



Tasmania

LOAN COUNCIL OUTCOMES REPORT
1999-00

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INTRODUCTION

The purpose of this Outcomes Report is to present the 1999-00 outcomes for Government Finance Statistics (GFS) and Financial Assets and Liabilities (FALs) of the Tasmanian public sector.

The information presented in this report is in accordance with the revised uniform presentation framework which was agreed to by the Australian Loan Council in March 1997.

As a consequence of the early Budget (May 2000) the 2000-01 Budget Papers presented 1998-99 actuals, 1999-00 revised estimates and 2000-01 estimates for GFS and FALs data. The information presented accorded with the minimum data requirements for an early Budget and were published in Budget Paper No 1 - *Budget Overview 2000-01* (refer Chapter 12). Detailed commentary on Net Debt was also provided in Chapter 10 of Budget Paper No 1.

This Outcomes Report provides a complete presentation of 1999-00 GFS and FALs outcomes based on actual end of year results.

Coverage

The information presented on GFS and FALs is equivalent to the data published in the supporting information to the Budget. Information regarding the Public Financial Enterprises (PFE) Sector and Total State Government Sector is included, which was not reported in the Budget Papers.

The information presented in this Report is not directly comparable to data published in the *1999-00 Treasurer's Financial Statements* for a number of reasons, including:

- GFS presents a consolidated view of the transactions of the State Government, whereas the Treasurer's Statements concentrate on the transactions which impact on the Public Account;
- the classification and coverage of agencies and authorities differs between the publications (refer Appendix D for the classifications and coverage adopted for this Outcomes Report); and
- the definition or valuation of transactions may vary between the publications.

The information included in this Report has been prepared in accordance with the uniform presentation framework (UPF) based on a cash-based GFS presentation. This UPF was agreed to by the Australian Loan Council in March 1997.

In December 1999, all jurisdictions agreed to adopt an accrual based UPF. The revised UPF was adopted as a result of the increased focus on accrual reporting in the Public Sector and the adoption of accrual based GFS reporting by the Australian Bureau of Statistics (ABS). Jurisdictions have until the 2002-03 Budget year to implement the revised accrual reporting framework. Tasmania will continue to report on a cash UPF basis until the State Budget is presented on an accrual basis. As a result the information in this Report may not compare with that presented by the ABS or other jurisdictions. Conceptually the GFS deficit/surplus measure contained in this Report will be similar to that proposed to be presented by ABS in the accrual based cash flow statement. However, due to differences in the methods used to derive these measures, comparison should be viewed with caution.

Classification of Public Sector Entities

Public Sector entities are classified according to General Government, Public Trading Enterprise (PTE) and Public Financial Enterprise (PFE) sectors. The system of classification is equivalent to the Institutional Sector classifications used by the ABS.

The General Government sector comprises those agencies of Government where the primary function is to provide public services which are mainly non-market in nature, for the collective consumption of the community, involve the transfer or redistribution of income and are financed mainly through taxes and other compulsory levies. This sector covers inner-Budget Agencies and some statutory authorities.

The PTE sector comprises mainly those entities that aim to cover the majority of their expenses by revenue from the sale of goods and services which are mainly market, non-regulatory and non-financial in nature. Generally, this sector covers the State's Government Business Enterprises and State-owned Companies.

The PFE sector comprises those entities that perform central borrowing functions or have the authority to incur financial liabilities and acquire financial assets in the market on their own account. Generally, this sector covers entities such as the Motor Accidents Insurance Board, the Tasmanian Public Finance Corporation (Tascorp) and the Home Ownership Assistance Program.

Appendix D provides a dissection of the coverage and classification of public sector entities included within this publication. The classifications are consistent with those adopted by the ABS.

Rounding

Amounts are rounded to the nearest million dollars. As a consequence, rounded figures may not add to totals.

GOVERNMENT FINANCE STATISTICS

Loan Council arrangements provide for each State and Territory to nominate a Loan Council Allocation (LCA) based on the estimated combined General Government and PTE sector deficit, plus memorandum items. Memorandum items are other financing transactions which for Loan Council purposes, are treated as analogous to borrowings.

A two percent tolerance band (calculated on Total Non-Financial Public Sector revenue) applies between the budgeted LCA and the LCA outcome. For 1999-00, the tolerance limit applicable to Tasmania's LCA is \$48.8 million.

Table 1 shows that Tasmania's LCA outcome for 1999-00 was outside the tolerance limit, with a LCA outcome of \$163 million, a variation of \$101 million from the Budget-time estimate. The primary reason for the variation is the better than expected surplus in the General Government sector.

The surplus for the General Government sector for 1999-00 was \$147 million, a variation of \$90 million from the initial Budget-time Estimate of \$57 million. This variation is primarily a result of the special dividend of \$40 million received from Forestry Tasmania, relating to the proceeds from the softwood forests joint venture. Other factors which have influenced the improved result are the increase in taxation revenue, particularly in the areas of payroll tax, casino tax and safety net taxes. Grants received from the Commonwealth were also above the Budget-time estimate, mainly due to the receipt of Telstra Social Bonus and Regional Forest Agreement funds in the order of \$25 million where the associated expenditure will be incurred in future years.

During 1999-00, proceeds amounting to \$144.3 million was received from the sale of the Trust Bank. Only \$5.2 million of these proceeds have contributed to the 1999-00 surplus, as the remaining funds have been classified as an equity disposal which is reported as a Financing Transaction and not included in the surplus calculation.

The surplus for the PTE sector for 1999-00 was \$21 million, a variation of \$2 million from the initial Budget-time Estimate of \$23 million.

Table 1: Loan Council Outcome for 1999-00

	1999-00 Budget-time Estimate	1999-00 Actual
	\$m	\$m
General Government Deficit	(57)	(147)
PTE Deficit	(23)	(21)
Total Non-Financial Public Sector Advances Paid	(0)	(13)
Total LCA Deficit	(80)	(181)
Memo Items		
Local Government	18	18
Other	....	....
Total LCA	(62)	(163)

Table 2 provides a summarised breakdown of the GFS outcomes for the General Government, PTE, PFE and Total State Government Sectors. For a full detailed dissection of the GFS data for the financial years 1995-96 to 1999-00, refer to Appendix A.

Table 2: Breakdown of GFS Outcomes by Sector

	General Government		Public Trading Enterprises		Public Financial Enterprises		Total State Government Sector	
	1999	2000	1999	2000	1999	2000	1999	2000
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Current Outlays	1 946	2 025	303	346	359	368	2 189	2 288
Capital Outlays	126	120	154	92	1	2	254	195
less Revenue	2 092	2 292	262	279	358	379	2 264	2 469
less Increase in Provisions	....	....	244	179	16	35	260	225
Deficit/ (Surplus)	(20)	(147)	(48)	(21)	(13)	(44)	(81)	(213)

General Government Sector

- The General Government sector surplus increased by \$127 million, from \$20 million to \$147 million between 30 June 1999 and 30 June 2000. There have been significant one-off factors which have influenced the size of the increase in surplus between 1999 and 2000, such as the \$40 million special dividend received from Forestry Tasmania. The expected General Government surplus for 2000-01 is \$62 million which is consistent with the current long term trends. The continuous improvement in the General Government sector result is demonstrated in Chart 1 which compares trends in total receipts and total outlays for the ten years to 1999-00, in real dollars.

Chart 1: Real General Government Receipts and Outlays

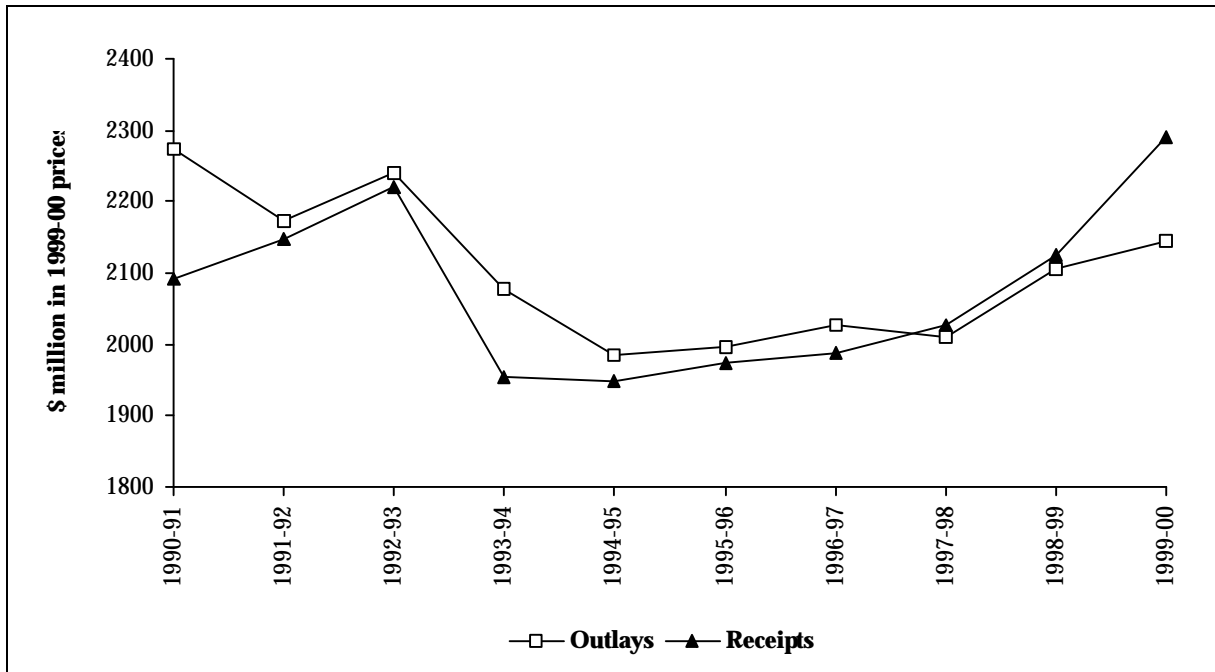


Chart 1 shows that prior to 1997-98, outlays were greater than receipts in the General Government sector. In 1990-91, the first Government Fiscal Strategy was established, which was followed by the second Strategy introduced in 1994-95. As a result of these strategies, the gap between outlays and receipts was closed through a combination of real terms outlays restraint and increased revenue

raising efforts. It should be noted that prior to 1994-95, net advances were included in capital outlays and this partly explains why outlays are higher than receipts during this period.

Public Trading Enterprises Sector

- The surplus for the PTE sector decreased by \$27 million, from \$48 million to \$21 million, between 30 June 1999 and 30 June 2000. The movement is primarily attributable to the reduced growth in provisions for the PTE Sector, particularly in relation to dividends and employee entitlements. Interest payments for 1999-00 amounted to \$163 million, an increase of \$27 million from 1998-99 interest costs of \$136 million, which is a result of losses incurred from debt restructuring activities in the PTE sector. It should be noted that whilst the debt restructuring activities have resulted in a one-off increase in interest costs for 1999-00, these losses will be recovered in future years with the benefit of locking in lower interest rates. The PTE sector continues to perform strongly and Chart 2 shows the trend in real receipts (adjusted for increases in provisions) and outlays for the ten years to 1999-00, in real dollars.

Chart 2: Real PTE Receipts (adjusted for increases in provisions) and Outlays

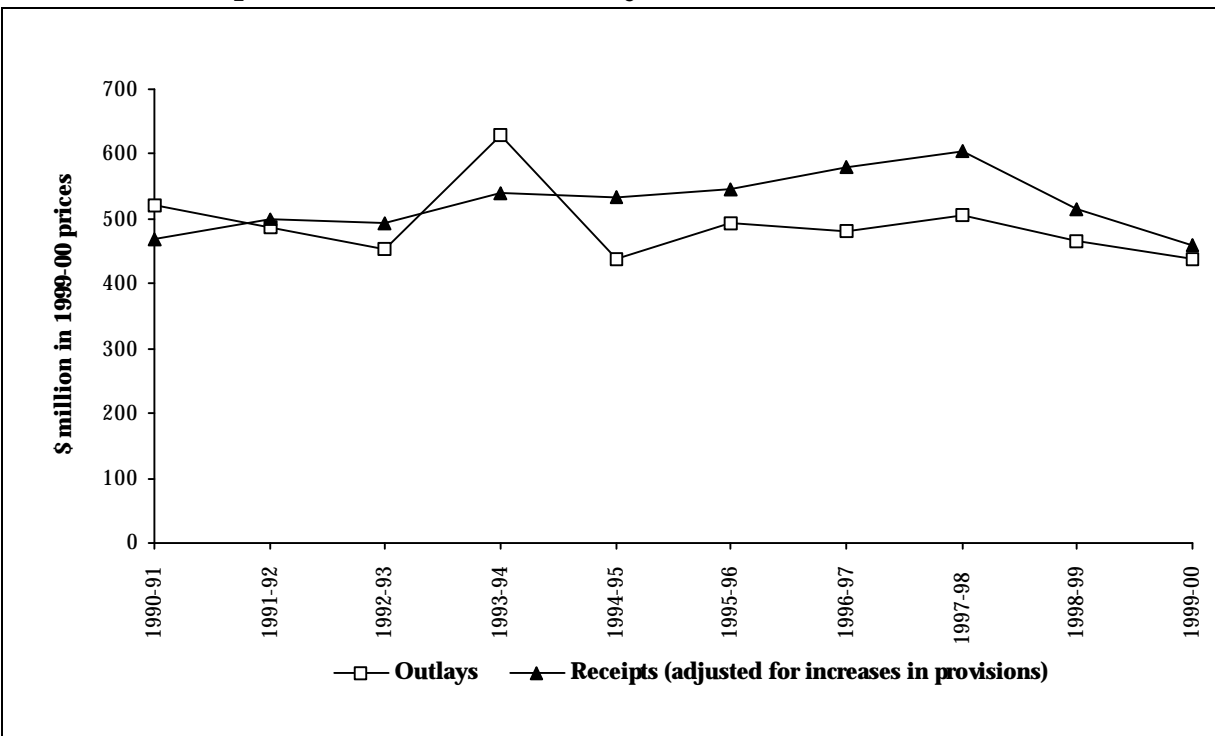


Chart 2 shows that real PTE outlays declined marginally from 1990-91 to 1992-93, reflecting the winding down of HEC power scheme construction activity and increasing efficiency across the PTE sector as it developed a stronger commercial focus. An exception to this trend was in 1993-94, when outlays were increased by the purchase of the *Spirit of Tasmania*.

It should be noted that receipts have been adjusted to add back the increase in provisions so that the gap between outlays and receipts will reflect the real terms deficit/surplus for the PTE sector.

Public Financial Enterprises Sector

- The PFE sector surplus increased by \$31 million, from \$13 million to \$44 million between 30 June 1999 and 30 June 2000. Due to the nature of the sector, outcomes for the PFE sector can be significantly affected by market fluctuations. Consequently, trend information on receipts and outlays is not presented in this section of the Report.

Total State Government Sector

- The Total State Government sector surplus increased by \$132 million from \$81 million to \$213 million between 30 June 1999 and 30 June 2000. The Total State Government sector surplus is the consolidated total of the General Government, PTE and PFE sectors. The movement is therefore directly linked to the movement in the surplus of the component sectors.

FINANCIAL ASSETS AND LIABILITIES

A summary breakdown of Net Debt as at 30 June 1999 and 30 June 2000 is provided in Table 3. For a detailed dissection of FALs data for the years 30 June 1996 to 30 June 2000, refer to Appendix B.

Table 3: Breakdown of Net Debt ¹ (nominal terms) as at 30 June

	General Government		Public Trading Enterprises		Public Financial Enterprises		Total State Government	
	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m	1999 \$m	2000 \$m
Gross Debt	2 194	1 927	1 886	1 833	4 550	4 821	4 769	4 670
less Financial Assets	923	987	150	130	4 895	5 202	2 107	2 411
Net Debt	1 271	940	1 736	1 703	(345)	(381)	2 662	2 259

Note:

1. Due to the consolidation process, Gross Debt and Financial Assets for the Total State Government sector will not equal the sum of the component sectors, however, Net Debt is additive.

General Government Sector

- General Government sector Net Debt decreased by \$331 million, or 26.0 per cent in nominal terms, from \$1 271 million to \$940 million between 30 June 1999 and 30 June 2000. The movement reflects a decrease in the Gross Debt level and an increase in financial assets (cash). The increase in financial assets is due to growth in the balance of the Special Deposits and Trust Fund where funds are accumulating to meet future liabilities in relation to superannuation and workers compensation.
- General Government sector Gross Debt decreased by \$267 million, or 12.2 per cent in nominal terms, from \$2 194 million to \$1 927 million between 30 June 1999 and 30 June 2000. The major factors affecting this decrease include the application of proceeds relating to the sale of the Trust Bank and softwood forests joint venture to repay debt (\$140 million), authority repayments of on-lent Financial Agreement debt (\$73.2 million), Commonwealth Compensation funds (\$10.7 million), a reduction in other borrowings for the Public Account (\$10.9 million), reduction in Gross Debt by various General Government entities (\$30 million) and application of the Consolidated Fund surplus (\$1.3 million).
- The General Government debt burden has been steadily decreasing in real terms over the five year period to 30 June 2000. The improved debt position reflects the repayment of advances by the PTE sector, successive Fiscal Strategies which have led to declining deficits, with a Consolidated Fund surplus for 1999-00, and the application of asset sales above \$2 million to debt retirement.

Public Trading Enterprises Sector

- Net Debt for the PTE sector decreased by \$33 million, or 1.9 per cent in nominal terms, from \$1 736 million to \$1 703 million between 30 June 1999 and 30 June 2000. The movement is primarily attributable to the repayment of debt by the electricity entities and the repayment of advances from operating revenues by other entities in the PTE sector.

Public Financial Enterprises Sector

- Net Debt for the PFE sector is in a negative position, meaning it holds net assets. PFE sector net assets increased by \$36 million, or 10.4 per cent in nominal terms, from \$345 million to

\$381 million between 30 June 1999 and 30 June 2000. The negative position of the PFE sector is primarily a result of the net assets held by the Motor Accidents Insurance Board (MAIB). The MAIB holds a significant level of cash and investments in order to fund its liability for outstanding claims. However, the liability is not reflected in the Net Debt calculation, as it is reported below the line as Accounts Payable and Other Debt Items.

Total State Government Sector

- Total State Government sector Net Debt decreased by \$403 million, or 15.1 per cent in nominal terms, from \$2 662 million to \$2 259 million between 30 June 1999 and 30 June 2000. The Total State Government sector Net Debt is the consolidated total of the General Government, PTE and PFE sectors. The movement in Net Debt is therefore directly linked to the movement in Net Debt of the component sectors. However, due to the consolidation process, Gross Debt and Total Financial Assets of the component sectors are not additive.

Table 4 shows the trends in Net Debt, expressed in nominal and real terms, and as a percentage of Gross State Product (GSP).

Table 4: Net Debt

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
<i>Net Debt in nominal terms</i>					
General Government	1 382	1 395	1 350	1 271	940
Public Trading Enterprises	1 893	1 803	1 745	1 736	1 703
Total Non-Financial Public Sector	3 274	3 198	3 094	3 007	2 643
Public Financial Enterprises	- 308	- 350	- 390	- 345	- 381
Total State Government Sector	2 966	2 848	2 704	2 662	2 259
	\$m	\$m	\$m	\$m	\$m
<i>Net Debt in real terms</i>					
General Government	1 442	1 434	1 389	1 295	940
Public Trading Enterprises	1 975	1 853	1 795	1 769	1 703
Total Non-Financial Public Sector	3 416	3 288	3 183	3 063	2 643
Public Financial Enterprises	- 321	- 360	- 401	- 351	- 381
Total State Government Sector	3 095	2 928	2 782	2 712	2 259
	%	%	%	%	%
<i>Net Debt as a percentage of Gross State Product</i>					
General Government	13.5	13.3	12.6	11.3	8.1
Public Trading Enterprises	18.4	17.2	16.3	15.4	14.7
Total Non-Financial Public Sector	31.9	30.5	28.9	26.7	22.8
Public Financial Enterprises	-3.0	-3.3	-3.6	-3.1	-3.3
Total State Government Sector	28.9	27.2	25.2	23.7	19.5

Source: *Consumer Price Index, Australia*, ABS Cat.No. 6401.0; *Australian National Accounts, State Accounts*, ABS Cat.No. 5242.0; Department of Treasury and Finance.

It can be seen from Table 4 that General Government and PTE sector Net Debt has consistently decreased in real terms over the period 30 June 1996 to 30 June 2000.

General Government Net Debt as a percentage GSP has fallen from 11.4 per cent as at 30 June 1999 to 8.1 per cent as at 30 June 2000. For the PTE sector, Net Debt as a percentage of GSP has fallen from 15.6 per cent as at 30 June 1999 to 14.7 per cent as at 30 June 2000.

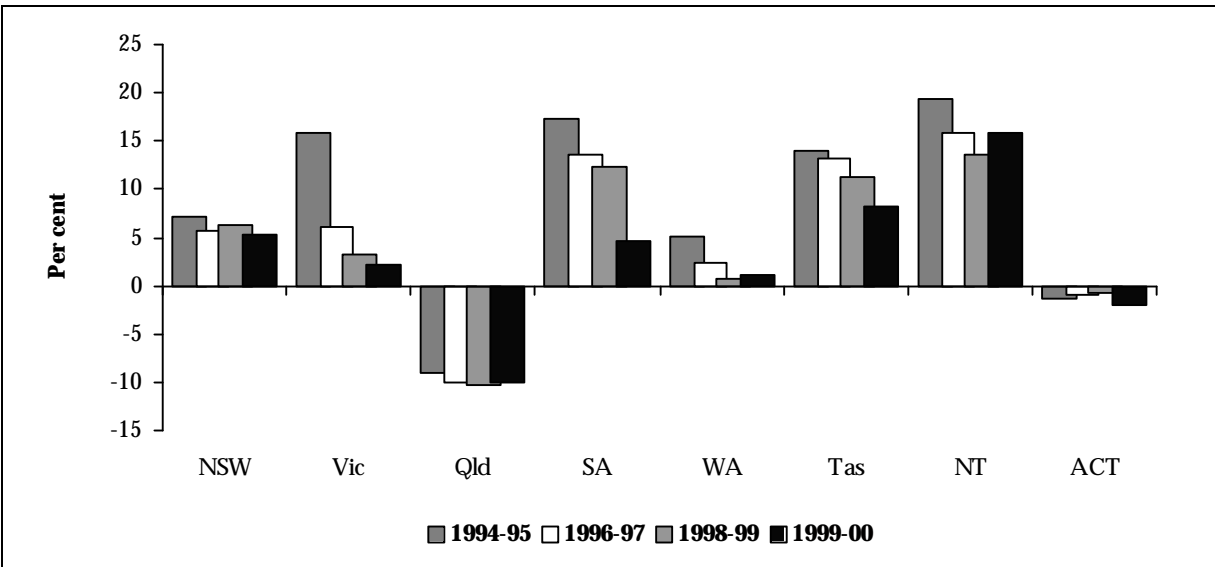
Inter State Debt Comparison

Charts 3 and 4 show the General Government Net Debt to GSP and Total Non-Financial Public Sector Net Debt to GSP in comparison to other States/Territories respectively.

Chart 3 shows that Tasmania's General Government Net Debt as a percentage of GSP is comparable with South Australia, New South Wales and the Northern Territory, but significantly higher than Western Australia, Victoria, Queensland and the Australian Capital Territory. The chart also shows Net Debt as a percentage of GSP for all States and Territories has been decreasing over the five years to 1999-00.

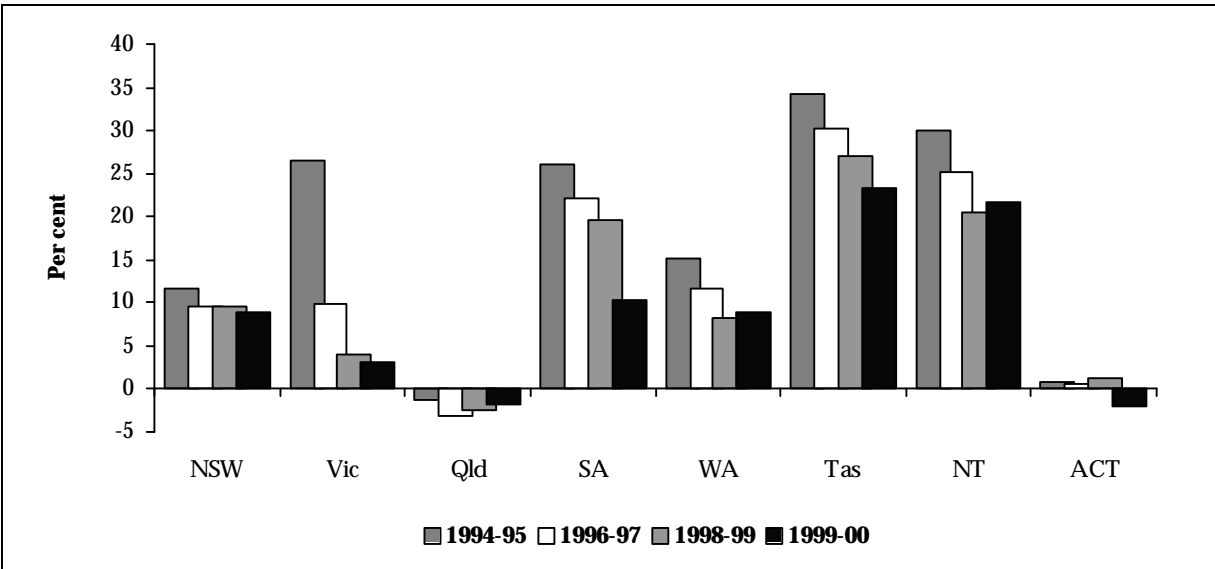
Chart 4 shows that Tasmania's Total Non-Financial Public Sector Net Debt as a percentage of GSP is the highest of all States and Territories. This reflects the State's past heavy investment in its electricity system, inadequate past returns from that system and from other PTEs, and a series of substantial deficits in the General Government sector in the 1980s. Nevertheless, despite Tasmania's net debt ratio has continually fallen since the introduction of the first Fiscal Strategy in 1990-91 and will continue to decline under the Government's current Fiscal Strategy.

Chart 3: General Government Net Debt as a percentage of Gross State Product - All States



Source: Australian National Accounts, State Accounts, ABS Cat.No. 5220.0; Government Financial Estimates, ABS Cat.No. 5501.0; Department of Treasury and Finance.

Chart 4: Total Non-Financial Public Sector Net Debt as a percentage of Gross State Product - All States



Source: Australian National Accounts, State Accounts, ABS Cat.No. 5220.0; Government Financial Estimates, ABS Cat.No. 5501.0; Department of Treasury and Finance.

Fiscal Strategy

A credible and achievable medium-term Fiscal Strategy is an essential component of prudent contemporary financial management practice. It represents not only an effective planning tool for the Government, but also provides clear signals to financial markets, the business sector and the community of the Government's direction in financial management. A Fiscal Strategy also provides a framework for the Government to demonstrate to rating agencies the financial focus of the Government, any identified issues or problems and how these will be addressed.

The Government introduced the current Fiscal Strategy as part of the 1998-99 Budget. Its primary objective is to ensure responsible financial management while supporting the Government's other priority initiatives such as *Tasmania Together*, the Industry Development Plan and Partnership Agreements. The Fiscal Strategy is structured to run until the end of 2003-04 and contains five broad components which address the range of financial management issues facing the State.

For details of the Fiscal Strategy components, refer to Chapter 1 of Budget Paper No 1 - *Budget Overview 2000-01*. Table 5 shows the five key tactical targets of the Fiscal Strategy together with actual progress towards these targets.

Table 5: Fiscal Strategy Targets

Tactical target	1997-98 Actual	1998-99 Actual	1999-00 Actual	Targets
Consolidated Fund Budget to be maintained in surplus from 1999-00 (\$ million)	(37.1)	(15.2)	1.3	> 0
General Government surplus as a proportion of General Government revenue on average from 1999-00 to 2003-04 (%)	1.0	1.1	7.2	2.5
Total State Government net debt as a percentage of GSP by 2003-04 (%)	25.2	23.7	19.5	< 20.0
General Government net debt as a proportion of GSP by 2003-04 (%)	12.6	11.3	8.1	< 10.0
Net interest cost ratio by 2003-04 (%)	7.6	6.9	5.2	< 5.0

UNFUNDED EMPLOYEE ENTITLEMENTS

Unfunded Employee Entitlements consists of long service leave, annual leave, workers' compensation and superannuation entitlements of government employees. These entitlements represent a significant liability of the State, with the General Government and PTE components being \$1 828 million and \$354 million respectively, as at 30 June 2000.

The components of unfunded employee entitlements for the General Government, PTE and PFE sectors are depicted in Table 6.

Table 6: Unfunded Employee Entitlements

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
General Government					
Long Service Leave	129	147	155	141	141
Annual Leave	59	64	66	64	62
Workers' Compensation	47	50	53	51	49
Superannuation	1 537	1 464	1 562	1 630	1 576
Total	1 772	1 725	1 836	1 886	1 828
Public Trading Enterprises					
Long Service Leave	24	22	26	18	27
Annual Leave	17	14	16	11	20
Workers' Compensation	5	4	4	4	3
Superannuation	308	222	226	288	304
Total	354	263	272	321	354
Public Financial Enterprises					
Long Service Leave	....	....	....	....	....
Annual Leave	....	....	1	1	1
Workers' Compensation	....	....	0	0	0
Superannuation	1	1	1	1	1
Total	1	1	2	2	2

In accordance with ABS concepts, the unfunded liability for employee entitlements is presented on a gross basis. The methodology for calculating the superannuation liability has changed from 30 June 1999 to 30 June 2000. The reported superannuation liability shows the gross Accrued Benefits liability less fund assets for superannuation schemes. Previously the superannuation liability was calculated as the previous year's Past Service liability less fund assets. As a result of these changes, the superannuation liabilities presented in this report are not directly comparable with the data presented in previous years.

Provisions established to account for future employee benefits are not offset against the total amount of unfunded liabilities. In respect to General Government liabilities, as at 30 June 2000, amounts have been set aside in the Special Deposits and Trust Fund for superannuation (\$287.6 million) and workers' compensation (\$58.4 million). In accordance with accrual accounting concepts, PTEs and PFEs make provisions in their financial accounts which should cover the actuarially determined superannuation liability.

Greater detail of the funding arrangements for superannuation and the Tasmanian State Service Workers' Compensation Scheme is provided in Chapter 10 of Budget Paper No 1 - *Budget Overview 2000-01*.

APPENDIX A - GFS TABLES

Table 7: General Government Sector - Outlays, Revenue and Financing Transactions

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Current Outlays					
Gross current expenditure	1 469	1 546	1 539	1 697	1 750
less Sale of goods and services	194	192	193	232	231
equals Final consumption expenditure	1 275	1 354	1 346	1 465	1 518
Interest payments					
to Commonwealth Government	82	72	61	52	45
other	150	139	139	132	114
Total interest payments	232	211	200	185	159
Subsidies paid					
to public trading enterprises	40	50	77	80	92
to other enterprises	14	15	16	26	46
Total subsidies paid	54	65	93	106	138
Personal benefit payments					
19	19	19	13	8	4
Current grants					
to non-profit institutions	123	124	130	132	156
to local governments	45	49	45	44	45
Total current grants	168	172	175	176	201
Other current outlays					
....	....	19	1	6	5
Total current outlays	1 750	1 840	1 828	1 946	2 025
Capital outlays					
Gross fixed capital expenditure					
on new fixed assets	164	142	141	126	126
on secondhand fixed assets (net)	(38)	(47)	(46)	(30)	(33)
Total gross fixed capital expenditure	126	95	95	97	93
Expenditure on land and intangible assets (net)					
1	1	4	2	3	2
Capital Grants					
to State public trading enterprises	32	32	29	21	16
to local government	4	....	....	....	....
to other sectors	....	5	3	7	8
Total capital grants	37	37	32	27	24
Total capital outlays	164	136	130	126	120
Total outlays	1 914	1 976	1 958	2 072	2 145

Table 7: General Government Sector - Outlays, Revenue and Financing Transactions (continued)

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Revenue and grants received					
Taxes	624	631	632	667	701
Property income and other revenue					
Income from State public trading enterprises	35	71	90	138	158
Income from State public financial enterprises	9	5	18	7	3
Interest received					
from public trading enterprises	55	47	40	36	27
from other sectors	32	22	15	8	16
Other property income and other revenue	29	46	37	42	37
Total property income and other revenue	160	191	200	231	242
Grants received from Commonwealth Government	1 113	1 124	1 143	1 194	1 349
Total revenue and grants received	1 897	1 946	1 975	2 092	2 292
Financing transactions					
Net advances received	(82)	(116)	(94)	(15)	(107)
Net borrowing	66	64	47	(2)	(110)
Other financing transactions	(32)	(2)	(41)	(75)	(24)
less Advances paid (net)					
to State public trading enterprises	(45)	(82)	(42)	(71)	(79)
to local government	(1)	(1)	(1)	(1)	(1)
to other sectors	(18)	(3)	(26)	1	(13)
Total advances paid	(64)	(86)	(70)	(71)	(93)
Total financing transactions	17	33	(17)	(20)	(147)
less increase in provisions	....	....	....	....	....
equals Deficit/(Surplus)	17	33	(17)	(20)	(147)

Table 8: Public Trading Enterprises Sector - Outlays, Revenue and Financing Transactions

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Current Outlays					
Required current transfer payments					
Interest payments					
to State general government	55	48	39	35	27
to other sectors	154	160	142	136	163
Income transferred to general government	105	113	149	130	155
Total required current transfer payments	314	321	330	301	344
Other current outlays	2	2	3	2	1
Total current outlays	316	323	333	303	346
Capital outlays					
Gross fixed capital expenditure					
Expenditure on new fixed assets	159	158	172	160	153
Expenditure on secondhand fixed assets (net)	(4)	(10)	(10)	(5)	(10)
Total gross fixed capital expenditure	155	148	162	155	143
Increase in stocks	(1)	(1)	(1)	....	....
Expenditure on land and intangible assets (net)	(2)	(1)	(2)	(1)	(51)
Capital Grants	5	....	....	....	....
Total capital outlays	157	146	159	154	92
Total outlays	473	469	493	458	437
Revenue and grants received					
Net operating surpluses					
Operating revenue					
Subsidies received	43	38	39	55	58
Other operating revenue	839	882	864	888	925
less Operating expenditure					
Depreciation charge	147	156	155	169	173
Other operating expenditure	460	466	476	569	576
Total net operating surpluses	275	298	272	206	234
Property income and other revenue					
Interest received	10	12	10	10	13
Other property income and other revenue	5	5	5	8	....
Total property income and other revenue	15	17	15	18	13
Grants received	30	30	32	38	33
Total revenue and grants received	319	344	318	262	279

Table 8: Public Trading Enterprises Sector - Outlays, Revenue and Financing Transactions (continued)

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Financing transactions</i>					
Net advances received	(51)	(84)	(42)	(70)	(79)
Net borrowing	(42)	(11)	2	(3)	6
Increase in provisions	203	219	262	244	179
Other financing transactions	38	(2)	(52)	25	52
less Net advances paid	(5)	(2)	....	....	....
Total financing transactions	153	124	170	196	158
Less increase in provisions	203	219	262	244	179
Equals Deficit/(Surplus)	(51)	(96)	(93)	(48)	(21)

Table 9: Total Non-Financial Public Sector - Outlays, Revenue and Financing Transactions

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Current Outlays					
Final consumption expenditure	1 275	1 354	1 346	1 465	1 518
Required current transfer payments					
Interest payments					
to Commonwealth Government	82	73	61	52	45
other	302	299	280	269	276
Total required transfer payments	384	372	341	321	321
Unrequited current transfer payments					
Subsidies paid	54	65	93	104	138
Personal benefit payments	19	19	13	8	4
Current grants					
to non-profit institutions	123	124	132	132	157
to local governments	45	49	47	44	45
Other current transfer payments	3	19	5	8	5
Total Unrequited current transfer payments	244	276	289	295	348
Other current outlays	63	43	63	(8)	
Total current outlays	1 966	2 044	2 039	2 073	2 187
Capital outlays					
Gross fixed capital expenditure					
Expenditure on new fixed assets	323	300	314	286	294
Expenditure on secondhand fixed assets (net)	(42)	(56)	(57)	(35)	(58)
Total gross fixed capital expenditure	281	244	257	251	236
Increase in stocks	(1)	(1)	(3)	....	....
Expenditure on land and intangible assets (net)	(1)	3	1	2	(49)
Capital Grants					
to local government	4	....	....	....	....
to other sectors	5	5	3	7	8
Total capital grants	9	5	3	7	8
Total capital outlays	290	250	257	260	195
Total outlays	2 257	2 293	2 296	2 334	2 383

Table 9: Total Non-Financial Public Sector - Outlays, Revenue and Financing Transactions (continued)

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Revenue and grants received					
Taxes	624	631	632	667	701
Net operating surpluses of public trading enterprises	275	297	272	206	234
Property income and other revenue					
Interest received	40	33	26	18	28
Other property income and other revenue	42	57	57	50	43
Total property income and other revenue	82	90	83	69	72
Grants received from Commonwealth Government	1 109	1 124	1 143	1 209	1 363
Total revenue and grants received	2 089	2 141	2 129	2 152	2 370
Financing transactions					
Net advances received	(81)	(116)	(99)	(15)	(109)
Net borrowing	25	105	49	(5)	(104)
Increase in provisions	204	220	262	244	179
Other financing transactions	(1)	(62)	(78)	(62)	34
Less Net advances paid	(21)	(5)	(33)	(20)	(13)
Total financing transactions	168	153	161	181	13
Less increase in provisions	204	220	262	244	179
Equals Deficit/(Surplus)	(36)	(67)	(101)	(64)	(167)

Table 10: Public Financial Enterprises Sector - Outlays, Revenue and Financing Transactions

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Current Outlays					
Interest payments	426	406	384	350	365
Income transferred to general government	5	13	7	9	3
Other current outlays	....	....	....	....	....
Total current outlays	431	419	391	359	368
Capital outlays					
Gross fixed capital expenditure	5	6	1	2	2
Expenditure on land and intangible assets (net)	....	....	2	(1)	....
Total capital outlays	5	6	3	1	2
Total outlays	437	425	394	360	370
Revenue and grants received					
Net operating surpluses:-					
Operating revenue	59	65	78	77	87
less Operating expenditure	93	107	101	88	118
Total net operating surpluses	(34)	(42)	(23)	(11)	(31)
Property income and other revenue:-					
Interest received	461	449	388	352	387
Other property income and other revenue	2	3	32	17	23
Total property income and other revenue	463	452	420	369	410
Grants received					
Total revenue and grants received	429	410	397	358	379
Financing transactions					
Net advances received	22	7	7	2	2
Net borrowing	(142)	(170)	160	88	153
Increase in provisions	26	44	34	16	35
Other financing transactions	128	142	(199)	(102)	(197)
less Net advances paid	24	7	7	2	2
Total financing transactions	9	16	(5)	2	(9)
less increase in provisions	26	44	34	16	35
equals Deficit/(Surplus)	(18)	(28)	(39)	(13)	(44)

Table 11: Total State Government Sector - Outlays, Revenue and Financing Transactions

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Current outlays					
Final Consumption Expenditure	1 275	1 353	1 355	1 465	1 518
Required current transfer payments:-					
Interest payments:-					
to Commonwealth Government	82	73	61	52	45
other	420	424	389	356	361
Total required transfer payments	502	497	450	408	406
Unrequited current transfer payments:-					
Subsidies paid	54	65	94	106	138
Personal benefit payments	19	19	15	8	4
Current grants:-					
to non-profit institutions	124	124	132	132	157
to local governments	45	49	45	44	45
Other current transfer payments	(1)	19	5	8	8
Total Unrequited current transfer payments	241	276	291	298	352
Other current outlays	63	53	33	18	12
Total current outlays	2 082	2 179	2 129	2 189	2 288
Capital outlays					
Gross fixed capital expenditure:-					
Expenditure on new fixed assets	329	305	315	288	295
Expenditure on secondhand fixed assets (net)	(42)	(57)	(58)	(36)	(58)
Total gross fixed capital expenditure	287	248	257	252	237
Increase in stocks	(1)	(1)	(2)	(2)	....
Expenditure on land and intangible assets (net)	(1)	3	2	2	(49)
Capital Grants:-					
to local government	4	....	....	....	....
to other sectors	5	5	3	3	8
Total capital grants	9	5	3	3	8
Total capital outlays	294	255	259	254	195
Total outlays	2 377	2 435	2 388	2 443	2 483

Table 11: Total State Government Sector - Outlays, Revenue and Financing Transactions (continued)

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Revenue and grants received					
Taxes	624	631	634	667	701
Net operating surpluses of public enterprises	240	254	248	195	202
Property income and other revenue:-					
Interest received	202	199	132	125	161
Other property income and other revenue	36	57	72	67	41
Total property income and other revenue	238	256	204	192	202
Grants received from Commonwealth Government	1 109	1 124	1 143	1 209	1 363
Total revenue and grants received	2 212	2 265	2 229	2 264	2 469
Financing transactions					
Net advances received	(59)	(116)	(96)	(25)	(107)
Net borrowing	(102)	91	135	84	48
Increase in provisions	226	264	285	260	213
Other financing transactions	104	(66)	(186)	(161)	(161)
Less Net advances paid:-					
to local government	(1)	(3)	(3)	(1)	(1)
to other sectors	5	6	(18)	(20)	(20)
Total advances paid	4	3	(21)	(21)	(21)
Total financing transactions	165	170	159	179	13
less increase in provisions equals Deficit/(Surplus)	226	264	285	260	225
	(62)	(95)	(126)	(81)	(213)

Table 12: Total Non-Financial Public Sector Outlays by Purpose

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>General public services</i>					
Current	168	156	147	194	192
Capital	2	(12)	(5)	8	9
Total	170	144	142	202	201
<i>Public order and safety</i>					
Current	117	152	152	146	177
Capital	16	15	13	6	4
Total	133	167	165	152	181
<i>Education</i>					
Current	454	473	496	546	582
Capital	33	38	26	22	35
Total	487	511	522	568	617
<i>Health</i>					
Current	375	377	407	417	485
Capital	26	15	12	20	14
Total	401	392	419	437	499
<i>Social security and welfare</i>					
Current	118	119	125	116	120
Capital	0	0	0	0	0
Total	118	119	125	116	120
<i>Housing and community amenities</i>					
Current	31	30	31	19	34
Capital	39	12	5	11	12
Total	70	42	36	30	46
<i>Recreation and culture</i>					
Current	55	69	66	75	68
Capital	9	15	12	12	2
Total	64	84	78	87	70
<i>Fuel and energy</i>					
Current	54	36	57	3	1
Capital	95	106	123	121	114
Total	149	142	180	124	115
<i>Agriculture, forestry, fishing and hunting</i>					
Current	34	50	60	59	70
Capital	6	14	16	4	(42)
Total	40	64	76	63	28
<i>Mining and mineral resources other than fuels, manufacturing and construction</i>					
Current	8	9	5	5	7
Capital	...	...	...	...	...
Total	8	9	5	5	7

Table 12: Total Non-Financial Public Sector Outlays by Purpose
(continued)

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Transport and communications</i>					
Current	95	102	94	115	114
Capital	61	48	56	52	50
Total	156	150	150	167	164
<i>Other economic affairs</i>					
Current	54	56	56	76	101
Capital	....	(2)	....	4	(2)
Total	54	54	56	80	99
<i>Other purposes</i>					
Current	407	415	342	306	240
Capital	....	....	....	....	....
Total	407	415	342	306	240
Total Outlays	2 257	2 293	2 296	2 334	2 384

Table 13: State Government Taxes

	1995-96	1996-97	1997-98	1998-99	1999-00
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Employers' Pay-roll Taxes	142	146	146	144	155
<i>Taxes on property</i>					
Taxes on immovable property					
Land tax	30	27	26	27	28
Property owners contributions to fire brigade	17	17	17	18	18
Taxes on immovable property n.e.c.	....	....	....	....	....
Total taxes on immovable property	47	44	43	45	46
Taxes on financial and capital transactions	106	97	107	103	114
Total taxes on property	153	141	150	148	160
<i>Taxes on the provision of goods and services</i>					
Levies on statutory corporations	14	14	15	14	14
Taxes on gambling					
Taxes on private lotteries	21	19	19	20	22
Casino taxes	21	31	35	40	47
Race betting taxes	12	11	9	8	7
Taxes on gambling n.e.c.	1	1	1	1	1
Total taxes on gambling	56	63	65	69	77
Taxes on insurance					
Insurance companies' contributions to fire brigade	9	7	7	7	7
Third party insurance taxes	2	2	2	2	2
Taxes on insurance n.e.c.	18	19	18	19	20
Total taxes on insurance	30	29	28	28	29
Total taxes on the provision of goods and services	99	105	107	111	121
<i>Taxes on use of goods and performance of activities</i>					
Motor vehicle taxes					
Vehicle registration fees and taxes	53	60	64	68	64
Stamp duties on vehicle registration	29	27	27	28	28
Road transport and maintenance taxes	....	....	....	....	....
Total motor vehicle taxes	82	87	91	96	92
Safety Net Revenues	149	150	139	169	174
Other taxes on use of goods and performance of activities	....	....	....	....	....
Total taxes on use of goods and performance of activities	231	237	230	265	266
Total Taxes	624	631	632	667	701

APPENDIX B - FALS TABLES

Table 14: General Government Sector Financial Assets and Liabilities as at 30 June

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
Gross Debt					
Deposits held	55	48	55	24	18
Advances received	846	730	635	620	473
Borrowings					
Finance leases	....	....	....	....	....
Loans and placements	....	....	....	....	....
Debt securities	1 515	1 547	1 608	1 550	1 436
Total Gross Debt	2 416	2 325	2 298	2 194	1 927
Financial Assets					
Cash and deposits	225	248	327	421	581
Advances paid	734	646	575	486	385
Investments and other lending					
Foreign & domestic	....	....	....	....	....
Debt securities	77	36	46	16	21
Total Financial Assets	1 035	930	948	923	987
Net Debt	1 382	1 395	1 350	1 271	940
PLUS Other Liabilities					
Accounts payable and other debt items	131	118	84	124	110
Unfunded employee entitlements	1 772	1 725	1 836	1 886	1 828
LESS Other Financial Assets					
Accounts receivable	92	81	42	35	68
Provision for doubtful debts	(8)	(11)	(2)	(2)	(2)
Equity Claims	4 258	4 052	3 820	3 604	3 995
EQUALS Net Position of Liability and Equity Items over Financial Assets	(1057)	(884)	(590)	(356)	(1183)

Contingent Liabilities as at 30 June 2000

Guarantees given by the Government	\$m 2.311
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Table 15: Public Trading Enterprises Sector Financial Assets and Liabilities as at 30 June

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
Gross Debt					
Deposits held	6	4	2	4	....
Advances received	615	520	481	409	333
Borrowings					
Finance leases	1	6	4	3	1
Loans and placements	....	....	....	....	....
Debt securities	1 495	1 434	1 427	1 470	1 499
Total Gross Debt	2 117	1 963	1 914	1 886	1 833
Financial Assets					
Cash and deposits	105	75	84	106	73
Advances paid	25	24	26	14	15
Investments and other lending					
Foreign & domestic	....	....	....	....	....
Debt securities	94	61	59	31	43
Total Financial Assets	224	160	169	150	130
Net Debt	1 893	1 803	1 745	1 736	1 703
PLUS Other Liabilities					
Accounts payable and other debt items	130	156	100	100	79
Unfunded employee entitlements	354	263	272	321	354
Equity of Public Trading Enterprises	4 251	4 044	3 815	3 604	3 930
LESS Other Financial Assets					
Accounts receivable	126	172	115	145	132
Provision for doubtful debts	(3)	(28)	(1)	(2)	(1)
Equity Claims	1	1	7	6	5
EQUALS Net Position of Liability and Equity Items over Financial Assets	6 504	6 121	5 811	5 612	5 930

Table 16: Total Non-Financial Public Sector Financial Assets and Liabilities as at 30 June

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
Gross Debt					
Deposits held	49	47	46	26	15
Advances received	848	721	629	618	470
Borrowings					
Finance leases	1	6	4	17	16
Loans and placements	....	....	....	....	....
Debt securities	2 964	2 958	3 017	3 003	2 919
Total Gross Debt	3 863	3 732	3 696	3 664	3 421
Financial Assets					
Cash and deposits	318	319	400	524	651
Advances paid	145	141	114	88	66
Investments and other lending					
Foreign & domestic	....	....	....	....	....
Debt securities	125	75	88	45	62
Total Financial Assets	588	535	602	657	779
Net Debt	3 274	3 198	3 094	3 007	2 643
PLUS Other Liabilities					
Accounts payable and other debt items	249	265	183	248	189
Unfunded employee entitlements	2 126	1 988	2 108	2 207	2 182
LESS Other Financial Assets					
Accounts receivable	206	244	156	179	200
Provision for doubtful debts	(11)	(39)	(3)	(3)	(3)
Equity Claims	8	8	12	11	13
EQUALS Net Position of Liability and Equity Items over Financial Assets	5 446	5 238	5 220	5 275	4 804

Table 17: Public Financial Enterprises Sector Financial Assets and Liabilities as at 30 June

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
Gross Debt					
Deposits held	469	407	490	587	816
Advances received	....	....	....	....	....
Borrowings					
Finance leases	....	....	....	....	....
Loans and placements	....	....	....	....	....
Debt securities	3 767	3 709	3 809	3 963	4 005
Total Gross Debt	4 236	4 116	4 299	4 550	4 821
Financial Assets					
Cash and deposits	133	184	217	77	52
Advances paid	....	....	....	....	....
Investments and other lending					
Foreign & domestic	....	....	....	....	....
Debt securities	4 411	4 282	4 472	4 819	5 151
Total Financial Assets	4 543	4 466	4 689	4 895	5 202
Net Debt	(308)	(350)	(390)	(345)	(381)
PLUS Other Liabilities					
Accounts payable and other debt items	550	513	604	548	558
Unfunded employee entitlements	1	1	2	2	2
LESS Other Financial Assets					
Accounts receivable	119	115	192	154	118
Provision for doubtful debts	....	....	( 1)	....	....
Equity Claims	76	81	58	81	....
EQUALS Net Position of Liability and Equity Items over Financial Assets	48	(32)	(33)	(30)	61

Table 18: Total State Government Sector Financial Assets and Liabilities as at 30 June

	1996	1997	1998	1999	2000
	\$m	\$m	\$m	\$m	\$m
Gross Debt					
Deposits held	251	172	192	174	216
Advances received	848	721	629	618	470
Borrowings					
Finance leases	1	6	4	17	16
Loans and placements	....	....	....	....	....
Debt securities	3 756	3 707	3 824	3 960	3 968
Total Gross Debt	4 856	4 606	4 649	4 769	4 670
Financial Assets					
Cash and deposits	184	221	274	162	88
Advances paid	145	141	114	88	66
Investments and other lending					
Foreign & domestic	....	....	....	....	....
Debt securities	1 561	1 396	1 557	1 857	2 257
Total Financial Assets	1 889	1 758	1 945	2 107	2 411
Net Debt	2 966	2 848	2 704	2 662	2 259
PLUS Other Liabilities					
Accounts payable and other debt items	712	695	717	727	719
Unfunded employee entitlements	2 127	1 989	2 110	2 209	2 184
LESS Other Financial Assets					
Accounts receivable	238	276	278	264	249
Provision for doubtful debts	(11)	(40)	(3)	(3)	(3)
Equity Claims	84	89	70	92	13
EQUALS Net Position of Liability and Equity Items over Financial Assets	5 494	5 207	5 186	5 245	4 903

APPENDIX C - CONCEPTS AND DEFINITIONS

Classification Basis of Government Finance Statistics

The GFS data is prepared on the basis of concepts and classifications used by the ABS in the preparation of public finance statistics. These, in turn, are based on international standards set out in the International Monetary Fund's *A Manual of Government Finance Statistics* and the United Nations' *System of National Accounts*.

The transactions used in the preparation of the GFEs are:

the Economic Transactions Framework, which categorises outlays, revenue, grants received and financing transactions according to their effect on the rest of the economy;

the Government Purpose Classification, which groups outlays on similar functions; and

the Taxes Classification, which gives a detailed dissection of these revenue sources.

Deficit/Surplus

The total deficit/surplus measures the call on financing for the Government. It is calculated as the difference between receipts and outlays less any increases in provisions.

In providing a measure of the financing task of government, the deficit/surplus also provides information for assessing the economic impact of a government's fiscal policies. However, it needs to be qualified in that it includes transactions which only represent a transformation of assets.

Consolidation of Transactions

GFS and FALs data presents a consolidated view of the financial transactions of the General Government, PTE and PFE sectors. The Total Non-Financial Public Sector represents a consolidation of the General Government and PTE sectors. The Total State Government sector is a consolidation of the General Government, PTE and PFE sectors

To compile statistics for the financial activities of the whole State Government, or its component sectors, the receipts, payments, financial assets and liabilities held with other units within the chosen grouping have to be matched and eliminated to avoid double counting. This process is known as consolidation.

For example, in the case of GFS, transactions between the Department of Treasury and Finance and the Department of Primary Industries, Water and Environment are netted out as both agencies are classified as General Government. Transactions between the Department of Treasury and Finance and Hydro-Tasmania are not netted out of the General Government and PTE tables as the former agency is classified as General Government while the latter is a PTE. However, such transactions are netted out for the purposes of the Total Non-Financial Public Sector and Total State Government Sector tables.

Financial Assets and Liabilities Concepts

Gross Debt

For the purposes of this report, Gross Debt is calculated as the total of financial liabilities, such as deposits held, advances received and borrowings categories (refer to Appendix C for definitions of these categories). Gross Debt includes items such as debt incurred by the Government and serviced from the Consolidated Fund, specific purpose loans from the Commonwealth, and other borrowings raised from the capital markets.

Net Debt

Net Debt is the difference between Gross Debt as defined above, and liquid financial assets comprising the total of the cash and deposits, advances paid and investment categories (refer to Appendix C for definitions). Investments on the short-term money market and fixed deposits held with banks are included as financial assets.

Net Debt rather than Gross Debt is a more appropriate concept for analytical purposes as any analysis based on Gross Debt will not reflect holdings of financial assets. The General Government sector has significant holdings of financial assets in the form of cash investments and loans to the Public Trading Enterprise sector.

APPENDIX D - CLASSIFICATION OF AUTHORITIES

General Government

Health and Human Services (excluding Housing Division and Home Ownership Assistance Program))

Education

House of Assembly

Infrastructure, Energy and Resources

Inland Fisheries Commission

Justice and Industrial Relations

Legislative Council

Legislature-General

Marine and Safety Tasmania

Office of the Governor

Police

Premier and Cabinet

Primary Industries, Water and Environment

Royal Tasmanian Botanical Gardens

State Development

State Fire Commission

Tasmanian Audit Office

Tasmanian Racing Authority

Treasury and Finance

Public Financial Enterprises

Home Ownership Assistance Program (HOAP)

Motor Accidents Insurance Board

Tasmania Public Finance Corporation

Public Trading Enterprises

Aurora Energy Pty Ltd
Burnie Port Corporation Pty Ltd
Civil Construction Services Corporation
Egg Marketing Board
Flinders Island Port Company Pty Ltd
Forestry Tasmania
Health and Human Services (Housing Division only)
Hobart Ports Corporation Pty Ltd
Hydro Tasmania
King Island Ports Corporation
Metro Tasmania Pty Ltd
Port Arthur Historic Site Management Authority
Port of Devonport Corporation Pty Ltd
Port of Launceston Pty Ltd
Printing Authority of Tasmania
Private Forests Tasmania
Rivers and Water Supply Commission
Southern Regional Cemetery Trust
Stanley Cool Stores Board
Tasmanian Dairy Industry Authority
Tasmanian Grain Elevators Board
Tasmanian International Velodrome Management Authority
The Public Trustee
Totalizator Agency Board
Transend Networks Pty Ltd
TT-Line Company Pty Ltd