

Australian Capital Territory
**Consolidated Annual
Financial Statements**

2000-2001 Financial Year

Australian Capital Territory Government



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AUDITOR-GENERAL

Australian Capital Territory



INDEPENDENT AUDIT REPORT

AUSTRALIAN CAPITAL TERRITORY

To Members of the Legislative Assembly for the Australian Capital Territory

I have audited the annual financial statements of the Australian Capital Territory for the year ending 30 June 2001. The financial statements, which were forwarded to me by the Treasurer, consist of the following financial statements together with the notes thereto:

- Consolidated Statement of Financial Performance;
- Consolidated Statement of Financial Position;
- Consolidated Statement of Cash Flows;
- Consolidated Statement of Financial Performance by Sector;
- Consolidated Statement of Financial Position by Sector;
- Consolidated Statement of Cash Flows by Sector; and
- Statement of Appropriations.

Under Section 23 of the Financial Management Act 1996, the Treasurer and the Chief Executive of the Department of Treasury are responsible for the financial statements.

My responsibility is to express an opinion on the financial statements based on my audit as required by Section 24(2) of the Financial Management Act 1996.

Audit Scope

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement.

Scala House, 11 Torrens Street Braddon ACT 2612 PO Box 275, Civic Square ACT 2608
Telephone: (02) 620 70833 Facsimile: (02) 620 70826
Office Email: actauditorgeneral@act.gov.au

My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the Financial Management Act 1996, Australian Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view of the Australian Capital Territory which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this Report on the financial statements has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements of the Australian Capital Territory for the year ending 30 June 2001 present fairly in accordance with the Financial Management Act 1996, Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Australian Capital Territory as at 30 June 2001 and the results of its operations and its cash flows for the year then ended.



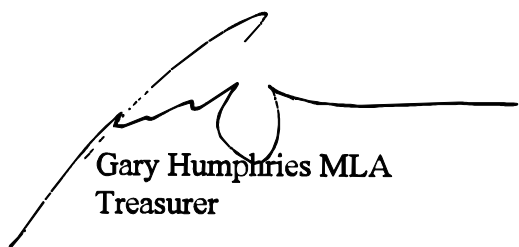
John A Parkinson FCPA
.2. October 2001

**CERTIFICATION BY THE TREASURER
AND THE CHIEF EXECUTIVE OF THE
DEPARTMENT OF TREASURY**

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 2001 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
Treasurer

Date: 2 October 2001

Certification by the Chief Executive of the Department of Treasury

The Chief Executive of the *Department of Treasury* has been 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 *Financial and Budgetary Management Branch*.

It is my opinion that the attached financial statements for the year ending 30 June 2001 have been prepared in accordance with generally accepted accounting practice and the requirements of the Act.



Howard Ronaldson
Chief Executive
Department of Treasury

Date: 2 October 2001

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001

		<i>2000-2001</i>	<i>2000-2001</i>	<i>1999-2000</i>
		<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
	<i>Notes</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
REVENUES FROM ORDINARY ACTIVITIES				
Taxes, Fees and Fines	5	678	559	750
User Charges	6	466	626	573
Grants from the Commonwealth	7	862	841	680
Interest Received		71	35	50
Revenue from Joint Ventures	40	197	-	40
ACT Workers' Compensation Supplementation Fund	8	10	-	-
Other Revenue	9	177	188	193
Total Revenues from Ordinary Activities		2,461	2,249	2,286
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Expenses	10	713	752	745
Superannuation Expenses	11	153	152	163
Administrative Expenses	12	501	430	410
Depreciation and Amortisation	3o	188	210	198
Borrowing Costs		74	73	60
Cost of Goods Sold	3y	88	257	207
Grants and Purchased Services	14	280	275	221
Other Expenses	15	203	78	179
Expenses from Joint Ventures	40	164	-	25
Total Expenses from Ordinary Activities		2,362	2,227	2,208
Operating Surplus from Ordinary Activities		100	22	78
Operating Surplus		100	22	78
Increase/(Decrease) in Asset Revaluation Reserve	30	111	(8)	200
Increase/(Decrease) in Other Reserves	30	(31)	(3)	(22)
Transfer to/from Reserves	30	71	13	26
Increase/(Decrease) in Accumulated Funds on the Adoption of a New Accounting Standard	31	35	0	-
Adjustment to Accumulated Funds Relating to Prior Periods	32	-	-	(86)
Change in Equity		286	25	196
Total Equity at the Beginning of the Year		7,040	6,815	6,844
Total Equity at the End of the Year	30	7,325	6,840	7,040

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

The actual totals of reported figures may vary slightly from totals in the statements due to the reported figures being rounded to the nearest million dollars (see Note 3(e)).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2001

		2001 Actual \$m	2001 Budget \$m	2000 Actual \$m
ASSETS				
Current Assets				
Cash	16	40	81	26
Receivables	17	188	182	202
Investments	18	615	1,068	1,084
Inventories	20	17	54	30
Other	23	22	17	41
Total Current Assets		882	1,403	1,382
Non-Current Assets				
Receivables	17	117	181	152
Investments	18	940	25	98
Investments Accounted For Using the Equity Method	19	364	-	-
Inventories	20	4	44	7
Property, Plant and Equipment	21	7,729	7,939	8,006
Intangibles		0	7	2
Capital Works in Progress	22	89	110	119
Other	23	93	0	47
Total Non-Current Assets		9,336	8,306	8,431
TOTAL ASSETS		10,218	9,709	9,813
LIABILITIES				
Current Liabilities				
Creditors	24	138	163	136
Interest Bearing Liabilities	25	247	175	219
Finance Leases	26	27	14	24
Employee Superannuation Entitlements	27	54	57	52
Other Employee Entitlements	28	110	111	108
Other	29	32	42	30
Total Current Liabilities		608	562	568
Non-Current Liabilities				
Creditors	24	71	14	13
Interest Bearing Liabilities	25	634	688	713
Finance Leases	26	34	48	36
Employee Superannuation Entitlements	27	1,420	1,420	1,316
Other Employee Entitlements	28	119	129	119
Other	29	8	7	8
Total Non-Current Liabilities		2,286	2,307	2,205
TOTAL LIABILITIES		2,894	2,869	2,773
NET ASSETS		7,325	6,840	7,040
REPRESENTED BY:				
Accumulated Funds	30	6,021	5,827	5,816
Asset Revaluation Reserve	30	1,254	943	1,143
Other Reserves	30	50	70	81
TOTAL FUNDS EMPLOYED	30	7,325	6,840	7,040

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

The actual totals of reported figures may vary slightly from totals in the statements due to the reported figures being rounded to the nearest million dollars (see Note 3(e)).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

<i>Notes</i>	<i>2000-2001 Actual \$m</i>	<i>2000-2001 Budget \$m</i>	<i>1999-2000 Actual \$m</i>
CASH AT THE BEGINNING OF THE YEAR	390	80	345
CASH FLOW FROM OPERATING ACTIVITIES			
<i>Receipts</i>			
Taxes Fees and Fines	637	559	717
User Charges For Goods and Services	432	651	601
Commonwealth Government Grants	867	841	680
Interest Income	54	26	40
Other	232	182	117
Operating Receipts:	2,223	2,259	2,155
<i>Payments</i>			
Related to Superannuation	48	46	38
Other Payments Related to Employees	707	750	733
Related to Administration and Supplies	464	435	468
Grants, Subsidies and Transfer Payments	276	273	217
Borrowing Costs	69	68	55
Other	299	406	262
Operating Payments	1,863	1,979	1,773
Net Cash Inflows from Operating Activities	360	280	382
	33(b)		
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Receipts</i>			
Proceeds from Sale/Maturity of Investment	1,255	1,326	1,502
Proceeds from Sale of Property Plant & Equipment	47	48	65
Repayment of Home Loan Principal	34	25	34
Investing Receipts	1,336	1,399	1,601
<i>Payments</i>			
Purchase of Investments	1,148	1,363	1,901
Purchase of Property Plant & Equipment	196	245	241
Investing Payments	1,344	1,608	2,142
Net Cash Inflows/(Outflows) from Investing Activities	(8)	(209)	(541)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Receipts</i>			
Proceeds from Borrowings	369	440	1,133
Finance Leases	6	-	-
Financing Receipts	375	440	1,133
<i>Payments</i>			
Repayment of Advance	35	9	83
Repayment of Finance Leases	13	16	9
Repayment of Borrowings	393	463	839
Financing Payments	442	488	931
Net Cash Inflows/(Outflows) from Financing Activities	(67)	(48)	202
NET INCREASE / (DECREASE) IN CASH HELD	285	23	45
CASH AT THE END OF THE YEAR	675	103	390
	33(a)		

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

The actual totals of reported figures may vary slightly from totals in the statements due to the reported figures being rounded to the nearest million dollars (see Note 3(e)).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2001

	<i>General Government</i>			<i>Public Trading Enterprises</i>		
	<i>2000-2001</i>	<i>2000-2001</i>	<i>1999-2000</i>	<i>2000-2001</i>	<i>2000-2001</i>	<i>1999-2000</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>
REVENUES FROM ORDINARY ACTIVITIES						
Taxes, Fees and Fines	704	585	776	-	-	-
User Charges - Non ACT Government	170	147	144	296	478	429
User Charges - ACT Government	27	25	35	105	112	105
Grants from the Commonwealth	862	841	680	0	0	-
Interest Received	96	61	58	6	3	6
Revenue from Joint Ventures	30	-	40	167	-	-
Dividend Revenue	67	42	67	-	-	-
ACT Workers' Compensation Supplementation Fund	10	-	-	-	-	-
Other Revenue	150	199	204	53	10	14
Resources Received free of charge	-	-	-	0	6	12
Total Revenues from Ordinary Activities	2,116	1,901	2,002	627	609	567
EXPENSES FROM ORDINARY ACTIVITIES						
Employee Expenses	644	644	640	75	116	113
Superannuation Expenses	151	150	162	8	12	12
Administrative Expenses	414	366	347	118	108	120
Depreciation and Amortisation	143	145	133	43	65	65
Borrowing Costs	62	61	48	43	40	25
Cost of Goods Sold	37	77	73	58	180	136
Grants and Purchased Services	373	355	306	-	-	-
Other Expenses	204	94	185	43	35	68
Expenses from Joint Ventures	22	-	25	141	-	-
Total Expenses from Ordinary Activities	2,050	1,892	1,921	530	557	539
Operating Surplus Before Income Tax Equivalents						
Expense and Injections for Operating Requirements	66	9	81	98	52	28
Income Tax Equivalent Expense	-	-	-	(1)	0	0
Injection for Operating Requirements	-	-	-	4	4	5
Operating Surplus	66	9	81	101	56	33
Increase/(Decrease) in Asset Revaluation Reserve	11	3	53	100	(11)	146
Increase/(Decrease) in Other Reserves	(31)	(3)	(1)	-	-	(20)
Transfer to/from Reserves	33	3	1	38	11	25
Increase/(Decrease) in Accumulated Funds on the	0	0	-	-	0	0
Adoption of a New Accounting Standard	-	-	-	35	-	-
Adjustment to Accumulated Funds Relating to Prior Periods	-	-	(124)	-	-	-
Changes in Equity Other Than Those Resulting						
From Transactions With Owners As Owners	79	12	10	274	56	183
Capital Injections	-	-	-	-	0	31
Distributions to Government	119	-	300	(119)	-	(300)
Inc/Dec in Net Assets from Admin Restructure	(1)	1	7	1	(1)	(7)
Dividends Declared	-	-	-	(67)	(42)	(67)
Changes in Equity Including Those Resulting from						
Transactions With Owners as Owners	196	12	317	89	12	(160)

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

The actual totals of reported figures may vary slightly from totals in the statements due to the reported figures being rounded to the nearest million dollars (see note 3(e)).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION BY SECTOR
AS AT 30 JUNE 2001

	<i>General Government</i>			<i>Public Trading Enterprises</i>		
	<i>2001 Actual \$m</i>	<i>2001 Budget \$m</i>	<i>2000 Actual \$m</i>	<i>2001 Actual \$m</i>	<i>2001 Budget \$m</i>	<i>2000 Actual \$m</i>
ASSETS						
Current Assets						
Cash	30	70	13	10	11	12
Receivables	276	130	228	26	80	84
Investments	591	1,045	1,071	37	23	29
Inventories	17	33	22	0	21	8
Other	8	12	28	14	5	13
Total Current Assets	923	1,290	1,363	87	140	147
Non-Current Assets						
Receivables	373	509	413	-	-	1
Investments	912	72	80	28	18	17
Investments Accounted for Using the Equity Method	-	-	-	364	-	-
Inventories	4	5	7	0	39	-
Property, Plant and Equipment	5,293	5,342	5,279	2,438	2,600	2,731
Intangibles	0	7	1	0	0	1
Capital Work in Progress	70	71	81	20	39	37
Other	6	0	6	87	0	41
Total Non-current Assets	6,658	6,007	5,867	2,936	2,697	2,828
TOTAL ASSETS	7,581	7,298	7,230	3,023	2,837	2,975
LIABILITIES						
Current Liabilities						
Creditors	121	124	96	31	50	57
Interest Bearing Liabilities	248	166	224	26	11	28
Finance Leases	26	13	23	1	0	1
Superannuation Entitlements	53	57	52	0	0	0
Other Employee Entitlements	93	94	91	16	17	18
Other Provisions	2	1	0	20	11	21
Other	27	26	18	4	12	10
Total Current Liabilities	570	483	504	98	101	135
Non-Current Liabilities						
Creditors	73	14	15	1	0	0
Interest Bearing Liabilities	462	515	532	487	506	498
Finance Leases	31	47	33	3	1	3
Superannuation Entitlements	1,420	1,420	1,316	-	-	-
Other Employee Entitlements	99	106	99	19	23	19
Other Provisions	2	2	1	10	0	3
Other	1	6	4	0	-	-
Total Non-Current Liabilities	2,088	2,110	2,000	520	531	524
TOTAL LIABILITIES	2,659	2,593	2,504	618	632	659
NET ASSETS	4,922	4,705	4,726	2,404	2,204	2,316
REPRESENTED BY:						
Accumulated Funds	4,375	4,202	4,159	1,648	1,695	1,659
Asset Revaluation Reserve	507	444	495	747	500	647
Other Reserves	40	60	72	10	10	10
TOTAL FUNDS EMPLOYED	4,922	4,705	4,726	2,404	2,204	2,316

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

The actual totals of reported figures may vary slightly from totals in the statements due to the reported figures being rounded to the nearest million dollars (see note 3(e)).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2001

	<i>General Government</i>			<i>Public Trading Enterprises</i>		
	2000-2001	2000-2001	1999-2000	2000-2001	2000-2001	1999-2000
	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>	<i>Actual</i>
	\$m	\$m	\$m	\$m	\$m	\$m
CASH AT BEGINNING OF THE YEAR	365	50	300	25	31	46
CASH FLOW FROM OPERATING ACTIVITIES						
<i>Receipts</i>						
Taxes Fees and Fines	664	584	740	-	-	0
User Charges	164	167	205	401	624	530
Interest Received	79	47	43	6	3	6
Grants Received from the Commonwealth	867	841	679	0	0	1
Other Revenue	244	202	137	6	5	9
Operating Receipts	2,018	1,840	1,804	413	632	545
<i>Payments</i>						
Related to Superannuation	46	45	38	14	20	19
Other Payments Related to Employees	638	642	640	69	108	92
Related to Administration	420	361	352	73	118	162
Borrowing Costs	64	56	42	36	36	21
Grants, Subsidies and Transfer Payments	369	363	302	-	-	0
Other	192	208	164	150	235	133
Operating Payments	1,730	1,675	1,538	341	518	428
Net Cash Inflows from Operating Activities	288	166	265	72	114	117
CASH FLOWS FROM INVESTING ACTIVITIES						
<i>Receipts</i>						
Proceeds from Sale of Property Plant & Equipment	8	7	25	39	40	40
Proceeds from Sale/Maturity of Investments	1,077	1,326	1,498	179	58	68
Repayment of Advance	8	2	15	-	-	-
Repayment of Home Loan Principal	34	25	34	0	-	0
Dividends	67	46	58	-	-	-
Capital Distributions from Government Agencies	120	-	300	-	-	-
Investing Receipts	1,313	1,407	1,928	218	98	109
<i>Payments</i>						
Purchase of Property Plant & Equipment	124	141	150	72	98	91
Purchase of Land and Intangibles	0	6	0	-	-	-
Purchase of Investments	1,136	1,363	1,901	9	54	63
Capital Payments to Government Agencies	1	0	29	-	-	-
Advance Issued to Agencies	6	-	265	-	-	-
Investing Payments	1,266	1,510	2,345	81	152	154
Net Cash Inflows/(Outflows) from Investing Activities	47	(103)	(417)	136	(54)	(45)
CASH FLOWS FROM FINANCING ACTIVITIES						
<i>Receipts</i>						
Capital Injection from Government	-	-	-	1	0	29
Borrowings Received	432	524	1,204	3	-	267
Receipt of Transferred Cash Balances	0	1	-	-	-	7
Finance Leases	6	-	-	-	-	-
Financing Receipts	438	525	1,204	4	0	303
<i>Payments</i>						
Distributions to Government	-	-	-	119	-	300
Dividends to Government	-	-	-	67	46	58
Repayment of Borrowings	382	455	815	13	11	39
Repayment of Finance Leases	13	15	9	0	0	0
Repayment of Advance to Government Agencies	101	98	157	3	-	-
Payment of Transferred Cash Balances	-	-	7	1	1	0
Financing Payments	496	568	988	204	57	397
Net Cash Inflows/(Outflows) from Financing Activities	(59)	(43)	217	(200)	(57)	(93)
NET INCREASE/ (DECREASE) IN CASH HELD	277	20	65	8	3	(21)
CASH AT THE END OF THE YEAR	642	70	365	33	34	25

The above Consolidated Statement of Cash Flows by Sector should be read in conjunction with the accompanying notes. The actual totals of reported figures may vary slightly from totals in the statements due to the reported figures being rounded to the nearest million dollars (see note 3(e)).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS
FOR THE YEAR ENDED 30 JUNE 2001

<i>Department</i>	<i>Appropriation Act 2000-01</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 Drawn</i>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Legislative Assembly Secretariat</i>							
Net cost of outputs	4,033.0	-	-	-	-	4,033.0	4,033.0
Capital Injection	77.0	-	-	-	-	77.0	-
Payment on behalf of the Territory	3,031.0	-	-	4.0	16.0	3,051.0	3,010.0
<i>Auditor General</i>							
Net cost of outputs	909.0	-	-	-	-	909.0	909.0
Capital Injection	-	-	-	-	-	-	-
Payment on behalf of the Territory	-	-	-	-	-	-	-
<i>Chief Minister's Department</i>							
Net cost of outputs	68,275.0	296.0	-	-	1,506.0	70,077.0	65,886.0
Capital Injection	10,392.0	76.0	-	-	-	10,468.0	3,798.0
Payment on behalf of the Territory	4,637.0	-	-	1,303.5	1,740.0	7,680.5	7,611.4
<i>ACT Executive</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-
Payment on behalf of the Territory	2,987.0	-	-	-	-	2,987.0	2,987.0
<i>Department of Treasury</i>							
Net cost of outputs	19,715.0	216.0	-	-	-	19,931.0	19,931.0
Capital Injection	14,891.0	(3,350.0)	-	-	-	11,541.0	5,969.5
Payment on behalf of the Territory	45,665.0	-	25.0	1,645.5	9,158.0	56,493.5	56,476.5

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2001

<i>Department</i>	<i>Appropriation Act 2000-01</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 Drawn</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Central Financing Unit</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	13,093.0	-	-	-	-	13,093.0	12,243.2
Payment on behalf of the Territory	19,029.0	-	-	1,183.0	9,676.0	29,888.0	27,596.1
<i>Superannuation Provision Unit</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	5,000.0	-	-	-	149,000.0	154,000.0	154,000.0
Payment on behalf of the Territory	27,139.0	-	-	-	-	27,139.0	27,139.0
<i>Department of Health, Housing and Community Care</i>							
Net cost of outputs	336,949.0	24,041.0	2,412.0	-	2,410.0	365,812.0	360,957.0
Capital Injection	31,721.0	-	-	-	-	31,721.0	26,626.0
Payment on behalf of the Territory	11,541.0	-	-	7.0	-	11,548.0	11,438.6
<i>Department of Urban Services</i>							
Net cost of outputs	232,336.0	(23,533.0)	13.0	80.0	3,700.0	212,596.0	210,860.0
Capital Injection	60,876.0	(1,058.0)	1,250.0	-	150.0	61,218.0	55,565.0
Payment on behalf of the Territory	1,156.0	-	-	-	33,814.0	34,970.0	34,938.0
<i>Land and Property</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	-	3,350.0	-	-	-	3,350.0	3,035.0
Payment on behalf of the Territory	-	-	-	-	-	-	-

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATIONS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2001

<i>Department</i>	<i>Appropriation Act 2000-01</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 Drawn</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>InTACT</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	2,640.0	-	-	2,000.0	6,000.0	10,640.0	10,640.0
Payment on behalf of the Territory	-	-	-	-	-	-	-
<i>ACT Housing</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-
Payment on behalf of the Territory	-	-	-	-	-	-	-
<i>ACTION</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	-	-	-	-	-	-	-
Payment on behalf of the Territory	-	-	-	-	-	-	-
<i>ACT Forests</i>							
Net cost of outputs	-	-	-	-	-	-	-
Capital Injection	-	745.0	-	-	-	745.0	745.0
Payment on behalf of the Territory	-	-	-	-	-	-	-
<i>ACT Workcover</i>							
Net cost of outputs	2,637.0	-	-	200.0	-	2,837.0	2,837.0
Capital Injection	-	85.0	-	-	-	85.0	85.0
Payment on behalf of the Territory	-	-	-	-	-	-	-

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

STATEMENT OF APPROPRIATIONS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2001

<i>Department</i>	<i>Appropriation Act 2000-01</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 Drawn</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Department of Justice & Community Safety</i>							
Net cost of outputs	89,798.0	-	-	50.0	2,201.0	92,049.0	92,049.0
Capital Injection	13,518.0	-	-	128.0	667.0	14,313.0	8,437.0
Payment on behalf of the Territory	79,214.0	-	-	192.0	152.0	79,558.0	73,135.0
<i>Department of Education and Community Services</i>							
Net cost of outputs	404,747.0	-	2,128.0	979.2	343.0	408,197.2	402,502.0
Capital Injection	28,949.0	(868.0)	1,360.0	250.0	-	29,691.0	26,156.0
Payment on behalf of the Territory	108,329.0	-	6,552.0	-	8,925.0	123,806.0	122,686.9
<i>Treasurer's Advance</i>	16,400.0	-	-	(8,022.2)	-	8,377.8	0.0
Total Appropriations	1,659,684.0	0	13,740.0	0	229,458.0	1,902,882.0	1,834,282.2

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 ENDED 30 JUNE 2001

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. The next election is to be held on 20th October 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.

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.

Section 22 and 24 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

2 FINANCIAL MANAGEMENT ACT 1996

(a) Possible Non Compliance with the Financial Management Act 1996 in relation to the ‘Territory Banking Account’ and ‘Use of Treasurer’s Advance’

Section 33 of the *Financial Management Act 1996* (FMA) requires the Treasurer to open and maintain a banking account for the purposes of the Territory. The Central Financing Unit (CFU) uses two banking accounts to record investment and borrowings, being a departmental and territorial banking account. Use of a departmental banking account by departments is permitted under section 34 of the FMA. The FMA is ambiguous regarding use of a departmental banking account by CFU to process some Territory transactions e.g. interest from investments, could potentially breach sections 38 and 45 of the FMA, which require that interest from the investment of public money or the proceeds of loans be paid into the territorial banking account. This situation will be clarified in the next stage of the review of the FMA.

Section 18 of the *Financial Management Act 1996* (FMA) enables expenditure to be paid which was not provided for by an appropriation, within certain limitations. One of the limitations is that the need for the expenditure could not reasonably have been foreseen at the time of the passing of any of the Appropriation Acts relating to the financial year in which the expenditure is to occur. In 2000-01 three Supplementary Appropriation Acts were passed. The FMA is ambiguous as to who has responsibility for determining whether a funding request from the Treasurer’s Advance could have been foreseen for inclusion in a Supplementary Appropriation and is also ambiguous regarding the timing referred to in the term of “..at the time of the passing of the Appropriation Acts..”. Legal advice received is that the situation is unclear, but it is possible that a breach(es) of Section 18 may have occurred. Clarification of these provisions will be addressed in the next stage of the review of the FMA.

(b) Non Compliance with the Financial Management Act 1996 in relation to the ‘Use of Derivatives’

The use of financial derivatives for the purposes of investment is prohibited by the FMA. Section 48(2) of FMA only allows use of derivatives in regard to borrowing by the Territory. Invested funds for the Superannuation Unit are managed on behalf of the Territory by various funds managers. During a review in December 2000 of a Funds Manager’s accounting report, it was found that it had utilised a forward exchange rate agreement. The Funds Manager has advised that the net result from use of forward exchange rate agreements has been a gain to the Territory of \$119,811. Prior to detection, processes had already commenced to amend the FMA to expand authority for use of derivatives for the purpose of more effectively managing investments.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 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:

- (i) Australian Accounting Standards;
- (ii) Urgent Issues Group Consensus Views; and
- (iii) other authoritative pronouncements of the Australian Accounting Standards Board.

and subsection 22(2) of the Act, which requires that the financial statements include:

- (i) a Statement of Financial Performance for the Territory for the year;
- (ii) a Statement of Financial Position of the Territory at the end of the year;
- (iii) a Statement of Cash Flows of the Territory for the year;
- (iv) a summary of the significant 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.

The financial statements have been prepared using the 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.

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. All agencies are required to prepare their financial statements according to Australian Accounting Standards and generally accepted accounting principles.

(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 the Australian Accounting Standard AAS 31 “Financial Reporting by Governments”, 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) Government can control the day to day management of the entity, or can control the broad policy objectives of the entity;
- (ii) the other entity is accountable to the Legislative Assembly, the Executive, or a particular Minister; and
- (iii) the Government has the residual financial interest in the net assets of the other entity.

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) ACT Government Reporting Entity (continued)

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 4).

This is the first financial year the Workers' Compensation Supplementation Fund (WCSF) has been included in the Territory financial statements. The WCSF is funded from levies on the insurance industry with a contribution being made by Government in 2000-2001 in regard to the shortfall created by the HIH collapse.

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.

Payments for services and grants to these organisations are recognised as expenses of the Territory, similar to payments to many other organisations to which the Territory provides funds.

Calvary Hospital has not been consolidated as it is not considered that it is controlled by the Territory since the Territory has no input to the management of the hospital at board or ownership level.

These financial statements do not consolidate the Construction Industry Long Service Leave Board, the Rental Bonds Board, the Registrar of Financial Institutions or University of Canberra. The Boards and Registrar operate and own assets as trustees on behalf of the respective industries. As such, the operations and equity of the Boards and Registrar are not considered to be Government controlled.

The Territory has no capacity to dominate the financial and operating policies of the University of Canberra, and as such does not consolidate the financial results of the University of Canberra into the Territory financial statements.

(c) The Reporting Period

These consolidated financial statements report the operations and financial position of the Territory for the financial year ending 30 June 2001.

(d) Comparative Figures

Budget Figures

Budget information for 2000-2001 has been provided, where possible, in the primary financial statements. The *Financial Management Act 1996* requires the statements to facilitate comparison with the Budget Papers. The budgeted amounts are as published in the ACT's 2000-2001 Budget Papers.

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Comparative Figures (continued)

Prior Year Comparatives

Where necessary the prior year comparatives have been amended to facilitate comparison with the current year presentation of financial information.

(e) Rounding

All amounts in the financial statements have generally been rounded to the nearest million dollars (\$m) unless otherwise indicated. The Statement of Appropriations shows amounts in thousands of dollars consistent with the *Appropriation Act 2000-2001*.

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

(f) "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. Other assets and liabilities are classified as non-current.

(g) Cash

For the purposes of the Statement of Cash Flows, 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. Cash also includes highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(h) Receivables

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

(i) Investments

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 Statement of Financial Performance as they arise.

(j) Joint Ventures

Joint Venture Operations

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings. Details of the Joint Ventures are outlined in Note 40.

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Joint Ventures (continued)

Joint Venture Entities

The interest in a joint venture partnership is accounted for using the equity method. Under this method, the share of the profits or losses of the partnership is recognised in the Statement of Financial Performance, and the share of movements in reserves is recognised in reserves in the Statement of Financial Position. Details relating to the partnership are set out in Note 40.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture partnership or consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

(k) Asset Recognition

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.

- **Asset Revaluation**

Non-current physical assets are to be revalued at least every five years. Some are revalued more frequently. The most commonly used basis for revaluation is depreciated replacement cost. Assets acquired at no cost, or for nominal consideration, are taken up in the Statement of Financial Position at fair and reasonable value at the date of acquisition.

(l) Inventories

Inventories include land held for resale, raw materials and stores that relate to the production of goods and services for sale. Inventories are valued at the lower of cost, generally on an average cost or "first in, first out" basis, or net realisable value.

(m) Forest Plantations

AAS35 "Self-Generating and Regenerating Assets" (SGARA) has been applied this financial year. SGARA consist of standing timber only. The implementation of this standard has resulted in an upward adjustment totalling \$52.3m, composed of writing back an asset revaluation amount of \$16.9m and recognising a total increment to the previous valuation used of \$35.4m.

(n) 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 38, "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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Property, Plant and Equipment (continued)

Buildings are recognised at historical cost or most recent valuation.

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 21).

Infrastructure Assets include items such as roads, bridges, sewerage systems, water reservoirs and supply network, 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.

Recoverable amount of non-current assets

AAS10 "Recoverable Amount of Non-Current Assets" is the accounting policy that applies to agencies that are profit-making entities. The recoverable amount of an asset is an estimate determined by management. It is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where the net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group assets.

The future expected cash flows included in determining recoverable amounts are discounted to their present value, using a discount rate that management considers appropriate.

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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)	2000-2001	1999-2000
			\$m	\$m
Buildings	Straight Line	5-100	53	47
Leasehold Improvements	Straight Line	2-40	2	2
Plant and Equipment	Straight Line	4-20	39	45
Infrastructure	Straight Line	10-100	90	103
Intangibles	Straight Line	2-5	4	1
As per the Consolidated Statement of Financial Performance			188	198

(p) Commitments

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.

(q) 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.

Sick leave entitlements are not recognised as a liability because they are non-vesting.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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 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.

(s) 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.

(t) Interest Bearing Liabilities

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue Recognition

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

“Taxes, fees, and fines” in the Statement of Financial Performance 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 Statement of Financial Performance encompasses revenues for services rendered, or the sale of goods and services by Territory agencies

“Commonwealth Grants” in the Statement of Financial Performance are general and specific purpose grants from the Commonwealth and usually recognised when they are received.

“Revenue from Joint Ventures” in the Statement of Financial Performance encompasses the Territory’s share of revenue resulting from its Joint Venture interests.

“Other Revenue” in the Statement of Financial Performance includes items of not sufficient significance to require separate disclosure. The main items included in this category are sales/rentals of land stocks, realised gains on investment market values and from asset transfers.

(v) ACT Taxation and Rates

Taxation and rates revenue is generally recognised when the underlying transaction or event occurs, it is probable that the revenue will eventuate 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.

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) ACT Taxation and Rates (continued)

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.

ACT Government agencies are exempt from income tax payments to the Federal Government. Several agencies which are commercial in nature make income tax equivalent payments to the ACT Government.

Due to an accelerated depreciation methodology on infrastructure assets, mirroring rates applicable under Commonwealth Tax Provisions, ACTEW has been deferring income tax equivalent payments. To date the deferred income tax equivalent liability is \$103.3m. The Department of Treasury has a policy of not recognising revenue until it is considered likely that it will be received and therefore does not recognise the deferred tax equivalents of ACTEW. These amounts have therefore been eliminated from the Public Trading Enterprise and General Government Sector Statements of Financial Performance and Statements of Financial Position.

As these transactions occur between ACT Government agencies, this policy has no impact on the consolidated operating result for the Territory.

(w) Taxation

The ACT Government is exempt from all forms of Commonwealth taxation except fringe benefits tax, and Goods and Services Tax. 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.

(x) Insurance

The Territory insures at a catastrophe level for the usual range of conventional insurance classes. This includes:

- loss, damage or destruction of Territory assets; and
- the legal liabilities by the Territory for third party property damage and injury to third parties.

The Territory also insures its workforce with Comcare for compensation for loss or injury in the workplace.

(y) Cost of Goods Sold

Cost of goods sold includes costs associated with inventory sales by the Department of Health, Housing and Community Care, Gungahlin Development Authority, Australian International Hotel School, Totalcare and electricity purchases by ACTEW up to the date of the creation of the ActewAGL Joint Venture.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

4 DISAGGREGATED INFORMATION

The Consolidated Statement of Financial Performance by Sector, Consolidated Statement of Financial Position by Sector, and Consolidated Statement of Cash Flows by Sector 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 Note3(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. A list of entities in each sector can be found on page 59.

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.

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

REVENUES AND EXPENSES		2000-01	1999-00
		<i>Actual</i>	<i>Actual</i>
		<i>\$m</i>	<i>\$m</i>
5	TAXES, FEES AND FINES		
	TAXATION		
	General Rates	98	92
	Land Tax	29	29
	Payroll Tax	152	137
	Financial Institutions Duty	26	25
	Bank Account Debit Tax	14	14
	Stamp Duty	182	182
	Liquor and Franchise Fees *	3	99
	Gambling Taxes	43	52
	Other Taxes	15	12
	Total Revenues from Taxation (Refer Note 3(v))	562	642
	REGULATORY FEES AND FINES		
	Change of Use Charge	4	4
	Drivers' Licences	5	5
	Motor Vehicle Registrations	54	52
	Traffic Infringements	12	6
	Parking Fines	9	5
	Other Fines and Regulatory Fees	32	35
	Total Revenue from Regulatory Fees and Fines	116	107
	Total Revenues from Taxes, Fees and Fines	678	750

Note: * Franchise fees revenue now distributed to jurisdictions through Commonwealth funding (GST revenue)

6	USER CHARGES FOR GOODS AND SERVICES		
	Parking Fees	10	11
	Residential Tenants	51	48
	Electricity Services *	80	201
	Water, Sewerage and Other Services	107	116
	Hospital and Other Health Services	83	60
	Bus Services	17	17
	Milk Sales **	-	15
	Totalisator Commissions	23	19
	Vocational and Tertiary Education and Training Fees	29	25
	Forestry Log Sales	7	10
	Fire and Ambulance Services	9	8
	Other User Charges	49	43
	Total User Charges from Goods and Services	466	573

Note: * Revenue shown represents electricity sales from ACTEW prior to the Actew AGL merger.

** ACT Milk Authority ceased to exist in 2000-2001.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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FOR THE YEAR ENDED 30 JUNE 2001

	<i>2000-01</i>	<i>1999-00</i>
	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>
7 GRANTS FROM THE COMMONWEALTH		
General Purpose Grants *	21	362
Specific Purpose Grants **	295	293
GST Revenue Grant	473	-
Balancing Budget Assistance Grant	45	-
Other Grants	29	25
Total Grants from the Commonwealth (refer Note 3(u) & 41)	862	680
Note: *General Purpose Grants are made up of Special Revenue Assistance and Competition Payments. **Specific Purpose Grants are payments made for policy purposes which are related to particular Commonwealth or State activities and which, in most cases, are subject to conditions on expenditure.		
8 ACT WORKERS' COMPENSATION SUPPLEMENTATION FUND		
ACT Workers' Compensation Supplementation Fund - recognition of the net assets of the fund as at 30 June 2000	10	-
Total ACT Workers' Compensation Supplementation Fund	10	-
9 OTHER REVENUE		
Sales/Rentals of Land Stocks	67	89
Dividends	16	8
Realised Gains on Investment Market Values	21	26
Unrealised Gains/(Losses) on Investment Market Values	(6)	27
Donations	17	15
Gain on disposal of assets*	7	10
Gain on Disposal of Property, Plant and Equipment (Electricity Assets) to ActewAGL Joint Venture*	30	-
Superannuation Contributions	4	-
Other	23	18
Total Other Revenue	177	193
*NET RESULT ON DISPOSAL OF NON CURRENT ASSETS		
During the reporting period, the Government sold or disposed of non current assets as follows:		
Proceeds from disposal	558	56
Less: Written-down value of assets disposed	494	46
Less: Internal Trading share of ACTEW assets transferred to the ActewAGL Joint Venture	27	-
Net Gain / (Loss) on Disposal of Assets	37	10
10 EMPLOYEE EXPENSES		
Long Service Leave	9	4
Other Employee Expenses	24	21
Termination Payments and Redundancies	6	15
Wages and Salaries	674	705
Total Employee Expenses	713	745

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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FOR THE YEAR ENDED 30 JUNE 2001

	<i>2000-01</i>	<i>1999-00</i>
	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>
11 SUPERANNUATION		
Superannuation Expenses	153	143
Recognition of Emerging Cost Deficit for Superannuation	-	20
Total Superannuation Expenses	153	163
12 ADMINISTRATIVE EXPENSES		
Communication and Computer Expenses	37	26
Travel, Accommodation and Transport Expenses	7	6
Printing and Stationery	14	12
Materials, Equipment and Supplies	53	60
Property Rental and Occupancy Expenses (including utilities)	33	24
Repairs and Maintenance	34	28
Consultant Fees, Contractor Payments and Professional Services	137	98
Staff Development and Recruitment	6	7
Community Policing	64	59
Prison Payments	10	8
Legal and Weapon Compensation	4	8
GST administration cost to Australian Tax Office	16	-
Other Administrative Expenses*	86	74
Total Administrative Expenses	501	410

Note: * Other Administrative Expenses represent items such as insurance, marketing, promotions and advertising, payment for business and employment programs, uniforms and protective clothing, harvesting related expenses, such as harvesting, haulage, establishment and tending expenses, and other general administrative expenses.

13 WAIVERS AND WRITE-OFFS OF DEBTS

The Territory waived and wrote-off the following amounts during the year:

Waivers	38	34
Write-Off's	2	2
Total Waivers and Write-offs of Debts	40	36

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. A number of provisions for the waiver of conveyancing, shares and business assets were agreed by the Treasurer for 2000-2001 for the ACT Business Incentive Scheme. This contributed substantial waivers and write-offs for 2000-2001.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

	<i>2000-01</i> <i>Actual</i> <i>\$m</i>	<i>1999-00</i> <i>Actual</i> <i>\$m</i>
14 GRANTS AND PURCHASED SERVICES		
Government grants and purchased services expense was comprised of amounts relating to:		
Grants to Non-Government Schools	92	84
Grant Payment (Education and Community Services)	35	28
Purchase of Health Services from Calvary Hospital	51	48
Payments to Non-Government Organisations (Health Related)	34	30
First Home Owners' Grant	22	-
Grant Impulse Regional Airlines Pty Ltd	8	-
Grant ACT Business Incentive Scheme	5	4
Other Current Grants	13	15
Capital Grant	10	3
Income Support Program	2	-
Community Activity	8	9
Total Grants and Purchased Services	280	221
15 OTHER EXPENSES		
Revaluation decrement relating to valuation of property portfolio	-	52
Provision for diminution of the TransACT investment	6	-
Land and Property writedown of right to receive infrastructure asset	11	-
Property transfer (Community Housing Canberra Ltd)	2	17
School Managed Costs (Costs Incurred Directly by the Schools)	34	34
HIH Claims Payable	64	-
Waivers (refer Note 13)	38	34
Insurance workers' compensation payment to Comcare	16	21
Insurance claim payments	15	9
Other	18	11
Total Other Expenses	203	179

HIH Insurances, a licensed ACT workers' compensation insurer, was placed in liquidation in March 2001. The ACT Workers' Compensation Supplementation Fund must oversee the payment of HIH outstanding claims liabilities. The estimate of the calls that will be made on this fund in the short term is \$64 million. This has been recognised as a current liability of \$17m and a non-current liability of \$47m in 2000-01 (refer Note 24), and determined through detailed actuarial assessment.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

ASSETS	2001	2000
	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>
16 CASH		
Cash on Hand	1	3
Cash at Bank	39	23
Total Cash	40	26
17 RECEIVABLES		
<i>Current</i>		
Trade Debtors	148	178
Other Debtors	4	3
Loans	24	27
Less: Provision for Doubtful Debts	(12)	(12)
Net Current Debtors and Loans	164	196
Others	16	0
Accrued Revenue	9	6
Total Current Receivables (refer Note 3(h))	188	202
<i>Non-Current</i>		
Trade Debtors	10	9
Other Debtors	48	52
Loans	61	93
Less: Provision for Doubtful Debts	(3)	(3)
Net Non-Current Debtors and Loans	117	152
Other	-	-
Total Non-Current Receivables (refer Note 3(h))	117	152
18 INVESTMENTS		
<i>Current</i>		
Overnight Cash	541	369
At Call and Term deposits	49	17
Short Term Securities	19	13
Government Fixed Interest Bonds	0	239
Shares and Equities	-	404
Property	-	42
Other	7	1
Total Current Investments (refer Note 3(i))	615	1,084
<i>Non-Current</i>		
At Call and Term deposits	25	-
Long Term Securities	10	13
Government Fixed Interest Bonds	385	75
Shares and Equities	450	-
Property	50	-
Investments in Other Entities	23	0
Investment in Associated Entities	-	4
Provision for Diminution of Investment	(6)	(0)
Other	2	5
Total Non-Current Investments (refer Note 3(i))	940	98

**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>2001 Actual \$m</i>	<i>2000 Actual \$m</i>
19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investment in joint venture partnerships	364	-
Total Investments Accounted for Using the Equity Method (refer Note 3(i))	364	-
20 INVENTORIES		
<i>Current</i>		
Raw Materials and Stores	3	11
Finished Goods	5	5
Land Held for Resale	9	14
Total Current Inventories (refer Note 3(l))	17	30
<i>Non-Current</i>		
Land Held for Resale	4	7
Total Non-Current Inventories (refer Note 3(l))	4	7
21 PROPERTY, PLANT AND EQUIPMENT		
<i>Land</i>		
- at cost	5	4
- at officer valuation	19	22
- at independent valuation	1,096	993
Total Land	1,120	1,019
<i>Buildings</i>		
- at cost	55	35
Less: Accumulated depreciation	(7)	(1)
	49	34
- at officer valuation	76	40
Less: Accumulated depreciation	(7)	(6)
	68	34
- at independent valuation	1,926	1,927
Less: Accumulated depreciation	(84)	(78)
	1,842	1,849
Total Buildings	1,959	1,917
<i>Leased Buildings</i>		
- at cost	3	3
Less: Accumulated depreciation	(1)	(1)
Total Leased Buildings	2	2
<i>Plant and Equipment</i>		
- at cost	251	303
Less: Accumulated depreciation	(144)	(187)
	108	116
- at officer valuation	-	6
Less: Accumulated depreciation	-	(2)
	-	4
- at independent valuation	4	14
Less: Accumulated depreciation	(3)	(4)
	1	10
Total Plant and Equipment	109	130

**NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

21 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<i>2001 Actual \$m</i>	<i>2000 Actual \$m</i>
<i>Leased Plant and Equipment</i>		
- at cost	85	81
Less: Accumulated depreciation	(27)	(25)
Total Leased Plant and Equipment	58	56
<i>Leasehold Improvements</i>		
- at cost	17	16
Less: Accumulated depreciation	(6)	(4)
	11	12
- at officer valuation	4	4
Less: Accumulated depreciation	(2)	(2)
	1	2
- at independent valuation	-	-
Less: Accumulated depreciation	-	-
	-	-
Total Leasehold Improvements	12	13
<i>Infrastructure Assets</i>		
- at cost	95	180
Less: Accumulated depreciation	(9)	(25)
	86	155
- at officer valuation	6,127	6,448
Less: Accumulated depreciation	(1,900)	(1,891)
	4,227	4,557
- at independent valuation	9	8
Less: Accumulated depreciation	(0)	-
	9	8
Total Infrastructure Assets	4,322	4,720
<i>Heritage and Community Assets*</i>	147	149
Total Property, Plant and Equipment (refer Note 3(n))	7,729	8,006

Note: * 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 3(n)):

Parks in the ACT	Namadgi National Park
Murrumbidgee River Corridor	Googong Foreshores
Tidbinbilla Nature Reserve	Canberra Nature Park
Acton Jetty	Lake Ginninderra
Molonglo Reach	Lake Tuggeranong
Horse Holding Paddocks	Agistment Land
Rose Cottage	Tuggeranong Schoolhouse
Carousel Organ	Land under roads and other infrastructure

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

21 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of Property, Plant and Equipment

	Balance at 30 June 2000 \$m	Additions \$m	Disposals \$m	Depreciation \$m	Revaluation Adjustments \$m	Balance at 30 June 2001 \$m
2001						
Land	1,019	14	36	0	123	1,120
Buildings	1,919	81	18	53	31	1,960
Plant and Equipment	186	38	24	39	6	167
Leasehold Improvements	13	1	0	2	0	12
Infrastructure Assets	4,720	106	416	90	2	4,322
Heritage & community	149	0	0	4	2	147
Total	8,006	240	494	188	164	7,729

As this is the first year for requirement to provide this information, it is not available for the previous year.

A significant portion of Disposals (\$445m) relates to the transfer from ACTEW of electricity business related assets to the ActewAGL joint venture. Assets transferred included electricity infrastructure assets (\$411m), buildings (\$17m) and plant and equipment (\$17m).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	<i>2001</i> <i>Actual</i> <i>\$m</i>	<i>2000</i> <i>Actual</i> <i>\$m</i>
22 CAPITAL WORKS IN PROGRESS		
Construction - Residential	4	5
Construction - Non - Residential	36	25
Infrastructure	50	89
Total Works in Progress	89	119
23 OTHER ASSETS		
<i>Current</i>		
Prepayments	5	7
Consumables	3	3
Right to Receive Infrastructure from Land Developers	1	20
Growing Stock - Forest Plantations	3	4
Other	10	8
Total Other Current Assets	22	41
<i>Non-Current</i>		
Right to Receive Infrastructure from Land Developers	4	3
Growing Stock - Forest Plantations	77	41
Other	12	3
Total Other Non-Current Assets	93	47
LIABILITIES		
24 CREDITORS		
<i>Current</i>		
Trade Creditors	70	103
Other Creditors	8	3
Accrued Expenses	34	30
GST Liability	8	-
HIH Claims Payable	17	-
Total Current Creditors	138	136
<i>Non-Current</i>		
Trade Creditors	25	13
HIH Claims Payable	47	-
Total Non-Current Creditors	71	13

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS FOR
 THE YEAR ENDED 30 JUNE 2001

	2001 Actual \$m	2000 Actual \$m
25 INTEREST BEARING LIABILITIES		
<i>Current</i>		
Advances from the Commonwealth	11	24
Banks and Financial Institutions	2	2
Bonds and Bills	227	152
Borrowings - Other	7	41
Total Current Interest Bearing Liabilities (refer Note 3(t))	247	219
<i>Non-Current</i>		
Advances from the Commonwealth	282	293
Banks and Financial Institutions	43	46
Bonds and Bills	308	374
Total Non-Current Interest Bearing Liabilities (refer Note 3(t))	634	713

26 FINANCE LEASES

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	29	26
Later than one year and not later than five years	34	37
Later than five years	2	2
Minimum Lease Payments	65	65
<i>Deduct:</i> Future finance charges	3	5
Total Finance Lease Liabilities	62	60
<i>Represented by:</i> Current Liability	27	24
Non-Current Liability	34	36
Total Finance Lease Liabilities (refer Note 3(s))	62	60

27 SUPERANNUATION 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 the beginning of the year	1,368	1,243
Accumulated deficit in emerging costs	-	20
Adjusted Liability	1,368	1,263
Expense accrued during the year for Commonwealth super	153	150
Other superannuation expense	21	19
Superannuation Expense (refer Note 3(r))	175	169
	1,543	1,432
Less: Amortisation of Superannuation gain	22	26
Less: Payments during the year for superannuation	47	38
Liability at the end of the year	1,473	1,368
<i>Represented by:</i> Current Liability	54	52
Non-Current Liability	1,420	1,316
Total Superannuation Liability (refer Note 3(r))	1,473	1,368

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	<i>2001</i> <i>Actual</i> <i>\$m</i>	<i>2000</i> <i>Actual</i> <i>\$m</i>
28 OTHER EMPLOYEE ENTITLEMENTS		
<i>Current</i>		
Accrued Wages and Salaries	18	19
Annual Leave	79	77
Long Service Leave	13	12
Total Current Other Employee Entitlements	110	108
<i>Non-Current</i>		
Long Service Leave	118	119
Other	1	-
Total Non-Current Other Employee Entitlements	119	119
<p>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 3(q))</p>		
29 OTHER LIABILITIES		
<i>Current</i>		
Other Provisions	2	2
Revenue Received in Advance	22	17
Other	8	11
Total Current Other Liabilities	32	30
<i>Non-Current</i>		
Other Provisions	6	5
Revenue Received in Advance	0	2
Other	1	1
Total Non-Current Other Liabilities	8	8

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

30 RECONCILIATION OF CHANGES IN EQUITY

	<i>Accumulated Funds \$m</i>	<i>Asset Revaluation Reserve \$m</i>	<i>Other Reserves \$m</i>	<i>Total \$m</i>
Balance at 1 July 2000	5,816	1,143	81	7,040
Net Effect of Adoption of a New Standard	35	0	0	35
Operating Surplus	100	0	0	100
Net Asset Revaluation Increments/(Decrements)	0	151	0	151
Transfers from/(to) Reserves	71	(40)	(31)	(0)
Balance at 30 June 2001	6,021	1,254	50	7,325

As at 30 June 2001, there were no external interests owning equity in the Territory or its agencies.

	<i>Accumulated Funds \$m</i>	<i>Asset Revaluation Reserve \$m</i>	<i>Other Reserves \$m</i>	<i>Total \$m</i>
Balance at 1 July 1999	5,798	943	103	6,844
Prior Period Adjustments	(86)	0	0	(86)
Net Effect of Adoption of a New Standard	0	0	0	0
Operating Surplus	78	0	0	78
Net Asset Revaluation Increments/(Decrements)	0	200	4	204
Transfers from/(to) Reserves	26	0	(26)	0
Balance at 30 June 2000	5,816	1,143	81	7,040

As at 30 June 2000, there were no external interests owning equity in the Territory or its agencies.

	<i>2000-01 Actual \$m</i>	<i>1999-00 Actual \$m</i>
INCREASE/(DECREASE) IN ACCUMULATED FUNDS ON THE ADOPTION OF A NEW ACCOUNTING STANDARD		
Adjustment to value of self-generating and regenerating assets	35	-
Total Increase/(Decrease) in Accumulated Funds on the Adoption of a New Accounting Standard	35	-

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
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	<i>2000-01</i>	<i>1999-00</i>
	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>
32 ADJUSTMENT TO ACCUMULATED FUNDS RELATING TO PRIOR PERIODS		
Adjustments to values of carrying value of assets	-	(83)
Adjustment to opening balance	-	2
Adjustment to prior year's right to receive infrastructure assets	-	(5)
Total Adjustment to Accumulated Funds Relating to Prior Periods	-	(86)

33 RECONCILIATION OF CASH FLOWS

(a) Reconciliation of *Cash Flow Statement to Statement of Financial Position*
 (refer Note 3(g)):

Cash, as per the Statement of Financial Position	40	26
<i>Add: Investments included as cash on the cashflow statement</i>	<i>635</i>	<i>364</i>
Cash, as per the Cash Flow Statement	675	390

For the purposes of the Statements of Cash Flows, cash includes cash on hand, cash at bank and investments in highly liquid money market instruments those which are considered to be highly liquid investments with short periods of maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

(b) Reconciliation of the *Operating Surplus to Net Cash Inflows from Operating Activities*

Operating Surplus	100	78
Non-Cash Movements		
<i>Add:</i>		
Depreciation and Amortisation	188	198
Quarry Joint Venture Investment	-	4
Asset Revaluations and Transfers	-	72
Movement in provisions	1	1
<i>Less:</i>		
Change in Market Values (revaluation increments)	15	53
Dividends and Investment Income	15	8
Net Gain/ (Loss) on Disposal of Non-Current Assets	37	10
Infrastructure recognised as revenue	-	6
Transfer of Joint Venture Assets	25	-
Assets received free of charge	-	-
<i>Change in Operating Assets & Liabilities:</i>		
Decrease/(Increase) in Net Receivables	36	(87)
Decrease/(Increase) in Inventories	(21)	(2)
Decrease/(Increase) in Other Assets	(3)	27
Increase in Creditors	42	51
Increase in Employee Entitlements	107	123
Increase/(Decrease) in Other Liabilities	2	(6)
Net Cash Inflows from Operating Activities	360	382

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

	<i>2001</i>	<i>2000</i>
	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>
34 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):		
Not later than one year	19	18
Later than one year but not later than five years	49	35
Later than five years	25	14
Total Operating Lease Commitments	93	67
35 CAPITAL COMMITMENTS		
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	114	49
Later than one year but not later than five years	110	7
Later than five years	-	-
Total Capital Commitments	224	56
ACTEW has an Alliance Contract with ActewAGL to operate the water and sewerage infrastructure owned by ACTEW. The majority of these expenditure commitments relate to this Contract.		
36 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	40	49
Later than one year but not later than five years	52	67
Later than five years	-	2
Total Other Commitments	93	118
37 COMMITMENT RECEIVABLE		
Not later than one year	6	-
Later than one year but not later than five years	13	-
Later than five years	-	-
Total Commitment Receivable	19	-
38 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.		
Contingent liabilities	115	74
Guarantees	0	26
Total Quantifiable Contingent Liabilities & Guarantees	115	100

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

**38 CONTINGENCIES, GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT
(CONTINUED)**

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 for which there has been no provision.

Non-taxation related contingencies are largely comprised of pending legal claims (including Hepatitis C, \$2.5m). Claims lodged against the Territory include property damage, contract disputes, economic loss and personal injury.

Guarantees

The Canberra Tourism and Events Corporation has non-quantifiable guarantees as follows:

- a) Pursuant to an agreement with the National Capital Authority regarding the use of Commonwealth Park for the 2001 Floriade event, the Corporation has given a guarantee to meet the cost of repair of any damage to the Park that may be caused by contractors engaged by the Corporation to perform work at the site for the Floriade event.
- b) The Corporation has given a guarantee to Exhibition Park in Canberra (EPIC) to meet the cost of restoring the surface of the grounds after the staging of the Rally of Canberra 2002, and repairing any damage to facilities caused by the operation of the event.
- c) The Corporation has given an undertaking to the National Capital Authority in relation to the construction and deconstruction of the temporary structures and any remediation of the site within the parliamentary triangle for the staging of the 2002 GMC 400 V8 Supercar race.

The Department of Treasury has provided a guarantee of \$0.2m for the Canberra Cosmos.

Contingencies

The following contingent liabilities were identified in agency financial statements:

The Chief Minister's Department currently has legal claims in relation to 21 separate issues. These have potential to give rise to legal proceedings involving financial claims. The Department estimates the total amount of these claims, including costs and disbursements, to be in the vicinity of \$1.3m. At present no payments have been made on these claims.

As part of the ACT Business Incentive Scheme the Chief Minister's Department will provide cash grants, payroll tax waivers, stamp duty waivers, rent waivers and land discounts to various organisations. The quantifiable expected cost of this scheme is estimated to be in the vicinity of \$59.2m. This financial assistance is contingent on organisations meeting milestones as detailed in individual contracts.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

38 CONTINGENCIES, GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT (CONTINUED)

The Department of Health, Housing and Community Care is currently defending 29 actions with an estimated maximum contingent liability of \$10m. This Department also has a potential liability in respect of the Hepatitis C virus. It has been estimated that up to 25 persons in the ACT may have contracted the Hepatitis C virus as a result of being transfused with Hepatitis C positive blood between 1985 and 1991. A financial assistance scheme has been established, however, it is difficult to accurately estimate the costs of the financial assistance scheme as this will be dependent upon the number and type of claimants identified and whether they find the ACT scheme adequate or proceed to a common law remedy. It is expected that the total outstanding cost over the life of the financial assistance scheme will represent a maximum liability of \$2.5m (\$5.8m for 1999-2000).

The Government Solicitor has advised that the Department of Urban Services has 30 claims outstanding at 30 June 2001 with a contingent liability of \$15.1m.

The ACT Fleet Financing Facility includes a 'Residual Management Reserve Account' which is currently in deficit. The balance of this account at 30 June 2001 is (\$1.7m) ((\$1.7m) in 1999-00) and reflects mainly the excess of agreed residual values over net sale proceeds. Liabilities for this amount only exist should the facility be terminated prior to the completion of the agreed commitment term.

The contingent liabilities for personal injury claims arising from ACT Housing's operations, which are expected to be settled over the next 12 to 18 months is assessed by the Government Solicitor's Office to be \$1.3m (\$2.2m for 1999-2000).

The Government Solicitor has advised that there are a number of matters in relation to accidents in which ACTION vehicles were involved outstanding at 30 June 2001 for which a value cannot be estimated (\$0.4m for 1999-2000).

The Department of Justice and Community Safety has contingent liabilities in respect of Criminal Injuries Compensation payments on approximately 35 cases. At 30 June 2001, the total value of those contingent liabilities is assessed as \$0.9m.

The Department of Education and Community Services has an estimated contingent liability of \$9.7m for known personal injury litigation cases not settled at 30 June 2001 (\$9m for 1999-2000).

The Canberra Hospital has a contingent liability of \$13.9m in regard to 125 claims for medical negligence where legal action was pending at 30 June 2001 (\$4.5m in 1999-2000).

The ACT Community Care's death and injury contingent liabilities at balance date for eight cases is estimated to be \$0.4m (\$0.016m in 1999-2000).

There is a contingent liability for the Gungahlin Development Authority, which may arise when the site adjacent to the Gungahlin Marketplace site is sold. When it is sold the Authority will have an obligation to build a carpark and travelator for the Gungahlin Marketplace. The developer who purchases the site will be required to build the carpark and travelator but it will be reflected in a reduced purchase price. It is not anticipated that this will occur in the next few years.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

**38 CONTINGENCIES, GUARANTEES, INDEMNITIES AND LETTERS OF COMFORT
(CONTINUED)**

There are a number of public liability claims pending for ACTEW Corporation, which cannot be measured reliably. Should these claims be successful the Corporation estimates that the contingent liability will not exceed \$0.19m. There are a couple of pending actions against the Corporation. At this stage it is not possible to quantify these actions. However, they are not expected to be significant.

Land and Property is responsible for the Territory's land auction program, and is responsible for the costs of any remediation work, where this is provided for in a contract for sale. The Territory has chosen to remain liable for such unquantifiable costs, in order to maximise bids for the sale of land. In relation to property and land managed by Land and Property, the ACT Government Solicitor has advised that existing claims present a potential liability of up to \$0.3m.

At 30 June 2001, the Stadium's Authority has a contingent liability for claims for damage costs at \$0.5m.

The ACT Workers' Compensation Supplementation Fund has outstanding insurance claims at 30 June 2001 for \$0.5m.

At 30 June 2001 other quantifiable contingent liabilities totalling \$0.7m were disclosed in the financial statements of the Canberra Institute of Technology, the Department of Treasury, the Australian International Hotel School, Bruce Operations Pty Limited, Totalcare and the Agents Board. Other non-quantifiable contingent liabilities include breach of contract and personal injury claims against Cultural Facilities Corporation.

Indemnities

The Chief Minister's Department has agreed to indemnify Certification Authorities in relation to the issuing of digital certificates, in circumstances outlined in individual contracts.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

39 THIRD PARTY TRUST MONEYS

Territory agencies are also responsible for a number of other Boards and Trusts which are immaterial in nature.

39 THIRD PARTY TRUST MONEYS

Third Party Moneys held in Trust by the Territory

	<i>2001</i>	<i>2000</i>
	<i>\$m</i>	<i>\$m</i>
Construction Industry Long Service Leave Board	23	23
Rental Bonds Board	17	16
NRMA Trust	2	8
Private Practice Hospital Account	11	10
Health Professional Registration	1	1
Public Trustee Common Fund	48	42
Other 3rd party monies	11	15
Total	112	115

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

40 JOINT VENTURES

Revenue and Expenses from Joint Ventures	2000-01 \$m	1999-00 \$m
Revenue from Joint Venture Entities	167	-
Revenue from Joint Venture Operations	30	40
Total Revenue from Joint Ventures	197	40
Expenses from Joint Venture Entities	141	-
Expenses from Joint Venture Operations	23	25
Total Expenses from Joint Ventures	164	25

40A JOINT VENTURE ENTITIES

ACTEW Retail Ltd and ACTEW Distribution Ltd have entered into joint venture partnerships with AGL Ltd to manage and market the network and retail operations of the ACT electricity network and the ACT and Queanbeyan gas networks.

Both entities have a 50% participating interest in the respective joint ventures and a 50% share of the profit. Information relating to the joint venture partnership, presented in accordance with the accounting policy described in note 3(j) is set out below.

Retained Profits Attributable to the Partnership

At the Beginning of the Financial Year	-	-
At the End of the Financial Year	25	-

Movement in Carrying Amount of Investment in the Partnership

Carrying Amount at the Beginning of the Financial Year	-	-
New Capital Invested	358	-
Share of Operating Profits Before Tax	25	-
Distributions Received	(19)	-
Carry Amount Reflected in the Net Assets of the Partnership	364	-
Stamp Duty Capitalised	0	-
Carrying Amount at the End of the Financial Year	364	-

Share of Partnerships Assets and Liabilities

Current Assets	71	-
Non-current Assets	338	-
Total Assets	409	-
Current Liabilities	39	-
Non-current Liabilities	6	-
Total Liabilities	45	-
Net Assets	364	-

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

40 JOINT VENTURES (CONTINUED)

40A JOINT VENTURE ENTITIES (CONTINUED)

	<i>2000-01</i>	<i>1999-00</i>
	<i>\$m</i>	<i>\$m</i>
Share of partnerships revenues, expenses and results		
Revenues	167	-
Expenses	141	-
Operating profit before tax	25	-
Share of partnerships commitments		
Lease commitments	1	-
Remuneration commitments	10	-
Total expenditure commitments	10	-
Capital and other commitments	6	-
Total Share of partnership commitments	16	-

Contingent liabilities relating to Joint Ventures

Each of the partners in the ActewAGL Joint Venture are jointly and severably liable for the debts of the partnership. The assets of the partnership exceed its debts. The partnerships have a number of public liability claims pending. Should these claims be successful the liability of the partners is not considered to exceed \$100,000.

A bank guarantee has been provided by ActewAGL Distribution Partnership in relation to a contract between Ecowise Environment Pty Ltd and another party for consulting services.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

40 JOINT VENTURES (CONTINUED)

40B JOINT VENTURE OPERATIONS

<i>Joint Venture</i>	<i>Name</i>	<i>Minimum Territory Profit Share %</i>	<i>Territory Share of Profits %</i>	<i>Territory Share of Losses %</i>
Harcourt Hill	Harcourt Hill	50	50	50
Dunlop 1	Jaramalee Park	50	82.5	50
Dunlop 3	Dunlop Hills	50	50	50
Amaroo 3 (formerly Dunlop 4)	Halls Creek	50	60	50
Bruce 2 *	Huntley	50	72	50
Condor 1/ Gordon 9	Southside	50	50	50
Nicholls Lakeside	Nicholls Lakeside	50	50	50
Palmerston Four	Palmerston	50	50	50
Nicholls Primary School	Education Facilities	n/a	n/a	n/a
Williamsdale Quarry	Civil Construction and Road Industries	50	50	50
Braddon **	Car Park	50	50	50

* The Bruce 2 "Huntley Estate" joint venture wound up on 10 January 2001.

** As at the 30 June 2001, the net assets of this joint venture was zero because of finalisation of this Joint Venture during the year.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

40 JOINT VENTURES (CONTINUED)

40B JOINT VENTURE OPERATIONS (CONTINUED)

The amounts below represent the Territory's share of revenues and expenses in joint ventures, for the year ended 30 June 2001. These amounts have been included in the Revenues and Expenses of these financial statements.

	<i>2000-01</i>	<i>1999-00</i>
	<i>\$m</i>	<i>\$m</i>
Revenue		
Lease sales - land sales revenue	29	36
Interest	0	0
Other revenue	1	4
Total Revenue from Joint Ventures	30	40
Expenses		
Administrative expenses	1	2
Cost of goods sold	17	23
Depreciation and amortisation	-	0
Borrowing costs	0	0
Other expenses	4	-
Total Expenses from Joint Ventures	23	25
Operating Surplus	7	15

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

40 JOINT VENTURES (CONTINUED)

40B JOINT VENTURE OPERATIONS (CONTINUED)

The following amounts represent the Territory's share of assets and liabilities of joint venture operations as at 30 June 2001. The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

	<i>2000-01</i>	<i>1999-00</i>
	<i>\$m</i>	<i>\$m</i>
<i>Current Assets</i>		
Cash	3	2
Receivables	8	6
Investments	2	4
Inventories	5	11
Other	0	0
Total Current Assets	18	22
<i>Non Current Assets</i>		
Property Plant and Equipment	2	0
Inventories	2	4
Intangible Assets	0	-
Other	2	3
Total Non Current Assets	5	7
Total Assets	23	29
<i>Current Liabilities</i>		
Creditors	8	11
Interest Bearing Liabilities	0	1
Provisions	0	-
Other	0	0
Total Current Liabilities	8	12
<i>Non Current Liabilities</i>		
Interest Bearing Liabilities	6	6
Total Non Current Liabilities	6	6
Total Liabilities	14	18
Net Assets	10	11

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

41 ECONOMIC DEPENDENCY

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

Commonwealth funding accounts for approximately 34.9% of the ACT's annual revenue.

These grants comprise "Specific Purpose Payments" to provide services to the community on behalf of the Commonwealth, and the ACT's share of GST which is distributed in accordance with the Principle of fiscal equalisation exercised by the Commonwealth Grants Commission.

The Territory has no economic dependency on any other party.

42 THE ACT'S CREDIT RATING

At the end of the reporting period, there are reasonable grounds to believe the Territory can 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+	AA+

A Standard & Poor's credit rating is formally defined as a current assessment of the ability of a borrower to repay principal and interest with respect to a specific long or short-term obligation in a timely manner. The ratings are based in varying degrees, on the following considerations:

- likelihood of default-capacity and willingness of the borrower to make timely payment of interest and repayment of principal;
- nature and provisions of the obligations; and
- protection afforded by and relative position of, the obligation in the event of bankruptcy, reorganisation, or other arrangements under the laws of bankruptcy and those affecting creditors' rights.

An obligation rated AAA has the highest rating assigned. The obligator's capacity to meet its financial commitment on the obligation is extremely strong. A short-term obligation/obligor rated A1+ is also the highest short-term rating assigned.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

43 AUDITOR'S REMUNERATION

The ACT Auditor-General's Office is required by the Financial Management 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.

	<i>2000-01</i>	<i>1999-00</i>
	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>
<i>The ACT Auditor-General's Office earned:</i>		
Financial statement audits (fees for services)	1.766	1.865
Other audits (Legislative Assembly appropriation)	0.909	0.904

The ACT Auditor-General's Office paid \$5,000 for independent audit of its own financial statements for 2000-2001.

44 EVENTS SUBSEQUENT TO BALANCE DATE

Since 30 June 2001 ACTEW has subscribed \$16.9 million in cash for further equity in TransACT. As well, ACTEW has conditionally committed to a further investment in TransACT of \$20 million over the coming year.

45 FINANCIAL INSTRUMENTS

Since 31 December 1997 ACT Government agencies have been required to comply with Australian Accounting Standards AAS 33 and Accounting Standard AASB 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

45 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. (nil for 1999 – 2000)
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 for the majority. (28-30 days for 1999 - 2000)
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 5.78%. (12.8% in 1999 –2000)

NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

45 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. (28 – 30 days for 1999 – 2000)
Interest Bearing Liabilities		Interest Bearing Liabilities are carried at capital value. Interest is expensed as it occurs.	All 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 2.32% to 9.71%. (8.0% to 15.8% for 1999 –2000)

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

45 FINANCIAL INSTRUMENTS (CONTINUED)
(b) Interest Rate Risk

2001 Financial Instrument	Notes	Fixed interest maturing in:					Non- Interest Bearing	Total	Weighted Average Effective Int.Rate
		Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years				
		\$m	\$m	\$m	\$m	\$m	\$m	%	
<i>Financial Assets</i>									
Cash at Bank	16	39	0	0	0	1	40	4.58	
Receivables for goods and services	17	83	(3)	0	0	224	305	7.80	
Investments	18	739	106	177	75	458	1,555	5.78	
Investments Accounted for Using the Equity Method	19	364	0	0	0	0	364		
Total Financial Assets		1,226	103	177	75	683	2,264		
<i>Financial Liabilities</i>									
Trade creditors	24	25	0	0	0	165	209	6.66	
Interest Bearing Liabilities	25	572	60	66	167	17	881	7.66	
Finance lease liabilities	26	35	4	9	0	14	62	6.30	
Others	29	0	0	0	0	40	40	5.80	
Total Financial Liabilities		632	64	75	167	236	1,192		
Net Financial Assets		594	39	102	(92)	447	1,072		

2000 Financial Instrument	Notes	Fixed interest maturing in:					Non- Interest Bearing	Total	Weighted Average Effective Int.Rate
		Floating Interest Rate	1 year or less	Over 1 to 5 years	More than 5 years				
		\$m	\$m	\$m	\$m	\$m	\$m	%	
<i>Financial Assets</i>									
Cash at Bank	16	23	0	0	0	3	26	4.43	
Receivables for goods and services	17	118	3	0	0	233	354	2.47	
Investments	18	1,164	12	0	0	5	1,181	12.78	
Investments Accounted for Using the Equity Method	19	0	0	0	0	0	0		
Total Financial Assets		1,306	15	0	0	241	1,561		
<i>Financial Liabilities</i>									
Trade creditors	24	23	0	0	0	126	149	0.86	
Interest Bearing Liabilities	25	620	10	40	259	3	931	7.26	
Finance lease liabilities	26	50	1	7	2	0	60	8.26	
Others	29	0	0	0	0	39	39	0.00	
Total Financial Liabilities		693	11	47	261	168	1,179		
Net Financial Assets		613	4	(47)	(261)	73	382		

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest Rate Risk (continued)

Reconciliation of Net Financial Assets to Net Assets

	2001	2000
	\$m	\$m
Net Financial Assets	1,072	382
Inventories	22	37
Other	114	88
Property Plant and Equipment	7,729	8,006
Intangibles	0	2
Work in Progress	89	119
Superannuation Entitlements	(1,473)	(1,368)
Employee Entitlements	(228)	(227)
Net Assets as per the Statement of Financial Position	7,325	7,040

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO, AND FORMING PART OF, THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

45 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Net Fair values of Financial Assets and Liabilities

	Notes	2001		2000	
		Total \$'000	Aggregate \$'000	Total \$'000	Aggregate \$'000
Financial Assets					
Cash at Bank	16	40	40	26	26
Receivables for Goods & Services	17	305	305	354	354
Investments	18	1,555	1,555	1,181	1,181
Investments Accounted for Using the Equity Method	19	364	364	0	0
Total Financial Assets		2,264	2,264	1,561	1,561
Financial Liabilities					
Finance lease liabilities	26	62	62	60	60
Interest Bearing Liabilities	25	881	881	931	931
Trade Creditors	24	209	209	149	149
Others	29	40	40	39	39
Total Financial Liabilities		1,192	1,192	1,179	1,179

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 leases 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 Financial Position.

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 Community Care
ACT Executive
ACT Gambling and Racing Commission
ACT Insurance Authority
ACT Legislative Assembly Secretariat
ACT WorkCover
Agents Board of the ACT
Auditor General's Office
Australian International Hotel School
Canberra Institute of Technology (CIT)
Canberra Public Cemeteries (Trustees of)
Canberra Tourism & Events Corporation
Central Financing Unit
Chief Minister's Department
Cultural Facilities Corporation
Department of Education and Community Services
Department of Health, Housing and Community Care
Department of Justice and Community Safety
Department of Treasury
Department of Urban Services
Exhibition Park in Canberra (EPIC)
Gungahlin Development Authority
HealthPact (Health Promotion ACT)
Independent Competition and Regulatory Commission (ICRC)
InTACT
Kingston Foreshore Development Authority
Land and Property
Legal Aid Commission (ACT)
Public Trustee for the ACT (Office of the)
Superannuation Unit
The Canberra Hospital
Totalcare Industries Ltd
Workers' Compensation Supplementation Fund

Public Trading Enterprises

ACT Forests
ACT Housing
ACTEW Corporation
ACTION
ACTTAB Limited
Bruce Operations Pty Ltd
CIT Solutions Pty Ltd
Stadiums Authority