



**Australian
Bureau of
Statistics**

**30 June 1993 and 1994
Public Sector Financial Assets
and Liabilities, Australia**

Catalogue No. 5513.0

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**PUBLIC SECTOR FINANCIAL ASSETS
AND LIABILITIES, AUSTRALIA
30 JUNE 1993 and 1994**

IAN CASTLES
Australian Statistician

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 5513.0

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INQUIRIES

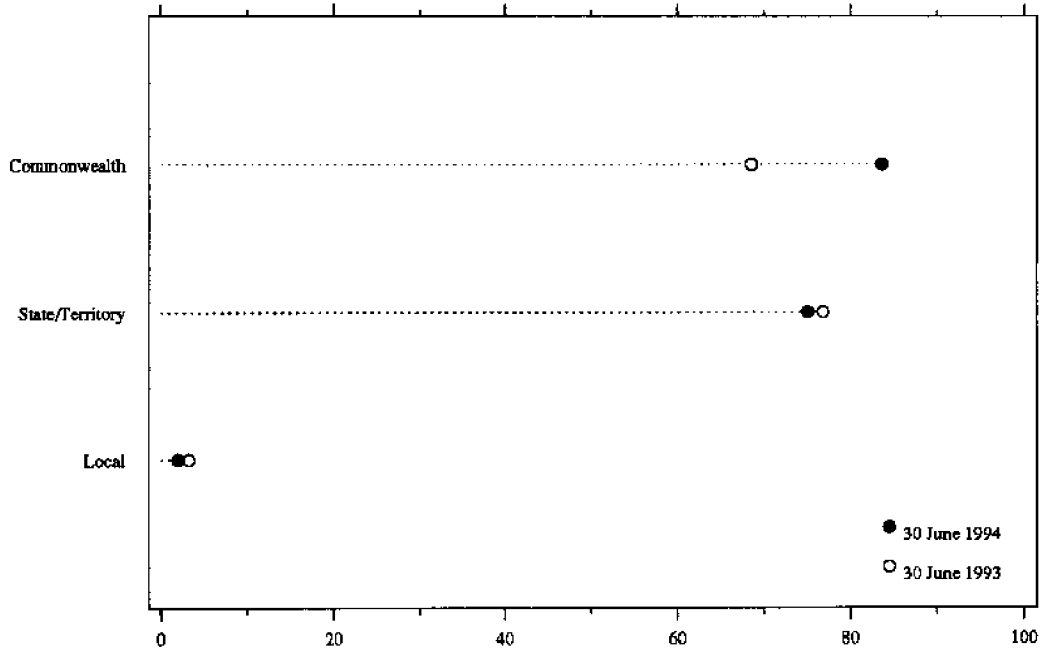
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SUMMARY OF FINDINGS

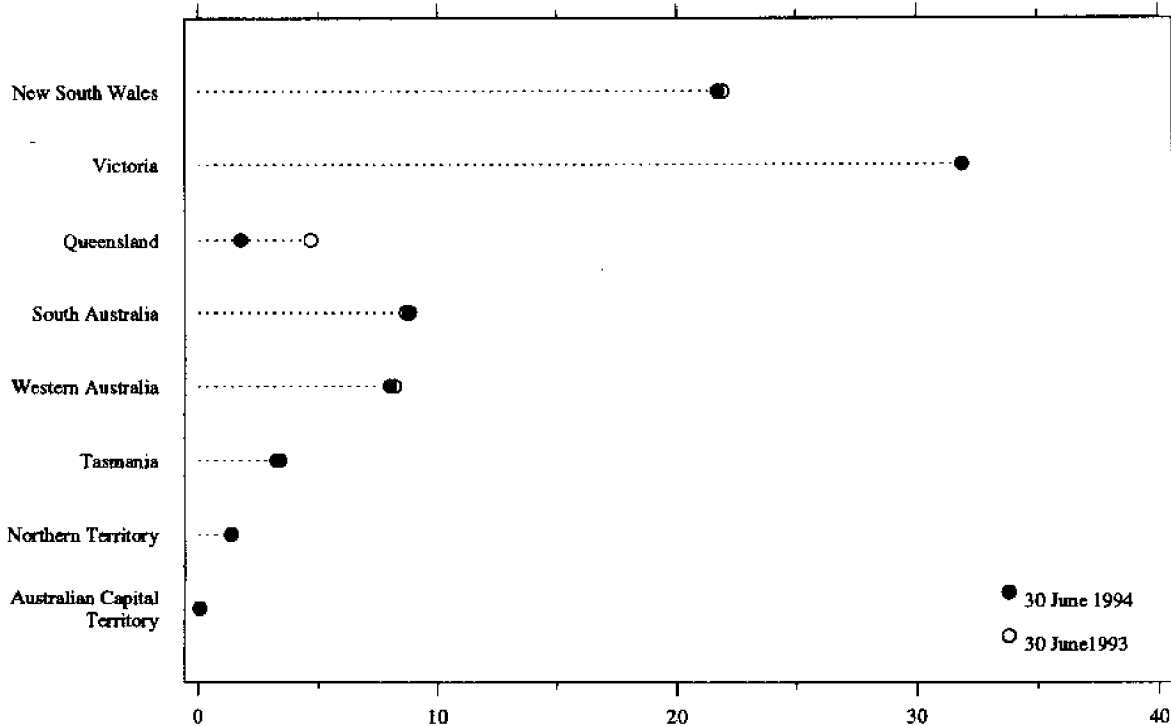
The net debt (liabilities less financial assets) of the Australian non-financial public sector was \$161,362 million at 30 June 1994, an increase of \$12,632 million (8.5%) on the net debt at 30 June 1993. The ratio of the net debt to gross domestic product (GDP) increased from 36.8 per cent at 30 June 1993 to 37.9 per cent at 30 June 1994. The Commonwealth government share of the total net debt increased from 46.1 per cent at 30 June 1993 to 51.8 per cent at 30 June 1994, while the State government share decreased from 51.7 per cent to 46.6 per cent. The local government share of the net debt declined from 2.2 per cent to 1.6 per cent.

Note: where values are the same or very close, only one 'dot' appears in the dot graphs in this publication.

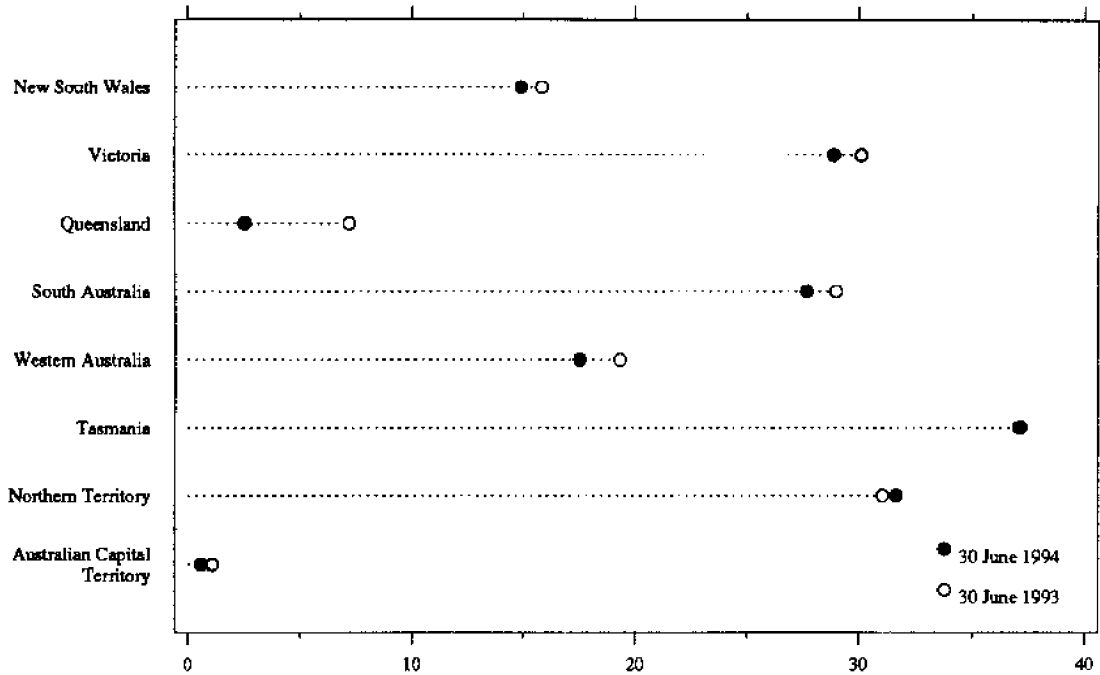
**NET DEBT OF COMMONWEALTH,
STATE/TERRITORY AND LOCAL GOVERNMENTS**
\$'000 million



**NET DEBT OF STATE/TERRITORY
AND LOCAL GOVERNMENTS**
\$'000 million



**NET DEBT OF STATE/TERRITORY
AND LOCAL GOVERNMENTS**
(as a percentage of Gross State Product (GSP))



Commonwealth government liabilities at 30 June 1994 included \$16,660 million borrowed on behalf of the State/Territory and local governments. This comprised 15.4 per cent of Commonwealth liabilities, compared to 19.4 per cent at 30 June 1993. Amounts outstanding on advances received by State/Territory and local governments from the Commonwealth decreased from 15 per cent of total State/Territory and local government liabilities at 30 June 1993 to 13.2 per cent at 30 June 1994.

**COMMONWEALTH BORROWING ON BEHALF OF STATE/TERRITORY AND
LOCAL GOVERNMENTS AND TOTAL LIABILITIES AT 30 JUNE 1994**
\$'000 million

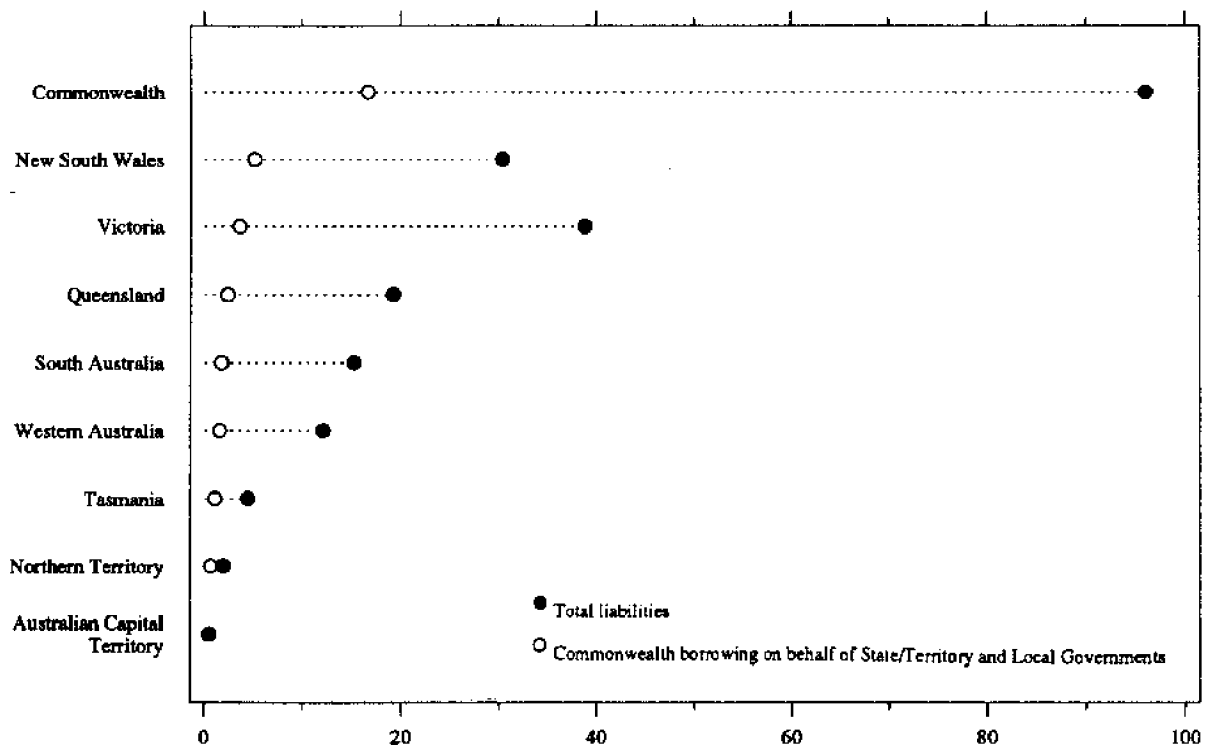


TABLE 1. FINANCIAL ASSETS AND LIABILITIES OF COMMONWEALTH, STATE/TERRITORY AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	Commonwealth and State/Territory Governments			
	General governments	Public trading enterprises	Commonwealth and State/Territory governments	Commonwealth, State/Territory and local governments
AT 30 JUNE 1993				
Liabilities				
Deposits held	5,431	481	2,919	2,789
Advances received	—	11,093	—	—
Other borrowings(b)	126,998	53,456	179,878	186,313
Gross debt	132,429	65,030	182,797	189,102
Financial assets				
Cash and deposits	4,064	4,351	7,413	8,599
Advances paid	14,440	1,689	6,230	5,694
Other lending(c)	21,135	6,279	23,653	26,078
Total cash, deposits and lending	39,640	12,319	37,296	40,371
Net debt(d)	92,789	52,712	145,501	148,730
Unfunded employee entitlements	91,598	7,355	98,952	n.a.
AT 30 JUNE 1994				
Liabilities				
Deposits held	6,339	362	2,940	2,799
Advances received	—	10,393	—	—
Other borrowings(b)	148,415	48,577	196,955	203,702
Gross debt	154,754	59,332	199,895	206,577
Financial assets				
Cash and deposits	5,299	3,790	7,938	9,642
Advances paid	12,888	1,510	5,110	5,076
Other lending(c)	25,759	6,019	28,026	30,496
Total cash, deposits and lending	43,946	11,318	41,074	45,214
Net debt(d)	110,808	48,013	158,821	161,362
Unfunded employee entitlements	89,282	6,790	96,072	n.a.

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).
 (b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 2. FINANCIAL ASSETS AND LIABILITIES OF COMMONWEALTH GOVERNMENT(a)
(\$ million)

Item	Commonwealth Government		
	General government	Public trading enterprises	Commonwealth government
AT 30 JUNE 1993			
Liabilities			
Deposits held	299	—	299
Advances received	—	2,146	—
Other borrowings(b)	79,109	16,679	95,781
Gross debt	79,408	18,825	96,080
Financial assets			
Cash and deposits	1,117	1,167	2,284
Advances paid	23,100	—	20,954
Other lending(c)	298	3,926	4,218
Total cash, deposits and lending	24,515	5,093	27,456
Net debt(d)	54,893	13,732	68,624
Unfunded employee entitlements	40,300	770	41,070
AT 30 JUNE 1994			
Liabilities			
Deposits held	340	—	340
Advances received	—	1,735	—
Other borrowings(b)	93,910	14,126	108,029
Gross debt	94,250	15,862	108,370
Financial assets			
Cash and deposits	596	802	1,398
Advances paid	21,350	—	19,615
Other lending(c)	304	3,395	3,693
Total cash, deposits and lending	22,250	4,197	24,706
Net debt(d)	72,000	11,664	83,664
Unfunded employee entitlements	41,400	696	42,096

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes). (b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 3. FINANCIAL ASSETS AND LIABILITIES OF NEW SOUTH WALES STATE AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 JUNE 1993				
Liabilities				
Deposits held	2,551	117	677	677
Advances received	5,564	1,654	5,564	5,679
Other borrowings(b)	13,954	7,943	21,897	24,065
Gross debt	22,069	9,714	28,138	30,421
Financial Assets				
Cash and deposits	1,532	1,173	2,705	2,999
Advances paid	1,836	19	201	275
Other lending(c)	5,372	887	4,268	5,217
Total cash, deposits and lending	8,740	2,079	7,174	8,490
Net debt(d)	13,329	7,635	20,964	21,931
Unfunded employee entitlements	14,798	3,206	18,004	n.a.
AT 30 JUNE 1994				
Liabilities				
Deposits held	3,631	115	1,135	1,188
Advances received	5,164	1,634	5,166	5,242
Other borrowings(b)	16,702	7,818	24,519	26,764
Gross debt	25,497	9,567	30,820	33,194
Financial Assets				
Cash and deposits	2,612	1,234	3,846	4,492
Advances paid	1,866	148	381	381
Other lending(c)	6,330	1,013	4,732	5,943
Total cash, deposits and lending	10,808	2,394	8,959	10,817
Net debt(d)	14,689	7,173	21,862	22,377
Unfunded employee entitlements	14,636	3,044	17,680	n.a.

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).
 (b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 4. FINANCIAL ASSETS AND LIABILITIES OF VICTORIA STATE AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 JUNE 1993				
Liabilities				
Deposits held	30	19	44	83
Advances received	4,096	1,744	4,184	4,207
Other borrowings(b)	19,956	13,753	33,709	34,639
Gross debt	24,081	15,517	37,937	38,929
Financial Assets				
Cash and deposits	732	674	1,401	1,709
Advances paid	1,856	524	724	744
Other lending(c)	3,556	408	3,963	4,583
Total cash, deposits and lending	6,144	1,605	6,089	7,036
Net debt(d)	17,937	13,911	31,849	31,893
Unfunded employee entitlements	19,703	884	20,587	20,962
AT 30 JUNE 1994				
Liabilities				
Deposits held	291	29	301	341
Advances received	3,568	1,621	3,581	3,606
Other borrowings(b)	20,233	13,443	33,676	34,576
Gross debt	24,092	15,093	37,558	38,523
Financial Assets				
Cash and deposits	958	380	1,319	1,669
Advances paid	1,694	418	504	524
Other lending(c)	3,012	814	3,826	4,446
Total cash, deposits and lending	5,663	1,611	5,649	6,639
Net debt(d)	18,429	13,481	31,910	31,885
Unfunded employee entitlements	16,002	655	16,657	17,042

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).
 (b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 5. FINANCIAL ASSETS AND LIABILITIES OF QUEENSLAND STATE AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 JUNE 1993				
Liabilities				
Deposits held	929	173	712	712
Advances received	2,781	787	2,781	2,751
Other borrowings(b)	7,521	5,446	12,895	15,806
<i>Gross debt</i>	<i>11,230</i>	<i>6,406</i>	<i>16,388</i>	<i>19,269</i>
Financial Assets				
Cash and deposits	133	453	196	541
Advances paid	1,828	354	1,396	1,346
Other lending(c)	11,903	317	12,149	12,704
<i>Total cash, deposits and lending</i>	<i>13,864</i>	<i>1,124</i>	<i>13,740</i>	<i>14,591</i>
Net debt(d)	-2,633	5,281	2,648	4,679
Unfunded employee entitlements	5,855	466	6,321	n.a.
AT 30 JUNE 1994				
Liabilities				
Deposits held	802	178	552	552
Advances received	2,364	762	2,364	2,357
Other borrowings(b)	6,527	4,073	10,528	13,422
<i>Gross debt</i>	<i>9,693</i>	<i>5,013</i>	<i>13,443</i>	<i>16,330</i>
Financial Assets				
Cash and deposits	138	488	198	590
Advances paid	1,722	240	1,200	1,178
Other lending(c)	12,021	338	12,287	12,797
<i>Total cash, deposits and lending</i>	<i>13,882</i>	<i>1,066</i>	<i>13,685</i>	<i>14,565</i>
Net debt(d)	-4,189	3,947	-242	1,765
Unfunded employee entitlements	5,793	451	6,244	n.a.

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).
(b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 6. FINANCIAL ASSETS AND LIABILITIES OF SOUTH AUSTRALIA STATE AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	State/Territory Government			State and local government
	General government	Public trading enterprises	State government	
AT 30 JUNE 1993				
Liabilities				
Deposits held	840	153	853	824
Advances received	1,834	1,213	1,834	1,888
Other borrowings(b)	9,264	2,664	11,921	12,490
<i>Gross debt</i>	<i>11,939</i>	<i>4,029</i>	<i>14,609</i>	<i>15,201</i>
Financial Assets				
Cash and deposits	44	221	124	192
Advances paid	2,007	36	830	848
Other lending(c)	5,134	47	5,174	5,495
<i>Total cash, deposits and lending</i>	<i>7,185</i>	<i>303</i>	<i>6,129</i>	<i>6,535</i>
Net debt(d)	4,754	3,726	8,480	8,666
Unfunded employee entitlements	4,577	499	5,076	5,110
AT 30 JUNE 1994				
Liabilities				
Deposits held	387	26	252	144
Advances received	1,713	1,275	1,713	1,766
Other borrowings(b)	14,129	2,387	16,514	17,047
<i>Gross debt</i>	<i>16,229</i>	<i>3,688</i>	<i>18,479</i>	<i>18,957</i>
Financial Assets				
Cash and deposits	453	180	472	518
Advances paid	1,524	23	272	302
Other lending(c)	9,022	38	9,058	9,312
<i>Total cash, deposits and lending</i>	<i>10,999</i>	<i>241</i>	<i>9,802</i>	<i>10,132</i>
Net debt(d)	5,230	3,447	8,677	8,825
Unfunded employee entitlements	4,545	502	5,047	5,089

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).

(b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 7. FINANCIAL ASSETS AND LIABILITIES OF WESTERN AUSTRALIA STATE AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 JUNE 1993				
Liabilities				
Deposits held	559	10	129	129
Advances received	1,020	1,556	1,717	1,719
Other borrowings(b)	4,505	5,582	10,032	10,230
Gross debt	6,084	7,149	11,878	12,078
Financial Assets				
Cash and deposits	95	480	135	350
Advances paid	1,245	369	755	796
Other lending(c)	2,187	549	2,680	2,732
Total cash, deposits and lending	3,527	1,398	3,570	3,878
Net debt(d)	2,557	5,751	8,308	8,201
Unfunded employee entitlements	3,968	1,141	5,109	n.a.
AT 30 JUNE 1994				
Liabilities				
Deposits held	581	7	137	137
Advances received	898	1,404	1,586	1,587
Other borrowings(b)	4,625	5,297	9,865	10,087
Gross debt	6,104	6,707	11,588	11,811
Financial Assets				
Cash and deposits	139	496	184	439
Advances paid	1,103	325	711	747
Other lending(c)	2,235	341	2,520	2,615
Total cash, deposits and lending	3,477	1,162	3,415	3,801
Net debt(d)	2,627	5,545	8,172	8,009
Unfunded employee entitlements	4,227	1,064	5,291	n.a.

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).

(b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 8. FINANCIAL ASSETS AND LIABILITIES OF TASMANIA STATE AND LOCAL GOVERNMENTS(a)
(\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 JUNE 1993				
Liabilities				
Deposits held	166	4	83	87
Advances received	1,221	784	1,216	1,219
Other borrowings(b)	1,620	1,419	2,958	3,130
Gross debt	3,007	2,207	4,256	4,436
Financial Assets				
Cash and deposits	246	114	273	357
Advances paid	1,092	36	339	328
Other lending(c)	383	180	481	476
Total cash, deposits and lending	1,721	331	1,093	1,161
Net debt(d)	1,287	1,877	3,163	3,275
Unfunded employee entitlements	1,172	334	1,506	1,514
AT 30 JUNE 1994				
Liabilities				
Deposits held	227	4	130	110
Advances received	1,070	773	1,068	1,067
Other borrowings(b)	2,520	1,456	3,913	4,106
Gross debt	3,817	2,234	5,111	5,283
Financial Assets				
Cash and deposits	259	118	276	382
Advances paid	928	32	185	180
Other lending(c)	1,277	109	1,323	1,330
Total cash, deposits and lending	2,465	260	1,784	1,891
Net debt(d)	1,353	1,974	3,326	3,392
Unfunded employee entitlements	1,203	311	1,514	1,529

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).

(b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 9. FINANCIAL ASSETS AND LIABILITIES OF NORTHERN TERRITORY TERRITORY AND LOCAL GOVERNMENTS(a)
 (\$ million)

<i>Item</i>	<i>State/Territory Government</i>			
	<i>General government</i>	<i>Public trading enterprises</i>	<i>State government</i>	<i>State and local government</i>
AT 30 JUNE 1993				
Liabilities				
Deposits held	50	3	10	11
Advances received	701	783	701	701
Other borrowings(b)	1,202	22	1,223	1,224
<i>Gross debt</i>	<i>1,952</i>	<i>808</i>	<i>1,934</i>	<i>1,936</i>
Financial Assets				
Cash and deposits	53	53	63	83
Advances paid	820	225	263	242
Other lending(c)	238	1	239	244
<i>Total cash, deposits and lending</i>	<i>1,112</i>	<i>278</i>	<i>564</i>	<i>570</i>
Net debt(d)	841	530	1,370	1,367
Unfunded employee entitlements	905	16	921	923
AT 30 JUNE 1994				
Liabilities				
Deposits held	75	2	18	20
Advances received	674	773	674	675
Other borrowings(b)	1,342	21	1,362	1,366
<i>Gross debt</i>	<i>2,090</i>	<i>796</i>	<i>2,054</i>	<i>2,060</i>
Financial Assets				
Cash and deposits	105	69	115	132
Advances paid	821	201	249	230
Other lending(c)	293	1	293	309
<i>Total cash, deposits and lending</i>	<i>1,219</i>	<i>270</i>	<i>657</i>	<i>671</i>
Net debt(d)	871	526	1,396	1,390
Unfunded employee entitlements	1,058	18	1,077	1,080

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).
 (b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

TABLE 10. FINANCIAL ASSETS AND LIABILITIES OF AUSTRALIAN CAPITAL TERRITORY GOVERNMENT(a)
(\$ million)

Item	Territory Government		
	General government	Public trading enterprises	Territory government
AT 30 JUNE 1993			
Liabilities			
Deposits held	9	1	1
Advances received	33	427	444
Other borrowings(b)	75	11	85
<i>Gross debt</i>	<i>117</i>	<i>439</i>	<i>530</i>
Financial Assets			
Cash and deposits	112	16	119
Advances paid	14	126	126
Other lending(c)	164	28	192
<i>Total cash, deposits and lending</i>	<i>291</i>	<i>170</i>	<i>437</i>
Net debt(d)	-174	269	93
Unfunded employee entitlements	321	39	359
AT 30 JUNE 1994			
Liabilities			
Deposits held	7	1	1
Advances received	33	415	435
Other borrowings(b)	82	8	90
<i>Gross debt</i>	<i>123</i>	<i>424</i>	<i>527</i>
Financial Assets			
Cash and deposits	40	24	56
Advances paid	11	123	123
Other lending(c)	272	21	294
<i>Total cash, deposits and lending</i>	<i>324</i>	<i>168</i>	<i>473</i>
Net debt(d)	-201	256	54
Unfunded employee entitlements	418	48	466

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes).

(b) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (c) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (d) Gross debt less Total cash, deposits and lending.

EXPLANATORY NOTES

Introduction

This publication provides statistics on selected financial assets and liabilities of the Australian non-financial public sector. The sector comprises all bodies owned or controlled by the Commonwealth, State/Territory and local governments with the exception of government financial institutions (government banks and insurance offices). The statistics encompass all lending and borrowing undertaken by Australian governments, as well as all deposits they have made or held. The statistics exclude accounts payable/receivable, assets representing equity in other organisations and the equity of public trading enterprises. Statistics on unfunded employee entitlements are published as separate items. Unfunded employee entitlements are not included in gross or net debt.

2. Statistics are listed for deposits held, advances received, other borrowings, cash and deposits, advances paid, and other lending, and for the net debt of governments in relation to these categories, as at 30 June 1993 and 30 June 1994. Statistics are presented on a level of government basis and by Commonwealth or State/Territory and local jurisdiction. All tables also contain an institutional sector dissection (general government, public trading enterprises).

Scope

3. The statistics in this publication cover public trading enterprises and general government bodies owned or controlled by the Commonwealth, State and local governments. *Public trading enterprises* are undertakings which aim to recover a substantial proportion of their expenses by revenue from the sale of goods and services. *General government* bodies are all the agencies of government not classified as either public trading enterprises or financial enterprises (see paragraph 4), that is, all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. The central borrowing authorities (CBAs) of State governments are included within general government.

4. Public financial enterprises are bodies primarily engaged in financial transactions in the market involving both the incurring of liabilities and the acquisition of financial assets. The ABS treats all State/Territory housing finance schemes as financial institutions. All public financial enterprises are excluded from the scope of public sector financial asset and liability statistics because a large part of their operations is considered to have little in common with the operations of the non-financial public sector.

5. Therefore, public sector financial asset and liability statistics are consistent in scope with ABS government finance statistics. However, some enterprises included in government finance statistics which do not have significant holdings of financial assets and liabilities have not been included in the public sector financial asset and liability statistics.

Interstate comparisons

6. Comparisons of financial asset and liability statistics for State/Territory governments may be significantly affected by differences between jurisdictions in the mix of operations undertaken by State governments and local governments, with consequent differences in the distribution of debt between these two sectors. Statistics are provided for the combined State/Territory and local government sectors for each jurisdiction to eliminate this factor from interstate comparisons.

7. Statistics on net debt are derived by subtracting financial assets from liabilities. It should be noted, however, that since non-financial assets are not included in the scope of the statistics, differences between the 'net debt' of State governments may reflect differences in the extent to which those governments have chosen to hold financial assets vis-a-vis non-financial assets (e.g. buildings, plant and equipment).

Revisions

8. Public sector financial asset and liability statistics are revised progressively as new or improved data become available. For this reason differences can occur between equivalent aggregates at different times.

Data sources

9. The statistics on Commonwealth and State/Territory government financial assets and liabilities shown in this publication are based mostly on data supplied by Commonwealth and State/Territory governments and used by them in compiling financial asset and liability statistics for inclusion in their budget documentation. In some cases small changes have been made to the data supplied as a result of edit checks and correction of imbalances between sectors, so that the data in this publication will not always agree with data published by jurisdictions in their budget documents.
10. Estimates of local government debt were derived from data compiled for the ABS's Local Government Finance Statistics series.

Valuation

11. The statistics are compiled on the basis of *historical capital value* which is defined as:
 "the present value of the cash flows associated with the service and eventual payment of monetary assets and liabilities, such present value being determined by discounting the cash flows at the rate of interest implicit in the original contract or other arrangement".
12. In some cases jurisdictions were not able to supply data on a strict 'historical capital value' basis, for example where financial assets and liabilities are only valued at market value. In such cases the closest valuation available to 'historical capital value' was used as a proxy for the correct valuation.
13. Note that where financial assets or liabilities were held in foreign currencies they have been converted to Australian currency using the published Reserve Bank exchange rate at 30 June for the relevant year.
14. Statistics for public sector debt for 1987 and 1988 were compiled on the basis of *face value* for liabilities and *acquisition cost* for financial assets. Face value is the value to be repaid or, in the case of securities, the nominal value shown on the security. Acquisition cost is the cost actually incurred in acquiring a financial asset. A link tabulation showing the relationship between financial assets and liabilities, and net debt compiled on a *face value/acquisition cost* versus a *present value* basis at 30 June 1989 and 30 June 1990 was published in the 30 June 1990 issue of *Public Sector Debt* (5513.0).

Concepts and definitions

15. *Liabilities* included in this publication include all liabilities of the non-financial public sector except contingent liabilities, liabilities related to trade credit and other accounts payable. Liabilities include lease liabilities under finance leases or similar arrangements and repayable amounts held as security deposits. Moneys held on trust (excluding employee superannuation contributions) are included both as assets and liabilities of government. Coin on issue is not included as a liability of government.
16. *Financial assets* cover the financial claims of the non-financial public sector on other organisations (including other government authorities and overseas organisations) and households, excluding shares and other equity and financial assets related to trade credit and accounts receivable. Financial assets are shown gross of provisions for doubtful debts.

Classifications

17. Two types of classifications are used in this publication - unit classifications and classifications of financial assets and liabilities.

Unit classifications

18. Unit classifications apply to the organisations and enterprises reporting financial assets and liabilities. The classified units make up the various sub-sectors of the non-financial public sector for which statistics are presented. The unit classifications are:

<i>Classification</i>	<i>Description</i>
Level of government	Commonwealth, State/Territory or local.
State of jurisdiction	Commonwealth or State/Territory government owning and controlling the unit, and State/Territory in which local government authorities are located.
Institutional sector	Distinguishes between public trading enterprises and general government bodies (see definitions in paragraph 3).

19. The unit classifications used in public sector financial asset and liability statistics are identical with the equivalent classifications used in government finance statistics.

Classifications of assets and liabilities

20. Financial assets and liabilities are classified into six categories (three each) according to the type of financial asset or liability. The types of financial assets and liabilities recognised in the statistics are:

Liabilities

– Deposits held

Liability resulting from the holding of deposits from other public sector or private bodies. Superannuation and other employee related trust fund balances are excluded (from both financial assets and liabilities) but other trust fund balances, and security deposits, are included.

– Advances received

Loans received that have been motivated by policy rather than liquidity management considerations; as a general rule, all loans received from general government bodies, except some loans from central borrowing authorities, are deemed to be for policy purposes; loans received from central borrowing authorities as part of their function of providing financial services to other government authorities are treated as other loans and placements received.

Financial assets

– Cash and deposits

Notes and coin on hand and funds held in the form of accounts with financial institutions, other government authorities, etc. which are recoverable or transferable on demand or at relatively short notice.

– Advances paid

Loans made that have been motivated by policy rather than liquidity management considerations; as a general rule, all loans made by general government to other government bodies, except some loans made by central borrowing authorities, are deemed to be for policy purposes; loans made by central borrowing authorities as part of their function of providing financial services to other government authorities are netted off their loan liabilities.

Liabilities (ctd.)

– Other borrowings (Loans and placements received, debt securities issued and finance lease liabilities)

Loans and placements received comprise non-negotiable, non-transferable borrowings, other than advances; bank overdrafts, credit foncier loans and repurchase agreements are included.

Debt securities issued are financial instruments or contracts, other than equity, issued by government authorities, that can be transferred by assignment or delivery; certificates of deposit, bills of exchange, promissory notes, Treasury notes and bonds, debentures and long term notes are included; accounts payable are excluded.

Finance leases are lease arrangements in which most of the risks and benefits of ownership rest with the lessee; all leases defined as finance leases under AAS 17 are included but other leases not so defined are included where the economic effect is the same as a finance lease.

Financial assets (ctd.)

– Other lending (Loans and placements made and debt securities held)

Loans and placements made comprise non-negotiable, non-transferable lending, other than advances; credit foncier loans and repurchase agreements are included.

Debt securities held are financial instruments or contracts, other than equity, held by government authorities, that can be transferred by assignment or delivery; certificates of deposit, bills of exchange, promissory notes, Treasury notes and bonds, debentures and long term trade credit are included; accounts receivable are excluded. Loans made by central borrowing authorities as part of their function of providing financial services to other government authorities are not included as financial assets but are netted off their loan liabilities.

Unfunded Employee Entitlements

21. The May 1991 Premiers' Conference resolution on uniform presentation of government financial information requires each jurisdiction to include information on unfunded employee entitlements in their budget documents. The information available is re-produced without amendment in this publication. Information is also provided where available on unfunded employee entitlements for local governments. Liabilities for employee entitlements are the accrued liability of employers to pay future benefits to employees including superannuation, sick leave paid on resignation or retirement, recreation leave, long service leave, workers compensation (where the benefits are paid by the employer and not by a separate insurer) and accrued wages and salaries. Liabilities are 'unfunded' if money has not been paid into a separately constituted fund to provide for their future payment (provisions made, or funds otherwise set aside, that are nevertheless available for other uses by the employers do not constitute 'funding' of the liability).

22. Unfunded employee entitlements are generally valued at the present value of actuarially determined future benefit payments attributable to the employees' service to the reference date and discounted at a market interest rate.

23. The information re-produced in this publication on unfunded employee entitlements may not conform precisely with this definition due to insufficient information being available. The reader should refer to the budget documents of individual jurisdictions to determine the definitions applied.

Consolidation

24. To compile statistics about the financial assets and liabilities for a particular level of government, or any other grouping of public sector units, financial assets and liabilities held with other units within the chosen grouping have to be matched and eliminated to avoid double counting. The process of matching and eliminating the financial assets and liabilities within the chosen group is known as consolidation.

25. The consolidation process would ideally match an organisation's liabilities to the corresponding assets of other organisations in the same sector. In practice, organisations incurring liabilities do not always know the current holder of the claim against them (e.g. if the liabilities are marketed securities).

26. Therefore, only asset holders can reliably identify the other party to the financial transactions. They supply the names of other public sector organisations against which they hold claims so that the sector of the organisation against which the claims are held can be identified. The value of the assets concerned is omitted from consolidated totals of assets for each sector concerned. The same amount is then deducted in arriving at consolidated totals of liabilities for the sectors (i.e. without attempting to match the individual assets to individual liabilities). In this process, a correspondence is assumed between each of the three different types of financial asset and liability categories as follows:

- Deposits held/Cash and deposits
- Advances received/Advances paid
- Other lending/Other borrowings

27. In the case of lending by central borrowing authorities to other organisations within the government and local governments in the same State/Territory, normal consolidation rules are not applied. Instead, the value of amounts lent to such organisations is netted off against the amounts borrowed by the CBA. This is done because the jurisdictions consider that inclusion of the gross amounts borrowed and on-lent by the CBAs would give an exaggerated and inappropriate view of the value of assets and liabilities of the State general government sectors.

Relationship to Government Finance Statistics (GFS)

28. Public sector financial asset and liability statistics show the stock of financial assets and liabilities of the non-financial public sector at the end of the fiscal year, whereas government finance statistics show the transactions (flows) undertaken by the non-financial public sector during the year. The relationship between public sector debt categories and the GFS economic transaction framework (ETF) classification is as follows:

<i>Financial asset and liability categories</i>	<i>ETF classifications</i>
- Assets	
Cash and deposits	ETF 46 Increase in currency and deposits.
Advances paid	ETF 25 (part) Advances paid excluding purchases/sales of equity.
Other lending	ETF 45 (part) Increase in investment, excluding investments of employee superannuation funds and other employee related trust funds.
- Liabilities	
Deposits held	ETF 44 (part) Deposits received (net), excluding employee related trust funds.
Advances received	ETF 41 (part) Advances received excluding increases/decreases in equity capital.
Other borrowings	ETF 42 Domestic borrowing (net). ETF 43 Borrowing from abroad (net).

29. However, changes in the levels of financial assets and liabilities can also be affected by revaluations and debt transfers which do not appear in the transaction (flow) data. The valuation basis used for financial asset and liability statistics (historical capital value) is also different from the accounting basis of flow statistics for general government, namely cash accounting. For these reasons, full reconciliation between changes in financial asset and liability levels and corresponding flow statistics cannot be carried out.

Relationship to Foreign Debt Statistics

30. Public sector financial asset and liability statistics shown in this publication are not strictly comparable with foreign debt statistics shown in ABS international investment publications.
31. A significant conceptual difference exists between the treatment of debt of CBAs in financial asset and liability statistics and in international investment publications. The convention adopted in government finance statistics and in financial asset and liability statistics generally is to net off the onlending of CBAs to other government authorities in the same State from CBA borrowing (see paragraphs 20 and 27). In international investment statistics the debt of CBAs includes the full amounts borrowed from non-residents, regardless of whether overseas funds have been onlent to other government authorities or invested with organisations outside the public sector.
32. Public sector financial asset and liability statistics are compiled using valuations based on historical capital value for liabilities and financial assets. In contrast, international investment statistics are compiled using market valuations for both assets and liabilities.
33. Because of these differences, the financial asset and liability statistics provided in this publication are not fully consistent with debt statistics provided in international investment publications.
34. As well as these conceptual differences, financial asset and liability statistics exclude public financial enterprises whereas these enterprises are included within the public sector in international investment statistics. While separate information on public financial enterprises is available for many international investment series, such information is not available for Australian lending abroad and net foreign debt.

Relationship to Financial Accounts Statistics

35. Statistics presented in this publication are broadly comparable to statistics published for the financial asset and liabilities of the non-financial public sector in *Australian National Accounts: Financial Accounts* (5232.0). In practice, comparison will produce different results due to different valuation practices, timing differences, and classification differences.

Related publications

36. The following publications contain related information:

Classification Manual for Government Finance Statistics, Australia (1217.0) - last issued 1989

Government Financial Estimates, Australia (5501.0) - issued annually

Government Finance Statistics, Australia (5512.0) - issued annually

International Investment Position, Australia (5305.0) - issued annually

International Investment Position, Australia (5306.0) - issued quarterly

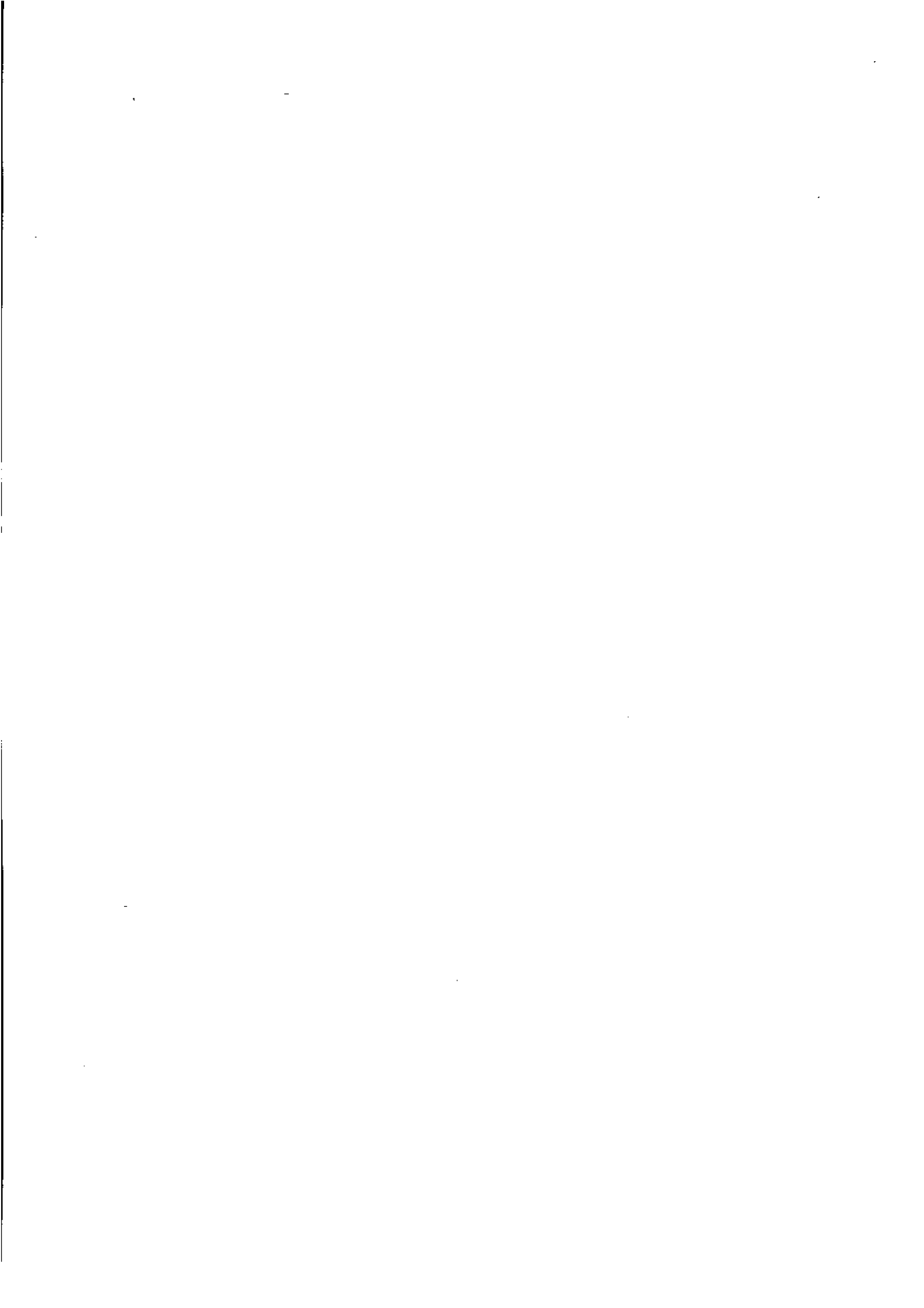
Australian National Accounts: State Accounts (5220.0) - issued annually

Australian National Accounts: Financial Accounts (5232.0) - issued quarterly

37. Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues on Tuesdays and Fridays a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The catalogue and Publications Advice are available from any ABS office.

Symbols and other usages

n.a.	not available
..	not applicable
—	nil or rounded down







For more information ...

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