

## **CENTRAL FINANCING UNIT**

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### **Objectives**

The Central Financing Unit (CFU) is responsible for the funds management activities of the Government. The Unit manages the surplus cash balances of the ACT and invests funds in the money market within known cashflow requirements and established investment policies. The Unit is also responsible for the administration of the ACT's debt portfolio and the management of the Territory's debt servicing liabilities, including oversighting of the Territory's major leases of motor vehicles and IT equipment. CFU also oversights the Territory's transactional banking arrangements.

The objective of the CFU is to effectively manage capital markets functions through the maximisation of returns on investments, the achievement of competitive borrowing rates given the ACT's credit rating and the development of effective interest rate risk management strategies.

CFU also manages the central finances of the Government through a separate whole of government bank account. Through this account the General Government's debt is recognised with debt servicing payments appropriated accordingly. Revenues on behalf of the Territory are transferred to this account and fortnightly disbursements to agencies also flow through this account.

### **2000-01 Highlights**

Strategic and operational issues to be pursued in 2000-01 include:

- establishing a Finance and Investment Advisory Board;
- reviewing processes and strategies for the investment of general government funds;
- reviewing processes and strategies for government borrowings;
- overseeing whole of government banking arrangements including the provision of direction and advice in regard to transactional banking issues;
- continuing to explore opportunities to improve cash management, banking and other related issues across agencies.

## Central Financing Unit Operating Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
	<b>Revenue</b>						
41 982	Interest	47 174	60 046	27	63 349	57 666	57 694
<b>41 982</b>	<b>Total Revenue</b>	<b>47 174</b>	<b>60 046</b>	<b>27</b>	<b>63 349</b>	<b>57 666</b>	<b>57 694</b>
	<b>Expenses</b>						
309	Employee Expenses	377	373	-1	378	383	391
54	Superannuation Expenses	68	65	-4	66	66	69
282	Administrative Expenses	315	380	21	390	400	416
2	Depreciation and Amortisation	7	0	-100	0	0	0
38 529	Interest	43 767	55 637	27	54 589	49 053	49 122
<b>39 176</b>	<b>Total Expenses</b>	<b>44 534</b>	<b>56 455</b>	<b>27</b>	<b>55 423</b>	<b>49 902</b>	<b>49 998</b>
<b>2 806</b>	<b>Operating Result</b>	<b>2 640</b>	<b>3 591</b>	<b>36</b>	<b>7 926</b>	<b>7 764</b>	<b>7 696</b>
<b>2 960</b>	<b>Accumulated Funds - Start of Period</b>	<b>3 559</b>	<b>3 199</b>	<b>-10</b>	<b>1 790</b>	<b>2 716</b>	<b>3 480</b>
-3 000	Dividend Declared	-3 000	-5 000	-67	-7 000	-7 000	-7 000
<b>2 766</b>	<b>Accumulated Funds - End of Period</b>	<b>3 199</b>	<b>1 790</b>	<b>-44</b>	<b>2 716</b>	<b>3 480</b>	<b>4 176</b>

**Central Financing Unit  
Statement Of Financial Position**

Budget as at 30/6/00 \$'000		Est.Outcome as at 30/6/00 \$'000	Planned as at 30/6/01 \$'000	Var %	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000
<b>Current Assets</b>							
9 197	Receivables	14 493	14 287	-1	14 386	11 390	12 990
166 227	Investments	270 965	289 263	7	415 062	563 988	752 213
<b>175 424</b>	<b>Total Current Assets</b>	<b>285 458</b>	<b>303 550</b>	<b>6</b>	<b>429 448</b>	<b>575 378</b>	<b>765 203</b>
<b>Non Current Assets</b>							
508 312	Receivables	501 011	499 306	..	500 370	499 970	497 570
5	Property, Plant and Equipment	0	0	-	0	0	0
<b>508 317</b>	<b>Total Non Current Assets</b>	<b>501 011</b>	<b>499 306</b>	<b>..</b>	<b>500 370</b>	<b>499 970</b>	<b>497 570</b>
<b>683 741</b>	<b>TOTAL ASSETS</b>	<b>786 469</b>	<b>802 856</b>	<b>2</b>	<b>929 818</b>	<b>1 075 348</b>	<b>1 262 773</b>
<b>Current Liabilities</b>							
124 934	Creditors	262 086	278 593	6	403 767	551 592	738 844
437 302	Borrowings	152 401	161 164	6	156 948	154 011	155 611
0	Employee Entitlements	55	55	-	57	57	58
37	Other Provisions	0	0	-	0	0	0
<b>562 273</b>	<b>Total Current Liabilities</b>	<b>414 542</b>	<b>439 812</b>	<b>6</b>	<b>560 772</b>	<b>705 660</b>	<b>894 513</b>
<b>Non Current Liabilities</b>							
118 597	Borrowings	368 597	361 120	-2	366 195	366 070	363 945
104	Other Provisions	131	134	2	135	138	139
<b>118 701</b>	<b>Total Non Current Liabilities</b>	<b>368 728</b>	<b>361 254</b>	<b>-2</b>	<b>366 330</b>	<b>366 208</b>	<b>364 084</b>
<b>680 974</b>	<b>TOTAL LIABILITIES</b>	<b>783 270</b>	<b>801 066</b>	<b>2</b>	<b>927 102</b>	<b>1 071 868</b>	<b>1 258 597</b>
<b>2 767</b>	<b>NET ASSETS</b>	<b>3 199</b>	<b>1 790</b>	<b>-44</b>	<b>2 716</b>	<b>3 480</b>	<b>4 176</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
2 766	Accumulated Funds	3 199	1 790	-44	2 716	3 480	4 176
<b>2 766</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>3 199</b>	<b>1 790</b>	<b>-44</b>	<b>2 716</b>	<b>3 480</b>	<b>4 176</b>

## Central Financing Unit Cashflow Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
218 902	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	0	0	-	0	0	0
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
41 864	Interest Received	42 524	55 520	31	58 450	57 326	57 694
<b>41 864</b>	<b>Operating Receipts</b>	<b>42 524</b>	<b>55 520</b>	<b>31</b>	<b>58 450</b>	<b>57 326</b>	<b>57 694</b>
	<b>Payments</b>						
361	Related to Employees	443	435	-2	441	446	458
282	Related to Administration	315	380	21	390	401	416
38 116	Finance Costs	38 312	51 125	33	49 411	48 436	48 843
<b>38 759</b>	<b>Operating Payments</b>	<b>39 070</b>	<b>51 940</b>	<b>33</b>	<b>50 242</b>	<b>49 283</b>	<b>49 717</b>
<b>3 105</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>3 454</b>	<b>3 580</b>	<b>4</b>	<b>8 208</b>	<b>8 043</b>	<b>7 977</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Receipts</b>						
1 803 376	Proceeds from Sale/Maturities of Investments	1 318 800	1 321 300	..	1 323 800	1 348 800	1 328 814
18 937	Repayment of Advance	18 237	6 437	-65	3 737	3 736	800
<b>1 822 313</b>	<b>Investing Receipts</b>	<b>1 337 037</b>	<b>1 327 737</b>	<b>-1</b>	<b>1 327 537</b>	<b>1 352 536</b>	<b>1 329 614</b>
	<b>Payments</b>						
1 789 679	Purchase of Investments	1 313 780	1 339 598	2	1 449 599	1 497 726	1 517 040
300 000	Advances Issued to Government Agencies	272 000	0	-100	0	0	0
<b>2 089 679</b>	<b>Investing Payments</b>	<b>1 585 780</b>	<b>1 339 598</b>	<b>-16</b>	<b>1 449 599</b>	<b>1 497 726</b>	<b>1 517 040</b>
<b>-267 366</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-248 743</b>	<b>-11 861</b>	<b>95</b>	<b>-122 062</b>	<b>-145 190</b>	<b>-187 426</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Receipts</b>						
2 846 615	Borrowings Received	3 537 753	2 590 079	-27	2 521 441	2 512 307	2 596 883
<b>2 846 615</b>	<b>Financing Receipts</b>	<b>3 537 753</b>	<b>2 590 079</b>	<b>-27</b>	<b>2 521 441</b>	<b>2 512 307</b>	<b>2 596 883</b>

## Central Financing Unit Cashflow Statement

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
	<b>Payments</b>						
3 000	Dividends to Government	3 000	5 000	67	7 000	7 000	7 000
846 803	Repayment of Borrowings	795 307	434 288	-45	359 794	351 841	348 904
1 732 551	Repayment of Investments to Agencies (CFU only)	2 494 157	2 142 510	-14	2 040 793	2 016 319	2 061 530
<b>2 582 354</b>	<b>Financing Payments</b>	<b>3 292 464</b>	<b>2 581 798</b>	<b>-22</b>	<b>2 407 587</b>	<b>2 375 160</b>	<b>2 417 434</b>
<b>264 261</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>245 289</b>	<b>8 281</b>	<b>-97</b>	<b>113 854</b>	<b>137 147</b>	<b>179 449</b>
<b>0</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>218 902</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Notes to the Budget Statements

The major factor impacting on the Central Financing Unit's (CFU) 2000-01 budget is the inclusion of \$265 million new borrowings undertaken in 1999-2000 for ACTEW Corporation. The effect of this borrowing is a significant increase in interest revenue and interest expense in 2000-01 and the forward years.

Significant variations are as follows:

#### *Operating Statement*

- interest revenue: interest revenue includes investment interest returns received from banks and fund managers and interest paid by agencies on borrowings from CFU. The increase of \$5.192m from the original budget to the 1999-2000 estimated outcome comprises:
  - a reduction in interest from banks of \$4.099m;
  - an increase in advance/loan interest from the general government sector of \$0.313m; and
  - an increase in advance/loan interest from the public trading sector of \$8.978m;

In 2000-01 interest revenue from banks will decrease by \$3.436m due to anticipated lower amounts of funds under investment; advance/loan interest from the general government sector will decrease by \$0.108m; and advance/loan interest from the public trading sector will increase by \$16.416m due to the new ACTEW borrowings.
- interest expenses: interest expenses comprise interest payments made in respect of borrowings undertaken by CFU on behalf of the general government sector and ACTEW

Corporation. The net increase in 1999-2000 from the original budget of \$5.238m comprises: an increase in interest payments to banks of \$0.120m and an increase in investment interest payments to clients of \$5.118m. In 2000-01 interest payments to banks will increase by \$16.095m due in the main to the new ACTEW borrowings and investment interest payments to clients will decrease by \$4.225m due to anticipated lower amounts of funds under investment.

#### *Statement of Financial Position*

- current investments: the increase of \$104.738m in the 1999-2000 estimated outcome compared to the original budget is due to the higher level of funds on investment flowing through from 1998-99. The CFU investment balance represents the pooled total of each individual Government agency that invests its surplus funds with the CFU. Increases or decreases in the total investment balance are determined by each individual agency's budgeted investment activities each financial year. Accordingly, the increase in the 2000-01 Budget and forward years is a reflection of agencies' budgeted investment activities;
- non-current receivables: this comprises loans receivable from the general government sector and from the public trading enterprise sector;
- current creditors: the increase of \$137.152m in the 1999-2000 estimated outcome compared with the original budget is due to the higher level of funds on investment flowing through from 1998-99. Increases or decreases in the total investment balances held on behalf of agencies is determined by each individual agency's budgeted investment activities each financial year. Accordingly, the increase in the 2000-01 Budget and forward years is a reflection of agencies' budgeted investment activities;
- current borrowings (current liabilities): the decrease in the 1999-2000 estimated outcome from the original budget of \$284.901m is due to the new ACTEW borrowings being classified in the original budget as current borrowings instead of a mix of current and non-current borrowings. The new borrowings undertaken in 1999-2000 are in the form of Commercial Paper (\$15m current liabilities) and Indexed Annuity Bonds (\$250m non current liabilities). The net increase in 2000-01 of \$8.763m is due to the reclassification of matured Retail Bonds (-\$55m), matured general government borrowings (-\$3.737m) and maturing Inscribed Stock. (\$67.5m).
- non-current borrowings (non current liabilities): the increase in the 1999-2000 estimated outcome from the original budget of \$250m is due to the new ACTEW borrowings being originally classified as current liabilities.

**Central Financing Unit**  
**Statement Of Revenues And Expenses On Behalf Of The Territory**

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
<b>Revenue</b>							
20 017	Payment for Expenses on behalf of Territory	20 017	19 029	-5	15 707	13 275	13 094
24 068	Interest	23 409	21 842	-7	18 979	18 751	18 155
0	Other Revenue	1 896	81 662	#	81 068	82 690	83 081
1 433 036	Transfer Revenue	1 568 194	1 558 950	-1	1 621 286	1 653 575	1 689 364
<b>1 477 121</b>	<b>Total Revenue</b>	<b>1 613 516</b>	<b>1 681 483</b>	<b>4</b>	<b>1 737 040</b>	<b>1 768 291</b>	<b>1 803 694</b>
<b>Expenses</b>							
20 018	Interest	20 018	19 029	-5	15 707	13 275	13 094
1 389 897	Transfer Expenses	1 400 434	1 514 292	8	1 535 230	1 529 738	1 545 932
<b>1 409 915</b>	<b>Total Expenses</b>	<b>1 420 452</b>	<b>1 533 321</b>	<b>8</b>	<b>1 550 937</b>	<b>1 543 013</b>	<b>1 559 026</b>
<b>67 206</b>	<b>Operating Result Before Abnormal Items</b>	<b>193 064</b>	<b>148 162</b>	<b>-23</b>	<b>186 103</b>	<b>225 278</b>	<b>244 668</b>
850	Abnormal Expense	850	0	-100	0	0	0
<b>66 356</b>	<b>Operating Result</b>	<b>192 214</b>	<b>148 162</b>	<b>-23</b>	<b>186 103</b>	<b>225 278</b>	<b>244 668</b>
<b>220 662</b>	<b>Accumulated Funds - Start of Period</b>	<b>235 683</b>	<b>729 430</b>	<b>209</b>	<b>879 898</b>	<b>1 069 882</b>	<b>1 300 898</b>
0	Accum Funds Opening Adjustment	0	1	-	0	-1	0
383 175	Distributions to Government	301 533	6 068	-98	3 881	5 739	7 103
0	Inc/Dec in Net Assets from Admin Restructure	0	-3 763	#	0	0	0
<b>670 193</b>	<b>Accumulated Funds - End of Period</b>	<b>729 430</b>	<b>879 898</b>	<b>21</b>	<b>1 069 882</b>	<b>1 300 898</b>	<b>1 552 669</b>

**Central Financing Unit**  
**Statement Of Assets And Liabilities On Behalf Of The Territory**

Budget as at 30/6/00 \$'000		Est.Outcome as at 30/6/00 \$'000	Planned as at 30/6/01 \$'000	Var %	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000	Planned as at 30/6/04 \$'000
<b>Current Assets</b>							
-1 637	Cash	2 661	1 841	-31	2 846	5 674	5 846
69 996	Receivables	101 071	119 019	18	109 673	99 040	90 312
0	Investments	30 000	22 500	-25	117 500	192 500	297 500
14 605	Other	28 462	28 462	-	28 462	28 462	28 461
<b>82 964</b>	<b>Total Current Assets</b>	<b>162 194</b>	<b>171 822</b>	<b>6</b>	<b>258 481</b>	<b>325 676</b>	<b>422 119</b>
<b>Non Current Assets</b>							
82 406	Receivables	43 705	50 742	16	44 011	35 781	20 727
703 314	Investments	722 149	849 334	18	960 089	1 132 316	1 299 718
32 832	Property, Plant and Equipment	32 832	33 653	3	34 495	35 357	36 241
<b>818 552</b>	<b>Total Non Current Assets</b>	<b>798 686</b>	<b>933 729</b>	<b>17</b>	<b>1 038 595</b>	<b>1 203 454</b>	<b>1 356 686</b>
<b>901 517</b>	<b>TOTAL ASSETS</b>	<b>960 880</b>	<b>1 105 551</b>	<b>15</b>	<b>1 297 076</b>	<b>1 529 130</b>	<b>1 778 805</b>
<b>Current Liabilities</b>							
12 099	Creditors	12 226	19 850	62	22 126	23 878	20 898
14 242	Borrowings	14 242	1 577	-89	1 576	0	0
<b>26 341</b>	<b>Total Current Liabilities</b>	<b>26 468</b>	<b>21 427</b>	<b>-19</b>	<b>23 702</b>	<b>23 878</b>	<b>20 898</b>
<b>Non Current Liabilities</b>							
172 151	Borrowings	172 151	170 574	-1	168 998	168 998	168 998
32 832	Finance Leases	32 832	33 653	3	34 495	35 357	36 241
<b>204 983</b>	<b>Total Non Current Liabilities</b>	<b>204 983</b>	<b>204 227</b>	<b>..</b>	<b>203 493</b>	<b>204 355</b>	<b>205 239</b>
<b>231 324</b>	<b>TOTAL LIABILITIES</b>	<b>231 451</b>	<b>225 654</b>	<b>-3</b>	<b>227 195</b>	<b>228 233</b>	<b>226 137</b>
<b>670 193</b>	<b>NET ASSETS</b>	<b>729 429</b>	<b>879 897</b>	<b>21</b>	<b>1 069 881</b>	<b>1 300 897</b>	<b>1 552 668</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
670 193	Accumulated Funds	729 430	879 898	21	1 069 882	1 300 898	1 552 669
<b>670 193</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>729 430</b>	<b>879 898</b>	<b>21</b>	<b>1 069 882</b>	<b>1 300 898</b>	<b>1 552 669</b>



**Central Financing Unit**  
**Budgeted Statement Of Cashflows On Behalf Of The Territory**

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
7 159	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	-49 878	2 661	105	1 841	2 846	5 674
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
20 017	Cash from Government for EBT	20 017	19 029	-5	15 707	13 275	13 094
23 560	Interest Received	23 307	21 472	-8	18 979	18 750	18 155
0	Other Revenue	256	79 665	#	81 069	82 690	83 094
1 430 745	Territory Receipts transferred from Agencies	1 559 971	1 538 828	-1	1 628 252	1 664 835	1 695 316
<b>1 474 322</b>	<b>Operating Receipts</b>	<b>1 603 551</b>	<b>1 658 994</b>	<b>3</b>	<b>1 744 007</b>	<b>1 779 550</b>	<b>1 809 659</b>
	<b>Payments</b>						
20 018	Finance Costs	20 018	19 029	-5	15 707	13 275	13 094
1 142 173	Payments to GGS Agencies for Outputs	1 136 100	1 194 365	5	1 192 247	1 210 861	1 231 808
242 150	Payments to Agencies for EBT	257 961	311 765	21	340 487	317 250	314 409
0	Territory Receipts to Government	0	540	#	220	-124	-305
<b>1 404 341</b>	<b>Operating Payments</b>	<b>1 414 079</b>	<b>1 525 699</b>	<b>8</b>	<b>1 548 661</b>	<b>1 541 262</b>	<b>1 559 006</b>
<b>69 982</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>189 472</b>	<b>133 295</b>	<b>-30</b>	<b>195 346</b>	<b>238 288</b>	<b>250 653</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Receipts</b>						
963 410	Proceeds from Sale/Maturities of Investments	1 069 329	1 055 997	-1	953 497	973 497	943 497
1 008	Repayment of Advance	13 434	3 501	-74	7 905	9 326	16 148
385 257	Capital Distributions from Government Agencies	300 699	6 388	-98	5 086	4 017	5 773
<b>1 349 675</b>	<b>Investing Receipts</b>	<b>1 383 462</b>	<b>1 065 886</b>	<b>-23</b>	<b>966 488</b>	<b>986 840</b>	<b>965 418</b>
	<b>Payments</b>						
963 410	Purchase of Investments	1 048 498	1 048 497	..	1 048 497	1 048 497	1 048 497
25 143	Advances Issued to Government Agencies	17 143	12 076	-30	0	0	0
424 372	Capital Payments to Government Agencies	440 862	127 185	-71	110 755	172 227	167 402
<b>1 412 925</b>	<b>Investing Payments</b>	<b>1 506 503</b>	<b>1 187 758</b>	<b>-21</b>	<b>1 159 252</b>	<b>1 220 724</b>	<b>1 215 899</b>
<b>-63 250</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-123 041</b>	<b>-121 872</b>	<b>-1</b>	<b>-192 764</b>	<b>-233 884</b>	<b>-250 481</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						

**Central Financing Unit  
Budgeted Statement Of Cashflows On Behalf Of The Territory**

1999-00 Budget \$'000		1999-00 Est.Outcome \$'000	2000-01 Budget \$'000	Var %	2001-02 Estimate \$'000	2002-03 Estimate \$'000	2003-04 Estimate \$'000
	<b>Receipts</b>						
<b>0</b>	<b>Financing Receipts</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Payments</b>						
15 528	Repayment of Borrowings	13 892	12 243	-12	1 577	1 576	0
<b>15 528</b>	<b>Financing Payments</b>	<b>13 892</b>	<b>12 243</b>	<b>-12</b>	<b>1 577</b>	<b>1 576</b>	<b>0</b>
<b>-15 528</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>-13 892</b>	<b>-12 243</b>	<b>12</b>	<b>-1 577</b>	<b>-1 576</b>	<b>0</b>
<b>-8 796</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>52 539</b>	<b>-820</b>	<b>-102</b>	<b>1 005</b>	<b>2 828</b>	<b>172</b>
<b>-1 637</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>2 661</b>	<b>1 841</b>	<b>-31</b>	<b>2 846</b>	<b>5 674</b>	<b>5 846</b>

### Notes to the Budget Statements

Significant variations are as follows:

#### *Statement of Revenues and Expenses on Behalf of the Territory*

- payment for expenses on behalf of the Territory: represents the appropriation paid to meet the debt servicing expenses incurred on general government borrowings. The decrease in 2000-01 of \$0.988m is a result of the repayment of maturing Commonwealth borrowings;
- other revenue: from 2000-01, employer superannuation contributions made by budget funded agencies to the superannuation account will now be paid directly to this account. This follows the introduction of the *Territory Superannuation Provision Protection Bill 2000* that will take effect from 1 July 2000;
- transfer revenue: represents the transfer from agencies of revenue received on behalf of the Territory. The CFU revenue represents the aggregate total of each individual government agency that collects and onpasses territorial revenues. Increases or decreases in the total transfer revenue are determined by each individual agency's budgeted activities each financial year. Accordingly, the increase in the 2000-01 Budget and forward years is a reflection of agencies' budgeted transfer revenues;
- interest expenses: comprises interest paid on advances and loans to the CFU departmental account in respect of general government market loans and interest on Commonwealth advances in respect of historical loans provided by the Commonwealth at the time of self-government. The net decrease in 2000-01 comprises higher interest rates to be applied to the floating rate market loans which is offset by a reduction in interest payments on the Commonwealth borrowings due to the maturity of \$12.665m of this outstanding debt in 1999-2000; and

- transfer expenses: these are the payments for outputs to agencies as well as payments to agencies for expenditure on behalf of the Territory. The CFU expense represents the aggregate total of each individual government agency that receives appropriations. Increases or decreases in the total transfer expenses are determined by each individual agency's budgeted activities each financial year. Accordingly, the increase in the 2000-01 Budget and forward years is a reflection of agencies' budgeted transfer expenses.

#### *Statement of Assets and Liabilities on Behalf of the Territory*

- current receivables: comprises, in the main, transfer revenue receivable from agencies and a small component of the principal repayments receivable on internal loans provided to government agencies;
- non-current receivables: comprises, in the main, non current balances of internal loans provided to government agencies. Agencies include: Australian International Hotel School; Kingston Foreshore; InTACT; Department of Education and Community Services, Department of Urban Services and ACT Forests;
- non-current investments: this represents capital injection payments to government agencies;
- property, plant and equipment: this represents motor vehicle assets leased through the ACT Fleet Facility;
- current borrowings: mainly comprises the current loan liability in respect of general government market debt and Commonwealth borrowings. As at 30 June 2001 only general government market loans will remain outstanding. All outstanding loans from the Commonwealth for general government purposes have been repaid; and
- non-current borrowings: comprises the balance of general government market debt with the Central Financing Unit departmental account.

## **Changes to Appropriation**

### **Changes to Territorial Appropriations**

<b>Payment for Expenses on Behalf of the Territory</b>	<b>1999-00 Est. Outc. \$'000</b>	<b>2000-01 Budget \$'000</b>	<b>2001-02 Estimate \$'000</b>	<b>2002-03 Estimate \$'000</b>	<b>2003-04 Estimate \$'000</b>
<b>1999-2000 Budget</b>	<b>20 017</b>	<b>18 489</b>	<b>15 487</b>	<b>13 399</b>	<b>13 399</b>
<b>2000-2001 Draft Budget</b>	<b>20 017</b>	<b>18 489</b>	<b>15 487</b>	<b>13 399</b>	<b>13 399</b>
Borrowing interest costs adjustment	0	540	220	-124	-305
<b>2000-2001 Budget</b>	<b>20 017</b>	<b>19 029</b>	<b>15 707</b>	<b>13 275</b>	<b>13 094</b>

### **Changes to Territorial Appropriations**

<b>Capital Injection</b>	<b>1999-00 Est. Outc. \$'000</b>	<b>2000-01 Budget \$'000</b>	<b>2001-02 Estimate \$'000</b>	<b>2002-03 Estimate \$'000</b>	<b>2003-04 Estimate \$'000</b>
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<b>1999-2000 Budget</b>	<b>1 577</b>	<b>2 427</b>	<b>1 577</b>	<b>1 577</b>	<b>0</b>
<b>2000-2001 Draft Budget</b>	<b>1 577</b>	<b>2 427</b>	<b>1 577</b>	<b>1 577</b>	<b>0</b>
Repayment of Commonwealth borrowings	12 315	10 666	0	0	0
<b>2000-2001 Budget</b>	<b>13 892</b>	<b>13 093</b>	<b>1 577</b>	<b>1 577</b>	<b>0</b>

**OUTPUT CLASS 3: CENTRAL FINANCING UNIT**  
PRINCIPAL MEASURES

**OUTPUT 3.1: CENTRAL FINANCING UNIT**

**Description:** Management of the investment and borrowing activities of the ACT Government.

Measures	1999-2000 Targets	Estimated Outcome	2000-01 Targets
<b>Quantity</b>			
a) Monthly financial reports.	12	12	12
b) Submission to Standard and Poors rating review.	Nov 1999	Nov 1999	Nov 2000
c) Submission to Moody's rating review.	Nov 1999	Nov 1999	Nov 2000
d) Investment of cash balances on a daily basis.	June 2000	June 2000	245 days
e) Payment of interest on Agency Investment Accounts.	4	4	4
f) Payment of disbursements to agencies.	26	26	26
<b>Quality/Effectiveness</b>			
g) Service meets standards described in <i>ACT Public Service Customer Service Standards</i> .	100%	100%	100%
h) Investment activity meets benchmark returns/follow up action taken.	100%	100%	100%
i) Payment of interest within three working days.	100%	100%	100%
j) Payment of disbursements on due date.	100%	100%	100%
<b>Timeliness</b>			
k) Reviews and specified timeframes achieved.	100%	100%	100%
l) Monthly financial reports on time.	100%	100%	100%
<b>Cost</b>			
m) Cost of provision of CFU functions. <sup>1</sup>			\$818 000
n) Cost per 1000 head of population. <sup>2</sup>	\$126 645	\$143 967	\$2 619
o) Cost per ACT Public Service employee. <sup>2</sup>	\$2 346	\$2 666	\$46
Cost per \$m of whole of government expenses. <sup>3</sup>	\$34 468	\$39 202	
DEPARTMENTAL COST (\$'000)	\$39 176.0	\$44 534.0	\$56 455.0
TERRITORIAL COST (\$'000)	\$1 409 915.0	\$1 420 452.0	\$1 533 321.0
<b>TOTAL COST (\$'000)</b>	<b>\$1 449 091.0</b>	<b>\$1 464 986.0</b>	<b>\$1 589 776.0</b>
<b>EXPENSE ON BEHALF OF THE TERRITORY (\$'000)</b>	<b>\$20 017.0</b>	<b>\$20 017.0</b>	<b>\$19 029.0</b>

Government Payment for Output differs from cost to the extent that the Output is financed from within the agency.

1. New measure.
2. Reduced cost relates to the use of the cost of the provision of CFU functions rather than Total Cost. This measure is seen as more accurate as it reflects the cost of provision of services rather than a proportion of other costs within the Total Cost measure.
3. Measure deleted.