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**PUBLIC SECTOR FINANCIAL ASSETS
AND LIABILITIES, AUSTRALIA
30 JUNE 1994 and 1995**

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AUSTRALIAN BUREAU OF STATISTICS

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INQUIRIES

- *for further information about statistics in this publication and related unpublished statistics*, contact Frances Pollard on (06) 252 5739 or Jon Wade on (06) 252 5069 or any ABS State office.
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SUMMARY OF FINDINGS

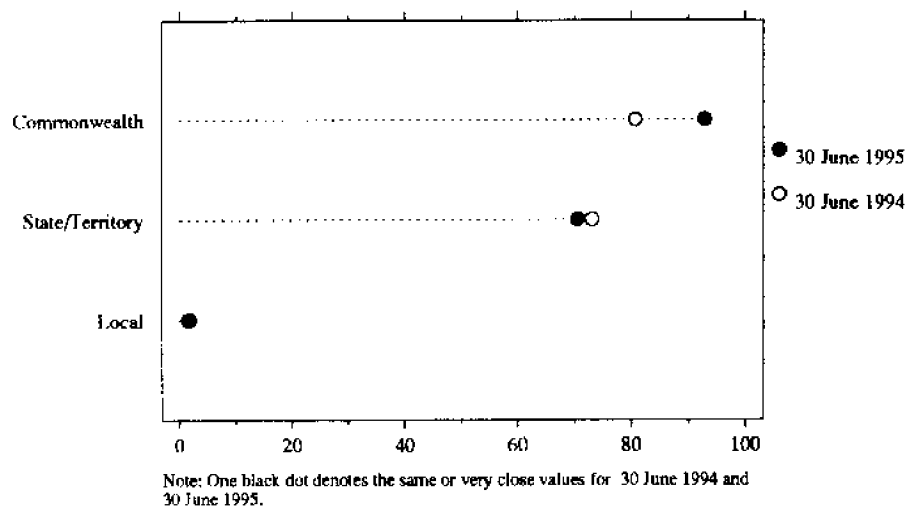
NET DEBT

Net debt (liabilities less financial assets) of the Australian non-financial public sector was \$165,252 million at 30 June 1995, an increase of \$9,504 million (6.1%) on the level of net debt at 30 June 1994. The ratio of the net debt to gross domestic product (GDP) fell slightly from 36.5% at 30 June 1994 to 36.4% at 30 June 1995.

The Commonwealth government share of the total net debt increased from 51.8% at 30 June 1994 to 56.3% at 30 June 1995.

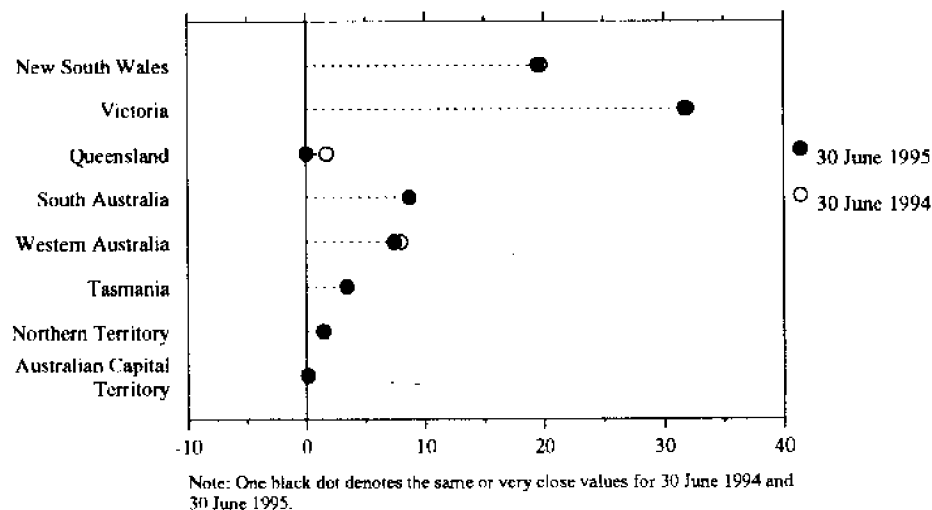
The State/Territory government share of total net debt decreased from 47.0% to 42.7%, as did the local government share which dropped from 1.2% to 1.0%.

NET DEBT OF COMMONWEALTH STATE/TERRITORY AND LOCAL GOVERNMENTS (\$'000 million)



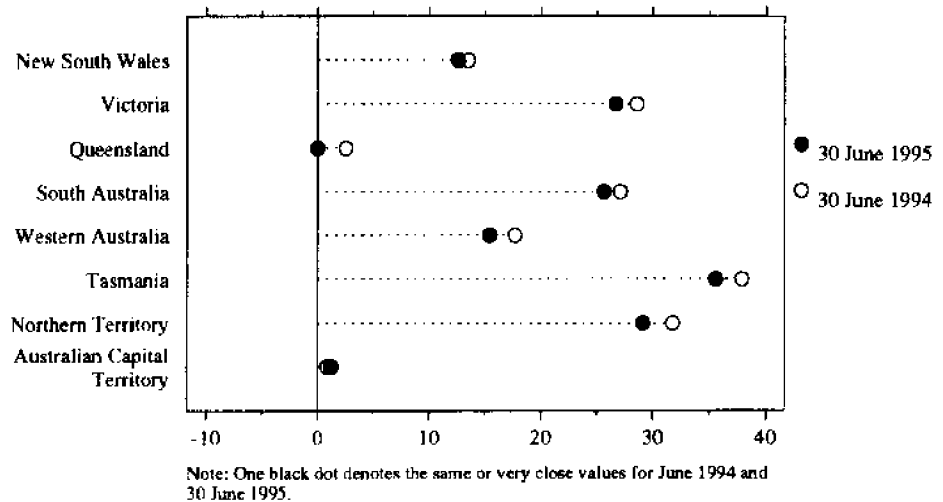
Net debt levels declined for all State jurisdictions and increased slightly in the Northern Territory and the Australian Capital Territory.

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



There was a reduction in debt levels as a percentage of Gross State Product (GSP) for each State and Territory between June 1994 and 1995.

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

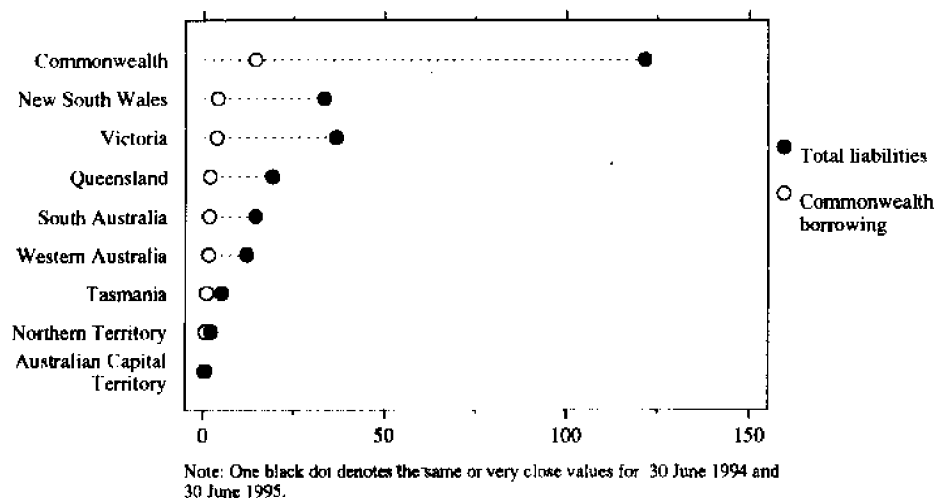


**COMMONWEALTH
ADVANCES**

Commonwealth government liabilities at 30 June 1995 included \$14,225 million borrowed on behalf of the State/Territory and local governments. This comprised 11.7% of Commonwealth liabilities, compared to 14.9% at 30 June 1994.

Amounts outstanding on advances received by State/Territory and local governments from the Commonwealth fell as a percentage of total State/Territory and local government liabilities, from 13.7% at 30 June 1994 to 12.1% at 30 June 1995.

**COMMONWEALTH BORROWING ON BEHALF OF STATE/TERRITORY AND
LOCAL GOVERNMENT AND TOTAL LIABILITIES AT 30 JUNE 1995
(\$'000 million)**



1

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

Item	Commonwealth and State/Territory Governments			
	General government	Public trading enterprises	Commonwealth and State/Territory governments	Commonwealth, State/Territory and local governments
AT 30 June 1994				
Liabilities				
Deposits held	3,600	492	2,402	2,440
Advances received	—	10,187	—	—
Other borrowings(b)	151,979	48,562	195,606	201,858
Gross debt	155,579	59,240	198,008	204,299
Financial assets				
Cash and deposits	8,581	4,038	10,929	12,446
Advances paid	16,799	1,245	6,751	6,695
Other lending(c)	23,926	6,453	26,405	29,410
Total cash, deposits and lending	49,306	11,737	44,085	48,551
Net debt(d)	106,273	47,504	153,923	155,748
Unfunded employee entitlements	117,363	7,026	124,389	n.a.
AT 30 June 1995				
Liabilities				
Deposits held	4,329	438	3,041	2,839
Advances received	—	9,870	—	—
Other borrowings(b)	166,148	48,281	210,246	216,506
Gross debt	170,478	58,589	213,288	219,346
Financial assets				
Cash and deposits	7,908	4,255	10,436	11,804
Advances paid	16,767	1,196	7,119	7,074
Other lending(c)	27,529	7,838	32,157	35,216
Total cash, deposits and lending	52,204	13,289	49,713	54,094
Net debt(d)	118,274	45,300	163,574	165,252
Unfunded employee entitlements	124,075	7,127	131,202	n.a.

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

2

FINANCIAL ASSETS AND LIABILITIES OF STATE/TERRITORY AND LOCAL GOVERNMENTS(a)
 (\$ million)

(in million)

Item	State/Territory Governments			State/Territory and local governments
	General government	Public trading enterprises	State/Territory governments	
AT 30 June 1994				
Liabilities				
Deposits held	3,377	492	2,179	2,217
Advances received	14,966	8,452	16,066	16,091
Other borrowings(b)	61,681	34,439	93,274	99,501
Gross debt	80,024	43,382	111,518	117,809
Financial assets				
Cash and deposits	7,514	3,239	9,063	10,580
Advances paid	9,798	1,245	3,691	3,635
Other lending(c)	26,101	2,484	25,592	28,598
Total cash, deposits and lending	43,413	6,969	38,347	42,813
Net debt(d)	36,611	36,413	73,172	74,996
Unfunded employee entitlements	48,168	6,319	54,487	n.a.
AT 30 June 1995				
Liabilities				
Deposits held	4,080	438	2,793	2,591
Advances received	13,073	8,469	14,183	14,225
Other borrowings(b)	62,624	34,133	94,070	100,288
Gross debt	79,776	43,040	111,046	117,104
Financial assets				
Cash and deposits	5,835	3,384	7,492	8,860
Advances paid	9,641	1,196	3,478	3,432
Other lending(c)	29,763	2,391	29,467	32,525
Total cash, deposits and lending	45,238	6,970	40,437	44,818
Net debt(d)	34,538	36,070	70,609	72,286
Unfunded employee entitlements	50,386	6,397	56,783	n.a.

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

3

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

Item	Commonwealth Government		
	General government	Public trading enterprises	Commonwealth government
AT 30 JUNE 1994(b)			
Liabilities			
Deposits held	224	—	224
Advances received	—	1,735	—
Other borrowings(c)	93,840	14,185	108,010
Gross debt	94,064	15,920	108,234
Financial assets			
Cash and deposits	1,068	799	1,867
Advances paid	21,967	—	20,232
Other lending(d)	1,367	4,030	5,383
Total cash, deposits and lending	24,402	4,830	27,482
Net debt(e)	69,661	11,090	86,752
Unfunded employee entitlements	69,195	707	69,902
AT 30 JUNE 1995			
Liabilities			
Deposits held	246	—	246
Advances received	—	1,401	—
Other borrowings(c)	107,228	14,169	121,385
Gross debt	107,474	15,570	121,631
Financial assets			
Cash and deposits	2,070	872	2,941
Advances paid	20,199	0	18,797
Other lending(d)	1,470	5,468	6,926
Total cash, deposits and lending	23,738	6,340	28,665
Net debt(e)	83,736	9,230	92,966
Unfunded employee entitlements	73,690	730	74,420

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes). (b) The 1994 figures have been revised as a result of improvements to the methodology and coverage used by the Commonwealth Department of Finance in compiling financial asset and liability statistics. (c) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (d) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (e) Gross debt less Total cash, deposits and lending.

4

FINANCIAL ASSETS AND LIABILITIES OF NEW SOUTH WALES GOVERNMENTS(a) (\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994(b)				
Liabilities				
Deposits held	818	161	775	835
Advances received	4,603	1,634	4,606	4,653
Other borrowings(c)	18,540	7,925	24,858	26,683
Gross debt	23,961	9,720	30,240	32,172
Financial Assets				
Cash and deposits	5,028	1,188	6,012	6,644
Advances paid	1,994	20	384	383
Other lending(d)	4,298	1,302	3,993	5,413
Total cash, deposits and lending	11,320	2,511	10,390	12,440
Net debt(e)	12,641	7,209	19,851	19,731
Unfunded employee entitlements	14,540	3,220	17,761	n.a.
AT 30 June 1995				
Liabilities				
Deposits held	766	126	628	691
Advances received	3,888	1,619	3,908	3,960
Other borrowings(c)	20,376	7,780	26,641	28,515
Gross debt	25,030	9,526	31,177	33,166
Financial Assets				
Cash and deposits	4,538	1,160	5,434	6,083
Advances paid	1,900	0	301	298
Other lending(d)	6,083	1,208	5,776	7,287
Total cash, deposits and lending	12,521	2,368	11,512	13,668
Net debt(e)	12,509	7,158	19,665	19,498
Unfunded employee entitlements	14,816	3,205	18,021	n.a.

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes). (b) The 1994 figures have been revised as a result of improvements to the methodology and coverage used by the NSW Treasury in compiling financial asset and liability statistics. (c) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (d) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (e) Gross debt less Total cash, deposits and lending.

5

FINANCIAL ASSETS AND LIABILITIES OF VICTORIA GOVERNMENTS(a) (\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994				
Liabilities				
Deposits held	424	112	290	312
Advances received	3,591	1,625	3,621	3,645
Other borrowings(b)	20,170	13,234	32,707	33,472
Gross debt	24,184	14,971	36,618	37,429
Financial Assets				
Cash and deposits	1,588	626	1,969	2,177
Advances paid	1,676	432	512	529
Other lending(c)	2,437	370	2,111	2,756
Total cash, deposits and lending	5,701	1,428	4,591	5,462
Net debt(d)	18,483	13,544	32,027	31,967
Unfunded employee entitlements	15,909	670	16,579	16,752
AT 30 June 1995				
Liabilities				
Deposits held	102	79	84	107
Advances received	3,574	1,606	3,612	3,638
Other borrowings(b)	20,312	12,352	31,941	32,703
Gross debt	23,989	14,037	35,637	36,448
Financial Assets				
Cash and deposits	436	470	809	1,021
Advances paid	1,613	386	430	448
Other lending(c)	2,928	335	2,540	3,181
Total cash, deposits and lending	4,977	1,191	3,779	4,650
Net debt(d)	19,012	12,847	31,858	31,798
Unfunded employee entitlements	16,791	711	17,502	17,679

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

6

FINANCIAL ASSETS AND LIABILITIES OF QUEENSLAND GOVERNMENTS(a) (\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994				
Liabilities				
Deposits held	802	178	552	526
Advances received	2,364	762	2,364	2,341
Other borrowings(b)	6,527	4,073	10,528	13,417
Gross debt	9,693	5,013	13,443	16,284
Financial Assets				
Cash and deposits	138	488	198	558
Advances paid	1,722	240	1,200	1,178
Other lending(c)	12,021	338	12,287	12,809
Total cash, deposits and lending	13,882	1,066	13,685	14,545
Net debt(d)	-4,189	3,947	-242	1,740
Unfunded employee entitlements	6,299	451	6,750	n.a.
AT 30 June 1995				
Liabilities				
Deposits held	1,465	184	1,141	939
Advances received	1,806	675	1,806	1,799
Other borrowings(b)	7,701	5,647	13,347	16,214
Gross debt	10,972	6,505	16,294	18,952
Financial Assets				
Cash and deposits	248	756	497	694
Advances paid	1,591	278	1,194	1,188
Other lending(c)	16,242	305	16,546	17,082
Total cash, deposits and lending	18,081	1,339	18,238	18,963
Net debt(d)	-7,109	5,166	-1,944	-11
Unfunded employee entitlements	7,351	452	7,803	n.a.

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

7

FINANCIAL ASSETS AND LIABILITIES OF SOUTH AUSTRALIA GOVERNMENTS(a) (\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994				
Liabilities				
Deposits held	413	26	277	258
Advances received	1,713	1,269	1,713	1,768
Other borrowings(b)	14,064	2,386	16,445	16,903
Gross debt	16,189	3,681	18,435	18,929
Financial Assets				
Cash and deposits	391	200	429	463
Advances paid	1,528	23	282	314
Other lending(c)	9,285	21	9,156	9,441
Total cash, deposits and lending	11,204	244	9,867	10,218
Net debt(d)	4,985	3,437	8,568	8,710
Unfunded employee entitlements	4,545	502	5,047	5,100
AT 30 June 1995				
Liabilities				
Deposits held	581	30	471	453
Advances received	1,498	2,140	1,499	1,550
Other borrowings(b)	10,814	1,095	11,908	12,342
Gross debt	12,893	3,266	13,877	14,345
Financial Assets				
Cash and deposits	269	184	312	402
Advances paid	2,420	30	310	339
Other lending(c)	4,696	26	4,719	4,936
Total cash, deposits and lending	7,384	240	5,341	5,676
Net debt(d)	5,509	3,026	8,536	8,669
Unfunded employee entitlements	4,626	523	5,148	5,204

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

8

FINANCIAL ASSETS AND LIABILITIES OF WESTERN AUSTRALIA GOVERNMENTS(a) (\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994				
Liabilities				
Deposits held	581	7	104	104
Advances received	907	1,404	1,595	1,595
Other borrowings(b)	4,616	5,302	9,894	10,078
Gross debt	6,104	6,713	11,593	11,776
Financial Assets				
Cash and deposits	140	532	188	330
Advances paid	1,103	344	730	749
Other lending(c)	2,255	327	2,559	2,753
Total cash, deposits and lending	3,498	1,203	3,477	3,832
Net debt(d)	2,606	5,510	8,116	7,944
Unfunded employee entitlements	4,229	1,066	5,295	n.a.
AT 30 June 1995				
Liabilities				
Deposits held	658	8	122	122
Advances received	736	1,364	1,416	1,416
Other borrowings(b)	5,036	5,092	10,111	10,296
Gross debt	6,430	6,464	11,649	11,835
Financial Assets				
Cash and deposits	131	594	181	333
Advances paid	1,063	313	692	709
Other lending(c)	2,771	417	3,171	3,379
Total cash, deposits and lending	3,965	1,324	4,044	4,421
Net debt(d)	2,465	5,140	7,605	7,413
Unfunded employee entitlements	4,120	1,096	5,216	n.a.

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

9

FINANCIAL ASSETS AND LIABILITIES OF TASMANIA GOVERNMENTS(a) (\$ million)

Item	State/Territory Government			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994				
Liabilities				
Deposits held	258	5	161	161
Advances received	1,072	769	1,065	1,058
Other borrowings(b)	2,486	1,507	3,946	4,121
Gross debt	3,816	2,282	5,172	5,340
Financial Assets				
Cash and deposits	75	127	100	226
Advances paid	942	32	198	189
Other lending(c)	1,441	104	1,497	1,492
Total cash, deposits and lending	2,457	263	1,796	1,906
Net debt(d)	1,358	2,018	3,377	3,434
Unfunded employee entitlements	1,173	337	1,510	1,525
AT 30 June 1995				
Liabilities				
Deposits held	425	9	321	286
Advances received	929	664	928	929
Other borrowings(b)	2,207	1,552	3,714	3,885
Gross debt	3,560	2,225	4,963	5,100
Financial Assets				
Cash and deposits	13	138	38	124
Advances paid	805	26	166	168
Other lending(c)	1,352	91	1,400	1,410
Total cash, deposits and lending	2,170	256	1,604	1,702
Net debt(d)	1,390	1,969	3,359	3,398
Unfunded employee entitlements	1,193	326	1,520	1,538

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

10

FINANCIAL ASSETS AND LIABILITIES OF NORTHERN TERRITORY GOVERNMENTS(a) (\$ million)

Item	Territory Government(b)			
	General government	Public trading enterprises	State government	State and local government
AT 30 June 1994				
Liabilities				
Deposits held	74	1	19	20
Advances received	685	574	667	667
Other borrowings(c)	1,371	5	1,375	1,378
Gross debt	2,129	580	2,061	2,066
Financial Assets				
Cash and deposits	114	57	114	131
Advances paid	822	31	262	242
Other lending(d)	291	1	291	306
Total cash, deposits and lending	1,228	89	667	679
Net debt(e)	902	492	1,394	1,386
Unfunded employee entitlements	1,058	21	1,079	1,083
AT 30 June 1995				
Liabilities				
Deposits held	75	1	24	26
Advances received	615	—	598	598
Other borrowings(c)	878	611	1,488	1,492
Gross debt	1,568	612	2,110	2,116
Financial Assets				
Cash and deposits	141	53	142	159
Advances paid	239	37	258	240
Other lending(d)	300	1	300	315
Total cash, deposits and lending	680	91	700	714
Net debt(e)	888	521	1,409	1,402
Unfunded employee entitlements	972	22	994	996

(a) Totals down and across do not always add because holdings of assets and liabilities between categories/sectors cancel out (see paragraphs 24 to 27 of the Explanatory Notes). (b) As a result of changes in methodology required following the establishment of the Northern Territory Treasury Corporation on 1 July 1994, data on Advances received/paid and Other borrowing/lending of both the General Government and Public Trading Enterprise sectors in 1995 should not be compared with earlier years. However, the net debt of these sectors is not affected by these changes. (c) Includes finance leases, loans and debt securities and derivatives in a net liability position. Excludes accounts payable and prepayments. (d) Includes loans and debt securities and derivatives in a net asset position. Excludes accounts receivable, prepayments and equities. (e) Gross debt less Total cash, deposits and lending.

11

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

Item	Territory Government		
	General government	Public trading enterprises	Territory government
AT 30 June 1994			
Liabilities			
Deposits held	8	1	2
Advances received	33	413	435
Other borrowings(b)	110	10	120
Gross debt	151	425	556
Financial Assets			
Cash and deposits	40	20	53
Advances paid	11	123	123
Other lending(c)	274	24	298
Total cash, deposits and lending	325	168	474
Net debt(d)	-174	257	83
Unfunded employee entitlements	415	50	465
AT 30 June 1995			
Liabilities			
Deposits held	8	1	1
Advances received	27	400	417
Other borrowings(b)	156	6	162
Gross debt	191	407	580
Financial Assets			
Cash and deposits	59	27	78
Advances paid	9	125	125
Other lending(c)	248	10	258
Total cash, deposits and lending	316	162	461
Net debt(d)	-125	244	119
Unfunded employee entitlements	516	62	579

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

EXPLANATORY NOTES

INTRODUCTION

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

2 Statistics are listed for deposits held, advances received, other borrowings, cash and deposits, advances paid, and other lending, and for the net debt of governments in relation to these categories, as at 30 June 1994 and 30 June 1995. Statistics are presented on a level of government basis and by Commonwealth or State/Territory and local jurisdiction. All tables also contain an institutional sector dissection (ie general government, public trading enterprises).

SCOPE

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

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

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

INTERSTATE COMPARISONS

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

7 Some financial assets such as accounts receivable and equity are not included in the calculation of net debt (which is derived by subtracting financial assets from liabilities). As a consequence, differences between the net debt of State/Territory governments may reflect differences in the extent to which governments have chosen to hold in-scope financial assets rather than non-financial assets, such as building or equipment or out-of-scope financial assets.

REVISIONS

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

DATA SOURCES

9 The statistics on Commonwealth and State/Territory government financial assets and liabilities shown in this publication are based mostly on data supplied by Commonwealth and State/Territory governments and used by them in compiling financial asset and liability statistics for inclusion in their budget documentation. Data for Commonwealth Public Trading Enterprises are collected by the Australian Bureau of Statistics.

10 Estimates of local government debt were derived from data supplied by local government authorities.

VALUATION

11 The statistics are compiled on the basis of historical capital value which is defined as '...the present value of the cash flows associated with the service and eventual payment of monetary assets and liabilities, such present value being determined by discounting the cash flows at the rate of interest implicit in the original contract or other arrangement.'

12 In some cases jurisdictions were not able to supply data on a strict 'historical capital value' basis, for example where financial assets and liabilities are only valued at market value. In such cases the closest valuation available to 'historical capital value' was used as a proxy for the correct valuation.

13 Where financial assets or liabilities were held in foreign currencies they have been converted to Australian currency using the published Reserve Bank exchange rate at 30 June for the relevant year.

14 Statistics for public sector debt for 1987 and 1988 were compiled on the basis of face value for liabilities and acquisition cost for financial assets. Face value is the value to be repaid or, in the case of securities, the nominal value shown on the security. Acquisition cost is the cost actually incurred in acquiring a financial asset. A link tabulation showing the relationship between financial assets and liabilities, and net debt compiled on a face value/acquisition cost versus a present value basis at 30 June 1989 and 30 June 1990 was published in the 30 June 1990 issue of *Public Sector Debt, Australia* (5513.0).

CONCEPTS AND DEFINITIONS

15 Liabilities included in this publication include all liabilities of the non-financial public sector except contingent liabilities, liabilities related to trade credit and other accounts payable. Liabilities include lease liabilities under finance leases or similar arrangements and repayable amounts held as security deposits. Moneys held on trust (excluding employee superannuation contributions) are included both as assets and liabilities of government. Coin on issue is not included as a liability of government. Liabilities due to unfunded employee entitlements are shown as separate items and not included in gross or net debt.

16 Financial assets cover the financial claims of the non-financial public sector on other organisations (including other government authorities and overseas organisations) and households, excluding shares and other equity and financial assets related to trade credit and accounts receivable. Financial assets are shown gross of provisions for doubtful debts.

CLASSIFICATIONS

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

Unit classifications

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

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

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

Classifications of assets and liabilities

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

<i>Liabilities</i>	<i>Financial assets</i>
Deposits held	Cash and deposits
Liability resulting from the holding of deposits from other public sector or private bodies. Superannuation and other employee related trust fund balances are excluded (from both financial assets and liabilities) but other trust fund balances, and security deposits, are included.	Notes and coin on hand and funds held in the form of accounts with financial institutions, other government authorities, etc. which are recoverable or transferable on demand or at relatively short notice.
Advances received	Advances paid
Loans received that have been motivated by policy rather than liquidity management considerations; as a general rule, all loans received from general government bodies, except some loans from central borrowing authorities, are deemed to be for policy purposes; loans received from central borrowing authorities as part of their function of providing financial services to other government authorities are treated as other loans and placements received.	Loans made that have been motivated by policy rather than liquidity management considerations; as a general rule, all loans made by general government to other government bodies, except some loans made by central borrowing authorities, are deemed to be for policy purposes; loans made by central borrowing authorities as part of their function of providing financial services to other government authorities are netted off their loan liabilities.

Liabilities – continued

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

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

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

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

Financial assets – continued

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

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

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

**UNFUNDED EMPLOYEE
ENTITLEMENTS**

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

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

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

CONSOLIDATION

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

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

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

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

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

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

<i>Financial asset and liability categories</i>	<i>ETF classifications</i>
Assets	
Cash and deposits	ETF 46 Increase in currency and deposits.
Advances paid	ETF 25 (part) Advances paid excluding purchases/sales of equity.
Other lending	ETF 45 (part) Increase in investments excluding investments of employee superannuation funds and other employee related trust funds.

RELATIONSHIP TO GOVERNMENT FINANCE STATISTICS (GFS)

Liabilities

Deposits held	ETF 44 (part) Deposits received (net), excluding employee related trust funds.
Advances received	ETF 41 (part) Advances received excluding increases/decreases in equity capital.
Other borrowings	ETF 42 Domestic borrowing (net). ETF 43 Borrowing from abroad (net).

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

RELATIONSHIP TO FOREIGN DEBT STATISTICS

30 Public sector financial asset and liability statistics shown in this publication are not strictly comparable with foreign debt statistics shown in ABS international investment publications.

31 A significant conceptual difference exists between the treatment of the debt of CBAs in financial asset and liability statistics and in international investment publications. The convention adopted in government finance statistics and in financial asset and liability statistics generally is to net off the onlending of CBAs to other government authorities in the same State from CBA borrowing (see paragraphs 20 and 27). In international investment statistics the debt of CBAs includes the full amounts borrowed from non-residents, regardless of whether overseas funds have been onlent to other government authorities or invested with organisations outside the public sector.

32 Public sector financial asset and liability statistics are compiled using valuations based on historical capital value for liabilities and financial assets. In contrast, international investment statistics are compiled using market valuations for both assets and liabilities.

33 Because of these differences, the financial asset and liability statistics provided in this publication are not fully consistent with debt statistics provided in international investment publications.

34 As well as these conceptual differences, financial asset and liability statistics exclude public financial enterprises whereas these enterprises are included within the public sector in international investment statistics. While separate information on public financial enterprises is available for many international investment series, such information is not available for Australian lending abroad and net foreign debt.

RELATIONSHIP TO FINANCIAL ACCOUNTS STATISTICS

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

CHANGES IN THIS ISSUE

36 An additional table has been inserted after Table 1. This table presents total consolidated State/Territory and Local government statistics.

RELATED PUBLICATIONS

37 The following publications contain related information:

Government Finance Statistics Australia: Concepts, Sources and Methods (5514.0) — issued January 1995

Government Financial Estimates, Australia (5501.0) — issued annually

Government Finance Statistics, Australia (5512.0) — issued annually

International Investment Position, Australia (5305.0) — issued annually

International Investment Position, Australia (5306.0) — issued quarterly

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

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

SYMBOLS AND OTHER USAGES

na	not available
..	not applicable
—	nil or rounded down



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