

Australian Capital Territory
**Consolidated Annual
Financial Statements**

1997-98 Financial Year

Australian Capital Territory Government



**CERTIFICATION BY THE TREASURER
AND THE CHIEF EXECUTIVE AND EXECUTIVE DIRECTOR OF THE
CHIEF MINISTER'S DEPARTMENT**

Certification by the Treasurer

The Treasurer is responsible for administering the *Financial Management Act 1996* (the Act) and related guidelines governing the financial affairs of the Territory. Accordingly, the Act requires the Treasurer to prepare, and certify, consolidated financial statements of the Territory each year.

It is my opinion that the attached financial statements for the year ending 30 June 1998 reflect fairly the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.

Gary Humphries, MLA
A/g Treasurer

Date: 30 October 1998

**Certification by the Chief Executive of the Chief Minister's Department and the
Executive Director of the Office of Financial Management**

The Chief Executive of the *Chief Minister's Department* has delegated responsibility for administering the *Financial Management Act 1996* (the Act), and therefore the financial administration of Territory activities. This responsibility for financial affairs, and preparation of these consolidated financial statements of the Territory, is exercised through the *Office of Financial Management*.

It is our opinion that the attached financial statements for the year ending 30 June 1998 have been prepared in accordance with generally accepted accounting practice and the requirements generally of the Act.

Linda Webb
A/g Chief Executive
Chief Minister's Department

Date: 30 October 1998

Mick Lilley
Executive Director
Office of Financial Management

Date: 30 October 1998

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 1998

| | <i>Note</i> | <i>1997-98 Actual \$m</i> | <i>1997-98 Budget \$m</i> | <i>1996-97 Actual \$m</i> |
|--|-------------|-----------------------------------|-----------------------------------|-----------------------------------|
| REVENUES | | | | |
| Taxes, Fees and Fines | 4 | 620 | 571 | 590 |
| User Charges for Goods and Services | 5 | 567 | 601 | 591 |
| Grants from the Commonwealth Government | 6 | 561 | 542 | 560 |
| Interest Income | | 45 | 41 | 51 |
| Other Revenues | 7 | 124 | 67 | 103 |
| Total Revenues | | 1,917 | 1,822 | 1,895 |
| EXPENSES | | | | |
| Superannuation | 8, 21 | 184 | 194 | 144 |
| Wages and Salaries and Other Employee Expenses | 8 | 760 | 759 | 763 |
| Administrative Expenses | 8a | 391 | 396 | 363 |
| Costs of Goods Sold | | 145 | 163 | 185 |
| Depreciation and Amortisation | | 212 | 194 | 208 |
| Interest and Finance Costs | | 62 | 61 | 65 |
| Other Expenses | 9 | 308 | 291 | 267 |
| Total Expenses | | 2,061 | 2,058 | 1,995 |
| OPERATING RESULT BEFORE ABNORMAL ITEMS | | (144) | (236) | (100) |
| Abnormal Items (net) | 10 | (21) | 0 | (53) |
| OPERATING RESULT AFTER ABNORMAL ITEMS | | (165) | (236) | (153) |
| Extraordinary Items (net) | 11 | (0) | 0 | (0) |
| OPERATING RESULT AFTER ABNORMAL AND EXTRAORDINARY ITEMS | | (166) | (236) | (153) |
| Accumulated Funds at the Beginning of the Year | | 6,171 | | 4,994 |
| Adjustments Relating to Prior Periods | 24 | 17 | | 65 |
| Net Transfers from Reserves | 24 | 20 | | 1,265 |
| Accumulated Funds at the End of the Year | 24 | 6,042 | | 6,171 |

The above Consolidated Operating Statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 1998

| | Note | 1998 Actual \$m | 1998 Budget \$m | 1997 Actual \$m |
|--------------------------------------|------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | | |
| Current Assets | | | | |
| Cash | 12 | 47 | 87 | 59 |
| Receivables | 13 | 134 | 131 | 135 |
| Investments | 14 | 573 | 388 | 441 |
| Inventories | 15 | 39 | 34 | 27 |
| Other | 17 | 34 | 39 | 35 |
| Total Current Assets | | 827 | 679 | 697 |
| Non-Current Assets | | | | |
| Receivables | 13 | 204 | 214 | 226 |
| Investments | 14 | 11 | 2 | 9 |
| Inventories | 15 | 43 | 41 | 44 |
| Property, Plant and Equipment | 16 | 7,890 | 8,052 | 8,026 |
| Works in Progress | | 79 | 44 | 85 |
| Other | 17 | 77 | 48 | 78 |
| Total Non-Current Assets | | 8,304 | 8,401 | 8,468 |
| TOTAL ASSETS | | 9,131 | 9,079 | 9,165 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Creditors | 18 | 128 | 109 | 118 |
| Borrowings | 19 | 77 | 76 | 112 |
| Finance Leases | 20 | 6 | 1 | 6 |
| Superannuation | 21 | 20 | 30 | 16 |
| Other Employee Entitlements | 22 | 104 | 89 | 96 |
| Other | 23 | 27 | 76 | 42 |
| Total Current Liabilities | | 362 | 381 | 390 |
| Non-Current Liabilities | | | | |
| Creditors | 18 | 2 | 1 | 0 |
| Borrowings | 19 | 653 | 584 | 593 |
| Finance Leases | 20 | 49 | 54 | 38 |
| Superannuation | 21 | 1,079 | 1,164 | 918 |
| Other Employee Entitlements | 22 | 125 | 110 | 126 |
| Other | 23 | 3 | 22 | 7 |
| Total Non-Current Liabilities | | 1,911 | 1,935 | 1,682 |
| TOTAL LIABILITIES | | 2,274 | 2,316 | 2,072 |
| TOTAL NET ASSETS | | 6,857 | 6,763 | 7,093 |
| CAPITAL | | | | |
| Accumulated Funds | 24 | 6,042 | 4,618 | 6,171 |
| Asset Revaluation Reserve | | 762 | 831 | 816 |
| Other Reserves | | 53 | 1,314 | 106 |
| TOTAL CAPITAL | | 6,857 | 6,763 | 7,093 |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 1998

| Notes | 1997-98 Actual \$m | 1997-98 Budget \$m | 1996-97 Actual \$m |
|---|--------------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| <i>Receipts</i> | | | |
| Taxes, Fees and Fines | 594 | 553 | 579 |
| User Charges for Goods and Services | 586 | 580 | 574 |
| Grants from the Commonwealth Government | 563 | 542 | 560 |
| Interest Income | 39 | 31 | 47 |
| Other | 68 | 67 | 60 |
| Operating Receipts | 1,850 | 1,773 | 1,820 |
| <i>Payments</i> | | | |
| Related to Superannuation | 18 | 17 | 30 |
| Other Payments Related to Employees | 756 | 741 | 762 |
| Related to Administration and Suppliers | 363 | 400 | 420 |
| Grants, Subsidies and Transfer Payments | 193 | 212 | 139 |
| Interest and Finance Costs | 61 | 55 | 62 |
| Other | 268 | 219 | 221 |
| Operating Payments | 1,659 | 1,644 | 1,634 |
| Net Cash Inflows from Operating Activities | 191 | 129 | 186 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| <i>Receipts</i> | | | |
| Proceeds from Sale/Maturity of Investments | 1,807 | 91 | 2,490 |
| Proceeds from Sale of Property, Plant & Equipment | 38 | 51 | 39 |
| Repayments of Home Loan Principal | 27 | 27 | 33 |
| Dividends Received | - | - | 5 |
| Investing Receipts | 1,872 | 169 | 2,567 |
| <i>Payments</i> | | | |
| Purchase of Investments | 1,793 | 29 | 2,508 |
| Purchase of Land & Intangibles | - | 1 | - |
| Purchase of Property, Plant & Equipment | 194 | 199 | 206 |
| Issue of Home Loans | 0 | 0 | 11 |
| Capital Contributions Paid | - | - | 0 |
| Investing Payments | 1,987 | 229 | 2,725 |
| Net Cash Used in Investing Activities | (115) | (60) | 158 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| <i>Receipts</i> | | | |
| Proceeds from Borrowings | 1,162 | 1 | 1,309 |
| Financing Receipts | 1,162 | 1 | 1,309 |
| <i>Payments</i> | | | |
| Repayment of Advance | 1,116 | - | 1 |
| Repayment of Borrowings and Finance Leases | 21 | 47 | 1,299 |
| Financing Payments | 1,137 | 47 | 1,300 |
| Net Cash Inflows from Financing Activities | 25 | (46) | 9 |
| NET INCREASE IN CASH HELD | 101 | 25 | 37 |
| Cash Held at the Beginning of the Year * | 183 | 62 | 83 |
| Adjustment to Opening Balance | - | - | (17) |
| Cash Held at the End of the Year | 284 | 87 | 103 |

* The opening balance has been adjusted in accordance with changes to relevant accounting standards (AAS28).
 The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
SCHEDULE OF COMMITMENTS AND CONTINGENT OBLIGATIONS**

AS AT 30 JUNE 1998

| | <i>Note</i> | <i>1998</i> \$m | <i>1997</i> \$m |
|---|-------------|--------------------|--------------------|
| <i>Commitments by Type</i> | | | |
| Operating Leases | 26 | 158 | 68 |
| Capital Commitments | 27 | 60 | 75 |
| Other Commitments | 28 | 37 | 24 |
| Total Commitments | | 255 | 167 |
| <i>Commitments by Maturity</i> | | | |
| Not later than one year | | 109 | 94 |
| From one to five years | | 99 | 58 |
| More than five years | | 47 | 15 |
| Total Commitments | | 255 | 167 |
| <i>Quantifiable Contingencies*</i> | | | |
| Contingent Liabilities | 29 | 64 | 55 |
| Guarantees, Indemnities & Letters of Comfort | | 19 | 42 |
| Total Quantifiable Contingencies | | 83 | 97 |

* “Contingencies” are items and events which may give rise to a liability for the Territory on the occurrence or non-occurrence of one or more uncertain future events. They consequently are not recognised as a liability in the Consolidated Statement of Financial Position.

The above Schedule of Commitments and Contingent Obligations should be read in conjunction with the accompanying notes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENTS BY SECTOR*
FOR THE YEAR ENDED 30 JUNE 1998**

| | General Government | | | Public Trading Enterprises | | |
|--|--------------------------|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| | 1997-98 Actual \$m | 1997-98 Budget \$m | 1996-97 Actual \$m | 1997-98 Actual \$m | 1997-98 Budget \$m | 1996-97 Actual \$m |
| REVENUES | | | | | | |
| Taxes, Fees and Fines | 640 | 590 | 612 | - | - | - |
| User Charges for Goods and Services | 132 | 129 | 153 | 507 | 510 | 485 |
| Grants from the Commonwealth Government | 561 | 542 | 560 | - | - | - |
| Interest Income | 31 | 28 | 39 | 20 | 19 | 25 |
| Funding from General Government | - | - | - | 50 | 53 | 69 |
| Other Revenues | 196 | 150 | 126 | 12 | 14 | 32 |
| Total Revenues | 1,560 | 1,439 | 1,490 | 589 | 597 | 611 |
| EXPENSES | | | | | | |
| Superannuation | 182 | 194 | 142 | 13 | 10 | 13 |
| Wages and Salaries and Other Employee Expenses | 643 | 644 | 656 | 122 | 116 | 110 |
| Administrative Expenses | 319 | 348 | 307 | 119 | 88 | 103 |
| Costs of Goods Sold | 54 | 26 | 59 | 93 | 138 | 128 |
| Depreciation and Amortisation | 129 | 110 | 121 | 83 | 85 | 87 |
| Interest and Finance Costs | 42 | 42 | 45 | 26 | 26 | 32 |
| Other Expenses | 321 | 287 | 304 | 79 | 85 | 63 |
| Total Expenses | 1,690 | 1,649 | 1,634 | 535 | 548 | 536 |
| OPERATING RESULT BEFORE ABNORMAL ITEMS | (130) | (211) | (144) | 54 | 48 | 75 |
| Abnormal Items (net) | (27) | - | (20) | 6 | 0 | (32) |
| OPERATING RESULT AFTER ABNORMAL ITEMS | (157) | (211) | (164) | 60 | 48 | 43 |
| Extraordinary Items (net) | 0 | - | (6) | (1) | - | - |
| OPERATING RESULT AFTER ABNORMAL AND EXTRAORDINARY ITEMS | (157) | (211) | (170) | 59 | 48 | 43 |
| Income Tax Equivalent | | | - | (21) | 22 | (19) |
| OPERATING RESULT AFTER TAX EQUIVALENTS | (157) | (211) | (170) | 38 | 26 | 24 |
| Accumulated Funds at the Beginning of the Year | 4,112 | | 4,262 | 2,104 | | 730 |
| Adjustments Arising from Prior Periods | 42 | | 54 | (24) | | (0) |
| Dividends | 0 | | - | (71) | | (24) |
| Capital Distribution | 100 | | | (100) | | |
| Capital Injections | 0 | | (25) | 5 | | 24 |
| Net Transfers from Reserves | (3) | | (9) | 23 | | 1,274 |
| Accumulated Funds at the End of the Year | 4,094 | | 4,112 | 1,975 | | 2,028 |

* The aggregate of the General Government Sector (GGS) and Public Trading Enterprise Sector (PTE) amounts may vary from the consolidated total for the Territory due to consolidation eliminations. The above Consolidated Operating Statements by Sector should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION BY SECTOR*

AS AT 30 JUNE 1998

| | <i>General Government</i> | | | <i>Public Trading Enterprises</i> | | |
|--------------------------------------|---------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
| | <i>1998</i> | <i>1998</i> | <i>1997</i> | <i>1998</i> | <i>1998</i> | <i>1997</i> |
| | <i>Actual</i> | <i>Budget</i> | <i>Actual</i> | <i>Actual</i> | <i>Budget</i> | <i>Actual</i> |
| | <i>\$m</i> | <i>\$m</i> | <i>\$m</i> | <i>\$m</i> | <i>\$m</i> | <i>\$m</i> |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash | 37 | 71 | 35 | 11 | 16 | 24 |
| Receivables | 104 | 86 | 96 | 69 | 70 | 69 |
| Investments | 555 | 386 | 396 | 37 | 2 | 60 |
| Inventories | 14 | 17 | 16 | 25 | 17 | 11 |
| Other | 30 | 34 | 32 | 3 | 6 | 4 |
| Total Current Assets | 739 | 594 | 575 | 145 | 111 | 168 |
| Non-Current Assets | | | | | | |
| Receivables | 117 | 66 | 86 | 178 | 182 | 206 |
| Investments | 32 | 32 | 27 | 9 | - | 7 |
| Inventories | 3 | - | 2 | 40 | 41 | 42 |
| Property, Plant and Equipment | 5,272 | 5,216 | 5,344 | 2,617 | 2,835 | 2,686 |
| Works in Progress | 47 | 44 | 55 | 32 | 1 | 30 |
| Other | 77 | 43 | 78 | 1 | 4 | 1 |
| Total Non-Current Assets | 5,548 | 5,401 | 5,592 | 2,877 | 3,063 | 2,972 |
| TOTAL ASSETS | 6,287 | 5,996 | 6,167 | 3,022 | 3,174 | 3,140 |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Creditors | 122 | 75 | 110 | 32 | 34 | 30 |
| Borrowings | 67 | 66 | 100 | 30 | 35 | 40 |
| Finance Leases | 6 | 1 | 6 | 0 | - | - |
| Superannuation | 20 | 25 | 16 | 0 | 5 | - |
| Other Employee Entitlements | 82 | 74 | 80 | 23 | 15 | 17 |
| Other | 20 | 31 | 32 | 21 | 45 | 36 |
| Total Current Liabilities | 317 | 272 | 344 | 106 | 134 | 123 |
| Non-Current Liabilities | | | | | | |
| Creditors | 2 | 1 | - | 0 | 0 | - |
| Borrowings | 339 | 224 | 269 | 406 | 395 | 383 |
| Finance Leases | 47 | 54 | 36 | 2 | - | 2 |
| Superannuation | 1,079 | 1,142 | 918 | 0 | 22 | - |
| Other Employee Entitlements | 102 | 107 | 106 | 23 | 3 | 21 |
| Other | 1 | 4 | 2 | 2 | 62 | 40 |
| Total Non-Current Liabilities | 1,570 | 1,532 | 1,331 | 433 | 482 | 446 |
| TOTAL LIABILITIES | 1,887 | 1,804 | 1,675 | 539 | 616 | 569 |
| TOTAL NET ASSETS | 4,400 | 4,191 | 4,492 | 2,483 | 2,558 | 2,571 |
| CAPITAL | | | | | | |
| Accumulated Funds | 4,094 | 3,984 | 4,112 | 1,975 | 621 | 2,028 |
| Asset Revaluation Reserve | 268 | 208 | 313 | 14 | 624 | 504 |
| Reserves | 38 | 0 | 67 | 494 | 1,314 | 40 |
| TOTAL CAPITAL | 4,400 | 4,192 | 4,492 | 2,483 | 2,559 | 2,571 |

* The aggregate of the GGS and PTE amounts may vary from the consolidated total for the Territory due to consolidation eliminations.

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENTS OF CASH FLOWS BY SECTOR*
FOR THE YEAR ENDED 30 JUNE 1998

| | <i>General Government</i> | | | <i>Public Trading Enterprises</i> | | |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | <i>1997-98 Actual \$m</i> | <i>1997-98 Budget \$m</i> | <i>1996-97 Actual \$m</i> | <i>1997-98 Actual \$m</i> | <i>1997-98 Budget \$m</i> | <i>1996-97 Actual \$m</i> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| <i>Receipts</i> | | | | | | |
| Taxes, Fees and Fines | 614 | 577 | 591 | - | - | - |
| User Charges for Goods and Services | 196 | 140 | 169 | 458 | 480 | 453 |
| Commonwealth Government Grants | 563 | 542 | 560 | - | - | - |
| Interest Income | 25 | 18 | 35 | 20 | 19 | 25 |
| Revenue from Government | - | - | - | 51 | 53 | 61 |
| Other | 81 | 81 | 77 | 2 | 1 | 4 |
| Operating Receipts | 1,480 | 1,358 | 1,432 | 531 | 553 | 537 |
| <i>Payments</i> | | | | | | |
| Related to Employees | 660 | 643 | 678 | 125 | 126 | 125 |
| Related to Administration and Suppliers | 309 | 343 | 245 | 101 | 100 | 215 |
| Grants, Subsidies and Transfer Payments | 202 | 210 | 148 | 3 | 3 | 0 |
| Interest and Finance Costs | 42 | 36 | 42 | 25 | 26 | 32 |
| Other | 215 | 132 | 262 | 137 | 165 | 38 |
| Operating Payments | 1,428 | 1,364 | 1,375 | 391 | 420 | 410 |
| Net Cash Inflows from Operating Activities | 52 | (6) | 57 | 140 | 133 | 133 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| <i>Receipts</i> | | | | | | |
| Proceeds from Sale/Maturity of Investments | 1,805 | 0 | 2,489 | 84 | 90 | 79 |
| Proceeds from Sale of Property, Plant & Equipment | 3 | 2 | 5 | 37 | 51 | 33 |
| Repayments of Home Loan Principal | - | - | - | 27 | 27 | 33 |
| Repayment of Advance | 29 | 27 | 34 | - | - | - |
| Dividends Received | 82 | 74 | 21 | - | - | - |
| Capital Distributions from Government Agencies | 100 | 100 | - | - | - | - |
| Other | - | 2 | - | - | - | - |
| Investing Receipts | 2,019 | 205 | 2,549 | 148 | 168 | 145 |
| <i>Payments</i> | | | | | | |
| Purchase of Investments | 1,790 | 9 | 2,506 | 91 | 20 | 84 |
| Purchase of Property, Plant & Equipment | 122 | 110 | 114 | 72 | 90 | 85 |
| Purchase of Land & Intangibles | - | 1 | - | - | - | - |
| Issue of Home Loans | - | - | - | 0 | 0 | 11 |
| Capital Contributions to Government Agencies | 59 | 4 | 5 | - | - | - |
| Investing Payments | 1,971 | 124 | 2,625 | 163 | 110 | 187 |
| Net Cash Used in Investing Activities | (48) | 81 | 76 | (15) | 58 | 41 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| <i>Receipts</i> | | | | | | |
| Proceeds from Borrowings | 1,267 | 1 | 1,394 | 55 | - | 1 |
| Capital Injection from Government | - | - | - | 4 | 4 | 4 |
| Financing Receipts | 1,267 | 1 | 1,394 | 59 | 4 | 5 |
| <i>Payments</i> | | | | | | |
| Distributions to Government | - | - | - | 100 | 100 | 1 |
| Dividends to Government | - | - | - | 82 | 74 | 21 |
| Repayment of Advance to Government Agencies | - | - | 77 | 29 | 27 | 5 |
| Repayment of Borrowings and Finance Leases | 1,226 | 35 | 1,289 | 12 | 12 | 40 |
| Financing Payments | 1,226 | 35 | 1,366 | 223 | 213 | 67 |
| Net Cash Inflows from Financing Activities | 41 | (34) | 28 | (164) | (209) | (62) |
| NET INCREASE IN CASH HELD | 140 | 43 | 8 | (40) | (18) | 30 |
| Cash Held at Beginning of the Year | 116 | 28 | 27 | 67 | 34 | 38 |
| Adjustment to Opening Balance | - | - | 13 | - | - | 4 |
| Cash Held at End of the Year | 256 | 71 | 48 | 27 | 16 | 72 |

* The aggregate of the GGS and PTE amounts may vary from the consolidated total for the Territory due to consolidation eliminations.

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 1998**

| <i>Appropriation Unit</i> | <i>Appropriation Act 1997-98</i> | <i>Neutral Transfers between/within Appropriations</i> | <i>Commonwealth Grants Variations</i> | <i>Treasurer's Advance</i> | <i>Additional Approved Appropriation*</i> | <i>Available Appropriation</i> | <i>Final Appropriation</i> |
|------------------------------------|----------------------------------|--|---------------------------------------|----------------------------|---|--------------------------------|----------------------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | \$ '000 | \$ '000 |
| <i>Legislative Assembly</i> | | | | | | | |
| Net cost of outputs | 3,264.0 | | | | | 3,264.0 | 3,264.0 |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | 3,076.0 | (25.0) | | | | 3,051.0 | 3,051.0 |
| <i>Auditor General</i> | | | | | | | |
| Net cost of outputs | 873.0 | | | | | 873.0 | 800.0 |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>Chief Minister's Department</i> | | | | | | | |
| Net cost of outputs | 28,952.6 | 482.4 | | | 251.0 | 29,686.0 | 29,498.8 |
| Capital Injection | - | 4,731.0 | | | | 4,731.0 | 4,731.0 |
| Payment on behalf of the Territory | 21,970.0 | | 23.0 | | | 21,993.0 | 21,693.0 |
| <i>BETARRIR within CMD</i> | | | | | | | |
| Net cost of outputs | - | 4,351.1 | 812.8 | 296.0 | | 5,459.9 | 5,459.9 |
| Capital Injection | - | 631.5 | | 1,866.0 | | 2,497.5 | 2,497.5 |
| Payment on behalf of the Territory | - | 1,536.5 | 40.0 | 460.0 | | 2,036.5 | 2,036.5 |
| <i>ACT Executive</i> | | | | | | | |
| Net cost of outputs | - | | | | | - | - |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | 1,805.5 | 25.0 | | | | 1,830.0 | 1,829.6 |
| <i>Central Financing Unit</i> | | | | | | | |
| Net cost of outputs | - | | | | | - | - |
| Capital Injection | - | | | | 1,576.7 | 1,576.7 | 1,576.7 |
| Payment on behalf of the Territory | 22,310.0 | (669.0) | | | | 21,641.0 | 21,179.3 |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS (CONTINUED)**

FOR THE YEAR ENDING 30 JUNE 1998

| <i>Appropriation Unit</i> | <i>Appropriation Act 1996</i> | <i>Neutral Transfers between/within Appropriations</i> | <i>Commonwealth Grants Variations</i> | <i>Treasurer's Advance</i> | <i>Additional Approved Appropriation*</i> | <i>Available Appropriation</i> | <i>Final Appropriation</i> |
|--|-------------------------------|--|---------------------------------------|----------------------------|---|--------------------------------|----------------------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | \$ '000 | \$ '000 |
| <i>Accommodation & Property Services</i> | | | | | | | |
| Net cost of outputs | 1,879.0 | 323.7 | | | | 2,207.7 | 2,148.0 |
| Capital Injection | 3,550.0 | | | | | 3,550.0 | 3,550.0 |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>ACT Superannuation Provision</i> | | | | | | | |
| Net cost of outputs | - | | | | | - | - |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | 16,544.0 | | | | | 16,544.0 | 16,544.0 |
| <i>Health and Community Care</i> | | | | | | | |
| Net cost of outputs | 288,107.5 | | 7,832.0 | | | 295,939.5 | 293,672.5 |
| Capital Injection | 10,342.0 | | | | | 10,342.0 | 10,342.0 |
| Payment on behalf of the Territory | 3,455.0 | | | | | 3,445.0 | 3,445.0 |
| <i>Business, the Arts, Sport and Tourism</i> | | | | | | | |
| Net cost of outputs | 35,099.7 | (7,569.7) | | 400.0 | | 27,930.0 | 27,930.9 |
| Capital Injection | 20,735.7 | (1,418.1) | | | | 19,317.6 | 19,317.6 |
| Payment on behalf of the Territory | 14,690.5 | (2,170.7) | | 350.0 | | 12,869.8 | 12,869.8 |
| <i>Department of Urban Services</i> | | | | | | | |
| Net cost of outputs | 156,359.0 | 101.0 | | | | 156,460.0 | 156,460.0 |
| Capital Injection | 32,494.0 | (4,931.0) | | | | 27,563.0 | 27,563.0 |
| Payment on behalf of the Territory | 6,509.0 | | | 2,797.0 | | 9,306.0 | 9,306.0 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS (CONTINUED)

FOR THE YEAR ENDING 30 JUNE 1998

| Appropriation Unit | Appropriation | Neutral | Commonwealth | Treasurer's | Additional | Available | Final |
|--------------------------------------|---------------|----------------|--------------|-------------|----------------|---------------|---------------|
| | Act 1996 | Transfers | Grants | Advance | Approved | Appropriation | Appropriation |
| | \$ '000 | between/within | Variations | \$ '000 | Appropriation* | \$ '000 | \$ '000 |
| | | Appropriations | | | | | |
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | \$ '000 | \$ '000 |
| <i>Heritage</i> | | | | | | | |
| Net cost of outputs | - | 771.3 | | | | 771.3 | 771.3 |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | - | 105.2 | | | | 105.2 | 105.2 |
| <i>InTACT</i> | | | | | | | |
| Net cost of outputs | 617.0 | | | | | 617.0 | 617.0 |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>ACT Housing</i> | | | | | | | |
| Net cost of outputs | 30,764.0 | | | | | 30,764.0 | 28,910.0 |
| Capital Injection | - | | | | | - | - |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>ACTION</i> | | | | | | | |
| Net cost of outputs | 22,155.0 | | | | | 22,155.0 | 22,155.0 |
| Capital Injection | 4,216.0 | | | | | 4,216.0 | 4,216.0 |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>ACT Forests</i> | | | | | | | |
| Net cost of outputs | - | | | | | - | - |
| Capital Injection | 131.0 | | | | | 131.0 | 131.0 |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>Attorney General's Department</i> | | | | | | | |
| Net cost of outputs | 46,647.2 | 594.0 | | 737.0 | | 47,978.2 | 47,975.2 |
| Capital Injection | 3,090.0 | | | | | 3,090.0 | 3,027.5 |
| Payment on behalf of the Territory | 65,205.2 | 119.0 | 700.0 | 2,115.5 | | 68,139.7 | 68,139.5 |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS (CONTINUED)**

FOR THE YEAR ENDING 30 JUNE 1998

| <i>Appropriation Unit</i> | <i>Appropriation Act 1996</i> | <i>Neutral Transfers between/within Appropriations</i> | <i>Commonwealth Grants Variations</i> | <i>Treasurer's Advance</i> | <i>Additional Approved Appropriation*</i> | <i>Available Appropriation</i> | <i>Final Appropriation</i> |
|------------------------------------|-------------------------------|--|---------------------------------------|----------------------------|---|--------------------------------|----------------------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | | \$ '000 | \$ '000 |
| <i>Emergency Services Bureau</i> | | | | | | | |
| Net cost of outputs | 21,361.0 | (101.0) | | | | 21,260.0 | 21,260.0 |
| Capital Injection | 4,712.0 | | | | | 4,712.0 | 4,712.0 |
| Payment on behalf of the Territory | - | | | | | - | - |
| <i>Education and Training</i> | | | | | | | |
| Net cost of outputs | 334,016.5 | 490.0 | 2,959.3 | 1,304.0 | | 338,769.8 | 338,765.8 |
| Capital Injection | 5,922.0 | | | 2,080.0 | | 8,002.0 | 8,002.0 |
| Payment on behalf of the Territory | 104,987.3 | (490.0) | 2,105.4 | 64.0 | | 106,666.7 | 106,416.7 |
| <i>Sport & Recreation</i> | | | | | | | |
| Net cost of outputs | - | 1,868.3 | | | | 1,868.3 | 1,868.3 |
| Capital Injection | - | 786.6 | | | | 786.6 | 786.6 |
| Payment on behalf of the Territory | - | 457.9 | | 600.0 | | 1,057.9 | 1,057.9 |
| <i>Treasurer's Advance</i> | 13,100.0 | | | (13,069.5) | | 30.5 | - |
| Total Appropriation | 1,328,930.2 | 0.0 | 14,472.5 | 0.0 | 1,827.7 | 1,345,230.4 | 1,339,684.1 |

* Additional appropriation was issued to:

*Chief Minister's Department under section 19 of the Financial Management Act (1996); and
Central Financing Unit under section 46 of the Financial Management Act (1996).*

The above Statement of Appropriations should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

1. THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

The Australian Capital Territory Government (the Territory) represents a popularly elected Legislative Assembly empowered to govern the Australian Capital Territory. The ACT Government was effectively created by the Commonwealth Government's *Australian Capital Territory (Self Government) Act 1988*, with the first elections held in 1989. The common term of each Assembly is three years, with the next election to be held in February, 2001.

The ACT Government is responsible for administering both state-like and municipal powers and functions in accordance with the Australian model of Government.

The ACT Government administers its responsibilities through a model characterising it as both a purchaser of services on behalf of the community, and the owner of entities providing services to Government and the community. This model, more commonly known as a "purchaser/provider" model of government, is the forerunner to similar frameworks which are expected to be adopted by all Australian States and the Commonwealth Government by the end of this century.

Financial Administration and Preparation of Consolidated Financial Statements

The ACT Government owns, or controls, a diverse range of administrative entities, statutory authorities, and corporations (refer Appendix), to deliver services purchased by the Government or the community directly. The ACT's *Financial Management Act 1996* (the Act) governs the administration of financial affairs of the ACT Government and its agencies. All Territory owned entities are required to budget, manage, and report on a full accrual basis in meeting the defined service delivery performance of their Government, or private, customers, while managing the Government's financial investment in the entity.

Under section 26 of the Act, the Treasurer is required to present consolidated general purpose financial statements to the Assembly each month. This requires the monthly financial performance of each agency to be monitored and assessed.

Section 22 of the Act requires the Treasurer to prepare annual audited consolidated financial statements for the Territory. This has been done using the audited financial information of each agency.

The overall process is similar to that used to embrace the full regime of financial management in the Territory, including budgeting and monthly management accounts for Government. The extensive efforts in liaising with Territory entities each month to monitor financial performance and prepare a properly consolidated financial report for the Territory has made preparation of these annual financial statements possible in a useful timeframe.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These general purpose financial statements have been prepared in accordance with “generally accepted accounting practice” as defined in the Act. The financial statements have been prepared to comply with applicable Australian Accounting Standards and subsection 22(2) of the Act, which requires that the financial statements include:

- (i) an operating statement for the Territory for the year;
- (ii) a statement of the assets and liabilities of the Territory at the end of the year;
- (iii) a statement of the cash flows of the Territory for the year;
- (iv) a statement of the accounting policies adopted by the Territory for the year; and
- (v) such other statements as are necessary to fairly reflect the financial operations of the Territory during the year and its financial position at the end of the year.

Section 67(2) of the Act allows the Treasurer to issue financial management guidelines, not inconsistent with the Act, and these take the form of an Accounting Policy Manual, which is regularly updated.

The financial statements have been prepared using the full accrual basis of accounting which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for certain assets which were valued in accordance with the (re)valuation policies applicable to departments and statutory authorities during the financial year.

The financial statements represent an accumulation of the accounting policies and records of Territory controlled entities. All agencies are expected to prepare their accounts according to Australian Accounting Standards and generally accepted accounting principles.

Where considered material, differing accounting treatments between agencies have been amended to ensure these consolidated financial statements are prepared on a consistent basis and illustrate a fair and accurate financial depiction of the Territory’s activities and position.

(b) ACT Government Reporting Entity

The Act requires the preparation of financial statements of “the Territory”, which includes departments, Territory authorities, and Territory owned corporations (as listed in the Appendix to these financial statements), together with entities they control.

In accordance with AAS 31, this financial report includes the assets, liabilities, equity, revenues and expenses of the Government, including those of entities that the Government controls. That Standard provides guiding principles for understanding the nature of control. As a general guide, Government control is indicated by the following conditions applying to other entities:

- i) the other entity is accountable to the Legislative Assembly, the Executive, or a particular Minister;
- ii) Government has the residual financial interest in the net assets of the other entity; and

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) ACT Government Reporting Entity (continued)

- iii) Government can influence the day to day management of the entity, or can control the broad policy objectives of the entity.

In the process of reporting the Territory Government as a single reporting (economic) entity, all transactions and balances between controlled entities have been eliminated in accordance with Australian Accounting Standard AAS 24 "Consolidated Financial Reporting".

To improve the usefulness of the report, information has also been provided for the *General Government Sector* (GGS) and *Public Trading Enterprises Sector* (PTE) in accordance with the Australian Bureau of Statistics' *Government Financial Statistics* conventions (refer Note 3).

(c) The Reporting Period

These consolidated financial statements report the operations and financial position of the Territory for the financial year ending 30 June 1998. The consolidated financial statements consequently represent the accounts during this period of individual Territory agencies. The Canberra Institute of Technology (CIT), and its subsidiary, CIT Solutions, are the only Territory agencies not to report on a financial year basis. As CIT's accounts are completed and audited for each calendar year, these consolidated financial statements incorporate an interim financial management report for CIT for the 1997-98 financial year.

(d) Comparative Figures

Budget information for 1997-98 has been provided, where possible, in the primary financial statements. These budgeted comparisons are as published in the ACT's 1997-98 Budget Papers, and as such are based on assumptions and estimates. As the 1997-98 Budget was prepared prior to the finalisation of the previous period's accounts, budgeted opening balances may not reconcile to equivalent 1996-97 results. The original budget estimates also do not incorporate changes to presentation and accounting treatment and detailed disclosure budgets are not available.

(e) Adjustments Relating to Prior Periods

In accordance with the provisions of AAS 31, the value of assets or liabilities recognised during the period for the first time, or corrected from the previous period due to an omission or oversight, have been charged directly against accumulated funds in the balance sheet (refer Note 24).

(f) Rounding

All amounts in the financial statements have generally been rounded to the nearest million dollars (\$m) unless otherwise indicated. The *Statement of Appropriation* shows amounts in thousands of dollar consistent with the *Appropriation Act 1996*.

Use of a zero ("0") represents amounts rounded down to zero.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) “Current” and “Non-current” Items

Assets and liabilities are characterised as either “current” or “non-current” in nature. Current assets are those which are not expected to be held for greater than another 12 months, and current liabilities are expected to be extinguished within the same time frame. Remaining assets and liabilities are classified as non-current.

(h) Cash

For the purposes of these financial statements, cash includes cash at bank and deposits at call that are readily converted to cash and are used in the cash management function on a day to day basis, net of bank overdrafts. The cash flow statement also includes overnight cash and deposits at call as cash, where relevant agencies believe these amounts can be characterised as available cash reserves.

(i) Receivables

Receivables are reported net of any provision for bad and doubtful debts so as to reflect amounts expected to be eventually collected.

(j) Investments

Financial investments are measured at the market value applicable to the investment at balance date. Resultant increments and decrements from one valuation date to the next are included in the Operating Statement as they arise.

(k) Asset Recognition

In general, ACT Government policy is to capitalise all non-current physical assets, inventories and intangible assets with a value of \$2,000 or more. Some ACT Government agencies however, have a \$5,000 threshold.

Non-current physical assets, or a group of physical assets with a value exceeding \$1m, are required to be revalued on a deprival value basis on a five yearly cycle. Assets acquired at no cost, or for nominal consideration, are taken up in the balance sheet at fair and reasonable value at the date of acquisition.

(l) Inventories

Current inventories include raw materials and stores that relate to the production of goods and services for sale. Except for forest plantations (refer below), current inventories are valued at the lower of cost, generally on an average cost or “first in, first out” basis, or net realisable value.

Non-current inventories (and some current inventories) include forest plantations, which are valued as wood production units, using current market values.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Property, Plant and Equipment

Property, plant and equipment includes the following classes of assets - land, buildings, leasehold improvements, plant and equipment, heritage and community assets, and infrastructure assets. Revaluation increments and decrements are accounted for in accordance with AAS 10, "Accounting for the Revaluation of Non-current Assets".

Land includes freehold and leasehold land of the ACT Government, but excludes land held for sale and land under infrastructure. Land is recognised at historical cost or most recent valuation.

Buildings are recognised at historical cost or most recent valuation. All buildings are depreciated except for investment properties.

Leasehold Improvements represent capital expenditure incurred in relation to leased assets, and are valued at historical cost or most recent valuation.

Plant and Equipment includes mobile plant, air conditioning and heating, office and computer equipment, furniture and fittings, motor vehicles, and other mechanical or electronic equipment, and is carried at historical cost or most recent valuation.

Heritage and Community Assets

Heritage assets are defined as those non-current assets that Government intends to preserve indefinitely because of their unique historical, cultural or environmental attributes. A common feature of heritage assets is that they cannot be replaced and that they are not usually available for sale or for redeployment. Heritage assets include art, museum and library collections, historical buildings, other cultural assets, monuments and memorials, and certain land which will be preserved in its existing state to maintain the intrinsic value of the Territory.

Community assets include public parks and gardens, public sporting reserves, public nature reserves, land under infrastructure, and other public land.

Heritage and community assets for which there is no cost, or other value that can be reliably measured, are listed in the Notes to the Financial Statements of individual Government agencies and are allocated a nominal value of \$1,000 each (Refer Note 16).

Infrastructure Assets include items such as roads, bridges, sewerage systems, water reservoirs and supply network, and electricity systems, and are generally valued at historical cost or most recent valuation. If there is no cost, or other value, that can be reliably measured, an infrastructure asset is treated as a community asset and allocated a nominal value of \$1,000.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Depreciation and Amortisation of Non-Current Assets

All non-current physical assets having a limited useful life are systematically depreciated/amortised over their useful lives in a manner which reflects the consumption of their service potential. The value of leasehold improvements is amortised over the estimated useful life of each improvement, or the unexpired period of the relevant lease, whichever is the shorter.

The depreciation expense for Non-current Assets is as follows:

| Class of Asset | Depreciation Method | Useful Life (Years) |
|------------------------|---------------------|---------------------|
| Buildings | Straight Line | 20-66 |
| Leasehold Improvements | Straight Line | 10-50 |
| Plant & Equipment | Straight Line | 2-40 |
| Infrastructure | Straight Line | 10-100 |

(o) Agreements Equally Proportionately Unperformed

Assets and liabilities which arise from agreements equally proportionately unperformed are not recognised in the *Statement of Financial Position*. They are, however, reflected in the notes as commitments.

(p) Employee Entitlements

Employee entitlements (including wages and salaries, annual leave, long service leave and superannuation) reflect those entitlements accrued as a result of services provided by employees up to the reporting date. They are recognised as liabilities to the extent that they are considered probable and can be reliably measured.

For most Territory agencies, a long service leave liability is considered probable, and is recognised, in relation to those employees with five years or more completed service in the ACT Public Service and (if applicable) with agencies in other jurisdictions which are recognised by the ACT Government for the purpose of long service leave entitlements. The determination of current and non-current portions is based on a past history of payments and any specific known factors. In accordance with Australian Accounting Standard AAS 30, "Accounting for Employee Entitlements", long service leave liability is measured at the present value of the estimated future cash outflows. Consideration is given, when making this estimate, to expected future wage and salary levels, experience of employee departures and periods of service.

Non-vesting sick leave entitlements are generally not recognised as a liability on the basis that they are not considered probable.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Superannuation

The amount disclosed as “superannuation expense” represents the expense accrued in relation to the Public Sector Superannuation (PSS) Scheme and the Commonwealth Superannuation Scheme (CSS), as well as superannuation expenses relating to employees who are members of other superannuation schemes.

The superannuation liability is calculated by actuarial assessment, recognising that accruing liabilities are not wholly funded. This differs with individual agencies which are required to calculate their superannuation expense as if each was an employer making a contribution to a fully funded notional superannuation fund. Consistent with the model suggested by AAS 29, the Government assumes the majority of superannuation liabilities from its agencies. Due to the differing methods of calculation, the aggregate of annual superannuation expenses of the agencies does not match the full superannuation expense of the Territory for the year.

The Commonwealth (through ComSuper) manages all superannuation benefits of ACT Government employees in the CSS and PSS Scheme. ComSuper is liable to pay superannuation benefits to ACT Government retirees in accordance with the provisions of the *Superannuation Act 1976* (for CSS members) and the *Superannuation Act 1990* (for PSS members).

The ACT Government is required to reimburse the Commonwealth for the emerging costs of benefits paid for ACT Government service after 1 July 1989. This arrangement is subject to the ACT meeting ComSuper's administration costs for ACT staff and any associated actuarial costs.

The Territory's liabilities in these financial statements only reflect superannuation liabilities of employees accrued since self-government, as the ACT Government is only responsible for the superannuation payments in relation to this period. The Commonwealth Government is responsible for the satisfaction of emerging superannuation entitlements in relation to the period prior to self-government.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases

The Government's rights and obligations under finance leases, which are leases that effectively transfer to the Government substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as being under lease, and are amortised over the period during which the Government is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease. Lease liabilities are classified as current and non-current.

In respect of operating leases, where the lessor effectively retains substantially all of the risks and benefits incident to ownership of the leased items, lease payments are charged as expenses over the lease term.

(s) Borrowings

The ACT borrows funds by way of borrowings from the Commonwealth, and public domestic and overseas borrowings.

Borrowings are carried at capital value, representing face value less unamortised discount. Discount is amortised over the term of the debt. Overseas borrowings are translated at exchange rates prevailing at balance date unless they are subject to forward exchange contracts, in which case the contract rate is used.

(t) Revenue Recognition

Revenues are, where possible, recognised when the transaction or event giving rise to the revenue occurs.

"Taxes, fees, and fines" in the operating statements generally reflect compulsory levies imposed by Government, fees for regulatory services, including granting of permit/privilege or regulation of activity, and civil and criminal penalties imposed by law.

"User Charges for Goods and Services" in the operating statements encompasses revenues for services rendered, or the sale of goods and services by Territory agencies. It does not include general rates, these being classed as a tax.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) ACT Taxation and Rates

Taxation and general rates revenue are generally recognised when the underlying transaction or event occurs, and the value of the revenue can be reliably measured, giving rise to the Territory's right to collect the tax.

The policies adopted for the recognition of each major type of tax revenue are as follows:

| Tax Type | Recognition of Revenue |
|---|---|
| <i>General Rates and Land Tax</i> | - When assessments are issued |
| <i>Payroll Tax, Gaming Machine Tax, Financial Institutions Duty</i> | - Assessments relating to the period, including any additional amount for relevant assessments made following the period. |
| <i>Stamp Duty</i> | - Assessments relating to transactions in the period, including any additional assessments made following the period. |
| <i>Liquor & Franchise Fees</i> | - When assessments are made. |

The ACT Government acknowledges that its revenue collections are unavoidably affected by the incidence of tax evasion and other breaches of legislation by individuals and entities. Similarly, revenue collections during the year may be affected by objections and appeals against the ACT Government's administration of relevant legislation. No assertion, either implicit or explicit, is made in the financial statements that all such additional revenues or refunds have been recognised.

This conforms to generally accepted accounting principles that revenue should be recognised when it is probable that the revenue will be collected, and it can be reliably measured.

The ACT Government promotes a high general level of voluntary compliance by taxpayers through enforcement programs, and administers relevant rates and taxation legislation according to the known, and current, interpretation.

(v) Commonwealth Grants

General and specific purpose grants from the Commonwealth are usually recognised when they are received.

(w) Fines and Regulatory Fees

Fines such as traffic penalties are generally recognised on a cash basis. This same principle is generally applied to regulatory and licence fees, including motor vehicle registrations and driver's licences.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Taxation

The ACT Government is exempt from all forms of Commonwealth taxation except fringe benefits tax, and sales tax on certain activities and purchase of vehicles for all executives. While certain agencies are subject to ACT taxation, including Commonwealth taxation equivalents, and this may be shown as relevant in the disaggregated sector information, all related amounts are eliminated on consolidation to the single Territory entity.

(y) Insurance

In general, assets were not insured, and losses were expensed as they are incurred, although insurance cover is now being extended in this area. Some commercial authorities have entered into insurance policies on a commercial basis. The passenger vehicle fleet used by the Territory, being privately owned and now leased by the Territory, is also insured. The Territory also insures its workforce with Comcare for compensation for loss or injury in the workplace.

The Territory has entered into substantial catastrophe insurance coverage, including public liability insurance.

3. DISAGGREGATED INFORMATION

The *Consolidated Operating Statements by Sector*, *Consolidated Statements of Financial Position by Sector*, and *Consolidated Statements of Cash Flows*, set out the assets and liabilities, revenues and expenses, and receipts and payments that are reliably attributable to each broad sector of activities of the Government. The sectors have been determined in accordance with the principles used in the *Government Financial Statistics* conventions of the Australian Bureau of Statistics (refer Note 2(b)). This disaggregated information includes transactions and balances between sectors (but excludes transactions between entities within each sector). The aggregate of the GGS and PTE amounts may therefore vary from the consolidated total for the Territory due to consolidation eliminations.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

3. DISAGGREGATED INFORMATION (CONTINUED)
General Government Sector

GGs entities include Government departments and other administrative units, and statutory authorities and other entities which predominantly receive funding, directly or indirectly, from Government sources. It covers those agencies that provide non-market goods or services (such as police or consumer protection), or are responsible for the transfer of income for public policy purposes (such as by way of income support). Government funds the provision of these services, and the transfer of such benefits, by compulsory levies (such as taxes) on the household and business sectors, and by general revenue (such as Commonwealth grants), rather than from specific charges paid by users.

It should be noted that all Territory agencies operate on a purchaser/provider (fee for service) basis, delivering services purchased by either Government or the community. Many large GGS agencies provide services at a fee to other Territory funded agencies under a purchaser/provider model of Government.

Public Trading Enterprise Sector

PTE entities include those departments, statutory authorities and Territory owned corporations that largely provide services direct to the community on a commercial fee for service basis, with the aim of recovering all, or a significant proportion, of their operating costs on a commercial basis.

REVENUES AND EXPENSES
4. REVENUE FROM TAXES, FEES AND FINES

| | <i>1997-98</i> | <i>1996-97</i> |
|---|----------------|----------------|
| | <i>\$m</i> | <i>\$m</i> |
| TAXATION | | |
| General Rates | 89 | 85 |
| Land Tax | 33 | 32 |
| Payroll Tax | 109 | 104 |
| Financial Institutions Duty | 35 | 28 |
| Stamp Duty | 128 | 119 |
| Liquor and Franchise Fees | 88 | 82 |
| Gambling Taxes | 44 | 42 |
| Other Taxes | 2 | 3 |
| Total Revenue from Taxation (Refer Note 2(u)) | 528 | 495 |
| REGULATORY FEES AND FINES | | |
| Betterment Fees | 4 | 5 |
| Drivers' Licences | 5 | 5 |
| Motor Vehicle Registrations | 45 | 50 |
| Traffic Infringements | 4 | 5 |
| Parking Fines | 6 | 5 |
| Other Fines and Regulatory Fees | 30 | 25 |
| Total Revenue from Fines & Regulatory Fees | 94 | 95 |
| TOTAL REVENUE FROM TAXES, FEES AND FINES | 620 | 590 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

| | 1997-98 \$m | 1996-97 \$m |
|---|----------------|----------------|
| 5. USER CHARGES FOR GOODS AND SERVICES | | |
| Parking Fees | 10 | 9 |
| Residential Tenants | 92 | 92 |
| Electricity Services | 197 | 227 |
| Water, Sewerage and Other Services | 104 | 84 |
| Hospital and Other Health Services | 54 | 61 |
| Bus Services | 18 | 18 |
| Milk Sales | 16 | 16 |
| Totalisator Commissions | 18 | 19 |
| Vocational and Tertiary Education and Training Fees | 20 | 21 |
| Forestry Log Sales | 8 | 7 |
| Fire and Ambulance Services | 7 | 7 |
| Other User Charges | 23 | 30 |
| Total User Charges from Goods and Services | 567 | 591 |
| 6. GRANTS FROM THE COMMONWEALTH GOVERNMENT | | |
| General Purpose Grants | 275 | 280 |
| Specific Purpose and Other Grants | 266 | 257 |
| Other Grants | 20 | 23 |
| Total Commonwealth Grants (refer Note 2(v) & 33) | 561 | 560 |
| 7. OTHER REVENUES | | |
| Sales/Rentals of Land Stocks* | 57 | 23 |
| Dividends | 0 | 5 |
| Realised Gains on Investment Market Values | 19 | 9 |
| Unrealised Gains on Investment Market Values | 7 | 26 |
| Donations | 13 | 10 |
| Other | 28 | 30 |
| Total Other Revenues | 124 | 103 |
| * Share of joint venture land revenues is net of share of expenses (refer note 31). | | |
| 8. OTHER EMPLOYEE EXPENSES | | |
| Long Service Leave | 8 | 7 |
| Other Employee Expenses | 22 | 29 |
| Termination Payments and Redundancies | 13 | 13 |
| Wages and Salaries | 717 | 715 |
| Superannuation | 184 | 144 |
| Total Other Employee Expenses | 944 | 908 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

| | 1997-98 | 1996-97 |
|---|------------|---------|
| | \$m | \$m |
| 8a. ADMINISTRATIVE EXPENSES | | |
| Communication and Computer Expenses | 29 | |
| Travel, Accommodation and Transport Expenses | 16 | |
| Printing and Stationary | 11 | |
| Materials, Equipment and Supplies | 51 | |
| Property Rental and Occupancy Expenses (including utilities) | 35 | |
| Repairs and Maintenance | 30 | |
| Consultant Fees, Contractor Payments and Professional Services | 62 | |
| Staff Development and Recruitment | 6 | |
| Other Administrative Expenses | 151 | |
| Total Administrative Expenses | 391 | |
| 8b. WAIVERS AND WRITE-OFFS | | |
| The Territory waived and wrote-off the following amounts during the period: | 4 | |
| Total Waivers and Write-off Expenses | 4 | |

Sub-section 65(1) of the Act enables the Treasurer to waive the Territory's right to payment of an amount payable to the Territory, which in the case of the ACT Business Incentive Scheme includes the provision for waiver of payroll tax. The Territory has written-off 39 debts for the year totaling \$126,000, 32 of which were considered irrecoverable and 7 uneconomical to pursue.

9. OTHER EXPENSES

| | | |
|-----------------------------------|------------|------------|
| Loss on Disposal of Fixed Assets* | 1 | 2 |
| Grants and Subsidies | 194 | 146 |
| Residential Tenancy Rebates | 44 | 45 |
| School Managed Costs | 27 | 23 |
| Other | 42 | 38 |
| Total Other Expenses | 308 | 267 |

***DISPOSAL OF FIXED ASSETS**

During the reporting period, the Government sold or disposed of fixed assets as follows:

| | | |
|---|------------|----------|
| Proceeds from disposal | 36 | 40 |
| Less: Written-down value of assets disposed | 34 | 42 |
| Net Gain on Disposal of Assets | (2) | 2 |

The gain on disposal of assets of \$3m has been reported separately within other revenue.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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| | 1997-98 \$m | 1996-97 \$m |
|--|----------------|----------------|
| 10. ABNORMAL ITEMS | | |
| This item represents: | | |
| Actuarial increase to superannuation costs | 1 | 14 |
| Various assets disposed of during year | 4 | - |
| Prior year adjustment | 0 | - |
| Increase in depreciation of water infrastructure assets | - | 11 |
| Decrease in valuation of water infrastructure assets | - | 12 |
| Downward asset (land and building) revaluations | 14 | 22 |
| Demolition of residential units which were beyond repair | - | 4 |
| Voluntary redundancy associated costs | 4 | - |
| Loss on land development joint venture | - | 4 |
| Hospital Implosion Inquiry costs | 1 | - |
| Asset transfers to external organisations | 9 | - |
| Total Abnormal Expenses | 34 | 67 |
| Gain on land and asset transfers | 4 | - |
| Prior year adjustments | 1 | - |
| Recognition of assets not previously reported | 1 | - |
| Assets provided free of charge | 5 | - |
| Actuarial decrease in previously accrued superannuation liability | - | 14 |
| Revenue related to voluntary redundancy payments | 2 | - |
| Total Abnormal Revenues | 13 | 14 |
| Total Abnormal Items | (21) | (53) |
| 11. EXTRAORDINARY ITEMS | | |
| This item represents: | | |
| Burbidge Inquiry costs | 1 | - |
| Write-off of Acton Peninsula property transferred to Commonwealth | - | 18 |
| Total Extraordinary Expenses | 1 | 18 |
| Increase to opening cash balances | - | 8 |
| Value of Kingston Foreshore property transferred from Commonwealth (refer Note 16) | - | 10 |
| Total Extraordinary Revenues | 0 | 18 |
| Total Extraordinary Items | (1) | (0) |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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| <u>ASSETS</u> | 1998 \$m | 1997 \$m |
|--|-------------|-------------|
| 12. CASH | | |
| Cash on Hand | 4 | 5 |
| Cash at Bank | 43 | 50 |
| Cash Equivalents | 0 | 4 |
| Total Cash (refer Note 2(h)) | 47 | 59 |
| | 1998 \$m | 1997 \$m |
| 13. RECEIVABLES | | |
| <i>Current</i> | | |
| Trade Debtors | 104 | 142 |
| Other Debtors | 1 | 12 |
| Loans | 9 | 6 |
| <i>Less:</i> Provision for Doubtful Debts | (14) | (27) |
| Net Current Debtors and Loans | 100 | 133 |
| Accrued Revenue | 34 | 2 |
| Total Current Receivables (refer Note 2(i)) | 134 | 135 |
| <i>Non-Current</i> | | |
| Trade Debtors | 25 | 26 |
| Other Debtors | 1 | - |
| Loans | 178 | 204 |
| <i>Less:</i> Provision for Doubtful Debts | 0 | (4) |
| Total Non-Current Receivables (refer Note 2(i)) | 204 | 226 |
| 14. INVESTMENTS | | |
| <i>Current</i> | | |
| Overnight Cash | 260 | 38 |
| At Call and Term deposits | 9 | 12 |
| Short Term Securities | 17 | 100 |
| Government Fixed Interest Bonds | 81 | 106 |
| Shares and Equities | 168 | 148 |
| Property | 37 | 37 |
| Other | 1 | 0 |
| Total Current Investments (refer Note 2(j)) | 573 | 441 |
| <i>Non-Current</i> | | |
| At Call and Term Deposits | 2 | - |
| Long Term Securities | - | 5 |
| Government Fixed Interest Bonds | - | - |
| Other | 9 | 4 |
| Total Non-Current Investments (refer Note 2(j)) | 11 | 9 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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| 15. INVENTORIES | 1998 \$m | 1997 \$m |
|--|--------------|--------------|
| <i>Current</i> | | |
| Raw Materials and Stores | 13 | 12 |
| Work in Progress | 2 | 0 |
| Finished Goods | 19 | 2 |
| Land Held for Resale | 5 | 10 |
| Growing Stock - Forest Plantations | - | 3 |
| Total Current Inventories (refer Note 2(1)) | 39 | 27 |
| <i>Non-Current</i> | | |
| Raw Materials and Stores | - | 4 |
| Growing Stock - Forest Plantations | 40 | 40 |
| Land Held for Resale | 3 | - |
| Total Non-Current Inventories (refer Note 2(1)) | 43 | 44 |
| | | |
| 16. PROPERTY, PLANT AND EQUIPMENT | | |
| <i>Land</i> | | |
| - at cost | 65 | 25 |
| - at officer valuation | 62 | 75 |
| - at independent valuation | 846 | 881 |
| | 973 | 981 |
| <i>Buildings*</i> | | |
| - at cost | 110 | 89 |
| - at officer valuation | 44 | 20 |
| - at independent valuation | 1,857 | 1,998 |
| Less: Accumulated depreciation | (106) | (97) |
| | 1,907 | 2,010 |
| <i>Plant and Equipment</i> | | |
| - at cost | 290 | 324 |
| - at officer valuation | 85 | 39 |
| - at independent valuation | 14 | 9 |
| Less: Accumulated depreciation | (180) | (165) |
| | 209 | 207 |
| <i>Leasehold Improvements</i> | | |
| - at cost | 9 | 9 |
| - at officer valuation | 4 | 4 |
| - at independent valuation | 0 | - |
| Less: Accumulated depreciation | (3) | (2) |
| | 10 | 11 |
| <i>Infrastructure Assets</i> | | |
| - at cost | 38 | 12 |
| - at officer valuation | 6,452 | 6,406 |
| Less: Accumulated depreciation | (1,708) | (1,605) |
| | 4,782 | 4,813 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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| | 1998 \$m | 1997 \$m |
|--|--------------|--------------|
| 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | |
| <i>Heritage and Community Assets**</i> | 8 | 5 |
| <i>Other Fixed Assets</i> | 1 | 0 |
| Total Property, Plant and Equipment (refer Note 2(m)) | 7,890 | 8,026 |

* Buildings include land and accommodation fitout where they form an integral part of the overall property and separate valuations are not available.

** Where possible heritage and community assets are valued using an appropriate valuation methodology. However, the following specific heritage and community assets are each included with a nominal value of \$1,000 (refer Note 2(m)):

| | |
|-----------------------------|-----------------------|
| Parks in the ACT | Namadgi National Park |
| Murrumbidgee River Corridor | Googong Foreshores |
| Tidbinbilla Nature Reserve | Canberra Nature Park |
| Ferry Jetty | Lake Ginninderra |
| Lake Tuggeranong | Molonglo Reach |
| Horse Holding Paddocks | Agistment Land |
| Rose Cottage | Mugga Mugga Homestead |
| Tuggeranong Schoolhouse | Carousel Organ |
| Rural house | Land under roads |
| 5 netball centres | 25 tennis centres |

17. OTHER ASSETS

| | | |
|---|-----------|-----------|
| <i>Current</i> | | |
| Prepayments | 7 | 7 |
| Consumables | 2 | 1 |
| Right to Receive Infrastructure from Land Developers | 21 | 25 |
| Other | 3 | 2 |
| Total Other Current Assets | 34 | 35 |
| <i>Non-Current</i> | | |
| Intangible Assets | 1 | 0 |
| Prepayments | 0 | 0 |
| Right to Receive Infrastructure from Land Developers | 76 | 76 |
| Other | 1 | 2 |
| Total Other Non-Current Assets | 77 | 78 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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LIABILITIES

| | <i>1998</i> | <i>1997</i> |
|---|-------------|-------------|
| | <i>\$m</i> | <i>\$m</i> |
| 18. CREDITORS | | |
| <i>Current</i> | | |
| Trade Creditors | 57 | 57 |
| Other Creditors | 52 | 44 |
| Accrued Expenses | 19 | 17 |
| Total Current Creditors | 128 | 118 |
| <i>Non-Current</i> | | |
| Trade Creditors | 2 | - |
| Other | - | 0 |
| Total Non-Current Creditors | 2 | 0 |
| 19. BORROWINGS | | |
| <i>Current</i> | | |
| Advances from the Commonwealth | 10 | 12 |
| Banks and Financial Institutions | 3 | 6 |
| Bonds and Bills | 64 | 94 |
| Other | 0 | - |
| Total Current Borrowings (refer Note 2(s)) | 77 | 112 |
| <i>Non-Current</i> | | |
| Commonwealth Advances | 340 | 349 |
| Banks and Financial Institutions | 62 | 55 |
| Bonds and Bills | 251 | 189 |
| Other | - | - |
| Total Non-Current Borrowings (refer Note 2(s)) | 653 | 593 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

| | <i>1998</i> | <i>1997</i> |
|---|-------------|-------------|
| | <i>\$m</i> | <i>\$m</i> |
| 20. FINANCE LEASE LIABILITIES | | |
| At the reporting date, the Government had the following commitments under finance leases (the statement of financial position reports the liability for the total commitment, net of future lease finance charges): | | |
| Not later than one year | 6 | 6 |
| Later than one year and not later than five years | 49 | 24 |
| Later than five years | 1 | 17 |
| Minimum Lease Payments | 56 | 47 |
| <i>Deduct:</i> Future finance charges | 1 | 3 |
| Total Finance Lease Liabilities | 55 | 44 |
| | | |
| <i>Represented by:</i> Current Liability | 6 | 6 |
| Non-Current Liability | 49 | 38 |
| Total Finance Lease Liabilities (refer Note 2(r)) | 55 | 44 |

21. SUPERANNUATION

Superannuation costs outside the Commonwealth schemes were not separately identified in 1995-96 or the 1996-97 Budget, and were included in "Employee Entitlements". Actuarial advice indicating the net present value of the accrued liability of the Territory, to reimburse the Commonwealth for benefits payable to members of the Commonwealth superannuation schemes, was:

| | | |
|--|--------------|------------|
| Liability at beginning of year | 934 | 820 |
| Prior years' accrued liability adjustment (Abnormal Revenue) | 0 | (14) |
| Accumulated deficit in emerging costs (Abnormal Expense) | 1 | 14 |
| Adjusted Liability | 935 | 820 |
| | | |
| Expense accrued during the period for Commonwealth super | 164 | 127 |
| Other superannuation expense | 19 | 17 |
| Superannuation Expense (refer Note 2(q)) | 184 | 144 |
| | 1,119 | 964 |
| | | |
| <i>Less:</i> Payments during the period for superannuation | 18 | 30 |
| Liability at end of year | 1,100 | 934 |
| | | |
| <i>Represented by:</i> Current Liability | 20 | 16 |
| Non-Current Liability | 1,079 | 918 |
| Total Superannuation Liability (refer Note 2(q)) | 1,100 | 934 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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| | 1998 \$m | 1997 \$m |
|--|-------------|-------------|
| 22. OTHER EMPLOYEE ENTITLEMENTS | | |
| <i>Current</i> | | |
| Unpaid Wages and Salaries | 25 | 7 |
| Annual Leave | 66 | 78 |
| Long Service Leave | 13 | 11 |
| Other Employee Entitlements | 0 | - |
| Total Current Other Employee Entitlements | 104 | 96 |
| <i>Non-Current</i> | | |
| Long Service Leave | 116 | 125 |
| Other Employee Entitlements | 9 | 1 |
| Total Non-Current Other Employee Entitlements | 125 | 126 |

Accrued wages, salaries and annual leave are measured at remuneration rates current as at the reporting date. Long service leave entitlements are accrued annually at current wage rates and discounted at a rate of 5% to reflect the estimated present value of future cash flows. (Refer Note 2(p)).

23. OTHER LIABILITIES

| | | |
|--|-----------|-----------|
| <i>Current</i> | | |
| Other Provisions | 8 | 11 |
| Revenue Received in Advance | 11 | 25 |
| Other | 8 | 6 |
| Total Current Other Liabilities | 27 | 42 |
| <i>Non-Current</i> | | |
| Other Provisions | 3 | 6 |
| Other | 0 | 1 |
| Total Non-Current Other Liabilities | 3 | 7 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

OTHER INFORMATION

24. RECONCILIATION OF CAPITAL

| | <i>Accumulated Funds \$m</i> | <i>Asset Revaluation Reserve \$m</i> | <i>Other Reserves \$m</i> | <i>Total \$m</i> |
|---------------------------------|--------------------------------------|--|-------------------------------|----------------------|
| Balance at 30 June 1997 | 6,171 | 816 | 106 | 7,093 |
| Prior Period Adjustments | 17 | - | - | 17 |
| Operating Result - 1997-98 | (166) | - | - | (166) |
| Net Asset Increments/Decrements | - | (36) | (51) | (87) |
| Transfers from/(to) Reserves | 20 | (18) | (2) | 0 |
| Balance at 30 June 1998 | 6,042 | 762 | 53 | 6,857 |

As at 30 June 1998, there were no external interests owning equity in the Territory or its agencies.

25. CASH FLOWS

*1997-98
\$m*

(a) Reconciliation of *Cash Flow Statement* to *Statement of Financial Position* (refer Note 2(h)):

| | |
|---|------------|
| Cash, as per the Statement of Financial Position | 47 |
| <i>Add: Investments*</i> | 237 |
| Cash, as per the Cash Flow Statement | 284 |

For the purposes of the statements of cashflows, cash includes cash on hand, cash at bank and investments in highly liquid money market instruments. Of the total investments held \$237 million are considered to be highly liquid investments. In accordance with Australian Accounting Standard AAS 28 "Statement of Cashflows" those investments considered highly liquid are classified as cash equivalents.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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25. CASH FLOWS (CONTINUED)

| | <i>1997-98</i> <i>\$m</i> |
|--|------------------------------|
| <i>(b) Reconstruction of the reconciliation of Operating Result to Net Cash Inflows from Operating Activities for 1997-98:</i> | |
| Operating Result after Abnormal and Extraordinary Items | (166) |
| <i>Add:</i> | |
| Depreciation and Amortisation | 212 |
| Abnormal and Extraordinary Items | 21 |
| <i>Less:</i> | |
| Dividends and Investment Income | 26 |
| Net Gain on Disposal of Fixed Assets | 2 |
| <i>Change in Operating Assets & Liabilities:</i> | |
| Decrease in Net Debtors | 1 |
| Increase in Inventories | (11) |
| Decrease in Other Assets | 6 |
| Increase in Creditors | 5 |
| Increase in Employee Entitlements | 173 |
| Decrease in Other Liabilities | (22) |
| Net Cash Inflows from Operating Activities | 191 |

26. OPERATING LEASE COMMITMENTS

At the reporting date, the Government had the following obligations under non-cancellable operating leases. (These obligations are not recognised as liabilities):

| | <i>1998</i> <i>\$m</i> | <i>1997</i> <i>\$m</i> |
|---|---------------------------|---------------------------|
| Not later than one year | 32 | 14 |
| Later than one year but not later than five years | 80 | 40 |
| Later than five years | 46 | 14 |
| Total Operating Lease Commitments | 158 | 68 |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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27. CAPITAL COMMITMENTS

1998
\$m

1997
\$m

At the reporting date, the Government had entered into contracts for the following capital expenditure. (These commitments are not recognised as liabilities):

| | | |
|---|-----------|-----------|
| Not later than one year | 58 | 68 |
| Later than one year but not later than five years | 2 | 7 |
| Later than five years | - | - |
| Total Capital Commitments | 60 | 75 |

28. OTHER COMMITMENTS

At the reporting date, the Government had entered into contracts for the following expenditure. (These commitments are not recognised as liabilities):

| | | |
|---|-----------|-----------|
| Not later than one year | 19 | 12 |
| Later than one year but not later than five years | 17 | 11 |
| Later than five years | 1 | 1 |
| Total Other Commitments | 37 | 24 |

29. CONTINGENCIES, GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT

Contingencies are items which may in the future constitute a liability, depending on the occurrence of a future specified event. They have not been recognised as liabilities.

| | | |
|--|-----------|-----------|
| Taxation related contingent liabilities* | 6 | 6 |
| Non-Taxation related contingent liabilities | 58 | 49 |
| Total Quantifiable Contingent Liabilities | 64 | 55 |

* All taxation related claims being made against the Territory have been assessed and where the court decision is likely to favour the plaintiff, the amounts in dispute have been provided for as a liability. This amount represents claims against the Territory which have not been provided for.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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29. CONTINGENCIES, GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT(CONTINUED)

| | <i>1998</i> <i>\$m</i> | <i>1997</i> <i>\$m</i> |
|--|---------------------------|---------------------------|
| Total Quantifiable Guarantees, Indemnities & Letters of Comfort | 19 | 42 |

ACTEW, a wholly owned Territory corporation, has indemnified the ANZ Bank in respect of bank guarantees issued and has also entered into an unconditional payment undertaking to the Electricity Transmission Authority of NSW to meet the prudential requirements of the NSW Electricity Marketing Code.

All construction contracts were novated to Bruce Property Trust as part of the financing arrangement for Bruce Stadium.

As part of the novation negotiations, the ACT Government agreed to guarantee the contractors' progress claims associated with their construction contract in order to not disadvantage contractors with partially completed contracts. Contracts written since 1 July 1998 are with Bruce Property Trust and with no ACT Government guarantee. Additionally indemnities were provided by the Territory to Bruce Property Trust and Bruce Property Pty Ltd as part of the contracts for the redevelopment, financing and operation of Bruce Stadium.

30. EXCLUDED TERRITORY AUTHORITIES AND THIRD PARTY TRUST MONEYS

Agreements exist between the ACT Government and Calvary Hospital ACT Incorporated for the operation of Calvary Public Hospital, and between the Government and the Canberra Mothercraft Society Incorporated for the operation of Queen Elizabeth II Hospital. The 1995-96 financial statements of the Department of Health and Community Care, and the subsequent financial statements of the Territory, consolidated Calvary Public Hospital and Queen Elizabeth II Hospital.

These consolidated financial statements for the Territory for 1997-98 do not however include the Canberra Mothercraft Society or Calvary Hospital, but recognise payments for services and grants to the organisations as expenses of the Territory, similar to payments to many other organisations to which the Territory provides funds. The 1997-98 budget information already excludes these organisations but the 1996-97 actual information, includes Calvary Hospital and has not been reconstructed to exclude this organisation as the effect is immaterial.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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30. EXCLUDED TERRITORY AUTHORITIES AND THIRD PARTY TRUST MONEYS
(CONTINUED)

These financial statements do not consolidate the Construction Industry Long Service Leave Board, the Rental Bonds Board, or the Registrar of Financial Institutions. The Boards and Registrar operate and own assets as trustees on behalf of the respective industries. As such, the operations and equity of the Board and Registrar are not considered to be Government controlled. Territory agencies are also responsible for a number of other Boards and Trusts which are immaterial in nature.

| <i>Third Party Moneys held in Trust by the Territory:</i> | <i>1998</i> <i>\$m</i> | <i>1997</i> <i>\$m</i> |
|---|---------------------------|---------------------------|
| Construction Industry Long Service Leave Board | 21 | 21 |
| Registrar of Financial Institutions | 0 | 2 |
| Rental Bonds Board | 15 | 15 |
| NRMA Trust | 1 | 4 |
| Private Practice Hospital Account | 10 | 0 |
| Other 3rd party monies | 14 | 18 |

31. JOINT VENTURES - INCLUDING UNDERTAKINGS IN RESPECT OF JOINT VENTURES

The Territory has the following interests in joint ventures:

| <i>Joint Venture</i> | <i>Principal Activity</i> | <i>Territory share of</i> <i>the joint venture</i> <i>%</i> | <i>Actual 1997-98</i> <i>profit share</i> <i>%</i> |
|----------------------|---------------------------|---|--|
| (a) Ngunnawal 3a | Land Development | 50 | 50 |
| Ngunnawal 3b | Land Development | 50 | 50 |
| Harcourt Hill | Land Development | 50 | 50 |
| Dunlop 1 | Land Development | 50 | 82.5 |
| Dunlop 2 | Land Development | 50 | 50 |
| Dunlop 3 | Land Development | 50 | 60 |
| Dunlop 4 | Land Development | 50 | 60 |
| Conder /Gordon | Land Development | 50 | 50 |
| Bruce 2 | Land Development | 50 | 72 |
| Nicholls Lakeside | Land Development | 50 | 50 |
| Palmerston 4 | Land Development | 50 | n/a |

As at 30 June 1998, the above eleven joint ventures had assets of \$16m (\$11m in 1997) and liabilities of \$15m (\$13m in 1997) which have been included in the Territory's consolidated Statement of Financial Position as the Territory's share of these joint venture assets and liabilities.

There were no financial transactions for the year ended 30 June 1998 for the Palmerston 4 joint venture.

| | | | |
|---------------------------|--------------------------|----|----|
| (b) Braddon Joint Venture | Unit Complex Development | 50 | 50 |
|---------------------------|--------------------------|----|----|

As at 30 June 1998, this joint venture had assets of \$2m (\$3m in 1997) and negligible liabilities which have been included in the Territory's consolidated Statement of Financial Position as the Territory's share of these joint venture assets and liabilities.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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**31. JOINT VENTURES - INCLUDING UNDERTAKINGS IN RESPECT OF JOINT VENTURES
(CONTINUED)**

| <i>Joint Venture</i> | <i>Principal Activity</i> | <i>Territory share of the joint venture %</i> | <i>Actual 1997-98 profit share %</i> |
|-----------------------------|---------------------------|---|--|
| (c) Nicholls Primary School | Education facilities | 53 | n/a |

The school facilities are jointly owned with the neighbouring Holy Spirit Primary School. The Catholic Education Office has a loan from the Territory, the balance of which is \$912,000 at 30 June 1998 (\$1,019,000 at 30 June 1997), in relation to this venture.

(d) The following undertaking was also current at 30 June 1998:

To enter into a joint venture with H.I.A. Services (ACT) Pty Ltd in association with the Housing Industry Association of the ACT for the development of a residential estate of approximately 200 blocks. The Territory's share of the profits will be 50% plus an amount of \$130,000 (with interest accrued on this amount since 1 July 1994).

32. ECONOMIC DEPENDENCY

The ACT Legislative Assembly is empowered by an Act of the Commonwealth Government of Australia.

It also relies on Commonwealth Government grants for almost 30 percent of its annual revenues. These grants comprise "Specific Purpose Payments" to provide services to the community on behalf of the Commonwealth, and "General Purpose Grants". The Commonwealth determines a general financial assistance funding pool to address the fiscal imbalance that exists between the revenue raising powers of the Commonwealth and that of the States and Territories. The ACT's share of this pool, or its General Purpose Payments, are determined by the Commonwealth Grants Commission to address both the expenditure and revenue fiscal imbalance that exists between the different States and Territories, and the continuing transition of the Territory to self Government.

The Territory has no economic dependency on any other party.

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32. ECONOMIC DEPENDENCY (CONTINUED)

At the end of the reporting period, there were reasonable grounds to believe the Territory could continue to meet its liabilities as and when they fall due. As a result of independent assessment, the Territory has the following credit risk ratings, including the highest domestic long term rating available in Australia:

| | <i>Domestic Long Term</i> | <i>Domestic Short Term</i> | <i>Foreign Currency Long Term</i> |
|--------------------------|-------------------------------|--------------------------------|---------------------------------------|
| Standard & Poor's | AAA | A1+ | na |
| Moody's Investor Service | Aaa | na | Aa2 |

33. AUDITOR'S REMUNERATION

The ACT Auditor-General's Office is empowered under the *Auditor General Act 1996* to audit the activities and agencies of the ACT. Financial statement audits of agencies are conducted on a fee for service basis. Performance audits are met by appropriation from the Legislative Assembly.

During 1997-98, the ACT Auditor-General's Office earned:

| | |
|---|-------------|
| Financial statement audits (fees for services) | \$1,213,205 |
| Other audits (Legislative Assembly appropriation) | \$800,000 |

The ACT Auditor-General's Office paid \$2,500 for independent audit of its own financial statements for 1997-98.

34. FINANCIAL INSTRUMENTS

Since 31 December 1997 ACT Government agencies have been required to comply with Australian Accounting Standards AAS 33 and Accounting Standard ASSB 1033, which cover disclosure of both recognised and unrecognised financial instruments.

The aim of these standards is to enhance users understanding of the significance of financial instruments on financial positions, operating results and cash flows.

Items which are to be disclosed under AAS 33/AASB 1033 include:

- Terms, Conditions and Accounting Policies;
- Interest Rate Risk;
- Credit Risks;
- Net Fair Values; and
- Financial Assets Carried at an Amount in Excess of Net Fair Value.

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34. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Terms, conditions and accounting policies

| Financial Instrument | Notes | Accounting Policies and Methods (Including recognition criteria and measurement basis) | Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows) |
|------------------------------------|--------------|---|--|
| <i>Financial Assets</i> | | <i>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</i> | |
| Cash - deposits at call | | Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues. | No interest is earned on the majority of these funds. |
| Receivables for goods and services | | These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. | Credit terms are 28-30 days. |
| Investments | | Financial investments are measured at the market value applicable to the investment at balance date. Resultant increments and decrements from one valuation date to the next are included in the Operating Statement as they arise.. | The average return on investments for the year was approximately 5%. |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

34. FINANCIAL INSTRUMENTS (CONTINUED)

| <i>Financial Liabilities</i> | <i>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.</i> | |
|------------------------------|--|---|
| Trade creditors | Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). | Trade creditors are normally settled within 28-30 days. |
| Borrowings | Borrowings are carried at capital value. Interest is expensed as it occurs. | All borrowings are repaid on maturity. |
| Finance lease liabilities | Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases. | Interest rates implicit in the leases vary from 7.03% to 15.8%. |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

34. FINANCIAL INSTRUMENTS (CONTINUED)
(b) Interest Rate Risk

| Financial Instrument | Notes | Floating Interest Rate | Fixed Interest Rate | Non- Interest Bearing | Total | Weighted Average Effective Interest Rate |
|------------------------------------|--------------|---------------------------------------|------------------------------------|--------------------------------------|--------------|---|
| | | \$m | \$m | \$m | \$m | % |
| <i>Financial Assets</i> | | | | | | |
| Cash at Bank | 12 | 27 | - | 20 | 47 | 5.0 |
| Receivables for goods and services | 13 | 180 | 5 | 152 | 337 | N/A |
| Investments | 14 | 584 | - | - | 584 | 5.2 |
| Total Financial Assets | | 791 | 5 | 172 | 968 | |
| <i>Financial Liabilities</i> | | | | | | |
| Trade creditors | 18 | - | - | 130 | 130 | N/A |
| Borrowings | 19 | 684 | 2 | 44 | 730 | 8.7 |
| Finance lease liabilities | 20 | 13 | 2 | 39 | 54 | 10.7 |
| Total Financial Liabilities | | 697 | 4 | 213 | 914 | |

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30 JUNE 1998

34. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Net Fair values of Financial Assets and Liabilities

| | Note | 1997-98 | |
|------------------------------------|------|-----------------|---------------------|
| | | Total \$'000 | Aggregate \$'000 |
| Financial Assets | | | |
| Cash at Bank | 12 | 47 | 47 |
| Receivables for Goods & Services | 13 | 337 | 337 |
| Investments | 14 | 584 | 584 |
| Total Financial Assets | | 968 | 968 |
| Financial Liabilities | | | |
| Finance lease liabilities | 20 | 54 | 54 |
| Borrowings | 19 | 730 | 730 |
| Trade Creditors | 18 | 130 | 130 |
| Total Financial Liabilities | | 914 | 914 |

Financial Assets

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

Financial Liabilities

The net fair values of finance lease and guarantees are based on discounted cash flows using current interest rates for liabilities with similar risk profiles. (Where the liability is on a floating rate of interest, the method returns the principal amount).

The net fair values for trade creditors are short-term in nature and are approximated by their carrying amounts.

(d) Credit Risk Exposures

The Territory's maximum exposures to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Assets and Liabilities.

The Territory has no significant exposures to any concentrations of credit risk.

The ACT Government has the highest credit rating available, being short-term A1+ and long-term AAA. It is assumed that credit risk is minimal.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES

General Government Sector

ACT Agents Board
ACT Community Care
ACT Executive
ACT Heritage
ACT Legislative Assembly (Secretariat)
Auditor General (Government Audit Office for the ACT)
Australian International Hotel School
Canberra Institute of Technology (CIT)
Canberra Public Cemeteries (Trustees of)
Canberra Theatre
Canberra Tourism and Events Corporation
CanDeliver
Casino Surveillance Authority
Central Finance Unit
Chief Minister's Department
Cultural Facilities Corporation
Department of Business, Employment, the Arts, Regulatory Reform and Industrial Relations
Department of Heritage
Department of Education & Community Services
Department of Health & Community Care
Department of Urban Services
Emergency Services Bureau
Exhibition Park in Canberra (EPIC)
Gungahlin Development Authority
HealthPact (Health Promotion ACT)
InTACT
Justice and Community Safety
Legal Aid Commission
Office of Asset Management
Public Trustee for the ACT (Office of the)
Sport and Recreation
Superannuation Provision
The Canberra Hospital
Totalcare Industries

Public Trading Enterprises

ACTEW Corporation
ACT Forests
ACT Housing
ACT Milk Authority
ACTION
ACTTAB Limited
CIT Solutions