CENTRAL FINANCING UNIT

Objectives

The Central Financing Unit (CFU) forms part of the Finance and Investment Group. The CFU provides financial services to the Government that include financial asset and liability management through the establishment of investment and borrowing policies and objectives, and the coordination of investment and borrowing activities.

The CFU manages the surplus cash balances of the ACT and invests funds through external managers within known cashflow requirements and established investment policies. The CFU is also responsible for the administration of the ACT's debt portfolio and the management of the Territory's debt servicing liabilities, including overseeing the Territory's motor vehicle financing facility and also oversees the Territory's transactional banking arrangements.

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

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

The CFU utilises the services of a Finance and Investment Advisory Board established to provide advice in respect of the assets and liabilities of the Territory that are managed through the CFU.

2002-03 Highlights

Strategic and operational issues to be pursued in 2002-03 include:

- complete a full review of the investment strategies and external funds management arrangements for general government investments;
- appoint a risk management consultant to assist with a full review of the Government's borrowing policies, strategies and financial benchmarks; and
- complete a full review of the current ACT fleet leasing facility.

Budgeted Financial Targets

In accordance with Section 31 of the *Financial Management Act 1996* (FMA), the following are the key budgeted results for the Department:

- develop and implement an investment strategy with the objective of investment returns exceeding the cash rate after fees; and
- develop and implement a borrowing strategy with the objective of borrowing costs meeting financial targeted benchmarks.

Central Financing Unit
Statement of Financial Performance

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
63 507	Interest	66 046	63 087	-4	60 404	59 563	61 569
63 507	**Total Ordinary Revenue**	**66 046**	**63 087**	**-4**	**60 404**	**59 563**	**61 569**
	Expenses						
286	Employee Expenses	418	452	8	444	449	455
42	Superannuation Expenses	65	66	2	66	67	68
405	Administrative Expenses	405	708	75	613	656	651
1	Depreciation and Amortisation	1	1	-	1	1	1
51 021	Borrowing Costs	61 814	60 033	-3	57 390	56 524	58 480
51 755	**Total Ordinary Expenses**	**62 703**	**61 260**	**-2**	**58 514**	**57 697**	**59 655**
11 752	**Operating Result**	**3 343**	**1 827**	**-45**	**1 890**	**1 866**	**1 914**
11 110	**Total Equity From Start of Period**	**13 710**	**3 053**	**-78**	**2 880**	**2 770**	**2 636**
-14 000	Dividend Declared	-14 000	-2 000	86	-2 000	-2 000	-2 000
8 862	**Total Equity At The End of Period**	**3 053**	**2 880**	**-6**	**2 770**	**2 636**	**2 550**

Central Financing Unit
Statement of Financial Position

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
13 250	Receivables	20 470	17 065	-17	17 977	18 927	19 802
316 374	Investments	663 465	398 795	-40	310 036	361 237	436 197
329 624	**Total Current Assets**	**683 935**	**415 860**	**-39**	**328 013**	**380 164**	**455 999**
	Non Current Assets						
496 803	Receivables	491 054	486 435	-1	480 814	474 140	466 479
0	Investments	72 179	72 179	-	72 179	72 179	72 179
3	Property, Plant and Equipment	4	3	-25	2	1	0
496 806	**Total Non Current Assets**	**563 237**	**558 617**	**-1**	**552 995**	**546 320**	**538 658**
826 430	**TOTAL ASSETS**	**1 247 172**	**974 477**	**-22**	**881 008**	**926 484**	**994 657**
	Current Liabilities						
14 237	Payables	13 048	12 515	-4	12 456	12 301	12 202
426 107	Interest Bearing Liabilities	929 538	662 013	-29	574 186	626 744	702 873
45	Employee Entitlements	51	66	29	68	69	70
440 389	**Total Current Liabilities**	**942 637**	**674 594**	**-28**	**586 710**	**639 114**	**715 145**
	Non Current Liabilities						
377 134	Interest Bearing Liabilities	301 388	296 907	-1	291 431	284 636	276 863
45	Employee Entitlements	94	96	2	97	98	99
377 179	**Total Non Current Liabilities**	**301 482**	**297 003**	**-1**	**291 528**	**284 734**	**276 962**
817 568	**TOTAL LIABILITIES**	**1 244 119**	**971 597**	**-22**	**878 238**	**923 848**	**992 107**
8 862	**NET ASSETS**	**3 053**	**2 880**	**-6**	**2 770**	**2 636**	**2 550**
	REPRESENTED BY FUNDS EMPLOYED						
8 862	Accumulated Funds	3 053	2 880	-6	2 770	2 636	2 550
8 862	**TOTAL FUNDS EMPLOYED**	**3 053**	**2 880**	**-6**	**2 770**	**2 636**	**2 550**

Central Financing Unit
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
63 266	Interest Received	66 159	63 629	-4	60 496	59 664	61 679
53	Other Revenue	53	54	2	55	57	57
63 319	**Operating Receipts**	**66 212**	**63 683**	**-4**	**60 551**	**59 721**	**61 736**
	Payments						
325	Related to Employees	380	502	32	508	514	521
405	Related to Administration	405	708	75	613	656	651
50 948	Borrowing Costs	62 260	60 290	-3	57 175	56 403	58 304
53	Other	53	54	2	55	57	57
51 731	**Operating Payments**	**63 098**	**61 554**	**-2**	**58 351**	**57 630**	**59 533**
11 588	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**3 114**	**2 129**	**-32**	**2 200**	**2 091**	**2 203**
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
1 426 200	Proceeds from Sale/Maturities of Investments	0	0	-	0	0	0
10 237	Repayment of Advance	13 347	7 483	-44	4 620	5 621	6 674
1 436 437	**Investing Receipts**	**13 347**	**7 483**	**-44**	**4 620**	**5 621**	**6 674**
	Payments						
1 329 858	Purchase of Investments	0	0	-	0	0	0
1 329 858	**Investing Payments**	**0**	**0**	**-**	**0**	**0**	**0**
106 579	**NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**	**13 347**	**7 483**	**-44**	**4 620**	**5 621**	**6 674**
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Receipts						
2 690 270	Borrowings Received	2 690 267	3 186 068	18	3 089 022	3 158 808	3 155 470
2 690 270	**Financing Receipts**	**2 690 267**	**3 186 068**	**18**	**3 089 022**	**3 158 808**	**3 155 470**
	Payments						
14 000	Dividends to Government	14 000	2 000	-86	2 000	2 000	2 000
359 734	Repayment of Borrowings	362 097	851 396	135	844 756	846 026	847 070
2 434 703	Repayment of Investments to Agencies (CFU only)	2 207 036	2 606 954	18	2 337 845	2 267 293	2 240 317

Central Financing Unit
Cashflow Statement

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
2 808 437	**Financing Payments**	**2 583 133**	**3 460 350**	**34**	**3 184 601**	**3 115 319**	**3 089 387**
-118 167	**NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES**	**107 134**	**-274 282**	**-356**	**-95 579**	**43 489**	**66 083**
0	**NET INCREASE/(DECREASE) IN CASH HELD**	**123 595**	**-264 670**	**-314**	**-88 759**	**51 201**	**74 960**
0	**CASH AT BEGINNING OF REPORTING PERIOD**	**539 870**	**663 465**	**23**	**398 795**	**310 036**	**361 237**
0	**CASH AT THE END OF THE REPORTING PERIOD**	**663 465**	**398 795**	**-40**	**310 036**	**361 237**	**436 197**

Notes to the Budget Statements

Significant variations are as follows:

Variations within the CFU account are driven by agency activity during and between financial years.

Statement of Financial Performance

- interest revenue: interest revenue includes investment interest returns received from banks and fund managers and interest paid by agencies on loans with CFU. In 2002-03 interest revenue from banks is estimated to decrease by $0.803m due to an anticipated lower level of funds under investment. Advance and loan interest from the general government sector is estimated to decrease by $1.260m. This reflects a lower interest cost on the component of fixed rate inscribed stock borrowings that matured in 2001-02 that have been refinanced by lower cost floating rate debt. Advance and loan interest from the public trading sector is estimated to decrease by $0.896m due to a lower amount of outstanding indexed annuity bonds resulting from principal repayments;
- employee expenses: the increase in employer expenses in 2001-02 from the original budget is due to the establishment of an additional position as well as a once-off adjustment for employee entitlement provisions. The net increase (allowing for previous years employee entitlement adjustment) in 2002-03 is due to the creation of an additional senior position to enhance the operational effectiveness and the efficiency of the unit;
- administrative expenses: the increase in administrative costs in 2002-03 is as a result of the increased use of consultants to assist with a full review of the general government investment arrangements, government borrowing policies and strategies and the fleet financing facility; and

- interest expenses: interest expenses comprise interest payments made in respect of borrowings undertaken by CFU on behalf of the general government sector and ACTEW Corporation and investment interest payments to clients.

Statement of Financial Position

- receivables: comprises loans receivable from the general government sector and from the public trading enterprise sector. Total receivables will decline by $8.024 in 2002-03 due to the repayment of loans for the general government and ACTEW;
- current investments: the CFU investment balance represents the pooled total of each individual Government agency including the Territory Banking Account that invests its surplus funds with the CFU; and
- interest bearing liabilities: this figure comprises agencies deposits with the CFU and external market borrowings. Non-current borrowings comprise external borrowings with the financial markets, including inscribed stock and indexed annuity bonds.

Central Financing Unit
Statement of Revenues and Expenses on Behalf of the Territory

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	Revenue						
52 635	Payment for Expenses on behalf of Territory	13 996	13 136	-6	13 785	14 062	13 363
17 071	Interest	25 365	13 924	-45	8 689	4 685	5 671
80 845	Other Revenue	80 777	78 755	-3	79 360	79 870	80 345
1 675 140	Transfer Revenue	1 775 863	1 791 369	1	1 839 943	1 891 854	1 950 568
1 825 691	**Total Ordinary Revenue**	**1 896 001**	**1 897 184**	**..**	**1 941 777**	**1 990 471**	**2 049 947**
	Expenses						
15 205	Borrowing Costs	13 995	13 136	-6	13 785	14 062	13 363
37 430	Other Expenses	37 430	0	-100	0	0	0
1 871 100	Transfer Expenses	1 820 776	1 962 564	8	2 054 193	1 979 610	2 002 585
1 923 735	**Total Ordinary Expenses**	**1 872 201**	**1 975 700**	**6**	**2 067 978**	**1 993 672**	**2 015 948**
-98 044	**Operating Result**	**23 800**	**-78 516**	**-430**	**-126 201**	**-3 201**	**33 999**
138 980	**Total Equity From Start of Period**	**186 154**	**211 790**	**14**	**137 574**	**11 723**	**8 872**
6 405	Distributions to Government	1 836	4 300	134	350	350	350
47 341	**Total Equity At The End of Period**	**211 790**	**137 574**	**-35**	**11 723**	**8 872**	**43 221**

Central Financing Unit
Statement of Assets and Liabilities on Behalf of the Territory

Budget as at 30/6/02 $'000		Est.Outcome as at 30/6/02 $'000	Planned as at 30/6/03 $'000	Var %	Planned as at 30/6/04 $'000	Planned as at 30/6/05 $'000	Planned as at 30/6/06 $'000
	Current Assets						
56 309	Cash	16 240	14 677	-10	13 025	8 136	5 766
55 914	Receivables	73 653	82 632	12	100 703	97 992	103 891
85 000	Investments	260 731	184 731	-29	57 421	68 395	102 031
18 445	Other	23 206	23 206	-	23 205	23 206	23 207
215 668	**Total Current Assets**	**373 830**	**305 246**	**-18**	**194 354**	**197 729**	**234 895**
	Non Current Assets						
9 503	Receivables	15 570	15 122	-3	2 305	457	100
28 185	Property, Plant and Equipment	29 824	29 825	..	29 825	29 824	29 824
37 688	**Total Non Current Assets**	**45 394**	**44 947**	**-1**	**32 130**	**30 281**	**29 924**
253 356	**TOTAL ASSETS**	**419 224**	**350 193**	**-16**	**226 484**	**228 010**	**264 819**
	Current Liabilities						
7 257	Payables	7 036	13 797	96	15 939	20 316	22 776
1 576	Interest Bearing Liabilities	1 576	0	-100	0	0	0
11 107	Finance Leases	14 609	14 609	-	14 609	14 609	14 609
19 940	**Total Current Liabilities**	**23 221**	**28 406**	**22**	**30 548**	**34 925**	**37 385**
	Non Current Liabilities						
168 998	Interest Bearing Liabilities	168 998	168 998	-	168 998	168 998	168 998
17 078	Finance Leases	15 215	15 215	-	15 215	15 215	15 215
186 076	**Total Non Current Liabilities**	**184 213**	**184 213**	**-**	**184 213**	**184 213**	**184 213**
206 016	**TOTAL LIABILITIES**	**207 434**	**212 619**	**2**	**214 761**	**219 138**	**221 598**
47 340	**NET ASSETS**	**211 790**	**137 574**	**-35**	**11 723**	**8 872**	**43 221**
	REPRESENTED BY FUNDS EMPLOYED						
47 341	Accumulated Funds	211 790	137 574	-35	11 723	8 872	43 221
47 341	**TOTAL FUNDS EMPLOYED**	**211 790**	**137 574**	**-35**	**11 723**	**8 872**	**43 221**

Central Financing Unit
Budgeted Statement of Cashflows on Behalf of the Territory

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
	CASH FLOWS FROM OPERATING ACTIVITIES						
	Receipts						
52 635	Cash from Government for EBT	13 996	13 136	-6	13 785	14 062	13 363
16 522	Interest Received	24 977	13 433	-46	8 689	4 685	5 671
80 869	Other Revenue	80 736	78 736	-2	79 340	79 850	80 323
1 694 547	Territory Receipts transferred from Agencies	1 794 596	1 790 821	..	1 842 683	1 895 524	1 955 201
1 844 573	**Operating Receipts**	**1 914 305**	**1 896 126**	**-1**	**1 944 497**	**1 994 121**	**2 054 558**
	Payments						
15 205	Borrowing Costs	13 995	13 136	-6	13 785	14 062	13 363
1 050	Payments to PTE Agencies for Outputs	1 350	90	-93	90	90	0
1 247 681	Payments to GGS Agencies for Outputs	1 268 299	1 340 436	6	1 350 721	1 383 076	1 417 369
395 548	Payments to Agencies for EBT	356 865	375 798	5	455 966	401 139	412 269
1 659 484	**Operating Payments**	**1 640 509**	**1 729 460**	**5**	**1 820 562**	**1 798 367**	**1 843 001**
185 089	**NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES**	**273 796**	**166 666**	**-39**	**123 935**	**195 754**	**211 557**
	CASH FLOWS FROM INVESTING ACTIVITIES						
	Receipts						
982 724	Proceeds from Sale/Maturities of Investments	0	0	-	0	0	0
1 130	Repayment of Advance	437	437	-	937	12 818	1 848
5 657	Capital Distributions from Government Agencies	5 909	4 300	-27	350	350	350
989 511	**Investing Receipts**	**6 346**	**4 737**	**-25**	**1 287**	**13 168**	**2 198**
	Payments						
930 723	Purchase of Investments	0	0	-	0	0	0
8 780	Advances Issued to Government Agencies	8 183	0	-100	0	0	0
232 914	Capital Payments to Government Agencies	197 781	247 390	25	254 184	202 838	182 488
1 172 417	**Investing Payments**	**205 964**	**247 390**	**20**	**254 184**	**202 838**	**182 488**
-182 906	**NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES**	**-199 618**	**-242 653**	**-22**	**-252 897**	**-189 670**	**-180 290**
	CASH FLOWS FROM FINANCING ACTIVITIES						
	Payments						
1 577	Repayment of Borrowings	1 577	1 576	..	0	0	0
1 577	**Financing Payments**	**1 577**	**1 576**	**..**	**0**	**0**	**0**
-1 577	**NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES**	**-1 577**	**-1 576**	**..**	**0**	**0**	**0**

Central Financing Unit
Budgeted Statement of Cashflows on Behalf of the Territory

2001-02 Budget $'000		2001-02 Est.Outcome $'000	2002-03 Budget $'000	Var %	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
606	**NET INCREASE/(DECREASE) IN CASH HELD**	**72 601**	**-77 563**	**-207**	**-128 962**	**6 084**	**31 267**
55 703	**CASH AT BEGINNING OF REPORTING PERIOD**	**204 370**	**276 971**	**36**	**199 408**	**70 446**	**76 530**
56 309	**CASH AT THE END OF THE REPORTING PERIOD**	**276 971**	**199 408**	**-28**	**70 446**	**76 530**	**107 797**

Notes to the Budget Statements

Significant variations are as follows:

Variations within the CFU account are driven by agency activity during and between financial years.

Statement of Revenues and Expenses on Behalf of the Territory

- payment for expenses on behalf of the Territory: represents the appropriation paid to meet the debt servicing expenses incurred on general government borrowings;
- interest: comprises interest received from CFU for whole of government investments, advances and loans from government agencies and capital charge revenue. For 2002-03, investment revenue totals $12.742m and advance and loans interest totals $1.182m. The 2001-02 outcome includes an amount of $16.240m representing capital charge revenue. The capital charge will cease from the 2002-03 Budget;
- Other revenue: comprises employer superannuation contributions made by budget funded agencies;
- transfer revenue: represents the transfer from agencies of revenue received on behalf of the Territory;
- interest expenses: comprises interest paid on advances and loans to the CFU departmental account in respect of general government market loans. The decrease in 2002-03 reflects a lower interest cost on the component of fixed rate inscribed stock borrowings that matured in 2001-02 that have been re-financed by lower floating rate debt;
- other expenses: represents the write-off of loans provided to the Australian International Hotel School ($7.310m) and InTACT ($30.120m); and
- transfer expenses: represents the transfer of appropriated funds to agencies for outputs, expenditure on behalf of the Territory and capital injections.

- current receivables: comprises transfer revenue receivable from agencies, and a small component of the principal repayments receivable on internal loans provided to government agencies;
- non-current receivables: comprise non-current balances of internal loans provided to government agencies. Agencies include Kingston Foreshore Development Authority; Department of Education and Community Services, Department of Urban Services and ACT Forests;
- property, plant and equipment: this represents the motor vehicle assets leased through the ACT Fleet Financing Facility;
- current interest bearing liabilities: comprises the current loan liability in respect of general government market debt. As at 30 June 2002 only general government market loans will remain outstanding. All outstanding loans from the Commonwealth for general government purposes have been repaid; and
- non-current interest bearing liabilities: comprises the balance of general government market debt with the Central Financing Unit departmental account.

Changes to Appropriation

Changes to Appropriation - Territorial

Payment for Expenses on Behalf of the Territory	2001-02 Est. Outc. $'000	2002-03 Budget $'000	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
2001-02 Budget	**52 635**	**13 413**	**13 923**	**13 923**	**13 923**
Loan Write - Offs (appropriation not required)	-37 430	0	0	0	0
Debt savings	-1 209	- 277	- 138	139	- 560
2002-03 Budget	**13 996**	**13 136**	**13 785**	**14 062**	**13 363**

Changes to Appropriation - Territorial

Capital Injection	2001-02 Est. Outc. $'000	2002-03 Budget $'000	2003-04 Estimate $'000	2004-05 Estimate $'000	2005-06 Estimate $'000
2001-02 Budget	**1 577**	**1 577**	**0**	**0**	**0**
2002-03 Budget	**1 577**	**1 577**	**0**	**0**	**0**

OUTPUT CLASS 1: CENTRAL FINANCING UNIT

PRINCIPAL MEASURES

OUTPUT 1.1: CENTRAL FINANCING UNIT

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

Measures	**2001-02 Targets**	**2001-02 Est. Outcome**	**2002-03 Targets**
Quantity			
(a) Monthly financial reports. [1]	12	12	–
(b) Submission to Standard and Poors rating review. [1]	Nov 2001	Dec 2001	–
(c) Submission to Moody's rating review. [3]	Nov 2001	–	–
(d) Investment of cash balances on a daily basis. [1]	245 days	248 days	–
(d1) Management of the Public Account and Group set-off balance. [2]	–	–	248
(e) Payment of interest on Agency Investment Accounts. [1]	4	4	–
(f) Payment of disbursements to agencies. [1]	26	26	–
(g) Monitor and Review the Debt Portfolio. [2]	–	–	4
(h) Monitor and review the investment performance of the general government investment funds. [2]	–	–	4
Quality/Effectiveness			
(i) Service meets standards described in *ACT Public Service Customer Service Standards*. [4]	100%	–	–
(j) Investment activity meets benchmark returns/follow up action taken. [1]	100%	100%	–
(k) Payment of interest within five working days. [1]	100%	100%	–
(l)Payment of disbursements on due date. [1]	100%	100%	–
(m) Ratio of average borrowing rate divided by the established benchmark. [2]	–	–	≤= 1
(n) Ratio of average investment rate divided by the established benchmark. [2]	–	–	>= 1
(o) Manage the Group set-off pool average daily balance to be <$10m per annum. [2]	–	–	<$10m
Timeliness			
(p) Reviews and specified timeframes achieved. [1]	100%	100%	–
(q) Monthly financial reports on time. [1]	100%	75%	–
(r) Debt portfolio performance reported quarterly. [2]	–	–	15th business day after end quarter
(s) Investment portfolio performance reported quarterly. [2]	–	–	15th business day after end quarter
(t) Management of the Public Account and Group set-off balance.[2]	–	–	248
Cost			
(u) Cost of provision of CFU functions. [5]	$734,000	$888,000	$1,226,000
(v) Cost per 1000 head of population. [6]	$2 350	–	–
(w) Cost per ACT Public Service employee. [6]	$42	–	–
DEPARTMENTAL COST ($'000) [7]	**$51 755.0**	**$62 703**	**$61 260**
TERRITORIAL COST ($'000) [8]	**$1 923 735.0**	**$1 872 201**	**$1 975 700**
TOTAL COST ($'000)	**$1 975 490.0**	**$1 934 904**	**$2 036 960**
EXPENSE ON BEHALF OF THE TERRITORY ($'000) [9]	**$52 635.0**	**$13 996**	**$13 136**

Notes

This output class has been reviewed with the result being a significant change to the performance measures.

(1) Measures discontinued. These are activity-based measures that do not adequately reflect output.

(2) New measures. These replace activity-based measures that do not adequately reflect output.

(3) Measure discontinued during 2001-02. No formal submission is made to Moody's and Moody's does not provide a formal rating review.

(4) Measure discontinued during 2001-02. This measure does not adequately reflect output.

(5) Estimated outcome for 2001-02 is anticipated to be higher than the original budget estimate due to an increase in employer expenses for an additional position as well as a once-off adjustment for employee entitlement provisions. The estimated costs for 2002-03 are estimated to be higher than the 2001-02 estimated outcome due to the creation of an additional senior office position as well as additional consultancy costs.

(6) Measures discontinued during 2001-02. This measure is not a meaningful measure of cost of output.

(7) Total Departmental cost comprises in the main the interest on investments paid to agencies and borrowing interest costs paid to external financial markets. The higher than expected 2001-02 estimated outcome is as a result higher levels of agency funds held on investment resulting in higher interest payments being made to them.

(8) Territorial costs represents the payments for outputs to agencies as well as payments to agencies for expenditure on behalf of the Territory. The CFU Territorial expense represents the aggregate total of each individual government agency that receives appropriations. Increases or decreases in the total transfer expenses are determined by each individual agency's budgeted activities each financial year.

(9) Expenses on behalf of the Territory represents the appropriation paid to meet the debt servicing expenses incurred on general government borrowings. The original 2001-02 budget included a provision to appropriate funds to write-off InTACT and AIHS loans. This funding will not be required and the loans will be written-off by way of a waiver instrument.