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Changed conceptual treatment of certain superannuation related transactions in Government Finance Statistics

The ABS will release consolidated Government Financial Estimates for Australia (ABS cat no. 5501.0.55.001), on Wednesday 30th October. This will be an electronic release on the ABS website.

This release will include a changed treatment of certain transactions related to the superannuation arrangements for employees of public corporations in the statistics of the general government sector. The need for a possible revised treatment was first noted in Government Finance Statistics, Australia, Concepts, Sources and Methods, 1994 (ABS cat. no, 5514.0, paragraph 3.199). The changed treatment only affects the cash flow statement.

The changed treatment relates to amounts (in the nature of employer contributions) made by public corporations to the general government sector. It also affects the general government sector's subsequent payments to the public corporations ex-employees or to other superannuation schemes as part of rollover arrangements. The net amounts affecting the general government sector have in the past been brought 'above the line' in calculating the cash-based surplus/deficit measure of the sector. The changed treatment adopts a 'below-the-line' approach for the principal component of the liability, while the estimated interest component of the liability continues to impact the surplus/deficit as before.

In summary, this conceptual change will more correctly align the structure of these payments with the conceptual intent of the surplus/deficit measure, which is to reflect the operating activities and operating expenditure of governments, rather than reflecting financing activities.

It should be noted that the treatment of amounts relating to superannuation arrangements for the employees of the general government sector and data for both of the public corporations sectors (i.e. the non-financial and the financial corporations sectors) are unaffected by the change.

Although the changed treatment may affect a number of jurisdictions, they are significant only for the Commonwealth general government sector in the more recent part of the time series. The information needed to make the revisions in this issue was provided to the ABS by the Commonwealth Department of Finance and Administration. It is anticipated that the impact on state and territory data is minimal, however, the ABS will work with relevant state and territory governments to provide revised series where possible.

Further background on this conceptual change, and revised data series, will be included in the electronic release on Wednesday 30th October.

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