals total financial assets minus total liabilities.

(e) Net financial liabilities equals total liabilities less financial assets other than investments in other public sector entities.

(f) 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 2013-2014 September \$m	ACTUAL 2013-2014 YTD September \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Cash receipts from operating activities			
Taxes received	15,980	71,279	354,854
Receipts from sales of goods and services	553	2,095	8,639
Interest receipts	173	660	4,074
Dividends and income tax equivalents	444	1,138	2,526
Other receipts	1,118	2,880	5,496
Total operating receipts	18,268	78,053	375,589
Cash payments for operating activities			
Payments for employees	-1,683	-6,959	-26,909
Payments for goods and services	-6,427	-20,037	-76,293
Grants and subsidies paid	-9,978	-33,274	-139,740
Interest paid	-470	-1,960	-11,909
Personal benefit payments	-10,349	-34,171	-122,319
Other payments	-390	-1,920	-5,271
Total operating payments	-29,297	-98,320	-382,442
Net cash flows from operating activities	-11,029	-20,268	-6,853
Cash flows from investments in non-financial assets			
Sales of non-financial assets	23	102	405
Purchases of non-financial assets	-894	-1,842	-8,288
Net cash flows from investments in non-financial assets	-871	-1,740	-7,883
Net cash flows from investments in financial assets for policy purposes	-466	-2,389	-10,073
Cash flows from investments in financial assets for liquidity purposes			
Increase in investments	6,273	5,988	-4,919
Net cash flows from investments in financial assets for liquidity purposes	6,273	5,988	-4,919
Cash flows from financing activities			
Borrowing (net)	7,732	20,817	31,996
Other financing (net)	-190	-322	-2,059
Net cash flows from financing activities	7,542	20,494	29,937
Net increase/(decrease) in cash held	1,450	2,085	209
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-)	-11,900	-22,008	-14,736
Finance leases and similar arrangements(b)	-71	-74	-469
GFS cash surplus(+)/deficit(-)	-11,971	-22,082	-15,205
less Net Future Fund earnings	395	847	2,838
Equals underlying cash balance(c)	-12,365	-22,929	-18,043
plus Net cash flows from investments in financial assets for policy purposes	-466	-2,389	-10,073
plus Net Future Fund earnings	395	847	2,838
Equals headline cash balance	-12,436	-24,472	-25,278

*As published in the 2013-14 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 2013-2014 September \$m	ACTUAL 2013-2014 YTD September \$m	BUDGET ESTIMATE* 2012-2013 FULL YEAR \$m
Expenses by function			
General public services	1,576	5,648	23,023
Defence	1,764	5,098	22,045
Public order and safety	321	1,067	4,272
Education	1,492	7,056	29,742
Health	5,490	16,443	64,636
Social security and welfare	11,302	36,861	138,145
Housing and community amenities	1,945	2,576	8,775
Recreation and culture (a)	-236	629	3,696
Fuel and energy	438	1,705	7,586
Agriculture, Forestry and Fishing	264	565	2,654
Mining, manufacturing and construction	175	494	2,431
Transport and communication	230	579	6,453
Other economic affairs	982	2,814	11,283
Other purposes			
Public debt interest	1,015	3,036	12,456
Nominal superannuation interest	684	2,051	8,462
General purpose inter-government transactions	4,379	12,773	52,397
Natural disaster relief	0	0	147
Contingency reserve	0	0	98
Total expenses	31,821	99,394	398,301

* As published in the 2013-14 Budget.

(a) The negative movement in September reflects a reclassification of expenses since August.

NOTES:

The Australian Government monthly financial statements have been prepared on a basis consistent with the Budget as required under section 54 of the *Financial Management and Accountability Act 1997*. 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.

The Australian Government has improved the transparency and accountability of the Monthly Financial Statements 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 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. The exception is the June and July Monthly Financial Statements, for which the IMF has given Australia special dispensation to release before 31 October.

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 2013-2014 September \$m	ACTUAL 2013-2014 YTD September \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Individuals and other withholding taxes			
Gross income tax withholding	12,778	39,433	164,660
Gross other individuals	1,182	7,688	37,490
less Refunds	3,638	14,004	26,800
Total individuals and other withholding taxation	10,322	33,117	175,350
Company tax	549	14,478	73,969
Superannuation funds	-129	1,583	8,480
Resource rent taxes (a)	-325	276	3,420
Fringe benefits tax	13	880	4,320
Total income taxation revenue	10,430	50,334	265,539

*As published in the 2013-14 Budget.

(a) Includes both the Minerals Resource Rent Tax (\$173 million) and the Petroleum Resource Rent Tax (\$103 million). The negative figure (-\$325 million) primarily reflects end of year adjustments for overpaid instalments for 2012-13 (-\$4 million for MRRT and -\$321 million for PRRT).

Note 2: Indirect Tax

	ACTUAL 2013-2014 September \$m	ACTUAL 2013-2014 YTD September \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Goods and services tax	1,841	11,890	53,080
Wine equalisation tax	51	166	780
Luxury car tax	32	109	400
Excise duty	2,492	6,842	26,050
Customs duty	735	2,190	8,830
Carbon pricing mechanism (a)	665	1,995	8,340
Other indirect tax	182	712	3,646
Total indirect taxation revenue	5,998	23,903	101,126

*As published in the 2013-14 Budget.

(a) Revenue from the Carbon pricing mechanism has been estimated based on expected annual results.

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 Dissemination Standards 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>.