



SENATOR THE HON MATHIAS CORMANN
Minister for Finance

MEDIA RELEASE

11 October 2013

**AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL
STATEMENTS – JULY AND AUGUST 2013**

KEY POINTS

- The underlying cash balance for the 2013-14 financial year to 31 August 2013 was a deficit of \$10,563 million.
- The fiscal balance for the 2013-14 financial year to 31 August 2013 was a deficit of \$5,719 million.

AGGREGATES	ACTUAL 2013-2014 July \$m	ACTUAL 2013-2014 August \$m	ACTUAL 2013-2014 YTD August \$m	Budget Profile 2013-2014 YTD August \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Revenue	42,960	18,497	61,456	64,530	387,749
Expenses	34,955	32,617	67,572	70,172	398,301
Net operating balance	8,004	-14,120	-6,116	-5,642	-10,552
Net capital investment	-160	-237	-397	241	2,945
Fiscal balance	8,164	-13,884	-5,719	-5,883	-13,497
Underlying Cash Receipts	37,659	21,753	59,412	60,941	373,156
Underlying Cash Payments	38,172	31,803	69,975	70,258	391,198
Underlying cash balance(a)	-513	-10,050	-10,563	-9,317	-18,043
Headline cash balance	-2,052	-9,984	-12,035	-10,887	-25,278
Total assets	369,260		362,054		376,601
Total liabilities	562,727		567,962		550,059
Net worth(b)	-193,467		-205,908		-173,458
Net debt(c)	153,557		161,253		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 31 August 2013 was a deficit of \$10,563 million, compared to the Budget profile deficit of \$9,317 million. The difference of \$1,246 million relates to lower underlying cash receipts partially offset by lower underlying cash payments.

Fiscal Balance

The fiscal balance for the year to 31 August 2013 was a deficit of \$5,719 million, this is \$164 million lower than the Budget profile deficit. The difference relates to lower expenses and net capital investment, partially offset by lower revenue.

- **Revenues**

Total revenue was \$3,074 million lower than the Budget profile primarily due to lower taxation revenue. This reflects lower company, superannuation fund and individual and other withholding taxation revenue compared to the Budget profile, together with other minor variations including timing of taxation revenues.

- **Expenses**

Total expenses were \$2,600 million lower than the Budget profile primarily due to lower grants and personal benefit expenditure. This is in part consistent with reduced expenditure during the election caretaker period.

Assets and Liabilities

The net worth of the General Government sector is a negative net asset position of \$205,908 million at 31 August 2013. The net debt of the General Government sector is \$161,253 million at 31 August 2013.

Senator the Hon Mathias Cormann
Minister for Finance

11 October 2013

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11 October 2013

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Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2013-2014 July \$m	ACTUAL 2013-2014 August \$m	ACTUAL 2013-2014 YTD August \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Revenue				
Taxation revenue	41,320	16,489	57,809	366,664
Sales of goods and services	680	733	1,413	8,577
Interest income	274	272	546	4,313
Dividend income	70	324	394	2,426
Other	616	679	1,295	5,768
Total revenue	42,960	18,497	61,456	387,749
Expenses				
Gross operating expenses				
Wages and salaries(a)	1,627	1,629	3,255	19,772
Superannuation	445	446	890	4,039
Depreciation and amortisation	542	506	1,048	5,813
Supply of goods and services	5,925	6,651	12,577	75,918
Other operating expenses(a)	408	457	865	5,467
<i>Total gross operating expenses</i>	<i>8,946</i>	<i>9,688</i>	<i>18,635</i>	<i>111,009</i>
Superannuation interest expense	684	684	1,367	8,462
Interest expenses	1,050	1,087	2,137	14,008
Current transfers				
Current grants	10,084	8,664	18,747	118,137
Subsidy expenses	1,094	983	2,077	14,944
Personal benefits	12,110	10,768	22,878	121,699
<i>Total current transfers</i>	<i>23,287</i>	<i>20,415</i>	<i>43,702</i>	<i>254,780</i>
Capital transfers				
Mutually agreed w rite-dow ns	376	164	540	2,137
Other capital grants	612	579	1,191	7,905
<i>Total capital transfers</i>	<i>988</i>	<i>743</i>	<i>1,731</i>	<i>10,042</i>
Total expenses	34,955	32,617	67,572	398,301
Net operating balance	8,004	-14,120	-6,116	-10,552
Other economic flows				
- included in operating result(b)				
Net w rite-dow ns of assets (including bad and doubtful debts)	-341	-443	-785	-7,488
Assets recognised for the first time	50	116	166	559
Net foreign exchange gains	-627	-179	-805	73
Net sw ap interest received	-304	-160	-464	0
Market valuation of debt	-811	2,546	1,735	2,924
Other gains/(losses)	3,392	-198	3,194	3,655
Total other economic flows				
- included in operating result	1,359	1,681	3,040	-278
Operating result(c)	9,363	-12,439	-3,076	-10,830
Non-owner movements in equity(b)				
Revaluation of equity investments	0	0	0	-2,223
Actuarial revaluations	0	0	0	140
Other economic revaluations	-180	-2	-182	567
Total other economic flows - included in equity	-180	-2	-182	-1,517
Comprehensive result - Total change in net worth	9,183	-12,441	-3,258	-12,347
Net operating balance	8,004	-14,120	-6,116	-10,552
Net acquisition of non-financial assets				
Purchases of non-financial assets	582	269	851	8,755
less Sales of non-financial assets	9	70	79	346
less Depreciation	542	506	1,048	5,813
plus Change in inventories	-171	51	-120	270
plus Other movements in non-financial assets	-21	19	-1	78
Total net acquisition of non-financial assets	-160	-237	-397	2,945
Fiscal balance (Net lending/borrowing)(e)	8,164	-13,884	-5,719	-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 31 July 2013 \$m	ACTUAL as at 31 August 2013 \$m	BUDGET ESTIMATE* as at 30 June 2014 \$m
Assets			
Financial assets			
Cash and deposits	2,348	2,729	2,679
Advances paid	34,911	35,270	41,017
Investments, loans and placements	111,202	108,844	112,965
Other receivables(a)	49,874	44,949	46,756
Equity investments			
Investments in other public sector entities	26,230	26,044	26,208
Equity accounted investments	294	294	331
Investments - shares	34,317	34,000	34,026
<i>Total financial assets</i>	<i>259,176</i>	<i>252,130</i>	<i>263,982</i>
Non-financial assets			
Land	8,938	8,935	8,719
Buildings	23,735	23,758	24,454
Plant, equipment and infrastructure	52,874	52,689	54,888
Inventories	7,742	7,710	7,206
Intangibles	5,613	5,673	5,712
Investment property	212	212	182
Biological assets	33	32	37
Heritage and cultural assets	10,543	10,544	10,465
Assets held for sale	134	91	83
Other non-financial assets(a)	262	281	873
<i>Total non-financial assets</i>	<i>110,085</i>	<i>109,925</i>	<i>112,619</i>
Total assets	369,260	362,054	376,601
Liabilities			
Interest bearing liabilities			
Deposits held	178	182	192
Government securities	291,140	297,301	321,252
Loans	9,446	9,339	11,851
Other borrowing	1,254	1,273	1,470
<i>Total interest bearing liabilities</i>	<i>302,018</i>	<i>308,095</i>	<i>334,765</i>
Provisions and payables			
Superannuation liability(b)	193,850	194,439	148,710
Other employee liabilities	14,745	14,264	14,829
Suppliers payable	4,302	4,218	4,259
Personal benefits provisions and payable	13,525	13,053	13,952
Subsidies provisions and payable	3,599	3,562	3,475
Grants provisions and payable	14,714	14,617	15,892
Other provisions and payables	15,975	15,714	14,178
<i>Total provisions and payables</i>	<i>260,709</i>	<i>259,867</i>	<i>215,294</i>
Total liabilities	562,727	567,962	550,059
Net worth(c)	-193,467	-205,908	-173,458
<i>Net financial worth(d)</i>	<i>-303,552</i>	<i>-315,832</i>	<i>-286,077</i>
<i>Net financial liabilities(e)</i>	<i>329,781</i>	<i>341,877</i>	<i>312,285</i>
<i>Net debt(f)</i>	<i>153,557</i>	<i>161,253</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 July \$m	ACTUAL 2013-2014 August \$m	ACTUAL 2013-2014 YTD August \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Cash receipts from operating activities				
Taxes received	35,645	19,654	55,299	354,854
Receipts from sales of goods and services	882	661	1,543	8,639
Interest receipts	240	247	487	4,074
Dividends and income tax equivalents	86	608	694	2,526
Other receipts	921	842	1,763	5,496
Total operating receipts	37,773	22,011	59,785	375,589
Cash payments for operating activities				
Payments for employees	-3,121	-2,155	-5,276	-26,909
Payments for goods and services	-6,513	-7,097	-13,610	-76,293
Grants and subsidies paid	-12,731	-10,564	-23,295	-139,740
Interest paid	-950	-540	-1,490	-11,909
Personal benefit payments	-13,527	-10,296	-23,823	-122,319
Other payments	-763	-766	-1,529	-5,271
Total operating payments	-37,605	-31,418	-69,023	-382,442
Net cash flows from operating activities	168	-9,407	-9,239	-6,853
Cash flows from investments in non-financial assets				
Sales of non-financial assets	9	70	79	405
Purchases of non-financial assets	-565	-384	-949	-8,288
Net cash flows from investments in non-financial assets	-555	-314	-870	-7,883
Net cash flows from investments in financial assets for policy purposes	-1,662	-262	-1,924	-10,073
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-2,408	2,123	-285	-4,919
Net cash flows from investments in financial assets for liquidity purposes	-2,408	2,123	-285	-4,919
Cash flows from financing activities				
Borrowing (net)	4,778	8,306	13,084	31,996
Other financing (net)	-67	-65	-132	-2,059
Net cash flows from financing activities	4,712	8,241	12,952	29,937
Net increase/(decrease) in cash held	254	380	635	209
Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))	-387	-9,721	-10,108	-14,736
Finance leases and similar arrangements(b)	-3	-1	-3	-469
GFS cash surplus(+)/deficit(-)	-390	-9,722	-10,111	-15,205
less Net Future Fund earnings	124	328	452	2,838
Equals underlying cash balance(c)	-513	-10,050	-10,563	-18,043
plus Net cash flows from investments in financial assets for policy purposes	-1,662	-262	-1,924	-10,073
plus Net Future Fund earnings	124	328	452	2,838
Equals headline cash balance	-2,052	-9,984	-12,035	-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 July \$m	ACTUAL 2013-2014 August \$m	ACTUAL 2013-2014 YTD August \$m	BUDGET ESTIMATE* 2012-2013 FULL YEAR \$m
Expenses by function				
General public services	1,994	2,079	4,072	23,023
Defence	1,570	1,763	3,333	22,045
Public order and safety	371	375	746	4,272
Education	3,933	1,631	5,564	29,742
Health	5,301	5,652	10,952	64,636
Social security and welfare	13,518	12,040	25,558	138,145
Housing and community amenities	487	144	631	8,775
Recreation and culture	339	525	864	3,696
Fuel and energy	528	739	1,267	7,586
Agriculture, forestry and fishing	287	14	301	2,654
Mining, manufacturing and construction	155	164	319	2,431
Transport and communication	86	262	348	6,453
Other economic affairs	876	956	1,832	11,283
Other purposes				
Public debt interest	1,002	1,020	2,022	12,456
Nominal superannuation interest	684	684	1,367	8,462
General purpose inter-government transactions	3,825	4,569	8,394	52,397
Natural disaster relief	0	0	0	147
Contingency reserve	0	0	0	98
Total expenses	34,955	32,617	67,572	398,301

* As published in the 2013-14 Budget.

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 July \$m	ACTUAL 2013-2014 August \$m	ACTUAL 2013-2014 YTD August \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Individuals and other w ithholding taxes				
Gross income tax w ithholding	12,533	14,122	26,656	164,660
Gross other individuals	8,461	-1,956	6,505	37,490
/ess Refunds	4,709	5,658	10,366	26,800
Total individuals and other w ithholding taxation	16,285	6,509	22,795	175,350
Company tax	13,474	456	13,929	73,969
Superannuation funds	1,170	542	1,712	8,480
Resource rent taxes (a)	198	403	601	3,420
Fringe benefits tax	840	27	867	4,320
Total income taxation revenue	31,967	7,936	39,904	265,539

*As published in the 2013-14 Budget.

(a) Includes both the Minerals Resource Rent Tax and the Petroleum Resource Rent Tax.

Note 2: Indirect Tax

	ACTUAL 2013-2014 July \$m	ACTUAL 2013-2014 August \$m	ACTUAL 2013-2014 YTD August \$m	BUDGET ESTIMATE* 2013-2014 FULL YEAR \$m
Goods and services tax	5,151	4,898	10,049	53,080
Wine equalisation tax	63	51	115	780
Luxury car tax	41	36	77	400
Excise duty	2,399	1,951	4,350	26,050
Customs duty	726	729	1,455	8,830
Carbon pricing mechanism (a)	665	665	1,330	8,340
Other indirect tax	308	222	530	3,646
Total indirect taxation revenue	9,353	8,552	17,905	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>.