

Senate Finance and Public Administration Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Finance and Administration Portfolio

Department of Finance and Administration

Additional Estimates Hearings 2002-2003 – 11 February 2003

Question: F5

Outcome 1 - Sustainable Government Finances, Output 1.1.2 - Financial Reporting

Topic: Reconciliation of “debt” data.

Hansard Page: F&PA 137

Senator Conroy asked:

Why does the minister say in the consolidated financial statements that \$41.3 billion of debt has been repaid when in the final budget outcome press release he says that \$60.7 billion of debt has been repaid?

Answer:

The two measures identified in the question relate to different concepts – including reporting standards, timeframes and sectors.

The first measure of the change in debt (\$41.3 billion) is disclosed in the Consolidated Financial Statements, which reports under the Australian Accounting Standards (AAS). It shows the change in the level of gross debt (deposits held; government securities; loans; and other borrowing) between 1995-96 and 2001-02 held by the consolidated government sector (the General Government, Public Non-Financial Corporations (PNFC) and Public Financial Corporations (PFC) sectors).

The second measure of the change in debt (\$60.7 billion) is disclosed in the Final Budget Outcome, which reports under the Government Finance Statistics (GFS) framework. It shows the change in the level of net debt of only the General Government sector between 1996-97 and 2001-02, and is the sum of deposits held; advances received; government securities; loans; and other borrowing less the sum of cash and deposits; advances paid; and investments, loans and placements.

The reconciliation of information published in the Commonwealth’s Consolidated Financial Statements for the year ended 30 June 2002 and the Final Budget Outcome (FBO) 2001-02 is shown in the table below.

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Table 1: Reconciliation of gross debt, as reported in the Consolidated Financial Statements, with net debt, as reported in the Final Budget Outcome.

	1995-96 (\$m)	1996-97 (\$m)	2001-02 (\$m)	Difference (\$m)
Consolidated Financial Statements ⁽ⁱ⁾				
Interest bearing liabilities (AAS31 basis)⁽ⁱⁱ⁾	126.5	128.7	85.2	41.3 ^(vii)
<i>less Public Non-Financial Corporations (PNFC) and Public Financial Corporations (PFC) interest bearing liabilities</i>	<i>8.8</i>	<i>10.9</i>	<i>11.6</i>	
Total General Government Sector interest bearing liabilities (AAS31 basis)	117.7	117.8	73.7	
GFS Adjustments ⁽ⁱⁱⁱ⁾				
<i>less proceeds from advances</i>	<i>n.a.</i>	<i>n.a.</i>	<i>0.1</i>	
<i>plus interest payable</i>	<i>n.a.</i>	<i>n.a.</i>	<i>2.9</i>	
GFS liabilities ^(iv)	115.4	116.1	76.5	
<i>plus GFS Assets ^(v)</i>	<i>19.5</i>	<i>19.8</i>	<i>40.9</i>	
Net Debt (GFS basis) ^(vi)	95.8	96.3	35.6	60.7 ^(viii)

(i) Consolidated Financial Statements were unaudited in 1995-96.

(ii) As shown on page 23 of the *Consolidated Financial Statements for year ended 30 June 2002*.

(iii) A reconciliation of data for 1995-96 and 1996-97 is not possible, as net debt data for the years up to and including 1998-99 were prepared by the Australian Bureau of Statistics on a cash GFS basis. From 1999-00 onwards, data has been prepared on an accrual GFS reporting framework basis and are derived from the AAS accrual based Consolidated Financial Statements.

(iv) Including deposits held, advances received, government securities, loans and other borrowings.

(v) Includes cash and deposits, advances paid and investments, loans and placements.

(vi) Net debt data for 1995-96 and 1996-97 - *Public Sector Financial Assets and Liabilities*, ABS Publication 5513.0, 1998 and for 2001-02, *Final Budget Outcome 2001-02*.

(vii) Variance is between 1995-96 and 2001-02.

(viii) Variance is between 1996-97 and 2001-02.