

## OFFICE OF ASSET MANAGEMENT

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### Objectives

The Office of Asset Management manages land and property assets to optimise the benefits to the Canberra community consistent with the desired outcomes of Government and the principles of sustainable development.

The Office is responsible for the Government's Asset Management Strategy, government owned and leased office accommodation, surplus assets, land development and release, joint ventures, the Gungahlin Development Authority, the Interim Kingston Foreshore Development Authority and the home loan portfolio.

### 1999-2000 Highlights

Strategic and operational highlights to be pursued in 1999-2000 include:

- implementing and operating a land development account;
- developing a reserve pricing system to recognise land development costs and to achieve an appropriate return on Territory land assets;
- coordinating government interests in major property developments in the Territory;
- implementing surplus asset strategies and managing surplus properties;
- developing a land sales program;
- managing property management contracts;
- implementing the Government's preferred development plan for the Kingston Foreshore; and
- managing the home loan portfolio management contract.

<b>Budget Summary</b>	<b>1999-2000 Planned \$'000</b>
<b>Government Appropriations</b>	
• Capital injection for increased service capacity	5 533
• Capital injection relating to debt <sup>1</sup>	7 893
<b>Own Sourced Revenues</b>	
• Other own source revenue	115 011
<b>Services Provided</b>	
• Strategic asset management	2 236
• Property Portfolio management	27 957
• Joint Ventures	18 670
• Land Releases	1 675
• Gold Creek Golf Course	1 867
• Home Loan Portfolio	5 218
• Kingston Foreshores	1 630

1. A summary of all debt capital injections and their respective terms and conditions are provided in Appendix B to Budget Paper No.4.

**Office of Asset Management  
Operating Statement**

1998-99 Budget		1998-99 Est.Outcom e	1999-00 Budget	Var	2000-01 Estimate	2001-02 Estimate	2002-03 Estimate
\$'000		\$'000	\$'000	%	\$'000	\$'000	\$'000
<b>Revenue</b>							
1 625	Government Payment for Outputs	1 625	0	-100	0	0	0
2 176	User Charges - Non ACT Government	1 044	1 564	50	1 904	2 359	2 547
30 136	User Charges - ACT Government	31 668	31 423	-1	30 249	30 249	30 068
12 641	Interest	12 942	12 213	-6	11 747	11 651	12 582
35 598	Other Revenue	48 466	69 811	44	57 943	76 740	52 439
<b>82 176</b>	<b>Total Revenue</b>	<b>95 745</b>	<b>115 011</b>	<b>20</b>	<b>101 843</b>	<b>120 999</b>	<b>97 636</b>
<b>Expenses</b>							
2 581	Employee Expenses	2 021	2 581	28	2 579	2 580	2 580
464	Superannuation Expenses	333	473	42	473	473	473
29 098	Administrative Expenses	29 709	23 187	-22	20 351	20 096	19 756
2 675	Depreciation and Amortisation	2 465	2 605	6	2 393	2 391	2 433
14 789	Interest	14 632	12 246	-16	12 038	12 631	12 835
11 437	Cost of Goods Sold	14 542	17 801	22	9 954	9 318	4 661
3 718	Other Expenses	307	360	17	693	610	752
<b>64 761</b>	<b>Total Expenses</b>	<b>64 008</b>	<b>59 253</b>	<b>-7</b>	<b>48 481</b>	<b>48 099</b>	<b>43 490</b>
<b>17 415</b>	<b>Operating Result Before Abnormal Items</b>	<b>31 737</b>	<b>55 758</b>	<b>76</b>	<b>53 362</b>	<b>72 900</b>	<b>54 146</b>
0	Abnormal Revenue	287	0	-100	0	0	0
0	Abnormal Expense	9 300	0	-100	0	0	0
<b>17 415</b>	<b>Operating Result</b>	<b>22 724</b>	<b>55 758</b>	<b>145</b>	<b>53 362</b>	<b>72 900</b>	<b>54 146</b>
<b>94 307</b>	<b>Accumulated Funds - Start of Period</b>	<b>99 853</b>	<b>237 503</b>	<b>138</b>	<b>328 036</b>	<b>345 884</b>	<b>372 747</b>
0	Amounts transferred to/from Reserves	-24 516	2 310	-109	3 481	3 508	3 538
9 000	Capital Injections	9 000	5 533	-39	0	0	0
16 461	Dividend Declared	9 457	21 178	124	17 730	28 192	20 128
107 961	Inc/Dec in Net Assets from Admin Restructure	139 900	48 110	-66	-21 265	-21 353	-21 239
<b>212 222</b>	<b>Accumulated Funds - End of Period</b>	<b>237 503</b>	<b>328 036</b>	<b>38</b>	<b>345 884</b>	<b>372 747</b>	<b>389 064</b>

**Office of Asset Management  
Statement Of Financial Position**

Budget as at 30/6/99 \$'000		Est.Outcome as at 30/6/99 \$'000	Planned as at 30/6/00 \$'000	Var %	Planned as at 30/6/01 \$'000	Planned as at 30/6/02 \$'000	Planned as at 30/6/03 \$'000
<b>Current Assets</b>							
19 382	Cash	13 562	25 635	89	38 413	49 973	65 317
22 915	Receivables	12 355	14 253	15	12 962	12 703	11 813
5 384	Investments	5 257	20 133	283	38 238	56 060	73 882
4 693	Inventories	4 747	6 666	40	6 324	4 334	4 334
0	Capital Work in Progress	1 887	0	-100	0	0	0
15 672	Other	207	205	-1	205	205	205
<b>68 046</b>	<b>Total Current Assets</b>	<b>38 015</b>	<b>66 892</b>	<b>76</b>	<b>96 142</b>	<b>123 275</b>	<b>155 551</b>
<b>Non Current Assets</b>							
175 529	Receivables	151 117	128 560	-15	114 366	97 725	80 408
3 525	Inventories	9 012	8 945	-1	8 419	6 455	6 014
157 738	Property, Plant and Equipment	154 217	226 981	47	225 622	223 216	220 768
4 690	Capital Works in Progress	9 961	15 694	58	16 894	42 794	43 194
51 870	Other	91 642	85 069	-7	85 418	84 965	84 626
<b>393 352</b>	<b>Total Non Current Assets</b>	<b>415 949</b>	<b>465 249</b>	<b>12</b>	<b>450 719</b>	<b>455 155</b>	<b>435 010</b>
<b>461 398</b>	<b>TOTAL ASSETS</b>	<b>453 964</b>	<b>532 141</b>	<b>17</b>	<b>546 861</b>	<b>578 430</b>	<b>590 561</b>
<b>Current Liabilities</b>							
1 635	Creditors	2 407	6 100	153	6 096	3 272	3 262
22 045	Borrowings	17 480	6 084	-65	5 976	5 889	5 534
0	Finance Leases	214	89	-58	49	2	3
248	Employee Entitlements	324	325	..	327	329	329
2 768	Other	929	1 110	19	1 108	548	596
<b>26 696</b>	<b>Total Current Liabilities</b>	<b>21 354</b>	<b>13 708</b>	<b>-36</b>	<b>13 556</b>	<b>10 039</b>	<b>9 724</b>
<b>Non Current Liabilities</b>							
565	Creditors	569	570	..	570	570	570
181 588	Borrowings	165 707	166 037	..	166 627	178 358	177 970
0	Finance Leases	85	85	-	0	0	0
163	Employee Entitlements	0	0	-	0	0	0
10	Other Provisions	0	0	-	0	0	0
<b>182 326</b>	<b>Total Non Current Liabilities</b>	<b>166 361</b>	<b>166 691</b>	<b>..</b>	<b>167 196</b>	<b>178 928</b>	<b>178 540</b>
<b>209 022</b>	<b>TOTAL LIABILITIES</b>	<b>187 714</b>	<b>180 399</b>	<b>-4</b>	<b>180 752</b>	<b>188 967</b>	<b>188 264</b>
<b>252 376</b>	<b>NET ASSETS</b>	<b>266 250</b>	<b>351 742</b>	<b>32</b>	<b>366 109</b>	<b>389 463</b>	<b>402 297</b>
<b>REPRESENTED BY FUNDS EMPLOYED</b>							
212 222	Accumulated Funds	237 503	328 036	38	345 884	372 747	389 064
40 154	Reserves	28 746	23 706	-18	20 225	16 716	13 233
<b>252 376</b>	<b>TOTAL FUNDS EMPLOYED</b>	<b>266 249</b>	<b>351 742</b>	<b>32</b>	<b>366 109</b>	<b>389 463</b>	<b>402 297</b>

**Office of Asset Management  
Cashflow Statement**

1998-99 Budget \$'000		1998-99 Est.Outcome \$'000	1999-00 Budget \$'000	Var %	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
<b>10 329</b>	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>5 192</b>	<b>18 819</b>	<b>262</b>	<b>45 768</b>	<b>76 651</b>	<b>106 033</b>
	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
	<b>Receipts</b>						
1 625	Cash from Government for Outputs	1 625	0	-100	0	0	0
32 506	User Charges	32 060	33 083	3	32 073	47 621	32 693
12 623	Interest Received	12 942	12 213	-6	11 747	11 651	12 582
39 948	Other Revenue	35 638	48 472	36	32 784	38 638	30 547
<b>86 702</b>	<b>Operating Receipts</b>	<b>82 265</b>	<b>93 768</b>	<b>14</b>	<b>76 604</b>	<b>97 910</b>	<b>75 822</b>
	<b>Payments</b>						
3 045	Related to Employees	2 355	3 052	30	3 062	3 073	3 075
30 082	Related to Administration	36 302	18 215	-50	19 441	19 508	19 228
16 350	Finance Costs	14 583	11 738	-20	10 916	10 435	10 192
11 737	Other	15 547	18 801	21	10 954	10 318	5 661
<b>61 213</b>	<b>Operating Payments</b>	<b>68 786</b>	<b>51 806</b>	<b>-25</b>	<b>44 373</b>	<b>43 334</b>	<b>38 156</b>
<b>25 489</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>13 479</b>	<b>41 962</b>	<b>211</b>	<b>32 231</b>	<b>54 576</b>	<b>37 666</b>
	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
	<b>Receipts</b>						
19 634	Repayment of Home Loan Principal	2 994	25 273	744	19 336	19 492	19 406
<b>19 634</b>	<b>Investing Receipts</b>	<b>2 994</b>	<b>25 273</b>	<b>744</b>	<b>19 336</b>	<b>19 492</b>	<b>19 406</b>
	<b>Payments</b>						
11 567	Purchase of Property, Plant and Equipment	6 129	10 442	70	2 200	25 900	400
500	Purchase of Investments	0	0	-	0	0	0
0	Advances Issued to Government Agencies	300	3 463	#	0	0	0
300	Capital Payments to Government Agencies	0	0	-	0	0	0
<b>12 367</b>	<b>Investing Payments</b>	<b>6 429</b>	<b>13 905</b>	<b>116</b>	<b>2 200</b>	<b>25 900</b>	<b>400</b>
<b>7 267</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>-3 435</b>	<b>11 368</b>	<b>431</b>	<b>17 136</b>	<b>-6 408</b>	<b>19 006</b>
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
	<b>Receipts</b>						
15 176	Capital Injection from Government	13 139	13 426	2	3 167	14 124	1 287
2 380	Borrowings Received	1 700	500	-71	0	0	117
7 105	Receipt of Transferred Cash Balances	40 511	0	-100	0	0	0
<b>24 661</b>	<b>Financing Receipts</b>	<b>55 350</b>	<b>13 926</b>	<b>-75</b>	<b>3 167</b>	<b>14 124</b>	<b>1 404</b>
	<b>Payments</b>						
0	Distributions to Government	0	2 500	-	0	0	0
16 461	Dividends to Government	9 457	21 178	124	17 730	28 192	20 128
18 000	Repayment of Advance	33 905	10 000	-71	0	0	0
8 519	Repayment of Borrowings	8 405	6 628	-21	3 921	4 718	4 782
<b>42 980</b>	<b>Financing Payments</b>	<b>51 767</b>	<b>40 307</b>	<b>-22</b>	<b>21 651</b>	<b>32 910</b>	<b>24 910</b>
<b>-18 319</b>	<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>3 583</b>	<b>-26 381</b>	<b>-836</b>	<b>-18 484</b>	<b>-18 786</b>	<b>-23 506</b>
<b>14 437</b>	<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>13 627</b>	<b>26 949</b>	<b>98</b>	<b>30 883</b>	<b>29 382</b>	<b>33 166</b>

**Office of Asset Management  
Cashflow Statement**

<b>1998-99 Budget \$'000</b>		<b>1998-99 Est.Outcome \$'000</b>	<b>1999-00 Budget \$'000</b>	<b>Var %</b>	<b>2000-01 Estimate \$'000</b>	<b>2001-02 Estimate \$'000</b>	<b>2002-03 Estimate \$'000</b>
<b>24 766</b>	<b>CASH AT THE END OF THE REPORTING PERIOD</b>	<b>18 819</b>	<b>45 768</b>	<b>143</b>	<b>76 651</b>	<b>106 033</b>	<b>139 199</b>

## Notes to the Budget Statements

Funding for Kingston Foreshore and Gungahlin Development Authority is provided through the Office of Asset Management. In 1999-2000, debt financing of \$4.43m is provided for the Kingston Foreshore, of which \$2.404m was already in the budget, and \$3.463m for Gungahlin Development Authority.

### *Operating Statement*

Significant variations are as follows:

- Government payment for output: the decrease results from OAM relying solely on a net appropriation in 1999-2000. The \$1.625m in 1998-99 related to functions transferred from Urban Services (DUS);
- other revenue: the increase of \$21.345m in 1999-2000 is due to:
  - an increase of \$12.965m in lease sales, as a result of projected increases in sales activity from land development joint ventures;
  - transfer of \$5m relating to land rentals and commutations from DUS. This transfer was a result of further refinement of financial responsibilities in relation to land, that has been established between OAM and DUS; and
  - increased dividends from land development joint ventures;
- interest revenue: the decrease of \$0.729m reflects the retirement of loans from the home loan portfolio and the credit foncier nature of the loans;
- employee expenses: increase by \$0.560m in 1999-2000, is consistent with the 1998-99 budget forward estimates. The 1998-99 estimated outcome reflects lower employee expenses than originally budgeted due to delays in filling new positions. These positions are expected to be filled in 1999-2000;
- administration expenses: the decrease of \$6.522m in 1999-2000 reflects reduced operational costs for maintenance of the built property portfolio (\$1.5m), Kingston Foreshore (\$2.797m), Home Loan Portfolio (\$0.886m), joint ventures (\$0.497m) and other corporate savings (\$0.842m);
- cost of goods sold: represents the Territory's share of joint venture land servicing costs. The increase of \$3.259m in 1999-2000 is in line with increased block sales;
- interest expenses: the decrease of \$2.386m is due to repayment of home loan debt and reduced interest expense on other borrowings and a reduction in the capital charge on OAM; and
- abnormal expenses: of \$9.3m in 1998-99 includes write-offs related to Dunlop 3 and 4 joint ventures, namely the restructuring of Dunlop 3 and withdrawal of Dunlop 4 due to environmental concerns.

### *Statement of Financial Position*

Significant variations are as follows:

- total assets: the increase of \$78.177m in 1999-2000 is primarily due to the inclusion of land rental debtors transferred from DUS, and retention of funds generated from operations to satisfy emerging liabilities;
- total liabilities: the decrease of \$7.315m is primarily due to retirement of home loan debt owed to private lenders and the Central Financing Unit;
- accumulated funds: the movements are mainly attributable to:
  - increase in earnings from operations retained to satisfy emerging liabilities;
  - the increase in assets from administrative restructure primarily relates to the inclusion of land rental debtors transferred to OAM from DUS;
  - reduced capital injections reflect the reduced capital investments required in 1999-2000;
  - dividend declared increase due to the increased joint venture dividends which will be received, land sales and rent and commutations; and
  - decrease in assets from administrative restructure relates to the infrastructure assets which are transferred to DUS and ACTEW on completion.

### *Cashflow Statement*

Significant variations are as follows:

- purchase of property, plant and equipment: the payment of \$25.9m in 2001-02 is for Kingston Foreshore and relates to the development of a residential and commercial site within the Kingston Foreshore locality; and
- advances issued to government agencies: the \$3.463m in 1999-2000 represents the loan to Gungahlin Development Authority for the forward design and construction of Southern Boulevard Drive.

**OUTPUT CLASS 3: GOVERNMENT ASSET MANAGEMENT  
PRINCIPAL MEASURES**

**OUTPUT 3.1: GOVERNMENT ASSET MANAGEMENT**

**Description:** The strategic management of ACT land and property to ensure sustainable use and best return to the community.

Measures	1998-99 Targets	1999-2000 Targets
<b>Quantity</b>		
a) Implement and monitor the Asset Management Strategy.	June 1999	June 2000
b) Implement and review strategy for government surplus properties. <sup>1</sup>	September 1998	June 2000
c) Manage a Land Account. <sup>2</sup>	June 1999	June 2000
d) Implement and review the land sales strategy and program. <sup>3</sup>	December 1998	June 2000
e) Implement the Government office accommodation strategy.	June 1999	June 2000
f) Commence Stage 1 redevelopment of the Kingston Foreshore. <sup>4</sup>	March 1999	June 2000
g) Represent and advise the Government on land joint ventures.	8 joint ventures	6 joint ventures
h) Appraise and manage significant development projects, including the Gungahlin Development Authority.	June 1999	June 2000
i) Manage the Government home loan portfolio.	June 1999	June 2000
j) Manage Gold Creek golf course.	June 1999	June 2000
<b>Quality/Effectiveness</b>		
k) Optimise government office accommodation utilisation.	25%	25%
Measure the rate of return and sustainability of assets used. <sup>5</sup>	50%	
<b>Timeliness</b>		
l) Advice provided within timeframes specified in <i>ACT Government Ministerial Servicing Performance Measures</i> .	95%	95%
m) Policy proposals are delivered within agreed timeframes.	95%	95%
<b>Cost</b>		
n) Cost per 1000 head of population.	\$208 101	\$191 549
o) Cost per ACT Public Service employee.	\$3 701	\$3 548
p) Cost per \$m of whole of government expenses.	\$59 278	\$52 132
<b>TOTAL COST (\$'000)<sup>6</sup></b>	<b>\$64 761.0</b>	<b>\$59 253.0</b>
<b>GOVERNMENT PAYMENT FOR OUTPUT (\$'000)</b>	<b>\$1 625.0</b>	<b>\$0.0</b>

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

1. Previously: "Develop and implement and review strategy for government surplus properties".
2. Previously: "Establish and manage a Land Account".
3. Previously: "Prepare and implement and review the land sales strategy and program".
4. Previously: "Deliver the project plan for the redevelopment of the Kingston Foreshore".
5. Measure deleted as the measurement of rate of return and sustainability of assets used will be addressed through the agency asset management plans which are produced consistent with the Asset Management Strategy (measure a).
6. The reduced total costs expected in 1999-2000 reflect the once-off costs incurred in 1998-99, particularly in relation to significant repairs and maintenance expenditure on the built property portfolio and demolition works at the Kingston foreshore and interest expenses associated with the home loan portfolio.

## Changes to Appropriation

Government Payment for Outputs	1998-99 Est. Outc. \$'000	1999-00 Budget \$'000	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
<b>1998-99 Budget</b>	<b>1 625</b>	<b>1 625</b>	<b>1 625</b>	<b>1 625</b>	<b>1 625</b>
Land Release net appropriation	0	-1 625	-1 625	-1 625	-1 625
<b>1999-2000 Budget</b>	<b>1 625</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

This table presents a reconciliation of appropriation relating to the Cashflow Statement.

Capital Injection	1998-99 Est. Outc. \$'000	1999-00 Budget \$'000	2000-01 Estimate \$'000	2001-02 Estimate \$'000	2002-03 Estimate \$'000
<b>1998-99 Budget</b>	<b>15 176</b>	<b>5 764</b>	<b>2 035</b>	<b>2 270</b>	<b>2 270</b>
Office/property management strategy	0	5 000	0	0	0
Land minor capital works	0	533	0	0	0
Interim Kingston Foreshore Development Authority	-2 037	2 026	1 132	11 854	-983
Gungahlin Development Authority increased borrowing	0	103	0	0	0
<b>1999-2000 Budget</b>	<b>13 139</b>	<b>13 426</b>	<b>3 167</b>	<b>14 124</b>	<b>1 287</b>

This table presents a reconciliation of appropriation relating to the Cashflow Statement.

## Capital Works

### Departmental

	Estimated Total Cost \$m	Expenditure Previous Years \$m	1999-2000 Estimated Expenditure \$m	1999-2000 Financing \$m	Expected Completion Date
<b>New Capital Works</b>					
Minor New Works					
- OAM site preparation	0.533	-	0.533	0.533	June 2000
<b>Total Departmental Capital Works</b>	<b>0.533</b>	<b>-</b>	<b>0.533</b>	<b>0.533</b>	

