



MEDIA RELEASE

THE HON LINDSAY TANNER MP

Minister for Finance and Deregulation

14 March 2008

07/2008

AUSTRALIAN GOVERNMENT MONTHLY FINANCIAL STATEMENTS

November and December 2007

KEY POINTS

- The underlying cash balance for the 2007-08 year to 31 December 2007 was a deficit of \$300 million.
- The fiscal balance for the 2007-08 year to 31 December 2007 was a surplus of \$4,609 million.

AGGREGATES	ACTUAL	ACTUAL	ACTUAL	MYEFO
	2007-2008	2007-2008	2007-2008	ESTIMATE
	YTD	December	YTD	FULL YEAR*
	November	December	December	
	\$m	\$m	\$m	\$m
Revenue	121414	21847	143261	295415
Expenses	116141	21900	138041	277860
Net operating balance	5273	-53	5220	17554
Net capital investment	362	250	611	1592
Fiscal balance	4911	-303	4609	15962
Underlying cash balance	-818	518	-300	14834
Headline cash balance	1442	567	2009	22766
Total assets	216670	903	217573	235584
Total liabilities	201450	680	202131	208739
Net worth	15219	223	15442	26845
Net debt	-22112	-1101	-23214	-16094

* As published in the 2007-2008 MYEFO

The Australian Government monthly financial statements for 2007-08 have been re-designed to provide Government Finance Statistics (GFS) information only, whilst past statements included an AAS based set of statements, all analysis and commentary was on a GFS basis.

As a result of a change in accounting policy by the Australian Government which was included in the *Consolidated Financial Statements 2006-07* published on 20 December 2007, these statements now include GST as an Australian Government tax with associated payments to the States and Territories treated as a grant expense.

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

14 March 2008

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FISCAL OUTCOMES

Underlying Cash Balance

The main components of the underlying cash balance are cash from operations and cash movements in the net investment in non-financial assets.

The underlying cash balance for the year to 31 December 2007 was a deficit of \$300 million. This underlying cash balance is \$7.7 billion lower than the 2007-08 MYEFO pro rata. The difference reflects a number of individual variations including the following:

Movements in underlying cash receipts:

Lower receipts compared to pro rata MYEFO estimates from:

- Taxation due to collections typically being higher in the second half of the financial year.

Movements in underlying cash payments:

Higher payments compared to pro rata MYEFO estimates for:

- Personal benefit payments mainly influenced by seasonality factors; and
- Education grants due to the timing of higher education payments.

Fiscal Balance

The fiscal balance for the year to 31 December 2007 was a surplus of \$4,609 million. This fiscal balance is \$3,372 million lower than the 2007-08 MYEFO pro rata estimate.

FINANCIAL OUTCOMES

Revenues and Expenses

GFS Expenses are \$889 million lower when compared with a pro rata of the 2007-08 MYEFO estimate whilst GFS Revenue is \$4,447 million lower when compared with a pro rata of the 2007-08 MYEFO estimate.

The main reason for the lower expenses is due to the timing of grant and personal benefit payments whilst lower 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 \$15,442 million at 31 December 2007.

Lindsay Tanner MP
Minister for Finance and Deregulation

14 March 2008

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14 March 2008

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14 March 2008

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Australian Government General Government Sector – INCOME STATEMENT

	ACTUAL 2007-2008 YTD November	ACTUAL 2007-2008 December	ACTUAL 2007-2008 YTD December	MYEFO ESTIMATE 2007-2008 FULL YEAR*
	\$m	\$m	\$m	\$m
GFS revenue				
Taxation revenue	113,694	20,510	134,204	279,401
Current grants and subsidies	0	0	0	0
Sales of goods and services	2,240	454	2,694	5,191
Interest income	1,935	422	2,357	4,663
Dividend income	1,820	48	1,869	2,707
Other	1,724	413	2,137	3,451
Total GFS revenue	121,414	21,847	143,261	295,415
GFS expenses				
Gross operating expenses				
Depreciation	1,053	211	1,264	2,483
Superannuation	1,090	199	1,289	2,675
Salaries and wages	6,277	1,231	7,508	15,093
Payment for supply of goods and services	22,380	4,526	26,906	58,056
Other operating expenses	1,583	166	1,749	3,314
<i>Total gross operating expenses</i>	<i>32,382</i>	<i>6,333</i>	<i>38,716</i>	<i>81,620</i>
Nominal superannuation interest expense	2,502	500	3,003	6,276
Other interest expenses	1,684	339	2,024	3,992
Other property expenses	0	0	0	0
Current transfers				
Grant expenses	39,171	6,347	45,518	87,139
Subsidy expenses	3,103	642	3,745	7,314
Personal benefit payments in cash	35,311	7,282	42,592	84,487
Other current transfers	0	0	0	0
<i>Total current transfers</i>	<i>77,585</i>	<i>14,271</i>	<i>91,855</i>	<i>178,940</i>
Capital transfers	1,987	456	2,443	7,031
Total GFS expenses	116,141	21,900	138,041	277,860
Net operating balance	5,273	-53	5,220	17,554
Net acquisition of non-financial assets				
Purchases of non-financial assets	1,245	371	1,616	3,715
<i>less</i> Sales of non-financial assets	<i>73</i>	<i>11</i>	<i>84</i>	<i>256</i>
<i>less</i> Depreciation	<i>1,053</i>	<i>211</i>	<i>1,264</i>	<i>2,483</i>
<i>plus</i> Change in inventories	<i>159</i>	<i>87</i>	<i>246</i>	<i>238</i>
<i>plus</i> Other movements in non-financial assets	<i>83</i>	<i>13</i>	<i>97</i>	<i>378</i>
Total net acquisition of non-financial assets	362	250	611	1,592
Net lending/fiscal balance	4,911	-303	4,609	15,962

Australian Government General Government Sector – BALANCE SHEET

	ACTUAL 2007-2008 YTD November	ACTUAL 2007-2008 YTD December	MYEFO ESTIMATE 30-Jun-08
	\$m	\$m	\$m
GFS assets			
Financial assets			
Cash and deposits	1,370	799	1,043
Advances paid	22,038	22,046	25,013
Investments, loans and placements	62,050	63,466	57,039
Other non-equity assets	39,925	39,785	30,625
Equity	42,910	43,046	72,191
<i>Total financial assets</i>	<i>168,294</i>	<i>169,142</i>	<i>185,911</i>
Non-financial assets			
Land	6,859	6,865	6,940
Buildings	16,806	16,881	16,981
Plant, equipment and infrastructure	10,249	10,238	10,931
Inventories	3,376	3,341	3,486
Heritage and cultural assets	8,223	8,221	8,245
Other non-financial assets	2,862	2,884	3,090
<i>Total non-financial assets</i>	<i>48,375</i>	<i>48,431</i>	<i>49,673</i>
Total GFS assets	216,670	217,573	235,584
GFS liabilities			
Deposits held	297	307	263
Advances received	0	0	0
Government securities	57,184	56,887	59,288
Loans	5,486	5,531	7,085
Other borrowing	379	373	365
Superannuation liability	104,430	104,754	106,879
Other employee entitlements and provisions	8,238	8,208	8,479
Other non-equity liabilities	25,436	26,072	26,381
Total GFS liabilities	201,450	202,131	208,739
Net worth	15,219	15,442	26,845
Net financial worth	-33,156	-32,989	-22,828
Net debt	-22,112	-23,214	-16,094

**Australian Government General Government Sector –
CASH FLOW STATEMENT**

	ACTUAL 2007-2008 YTD November	ACTUAL 2007-2008 December	ACTUAL 2007-2008 YTD December	MYEFO ESTIMATE 2007-2008 FULL YEAR*
	\$m	\$m	\$m	\$m
Cash receipts from operating activities				
Taxes received	109,294	20,757	130,051	274,115
Receipts from sales of goods and services	2,348	313	2,660	5,188
Grants and subsidies received	0	0	0	0
Interest receipts	1,693	169	1,862	4,482
Dividends	1,793	57	1,850	2,692
GST input credits received by general government	0	0	0	0
Other receipts	1,486	402	1,888	3,150
Total operating receipts	116,613	21,698	138,311	289,628
Cash payments for operating activities				
Payments for goods and services	-22,007	-5,939	-27,946	-57,977
Grants and subsidies paid	-43,830	-6,581	-50,411	-98,849
Interest paid	-1,434	-213	-1,647	-3,646
Personal benefit payments	-36,910	-7,324	-44,234	-83,983
Salaries, wages and other entitlements	-8,387	-1,488	-9,874	-20,044
GST payments by general government to taxation authority	0	0	0	0
Other payments for operating activities	-1,631	-139	-1,770	-3,272
Total operating payments	-114,198	-21,683	-135,882	-267,771
Net cash flows from operating activities	2,415	14	2,429	21,857
Cash flows from investments in non-financial assets				
Sales of non-financial assets	77	11	88	301
Purchases of non-financial assets	-1,490	568	-922	-3,938
Net cash flows from investments in non-financial assets	-1,413	579	-834	-3,637
Net cash flows from investments in financial assets for policy purposes	458	-19	439	4,550
Cash flows from investments in financial assets for liquidity purposes				
Increase in investments	-1,201	-1,586	-2,787	-24,884
Net cash flows from investments in financial assets for liquidity purposes	-1,201	-1,586	-2,787	-24,884
Cash flows from financing activities				
Advances received (net)	0	0	0	0
Borrowing (net)	-35	416	381	2,542
Deposits received (net)	37	10	47	0
Other financing (net)	-43	15	-29	-540
Net cash flows from financing activities	-42	440	399	2,002
Net increase/decrease in cash held	217	-571	-355	-112
Net cash from operating activities and investments in non-financial assets	1,001	594	1,595	18,220
Finance leases and similar arrangements	-17	-8	-25	-4
GFS cash surplus(+)/deficit(-)	984	586	1,570	18,216
less Future Fund earnings	1,802	68	1,870	3,382
Equals underlying cash balance	-818	518	-300	14,834
plus net cash flows from investments in financial assets for policy purposes	458	-19	439	4,550
plus Future Fund earnings	1,802	68	1,870	3,382
Equals headline cash balance	1,442	567	2,009	22,766

**Australian Government General Government Sector –
STATEMENT OF OTHER ECONOMIC FLOWS**

	ACTUAL 2007-2008 YTD November	ACTUAL 2007-2008 YTD December	MYEFO ESTIMATE 2007-2008 FULL YEAR*
	\$m	\$m	\$m
Opening net worth	2,689	2,689	2,689
Opening net worth adjustments(a)	8,291	8,291	8,291
Adjusted opening net worth	10,980	10,980	10,980
Change in net worth from operating transactions	5,273	5,220	17,554
Change in net worth from other economic flows			
Revaluation of equity(b)	236	91	608
Net written down of assets (including bad and doubtful debts)	-1,193	-1,663	-2,229
Assets recognised for the first time	-69	-81	7
Liabilities recognised for the first time	0	0	0
Actuarial revaluations	0	0	0
Net foreign exchange gains	-163	-1	0
Net swap interest received	-36	-50	-113
Market valuation of debt	-699	17	-381
Other economic revaluations(c)	889	928	419
Total other economic flows	-1,034	-758	-1,689
Closing net worth	15,219	15,442	26,845

(a) Change in net worth arising from a change in 06-07 outcomes.

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

(c) Largely reflects revaluation of assets and liabilities.

**Australian Government General Government Sector –
INCOME STATEMENT BY FUNCTION**

	ACTUAL 2007-2008 YTD November	ACTUAL 2007-2008 December	ACTUAL 2007-2008 YTD December	MYEFO ESTIMATE 2007-2008 FULL YEAR
	\$m	\$m	\$m	\$m
GFS Expenses by Purpose				
General Public Services	7,217	1,988	9,205	15,973
Defence	7,553	654	8,206	19,243
Public Order and Safety	1,674	226	1,900	3,772
Education	8,385	2,397	10,782	17,386
Health	17,542	3,847	21,389	43,357
Social Security and Welfare	39,976	8,037	48,013	95,132
Housing and Community Amenities	1,152	231	1,383	3,345
Recreation and Culture	1,122	193	1,316	2,861
Fuel and Energy	2,004	413	2,417	5,310
Agriculture, Forestry and Fishing	1,335	331	1,666	3,685
Mining and Mineral Resources (other than fuels); Manufacturing and Construction	691	165	856	2,046
Transport and Communication	1,752	235	1,987	4,484
Other Economic Affairs	2,781	154	2,935	6,122
Other Purposes				
Public Debt Interest	1,442	302	1,744	3,517
Nominal Superannuation Interest	851	170	1,022	6,276
General Purpose Inter- Government Transactions	20,361	2,539	22,900	44,965
Natural Disaster Relief	282	22	304	103
Contingency Reserve (a)	21	-5	16	282
Total GFS Expenses	116,141	21,900	138,041	277,860

(a) Asset sale related expenses are now 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 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 on a GFS basis.

With the introduction of Business Activity Statements and Instalment Activity Statements in 2000-2001, taxpayers provide information on payments associated with several types of tax when lodging the statement and paying the aggregate net tax amount. Thus, 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 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 Statement of Revenue and Expenses.

Note 1: Income Tax

	ACTUAL 2007-2008 YTD November \$m	ACTUAL 2007-2008 December \$m	ACTUAL 2007-2008 YTD December \$m	MYEFO ESTIMATE 2007-2008 FULL YEAR* \$m
INDIVIDUALS AND OTHER WITHHOLDING TAX				
Gross income tax w ithholding	47,688	9,204	56,892	113,330
Gross other individuals	10,958	781	11,739	28,110
<i>Less refunds</i>	13,441	935	14,376	19,790
Total individuals and other withholding tax	45,205	9,051	54,256	121,650
OTHER SOURCES				
Companies	26,805	4,164	30,968	65,250
Superannuation funds (a)	6,067	1,429	7,496	10,130
Petroleum Resource Rent Tax	1,001	92	1,094	2,060
Fringe Benefits tax (b)	1,654	66	1,720	3,970
Total income tax from other sources	35,527	5,751	41,278	81,410
Total income tax	80,732	14,802	95,534	203,060

* As published in the 2007-2008 MYEFO

(a) Includes superannuation contributions surcharge.

(b) Negative collections indicate refunds exceed collections.

Note 2: Indirect Tax

	ACTUAL 2007-2008 YTD November \$m	ACTUAL 2007-2008 December \$m	ACTUAL 2007-2008 YTD December \$m	MYEFO ESTIMATE 2007-2008 FULL YEAR* \$m
Excise duty	9,762	2,448	12,211	23,090
Customs duty	2,513	584	3,097	6,010
Other indirect tax (including GST)	20,686	2,676	23,362	47,241
Total indirect tax revenue	32,962	5,708	38,670	76,341

* As published in the 2007-2008 MYEFO

Note 3: Goods and Services Tax

These statements reflect the GST as an Australian Government tax, with associated payments.

	ACTUAL 2007-2008 YTD November \$m	ACTUAL 2007-2008 December \$m	ACTUAL 2007-2008 YTD December \$m	MYEFO ESTIMATE 2007-2008 FULL YEAR* \$m
GST Revenue (a)	19,042	2,385	21,427	43,530

* As published in the 2007-2008 MYEFO

(a) GST revenue is presented in this note on an accrual basis. This differs from GST cash receipts, on which payments to the States and Territories are based.

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) 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>. 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>.