



LOAN COUNCIL OUTCOMES REPORT
2000-01

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INTRODUCTION

The purpose of this Outcomes Report is to present the 2000-01 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 uniform presentation framework (UPF) which is based on a cash 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 an accrual based GFS reporting framework by the Australian Bureau of Statistics (ABS) as published in *Government Financial Statistics, Australia 1999-00*, ABS Cat No 5512.0. Accrual based UPF information will be included for the first time in the 2002-03 Budget documents. 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 is similar to that 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.

This Outcomes Report provides a complete presentation of 2000-01 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 *2000-01 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.

Classification of Public Sector Entities

Public sector entities have been classified according to the General Government, Public Trading Enterprise (PTE) and Public Financial Enterprise (PFE) Sectors. A detailed dissection of the coverage and classification of public sector entities for the UPF is provided in Appendix D.

The General Government Sector comprises those agencies of government, the primary function of which is to provide public services which are mainly non-market in nature, for the collective consumption of the community, or which 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 such as the State Fire Commission.

The PTE Sector comprises those entities that aim to cover the majority of their expenses by revenue from the sales of goods and services and which are mainly market, non-regulatory and non-financial

in nature. Generally, this sector covers the State's Government Business Enterprises (GBEs) and State-owned Companies (SOCs). This is equivalent to the Public Non-Financial Corporations Sector which is the terminology currently used by the Australian Bureau of Statistics (ABS).

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. This sector covers the Motor Accidents Insurance Board, the Tasmanian Public Finance Corporation (Tascorp) and the Home Ownership Assistance Program. This is equivalent to the Public Financial Corporations Sector which is the terminology currently used by the ABS.

The Non-Financial Public Sector represents the consolidated total of the General Government and PTE Sectors. The Total State Government Sector represents the consolidated total of the General Government, PTE and PFE Sectors. The movement in these sectors is directly linked to the movement of the component sectors.

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 2000-01, the tolerance limit applicable to Tasmania's LCA was \$49 million.

Table 1 shows that Tasmania's LCA outcome for 2000-01 was outside the tolerance limit, with a LCA outcome of \$158 million, a variation of \$102 million from the Budget-time estimate. The primary reason for the variation is a better than expected surplus for the General Government sector.

The surplus for the General Government sector for 2000-01 was \$153 million, a variation of \$91 million from the initial Budget-time Estimate of \$62 million. This variation is a result of a number of positive factors such as additional taxation receipts due to higher than expected payroll tax and stamp duty receipts, increased returns from the Government businesses, reductions in debt servicing costs achieved as a result of falling interest rates, and Commonwealth grants being above the original Budget estimate.

The surplus for the PTE sector for 2000-01 was \$5 million, a variation of \$5 million from the initial Budget-time Estimate of \$10 million.

Table 1: Loan Council Outcome for 2000-01

	2000-01 Budget-time Estimate	2000-01 Actual
	\$m	\$m
General Government Deficit	(62)	(153)
PTE Deficit	(10)	(5)
Total Non-Financial Public Sector Advances Paid	....	( 16)
Total LCA Deficit	(72)	(174)
Memo Items		
Local Government	16	16
Other	....	....
Total LCA	(56)	(158)

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 1996-97 to 2000-01, refer to Appendix A.

Table 2: Breakdown of GFS Outcomes by Sector

	General		Public Trading		Public Financial		Total State	
	Government		Enterprises		Enterprises		Government Sector	
	2000	2001	2000	2001	2000	2001	2000	2001
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Current Outlays	2 025	2 131	346	268	368	446	2 274	2 470
Capital Outlays	120	115	92	161	2	(1)	195	254
less Revenue	2 292	2 399	279	253	379	461	2 469	2 721
less Increase in Provisions	....	....	179	180	35	35	213	215
Deficit/ (Surplus)	(147)	(153)	(21)	(5)	(44)	(50)	(213)	(208)

General Government Sector

The General Government sector surplus increased by \$6 million, from \$147 million to \$153 million between 30 June 2000 and 30 June 2001. The continued strong result for the sector is due to a number of positive factors such as additional taxation receipts, substantial returns being made from Government businesses, savings in interest costs achieved as a result of the reduction in interest rates, and the debt reduction strategies of the current Fiscal Strategy. The 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 2000-01, in real dollars.

Chart 1: Real General Government Receipts and Outlays

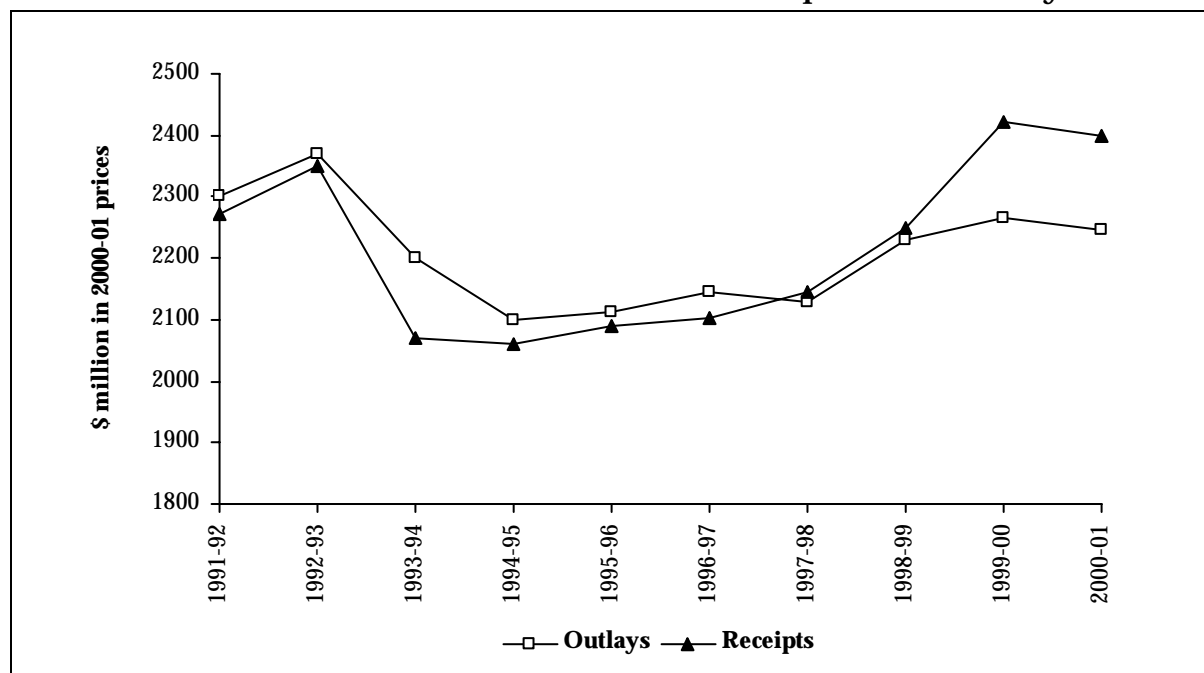
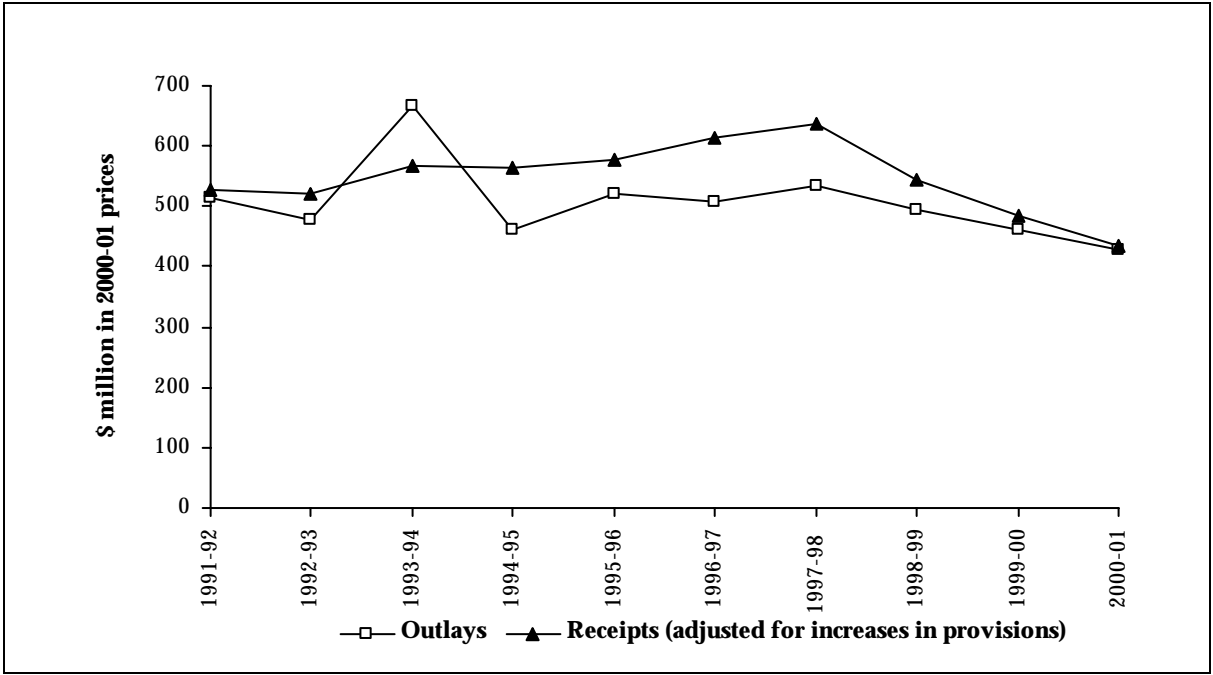


Chart 1 shows that prior to 1997-98, outlays were greater than receipts in the General Government sector. The first Government Fiscal Strategy was established in 1990-91, followed by the second Strategy introduced in 1994-95 and a third Strategy in 1998-99. As a result of these strategies, the gap between outlays and receipts 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 \$16 million, from \$21 million to \$5 million, between 30 June 2000 and 30 June 2001. The movement is primarily attributable to an increase in the capital program for the year and a small reduction in the net operating surplus for the sector. This was due to an increase in maintenance expenditure incurred on PTE sector assets, offset in part by savings in debt servicing costs. The PTE sector continues to operate in a surplus position and Chart 2 shows the trend in receipts (adjusted for increases in provisions) and outlays for the ten years to 2000-01, in real dollars. It should be noted that receipts have been adjusted to add back the increase in provisions. The gap between outlays and receipts reflects the real terms deficit/surplus for the PTE sector.

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



Public Financial Enterprises Sector

- The PFE sector surplus increased by \$6 million, from \$44 million to \$50 million, between 30 June 2000 and 30 June 2001. 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 decreased by \$5 million from \$213 million to \$208 million between 30 June 2000 and 30 June 2001. 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 2000 and 30 June 2001 is provided in Table 3. For a detailed dissection of FALs from 30 June 1997 to 30 June 2001, 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 Sector	
	2000	2001	2000	2001	2000	2001	2000	2001
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Gross Debt	1 927	1 871	1 833	1 824	4 821	4 817	4 670	4 331
less Financial Assets	1 017	1 156	130	134	5 202	5 269	2 441	2 378
Net Debt	910	715	1 703	1 690	(381)	(452)	2 229	1 953

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 \$195 million, or 21 per cent in nominal terms, from \$910 million to \$715 million between 30 June 2000 and 30 June 2001. 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 including superannuation and workers' compensation.
- General Government sector Gross Debt decreased by \$56 million, or 3 per cent in nominal terms, from \$1 927 million to \$1 871 million between 30 June 2000 and 30 June 2001. The major factors affecting this decrease include authority repayments of on-lent Financial Agreement debt (\$14.4 million), Commonwealth Compensation funds (\$10.1 million), a reduction in other borrowings for the Public Account (\$5.2 million), reduction in Gross Debt by certain General Government entities (\$22 million) and application of the Consolidated Fund surplus (\$3.5 million).
- The General Government debt burden has been steadily decreasing in real terms over the five year period to 30 June 2001. The improved debt position reflects the repayment of advances by the PTE sector, successive Fiscal Strategies which have led to declining deficits/increasing surpluses, and the application of proceeds from major asset sales to debt retirement.

Public Trading Enterprises Sector

- Net Debt for the PTE sector decreased by \$13 million, or 1 per cent in nominal terms, from \$1 703 million to \$1 690 million between 30 June 2000 and 30 June 2001. 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 \$71 million, or 18.6 per cent in nominal terms, from \$381 million to \$452 million between 30 June 2000 and 30 June 2001. 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 \$306 million, or 13.5 per cent in nominal terms, from \$2 259 million to \$1 953 million between 30 June 2000 and 30 June 2001. 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

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
<i>Net Debt in nominal terms</i>					
General Government	1 395	1 350	1 271	910	715
Public Trading Enterprises	1 803	1 745	1 736	1 703	1 690
Total Non-Financial Public Sector	3 198	3 094	3 007	2 613	2 404
Public Financial Enterprises	- 350	- 390	- 345	- 381	- 452
Total State Government Sector	2 848	2 704	2 662	2 229	1 953
	\$m	\$m	\$m	\$m	\$m
<i>Net Debt in real terms</i>					
General Government	1 515	1 467	1 367	961	715
Public Trading Enterprises	1 957	1 896	1 868	1 799	1 690
Total Non-Financial Public Sector	3 472	3 362	3 235	2 760	2 404
Public Financial Enterprises	- 380	- 424	- 371	- 402	- 452
Total State Government Sector	3 092	2 938	2 864	2 358	1 953
	%	%	%	%	%
<i>Net Debt as a percentage of Gross State Product</i>					
General Government	13.3	12.6	11.3	7.9	5.8
Public Trading Enterprises	17.2	16.3	15.4	14.7	13.8
Total Non-Financial Public Sector	30.5	28.9	26.7	22.6	19.6
Public Financial Enterprises	-3.3	-3.6	-3.1	-3.3	-3.7
Total State Government Sector	27.2	25.2	23.7	19.2	15.9

Source: *Consumer Price Index, Australia*, ABS Cat.No. 6401.0; *Australian National Accounts, State Accounts*, ABS Cat.No. 5220.0; Department of Treasury and Finance.

It can be seen from Table 4 that General Government and PTE sector Net Debt have consistently decreased in real terms over the period 30 June 1997 to 30 June 2001.

General Government Net Debt as a percentage of GSP has fallen from 7.9 per cent as at 30 June 2000 to 5.8 per cent as at 30 June 2001. For the PTE sector, Net Debt as a percentage of GSP has fallen from 14.7 per cent as at 30 June 2000 to 13.8 per cent as at 30 June 2001.

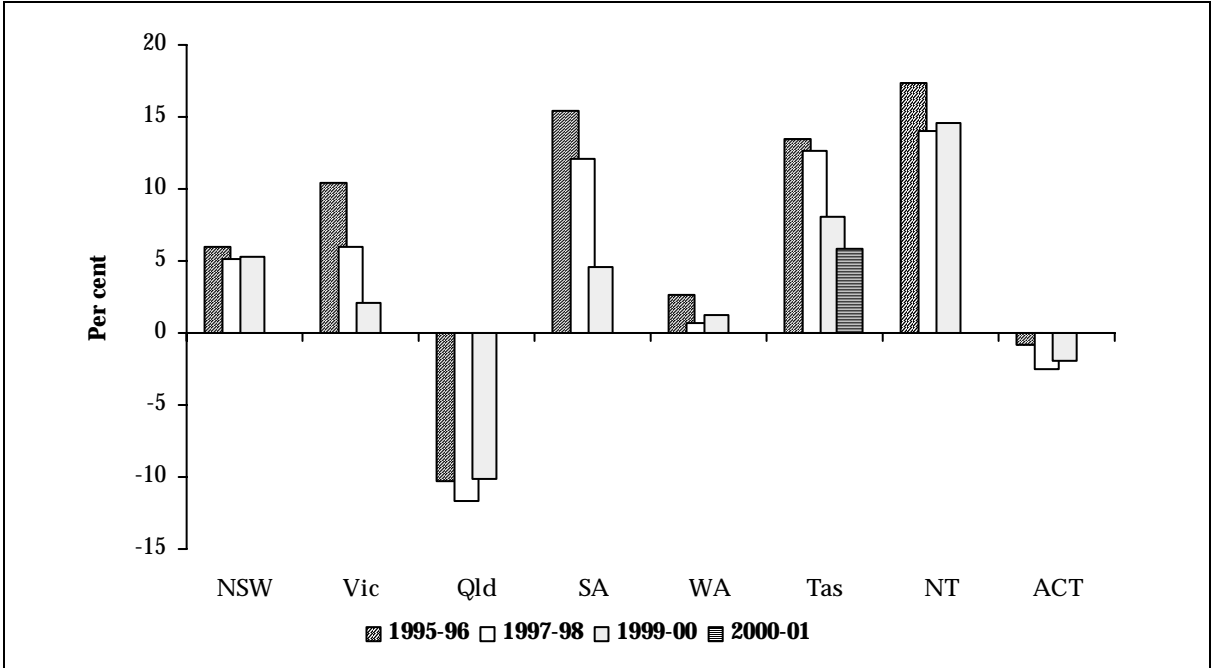
Inter State Debt Comparison

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 shows the sustained efforts made to reduce Net Debt as a percentage of GSP for Tasmania.

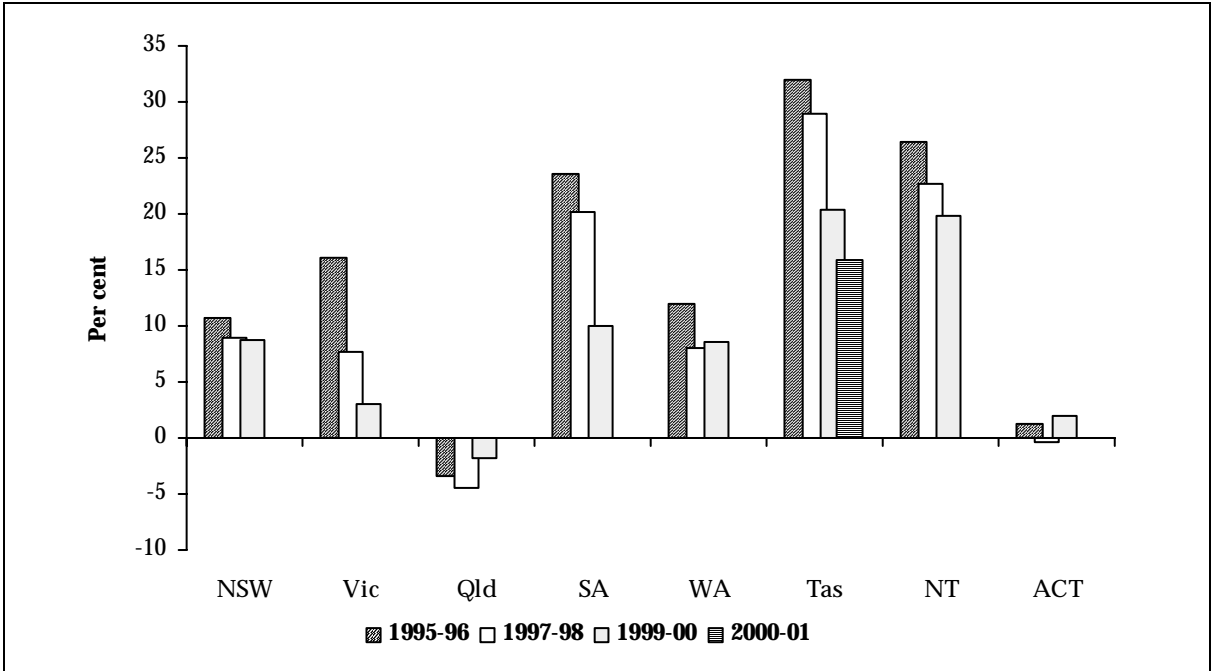
Chart 4 shows that Tasmania’s Total Non-Financial Public Sector Net Debt as a percentage of GSP is the highest of all States and Territories. This reflects the State’s past heavy investment in its electricity system, inadequate past returns from that system and from other PTEs, and a series of substantial deficits in the General Government sector in the 1980s. Nevertheless, the chart shows the significant improvements made to reduce the debt burden since the introduction of the first Fiscal Strategy in 1990-91. This trend is continuing 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 2001-02*. 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	1998-99	1999-00	2000-01	Targets
	Actual	Actual	Actual	Actual	
Consolidated Fund Budget to be maintained in surplus from 1999-00 (\$ million)	(37.1)	(15.2)	1.3	3.5	> 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	6.9	2.5
Total State Government net debt as a percentage of GSP by 2003-04 (%)	25.2	23.7	19.2	15.9	< 20.0
General Government net debt as a proportion of GSP by 2003-04 (%)	12.6	11.3	7.9	5.8	< 10.0
Net interest cost ratio by 2003-04 (%)	7.5	6.9	5.2	3.7	< 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 \$1 944 million and \$366 million respectively, as at 30 June 2001.

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

Table 6: Unfunded Employee Entitlements

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
<i>General Government</i>					
Long Service Leave	147	155	141	141	156
Annual Leave	64	66	64	62	63
Workers' Compensation	50	53	51	49	49
Superannuation	1 464	1 562	1 630	1 576	1 676
Total	1 725	1 836	1 886	1 828	1 944
<i>Public Trading Enterprises</i>					
Long Service Leave	22	26	18	27	28
Annual Leave	14	16	11	20	20
Workers' Compensation	4	4	4	3	3
Superannuation	222	226	288	304	315
Total	263	272	321	354	366
<i>Public Financial Enterprises</i>					
Long Service Leave	....	....	....	....	....
Annual Leave	....	1	1	1	1
Workers' Compensation	....	0	0	0	....
Superannuation	1	1	1	1	1
Total	1	2	2	2	2

In accordance with ABS concepts, the unfunded liability for superannuation is presented on a gross Accrued Benefits basis. The Accrued Benefit liability represents the total of the present day (i.e. at 30 June 2001) discounted value of all employees' entitlements. Accrued Benefits liability is determined using a discounted cash flow technique similar to that used to calculate Past Service Liability, but the rate of discount is prescribed under the Australian Accounting Standards. The discount factor to be used is the risk free rate of return (the 10 year Government Bond rate), adjusted upwards to allow for "risk".

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 2001, amounts have been set aside in the Special Deposits and Trust Fund for superannuation (\$355.4 million) and workers' compensation (\$63.9 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 9 of Budget Paper No 1 - *Budget Overview 2001-02*.

APPENDIX A - GFS TABLES

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Current Outlays</i>					
Gross current expenditure	1 546	1 539	1 697	1 750	1 832
less Sale of goods and services	192	193	232	231	230
equals Final consumption expenditure	1 354	1 346	1 465	1 518	1 602
Interest payments					
to Commonwealth Government	72	61	52	45	28
other	139	139	132	114	97
Total interest payments	211	200	185	159	125
Subsidies paid					
to public trading enterprises	50	77	80	92	60
to other enterprises	15	16	26	46	81
Total subsidies paid	65	93	106	138	141
Personal benefit payments	19	13	8	4	42
Current grants					
to non-profit institutions	124	130	132	156	172
to local governments	49	45	44	45	45
Total current grants	172	175	176	201	217
Other current outlays	19	1	6	5	4
Total current outlays	1 840	1 828	1 946	2 025	2 131
<i>Capital outlays</i>					
Gross fixed capital expenditure					
on new fixed assets	142	141	126	126	119
on secondhand fixed assets (net)	(47)	(46)	(30)	(33)	(26)
Total gross fixed capital expenditure	95	95	97	93	93
Expenditure on land and intangible assets (net)	4	2	3	2	2
Capital Grants					
to State public trading enterprises	32	29	21	16	18
to local government	....	....	....	....	....
to other sectors	5	3	7	8	2
Total capital grants	37	32	27	24	20
Total capital outlays	136	130	126	120	115
Total outlays	1 976	1 958	2 072	2 145	2 246

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Revenue and grants received</i>					
Taxes	631	632	667	701	539
Property income and other revenue					
Income from State public trading enterprises	71	90	138	158	125
Income from State public financial enterprises	5	18	7	3	6
Interest received					
from public trading enterprises and public financial enterprises	47	40	36	27	24
from other sectors	22	15	8	16	13
Other property income and other revenue	46	37	42	37	36
Total property income and other revenue	191	200	231	242	204
Grants received from Commonwealth Government	1 124	1 143	1 194	1 349	1 656
Total revenue and grants received	1 946	1 975	2 092	2 292	2 399
<i>Financing transactions</i>					
Net advances received	(116)	(94)	(15)	(107)	(115)
Net borrowing	64	47	(2)	(110)	79
Other financing transactions	(2)	(41)	(75)	(24)	(153)
less Net advances paid					
to State public trading enterprises	(82)	(42)	(71)	(79)	(19)
to local government	(1)	(1)	(1)	(1)	(1)
to other sectors	(3)	(26)	1	(13)	(15)
Total advances paid	(86)	(70)	(71)	(93)	(35)
Total financing transactions	33	(17)	(20)	(147)	(153)
less increase in provisions	....	....	....	....	....
equals Deficit/(Surplus)	33	(17)	(20)	(147)	(153)

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Current Outlays					
Required current transfer payments					
Interest payments					
to State general government	48	39	35	27	19
to other sectors	160	142	136	163	123
Income transferred to general government	113	149	130	155	123
Total required current transfer payments	321	330	301	344	264
Other current outlays	2	3	2	1	4
Total current outlays	323	333	303	346	268
Capital outlays					
Gross fixed capital expenditure					
Expenditure on new fixed assets	158	172	160	153	161
Expenditure on secondhand fixed assets (net)	(10)	(10)	(5)	(10)	....
Total gross fixed capital expenditure	148	162	155	143	161
Increase in stocks	(1)	(1)	....	....	....
Expenditure on land and intangible assets (net)	(1)	(2)	(1)	(51)	....
Capital Grants	....	....	....	....	....
Total capital outlays	146	159	154	92	161
Total outlays	469	493	458	437	428
Revenue and grants received					
Net operating surpluses					
Operating revenue					
Subsidies received	38	39	55	58	57
Other operating revenue	882	864	888	925	990
less Operating expenditure					
Depreciation charge	156	155	169	173	176
Other operating expenditure	466	476	569	576	645
Total net operating surpluses	298	272	206	234	226
Property income and other revenue					
Interest received	12	10	10	13	7
Other property income and other revenue	5	5	8	....	1
Total property income and other revenue	17	15	18	13	8
Grants received	30	32	38	33	19
Total revenue and grants received	344	318	262	279	253

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Financing transactions</i>					
Net advances received	(84)	(42)	(70)	(79)	(20)
Net borrowing	(11)	2	(3)	6	(3)
Increase in provisions	219	262	244	179	180
less Net advances paid	(2)	....	....	....	....
Other financing transactions	(2)	(52)	25	52	18
Total financing transactions	124	170	196	158	175
less increase in provisions	219	262	244	179	180
equals Deficit/(Surplus)	(96)	(93)	(48)	(21)	(5)

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Current Outlays</i>					
Final consumption expenditure	1 354	1 346	1 465	1 518	1 602
Required current transfer payments					
Interest payments					
to Commonwealth Government	73	61	52	45	28
other	299	280	269	276	220
Total required transfer payments	372	341	321	321	248
Unrequited current transfer payments					
Subsidies paid	65	93	104	138	141
Personal benefit payments	19	13	8	4	42
Current grants					
to non-profit institutions	124	132	132	157	172
to local governments	49	47	44	45	45
Other current transfer payments	19	5	8	5	4
Total Unrequited current transfer payments	276	289	295	348	403
Other current outlays	43	63	(8)	....	....
Total current outlays	2 044	2 039	2 073	2 187	2 253
<i>Capital outlays</i>					
Gross fixed capital expenditure					
Expenditure on new fixed assets	300	314	286	279	280
Expenditure on secondhand fixed assets (net)	(56)	(57)	(35)	(43)	(27)
Total gross fixed capital expenditure	244	257	251	236	253
Increase in stocks	(1)	(3)	....	....	....
Expenditure on land and intangible assets (net)	3	1	2	(49)	....
Capital Grants					
to local government	....	....	....	....	....
to other sectors	5	3	7	8	2
Total capital grants	5	3	7	8	2
Total capital outlays	250	257	260	195	255
Total outlays	2 293	2 296	2 334	2 383	2 509

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Revenue and grants received</i>					
Taxes	631	632	667	701	539
Net operating surpluses of public trading enterprises	297	272	206	234	227
<i>Property income and other revenue</i>					
Interest received	33	26	18	28	27
Other property income and other revenue	57	57	50	43	37
Total property income and other revenue	90	83	69	72	64
Grants received from Commonwealth Government	1 124	1 143	1 209	1 363	1 656
Total revenue and grants received	2 141	2 129	2 152	2 370	2 486
<i>Financing transactions</i>					
Net advances received	(116)	(99)	(15)	(109)	(115)
Net borrowing	105	49	(5)	(104)	76
Increase in provisions	220	262	244	179	180
less Net advances paid	(5)	(33)	(20)	(13)	(16)
Other financing transactions	(62)	(79)	(62)	34	(134)
Total financing transactions	153	166	182	13	23
less increase in provisions	220	262	244	179	180
equals Deficit/(Surplus)	(67)	(96)	(64)	(167)	(158)

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Current Outlays</i>					
Interest payments	406	384	350	365	439
Income transferred to general government	13	7	9	3	7
Other current outlays	....	....	....	....	....
Total current outlays	419	391	359	368	446
<i>Capital outlays</i>					
Gross fixed capital expenditure	6	1	2	2	....
Expenditure on land and intangible assets (net)	....	2	(1)	....	(1)
Total capital outlays	6	3	1	2	(1)
Total outlays	425	394	360	370	445
<i>Revenue and grants received</i>					
Net operating surpluses:					
Operating revenue	65	78	77	87	87
less Operating expenditure	107	101	88	118	117
Total net operating surpluses	(42)	(23)	(11)	(31)	(30)
Property income and other revenue:					
Interest received	449	388	352	387	486
Other property income and other revenue	3	32	17	23	5
Total property income and other revenue	452	420	369	410	491
Grants received					
Total revenue and grants received	410	397	358	379	461
<i>Financing transactions</i>					
Net advances received	7	7	2	2	....
Net borrowing	(170)	160	88	153	64
Increase in provisions	44	34	16	35	35
less Net advances paid	7	7	2	2	....
Other financing transactions	142	(199)	(102)	(197)	(114)
Total financing transactions	16	(5)	2	(9)	(15)
less increase in provisions	44	34	16	35	35
equals Deficit/(Surplus)	(28)	(39)	(13)	(44)	(50)

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Current outlays</i>					
Final Consumption Expenditure	1 353	1 346	1 465	1 518	1 602
Required current transfer payments:					
Interest payments:					
to Commonwealth Government	73	61	52	45	28
other	424	389	356	347	436
Total required transfer payments	497	450	408	392	464
Unrequited current transfer payments:					
Subsidies paid	65	94	106	138	141
Personal benefit payments	19	15	8	4	42
Current grants:					
to non-profit institutions	124	132	132	157	172
to local governments	49	45	44	45	45
Other current transfer payments	19	5	8	8	4
Total Unrequited current transfer payments	276	291	298	352	404
Other current outlays	53	33	18	12	....
Total current outlays	2 179	2 120	2 189	2 274	2 470
<i>Capital outlays</i>					
Gross fixed capital expenditure:					
Expenditure on new fixed assets	305	315	288	280	280
Expenditure on secondhand fixed assets (net)	(57)	(58)	(36)	(43)	(28)
Total gross fixed capital expenditure	248	257	252	237	252
Increase in stocks	(1)	(2)	(2)	....	....
Expenditure on land and intangible assets (net)	3	2	2	(49)	1
Capital Grants:					
to local government	....	....	....	....	....
to other sectors	5	3	3	8	2
Total capital grants	5	3	3	8	2
Total capital outlays	255	259	254	195	254
Total outlays	2 435	2 379	2 443	2 469	2 724

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Revenue and grants received</i>					
Taxes	631	634	667	701	539
Net operating surpluses of public enterprises	254	248	195	202	196
Property income and other revenue:					
Interest received	199	146	125	161	288
Other property income and other revenue	57	72	67	41	41
Total property income and other revenue	256	218	192	202	329
Grants received from Commonwealth Government	1 124	1 143	1 209	1 363	1 656
Total revenue and grants received	2 265	2 243	2 264	2 469	2 721
<i>Financing transactions</i>					
Net advances received	(116)	(96)	(25)	(107)	(115)
Net borrowing	91	135	84	48	140
Increase in provisions	264	285	260	213	215
Other financing transactions	(66)	(209)	(161)	(175)	(249)
less Net Advances paid	3	(21)	(21)	(21)	(16)
Total financing transactions	170	136	179	....	7
less increase in provisions	264	285	260	213	215
equals Deficit/(Surplus)	(95)	(149)	(81)	(213)	(208)

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>General public services</i>					
Current	156	147	194	172	145
Capital	(12)	(5)	8	9	13
Total	144	142	202	181	158
<i>Public order and safety</i>					
Current	152	152	146	177	178
Capital	15	13	6	4	0
Total	167	165	152	181	178
<i>Education</i>					
Current	473	496	546	582	632
Capital	38	26	22	35	23
Total	511	522	568	617	655
<i>Health</i>					
Current	377	407	417	505	511
Capital	15	12	20	3	9
Total	392	419	437	508	520
<i>Social security and welfare</i>					
Current	119	125	116	120	125
Capital	0	0	0	0	5
Total	119	125	116	120	130
<i>Housing and community amenities</i>					
Current	30	31	19	34	30
Capital	12	5	11	23	11
Total	42	36	30	57	41
<i>Recreation and culture</i>					
Current	69	66	75	68	67
Capital	15	12	12	2	3
Total	84	78	87	70	70

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

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
<i>Fuel and energy</i>					
Current	36	57	3	1	1
Capital	106	123	121	114	104
Total	142	180	124	115	105
<i>Agriculture, forestry, fishing and hunting</i>					
Current	50	60	59	70	32
Capital	14	16	4	(42)	38
Total	64	76	63	28	70
<i>Mining and mineral resources other than fuels, manufacturing and construction</i>					
Current	9	5	5	7	(4)
Capital	....	....	....	....	....
Total	9	5	5	7	(4)
<i>Transport and communications</i>					
Current	102	94	115	114	110
Capital	48	56	52	50	50
Total	150	150	167	164	160
<i>Other economic affairs</i>					
Current	56	56	76	101	134
Capital	(2)	....	4	(2)	(2)
Total	54	56	80	99	132
<i>Other purposes</i>					
Current	415	342	306	240	297
Capital	....	....	....	....	....
Total	415	342	306	240	297
Total Outlays	2 293	2 296	2 334	2 384	2 509

Table 13: State Government Taxes

	1996-97	1997-98	1998-99	1999-00	2000-01
	Actual	Actual	Actual	Actual	Actual
	\$m	\$m	\$m	\$m	\$m
Employers' Pay-roll Taxes	146	146	144	155	163
<i>Taxes on property</i>					
Taxes on immovable property					
Land tax	27	26	27	28	27
Property owners contributions to fire brigade	17	17	18	18	19
Total taxes on immovable property	47	43	45	46	46
Taxes on financial and capital transactions	97	107	103	114	122
Total taxes on property	141	150	148	160	168
<i>Taxes on the provision of goods and services</i>					
Levies on statutory corporations	14	15	14	14	14
Taxes on gambling					
Taxes on private lotteries	19	19	20	22	20
Casino taxes	31	35	40	47	38
Race betting taxes	11	9	8	7	1
Taxes on gambling n.e.c.	1	1	1	1	....
Total taxes on gambling	63	65	69	77	59
Taxes on insurance					
Insurance companies' contributions to fire brigade	7	7	7	7	8
Third party insurance taxes	2	2	2	2	1
Taxes on insurance n.e.c.	19	18	19	20	24
Total taxes on insurance	30	28	28	29	33
Total taxes on the provision of goods and services	99	107	111	121	106
<i>Taxes on use of goods and performance of activities</i>					
Motor vehicle taxes					
Vehicle registration fees and taxes	60	64	68	64	67
Stamp duties on vehicle registration	27	27	28	28	28
Total motor vehicle taxes	87	91	96	92	95
Safety Net Revenues	150	139	169	174	8
Total taxes on use of goods and performance of activities	237	230	265	266	103
Total Taxes	631	632	667	701	539

APPENDIX B - FALS TABLES

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

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
<i>Gross Debt</i>					
Deposits held	48	55	24	18	24
Advances received	730	635	620	473	357
<i>Borrowings</i>					
Finance leases	....	....	....	....	....
Loans and placements	....	....	....	....	....
Debt securities	1 547	1 608	1 550	1 436	1 490
Total Gross Debt	2 325	2 298	2 194	1 927	1 871
<i>Financial Assets</i>					
Cash and deposits	248	327	421	611	783
Advances paid	646	575	486	385	351
<i>Investments and other lending</i>					
Foreign & domestic	....	....	....	....	....
Debt securities	36	46	16	21	22
Total Financial Assets	930	948	923	1 017	1 156
Net Debt	1 395	1 350	1 271	910	715
<i>PLUS Other Liabilities</i>					
Accounts payable and other debt items	118	84	124	110	62
Unfunded employee entitlements	1 725	1 836	1 886	1 828	1 944
<i>LESS Other Financial Assets</i>					
Accounts receivable	81	42	35	68	28
Provision for doubtful debts	(11)	(2)	(2)	(2)	(4)
Equity Claims	4 052	3 820	3 604	3 995	4 089
EQUALS Net Position of Liability and Equity Items over Financial Assets	(884)	(590)	(356)	(1243)	(1392)

Contingent Liabilities as at 30 June 2001

Guarantees given by the Government	\$m 2,140
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Table 15: Public Trading Enterprises Sector Financial Assets and Liabilities as at 30 June

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
<i>Gross Debt</i>					
Deposits held	4	2	4	....	....
Advances received	520	481	409	333	313
<i>Borrowings</i>					
Finance leases	6	4	3	1	5
Loans and placements	....	....	....	....	....
Debt securities	1 434	1 427	1 470	1 499	1 506
Total Gross Debt	1 963	1 914	1 886	1 833	1 824
<i>Financial Assets</i>					
Cash and deposits	75	84	106	73	92
Advances paid	24	26	14	15	10
<i>Investments and other lending</i>					
Foreign & domestic	....	....	....	....	....
Debt securities	61	59	31	43	32
Total Financial Assets	160	169	150	130	134
Net Debt	1 803	1 745	1 736	1 703	1 690
<i>PLUS Other Liabilities</i>					
Accounts payable and other debt items	156	100	100	79	98
Unfunded employee entitlements	263	272	321	354	366
Equity of Public Trading Enterprises	4 044	3 815	3 604	3 930	4 081
<i>LESS Other Financial Assets</i>					
Accounts receivable	172	115	145	132	145
Provision for doubtful debts	(28)	(1)	(2)	(1)	(1)
Equity Claims	1	7	6	5	10
EQUALS Net Position of Liability and Equity Items over Financial Assets	6 121	5 811	5 612	5 930	6 081

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

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
<i>Gross Debt</i>					
Deposits held	47	46	26	15	1
Advances received	721	629	618	470	354
<i>Borrowings</i>					
Finance leases	6	4	17	16	5
Loans and placements	....	....	....	....	....
Debt securities	2 958	3 017	3 003	2 919	2 994
Total Gross Debt	3 732	3 696	3 664	3 421	3 354
<i>Financial Assets</i>					
Cash and deposits	319	400	524	681	853
Advances paid	141	114	88	66	46
<i>Investments and other lending</i>					
Foreign & domestic	....	....	....	....	....
Debt securities	75	88	45	62	52
Total Financial Assets	535	602	657	809	951
Net Debt	3 198	3 094	3 007	2 613	2 404
<i>PLUS Other Liabilities</i>					
Accounts payable and other debt items	265	183	248	189	158
Unfunded employee entitlements	1 988	2 108	2 207	2 182	2 310
<i>LESS Other Financial Assets</i>					
Accounts receivable	244	156	179	200	170
Provision for doubtful debts	(39)	(3)	(3)	(3)	(5)
Equity Claims	8	12	11	13	23
EQUALS Net Position of Liability and Equity Items over Financial Assets	5 238	5 220	5 275	4 774	4 684

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

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
Gross Debt					
Deposits held	407	490	587	816	993
Advances received	....	....	....	....	....
Borrowings					
Finance leases	....	....	....	....	....
Loans and placements	....	....	....	....	....
Debt securities	3 709	3 809	3 963	4 005	3 824
Total Gross Debt	4 116	4 299	4 550	4 821	4 817
Financial Assets					
Cash and deposits	184	217	77	52	1
Advances paid	....	....	....	....	....
Investments and other lending					
Foreign & domestic	....	....	....	....	....
Debt securities	4 282	4 472	4 819	5 151	5 268
Total Financial Assets	4 466	4 689	4 895	5 202	5 269
Net Debt	(350)	(390)	(345)	(381)	(452)
PLUS Other Liabilities					
Accounts payable and other debt items	513	604	548	558	611
Unfunded employee entitlements	1	2	2	2	2
LESS Other Financial Assets					
Accounts receivable	115	192	154	118	177
Provision for doubtful debts	....	( 1)	....	....	....
Equity Claims	81	58	81	....	71
EQUALS Net Position of Liability and Equity Items over Financial Assets	(32)	(33)	(30)	61	(87)

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

	1997	1998	1999	2000	2001
	\$m	\$m	\$m	\$m	\$m
<i>Gross Debt</i>					
Deposits held	172	192	174	216	168
Advances received	721	629	618	470	354
<i>Borrowings</i>					
Finance leases	6	4	17	16	5
Loans and placements	....	....	....	....	....
Debt securities	3 707	3 824	3 960	3 968	3 804
Total Gross Debt	4 606	4 649	4 769	4 670	4 331
<i>Financial Assets</i>					
Cash and deposits	221	274	162	118	27
Advances paid	141	114	88	66	46
<i>Investments and other lending</i>					
Foreign & domestic	....	....	....	....	....
Debt securities	1 396	1 557	1 857	2 257	2 305
Total Financial Assets	1 758	1 945	2 107	2 441	2 378
Net Debt	2 848	2 704	2 662	2 229	1 953
<i>PLUS Other Liabilities</i>					
Accounts payable and other debt items	695	717	727	719	719
Unfunded employee entitlements	1 989	2 110	2 209	2 184	2 312
<i>LESS Other Financial Assets</i>					
Accounts receivable	276	278	264	249	298
Provision for doubtful debts	(40)	(3)	(3)	(3)	(5)
Equity Claims	89	70	92	13	94
EQUALS Net Position of Liability and Equity Items over Financial Assets	5 207	5 186	5 245	4 873	4 597

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

TAFE Tasmania

Tasmanian Audit Office

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 Grain Elevators Board
Tasmanian International Velodrome Management Authority
The Public Trustee
Tote Tasmania Pty Ltd
Transend Networks Pty Ltd
TT-Line Company Pty Ltd