



SENATOR THE HON MATHIAS CORMANN
Minister for Finance

MEDIA RELEASE

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AUSTRALIAN GOVERNMENT GENERAL GOVERNMENT SECTOR
MONTHLY FINANCIAL STATEMENTS
SEPTEMBER 2014

KEY POINTS

- The underlying cash balance for the 2014-15 financial year to 30 September 2014 was a deficit of \$19,163 million.
- The fiscal balance for the 2014-15 financial year to 30 September 2014 was a deficit of \$19,685 million.

AGGREGATES				
	ACTUAL 2014-2015 September \$m	ACTUAL 2014-2015 YTD September \$m	Budget Profile 2014-2015 YTD September \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Revenue	21,955	83,306	82,874	391,348
Expenses	31,773	102,763	104,777	414,845
Net operating balance	-9,818	-19,456	-21,902	-23,497
Net capital investment	236	229	503	2,359
Fiscal balance	-10,054	-19,685	-22,405	-25,855
Receipts(a)	24,850	85,250	84,241	385,778
Payments(b)	30,784	102,690	104,297	412,484
Net Future Fund earnings	902	1,724	920	3,068
Underlying cash balance(c)	-6,836	-19,163	-20,976	-29,773
Headline cash balance	-5,933	-19,265	-21,370	-33,524
Total assets		400,968		414,620
Total liabilities		676,216		626,631
Net worth(d)		-275,248		-212,010
Net debt(e)		221,330		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, 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 30 September 2014 was a deficit of \$19,163 million, compared to the Budget profile deficit of \$20,976 million. The difference of \$1,813 million relates to lower than expected cash payments and higher than expected receipts.

Fiscal Balance

The fiscal balance for the year to 30 September 2014 was a deficit of \$19,685 million, compared to the Budget profile deficit of \$22,405 million. The difference of \$2,720 million is largely due to slightly higher than expected revenue and lower than forecast expenses.

- **Revenues**

Total revenue was \$432 million higher than the Budget profile, primarily due to higher than expected dividend income.

- **Expenses**

Total expenses were \$2,014 million lower than the Budget profile, due to lower than expected supply of goods and services, wages and salaries 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 \$275,248 million as at 30 September 2014. The net debt of the Australian Government general government sector is \$221,330 million as at 30 September 2014. Net financial liabilities of the Australian Government general government sector are \$427,478 million as at 30 September 2014.

Senator the Hon Mathias Cormann
Minister for Finance

24 October 2014

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24 October 2014

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Australian Government general government sector operating statement

		ACTUAL 2014-2015 YTD September September	ACTUAL 2014-2015 YTD September September	Budget Profile 2014-2015 YTD September	BUDGET ESTIMATE* 2014-2015 Full Year Full Year
	Note	\$m	\$m	\$m	\$m
Revenue					
Taxation revenue	1, 2	20,108	77,324	77,498	368,814
Sales of goods and services		735	2,198	1,957	8,928
Interest income		320	851	1,175	4,229
Dividend income		192	1,249	669	2,570
Other		600	1,685	1,576	6,807
Total revenue		21,955	83,306	82,874	391,348
Expenses					
Gross operating expenses					
Wages and salaries(a)		1,562	4,711	4,992	19,638
Superannuation		513	1,455	1,075	4,291
Depreciation and amortisation		542	1,639	1,635	6,644
Supply of goods and services		6,424	19,422	19,975	79,875
Other operating expenses(a)		472	1,473	1,678	6,111
<i>Total gross operating expenses</i>		<i>9,513</i>	<i>28,699</i>	<i>29,356</i>	<i>116,559</i>
Superannuation interest expense		747	2,241	2,319	9,275
Interest expenses		1,207	3,717	3,830	15,551
Current transfers					
Current grants		7,937	28,109	29,626	124,121
Subsidy expenses		1,052	3,229	3,074	12,184
Personal benefits		10,784	34,543	34,045	126,336
<i>Total current transfers</i>		<i>19,773</i>	<i>65,880</i>	<i>66,745</i>	<i>262,641</i>
Capital transfers					
Mutually agreed w rite-dow ns		29	531	611	2,662
Other capital grants		504	1,693	1,915	8,156
<i>Total capital transfers</i>		<i>533</i>	<i>2,225</i>	<i>2,526</i>	<i>10,818</i>
Total expenses	3	31,773	102,763	104,777	414,845
Net operating balance		-9,818	-19,456	-21,902	-23,497
Other economic flows					
- included in operating result(b)					
Net w rite-dow ns of assets (including bad and doubtful debts)					
		-434	-1,738	-1,717	-7,037
Assets recognised for the first time		38	104	86	346
Net foreign exchange gains		-1,078	-922	62	63
Net sw ap interest received		-58	-10	0	0
Market valuation of debt		2,955	-148	125	372
Other gains/(losses)		1,843	2,466	1,218	6,259
Total other economic flows		3,266	-248	-225	1
- included in operating result					
Operating result		-6,552	-19,705	-22,128	-23,495
Non-owner movements in equity(b)					
Revaluation of equity investments(c)					
Actuarial revaluations		-129	-3	0	-2,237
Other economic revaluations(d)		0	0	0	17
Other economic revaluations(d)		298	505	91	124
Total other economic flows - included in equity		168	502	91	-2,096
Comprehensive result - Total change in net worth		-6,384	-19,203	-22,037	-25,591
Net operating balance		-9,818	-19,456	-21,902	-23,497
Net acquisition of non-financial assets					
Purchases of non-financial assets		775	1,770	2,109	10,679
<i>less</i> Sales of non-financial assets		<i>54</i>	<i>93</i>	<i>32</i>	<i>2,370</i>
<i>less</i> Depreciation		<i>542</i>	<i>1,639</i>	<i>1,635</i>	<i>6,644</i>
<i>plus</i> Change in inventories		<i>58</i>	<i>122</i>	<i>22</i>	<i>492</i>
<i>plus</i> Other movements in non-financial assets		<i>-1</i>	<i>69</i>	<i>40</i>	<i>201</i>
Total net acquisition of non-financial assets		236	229	503	2,359
Fiscal balance (Net lending/borrowing)(e)		-10,054	-19,685	-22,405	-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 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 30 September 2014 \$m	BUDGET ESTIMATE* as at 30 June 2015 \$m
Assets		
Financial assets		
Cash and deposits	3,244	2,480
Advances paid	40,869	45,145
Investments, loans and placements	120,145	128,753
Other receivables	44,771	45,489
Equity investments		
Investments in other public sector entities	37,907	35,506
Equity accounted investments	315	303
Investments - shares	39,394	39,715
<i>Total financial assets</i>	286,645	297,392
Non-financial assets		
Land	9,324	8,875
Buildings	24,827	25,425
Plant, equipment and infrastructure	54,152	57,347
Inventories	8,288	7,987
Intangibles	6,100	5,988
Investment property	235	211
Biological assets	34	35
Heritage and cultural assets	10,835	10,588
Assets held for sale	63	174
Other non-financial assets	466	598
<i>Total non-financial assets</i>	114,323	117,229
Total assets	400,968	414,620
Liabilities		
Interest bearing liabilities		
Deposits held	223	182
Government securities	373,407	387,772
Loans	10,283	13,436
Other borrowing	1,675	1,376
<i>Total interest bearing liabilities</i>	385,588	402,766
Provisions and payables		
Superannuation liability(a)	223,859	163,228
Other employee liabilities	15,367	15,291
Suppliers payable	4,955	4,705
Personal benefits provisions and payable	12,201	11,659
Subsidies provisions and payable	4,482	3,937
Grants provisions and payable	13,247	11,154
Other provisions and payables	16,517	13,891
<i>Total provisions and payables</i>	290,628	223,865
Total liabilities	676,216	626,631
Net worth(b)	-275,248	-212,010
<i>Net financial worth(c)</i>	-389,571	-329,239
<i>Net financial liabilities(d)</i>	427,478	364,745
<i>Net debt(e)</i>	221,330	226,388

*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. 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, advances paid, and investments, loans and placements.

Australian Government general government sector cash flow statement

	ACTUAL 2014-2015 September \$m	ACTUAL 2014-2015 YTD September \$m	Budget Profile 2014-2015 YTD September \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Cash receipts from operating activities				
Taxes received	20,738	75,840	74,733	360,372
Receipts from sales of goods and services	646	2,267	2,008	8,910
Interest receipts	260	691	1,040	3,657
Dividends and income tax equivalents	821	2,258	2,359	4,257
Other receipts	326	2,098	2,061	6,339
Total operating receipts	22,793	83,153	82,201	383,534
Cash payments for operating activities				
Payments for employees	-1,646	-6,697	-6,786	-27,022
Payments for goods and services	-6,398	-20,190	-21,399	-79,807
Grants and subsidies paid	-10,208	-34,098	-35,157	-147,617
Interest paid	-351	-2,292	-2,419	-14,174
Personal benefit payments	-10,847	-36,008	-35,253	-127,221
Other payments	-544	-1,454	-1,163	-5,890
Total operating payments	-29,994	-100,740	-102,177	-401,730
Net cash flows from operating activities	-7,201	-17,587	-19,976	-18,196
Cash flows from investments in non-financial assets				
Sales of non-financial assets	2,057	2,097	2,039	2,244
Purchases of non-financial assets	-782	-1,941	-2,119	-10,753
Net cash flows from investments in non-financial assets	1,275	155	-80	-8,509
Net cash flows from investments in financial assets for policy purposes	1	-1,825	-1,314	-6,819
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-1,760	-1,989	4,444	-7,017
Net cash flows from investments in financial assets for liquidity purposes	-1,760	-1,989	4,444	-7,017
Cash flows from financing activities				
Borrowing (net)	8,974	21,058	17,264	42,308
Other financing (net)	-243	-412	-452	-2,289
Net cash flows from financing activities	8,731	20,646	16,812	40,018
Net increase/(decrease) in cash held	1,046	-600	-114	-523
Net cash flows from operating activities and investments in non-financial assets (Surplus+)/deficit(-))	-5,926	-17,432	-20,056	-26,705
Finance leases and similar arrangements(b)	-8	-8	0	0
GFS cash surplus(+)/deficit(-)	-5,934	-17,440	-20,056	-26,705
less Net Future Fund earnings	902	1,724	920	3,068
Equals underlying cash balance(c)	-6,836	-19,163	-20,976	-29,773
plus Net cash flows from investments in financial assets for policy purposes	1	-1,825	-1,314	-6,819
plus Net Future Fund earnings	902	1,724	920	3,068
Equals headline cash balance	-5,933	-19,265	-21,370	-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 September \$m	ACTUAL 2014-2015 YTD September \$m	Budget Profile 2014-2015 YTD September \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Individuals and other withholding taxes				
Gross income tax withholding	13,859	42,213	42,586	171,170
Gross other individuals	836	7,985	8,708	40,120
Less Refunds	3,846	13,897	14,182	27,700
Total individuals and other withholding taxation	10,849	36,301	37,113	183,590
Company tax	3,337	15,230	14,539	73,230
Superannuation funds(a)	-164	1,537	1,834	7,870
Resource rent taxes	53	486	452	2,060
Fringe benefits tax	-1	989	931	4,440
Total income taxation revenue	14,073	54,542	54,868	271,190

*As published in the 2014-15 Budget.

(a) The negative movement in September revenue reflects the higher level of on-assessment refunds issued in September.

Note 2: Indirect Tax

	ACTUAL 2014-2015 September \$m	ACTUAL 2014-2015 YTD September \$m	Budget Profile 2014-2015 YTD September \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Goods and services tax	2,783	13,216	12,868	56,970
Wine equalisation tax	55	175	164	790
Luxury car tax	38	134	98	360
Excise duty	2,170	6,090	6,384	26,470
Customs duty	688	2,290	2,264	9,270
Other indirect tax	300	877	852	3,764
Total indirect taxation revenue	6,034	22,782	22,630	97,624

*As published in the 2014-15 Budget.

Note 3: Total expenses by function

	ACTUAL 2014-2015 September \$m	ACTUAL 2014-2015 YTD September \$m	BUDGET ESTIMATE* 2014-2015 Full Year \$m
Expenses by function			
General public services	1,494	5,080	23,185
Defence	2,084	6,110	24,197
Public order and safety	359	1,089	4,389
Education	1,205	7,297	29,553
Health	5,329	16,656	66,892
Social security and welfare	12,243	38,791	145,773
Housing and community amenities	299	1,039	4,835
Recreation and culture	655	804	3,512
Fuel and energy	506	1,742	7,058
Agriculture, Forestry and Fishing	120	402	2,752
Mining, manufacturing and construction	274	698	2,740
Transport and communication(a)	-282	391	7,286
Other economic affairs	991	3,019	10,670
Other purposes			
Public debt interest	1,163	3,596	14,708
Nominal superannuation interest	747	2,241	9,275
General purpose inter-government transactions	4,585	13,808	57,148
Natural disaster relief	0	0	98
Contingency reserve	0	0	773
Total expenses	31,773	102,763	414,845

*As published in the 2014-15 Budget.

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

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>.