



# MEDIA RELEASE

## THE HON LINDSAY TANNER MP

Minister for Finance and Deregulation

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31 October 2008

35/2008

### AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS

#### July and August 2008

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#### KEY POINTS

- The underlying cash balance for the 2008-09 year to 31 August 2008 was a surplus of \$1,675 million.
- The fiscal balance for the 2008-09 year to 31 August 2008 was a surplus of \$5,138 million.

AGGREGATES	ACTUAL	ACTUAL	ACTUAL	BUDGET
	2008-2009	2008-2009	2008-2009	ESTIMATE
	July	August	YTD August	2008-2009
	\$m	\$m	\$m	FULL YEAR*
				\$m
Revenue	33,445	20,112	53,557	319,464
Expenses	25,808	22,812	48,620	292,470
Net operating balance	7,636	-2,700	4,937	26,994
Net capital investment	-124	-77	-201	3,872
Fiscal balance	7,760	-2,622	5,138	23,122
Underlying cash balance	6,876	-5,201	1,675	21,703
Headline cash balance	7,273	-4,554	2,720	23,648
Total assets	285,159	-8,184	276,975	301,741
Total liabilities	207,108	-4,706	202,402	215,722
Net worth	78,051	-3,478	74,573	86,019
Net debt	-47,923	6,120	-41,803	-44,987

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09*.

The Australian Government in the *Budget Strategy and Outlook Budget Paper No 1 2008-09* in May 2008 initiated major accounting policy reforms that improve transparency, reliability and understanding of the government's financial statements. The government decided that the Budget statements will continue to be 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 will be limited to complying with either ABS GFS or AAS.

The Australian Government monthly financial statements for 2008-09 have been re-designed to provide information consistent with Budget papers as required under section 54 of the *Financial Management and Accountability Act 1997*.

Care needs to be taken when comparing monthly or cumulative data across years and to full year estimates. Revenues and expenses do vary from month-to-month. The accrual framework, including the timing of

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payments and policy decisions, can have a large impact on fiscal aggregates from one year to the next and on year-to-date outcomes.

## **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 cash earnings for the Future Fund Management Agency.

The underlying cash balance for the year to 31 August 2008 was a surplus of \$1,675 million which is \$1,942 million lower than the pro rata Budget estimate for 2008-09. The difference reflects a number of individual variations including the following:

#### **Movements in underlying cash receipts:**

- Higher dividend and interest receipts compared to pro rata Budget estimates; partially offset by
- Lower taxation receipts.

#### **Movements in underlying cash payments:**

Higher payments compared to pro rata Budget estimates for:

- Education grants due to the timing of higher education payments; and
- Personal benefit payments.

### **Fiscal Balance**

The fiscal balance for the year to 31 August 2008 was a surplus of \$5,138 million which is \$1,284 million higher than the Budget pro rata estimate for 2008-09.

## **FINANCIAL OUTCOMES**

### **Revenues and Expenses**

Expenses are \$125 million lower, whilst revenue is \$313 million higher when compared with the Budget pro rata estimate for 2008-09.

The main driver of the lower expenses is suppliers and personal benefits, whilst higher revenue is due to the seasonality of revenue collections.

### **Assets and Liabilities**

The net worth balance within the General Government sector is a positive net asset position of \$74,573 million at 31 August 2008.

Lindsay Tanner MP  
Minister for Finance and Deregulation

31 October 2008

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## Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2008-2009 July	ACTUAL 2008-2009 August	ACTUAL 2008-2009 YTD August	BUDGET ESTIMATE 2008-2009 FULL YEAR*
	\$m	\$m	\$m	\$m
<b>Revenue</b>				
Taxation revenue	31,976	17,123	49,099	299,235
Sales of goods and services	459	504	963	5,699
Interest income	610	599	1,209	6,041
Dividend income	13	1,495	1,508	4,637
Other	386	391	777	3,852
<b>Total revenue</b>	<b>33,445</b>	<b>20,112</b>	<b>53,557</b>	<b>319,464</b>
<b>Expenses</b>				
Gross operating expenses				
Wages and salaries(a)	1,320	1,292	2,612	15,307
Superannuation	294	30	324	2,900
Depreciation and amortisation	432	434	866	5,533
Payment for supply of goods and services	4,308	4,408	8,716	54,888
Other operating expenses	467	301	768	4,178
<i>Total gross operating expenses</i>	<i>6,822</i>	<i>6,464</i>	<i>13,286</i>	<i>82,807</i>
Superannuation interest expense	521	176	697	6,508
Interest expenses	387	334	721	3,897
Current transfers				
Current grants	9,356	7,052	16,407	94,111
Subsidy expenses	571	709	1,279	7,637
Personal benefits	7,605	7,419	15,024	89,899
<i>Total current transfers</i>	<i>17,532</i>	<i>15,179</i>	<i>32,711</i>	<i>191,647</i>
Capital transfers				
Mutually agreed write-downs	92	203	296	1,904
Other capital grants	455	454	909	5,707
<i>Total capital transfers</i>	<i>547</i>	<i>658</i>	<i>1,205</i>	<i>7,611</i>
<b>Total expenses</b>	<b>25,808</b>	<b>22,812</b>	<b>48,620</b>	<b>292,470</b>
<b>Net operating balance</b>	<b>7,636</b>	<b>-2,700</b>	<b>4,937</b>	<b>26,994</b>
<b>Other economic flows</b>				
Revaluation of equity(b)	315	842	1,158	1,456
Net write-downs of assets (including bad and doubtful debts)	-186	-121	-307	-2,531
Assets recognised for the first time	16	53	69	9
Actuarial revaluations	0	0	0	0
Net foreign exchange gains	-176	-559	-735	0
Net swap interest received	-28	-28	-56	-295
Market valuation of debt	-382	-807	-1,189	199
Other economic revaluations(c)	-308	-159	-467	-641
<b>Total other economic flows</b>	<b>-750</b>	<b>-778</b>	<b>-1,528</b>	<b>-1,803</b>
<b>Comprehensive result -</b>				
<b>Total change in net worth</b>	<b>6,887</b>	<b>-3,478</b>	<b>3,409</b>	<b>25,191</b>
<b>Net operating balance</b>	<b>7,636</b>	<b>-2,700</b>	<b>4,937</b>	<b>26,994</b>
<b>Net acquisition of non-financial assets</b>				
Purchases of non-financial assets	349	369	717	9,212
less Sales of non-financial assets	10	15	25	470
less Depreciation	432	434	866	5,533
plus Change in inventories	-41	-7	-49	569
plus Other movements in non-financial assets	10	11	21	94
<b>Total net acquisition of non-financial assets</b>	<b>-124</b>	<b>-77</b>	<b>-201</b>	<b>3,872</b>
<b>Fiscal balance (Net lending/borrowing)(d)</b>	<b>7,760</b>	<b>-2,622</b>	<b>5,138</b>	<b>23,122</b>

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09*.

(a) Consistent with ABS GFS classification, other employee related expenses are reported under other operating expenses.

(b) Revaluations of equity reflects changes in the market valuation of investments. This line also reflects any equity revaluations at the point of disposal or sale

(c) Largely reflects other revaluation of assets and liabilities.

(d) The term fiscal balance is not used by the ABS.

## Australian Government General Government Sector – BALANCE SHEET

	ACTUAL 2008-2009 as at 31 July 2008 \$m	ACTUAL 2008-2009 as at 31 August 2008 \$m	BUDGET ESTIMATE 2008-2009 as at 30 June 2009 \$m
<b>Assets</b>			
Financial assets			
Cash and deposits	1,014	1,533	1,568
Advances paid	20,766	20,662	25,921
Investments, loans and placements	94,729	85,017	84,264
Other receivables	32,409	32,533	32,160
Equity investments			
Investments in other public sector entities	21,606	21,788	18,873
Equity accounted investments	222	222	195
Investments - shares	25,326	26,093	49,133
<i>Total financial assets</i>	<i>196,072</i>	<i>187,847</i>	<i>212,115</i>
Non-financial assets			
Land	7,813	7,816	6,915
Buildings	17,759	17,807	18,194
Plant, equipment and infrastructure	42,004	42,020	44,199
Inventories	6,174	6,134	6,826
Intangibles	2,332	2,319	2,474
Investment property	192	192	148
Biological assets	26	26	8
Heritage and cultural assets	652	647	8,256
Assets held for sale	8,256	8,271	165
Other non-financial assets	3,879	3,897	2,441
<i>Total non-financial assets</i>	<i>89,088</i>	<i>89,129</i>	<i>89,626</i>
<b>Total assets</b>	<b>285,159</b>	<b>276,975</b>	<b>301,741</b>
<b>Liabilities</b>			
Interest bearing liabilities			
Deposits held	322	333	263
Government securities	60,110	57,250	59,336
Loans	7,682	7,356	6,361
Other borrowing	471	470	807
<i>Total interest bearing liabilities</i>	<i>68,586</i>	<i>65,408</i>	<i>66,767</i>
Provisions and payables			
Superannuation liability	100,485	100,238	112,119
Other employee liabilities	8,890	8,966	8,894
Suppliers payable	2,466	2,365	3,388
Personal benefits payable	10,885	10,921	12,017
Subsidies payable	1,382	1,330	896
Grants payable	4,199	4,022	4,770
Other provisions and payables	10,215	9,152	6,871
<i>Total provisions and payables</i>	<i>138,522</i>	<i>136,994</i>	<i>148,956</i>
<b>Total liabilities</b>	<b>207,108</b>	<b>202,402</b>	<b>215,722</b>
<b>Net worth(a)</b>	<b>78,051</b>	<b>74,573</b>	<b>86,019</b>
<i>Net financial worth(b)</i>	<i>-11,037</i>	<i>-14,556</i>	<i>-3,608</i>
<i>Net financial liabilities(c)</i>	<i>32,643</i>	<i>36,344</i>	<i>22,480</i>
<i>Net debt(d)(e)</i>	<i>-47,923</i>	<i>-41,803</i>	<i>-44,987</i>

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09*.

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

(b) Net financial worth equals total financial assets minus total liabilities. That is, it excludes non-financial assets.

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

(d) Net debt equals the sum of deposits held, advances received, government securities loans and other borrowing, minus the sum of cash and deposits, advances paid, and investments, loans and placements.

(e) The net debt estimates include the expected impact of the Future Fund rebalancing its portfolio allocation by increasing its holding of equities, which are not included in the calculation of net debt.

## Australian Government General Government Sector – CASH FLOW STATEMENT

	ACTUAL 2008-2009 July	ACTUAL 2008-2009 August	ACTUAL 2008-2009 YTD August	BUDGET ESTIMATE 2008-2009 FULL YEAR*
	\$m	\$m	\$m	\$m
<b>Cash receipts from operating activities</b>				
Taxes received	32,723	15,649	48,372	292,644
Receipts from sales of goods and services	697	420	1,117	5,694
Interest receipts	567	668	1,236	5,865
Dividends and income tax equivalents	41	1,730	1,770	4,637
Other receipts	483	335	818	3,651
<b>Total operating receipts</b>	<b>34,512</b>	<b>18,802</b>	<b>53,313</b>	<b>312,491</b>
<b>Cash payments for operating activities</b>				
Payments for employees	-1,680	-1,719	-3,399	-20,821
Payments for goods and services	-5,095	-4,690	-9,785	-55,162
Grants and subsidies paid	-10,834	-8,319	-19,153	-106,139
Interest paid	-63	-690	-753	-3,699
Personal benefit payments	-8,522	-7,455	-15,977	-88,800
Other payments	-754	-80	-834	-3,847
<b>Total operating payments</b>	<b>-26,949</b>	<b>-22,953</b>	<b>-49,903</b>	<b>-278,467</b>
<b>Net cash flows from operating activities</b>	<b>7,562</b>	<b>-4,152</b>	<b>3,411</b>	<b>34,024</b>
<b>Cash flows from investments in non-financial assets</b>				
Sales of non-financial assets	10	15	25	470
Purchases of non-financial assets	-400	-490	-890	-8,795
<b>Net cash flows from investments in non-financial assets</b>	<b>-390</b>	<b>-474</b>	<b>-864</b>	<b>-8,325</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>102</b>	<b>73</b>	<b>175</b>	<b>-1,548</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>				
Increase in investments	-8,761	8,677	-84	-23,874
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-8,761</b>	<b>8,677</b>	<b>-84</b>	<b>-23,874</b>
<b>Cash flows from financing activities</b>				
Borrowing (net)	713	-3,701	-2,988	34
Other financing (net)	-23	-19	-42	-670
<b>Net cash flows from financing activities</b>	<b>690</b>	<b>-3,720</b>	<b>-3,030</b>	<b>-636</b>
<b>Net increase/(decrease) in cash held</b>	<b>-796</b>	<b>404</b>	<b>-392</b>	<b>-360</b>
<b>Net cash flows from operating activities and investments in non-financial assets (Surplus(+)/deficit(-))</b>	<b>7,172</b>	<b>-4,626</b>	<b>2,546</b>	<b>25,699</b>
Finance leases and similar arrangements(b)	-1	0	-2	-502
<b>GFS cash surplus(+)/deficit(-)</b>	<b>7,171</b>	<b>-4,627</b>	<b>2,545</b>	<b>25,196</b>
less Future Fund earnings	295	574	870	3,493
<b>Equals underlying cash balance (c)</b>	<b>6,876</b>	<b>-5,201</b>	<b>1,675</b>	<b>21,703</b>
plus net cash flows from investments in financial assets for policy purposes	102	73	175	-1,548
plus Future Fund earnings	295	574	870	3,493
<b>Equals headline cash balance</b>	<b>7,273</b>	<b>-4,554</b>	<b>2,720</b>	<b>23,648</b>

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09*.

(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 –  
INCOME STATEMENT BY FUNCTION**

	ACTUAL 2008-2009 July	ACTUAL 2008-2009 August	ACTUAL 2008-2009 YTD August	BUDGET ESTIMATE 2008-2009 FULL YEAR*
	\$m	\$m	\$m	\$m
<b>Expenses by Purpose</b>				
General Public Services	1,223	1,342	2,566	17,261
Defence	1,624	1,524	3,148	17,896
Public Order and Safety	338	280	617	3,807
Education	2,456	1,144	3,600	18,764
Health	4,302	3,293	7,595	46,032
Social Security and Welfare	8,713	8,392	17,105	102,439
Housing and Community Amenities	206	557	763	3,197
Recreation and Culture	300	108	408	2,907
Fuel and Energy	397	458	854	5,574
Agriculture, Forestry and Fishing	193	165	358	3,058
Mining and Mineral Resources (other than fuels); Manufacturing and Construction	89	186	275	1,834
Transport and Communication	220	357	577	4,727
Other Economic Affairs	550	548	1,098	6,770
Other Purposes				
Public Debt Interest	318	310	628	3,451
Nominal Superannuation Interest	176	176	353	6,508
General Purpose Inter- Government Transactions	4,703	3,966	8,669	47,700
Natural Disaster Relief	0	0	1	93
Contingency Reserve (a)	1	4	5	451
<b>Total Expenses</b>	<b>25,808</b>	<b>22,812</b>	<b>48,620</b>	<b>292,470</b>

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09* .

(a) Asset sale related expenses are treated as a component of the contingency reserve.

**NOTES:**

The framework used as a basis for these statements and notes is generally consistent with the requirements of ABS GFS. The *Financial Management and Accountability Act 1997* requires monthly financial statements to be consistent with the Budget estimates, accordingly, and pursuant to the *Charter of Budget Honesty Act 1998*, this presentation covers the General Government sector based on the same conceptual framework as the Budget.

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 2008-2009 July \$m	ACTUAL 2008-2009 August \$m	ACTUAL 2008-2009 YTD August \$m	BUDGET ESTIMATE 2008-2009 FULL YEAR* \$m
<b>INDIVIDUALS AND OTHER WITHHOLDING TAX</b>				
Gross income tax w itholding	10,481	10,120	20,601	117,410
Gross other individuals	3,544	1,726	5,269	31,300
<i>Less refunds</i>	3,804	4,194	7,998	22,010
<b>Total individuals and other withholding tax</b>	<b>10,220</b>	<b>7,652</b>	<b>17,872</b>	<b>126,700</b>
<b>OTHER SOURCES</b>				
Companies	11,995	1,960	13,955	73,490
Superannuation funds (a)	2,049	644	2,693	9,750
Petroleum Resource Rent Tax	0	630	630	2,920
Fringe Benefits tax (b)	647	42	689	4,110
<b>Total income tax from other sources</b>	<b>14,691</b>	<b>3,275</b>	<b>17,966</b>	<b>90,270</b>
<b>Total income tax</b>	<b>24,911</b>	<b>10,927</b>	<b>35,838</b>	<b>216,970</b>

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09* .

(a) Includes superannuation contributions surcharge.

(b) Negative collections indicate refunds exceed collections.

**Note 2: Indirect Tax**

	ACTUAL 2008-2009 July \$m	ACTUAL 2008-2009 August \$m	ACTUAL 2008-2009 YTD August \$m	BUDGET ESTIMATE 2008-2009 FULL YEAR* \$m
Excise duty	1,876	1,649	3,524	25,180
Customs duty	545	490	1,034	6,300
Other indirect tax (including GST)	4,645	4,058	8,702	50,785
<b>Total indirect tax revenue</b>	<b>7,065</b>	<b>6,196</b>	<b>13,261</b>	<b>82,265</b>

\*As published in *Budget Strategy and Outlook Budget paper No 1 2008-09* .

**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 Data Dissemination 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>.