

Australian Capital Territory
**Consolidated Annual
Financial Statements**

2009-2010 Financial Year



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Contents

Independent Audit Report
Certification by the Treasurer and the Chief Executive of the Department of Treasury
General Government Sector and Total Territory Operating Statement
General Government Sector and Total Territory Balance Sheet
General Government Sector and Total Territory Cash Flow Statement
General Government Sector and Total Territory Statement of Changes in Equity
Public Trading Enterprises Sector Operating Statement
Public Trading Enterprises Sector Balance Sheet
Public Trading Enterprises Sector Cash Flow Statement
Public Trading Enterprises Sector Statement of Changes in Equity
Consolidated Statement of Appropriation

Note Index

Note 1 - The Australian Capital Territory Government
Note 2 - Summary of Significant Accounting Policies
Note 3 - Change in Accounting Policies, Accounting Estimates and Prior Year Comparatives
Note 4 - Disaggregated Information
Note 5 - Australian Capital Territory Government Controlled Entities
Note 6 - Taxation Revenue
Note 7 - Grants Revenue
Note 8 - Revenue from Associates and Joint Ventures
Note 9 - Other Sales of Goods and Services
Note 10 - Interest Income
Note 11 - Dividend and Income Tax Equivalent Income
Note 12 - Land Revenue (Value Add Component)
Note 13 - Other Revenue
Note 14 - Employee Expenses
Note 15 - Superannuation Expenses
Note 16 - Depreciation and Amortisation
Note 17 - Interest Expense
Note 18 - Supplies and Services
Note 19 - Other Operating Expenses
Note 20 - Grant Expenses
Note 21 - Dividends - Market Gains on Land Sales
Note 22 - Land Revenue (Market Gains on Land Sales)
Note 23 - Net Land Revenue (Undeveloped Land Value)
Note 24 - Net Gain/(Loss) on Sale of Non-Financial Assets
Note 25 - Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value
Note 26 - Doubtful Debts
Note 27 - Waivers, Impairment Losses and Write-Offs
Note 28 - Act of Grace Payments
Note 29 - Cash and Deposits
Note 30 - Advances Paid
Note 31 - Investments, Loans and Placements

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

Note Index (continued)

Note 32	- Receivables
Note 33	- Investments in Other Public Sector Entities
Note 34	- Investments Accounted for Using the Equity Method
Note 35	- Property, Plant and Equipment
Note 36	- Investment Properties
Note 37	- Intangibles
Note 38	- Inventories
Note 39	- Assets Held for Sale
Note 40	- Capital Works-in-Progress
Note 41	- Biological Assets
Note 42	- Deposits Held
Note 43	- Advances Received
Note 44	- Finance Leases
Note 45	- Other Borrowings
Note 46	- Superannuation
Note 47	- Other Employee Benefits and Provisions
Note 48	- Payables
Note 49	- Other Liabilities
Note 50	- Reconciliation of Changes in Equity
Note 51	- Reconciliation of Cash Flows
Note 52	- Operating Lease Commitments
Note 53	- Capital Commitments
Note 54	- Other Commitments
Note 55	- Contingencies, Guarantees and Indemnities
Note 56	- Third Party Monies
Note 57	- Interest in Joint Venture Entities
Note 58	- Interest in a Jointly Controlled Operation
Note 59	- Economic Dependency
Note 60	- The Territory's Credit Rating
Note 61	- Auditor's Remuneration
Note 62	- Events Subsequent to Balance Date
Note 63	- Financial Instruments
Note 64	- Expenses and Assets by Function
Note 65	- Elimination Table
Note 66	- Reconciliation to ABS GFS Measures
Appendix A	- Variance Explanations: 2009-10 Actual compared to 2008-09 Actual
Appendix B	- Variance Explanations: 2009-10 Actual compared to 2009-10 Budget
Appendix C	- Glossary



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT AUSTRALIAN CAPITAL TERRITORY

To the Members of the ACT Legislative Assembly

Report on the financial statements

I have audited the financial statements of the Australian Capital Territory (the Territory) for the year ended 30 June 2010. The Territory's financial statements are comprised of the following financial statements and accompanying notes:

- General Government Sector and Total Territory financial statements - operating statement, balance sheet, cash flow statement and statement of changes in equity.
- Public Trading Enterprises Sector financial statements - operating statement, balance sheet, cash flow statement and statement of changes in equity.
- Consolidated statement of appropriation.

Responsibility for the financial statements

The Treasurer and Chief Executive of the Department of Treasury are responsible for the Territory's financial statements. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

My responsibility is to express an independent audit opinion on the Territory's financial statements based on my audit as required by the *Financial Management Act 1996*.

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion by performing audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive

evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit is not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the appropriateness of budget information or to evaluate the prudence of decisions made by the entities included in the Territory's financial statements.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the Territory's financial statements should note that this audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of the financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

I followed applicable independence requirements of Australian professional ethical pronouncements in conducting the audit.

Audit opinion

In my opinion, the Territory's financial statements for the year ended 30 June 2010:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Australian Capital Territory as at 30 June 2010 and the results of its operations and cash flows for the year then ended.

This audit opinion should be read in conjunction with the above information.



Tu Pham
Auditor-General

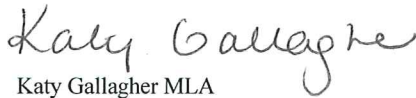
28 October 2010

**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* (FMA) and related guidelines governing the financial affairs of the Territory. Accordingly, the FMA requires the Treasurer to prepare, and certify the consolidated Financial Statements of the Territory each year.

It is my opinion that the attached Financial Statements for the year ended 30 June 2010 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.



Katy Gallagher MLA
Treasurer

Date: 27.10.10

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* (FMA), and therefore the financial administration of Territory activities. This responsibility for financial affairs, and preparation of the consolidated Financial Statements of the Territory, is exercised through the Finance and Budget Division of the Department of Treasury.

It is my opinion that the attached Financial Statements for the year ended 30 June 2010 have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the FMA. These accounts 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.



Megan Smithies
Under Treasurer
Department of Treasury

Date: 27.10.10

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	General Government Sector			Total Territory		
		2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Revenue							
Taxation Revenue	6	1,128	1,019	1,015	1,106	993	986
Grants Revenue	7	1,755	1,675	1,473	1,701	1,630	1,432
Sales of Goods and Services							
Revenue from Associates and Joint Ventures	8	-	-	-	104	73	95
Other Sales of Goods and Services	9	436	414	402	730	703	677
Interest Income	10	120	93	123	90	62	102
Dividend and Income Tax Equivalents Income	11	254	155	197	46	36	81
Other Revenue							
Land Revenue (Value Add Component)	12	-	-	-	166	171	88
Other Revenue	13	51	96	210	42	85	204
Total Revenue		3,744	3,452	3,421	3,984	3,752	3,665
Expenses							
Employee Expenses	14	1,283	1,231	1,175	1,389	1,328	1,271
Superannuation Expenses							
Superannuation Interest Cost	15	217	228	204	217	228	204
Other Superannuation Expense	15	218	207	175	223	211	179
Depreciation and Amortisation	16	268	231	245	322	292	297
Interest Expense	17	68	65	63	69	82	67
Other Operating Expenses							
Supplies and Services	18	697	809	679	788	903	774
Other Operating Expenses	19	180	146	310	238	296	368
Grant Expenses	20	728	706	633	629	604	531
Total Expenses		3,659	3,623	3,485	3,875	3,944	3,691
UPF^(a) Net Operating Balance		85	-171	-64	110	-192	-26
Other Economic Flows - included in the Operating Result							
Dividends - Market Gains on Land Sales	21	28	14	29	-	-	-
Land Revenue (Market Gains on Land Sales)	22	-	-	-	39	20	41
Net Land Revenue (Undeveloped Land Value)	23	86	167	98	86	167	98
Net Gain/(Loss) on Sale of Non-Financial Assets	24	-6	1	-44	5	-2	-40
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	25	151	89	-340	160	89	-340
Doubtful Debts	26	-8	-2	-11	-9	-4	-10
Operating Result		335	98	-332	390	78	-277

^(a) Uniform Presentation Framework (refer to Appendix C - Glossary).

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

	<i>General Government Sector</i>			<i>Total Territory</i>		
	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Other Economic Flows - Other Movements in Equity						
Superannuation Prior Year Actuarial Movement	-307	-	-721	-307	-	-721
Prior Year Adjustment	-	-	15	-	-	14
Net Effect of a Correction for an Error	-3	-	0	-3	-	0
Net Effect of Change in Accounting Policy	-	-	1,109	-	-	1,109
Increase/(Decrease) in Asset Revaluation Surplus	591	-1	230	874	44	254
Increase/(Decrease) in Other Reserves	2	0	-14	3	0	-17
Total Comprehensive Income	618	98	287	956	122	363
Key Fiscal Aggregates (refer to Appendix C - Glossary)						
UPF Net Operating Balance	85	-171	-64	110	-192	-26
<i>less</i> Net Acquisition of Non- Financial Assets						
Purchases of Non-Financial Assets	605	791	372	894	1,271	577
Sales of Non-Financial Assets	-6	-9	-17	-35	-61	-65
Land Revenue (Net Cash Receipts)	-104	-199	-66	-80	-221	-134
Depreciation and Amortisation	-268	-231	-245	-322	-292	-297
Other Movements in Non-Financial Assets	58	45	42	-9	-	-
<i>Total Net Acquisition of Non-Financial Assets</i>	<i>285</i>	<i>397</i>	<i>86</i>	<i>449</i>	<i>697</i>	<i>80</i>
Net Lending / (Borrowing)	-201	-568	-150	-339	-889	-106

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
BALANCE SHEET
AS AT 30 JUNE 2010**

	Notes	General Government Sector			Total Territory			
		2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2007-08 Actual \$m
Financial Assets								
Cash and Deposits	29	184	138	212	241	178	283	212
Advances Paid	30	961	1,117	719	36	40	28	16
Investments, Loans and Placements	31	3,227	2,534	2,983	3,475	2,780	3,152	3,470
Receivables	32	480	322	514	534	330	534	361
Equity								
Investments in Other Public Sector Entities	33	5,426	5,349	5,006	-	-	-	-
Investments Accounted for Using the Equity Method	34	-	-	-	517	545	488	467
Total Financial Assets		10,279	9,460	9,434	4,803	3,874	4,485	4,525
Non-Financial Assets								
Produced Assets								
Property, Plant and Equipment	35	9,497	8,153	8,813	11,943	10,799	11,224	11,017
Investment Properties	36	127	71	129	127	71	129	71
Intangibles	37	20	38	26	50	77	44	14
Inventories	38	12	19	11	98	185	208	146
Assets Held for Sale	39	1	-	0	6	1	24	45
Capital Works-in-Progress	40	532	473	230	846	820	414	430
Non Produced Assets								
Property, Plant and Equipment	35	2,017	820	1,982	5,079	3,514	4,690	3,304
Biological Assets	41	28	11	29	28	12	29	30
Total Non-Financial Assets		12,234	9,585	11,220	18,177	15,478	16,763	15,057
Total Assets		22,513	19,045	20,654	22,980	19,352	21,248	19,582
Liabilities								
Deposits Held	42	160	23	55	15	15	15	15
Advances Received	43	96	96	99	193	193	205	217
Borrowings								
Finance Leases	44	31	2	61	32	2	62	76
Other Borrowings	45	1,124	1,227	895	1,124	1,270	895	808
Superannuation	46	4,606	4,056	4,064	4,606	4,056	4,064	3,121
Other Employee Benefits and Provisions	47	470	386	421	556	511	579	438
Payables	48	598	448	561	668	510	614	465
Other Liabilities	49	15	18	11	30	18	14	7
Total Liabilities		7,099	6,256	6,167	7,225	6,576	6,449	5,147
Net Assets		15,414	12,788	14,487	15,755	12,776	14,799	14,435
Equity in Public Trading Entities								
Accumulated Funds		5,426	5,349	5,006	-	-	-	-
Asset Revaluation Surplus		5,346	4,460	5,428	7,676	6,723	7,571	7,414
Other Reserves		4,645	2,985	4,057	8,072	6,049	7,224	7,001
		-2	-6	-4	7	4	4	21
Net Worth	50	15,414	12,788	14,487	15,755	12,776	14,799	14,435

The above Balance Sheet should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
BALANCE SHEET - CONTINUED
AS AT 30 JUNE 2010**

	<i>General Government Sector</i>			<i>Total Territory</i>				
	Notes	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2007-08 Actual \$m
Key Fiscal Aggregates (refer to Appendix C - Glossary)								
Net Financial Worth		3,180	3,204	3,267	-2,422	-2,702	-1,964	-622
Net Financial Liabilities		2,246	2,146	1,739	2,939	3,247	2,452	1,089
Net Debt (including superannuation related investments)		-2,962	-2,441	-2,804	-2,387	-1,518	-2,286	-2,582
Net Debt (excluding superannuation related investments)		-942	-472	-992	-367	451	-474	-559

The above Balance Sheet should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	General Government Sector			Total Territory		
		2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Cash Flows from Operating Activities							
<i>Cash Receipts</i>							
Taxes Received		1,118	982	995	1,101	965	965
Receipts from Sales of Goods and Services		599	427	488	1,043	1,107	940
Grants/Subsidies Received		1,692	1,629	1,436	1,694	1,629	1,438
Interest Receipts		147	93	145	120	63	122
Dividends and Income Tax Equivalents		159	113	182	-	-	-
Other Receipts		415	342	417	492	374	497
Total Cash Received from Operating Activities		4,131	3,587	3,663	4,451	4,138	3,961
<i>Cash Payments</i>							
Payments for Employees		-1,436	-1,382	-1,313	-1,546	-1,481	-1,411
Payments for Goods and Services		-787	-752	-679	-872	-803	-794
Grants and Subsidies Paid		-738	-722	-641	-629	-620	-540
Interest Paid		-62	-51	-65	-64	-65	-66
Other Payments		-426	-340	-424	-563	-593	-607
Total Cash Paid from Operating Activities		-3,449	-3,247	-3,122	-3,674	-3,562	-3,417
Net Cash Flows from Operating Activities	51b	682	340	542	776	576	544
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
Sales of Non-Financial Assets		6	208	17	35	61	65
Purchase of Non-Financial Assets		-605	-791	-372	-894	-1,271	-577
Net Cash Flows from Investments in Non-Financial Assets		-599	-583	-355	-859	-1,210	-512
Cash Flows from Investments in Financial Assets for Policy Purposes							
<i>Cash Receipts</i>							
Repayment of Loans		2	1	2	2	1	2
Capital Receipts from Agencies		9	-	-	-	-	-
Dividends - Market Gains on Land Sales		28	14	29	-	-	-
Total Cash Received from Investments in Financial Assets for Policy Purposes		38	15	30	2	1	2
<i>Cash Payments</i>							
Issue of Loans		-8	-8	-13	-8	-8	-13
Capital Payments to Government Agencies		-110	-102	-27	-	-	-
Total Cash Paid from Investments in Financial Assets for Policy Purposes		-118	-110	-40	-8	-8	-13
Net Cash Flows from Investments in Financial Assets for Policy Purposes		-80	-95	-10	-6	-7	-11
Cash Flows from Investments in Financial Assets for Liquidity Purposes							
Sales of Investments		250	464	130	186	471	159
Purchase of Investments		-271	-112	-264	-272	-103	-209
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes		-20	352	-134	-85	368	-51
Net Cash Flows from Investing Activities		-699	-326	-499	-951	-850	-574

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
CASH FLOW STATEMENT - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	General Government Sector			Total Territory		
		2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Cash Flows from Financing Activities							
<i>Cash Receipts</i>							
Borrowings		244	246	104	231	235	
Total Cash Received from Financing Activities		244	246	104	231	235	
<i>Cash Payments</i>							
Borrowings		-258	-280	-120	-20	-19	
Total Cash Paid from Financing Activities		-258	-280	-120	-20	-19	
Net Cash Flows from Financing Activities		-14	-34	-16	211	216	
Net Increase/(Decrease) in Cash held		-32	-19	26	36	37	
Cash and Cash Equivalents at the Beginning of Reporting Period		214	125	188	447	410	
Cash and Cash Equivalents at the End of Reporting Period	51a	183	106	214	483	447	
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Cash from Operating Activities		682	340	542	776	544	
Investments in Non-Financial Assets		-599	-583	-355	-859	-512	
Cash Surplus (+) / Deficit (-)		83	-242	186	-83	32	
A positive number denotes a cash inflow, a negative sign denotes a cash outflow.							
Derivation of ABS GFS Cash Surplus/Deficit							
Cash Surplus (+) / Deficit (-)		83	-242	186	-83	32	
Acquisitions Under Finance Leases and Similar Arrangements ^(a)		-	-	-	-	-	
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements		83	-242	186	-83	32	

^(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	General Government Sector			Total Territory		
		2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Opening Equity							
Opening Equity in Public Trading Entities		5,006	5,212	4,958	-	-	-
Opening Accumulated Funds		5,428	4,464	5,380	7,571	6,623	7,415
Opening Asset Revaluation Surplus		4,057	2,985	3,831	7,224	6,027	7,001
Opening Other Reserves		-4	-6	10	4	4	21
Opening Balance		14,487	12,655	14,179	14,799	12,655	14,436
Comprehensive Income							
<i>Included in Accumulated Funds:</i>							
Operating Result for the Period		335	98	-332	390	78	-277
Superannuation Prior Year Actuarial Movement		-307	-	-721	-307	-	-721
Prior Year Adjustment		0	-	15	0	-	14
Net Effect of a Correction for an Error		-3	0	0	-3	0	0
Net Effect of Change in Accounting Policy		-	-	1,109	-	-	1,109
<i>Included in Asset Revaluation Surplus</i>							
Increase/(Decrease) in Asset Revaluation Surplus		591	-1	230	874	44	254
<i>Included in Other Reserves</i>							
Increase/(Decrease) in Other Reserves		2	0	-14	3	0	-17
Total Comprehensive Income		618	98	287	956	122	363
Other							
Transfer to/(from) Accumulated Funds		3	-	5	26	22	31
Movement in Asset Revaluation Surplus		-3	-	-5	-26	-22	-31
Total Other		-	-	-	-	-	-
Transactions Involving Owners Affecting Accumulated Funds							
<i>Included in Accumulated Funds:</i>							
Capital Injections		-110	-102	-27	-	-	-
<i>Included in Equity in Public Trading Entities:</i>							
Increase/(Decrease) in Net Assets of PTE Entities		420	138	48	-	-	-
Total Transactions Involving Owners Affecting Accumulated Funds		310	36	21	-	-	-
Closing Equity							
Closing Equity in Public Trading Entities	50(a)	5,426	5,349	5,006	-	-	-
Closing Accumulated Funds	50(b)	5,346	4,460	5,428	7,676	6,723	7,571
Closing Asset Revaluation Surplus	50(c)	4,645	2,985	4,057	8,072	6,049	7,224
Closing Other Reserves	50(d)	-2	-6	-4	7	4	4
Balance at the End of the Reporting Period		15,414	12,788	14,487	15,755	12,776	14,799

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Revenue			
Government Payment for Outputs	137	155	110
Grants Revenue	6	-	13
Sales of Goods and Services Revenue			
Revenue from Associates and Joint Ventures	104	73	95
Other Sales of Goods and Services	362	353	342
Interest Income	16	5	18
Other Revenue			
Land Revenue (Value Add Component)	184	171	88
Other Revenue	10	7	12
Total Revenue	818	764	678
Expenses			
Employee Expenses	106	97	95
Superannuation Expenses			
Other Superannuation Expenses	14	13	12
Depreciation and Amortisation	54	62	52
Interest Expense	46	52	43
Other Property Expenses (Income Tax Expense)	70	44	49
Other Operating Expenses			
Supplies and Services	126	123	124
Other Operating Expenses	215	233	181
Grant Expenses	75	66	39
Total Expenses	706	692	596
UPF^(a) Net Operating Balance	112	72	82
Other Economic Flows - included in the Operating Result			
Land Revenue (Market Gains on Land Sales)	39	20	41
Net Gain/(Loss) on Sale of Non-Financial Assets	6	-3	4
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	9	-	-
Doubtful Debts	-2	-2	-2
Operating Result	165	87	125

^(a) Uniform Presentation Framework (refer to Appendix C - Glossary).

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

	<i>Public Trading Enterprises</i>		
	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Other Economic Flows - Other Movements in Equity			
Prior Year Adjustment	0	-	-1
Net Effect of a Correction for an Error	-	-	0
Increase/(Decrease) in Asset Revaluation Surplus	313	44	23
Increase/(Decrease) in Other Reserves	1	-	-3
Total Comprehensive Income	480	132	145
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
UPF Net Operating Balance	112	72	82
<i>less</i> Net Acquisition of Non-Financial			
Purchases of Non-Financial Assets	305	480	205
Sales of Non-Financial Assets	-29	-52	-49
Land Revenue (Net Cash Receipts)	8	-33	-67
Depreciation and Amortisation	-54	-62	-52
Other Movements in Non-Financial Assets	-53	-45	-36
<i>Total Net Acquisition of Non-Financial Assets</i>	<i>177</i>	<i>288</i>	<i>1</i>
Net Lending / (Borrowing)	-65	-216	81

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR BALANCE SHEET
AS AT 30 JUNE 2010**

	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m	2007-08 Actual \$m
Financial Assets				
Cash and Deposits	201	48	111	118
Investments, Loans and Placements	248	246	169	215
Receivables	194	95	139	123
Equity				
Investments Accounted for Using the Equity Method	513	545	484	467
Total Financial Assets	1,157	934	903	923
Non-Financial Assets				
Produced Assets				
Property, Plant and Equipment	2,446	2,646	2,411	2,353
Intangibles	30	39	18	0
Inventories	101	166	210	175
Assets Held for Sale	5	1	24	17
Capital Works-in-Progress	314	347	184	108
Non Produced Assets				
Property, Plant and Equipment	3,081	2,694	2,708	2,688
Other Non-Financial Assets				
Deferred Tax Assets	22	47	24	28
Other Non-Financial Assets	0	1	0	1
Total Non-Financial Assets	5,998	5,941	5,579	5,371
Total Assets	7,154	6,875	6,482	6,294
Liabilities				
Advances Received	1,023	1,174	797	714
Borrowings				
Finance Leases	1	0	1	1
Other Borrowings	1	43	0	-
Other Employee Benefits and Provisions	147	123	209	140
Payables	170	96	138	96
Other Liabilities				
Current Tax Liability	23	10	-28	61
Deferred Tax Liability	322	81	351	324
Other Liabilities	42	-	8	0
Total Liabilities	1,728	1,526	1,476	1,336
Net Assets	5,426	5,349	5,006	4,958
Accumulated Funds	2,062	2,275	1,933	1,879
Asset Revaluation Surplus	3,356	3,064	3,065	3,069
Other Reserves	9	11	8	11
Net Worth	5,426	5,349	5,006	4,958
Key Fiscal Aggregates (refer to Appendix C - Glossary)				
Net Financial Worth	-572	-592	-573	-413
Net Debt (including superannuation related investments)	575	923	519	382

The above Balance Sheet should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2010**

	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Cash Flows from Operating Activities			
<i>Cash Receipts</i>			
Receipts from Sales of Goods and Services	627	766	566
Grants/Subsidies Received	138	134	122
Interest Receipts	16	5	19
Other Receipts	102	81	109
Total Cash Received from Operating Activities	883	986	816
<i>Cash Payments</i>			
Payments for Employees	-117	-110	-106
Payments for Goods and Services	-134	-129	-148
Grants and Subsidies Paid	-20	-21	-2
Interest Paid	-44	-49	-43
Other Payments	-333	-528	-332
Total Cash Paid from Operating Activities	-649	-836	-632
Net Cash Flows from Operating Activities	233	150	184
Cash Flows from Investing Activities			
Cash Flows from Investments in Non-Financial Assets			
Sales of Non-Financial Assets	29	52	49
Purchase of Non-Financial Assets	-305	-480	-205
Net Cash Flows from Investments in Non-Financial Assets	-276	-428	-156
Cash Flows from Investments in Financial Assets for Policy Purposes			
<i>Cash Receipts</i>			
Capital Receipts from Government Agencies	110	102	28
Total Cash Received from Investment in Financial Assets for Policy Purposes	110	102	28
<i>Cash Payments</i>			
Dividends - Market Gains on Sales	-36	-14	-29
Total Cash Paid from Investment in Financial Assets for Policy Purposes	-36	-14	-29
Net Cash Flows from Investments in Financial Assets for Policy Purposes	74	88	-1
Cash Flows from Investments in Financial Assets for Liquidity Purposes			
Sales of Investments	41	21	83
Purchase of Investments	-106	-5	-
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	-65	16	83
Net Cash Flows from Investing Activities	-267	-325	-74

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Cash Flows from Financing Activities			
<i>Cash Receipts</i>			
Borrowings	248	270	107
Total Cash Received from Financing Activities	248	270	107
<i>Cash Payments</i>			
Borrowings	-23	-20	-25
Dividends Paid	-117	-76	-82
Other Financing	-6	-38	-100
Total Cash Paid from Financing Activities	-147	-133	-206
Net Cash Flows from Financing Activities	101	137	-99
Net Increase/(Decrease) in Cash held	67	-38	10
Cash and Cash Equivalents at the Beginning of Reporting Period	233	335	222
Cash and Cash Equivalents at the End of Reporting Period	300	297	233
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Cash from Operating Activities	233	150	184
Net Cash Flows from Investments in Non-Financial Assets	-276	-428	-156
Distributions Paid	-124	-113	-182
Cash Surplus (+) / Deficit (-)	-166	-392	-154
A positive number denotes a cash inflow, a negative sign denotes a cash outflow.			
Derivation of ABS GFS Cash Surplus/Deficit			
Cash Surplus (+) / Deficit (-)	-166	-392	-154
Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	-166	-392	-154

^(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

The Cash Flow Statement should be read in conjunction with the accompanying notes.

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	2009-10 Actual \$m	2009-10 Budget \$m	2008-09 Actual \$m
Opening Equity			
Opening Accumulated Funds	1,933	2,159	1,879
Opening Asset Revaluation Surplus	3,065	3,042	3,069
Opening Other Reserves	8	11	11
Opening Balance	5,006	5,212	4,958
Comprehensive Income			
<i>Included in Accumulated Funds</i>			
Operating Result for the Period	165	87	125
Prior Year Adjustment	0	0	-1
<i>Included in Asset Revaluation Surplus</i>			
Increase/(Decrease) in Asset Revaluation Surplus	313	44	23
<i>Included in Other Reserves</i>			
Increase/(Decrease) in Other Reserves	1	0	-3
Total Comprehensive Income	480	132	145
Other			
Transfer to/(from) Accumulated Funds	22	22	27
Movement in Asset Revaluation Surplus	-22	-22	-27
Total Other	0	0	0
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	110	102	27
Dividends Approved	-170	-96	-124
Total Transactions Involving Owners Affecting Accumulated Funds	-60	6	-97
Closing Equity			
Closing Accumulated Funds	2,062	2,275	1,933
Closing Asset Revaluation Surplus	3,356	3,064	3,065
Closing Other Reserves	9	11	8
Balance at the End of the Reporting Period	5,426	5,349	5,006

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2010**

Agency	Appropriation Act 2009-10	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Legislative Assembly Secretariat							
Net cost of outputs	6,163	499				6,662	6,662
Capital injection	691	5				696	388
Payments on behalf of the Territory	5,495					5,495	5,430
ACT Executive							
Net cost of outputs							
Capital injection							
Payments on behalf of the Territory	6,246					6,246	5,597
Auditor-General							
Net cost of outputs	2,112					2,112	2,112
Capital injection							
Payments on behalf of the Territory							
Chief Minister's Department							
Net cost of outputs	45,218	6,190		717	1,986	54,111	52,110
Capital injection	13,444	-6,662			5,128	11,910	6,332
Payments on behalf of the Territory							
Department of Territory and Municipal Services							
Net cost of outputs	312,574	-11,601	436	7,324	633	309,366	303,278
Capital injection	273,752	-15,073	555		27,766	287,000	206,968
Payments on behalf of the Territory	385	3,338			429	4,152	1,292
Shared Services Centre							
Net cost of outputs	5,814					5,814	5,814
Capital injection	5,742				744	6,486	4,370
Payments on behalf of the Territory							
Department of Treasury							
Net cost of outputs	42,496	-600	90		121	42,107	32,891
Capital injection	33,094		560		10,261	43,915	28,007
Payments on behalf of the Territory	33,472		16,679	4,200	4	54,355	54,355

* Additional Approved Appropriations relate to the rollovers of undispersed 2008-09 Appropriation and Act of Grace Payments authorised under the *Financial Management Act 1996* .

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

Agency	Appropriation Act 2009-10	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home Loan Portfolio							
Net cost of outputs							
Capital injection							
Payments on behalf of the Territory							
Superannuation Provision Account							
Net cost of outputs							
Capital injection	137,107					137,107	137,107
Payments on behalf of the Territory	5,221				1,722	6,943	1,890
Territory Banking Account							
Net cost of outputs							
Capital injection	214					214	214
Payments on behalf of the Territory	10,671			395		11,066	11,066
ACT Health							
Net cost of outputs	748,692		10,663			759,355	755,321
Capital injection	117,309	-2,000	5,716		14,259	135,284	61,799
Payments on behalf of the Territory	7,102	2,000				9,102	9,102
Department of Disability, Housing and Community Services							
Net cost of outputs	181,687	-305		922	1,462	183,766	182,274
Capital injection	30,366	305			4,257	34,928	21,737
Payments on behalf of the Territory	34,239		21			34,260	33,150
Housing ACT							
Net cost of outputs	46,705	715				47,420	47,415
Capital injection	76,082		1,150		1,697	78,929	77,894
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the rollovers of undispersed 2008-09 Appropriation and Act of Grace Payments authorised under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

Agency	Appropriation Act 2009-10	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Department of Justice and Community Safety							
Net cost of outputs	185,983	-715	100	376	15	185,759	182,689
Capital injection	54,193				13,324	67,517	25,308
Payments on behalf of the Territory	135,842			51		135,893	135,893
Department of the Environment, Climate Change, Energy and Water							
Net cost of outputs	23,012	-89	175		361	23,459	20,511
Capital injection	3,660				938	4,598	1,008
Payments on behalf of the Territory	1,301				318	1,619	872
Department of Education and Training							
Net cost of outputs	465,771		2,091	6,925	3,216	478,003	472,965
Capital injection	214,821		4,073		7,421	226,315	198,465
Payments on behalf of the Territory	249,702		1,699		2,657	254,058	243,212
ACT Planning and Land Authority							
Net cost of outputs	42,164			185	461	42,810	40,686
Capital injection	4,509				233	4,742	3,378
Payments on behalf of the Territory				868	80	948	948
ACT Gambling and Racing Commission							
Net cost of outputs	4,274					4,274	4,249
Capital injection							
Payments on behalf of the Territory							
ACT Insurance Authority							
Net cost of outputs							
Capital injection	10,000					10,000	-
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the rollovers of undispersed 2008-09 Appropriation and Act of Grace Payments authorised under the *Financial Management Act 1996* .

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

Agency	Appropriation Act 2009-10 \$'000	Neutral Transfers between/within Appropriations \$'000	Commonwealth Grants Variations \$'000	Treasurer's Advance \$'000	Additional Approved Appropriations * \$'000	Total Appropriated \$'000	Final Appropriation Drawn \$'000
ACTEW Corporation Limited							
Net cost of outputs	10,004					10,004	10,004
Capital injection							
Payments on behalf of the Territory							
Canberra Institute of Technology							
Net cost of outputs	64,769		522	253		65,544	65,544
Capital injection	13,967		3,014			16,981	16,981
Payments on behalf of the Territory							
Cultural Facilities Corporation							
Net cost of outputs	7,435					7,435	7,435
Capital injection	2,222					2,222	1,874
Payments on behalf of the Territory							
Independent Competition and Regulatory Commission							
Net cost of outputs	485			180		665	665
Capital injection							
Payments on behalf of the Territory							
Legal Aid Commission (ACT)							
Net cost of outputs	8,020		760	329		9,109	9,109
Capital injection	2,269					2,269	2,269
Payments on behalf of the Territory							
Public Trustee for the ACT							
Net cost of outputs	655					655	655
Capital injection							
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the rollovers of undispersed 2008-09 Appropriation and Act of Grace Payments authorised under the *Financial Management Act 1996* .

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2010**

Agency	Appropriation Act 2009-10 \$'000	Neutral Transfers between/within Appropriations \$'000	Commonwealth Grants Variations \$'000	Treasurer's Advance \$'000	Additional Approved Appropriations * \$'000	Total Appropriated \$'000	Final Appropriation Drawn \$'000
Department of Land and Property Services							
Net cost of outputs		5,251		504		5,755	5,753
Capital injection		18,742				18,742	7,611
Payments on behalf of the Territory							
Sub Totals for Appropriation Classes							
Net cost of outputs	2,204,033	-655	14,837	17,715	8,255	2,244,185	2,208,142
Capital injection	993,442	-4,683	15,068		86,028	1,089,855	801,710
Payments on behalf of the Territory	489,676	5,338	18,399	5,514	5,209	524,137	502,807
Treasurer's Advance	36,800			-23,229		13,571	
Total Appropriations	3,723,951		48,304		99,492	3,871,747	3,512,658

* Additional Approved Appropriations relate to the rollovers of undispersed 2008-09 Appropriation and Act of Grace Payments authorised under the *Financial Management Act 1996*.

Note: The variances between the total appropriated and the appropriation drawn for the 2009-10 is largely due to the following:

Net cost of outputs: The variation is due to the deferral of expenditure from 2009-10 to 2010-11 for various programs, most of which are included in the *2009-2010 Appropriation Act* and were disclosed in 2010-11 Budget Paper No. 4.

Capital injections: The variation is largely due to the deferral of expenditure associated with capital works projects, most of which are included in the *2009-2010 Appropriation Act* and were disclosed in 2010-11 Budget Paper No. 4.

Payment on behalf on the Territory: The variation is due to a lower than expected expenditure of Commonwealth Government grants funding due primarily to the timing of the receipt of those funds, and the deferral of expenditure for superannuation benefits for former Totalcare employees.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

The Australian Capital Territory Government (the Territory) represents a popularly elected ACT 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 four years. The next election is to be held in October 2012.

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

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 Note 5: 'Australian Capital Territory Government Controlled Entities') to deliver services funded by the Government or the community directly. The *Financial Management Act 1996* (FMA) sets the legislative framework for the administration of financial affairs of the ACT Government and its agencies.

Section 22 of the FMA requires the Treasurer to prepare Annual Consolidated Financial Statements for the Territory.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of Annual Financial Statements for the Territory.

The FMA and the *Financial Management Guidelines* issued under the Act, requires that the Financial Statements include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet as at the end of the year;
- (iii) a Cash Flow Statement for the year;
- (iv) a Statement of Appropriation for the year;
- (v) a summary of the significant accounting policies adopted by the Territory for the year; and
- (vi) such other statements as are necessary to fairly reflect the financial operations of the Territory during the year and its financial position as at the end of the year.

These general purpose financial statements have been prepared to comply with 'Generally Accepted Accounting Principles' (GAAP) as required by the FMA. The financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting Policies.

The consolidated financial statements have been prepared using the accrual basis of accounting which recognises the effects of transactions and events when they occur. The consolidated financial statements have also been prepared in accordance with the historical cost convention, except for some assets which were valued in accordance with the revaluation policies applicable to the Territory during the financial year.

These financial statements are presented in Australian dollars, which is the Territory's functional currency.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a) Basis of Accounting - Continued

Where considered material, differing accounting treatments between agencies have been amended to ensure the consolidated financial statements are prepared on a consistent basis in accordance with the Territory's accounting policies and provide a fair and accurate financial depiction of the Territory's activities and position.

b) Compliance Framework

These financial statements for the Territory have been prepared in accordance with AASB 1049: 'Whole of Government and General Government Sector Financial Reporting', which requires compliance with all Australian Accounting Standards except those identified below.

Compliance with AASB 1049 will mean that these statements are also consistent with the reporting requirements of the Uniform Presentation Framework (UPF).

The purpose of these financial statements is to provide users with information about the Government's stewardship of, and accountability for, resources in the Territory, and information about its financial position, performance and cash flows.

The Whole of Government reporting entity includes government departments, government statutory authorities and Public Non-Financial Corporations (PNFC) (also known as Public Trading Enterprises). Specific details about the entities consolidated by the Territory are shown at Note 5: 'Australian Capital Territory Government Controlled Entities'.

The General Government Sector (GGS) is a component of the Whole of Government reporting entity of the Territory. The GGS is determined in accordance with the principles and rules contained in the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* (ABS GFS Manual). The GGS consists of agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenues and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges well below the cost of production.

The GGS financial statements, contained within the Territory's consolidated financial statements, are prepared in accordance with AASB 1049 except for AASB 127: 'Consolidated and Separate Financial Statements' and AASB 139: 'Financial Instruments: Recognition and Measurement', where full application is not required. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the Public Non-Financial Corporations (PTE) sector are not separately recognised in the GGS of the Territory's financial statements. Instead, the GGS financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

The Public Trading Enterprises (PTE) sector comprises those entities mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved. In general, PTEs are legally distinguishable from the governments which own them.

The ABS GFS Manual also provides the basis upon which Government Finance Statistics (GFS) information that is contained in the financial statements is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, total change in net worth, net lending/(borrowing) and cash surplus/(deficit) determined using the principles and rules in the ABS GFS Manual are included in the financial statements, together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the financial statements.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) The Reporting Period

These consolidated financial statements state the financial performance, changes in equity and cash flows of the Territory for the financial year ended 30 June 2010 together with the financial position of the Territory as at 30 June 2010.

d) Budget Comparative Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2009-10 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2009-10 Budget Papers.

The consolidated financial statements included in the 2009-10 Budget Papers were prepared in accordance with the requirements under AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' except for the following minor presentational changes that have occurred since the 2009-10 Budget Papers were published.

- The Balance Sheet splits Non-Financial Assets by Produced, Non-Produced and Other Assets. Definitions of produced, non-produced and other assets are included in the Glossary.
- The calculation of the 'Headline Net Operating Balance' in the Budget Papers is not shown in the Operating Statement of this report. This calculation is not required under AASB 1049.
- The format of the Statement of Changes in Equity and Comprehensive Income in the Operating Statement has changed. More detail is now shown in the Statement of Changes in Equity.

These presentational changes have been applied to the Budget numbers in the financial statements.

e) Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed. Additional detail on significant prior year comparatives which have been revised due to the changed presentation of the financial statements is provided in Note 3: 'Changes in Accounting Policies, Accounting Estimates and Prior Year Comparatives'.

Where the presentation or classification of items in the financial statements have been amended, the comparative amounts have been reclassified where practical. Where a reclassification has occurred the nature, amount and reason for the reclassification is provided.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

f) Rounding

All amounts in the financial statements have been rounded to the nearest million dollars (\$m) unless otherwise indicated. The Statement of Appropriation shows amounts in thousands of dollars (\$'000) consistent with the *Appropriation Act 2009-2010*.

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

g) Basis of Consolidation

In accordance with AASB 127: 'Consolidated and Separate Financial Statements', these consolidated financial statements include the values of all assets, liabilities, equities, revenues and expenses controlled by the Territory.

The financial results of all Territory-controlled entities, have been included in these consolidated financial statements. Where control of an entity is obtained during the financial year, its results are included in the consolidated financial statement from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Balances between Territory-controlled entities, and any unrealised income and expenses arising from transactions between Territory-controlled entities, are eliminated in preparing the consolidated financial statements.

Full application of AASB 127 has not been applied for the GGS financial statements as per the disclosure contained in Note 2(b): 'Compliance Framework' above.

The consolidated entity includes the PTE entities and GGS entities as set out at Note 5: 'Australian Capital Territory Government Controlled Entities'.

h) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Territory and the revenue can be reliably measured. In addition, the following specific recognition criteria must also be met before revenue is recognised:

Taxes, Fees and Fines

Most taxes and fees are recognised when they are owed to the Territory, however, in relation to taxes, where it is considered that the receipt of the amount due is not probable, the revenue is not recognised until the cash is received by the Territory. Fines are measured and recognised when the fine is issued.

Sales of Goods

Revenue from the sale of goods is recognised by the Territory as revenue when the significant risks and rewards of ownership of the goods have transferred to the buyer, the Territory retains neither continuing managerial involvement nor effective control over the goods sold, and the costs incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from the rendering of services is recognised when the stage of completion of the transaction at the reporting date can be measured reliably and the costs of rendering those services can be measured reliably.

Interest

Interest revenue is recognised using the effective interest method.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Land

Land sales revenue is recognised when all of the risks and rewards of the sale of land are transferred to the purchaser. The point of recognition for one sale may differ from another depending on the individual terms of each contract of sale. The sale of land by auction, by direct grant, and by ballot is recognised on settlement; the issue of a lease and the sale of land to a joint venture partner is recognised on the signing of a legally enforceable agreement to contribute undeveloped parcels of land to the joint venture entity for development. Sales under the Land Rent Scheme are recognised on settlement.

Should sale proceeds be received by instalments, the initial amount to be recorded as revenue is the fair value of the consideration calculated by discounting the contracted value (nominal value) using the prevailing rate for a similar instrument of an issuer with a similar credit rating to the Land Development Agency. The difference which arises between the fair value of the consideration to be received over the deferral period and the contracted (nominal) value of the land is recognised as interest income over the deferral period.

Proceeds from land sales may comprise both cash-related transactions and the value of infrastructure required to be provided by the developer as part of the Deed of Agreement associated with the sale of land. The 'Right to Receive Infrastructure from Developers' is recognised as revenue and an asset at the time of settlement.

Land revenue is classified according to the underlying nature of the sales transactions. As a result, the total value of land revenue recognised by the Territory is classified as either 'undeveloped land value', 'value add component' or 'market gains on land sales', as appropriate.

- The 'undeveloped land value' portion of land revenue reflects the unimproved value of land sold. Land Revenue (Undeveloped Land Value) is classified in the Operating Statement as an 'Other Economic Flow', as undeveloped land is considered to be an asset sale, consistent with the presentation requirements of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting'.

The amount of 'undeveloped land value' recorded in the Operating Statement is determined by independent valuation prior to land sales, and is equal to the value of land purchased from the Department of Territory and Municipal Services, within the General Government Sector, by the Land Development Agency, a Public Trading Enterprise agency.

- The 'value add component' of land revenue reflects estimated earnings attributable to works undertaken which have contributed to an increase in the value of land sold. The 'value add component' of land revenue is reflected in the 'Revenue' section of the Operating Statement, because this portion of land revenue represents value which the Territory has generated through its development and other value add activities, such as marketing and design.

When the Territory develops undeveloped land and then sells it in the market place, the total revenue earned in excess of the value of the undeveloped land (net revenue) is recorded as 'Land Revenue (Value Add Component)'.

- 'Market gains on land sales' reflects the portion of land revenue related to the growth in value of land sold that is attributed to prevailing market conditions. Given the nature of this revenue is in the form of a gain, it is included in the 'Other Economic Flows' section of the Operating Statement, consistent with presentation requirements of AASB 1049.

When the Territory sells undeveloped land, the net revenue is divided between Land Revenue (Value Add Component) and Land Revenue (Market Gains on Land Sales).

These two components cannot be readily disaggregated. The amount recorded as 'value add' is established as the value the seller (the Territory) would be deemed to have added through a range of activities, such as packaging, promotion and marketing. The remainder of the net revenue is deemed to be market gain.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

The above classification and treatment results in the development profits and revenue benefits relating to specific activities undertaken by the Territory being recognised as revenue for the Territory, and proceeds of asset sales and market gains to be excluded from revenue in the Operating Statement.

Refer also, Note 2(ak): 'Significant Accounting Judgements and Estimates'.

Dividends

Dividend revenue is recognised when the Territory's right to receive payment is established.

For the General Government Sector (GGS), the component of dividends from the Public Trading Enterprises (PTE) sector is classified according to the underlying nature of the sales transaction/s. As a result, the total value of dividends recognised by the GGS is classified as either 'dividend income', included in 'Dividend and Income Tax Equivalents Income' in the 'Revenue' section of the Operating Statement, or 'Dividends - Market Gains on Land Sales' in the 'Other Economic Flows' section of the Operating Statement.

The 'market gains' portion of the GGS dividend reflects the after 'income tax equivalents' profit on the sale of land attributable to market gains. The remainder of the dividend from the PTE sector is recorded as 'dividend income' and included in 'Dividend and Income Tax Equivalents Income' in the 'Revenue' section of the Operating Statement.

Refer also, to 'Revenue Recognition: Land' above and 2(ak): 'Significant Accounting Judgements and Estimates' for information regarding market gains on land sales.

i) Resources Received and Provided Free of Charge

Resources received or provided free of charge are recorded as a revenue or expense in the Operating Statement at fair value at the date of transaction if they can be reliably measured and would have been purchased or sold if not transferred free of charge.

j) Repairs and Maintenance

All costs involved with the maintenance of physical assets are classified as an expense unless they add to the service potential of the existing asset, in which case the costs are capitalised.

k) Interest Expense

Interest expense is recognised in the period in which it is incurred at the effective interest rate.

l) Waivers of Debt

Debts that are waived under Section 131 of the FMA are expensed during the year in which the right to payment was waived. Further details of such waivers are disclosed in Note 27: 'Waivers, Impairment Losses and Write-Offs'.

m) Taxation Expense

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 is shown as relevant in the disaggregated sector information, related amounts are eliminated in the Consolidated Financial Statements.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

n) 'Financial' and 'Non-Financial' Assets and Liabilities

Assets are classified as either 'financial' or 'non-financial' in nature. Financial assets are those that derive value because of a contractual claim. Non-financial assets are assets other than financial assets. Non-financial assets primarily include property, plant and equipment such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

o) Cash

Cash and Deposits

For the purposes of the Balance Sheet, cash and deposits includes cash at bank, cash on hand, demand deposits and overnight cash.

Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash includes cash at bank, cash on hand, demand deposits and overnight cash. Cash equivalents are short-term (with a maturity of less than 3 months), highly liquid investments that are readily convertible to known amounts of cash. Cash equivalents include short-term securities held by the Territory. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in cash and deposits in the Balance Sheet.

The inclusion of movements in short-term securities and other cash equivalents in 'cash' for the purpose of the Cash Flow Statement is the principle difference between 'Cash and Deposits' and 'Cash and Cash Equivalents'.

Interest on Cash and Overdraft

Cash at bank earns interest at a floating rate in accordance with an established agreement with the Territory's bank, the Commonwealth Bank of Australia (CBA).

p) Receivables

Receivables (including trade and other receivables) are initially recognised at fair value and subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Trade receivables arise in the normal course of selling goods and services to other agencies and to the public. Other receivables arise outside the normal course of selling goods and services to other parties. Credit terms are usually for a period within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The 'Right to Receive Infrastructure from Land Developers' is also recognised as a receivable. The sale of land by the Territory can involve the receipt of cash as well as the value of infrastructure assets (such as roads, services and landscaping) required to be constructed by the purchaser as part of the sale conditions. Upon completion and handover to the Territory by the purchaser, the infrastructure works are recognised as infrastructure assets.

The collectability of receivables is reviewed on an on-going basis. Receivables which are known to be uncollectable are written off.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

p) Receivables - Continued

The allowance for impairment losses represents the amount of trade receivables and other trade receivables the Territory estimates will not be repaid. The Territory determines the allowance for impairment loss based on objective evidence and a review of overdue balances. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recorded in the Operating Statement. The allowance for impairment losses are written back against the receivables account when the Territory ceases to collect the debt as it considers that it will cost more to recover than the debt is worth.

q) Advances Paid

Advances paid by the Territory include home loans to members of the public, and a loan facility provided through an agreement between Community Housing Canberra Limited (CHC) and the Australian Capital Territory (represented by the Department of Treasury).

These home loans assist low income households in achieving home ownership. Loans receivable are on a variable rate, which is aligned to the interest rate charged by the CBA for Complete Home Loan Variable Rate loans. The interest rate is updated when necessary to be in line with the CBA interest rate. As at 30 June 2010, the interest rate was set at 7.36 per cent (2009: 5.64 per cent).

r) Investments

The Territory's investments are designated as 'Financial Assets at Fair Value through Profit and Loss' in accordance with AASB 139: 'Financial Instruments: Recognition and Measurement'. As these assets have been designated as 'Financial Assets at Fair Value through Profit and Loss' they have to remain in that class until derecognised.

'Financial Assets at Fair Value through Profit and Loss' are measured at fair value with any adjustments to the carrying amount being recorded in the Operating Statement. Fair value is based on quoted market prices at reporting date. The quoted market price used is the current bid price.

The financial investment assets are managed in accordance with a defensive strategy that takes into account the risk/return objectives of the Territory and the time horizon of the Territory's cash flow requirements. Currently 85 per cent of the portfolio is invested in a short-term cash enhanced fund and 15 per cent of the portfolio is invested in a fixed interest fund. As a result, the principal financial investment instruments of the Territory's investment portfolio include cash, floating rate notes and fixed interest bonds.

The combination of investment classes is designed to achieve the maximum return within the allowable risk tolerances and liquidity needs of the Territory.

The Territory's superannuation investment assets are managed in accordance with an asset allocation strategy that takes into account the risk/return objectives of the Territory and the long term nature of the projected defined benefit employer superannuation liabilities and projected cash flow requirements. The long term Strategic Asset Allocation (SAA), consistent with this long-term investment objective equates to 70 per cent of the portfolio invested in growth assets (such as equities) and 30 per cent of the portfolio being invested in defensive assets (such as cash and fixed investments).

The combination of investment classes is designed to achieve the return objective of Consumer Price Index (CPI) plus 5 per cent (net of fees) over the long-term.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

r) Investments - Continued

Financial Derivative Instruments

Investments

Financial derivatives are used by the Territory's investment fund managers for cash flow management and for the hedging, or mitigation, of certain interest rate, credit or market risks of the investment portfolio. Under the *Financial Management (Investment and Borrowing) Guidelines 2005*, derivative instruments are not permitted to be used for speculation or leveraging of a portfolio and may only be used to protect the investment portfolio against, or minimise the effect on the portfolio of interest rate movements and fluctuations in underlying financial markets of investments in the portfolio; to reduce the transaction cost of investing; to reduce transaction costs of achieving a required market exposure in investment; and to adjust the duration of a Territory investment portfolio. The *Financial Management (Investment and Borrowing) Guidelines 2005* do not permit the investment fund managers to use an uncovered derivative or a derivative for which the potential exposure cannot be reliably measured.

The extent to which derivatives may be used is set out in the *Financial Management (Investment and Borrowing) Guidelines 2005*. The authorised derivative guidelines are also stated in the investment management agreements established with each contracted investment fund manager.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are recorded in the Operating Statement for the year.

Borrowings

The Territory directly undertakes financial derivative transactions as part of the management of interest-bearing liabilities.

The Territory uses interest rate 'forward start' swaps and interest rate forwards to manage the interest rate and duration of the borrowing portfolio. Interest rate swaps and interest rate 'forward start' swaps are agreements between two counterparties to exchange a future stream of interest rate dependent cash flows. The Territory has designated the interest rate swaps and forwards as cash flow hedges - hedges of highly probable forecast transactions. A 'cash flow hedge', hedges against movements in cash flows that are attributable to a risk associated with an asset or liability that could affect the Operating Statement. These interest rate 'forward start' swaps are hedging the exposure to interest rate movements on the Territory's borrowing liabilities.

The interest rate swaps are subjected to the requirements of AASB 139: 'Financial Instruments: Recognition and Measurement'. At the inception of the transaction, the relationship between the hedging instruments and the hedge items, as well as its risk management objective and strategy for undertaking the hedge transactions is documented. Assessments, both at hedge inception and on a monthly ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be effective in offsetting changes in cash flows of hedged items are documented and incorporated into the Territory's reporting practices. The interest rate swap is expected to be highly effective in achieving offsetting changes in cash flows attributable to the interest rate risk, consistent with the originally documented risk management strategy for the hedging relationship.

The effectiveness of the interest rate swap is determined on a monthly basis by retrospective and prospective testing of the statistical correlation between the cash flows of the hedging instrument and the hedged item to ensure that the interest rate swaps effectiveness falls within a range of 80:125 per cent as prescribed by AASB 139: 'Financial Instruments: Recognition and Measurement'.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

r) Investments - Continued

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recorded immediately in the Operating Statement. Amounts accumulated in the hedge reserve in equity are transferred to the Operating Statement in the periods when the hedged item will affect the surplus or deficit.

When the hedging instrument expires, amounts that have been recorded directly in equity shall be recorded as income or expense in the Operating Statement in the same period.

s) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost comprises the purchase price of inventory as well as transport, handling, development costs on land and other costs directly attributable to the acquisition of that inventory. Development costs on land include implementation of estate planning, demolition, remediation activities, and relocation or construction of infrastructure services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

t) Assets Held for Sale

Assets held for sale are assets that are available for immediate sale in their present condition, and their sale is highly probable.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less cost to sell. Assets held for sale are not depreciated.

u) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment is initially recorded at cost. Cost includes the purchase price, directly attributable costs and the estimated cost of dismantling and removing the item (where, upon acquisition, there is a present obligation to remove the item). Property, plant and equipment acquired at no or minimal cost is recorded at fair value as at the date of acquisition.

Where the payment for property, plant and equipment is deferred beyond normal credit terms, the Territory measures the difference between its cash price equivalent and the total payment as interest over the period of credit. The discount rate used to calculate the cash price equivalent is an asset specific rate.

The Territory capitalises property, plant and equipment with a minimum value of \$5,000.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

v) Measurement of Property, Plant and Equipment After Initial Recognition

Property, plant and equipment is valued using the cost or revaluation model of valuation in accordance with AASB 116: 'Property, Plant and Equipment'.

Land, buildings, infrastructure assets, leasehold improvements, and heritage and community assets are measured at fair value. Plant and equipment is measured at either cost or fair value.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. The Territory measures fair value using market based evidence available for that asset (or a similar asset), as this is the best evidence of an asset's fair value. Where the market price for an asset cannot be obtained, because the asset is specialised and is rarely sold, depreciated replacement cost is used as fair value.

Fair value for land and buildings is measured using current prices in a market for similar properties in a similar location and condition. Fair value for infrastructure assets, leasehold improvements and some community and heritage assets are measured using depreciated replacement cost. For other community and heritage assets, fair value is determined using a market price where there is a market for the same or similar item.

Fair value for land under roads (which is part of the heritage and community asset class) is measured on an unimproved rateable land valuation basis. This methodology deduces a value per square metre of land by dividing the total unimproved value of rateable land in the Territory by the total area of the Territory.

The Territory revalues its land, buildings, infrastructure assets and heritage and community assets every 3 years. However, if at any time it is considered that the carrying amount of an asset materially differs from its fair value then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

w) Impairment Losses

At each reporting date, the Territory assesses whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. However, intangible assets that are not yet available for use are tested annually for impairment regardless of whether there is an indication of impairment, or more frequently if events or circumstances indicate they might be impaired.

Any resulting impairment losses for land, buildings, infrastructure, and community and heritage assets, are recognised as a decrease to the available balance in the Asset Revaluation Surplus. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the difference is recognised in the Operating Statement. Impairment losses for plant and equipment and intangible assets are recognised in the Operating Statement. The other side of the transaction is that the carrying amount of the asset is reduced to its recoverable amount.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

w) Impairment Losses - Continued

An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less the cost to sell' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced if the Territory were deprived of it. Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

x) Land Under Roads

The Territory shows the value of all land under roads in the Territory in accordance with AASB 1051: 'Land Under Roads' and AASB 116: 'Property, Plant and Equipment'.

Land under roads include land under roadways and road reserves, including land under footpaths, nature strips and median strips.

Land under roads are valued using the revaluation model in accordance with AASB 116: 'Property, Plant and Equipment'. Refer to Note 2(u): 'Acquisition and Recognition of Property, Plant and Equipment' and Note 2(v): 'Measurement of Property, Plant and Equipment After Initial Recognition' for the Territory's valuation policies.

The methodologies used to value land under roads are consistent with guidelines issued by the Australasian Valuers-General.

y) Investment Properties

Investment properties are measured at fair value. Fair value is the amount the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Changes in fair values are recorded in the Operating Statement. Investment properties are not depreciated.

z) Intangible Assets

The Territory's intangible assets are comprised of internally developed and externally acquired software for internal use.

Externally acquired software is recognised and capitalised when:

- (i) it is probable that the expected future economic benefits that are attributable to the software will flow to the Territory;
- (ii) the cost of the software can be measured reliably; and
- (iii) the acquisition cost is equal to or exceeds \$50,000.

Internally generated software is recognised when it meets the general recognition criteria outlined above and where it also meets the specific recognition criteria relating to internally developed intangible assets.

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 5 years.

Intangible assets are measured at cost.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aa) Depreciation and Amortisation of Non-Current Assets

Non-current assets with a limited useful life are systematically depreciated/amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued, it is depreciated/amortised over its newly assessed remaining useful life. Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment. Land and some heritage and community assets have an unlimited useful life and are therefore not depreciated.

Leasehold improvements and assets under a finance lease arrangement are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is the shorter.

All depreciation is calculated after first deducting any residual values which remain for each asset.

Depreciation/amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Buildings	Straight Line	5-100
Land Restoration	Straight Line	30-50
Leasehold Improvements	Straight Line	2-10
Plant and Equipment	Straight Line	2-20
Infrastructure	Straight Line	5-100
Heritage and Community Assets	Straight Line	5-100
Externally Purchased Intangibles	Straight Line	2-5
Internally Generated Intangibles	Straight Line	2-5

The useful lives of all major assets held by the Territory are reassessed on an annual basis.

ab) Biological Assets

The Territory has applied AASB 141: 'Agriculture', recognising the commercial softwood plantation as a biological asset. Management of the Forestry Estate is subject to the *Environment Protection Act 1997*, under which a specific authorisation has been issued. All activities are required to comply with the principles of the *1995 Code of Practice*.

Timber is classified as being either 'pre-commercial' or 'commercial'. Pre-commercial stands are less than 15 years old and are too small to be sold for a commercial purpose. Commercial stands are 15 years old or greater in age and are managed to produce commercial output. 'Commercial-beyond normal' are areas within plantations that are beyond the planned rotation length in each forest.

The cost of restoring fire affected forestry land is expensed throughout the year. At the end of each reporting period this expenditure is assessed and where appropriate, the expenditure is capitalised.

ac) Payables

Payables are a financial liability and are measured at the fair value of consideration expected to be received when initially recognised and at amortised cost subsequent to initial recognition, with any adjustments to the carrying amount being recorded in the Operating Statement. All amounts are normally settled within 30 days after the invoice date.

Payables include trade payables, accrued expenses and other payables. Trade payables represent the amounts owing for goods and services received prior to the end of the reporting period that are unpaid at the end of the reporting period and relate to the normal operations of the Territory.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ac) Payables - Continued

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where invoices have not been received by period end.

Other payables are those unpaid invoices that do not directly relate to the normal operations of the Territory.

ad) Advances Received

Advances Received are loans issued to the Territory by the Commonwealth Government for policy purposes, which includes the provision of housing to the community under the Commonwealth State Housing Agreement and the provision of home loans to the low income members of the public to assist with home ownership.

ae) Joint Ventures

Jointly Controlled Operations

The share of assets, liabilities, income and expenses of the jointly controlled operations have been incorporated in the financial statements under the appropriate headings.

Jointly Controlled Entities

The Territory accounts for the interest in its jointly controlled entities using the equity method. Under the equity method, the Territory initially recognises its interest in a jointly controlled entity at cost. After initial recognition, the Territory adjusts its interest for any post-acquisition change in its share of the jointly controlled entity's net assets. The Operating Statement includes the share of the profit or loss of the jointly controlled entity. While the Balance Sheet includes the share of any movements in the jointly controlled entity's reserves.

Unrealised profits and losses arising from transactions that establish a jointly controlled entity and transactions with that entity have been eliminated to the extent of the ownership interest in the jointly controlled entity.

af) Interest Bearing Liabilities

Borrowings are financial liabilities, which are measured at the fair value of the consideration received when initially recognised and at amortised cost subsequent to initial recognition. Any adjustments to the carrying amount are recorded in the Operating Statement. The associated interest expense is recognised in the reporting period in which it occurs.

Borrowings also include financial derivatives. For more information on derivatives, refer Note 2(r): 'Investments'.

ag) Employee Benefits

Employee benefits include wages and salaries, annual leave, long service leave and applicable on-costs. On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual and long service leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid. They are recorded as a liability and as an expense.

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

Annual leave and long service leave that fall due wholly within the next 12 months are measured based on the estimated amount of remuneration payable when the leave is taken.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ag) Employee Benefits - Continued

Annual and long service leave including applicable on-costs that do not fall due within the next 12 months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2009-10, the discount factor used to calculate the present value of these future payments is 92.9 per cent (90.5 per cent in 2008-09).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in service, the probability that employees will take annual and long service leave while in service has been taken into account in estimating the liability for on-costs.

ah) Superannuation

The majority of employees within the ACT Public Sector are members of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). From 1 July 2005, new employees commencing service with the ACT public sector assumed membership of the Public Sector Superannuation Accumulation Plan (PSSap). From 6 October 2006, access to the PSSap for new ACT Government employees was no longer available. From 6 October 2006, the Territory introduced full superannuation fund of choice arrangements for all new employees.

The CSS and PSS superannuation arrangements are administered by the Commonwealth Government agency, ComSuper. With effect from 1 July 1989, the ACT Government became a separate body politic and is responsible to the Commonwealth Government for the employer-financed portion of superannuation benefits provided to employees for their period of employment with the ACT Government.

Under the arrangements agreed with the Commonwealth Government, the ACT Government is to reimburse ComSuper for the emerging cost of superannuation entitlements in respect of ACT Government employees who are members of the CSS or PSS. Annual payments to the Commonwealth Government to reimburse the costs of superannuation benefits paid to ACT retirees are based on preliminary estimates agreed with the Commonwealth Government. The amount paid during 2009-10 was \$97.155 million (2008-09: \$70.918 million) for emerging costs. The emerging cost payments for 2008-09 were reviewed during 2009-10 by the consultant Actuary using ComSuper data on actual benefit payments. The Actuary determined that the actual benefit payments exceeded the emerging cost payments resulting in a 'deficit'. As at 30 June 2009, the deficit amounted to \$24.531 million. The deficit was repaid during the 2009-10 financial year (2008-09: \$22.963 million).

The date from which these entitlements started to accrue is 1 July 1989. The Superannuation Provision Account (SPA) was established in 1991 to assist the Government in managing its superannuation liabilities. The SPA is not a superannuation scheme, but an ACT Government account to recognise and make payments in connection with the Government's total defined benefit CSS and PSS superannuation liabilities.

The Territory is required to contribute to the CSS and PSS as employees are paid a benefit. Consequently, an unfunded employer liability as recognised by the Commonwealth Government has been created. The Territory reimburses ComSuper for these emerging benefit costs.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ah) Superannuation - Continued

The estimated superannuation liability represents the obligation of the ACT to make payments to the Commonwealth Government in respect of superannuation arising from ACT Government employment. A full actuarial review is conducted every three years, with annual reviews reflecting actual experience in respect of staffing numbers, salary movements and change in the discount rate. The change in the estimated superannuation liability from the previous reporting period to the current reporting period comprises four elements: Service Cost; Interest Cost; Emerging Benefits Payments; and Actuarial Gains or Losses.

The Territory recognises actuarial gains and losses by applying the 'Direct to Equity Method' as allowed under AASB 119: 'Employee Benefits'.

All other movements of the estimated superannuation liability are expensed in the Operating Statement in the period to which the movement relates. The superannuation expense for the reporting period is the projected expense based on the discount rate used in the previous year's actuarial review (5.60 per cent) to estimate the closing 30 June 2009 superannuation liability. The closing liability as at 30 June 2010 is estimated at the discount rate as at 30 June 2010 of 5.16 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2010 minus the liability as at 30 June 2009, adjusted for the projected 2009-10 interest and service cost and actual benefit payments.

ai) Insurance

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

- the loss, damage or destruction of Territory assets; and
- the legal liabilities of 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.

^(a) The Territory self insures the risks of the everyday business of the Government. This covers a broad range of risks and most claims are paid from Territory funds. However, those risks which on account of their sheer volume or exposure, would exceed financial resources are ceded to a reinsurer. Property is insured from \$5 million to \$1 billion for any one event.

aj) Leases

Finance Leases

Finance leases effectively transfer to the Territory substantially all the risks and benefits incidental to ownership of the assets under finance lease. The title may or may not eventually be transferred. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments each being determined at the inception of the lease. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets under a finance lease are depreciated over the shorter of the asset's useful life and lease term. These assets are depreciated on a straight-line basis. The depreciation is calculated after first deducting any residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability.

Operating Leases

Operating leases do not effectively transfer to the Territory substantially all the risks and rewards incidental to ownership of the leased asset. Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Territory has made the following judgements and estimates that have a significant impact on the amounts recorded in the financial statements:

- (i) *Land Sales*: Land sales revenue is recognised when receipts from the sale of land are considered to be 'virtually certain'. The point of recognition for one sale may differ from another depending on the individual terms of each contract of sale. The sale of land by auction or direct grant is recognised on the signing of an unconditional contract of sale; the sale of land by ballot is recognised on settlement and issue of a lease; and the sale of land to a joint venture partner is recognised on the signing of a legally enforceable agreement to contribute undeveloped parcels of land to the joint venture entity for development.

Proceeds from land sales may comprise both cash related transactions and the value of infrastructure required to be provided by the developer as part of the Deed of Agreement associated with the sale of land. The Right to Receive Infrastructure from developers is recognised as revenue and an asset at the time of settlement.

- (ii) *Land Revenue*: As outlined in note 2(h): 'Revenue Recognition', the Territory apportions land revenue between the 'undeveloped land value', 'value add component' and 'market gains on land sales'. Although Land Revenue (Undeveloped Land Value) is determined by independent valuation prior to the land sales transaction, the Territory uses significant judgement to determine the value of revenue attributable to the 'value add component' and 'market gains' of land sales, as these two components can not be readily disaggregated.

Where the Territory sells a parcel of undeveloped land and has undertaken 'value add' work representing 50 per cent or greater of the undeveloped land value, the Territory is considered to be a developer and the total amount of the sale is recognised as revenue. For most sales of developed land, the Territory's value add expenses are considerably less than 50 per cent of the undeveloped land value. In these instances, apart from 'agent' revenue, the remaining portion of land sales revenue is recorded as Land Revenue (Market Gains on Land Sales), as this reflects the part of land revenue related to the growth in value of land sold that is attributed to prevailing market conditions.

For the sale of undeveloped land either directly or by auction, where the Territory has undertaken minimal value add in relation to the land sold, the amount of 'value add' recorded by the Territory as Land Revenue (Value Add) is the value the seller (the Territory) would be deemed to have added through a range of activities, such as packaging, promotion and marketing. The 'value add component' is calculated as between 2.75 and 4.5 per cent, depending on the value of the sale, of the total revenue earned on applicable undeveloped land sales. This is a conservative measure of value add, as it implies that the value add from activities of the seller would be equivalent to the cost of those activities.

In the event an exceptional land sale (ie., where the sale proceeds are well in excess of the average revenue from the sale of Territory land), the transaction is reviewed on a case-by-case basis to determine the extent to which the land sales revenue should be apportioned between 'value add' and 'market gains'. There were no exceptional land sales recorded in 2009-10.

Where the Territory sells a parcel of undeveloped land, and has undertaken 'value add' work representing 50 per cent or greater of the undeveloped land value, the Territory is considered to be a developer for the purpose of determining the classification of land revenue, and therefore no 'market gains' are recorded for the sale. For most sales of undeveloped land, the Territory's value add expenses are considerably less than 50 per cent of the undeveloped land value.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

The remaining portion of land sales revenue is recorded as Land Revenue (Market Gains on Land Sales), as this reflects the part of land revenue related to the growth in value of land sold that is attributed to prevailing market conditions.

- (iii) *Dividends - Market Gains on Land Sales*: For the General Government Sector (GGS), the component of dividends from the Public Trading Enterprises (PTE) sector is classified according to the underlying nature of the sales transaction/s. As a result, the total value of dividends recognised by the GGS is classified as either 'dividend income', included in 'Dividend and Income Tax Equivalent Income' in the 'Revenue' section of the Operating Statement, or 'Dividends - Market Gains on Land Sales' in the 'Other Economic Flows' section of the Operating Statement.

The 'market gains' portion of the GGS dividend reflects the after 'income tax equivalent' profit on the sale of land attributable to market gains. The remainder of the dividend from the PTE sector is recorded as 'dividend income' and included in 'Dividend and Income Tax Equivalent Income' in the 'Revenue' section of the Operating Statement.

Refer to notes 2(h): 'Revenue Recognition' and 2(ak)(ii): 'Significant Accounting Judgements and Estimates: Land Revenue' for information regarding how market gains on land sales is calculated.

- (iv) *Fair Value of Assets*: The Territory has made a significant judgement regarding the fair value of its assets. Most land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. In some circumstances, buildings that are purpose-built may in fact realise more or less in the market.

Infrastructure assets and some community and heritage assets have been recorded at fair value based on depreciated replacement cost as determined by officer revaluation. This valuation uses significant judgement and estimates to determine fair value, including the appropriate indexation figure and quantum of assets held.

- (v) *Employee Benefits*: The Territory has made a significant judgement in estimating the liability for employee benefits. The estimated liability for employee benefits requires consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required for long service leave and that on-costs will become payable. Further details in relation to the calculation of this estimate are outlined in Note 2(ag): 'Employee Benefits' and Note 3: 'Change in Accounting Policies, Accounting Estimates and Prior Year Comparatives'.

- (vi) *Property, Plant and Equipment (PPE)*: The Territory has made significant estimates in determining the useful lives of its PPE. The estimation of useful lives of PPE has been based on historical experience of similar assets and in some cases has been based on valuations provided by independent valuers. The useful lives are reassessed on an annual basis and any adjustments are made when considered necessary.

- (vii) *Impairment of Assets*: The Territory's physical assets are assessed annually for impairment. If this assessment indicates an asset is impaired, then an assessment of the asset's recoverable amount must be estimated to determine whether an impairment loss must be recognised.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

- (viii) *Allowance for Impairment of Trade Receivables*: Periodic assessments are made of outstanding liabilities to determine the likelihood that those debts will be settled. The outstanding debt is divided into both time (age of debt) and type of debt categories. Historical analysis is undertaken to determine the likelihood of debt being recovered in each of these categories. The amount that remains uncollected for each category is reduced for the current financial year to reflect the likelihood of collection. The provision is reduced to reflect the debts that have been written-off. While the debt is written-off in the financial report, these are not written-off in the Territory's financial records and are still collected where possible.
- (ix) *Assessment of Contingent Liabilities*: The Territory has made considerable judgement in disclosing the contingent liabilities amount based on the Territory's likely liability for legal claims against the Territory.
- (x) *Estimated Superannuation Liabilities*: The carrying amount of the estimated superannuation liabilities is based on estimates and assumptions of future events. The key estimates and assumptions have a significant risk of causing a material adjustment to the carrying amount of the estimated superannuation liabilities within the next annual reporting period.

The Territory's financial statements recognises solely the net unfunded employer liability of the ACT Government. Accordingly, the disclosure requirements of AASB 119: 'Employee Benefits' have been applied.

The ACT's superannuation liabilities are estimated by the Government's consultant Actuary. The superannuation liability calculated is the employer-financed cost of the superannuation benefits, excluding productivity benefits, provided to ACT Government employees who are members of the CSS or PSS from the latter of 1 July 1989, the date at which the ACT agency started, or the date the member's employment commenced. The liability estimate as at 30 June 2010 is based on the following assumptions.

Data:

Contributor data for CSS and PSS members who were ACT Government employees as at 30 June 2009 was obtained from the Commonwealth Government agency, ComSuper.

Methodology:

The estimated superannuation liabilities of the ACT Government relate to the value of the employer-financed portion of superannuation benefits provided to existing employees of the ACT Government who are members of the CSS or PSS. The employer-financed component excludes the productivity component and is based on the service with the ACT Government from the later of 1 July 1989, the date at which the ACT agency started, or the date the member's employment commenced.

The employer-financed component is the total benefit payable (excluding the productivity component) less the accumulated member contributions with interest.

The value of the estimated superannuation liabilities is calculated as the present value of the future payment of benefits that have actually accrued in respect of ACT Government service to the calculation date. This approach, which is known as the 'actual accruals' basis, is in line with AASB 119: 'Employee Benefits'.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

Demographic Assumptions:

The key demographic assumptions that impact on the estimated superannuation liability include promotional increases in salary; increasing levels of PSS member contributions over time; death and invalidity; retirement, resignation and retrenchment; pensioner mortality; improvements in pensioner mortality; benefit retention; benefit stream choice; and spouse assumptions.

<i>Financial Assumptions:</i>	2010	2009	
Discount Rate	5.16%	5.60%	<i>Reflects a 10-year government Bond yield at 30 June.</i>
Salary Increase	4.00%	4.00%	
CPI Increase	2.50%	2.50%	

Limitations in Membership Data:

The ACT Government's actuary conducts a detailed data checking and reconciliation process on Group A (members who are currently employed with the ACT Government) and Group B (members who are not currently employed with the ACT Government) membership data from year to year to test the integrity of the data. Any queries arising from this process are raised and resolved with ComSuper. In the small number of cases where issues cannot be resolved, conservative judgements are made by the actuary to complete the valuation exercise.

Recognition of Superannuation Liabilities on Behalf of the AIHS and Totalcare:

The ACT Government, in conjunction with Totalcare Industries Limited (Totalcare), the Australian International Hotel School (AIHS) and the Australian Government Solicitor's Office, is continuing investigations into superannuation arrangements affecting current and past employees as a result of their membership of superannuation schemes other than the PSS. The ACT Government intends to meet any future payments required to 'make good' the superannuation entitlements of the Totalcare and AIHS employees.

The Superannuation Provision Account has recognised, on behalf of the Government, a liability on behalf of Totalcare of \$17.280 million and an amount of \$0.720 million on behalf of the AIHS during 2003-04. These amounts were based on initial estimates of average salary, number of employees, employer contribution rates for the PSS, productivity, superannuation guarantee payments and a recovery estimate of these moneys. During 2009-10, settlements were made in respect of former Totalcare employees totalling \$2.125 million. The liability provision as at 30 June 2010 for Totalcare and AIHS have now been written down to zero.

(xi) *Biological Assets:* Plantation Growing Stock values have been determined through an independent valuation performed by an expert forestry consultant (Forsci Pty Ltd) using sustainable yield of the plantations determined by the professional judgement and expertise of Territory officers. Pre-commercial stock is valued using the average establishment cost of each forest plus an annual maintenance cost per hectare and a compound annual interest rate of 6 per cent. Commercial stock is valued at estimated value on liquidation using statistical estimation of grade, age, class, volume, site characteristics and other key attributes based on the following key assumptions:

- product distributions within the standing timber volumes are based on historic distributions; and
- prices for products are based on agreed sale prices with mills, after deducting harvesting and transport costs.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

- (xii) *Valuation of TransACT*: The value for 'Investments in Associated Entities', in Note 34: 'Investments Accounted for Using the Equity Method', represents an assessment of the recoverable amount in relation to the investment in TransACT Communications Pty Ltd (TransACT). As there is no market for this investment, the determination of its recoverable amount is a matter of considerable judgement.
- (xiii) *Valuation of Land Under Roads*: Significant judgement has been made in determining the fair value of land under roads. The Australasian Valuers-General have issued a guidance note on valuation methodology applicable for land under roads. This guidance states that 'Statutory Land Value' is the most feasible and efficient base for valuing land under roads.
- In applying this Statutory Land Value Methodology the fair value for land under roads is measured on an unimproved rateable land valuation basis. A value per square metre of land is estimated by dividing the total unimproved value of rateable land in the Territory by the total area of the Territory.
- (xiv) *Project Costing*: Significant judgements have been applied to costs expected to be incurred over the life of all individual land projects by the Land Development Agency. The calculation is based on invoices paid to date, accrued expenditure and estimation of costs still to be incurred to ensure satisfactory completion of the project. Furthermore, an appropriate contingency is calculated based on management experience and expertise together with accepted industry norms. Significant estimates have been made to calculate the cost of each block of land sold. The computation allocates a percentage of the estimated total forecast expenditure to each individual block based on the square metres of each individual block in comparison to the overall size of the land being developed.

The latest review of project costing was conducted in 2009-10.

al) Variance Analysis

Significant movements between financial years ended 30 June 2010 and 30 June 2009, are discussed at *Appendix A*. Significant movements between 30 June 2010 Actual data and the 2009-10 Budget, as presented in the 2009-10 Budget Papers, are discussed at *Appendix B*.

Paragraph 65 of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' states that significant movements to be disclosed 'are those relevant to an assessment of the discharge of accountability and to an analysis of performance of government'. With regard to that criteria the Territory has determined that for *Appendix B* significant variances are those more than 15 per cent and \$18 million.

For the 30 June 2010 Actual to 2009-10 Budget variance analysis, only face of statement line items have been explained, as per AASB 1049 requirements. For the 30 June 2010 Actual to 30 June 2009 Actual variance analysis, the Territory has explained variances at note level. The 2009-10 Budget numbers have not been audited.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR COMPARATIVES

a) Change in Accounting Policies and Estimates

Change in Methodology for Estimating Work-In-Progress and Provisions for Project Completions

During 2009-10 the methodology used to calculate both the value of the carrying amount of Work-in-Progress and the Provision for Project Completions, for land projects under the Land Development Agency, changed.

Under the previous methodology the Provision for Project Completions was calculated using the estimate of total project costs as a base.

The new methodology uses the estimated cost of each stage as the base for calculating the Provision for Project Completions. This results in an improved estimate of costs to complete each separate stage of the project together with a more realistic estimate of current levels of work-in-progress and the amounts required to complete the work on each stage.

The change in methodology had no impact on the Operating Statement, but reduced both the carrying value of Work-in-Progress and the Provision for Project Completion in the Balance Sheet by approximately \$57 million.

b) Prior Year Comparatives

Correction of Joint Venture Incomes

The Territory is involved in a number of unincorporated joint ventures relating to land through the Land Development Agency (LDA). At the inception of all joint ventures, LDA recognises land development rights valued at market rates. The difference between the deemed value of the rights and the costs incurred in acquiring the rights has previously been recognised in the Operating Statement in the year the contribution occurred. However, according to AASB 131: 'Interests in Joint Ventures', a venturer can only recognise gains which are attributable to the other venturer's contribution. Therefore, during prior periods, LDA should only have recognised 50 per cent of any revenue achieved via the sale of development rights to joint ventures at inception. The balance of the surplus is recognised progressively in line with the sale of developed land by the joint venture to external parties.

Disclosures relating to Error

As this error was made in a reporting period prior to the comparative period, the Balance Sheet at 30 June 2009 was restated as follows:

- Investments Accounted for Using the Equity Method decreased by \$40 million to record the net effect of decreasing the joint venture investment resulting from the over-reporting of profits due to the recognition of 100 per cent of the profit earned on the sale of the development rights at inception.

The Operating Statement for the year ended 30 June 2009 was restated as follows:

- Revenue from Associates and Joint Ventures increased by \$6 million to record the recognition of the profit from the sale of land development rights to joint ventures.

The Statement of Changes in Equity for the year ended 30 June 2009 was restated as follows:

- Operating Result for the period increased by \$6 million as a result of the increased sale of land development rights.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR COMPARATIVE:

b) Prior Year Comparatives - Continued

The Balance Sheet as at 30 June 2008 was restated as follows:

- Investments Accounted for Using the Equity Method decreased by \$51 million to record the net effect of decreasing the joint venture investment resulting from the over-reporting of profits due to the recognition of 100 per cent of the profit earned on the sale of the development rights at inception.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR COMPARATIVES - CONTINUED

b) Prior Year Comparatives - Continued

	<i>2008-09 Original Actual</i>	<i>Correction Of An Error</i>	<i>2008-09 Corrected Actual</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
The opening balances for 2008-09 have been restated to recognise these errors in the Total Territory as follows:			
Total Territory			
Extract of Operating Statement			
Revenue			
Revenue from Associates and Joint Ventures	89	6	95
Total Revenue	3,652	6	3,658
UPF Net Operating balance	-33	6	-26
Operating Result	-283	6	-277
Total Comprehensive Income	357	6	363
Net Lending/(Borrowing)	-113	6	-106
Extract of Balance Sheet			
Financial Assets			
Equity			
Investments Accounted for Using the Equity Method	528	-40	488
Total Financial Assets	4,525	-40	4,485
Total Assets	21,288	-40	21,248
Net Assets	14,839	-40	14,799
Accumulated Funds	7,611	-40	7,571
Total Net Worth	14,839	-40	14,799
Key Fiscal Aggregates			
Net Financial Worth	-1,924	-40	-1,964
Extract of Statement of Changes in Equity			
Operating Result for the Period	-283	6	-277
Total Comprehensive Income	357	6	363
Accumulated Funds	7,611	-40	7,571
Balance at the End of Reporting Period	14,839	-40	14,799

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR COMPARATIVES - CONTINUED

b) Prior Year Comparatives - Continued

	<i>2008-09 Original Actual</i>	<i>Correction Of An Error</i>	<i>2008-09 Corrected Actual</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Total Territory - Continued			
Extract from Note 8 Revenue from Associates and Joint Ventures			
Land Development Joint Ventures	8	6	14
Total Revenue from Associates and Joint Ventures	89	6	95
Extract from Note 34 Investments Accounted for Using the Equity Method			
Investments in Joint Ventures			
Investments in Joint Ventures - Current	27	-23	5
Investments in Joint Ventures - Non-Current	501	-17	483
Total Investments Accounted for Using the Equity Method	528	-40	488

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

3 CHANGE IN ACCOUNTING POLICIES AND PRIOR YEAR COMPARATIVES - CONTINUED

b) Prior Year Comparatives - Continued

<i>2007-08 Original Actual</i>	<i>Correction Of An Error</i>	<i>2007-08 Corrected Actual</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>

The opening balances for 2007-08 have been restated to recognise these errors in the Total Territory as follows:

Extract of Balance Sheet

Financial Assets

Equity

Investments Accounted for Using the Equity Method

Total Financial Assets

Total Assets

Net Assets

Accumulated Funds

Total Equity

Key Fiscal Aggregates

Net Financial Worth

518	-51	467
4,576	-51	4,525
19,633	-51	19,582
14,486	-51	14,435
7,464	-51	7,413
14,486	-51	14,435
-571	-51	-622

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

**3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR
COMPARATIVES - CONTINUED**

c) Impact of Accounting Standards Issued but yet to be Applied

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Territory does not intend to adopt these standards and interpretations early. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on future reporting periods.

- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 Jan 2010).
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 Jan 2011).
- AASB 7 Financial Instruments: Disclosures (application date 1 Jul 2010).
- AASB 9 Financial Instruments (application date 1 Jan 2013).
- AASB 101 Presentation of Financial Statements (application date 1 Jan 2010).
- AASB 107 Statement of Cash Flows (application date 1 Jan 2010).
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 Jan 2011).
- AASB 110 Events after the Reporting Period (application date 1 Jan 2011).
- AASB 117 Leases (application date 1 Jan 2010).
- AASB 118 Revenue (application date 1 Jan 2010).
- AASB 119 Employee Benefits (application date 1 Jan 2011).
- AASB 132 Financial Instruments: Presentation (application date 1 Feb 2010).
- AASB 136 Impairment of Assets (application date 1 Jan 2010).
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 Jan 2011).
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 Jan 2010).
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 Jan 2011).
- AASB 1031 Materiality (application date 1 Jan 2011).
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 Jul 2013).
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 1023 and 1038 and Interpretations 10 and 12] (application date 1 Jan 2013).
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129, 1052] (application date 1 Jan 2013).
- AASB 2010-3 Amendments to Australian Accounting Standards arising from Annual Improvements Project [AASB 3, 7, 121, 128, 131, 132 and 139] (application date 1 Jul 2010).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR COMPARATIVES - CONTINUED

c) Impact of Accounting Standards Issued but yet to be Applied - continued

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13] (application date 1 Jul 2011).
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 Jan 2010).

4 DISAGGREGATED INFORMATION

The Financial Statements shows the assets, liabilities and equity, revenue and expenses and receipts and payments that are reliably attributable to the General Government Sector (GGS) and Public Trading Enterprises (PTE) 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 (ABS). 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 at Note 5: 'Australian Capital Territory Government Controlled Entities'.

General Government Sector (GGS)

GGS entities include Government departments and other administrative units, 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). The Government funds the provision of the above services by compulsory levies (such as taxes) on the household and business sectors and from general revenue, such as Commonwealth grants.

Public Trading Enterprises Sector (PTE)

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.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

5 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES

General Government Sector

ACT Auditor-General
ACT Executive
ACT Gambling and Racing Commission
ACT Health
ACT Insurance Authority
ACT Planning and Land Authority
ACT Public Cemeteries Authority
Canberra Institute of Technology
Chief Minister's Department
Cultural Facilities Corporation
Department of Disability, Housing and Community Services
Department of Education and Training
Department of the Environment, Climate Change, Energy and Water
Department of Justice and Community Safety
Department of Land and Property Services
Department of Territory and Municipal Services
Department of Treasury
Exhibition Park Corporation
Home Loan Portfolio
Independent Competition and Regulatory Commission
Legal Aid Commission (ACT)
Legislative Assembly Secretariat
Public Trustee for the ACT
Rhodium Asset Solutions Limited
Shared Services Centre
Superannuation Provision Account
Territory Banking Account
Totalcare Industries Limited

Public Trading Enterprises

ACTEW Corporation Limited
ACTION
ACTTAB Limited
CIT Solutions Pty Limited
Housing ACT
Land Development Agency

All Public Trading Enterprises are 100 per cent owned by the ACT Government.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

REVENUE	General Government Sector		Total Territory	
	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>
6 TAXATION REVENUE				
Duties	366	286	366	280
Payroll Tax	273	270	266	262
General Rates	188	179	179	170
Motor Vehicle Registrations	84	79	84	79
Land Tax	98	86	98	86
Gambling Taxes	53	51	52	50
Fire and Emergency Services Levy	25	24	24	24
Utilities (Network Facilities) Tax	15	17	13	12
Change of Use Charge	9	7	9	7
Ambulance Levy	14	13	14	13
Energy Industry Levy	2	2	2	2
Total Taxation Revenue	1,128	1,015	1,106	986
7 GRANTS REVENUE				
GST Revenue Grants ^(a)	906	835	906	835
Municipal Service Payments ^(b)	35	34	35	34
National Specific Purpose Grants ^(c)	460	459	464	461
National Partnership Payments ^(d)	295	92	295	92
Other Grants ^(e)	-	9	-	9
Gains from Contributed Assets ^(f)	59	43	1	-
Total Grants Revenue	1,755	1,473	1,701	1,432
(also refer Note 59: 'Economic Dependency')				

Notes ^(a) GST Revenue Grants represent the distribution of Goods and Services Tax revenue collected by the Commonwealth Government.

^(b) Municipal Service Payments represent Commonwealth grants for Assistance for Water and Sewerage Services and National Capital Influences.

^(c) National Specific Purpose Grants are Commonwealth financial contributions to support delivery of services in specified sectors and are subject to conditions on expenditure. The Territory (through the General Government Sector) receives funding for Healthcare, Schools, Skills and Workforce Development, Affordable Housing and Disability purposes.

^(d) National Partnership Payments are received to support the delivery of specific reforms through facilitation (progress) and/or reward payments.

^(e) Other Grants in 2008-09 were grants that did not fall into one of the major categories under the new Commonwealth Grants regime. These payments should not continue after 2008-09.

^(f) Gains from Contributed Assets relate to land development infrastructure assets transferred to the Territory, and to the General Government Sector by the Public Trading Enterprises Sector.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	\$m	\$m	\$m	\$m
8 REVENUE FROM ASSOCIATES AND JOINT VENTURES				
Land Development Joint Ventures	-	-	19	14
ActewAGL Joint Venture	-	-	85	81
Total Revenue from Associates and Joint Ventures	-	-	104	95
9 OTHER SALES OF GOODS AND SERVICES				
Sales of Goods and Services revenue is derived by providing goods and services to entities outside the ACT Government and to the public. For the General Government Sector, this revenue also includes transactions with the Public Trading Enterprises Sector. This revenue is paid by the users of goods and services, and as such, it is driven by consumer demand and is commercial in nature.				
Water, Sewerage and Other Services	-	-	190	176
Residential Tenants	6	7	83	84
Health Cross Border Revenue	91	84	91	84
Hospital and Other Health Services	106	89	106	89
Regulatory Services	60	52	60	52
Vocational and Tertiary Education and Training Fees	39	33	52	44
Totalisator Commissions	-	-	30	31
Bus Services	-	-	21	19
Services Receipts	36	43	37	43
Parking Fees	14	13	14	13
Fire Services	12	13	12	13
Driver's Licences	8	8	8	8
Water Abstraction Charge	23	27	-	-
Other Sales and Services	39	33	26	21
Total Other Sales of Goods and Services	436	402	730	677
10 INTEREST INCOME				
Interest Received from Banks	64	63	72	77
Interest Received from the Private Sector - Non-Bank	54	58	15	23
Other Interest	2	2	4	2
Total Interest Income	120	123	90	102

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	Actual \$m	Actual \$m	Actual \$m	Actual \$m
11 DIVIDEND AND INCOME TAX EQUIVALENTS INCOME				
Dividends from Public Trading Enterprises	133	91	-	-
Dividends from Superannuation Investments	46	81	46	81
Income Tax Equivalents	74	25	-	-
Total Dividend and Income Tax Equivalents Income	254	197	46	81
12 LAND REVENUE (VALUE ADD COMPONENT)				
The 'value add' component of land revenue reflects earnings attributable to works undertaken which have contributed to an increase in the value of land sold.				
Land Revenue (Value Add Component)	-	-	166	88
Total Land Revenue (Value Add Component)	-	-	166	88
(Refer Note 2(h): 'Revenue Recognition')				
13 OTHER REVENUE				
Fines	26	30	26	30
Contributions ^(a)	18	18	18	18
Land Rental	5	9	5	9
Superannuation Contributions	14	13	5	4
Net Insurance (Losses)/Recoveries ^(b)	-66	100	-66	100
Other	54	40	55	42
Total Other Revenue	51	210	42	204

Notes: ^(a) Contributions primarily relate to voluntary contributions for education, fundraising revenue and excursion funds.

^(b) Insurance losses recorded this year relate to a decrease in the estimate on the possible recoveries on public liability claims.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

<u>EXPENSES</u>	General Government Sector		Total Territory	
	<i>2009-10</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2008-09</i>
	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m
14 EMPLOYEE EXPENSES				
Wages and Salaries	1,183	1,085	1,276	1,169
Long Service Leave	22	23	23	24
Annual Leave	39	35	44	39
Comcare Premium	30	26	35	30
Termination Payments and Redundancies	0	1	0	1
Other Employee Benefits	9	7	11	8
Total Employee Expenses	1,283	1,175	1,389	1,271

15 SUPERANNUATION EXPENSES

Superannuation expenses are primarily managed by the General Government Sector on behalf of the Territory, and include:

- the present value of interest and service costs due to the Commonwealth Government (ComSuper) to cover the Territory's defined benefit obligation in relation to employee membership in the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS);
- payments made directly to ComSuper on behalf of employees who are members of the Public Sector Superannuation Scheme accumulation plan (PSSap);
- employer productivity payments made directly to ComSuper on behalf of members of the CSS and PSS; and
- payments made to other superannuation funds external to the ACT Government.

Superannuation Interest Cost ^(a)	217	204	217	204
Other Superannuation Expenses	218	175	223	179
Total Superannuation Expenses for the Reporting Period	435	379	440	384
Represented by:				
Superannuation Expenses (CSS and PSS)	368	322	368	322
Superannuation Payment to Comsuper (for the PSSap)	9	9	9	9
Productivity Benefit	18	18	20	19
Superannuation to Other External Providers, including Fund of Choice	40	31	43	34
Total Superannuation Expenses	435	379	440	384

Note: ^(a) Superannuation Interest Cost is a component of total superannuation expense, and represents the imputed interest accrued on unfunded superannuation liabilities. In an unfunded superannuation scheme, the increase in superannuation liability is taken as being equivalent to the liability that would be generated under a fully funded scheme as if the employer was paying into a separate superannuation fund. In this scenario, the Government is viewed as compulsorily 'borrowing' from employees the value of the increase in superannuation liability each period. In doing so, it sustains an additional cost for the use of these 'borrowed' funds, which is an interest expense. The cost of these 'borrowed' funds is presented as superannuation interest cost.

It should be noted, however, that 'superannuation interest cost' does not represent an actual borrowing from employees. The break-down of total superannuation expenses into 'superannuation interest cost' and 'other superannuation expenses' is simply for presentational and reporting purposes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
16 DEPRECIATION AND AMORTISATION				
Buildings	89	76	104	91
Infrastructure Assets	115	110	146	141
Plant and Equipment	45	43	52	48
Heritage and Community Assets	1	2	1	2
Leasehold Improvements	10	7	11	9
Total Depreciation	261	239	314	291
Intangible Assets	9	6	9	6
Total Amortisation	9	6	9	6
Total Depreciation and Amortisation	268	245	322	297
17 INTEREST EXPENSE				
Interest Expense on Bank Accounts	56	52	57	54
Interest Expense on Commonwealth Borrowings	5	5	10	11
Interest Paid to Agencies	6	4	-	-
Finance Charges on Finance Leases	1	2	1	2
Total Interest Expense	68	63	69	67
18 SUPPLIES AND SERVICES				
Communication and Computer Expenses	35	36	38	39
Travel, Accommodation and Transport Expenses	7	10	7	9
Printing and Stationery	13	17	13	18
Materials, Equipment and Supplies	119	115	140	129
Property Rental and Occupancy Expenses (including Utilities)	61	59	54	50
Repairs and Maintenance	121	99	161	139
Consultant Fees, Contractor Payments and Professional Services	150	145	159	154
Staff Development and Recruitment	10	16	10	17
Community Policing	132	124	132	124
GST Administration Costs to the ATO	9	10	9	10
Compensation Payments on Behalf of the Territory	4	11	4	11
Insurance Payments	2	6	2	6
Other Supplies and Services ^(a)	34	33	58	69
Total Supplies and Services	697	679	788	774

Note: ^(a) Other Supplies and Services represent items such as marketing, promotions and advertising, payment for business and employment programs, uniforms and protective clothing, legal fees, events staging and other operating costs.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
19 OTHER OPERATING EXPENSES				
Share of Losses in Associate (TransACT)	-	-	4	1
Provision for Diminution of TransACT Investment	-	-	-4	-1
Cost of Goods Sold	22	24	145	141
School Management Costs (Incurred Directly by Schools)	53	50	53	48
Net Insurance Claim Payments ^(a)	-13	150	-16	148
Prison Payments	-	4	-	4
Concessions and Community Service Obligations	24	20	7	6
Other	93	61	49	21
Total Other Operating Expenses	180	310	238	368

Note: ^(a) A negative claims expense was recognised to correspond to the decrease in reinsurance recoveries (shown at Note 13 'Other Revenue').

20 GRANT EXPENSES

Grants are amounts provided to Public Trading Enterprises agencies and non-ACT Government entities for general assistance or for a particular purpose. Grants may be for capital, one-off or ongoing purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Government grants and purchased services expense was comprised of amounts relating to:

Grants to Non-Government Schools	243	172	243	172
Grant Payment (Education and Community Services)	20	39	40	41
Purchase of Health Services from Calvary Hospital	124	117	124	117
Payments to Non-Government Organisations (Health and Disability)	115	114	115	124
First Home Owners' Grant and Boost	48	36	48	36
Other Current Grants	101	108	30	30
Capital Grant	9	5	18	5
Community Activity	9	5	9	6
Appropriation payments to PTE Agencies	59	37	-	-
Total Grant Expenses	728	633	629	531

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

<u>OTHER ECONOMIC FLOWS</u>	General Government Sector		Total Territory	
	<i>2009-10</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2008-09</i>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
21 DIVIDENDS - MARKET GAINS ON LAND SALES				
The 'market gains' portion of dividends on land sales reflects the after 'income tax equivalents' profit on the sale of land attributable to market gains.				
Dividends - Market Gains on Land Sales	28	29	-	-
Total Dividends - Market Gains on Land Sales	28	29	-	-
22 LAND REVENUE (MARKET GAINS ON LAND SALES)				
The 'market gain' portion of land revenue reflects the growth in the value of land sold that is attributable to prevailing market conditions.				
Land Revenue (Market Gains on Land Sales)	-	-	39	41
Total Land Revenue (Market Gains on Land Sales)	-	-	39	41
(refer Notes 2(h): 'Revenue Recognition' and 2(ak): 'Significant Accounting Judgements and Estimates').				
23 NET LAND REVENUE (UNDEVELOPED LAND VALUE)				
Land Revenue (Undeveloped Land Value) reflects the unimproved value of land sold. The General Government Sector amount reflects revenue from the sale of undeveloped land to the Public Trading Enterprises sector. The Total Territory amount represents the portion of revenue from the sale of land to the community that relates to undeveloped land.				
Land Revenue (Undeveloped Land Value)	86	98	86	98
Total Net Land Revenue (Undeveloped Land Value)	86	98	86	98
(refer Notes 2(h): 'Revenue Recognition' and 2(ak): 'Significant Accounting Judgements and Estimates').				
24 NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS				
<i>Add:</i> Other Gains (non-core activities)	-	18	-	29
Asset Revaluation	-	32	13	32
<i>Less:</i> Impairment Losses	-	1	1	2
Change in Employee Benefits Methodology	-	64	-	69
Decrements Arising from Revaluation of Assets	2	27	2	27
Other Losses (non core activities)	-9	-	-3	-
Loss on Disposal of Assets	13	2	8	4
Total Net Gain/(Loss) on Sale of Non-Financial Assets	-6	-44	5	-40
25 NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE				
Realised and Unrealised Gains on Investments	414	42	423	42
Realised and Unrealised Losses on Investments	-263	-382	-263	-382
Total Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	151	-340	160	-340
26 DOUBTFUL DEBTS				
Doubtful Debts	-8	-11	-9	-10
Total Doubtful Debts	-8	-11	-9	-10

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	Actual \$m	Actual \$m	Actual \$m	Actual \$m
27 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS				
Under Section 131 of the <i>Financial Management Act 1996</i> , the Treasurer may, in writing, waive the right to payment of an amount payable to the Territory (including the General Government Sector).				
A waiver is the relinquishment of a legal claim to a debt over which the Territory has control. The write-off of a debt is the accounting action taken to remove a debt from the books, but does not relinquish the legal right of the Territory to recover the amount. The write-off of debts may occur for reasons other than waivers. An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less the cost to sell' and its 'value in use'.				
The waivers and write-offs listed below have occurred during the reporting period for the General Government Sector and the Territory.				
Waivers				
Waivers ^(a)	6	2	6	2
Total Waivers	6	2	6	2
Impairment Losses				
<i>Impairment Loss from Receivables</i>				
Receivables	1	5	4	2
<i>Total Impairment Loss from Receivables</i>	1	5	4	2
 <i>Impairment Loss from Property, Plant and Equipment</i>				
Plant and Equipment	0	2	0	2
<i>Total Impairment Loss from Property, Plant and Equipment</i>	0	2	0	2
Total Impairment Losses	1	7	4	4
Write-Offs				
Write-Offs	7	6	8	8
Total Write-Offs	7	6	8	8
Total Waivers, Impairment Losses and Write-Offs	14	16	18	14

Note: ^(a) There were 313 waivers provided for in 2009-10 for the General Government Sector (GGS) and the Territory (513 in 2008-09 for the GGS and the Territory).

28 ACT OF GRACE PAYMENTS

Act of Grace Payments are a method of providing equitable remedies to entities or individuals that may have been unfairly disadvantaged by the Government, but have no legal claim to seek compensation.

There were 47 Act of Grace Payments made by the General Government Sector (GGS) and the Territory during the reporting period pursuant to Section 130 of the *Financial Management Act 1996* (FMA), totalling \$315,195. There were 5 Act of Grace Payments for the GGS and the Territory, totalling \$796,203, in 2008-09.

The FMA requires Act of Grace payments made by the Territory to be reported in the notes to the financial statements in the financial year the payments were made.

The FMA also requires that the notes to the financial statements indicate the amount and grounds for each Act of Grace payment (this disclosure is made in agency financial statements to which they relate), and that the financial statements shall not disclose the identity of an Act of Grace payment recipient unless disclosure was agreed to by the recipient.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

<u>ASSETS</u>	General Government Sector		Total Territory	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
29 CASH AND DEPOSITS				
Cash and Deposits include cash on hand, cheques held but not yet deposited, deposits held in transaction accounts and other deposits which are recoverable or transferable on demand.				
Cash on Hand	1	1	1	1
Cash at Bank	175	197	231	268
At Call Deposits and Short-Term Deposits	9	15	9	15
Total Cash and Deposits	184	212	241	283
30 ADVANCES PAID				
Advances paid include loans made by the Territory Banking Account on behalf of the Public Trading Enterprises sector and loans provided to Community Housing Canberra Limited.				
Current Loans Receivable	93	75	0	1
Non-Current Loans Receivable	872	648	38	32
Less: Allowance for Impairment Losses	-3	-4	-3	-4
Total Advances Paid	961	719	36	28
31 INVESTMENTS, LOANS AND PLACEMENTS				
Current investments (the Cash Enhanced Portfolio) is comprised of securities and standard market instruments which must conform to applicable standard market conventions and requirements. The bulk of non-current investments represents superannuation related investments, which are managed by external professional funds managers in accordance with the <i>Territory Superannuation Provision Protection Act 2000</i> and the <i>Superannuation Management Guidelines 2002</i> .				
<i>Current Investments</i>				
Short-Term Securities	-	-	243	162
Other Current Investments	1,199	1,246	1,203	1,246
Total Current Investments (refer Note 2(r): 'Investments')	1,199	1,246	1,446	1,408
<i>Non-Current Investments</i>				
Long-Term Securities	-	-	1	7
Government Fixed Interest Bonds	594	561	594	561
Shares and Equities	1,244	1,056	1,244	1,056
Investment in Property Trusts	188	118	188	118
Other Non-Current Investments	2	2	2	2
Total Non-Current Investments (refer Note 2(r): 'Investments')	2,028	1,737	2,029	1,744
Total Investments, Loans and Placements	3,227	2,983	3,475	3,152

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
32 RECEIVABLES				
<i>Current Receivables</i>				
Trade Receivables	162	177	274	222
Right to Receive Infrastructure from Land Developers	-	-	30	27
Other Receivables	72	33	3	5
Prepayments	9	8	30	26
Less: Allowance for Impairment Losses	-20	-19	-24	-20
<i>Net Current Trade Receivables</i>	224	197	312	259
Accrued Revenue	126	118	74	69
Other Receivables	56	55	57	55
<i>Total Current Receivables (refer Note 2(p): 'Receivables')</i>	405	371	443	383
<i>Non-Current Receivables</i>				
Trade Receivables	3	4	6	5
Right to Receive Infrastructure from Land Developers	-	-	10	3
Insurance Receivables	70	138	70	138
<i>Net Non-Current Receivables</i>	74	143	86	147
Accrued Revenue	-	-	-	-
Other Receivables	1	-	5	4
<i>Total Non-Current Receivables (refer Note 2(p): 'Receivables')</i>	74	143	91	151
Total Receivables	480	514	534	534
Reconciliation of the Allowance for Impairment Losses				
Allowance for Impairment Losses at the Beginning of the Reporting Period	19	14	20	18
Additional Allowance Recognised	6	9	8	4
Less: Reduction in Allowance Resulting from a Write Back against the Receivables	-5	-4	-3	-2
Allowance for Impairment Losses at the End of the Reporting Period	20	19	24	20

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

32 RECEIVABLES - CONTINUED

Aging of Receivables - General Government Sector

	Not Overdue \$m	Past Due			Total \$m
		Less than 30 Days \$m	30 to 60 Days \$m	Greater than 60 Days \$m	
2009-10					
Not Impaired					
Receivables	418	18	7	36	480
Impaired					
Receivables	-	-	3	17	20
2008-09					
Not Impaired					
Receivables	461	8	6	38	514
Impaired					
Receivables	0	0	0	19	19

Aging of Receivables - Total Territory

	Not Overdue \$m	Past Due			Total \$m
		Less than 30 Days \$m	30 to 60 Days \$m	Greater than 60 Days \$m	
2009-10					
Not Impaired					
Receivables	468	19	8	39	534
Impaired					
Receivables	-	-	3	21	24
2008-09					
Not Impaired					
Receivables	470	11	8	44	534
Impaired					
Receivables	0	0	0	20	20

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory		
	2009-10	2008-09	2009-10	2008-09	2007-08
	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m
33 INVESTMENTS IN OTHER PUBLIC SECTOR ENTITIES					
Investments in Other Public Sector Entities shows the General Government Sector's investment in the Public Trading Enterprises sector.					
Investments in Other Public Trading Entities	5,426	5,006	-	-	
Total Investments in Other Public Sector Entities	5,426	5,006	-	-	
34 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD					
Investments in Associates					
Investments in Associated Entities	-	-	41	41	41
Less: Share of Accumulated Losses in Associate (TransACT)	-	-	31	31	31
	-	-	10	10	10
Less: Provision for Diminution in the Value of the TransACT Investment	-	-	6	9	9
Carrying Value of the Investment in TransACT	-	-	4	1	1
Investments in Joint Ventures					
Investment in Joint Ventures - Current	-	-	13	5	19
Investment in Joint Ventures - Non-Current	-	-	504	483	448
Total Investments Accounted for Using the Equity Method	-	-	517	488	467

(refer Note 2(ae): 'Joint Ventures', Note 2(ak): 'Significant Accounting Judgements and Estimates' and Note 57: 'Interest in Joint Venture Entities').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

35 PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment includes the following classes of assets: land and buildings; leasehold improvements; plant and equipment; infrastructure assets; and heritage and community assets. Property, Plant and Equipment does not include assets held for sale or investment property.

Land: includes leasehold land held by the Territory and land associated with the Territory's educational facilities, but excludes land under infrastructure.

Buildings: include office buildings, warehouses, hospitals, school buildings, community health centres and other clinical and corporate facilities.

Leasehold Improvements: represent capital expenditure incurred in relation to leased assets. This includes fit-outs of leased buildings.

Plant and Equipment: includes motor vehicles under finance leases, mobile plant, air conditioning and heating systems, office and computer equipment, furniture and fittings, and other mechanical and electronic equipment.

Infrastructure Assets: comprise public utilities that provide essential services and enhance the productive capacity of the economy. Infrastructure assets held by the General Government Sector and the Territory include roads, bridges, barriers, stormwater assets, carparks, streetlights, community paths, traffic signals, driveways, signs and barriers. Land under infrastructure is not included in infrastructure assets.

Heritage Assets: are defined as those non-current assets that the 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 they are not usually available for sale or redeployment. Heritage assets held include art, museums and some library collections, historical buildings, and memorials.

Community Assets: are those assets that are provided essentially for community use or services. Community assets held include public parks and gardens, public sporting reserves, public nature reserves and land under roads and infrastructure.

Trees: in addition to property, plant and equipment (as detailed on the following pages), the Territory, through the General Government Sector, manages trees in urban open spaces in Canberra. The financial report excludes recognition of any value for these trees. However, the Territory has established the following valuation based upon replacement costs determined as at 30 June 2010.

	<i>2009-10 Number of Trees '000</i>	<i>2009-10 Actual Value ^(b) \$m</i>	<i>2008-09 Number of Trees '000</i>	<i>2008-09 Actual Value ^(b) \$m</i>
Trees in Urban Open Space ^(a)				
Native Species	264	48	262	47
Exotic Species	372	127	369	126
	636	174	631	173

Note: ^(a) Trees shown above relate to both General Government Sector and the Territory.

^(b) Actual Value totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
LAND AND BUILDINGS				
Land at Fair Value	872	839	3,935	3,547
Land Restoration at Fair Value	30	30	30	30
Less: Accumulated Depreciation on Landfill Restoration	14	10	14	10
Less: Accumulated Impairment Losses	0	1	0	1
<i>Total Land at Fair Value</i>	888	858	3,951	3,566
Buildings at Fair Value	2,584	2,503	3,788	3,680
Less: Accumulated Depreciation	134	61	148	70
Less: Accumulated Impairment Losses	0	4	0	4
<i>Total Buildings at Fair Value</i>	2,450	2,438	3,639	3,606
PLANT AND EQUIPMENT				
Plant and Equipment at Cost	230	158	242	174
Less: Accumulated Depreciation	104	72	113	79
Less: Accumulated Impairment Losses	0	-	0	-
<i>Total Plant and Equipment at Cost</i>	126	86	129	95
Plant and Equipment at Fair Value	127	168	215	224
Less: Accumulated Depreciation	47	61	58	66
<i>Total Plant and Equipment at Fair Value</i>	80	106	157	158
Total Written Down Value of Plant and Equipment	206	192	286	253
LEASEHOLD IMPROVEMENTS				
Leasehold Improvements at Cost	30	21	34	24
Less: Accumulated Depreciation	21	15	25	18
<i>Total Leasehold Improvements at Cost</i>	9	6	9	6
Leasehold Improvements at Fair Value	32	30	34	32
Less: Accumulated Depreciation	7	5	8	5
<i>Total Leasehold Improvements at Fair Value</i>	25	25	26	27
Total Written Down Value of Leasehold Improvements	34	31	35	34

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
INFRASTRUCTURE ASSETS				
Infrastructure Assets at Fair Value	6,203	5,739	7,469	6,979
Less: Accumulated Depreciation	58	146	149	206
Less: Accumulated Impairment Losses	3	3	3	3
Total Infrastructure Assets at Fair Value	6,142	5,590	7,317	6,769
Total Written Down Value of Infrastructure Assets	6,142	5,590	7,317	6,769
HERITAGE AND COMMUNITY ASSETS				
Heritage and Community Assets at Fair Value	1,795	1,688	1,795	1,688
Less: Accumulated Depreciation	1	1	1	1
Total Heritage and Community Assets at Fair Value	1,794	1,686	1,794	1,686
Total Written Down Value of Heritage and Community Assets	1,794	1,686	1,794	1,686
Total Written Down Value of Property, Plant and Equipment	11,514	10,796	17,022	15,914

(Refer Notes 2(u): 'Acquisition and Recognition of Property, Plant and Equipment' and (v): 'Measurement of Property, Plant and Equipment After Initial Recognition').

Represented by Produced / Non-Produced Assets

The Territory's Non-Produced Assets include land and land under roads.

Produced Assets	9,497	8,813	11,943	11,224
Non-Produced Assets	2,017	1,982	5,079	4,690
Total of Property, Plant and Equipment	11,514	10,796	17,022	15,914

Valuation of Non-Current Assets

The Australian Valuation Office, an independent and qualified valuer, performs most revaluations of the Territory's assets. The Territory's assets have been valued progressively over the 2002 to 2010 period, with most valuations occurring in the latter part of the period (Refer Note 2(v): 'Measurement of Property, Plant and Equipment After Initial Recognition').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

General Government Sector		Total Territory	
2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m

35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Assets Under a Finance Lease

Assets under a Finance Lease are included in the asset class to which they relate in the above disclosure. Assets under a Finance Lease are also required to be separately disclosed as outlined below:

Leased Plant and Equipment at Cost	26	19	26	19
Less: Accumulated Depreciation	7	6	7	6
<i>Total of Leased Plant and Equipment at Cost</i>	19	13	19	13
Leased Plant and Equipment at Fair Value	20	28	21	29
Less: Accumulated Depreciation	8	11	9	11
<i>Total of Leased Plant and Equipment at Fair Value</i>	11	17	12	18
Total Written Down Value of Leased Plant and Equipment	30	30	31	31
Total Written Down Value of Leased Assets	30	30	31	31

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment - General Government Sector

The following table shows the movement in each class of Property, Plant and Equipment during 2009-10.

	<i>Land</i>	<i>Buildings</i>	<i>Plant and Equipment</i>	<i>Leased Plant and Equipment</i>	<i>Leasehold Improvements</i>	<i>Infrastructure Assets</i>	<i>Heritage and Community Assets</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2009	858	2,438	162	30	31	5,590	1,686	10,796
Additions	28	95	58	8	12	125	23	349
Assets Classified as Held for Sale	-	-	0	-	-	-	-	-
Revaluation Adjustments	10	3	-	-	-	491	100	604
Impairment Losses Recognised Directly in Equity	0	-	-	-	-	-	-	-
Depreciation	-3	-86	-38	-7	-10	-115	-1	-261
Disposals	-1	-	-3	-4	-	-	-12	-20
Impairment Losses Recognised in the Operating Statement	-	-	-	-	-	-	-	-
Other Movements	-5	-	-	1	1	51	-1	46
Balance at 30 June 2010	888	2,450	180	26	34	6,142	1,794	11,514

The following table shows the movement in each class of Property, Plant and Equipment during 2008-09.

	<i>Land</i>	<i>Buildings</i>	<i>Plant and Equipment</i>	<i>Leased Plant and Equipment</i>	<i>Leasehold Improvements</i>	<i>Infrastructure Assets</i>	<i>Heritage and Community Assets</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2008	558	2,204	140	45	34	5,734	566	9,279
Additions	3	299	51	16	4	80	8	462
Revaluation Adjustments	296	29	3	-	1	-119	-1	209
Impairment Losses Recognised Directly in Equity	-	-3	-	-	-	-	-	-3
Depreciation	-4	-72	-33	-11	-7	-110	-2	-239
Assets Transferred	-	1	-	-	-	-	-	1
Disposals	-1	-4	-1	-20	-	-	-	-26
Impairment Losses Recognised in the Operating Statement	-	-27	-	-	-	-	-	-27
Other Movements	6	11	2	-	0	5	1,116	1,140
Balance at 30 June 2009	858	2,438	162	30	31	5,590	1,686	10,796

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment - Total Territory

The following table shows the movement in each class of Property, Plant and Equipment during 2009-10.

	<i>Land</i>	<i>Buildings</i>	<i>Plant and Equipment</i>	<i>Leased Plant and Equipment</i>	<i>Leasehold Improvements</i>	<i>Infrastructure Assets</i>	<i>Heritage and Community Assets</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2009	3,566	3,606	223	30	34	6,769	1,686	15,914
Additions	27	124	84	8	12	230	23	508
Assets Classified as Held for Sale	-10	3	0	-	-	-	-	-7
Revaluation Adjustments	351	3	-	-	-	405	100	859
Impairment Losses Recognised Directly in Equity	0	-	-	-	-	0	-	-
Depreciation	-3	-101	-44	-7	-11	-146	-1	-314
Disposals	1	-1	-3	-4	-	-	-12	-20
Impairment Losses Recognised in the Operating Statement	-	-	-	-	-	-	-	-
Other Movements	19	6	-	1	0	59	-1	83
Balance at 30 June 2010	3,951	3,639	260	26	35	7,317	1,794	17,022

The following table shows the movement in each class of Property, Plant and Equipment during 2008-09.

	<i>Land</i>	<i>Buildings</i>	<i>Plant and Equipment</i>	<i>Leased Plant and Equipment</i>	<i>Leasehold Improvements</i>	<i>Infrastructure Assets</i>	<i>Heritage and Community Assets</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2008	3,246	3,338	196	45	34	6,895	566	14,320
Additions	26	332	62	16	6	145	8	596
Assets Classified as Held for Sale	-19	-4	-	-	-	-	-	-23
Revaluation Adjustments	311	48	4	-	1	-131	-1	232
Impairment Losses Recognised Directly in Equity	-	-3	-	-	-	-3	-	-6
Depreciation	-4	-87	-39	-11	-8	-141	-2	-291
Disposals	-1	-4	-2	-20	-	-	-	-27
Impairment Losses Recognised in the Operating Statement	-	-27	-	-	-	-3	-	-29
Other Movements	6	11	2	-	0	6	1,116	1,141
Balance at 30 June 2009	3,566	3,606	223	30	34	6,769	1,686	15,914

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

General Government Sector		Total Territory	
2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m

36 INVESTMENT PROPERTIES

The Territory (through the General Government Sector) manages commercial buildings, leases of commercial buildings, government office accommodation at a whole-of-government level, and manages properties that have become surplus to government agencies service delivery needs.

In accordance with AASB 140: 'Investment Property', the Territory has classified properties as investment properties if they would normally be tenanted by commercial organisations or are held for capital appreciation or both. Investment property is held at fair value based upon independent valuations undertaken by a qualified valuer.

The sale of investment property is dependent on land use restrictions and is subject to the ACT Government policies and directives.

There are no contractual obligations to construct, purchase or develop investment properties. Further, the Territory does not have any contractual obligation for repairs, maintenance or enhancement of its investment properties.

Land at Fair Value	49	49	49	49
Total Land at Fair Value	49	49	49	49
Building at Fair Value	78	80	78	80
Total Building at Fair Value	78	80	78	80
Total Investment Properties (refer Note 2(y): 'Investment Properties')	127	129	127	129
Income and Expense from Investment Properties				
Rental Income	2	2	2	2
Less: Direct Operating Expenses of Investment Properties that Generated Investment Income	1	1	1	1
Less: Direct Operating Expenses of Investment Properties that did not Generate Investment Income	0	0	0	0
Total Operating Profit from Investment Properties	1	0	1	0

Leasing of Investment Properties

Investment Properties are leased to private sector entities under long-term operating leases with rental income being received quarterly. These operating leases are non-cancellable. The minimum lease payments resulting from the leasing of investment properties that are not recognised in the financial statements are as follows:

Within One Year	1	1	1	1
Later than One Year but not Later than 5 Years	2	2	2	2
Later than 5 Years	0	1	0	1
Total	3	4	3	4

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

36 INVESTMENT PROPERTIES - CONTINUED

Reconciliation of Investment Properties - General Government Sector (GGS) and Total Territory

The following table shows the movement of GGS and Total Territory investment properties during 2009-10.

	Land	Buildings	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2009	49	80	129
Net Gain or Loss on Revaluation	-	-	-
Other Movements	-	-2	-2
Balance at 30 June 2010	49	78	127

The following table shows the movement of GGS and Total Territory investment properties during 2008-09.

	Land	Buildings	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2008	34	37	71
Net Gain or Loss on Revaluation	15	17	32
Other Movements	-	26	26
Balance at 30 June 2009	49	80	129

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
37 INTANGIBLES				
The Territory has internally generated and externally purchased software. The internally generated software includes the patient administration system, and finance system software, while externally purchased software includes human resource management and communications software and patient admission system software licences.				
Computer Software				
<i>Internally Generated Software</i>				
Computer Software at Cost	52	52	55	55
Less: Accumulated Amortisation	37	31	40	34
<i>Total Internally Generated Software</i>	15	21	16	22
<i>Externally Purchased Software</i>				
Computer Software at Cost	16	15	24	15
Less: Accumulated Amortisation	13	10	18	10
<i>Total Externally Purchased Software</i>	4	5	6	5
Total Computer Software	19	25	22	26
Other Intangibles				
<i>Externally Purchased Other Intangibles</i>				
Other Intangible Assets at Cost	1	1	30	19
Less Accumulated Impairment Losses	-	0	1	0
<i>Total Externally Purchased Other Intangibles</i>	1	1	28	18
Total Other Intangibles	1	1	28	18
Total Intangible Assets (refer Note 2(z): 'Intangible Assets')	20	26	50	44

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

37 INTANGIBLES - CONTINUED

Reconciliation of Intangible Assets - General Government Sector (GGS)

The following table shows the movement of each class of Intangible Asset held by the GGS during 2009-10.

	Internally Generated Software <i>\$m</i>	Externally Purchased Software <i>\$m</i>	Externally Purchased Other Intangibles <i>\$m</i>	Total Intangible Assets <i>\$m</i>
Balance at 1 July 2009	21	5	1	26
Additions	0	2	-	2
Amortisation	-6	-3	-	-9
Balance at 30 June 2010	15	4	1	20

The following table shows the movement of each class of Intangible Asset held by the GGS during 2008-09.

	Internally Generated Software <i>\$m</i>	Externally Purchased Software <i>\$m</i>	Externally Purchased Other Intangibles <i>\$m</i>	Total Intangible Assets <i>\$m</i>
Balance at 1 July 2008	8	5	1	14
Additions	17	9	-	26
Amortisation	-3	-10	-	-13
Balance at 30 June 2009	21	5	1	26

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

37 INTANGIBLES - CONTINUED

Reconciliation of Intangible Assets - Total Territory

The following table shows the movement of each class of Intangible Asset held by the Territory during 2009-10.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	\$m	\$m	\$m	\$m
Balance at 1 July 2009	22	5	18	44
Additions	1	4	11	17
Impairment Losses Recognised in the Operating Statement	-	-	-1	-1
Amortisation	-6	-3	-	-9
Balance at 30 June 2010	16	6	28	50

The following table shows the movement of each class of Intangible Asset held by the Territory during 2008-09.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	\$m	\$m	\$m	\$m
Balance at 1 July 2008	8	5	1	14
Additions	17	9	18	44
Amortisation	-3	-10	-	-14
Balance at 30 June 2009	22	5	18	44

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
38 INVENTORIES				
Raw Materials and Stores	1	1	4	4
Inventory Works in Progress	0	0	40	42
Finished Goods	10	8	15	78
Consumables	1	1	1	1
Total Current Inventories - at Cost (refer Note 2(s): 'Inventories')	12	11	61	125
Inventory Works in Progress	-	-	37	83
Total Non-Current Inventories - at Cost (refer Note 2(s): 'Inventories')	-	-	37	83
Total Inventories - at Cost	12	11	98	208

39 ASSETS HELD FOR SALE

Each year the Territory (and the General Government Sector) acquires and disposes of properties as part of its property portfolio restructuring program. Properties identified for sale under this program, but which remain unsold as at 30 June 2010, have been classified as 'Assets Held for Sale'.

Land Held for Sale	-	-	4	15
Buildings Held for Sale	-	-	1	9
Plant and Equipment Held for Sale	1	-	1	-
Total Assets Held for Sale (refer Note 2(t): 'Assets Held for Sale')	1	-	6	24

40 CAPITAL WORKS-IN-PROGRESS

Capital Works-in-Progress are assets being constructed over periods of time in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment.

Construction - Residential Buildings	-	-	52	5
Construction - Non-Residential Buildings	293	57	289	53
Infrastructure	210	162	476	343
Software	29	10	29	12
Total Capital Works in Progress	532	230	846	414

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

40 CAPITAL WORKS-IN-PROGRESS - CONTINUED

Reconciliation of Capital Works-in-Progress - General Government Sector (GGS)

The following table shows the movement of Capital Works-in-Progress held by the GGS during 2009-10.

	Construction Residential Buildings	Construction Non Residential Buildings	Infrastructure	Software	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2009	-	57	162	10	230
Additions	-	352	167	19	537
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-109	-112	-	-221
Capital Works-in-Progress Completed and transferred to Intangibles	-	-7	-7	-	-14
Balance at 30 June 2010	-	293	210	29	532

The following table shows the movement of Capital Works-in-Progress held by the GGS during 2008-09.

	Construction Residential Buildings	Construction Non Residential Buildings	Infrastructure	Software	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2008	-	168	143	11	322
Additions	-	71	158	17	246
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-182	-139	-13	-334
Capital Works-in-Progress Completed and transferred to Intangibles	-	-	-	-5	-5
Balance at 30 June 2009	-	57	162	10	230

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

40 CAPITAL WORKS-IN-PROGRESS - CONTINUED

Reconciliation of Capital Works-in-Progress - Total Territory

The following table shows the movement of Capital Works-in-Progress held by the Territory during 2009-10.

	Construction Residential Buildings	Construction Non Residential Buildings	Infrastructure	Software	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2009	5	53	343	12	414
Additions	91	352	386	19	847
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-44	-109	-245	-2	-400
Capital Works-in-Progress Completed and transferred to Intangibles	-	-7	-7	-	-14
Balance at 30 June 2010	52	289	476	29	846

The following table shows the movement of Capital Works-in-Progress held by the Territory during 2008-09.

	Construction Residential Buildings	Construction Non Residential Buildings	Infrastructure	Software	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2008	6	163	251	11	431
Additions	46	76	349	19	489
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-47	-186	-256	-13	-502
Capital Works-in-Progress Completed and transferred to Intangibles	-	-	-	-5	-5
Balance at 30 June 2009	5	53	343	12	414

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
41 BIOLOGICAL ASSETS				
Biological Assets - Forest Plantations (refer Note 2(ab): 'Biological Assets')	28	29	28	29
Total Biological Assets	28	29	28	29

LIABILITIES

42 DEPOSITS HELD				
Current Financial Creditors	160	55	15	15
Total Deposits Held	160	55	15	15
43 ADVANCES RECEIVED				
Current Advances from the Commonwealth Government	3	3	5	12
Non Current Advances from the Commonwealth Government	93	96	188	193
Total Advances Received (refer Note 2(ad): 'Advances Received')	96	99	193	205

44 FINANCE LEASES

At the reporting date, the General Government Sector and the Territory had the following commitments under finance leases.

Within One Year	19	52	19	54
Later than One Year but not Later than Five Years	15	10	15	10
Later than Five Years	0	-	0	-
Minimum Lease Payments	33	62	34	64
Less: Future Finance Lease Charges	2	1	2	2
Total Present Value of Minimum Lease Payments	31	61	32	62
The present value of the minimum lease payments are as follows:				
Within One Year	18	51	18	52
Later than One Year but not Later than Five Years	14	10	14	10
Later than Five Years	-	0	-	0
Total Present Value of Minimum Lease Payments	31	61	32	62
Represented by:				
Current Liability	18	51	18	52
Non-Current Liability	14	10	14	10
Total Present Value of Minimum Finance Lease Payments (refer Note 2(aj): 'Leases')	31	61	32	62

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
45 OTHER BORROWINGS				
<i>Current Borrowings</i>				
Banks and Financial Institutions	1	1	2	2
Bonds and Bills	290	272	290	272
<i>Total Current Borrowings</i>	291	273	291	273
(refer Note 2(af): 'Interest Bearing Liabilities')				
<i>Non-Current Borrowings</i>				
Banks and Financial Institutions	2	3	2	3
Bonds and Bills	831	620	831	620
<i>Total Non-Current Borrowings</i>	833	622	833	622
(refer Note 2(af): 'Interest Bearing Liabilities')				
Total Other Borrowings	1,124	895	1,124	895

Credit Facilities

Unrestricted access to lines of credit as approved by the ACT Government were as follows:

Total Standby Facility	-	-	-	-
Used Standby Facility	-	-	-	-
Unused Standby Facility	-	-	-	-

Some agencies are able to operate their bank account in overdraft, on behalf of the ACT Government, for effective cash management purposes. If the account goes into overdraft throughout the year, the ACT Government is charged a rate of interest by the lender, as determined by reference to the applicable variable interest rate for the duration of the overdraft.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
46 SUPERANNUATION				
Superannuation Liability at the Beginning of the Reporting Period	4,064	3,121	4,064	3,121
Expense Accrued during the Period for Commonwealth Superannuation	368	322	368	322
Other Superannuation Expense	67	58	72	62
Superannuation Expense	435	379	440	384
(refer Note 15: 'Superannuation Expenses')	4,499	3,501	4,504	3,505
Less: Actuarial Gain/(Loss) from Annual Review	-307	-721	-307	-721
Less: Payments during the Reporting Period for Superannuation	201	158	206	162
Superannuation Liability at the End of the Reporting Period	4,606	4,064	4,606	4,064
Represented by:				
Current Estimated Employee Superannuation Liability	118	100	118	100
Non-Current Estimated Employee Superannuation Liability	4,488	3,964	4,488	3,964
Total Superannuation Liabilities	4,606	4,064	4,606	4,064
(Refer Notes 2(ah): 'Superannuation' and (ak): 'Significant Accounting Judgements and Estimates').				

47 OTHER EMPLOYEE BENEFITS AND PROVISIONS

Other Employee Benefits

Current Other Employee Benefits

Accrued Wages and Salaries	35	24	37	25
Annual Leave	158	152	172	167
Long Service Leave	188	165	217	193
Other	7	2	9	4

Total Current Other Employee Benefits

(refer Note 2(ag): 'Employee Benefits')

388	344	436	389
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Non-Current Other Employee Benefits

Long Service Leave	36	41	39	43
Other	-	0	-	0

Total Non-Current Other Employee Benefits

(refer Note 2(ag): 'Employee Benefits')

36	41	39	43
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Total Other Employee Benefits

424	385	475	432
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AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
47 OTHER EMPLOYEE BENEFITS AND PROVISIONS - CONTINUED				
Non-Employee Provisions				
<i>Current Other Non-Employee Provisions</i>				
Provision for Refund of Taxes	-	1	-	1
Other Non Employee Provisions	12	2	30	64
Total Current Non-Employee Provisions	12	3	30	64
<i>Non-Current Non-Employee Provisions</i>				
Other Non-Employee Provisions	34	34	51	82
Total Non-Current Non-Employee Provisions	34	34	51	82
Total Non-Employee Provisions	46	36	81	146
Total Other Employee Benefits and Provisions	470	421	556	579
For Disclosure Purposes Only				
<i>Estimated Amount Payable within 12 Months</i>				
Accrued Wages and Salaries	37	27	38	28
Annual Leave	155	150	169	164
Long Service Leave	36	31	52	47
Other	8	3	10	5
Total Employee Benefits Payable within 12 Months	236	211	269	243
<i>Estimated Amount Payable after 12 Months</i>				
Annual Leave	0	0	1	0
Long Service Leave	188	174	204	189
Total Employee Benefits Payable after 12 Months	189	174	205	189
Total Other Employee Benefits	424	385	475	432

The General Government Sector had approximately 15,845 full time equivalent employees (FTEs) as at 30 June 2010 (15,447 FTEs as at 30 June 2009). The Territory had approximately 17,117 full time equivalent employees (FTEs) as at 30 June 2010 (16,681 FTEs as at 30 June 2009).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

	General Government Sector		Total Territory	
	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m
48 PAYABLES				
<i>Current Payables</i>				
Trade Payables	29	40	95	74
Accrued Expenses	104	71	105	80
GST Liability	4	2	14	3
Revenue Received in Advance	46	45	74	69
Insurance Payables	35	31	35	28
Other Payables	71	32	37	20
Total Current Payables (refer Note 2(ac): 'Payables')	289	221	360	275
<i>Non-Current Payables</i>				
Revenue Received in Advance	4	3	4	3
Insurance Payables	304	336	304	335
Other Payables	0	0	0	1
Total Non-Current Payables (refer Note 2(ac): 'Payables')	308	340	308	340
Total Payables	598	561	668	614
Payables are aged as follows:				
Not Overdue	594	549	663	600
Overdue for Less than 30 Days	3	11	4	12
Overdue for 30 to 60 Days	0	0	0	0
Overdue for more than 60 Days	0	1	0	1
Total Payables	598	561	668	614
49 OTHER LIABILITIES				
Current Other Liabilities	12	7	28	7
Non-Current Other Liabilities	3	4	3	7
Total Other Liabilities	15	11	30	14

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	Actual \$m	Actual \$m	Actual \$m	Actual \$m
50 RECONCILIATION OF CHANGES IN EQUITY				
Equity in Public Trading Entities (a)	5,426	5,006	-	-
Accumulated Funds (b)	5,346	5,428	7,676	7,571
Asset Revaluation Surplus (c)	4,645	4,057	8,072	7,224
Other Reserves (d)	-2	-4	7	4
Total Equity	15,414	14,487	15,755	14,799

(a) Equity in Public Trading Entities

Balance at the Beginning of the Reporting Period

Net Increment/(Decrement)	420	48		
Total Increase/(Decrease) in Other Reserves	420	48		
Balance at the End of the Reporting Period	5,426	5,006		

(b) Accumulated Funds

Balance at the Beginning of the Reporting Period

Operating Result for the Period	335	-332	390	-277
Superannuation Prior Period Actuarial Movement	-307	-721	-307	-721
Prior Year Adjustment	0	15	0	14
Net Effect of a Correction of an Error	-3	0	-3	0
Net Effect of a Change in Accounting Policy	-	1,109	-	1,109
Transfers to/(from) Reserves	3	5	26	31
Capital Injections	-110	-27	-	-
Total Increase/(Decrease) in the Accumulated Funds	-82	48	106	157
Balance at the End of the Reporting Period	5,346	5,428	7,676	7,571

(c) Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of property, plant and equipment.

Balance at the Beginning of the Reporting Period

Increment in Land due to Revaluation	4	267	351	281
(Decrement)/Increment in Buildings due to Revaluation	0	53	2	46
Increment/(Decrement) in Heritage and Community Assets due to Revaluation	100	-2	100	-2
Increment/(Decrement) in Infrastructure Assets due to Revaluation	484	-93	396	-104
Increment in Plant and Equipment Assets due to Revaluation	-	0	0	1
Total Increase/(Decrease) in the Asset Revaluation Surplus	588	226	849	223
Balance at the End of the Reporting Period	4,645	4,057	8,072	7,224

(d) Other Reserves

Other Reserves relate to cash flow hedging activities

Balance at the Beginning of the Reporting Period

Net Increment/(Decrement)	2	-14	3	-17
Total Increase/(Decrease) in Other Reserves	2	-14	3	-17
Balance at the End of the Reporting Period	-2	-4	7	4

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	Actual \$m	Actual \$m	Actual \$m	Actual \$m
51 RECONCILIATION OF CASH FLOWS				
(a) Reconciliation of cash and deposits at the end of the reporting period in the Balance Sheet to the Cash Flow Statement.				
Cash and Cash Equivalents in the Balance Sheet				
Cash and Deposits	184	212	241	283
Short-Term Securities and Other Cash Equivalents	-1	2	242	164
Cash and Cash Equivalents as per the Cash Flow Statement	183	214	483	447
(b) Reconciliation of the <i>Operating Result</i> to <i>Net Cash Flows from Operating Activities</i> .				
Operating Result	335	-332	390	-277
<i>Add/(Less) Non-Cash Movements:</i>				
Depreciation and Amortisation	268	245	322	297
Net Revaluation of Non-Financial Assets	2	-5	2	-5
Bad Debts Written Off	8	11	9	10
Capitalised Profit from Joint Ventures	-	-	-42	-30
Waivers	-4	-1	-4	-1
Gains from Contributed Assets	-59	-43	-1	0
Other	-	6	-	6
<i>Add/(Less) Items Classified as Investing or Financing:</i>				
Dividends - Market Gains on Land Sales	-28	-29	-	-
Realised (Gains)/Losses on Investments	-69	69	-77	69
Unrealised (Gains)/Losses on Investments	-82	271	-82	271
Net (Gains)/Losses on Disposal of Non-Current Assets	4	44	5	40
Cash Before Changes in Operating Assets and Liabilities	375	235	522	380
<i>Change in Operating Assets and Liabilities:</i>				
(Increase)/Decrease in Receivables	-12	-172	-133	-293
(Increase)/Decrease in Inventories	-2	1	110	-62
(Increase)/Decrease in Other Assets	0	0	0	1
Increase/(Decrease) in Payables	34	169	50	149
Increase/(Decrease) in Employee Benefits and Provisions	283	305	207	362
Increase/(Decrease) in Other Liabilities	3	4	21	7
Net Cash Inflows from Operating Activities	682	542	776	544

(c) Non-cash Financing and Investing Activities.

The Territory (through the General Government Sector) purchased \$14 million worth of motor vehicles and other items of plant and equipment under finance lease arrangements during 2009-10 (\$25 million in 2008-09).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m

52 OPERATING LEASE COMMITMENTS

The Territory has various non-cancellable operating leases for buildings and vehicles. The leases have varying terms, escalation clauses and renewal rights. There are no conditions in the lease agreements requiring the Territory to restore sites that the leased buildings are situated on. The operating lease agreements give the Territory the right to renew leases. Renegotiations of the lease terms occur on renewal of the leases.

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

Payable:

Within One Year	28	25	30	28
Later than One Year but not Later than Five Years	83	41	90	45
Later than Five Years	114	52	123	54
Total Operating Lease Commitments	226	118	243	128

53 CAPITAL COMMITMENTS

Capital Commitments largely relate to project management and works contracts for the construction of new buildings, civil works and other land development activities.

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

Property, Plant and Equipment Capital Commitments

Payable:

Within One Year	328	195	922	454
Later than One Year but not Later than Five Years	76	65	85	342
Total Property, Plant and Equipment Capital Commitments	404	260	1,008	796
Total Capital Commitments	404	260	1,008	796

54 OTHER COMMITMENTS

These commitments include contracts for repairs, maintenance and capital improvement, housing construction and property purchases, community grants and outstanding purchase orders.

At the reporting date, the Territory had entered into contracts for the following commitments:

Payable:

Within One Year	226	238	478	316
Later than One Year but not Later than Five Years	221	270	221	544
Later than Five Years	11	3	11	3
Total Other Commitments	457	511	709	863

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

General Government Sector		Total Territory	
2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m	2009-10 <i>Actual</i> \$m	2008-09 <i>Actual</i> \$m

55 CONTINGENCIES, GUARANTEES AND INDEMNITIES

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Territory.

Quantifiable Contingent Liabilities and Guarantees

Contingent Liabilities	43	34	77	73
Guarantees	5	5	5	5
Indemnities	-	-	-	-
Total Quantifiable Contingent Liabilities and Guarantees	48	39	82	78

Contingent Liabilities

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 no provision has been made.

Non-taxation related contingencies are largely comprised of pending legal claims. Claims lodged against the Territory include public liability, property damage, contract disputes, economic loss and personal injury. The Territory also has contingent liabilities relating to the provision of financial assistance, which is contingent on the recipients meeting milestones as detailed in individual contracts.

Due to the protracted nature of legal proceedings and the various discoveries that can be made over the foreseeable period, it is not possible, with any degree of accuracy, to make an assessment of liabilities of some legal claims.

Quantifiable Legal Claims Against the Territory include:

Public Liability Claims	16	6	23	15
Personal Injury Claims	13	9	13	9
Economic Loss Claims	0	2	0	2
Total Quantifiable Contingent Liabilities and Guarantees	28	17	35	26

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

55 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Other contingent liabilities as at 30 June 2010 include:

- the Territory providing up to \$2.4 million of payroll tax waivers (30 June 2009: \$3.2 million), subject to claimants meeting qualification milestones included in agreements between the Territory and the potential grant recipient; and
- the Territory holds unclaimed lottery prize monies relating to winning prizes which have remained unclaimed for a period of greater than six (6) months. The Territory's contingent liability at 30 June 2010 is estimated at \$2 million (30 June 2009: \$1.9 million).

Total Territory

In addition to the items disclosed above for the General Government Sector, the Territory's other contingent liabilities include:

- underwriting a \$25 million (30 June 2009: \$25 million) standby debt facility for TransACT Communications. At 30 June 2010: \$3 million was undrawn (30 June 2009: \$3 million); and
- Queanbeyan City Council is disputing the validity of the Utilities (Network Facilities) Tax (UNFT) and Water Abstraction Charge (WAC). During 2009-10 the Federal Court determined the *Utilities (Network Facilities Tax) Act 2006* to be invalid so far as it purports to impose a tax on the water network facility of ACTEW. The WAC levied on ACTEW by the ACT was determined to be valid. The decision only applies to water network facilities and as such does not apply to the UNFT imposed on other network facilities, such as telecommunications, electricity, and gas providers.

The Queanbeyan City Council has appealed to the Full Court of the Federal Court on the WAC and the ACT has appealed on the UNFT decision. The appeal was held on 24-25 May 2010, however, as at 30 June 2010, the Court had not reached a decision on the case.

At the end of September 2010, the Full Federal Court of Australia ruled the WAC and UNFT as valid, which results in no contingent liability for the Territory.

Contingent Assets

General Government Sector and Total Territory

At 30 June 2010, the Territory held contingent assets relating to significant tax assessments and associated penalties plus interest issued in 2007-08 to a number of companies. As the tax payers in question have lodged objections to the assessment, the revenue in question is contingent on the outcome of the consideration of the objections.

Guarantees

General Government Sector and Total Territory

The Territory is guarantor for the loan facility (\$4.5 million) taken out by the Canberra Racing Club for the purpose of upgrading Thoroughbred Park. The amount payable under this guarantee and indemnity is limited to \$4.5 million, plus interest, bill discounts and line fines incurred by the Club under the loan facility, and any costs reasonably and directly incurred by the Commonwealth Bank of Australia under the terms of the loan facility.

On 13 April 2006, the Territory unconditionally and irrevocably indemnified the Commonwealth Bank of Australia against any loss the Bank suffers in relation to the liability to pay the \$4.5 million.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

55 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Indemnities

General Government Sector and Total Territory

The ACT Government has provided the following indemnities.

- On 9 February 2007, the Territory indemnified the Directors on the Rhodium Asset Solutions (Rhodium) Board and the Rhodium Management Team against any claim and all costs with regard to their assistance to the Territory in selling Rhodium.

On 12 March 2007, the Territory indemnified Rhodium against all liabilities, claims, and costs incurred by Rhodium in relation to, or arising out of, the sale of Rhodium and not otherwise met by Rhodium's resources or any indemnity, including under any policy of insurance or contract up to \$1.3 million.

- The ACT Government will continue to provide such support as necessary for Totalcare to meet its financial obligations until Totalcare's operations have been wound up.

On 21 March 2003, the Territory indemnified the Board of Totalcare Industries Limited in respect of all liabilities, claims, demands, costs and expenses incurred in relation to or arising out of the operations of the wind-up. An overall payment of \$7.533 million has been made since 2004-05 to assist Totalcare to settle its liabilities. All of Totalcare's operations, except for the fleet business unit, were transferred to Government departments during the 2003-04 financial year. The operations of Totalcare Fleet were transferred to Rhodium on 1 January 2005.

56 THIRD PARTY MONIES

Third Party Monies held in Trust by the Territory

	General Government Sector		Total Territory	
	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>
ACT Long Service Leave Authority	70	65	70	65
Rental Bonds Board	44	40	44	40
Default Insurance Fund	23	26	23	26
Nominal Defendant Insurance Fund	13	12	13	12
Health Professional Registration	2	3	2	3
Public Trustee Common Fund	163	136	163	136
ACT Civil and Administrative Tribunal	38	34	38	34
Other Third Party Monies	26	33	26	33
Total Monies Held in Trust	380	348	380	348

Third party monies held in trust are not incorporated into the financial statements of either the General Government Sector or the Territory.

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

57 INTEREST IN JOINT VENTURE ENTITIES

General Government Sector and Total Territory

The General Government Sector (GGS) has entered into a joint venture with the Catholic Education Office for the management of shared educational facilities at the Gold Creek and Holy Spirit Primary Schools. All assets and liabilities relating to the shared facilities are owned by the Territory, through the GGS and the Catholic Education Office in accordance with the participating share of each party, which is 53 per cent for the Territory and 47 per cent for the Catholic Education Office.

Total Territory

ACTEW Retail Limited has entered into a joint venture partnership with AGL Limited to manage the retail operations of the ACT electricity and gas networks. ACTEW Distribution Ltd has entered into a joint venture partnership with Jemena Networks (ACT) Pty Ltd to manage the ACT electricity network and the ACT, Queanbeyan and Nowra gas networks.

The Land Development Agency has joint ventures with:

- a) Forde Development (ACT) Pty Ltd for the residential development of Forde;
- b) Woden East Pty Ltd for the residential development of Woden East; and
- c) Crace Development Pty Ltd for the residential development of Crace.

All entities have a 50 per cent participating interest and voting power in the respective joint ventures and a 50 per cent share of the profit. Information relating to the joint ventures, presented in accordance with the accounting policy described in Note 2(ae): 'Joint Ventures' is set out below.

	General Government Sector		Total Territory	
	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>
Share of Joint Venture Profit:				
Revenue	0	0	483	460
Expenses	0	0	379	372
Operating Profit / (Loss)	-	-	104	88
Share of the Joint Venture Assets and Liabilities is as follows:				
Current Assets	0	0	176	150
Non-Current Assets	3	3	474	506
Total Assets	3	3	650	656
Current Liabilities	0	0	111	101
Non-Current Liabilities	-	-	25	23
Total Liabilities	0	0	137	124
Net Assets	3	3	514	532
Share of Joint Ventures' commitments				
Lease Commitments	-	-	37	26
Remuneration Commitments	-	-	48	20
Total Expenditure Commitments	-	-	85	46
Capital and Other Commitments	-	-	33	20
Total Share of Joint Ventures' commitments	-	-	118	65

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

57 INTEREST IN JOINT VENTURE ENTITIES - CONTINUED

The carrying amount in joint ventures will differ from the carrying amount recorded in the financial statements due to recognition requirements detailed in AASB 131: 'Interests in Joint Ventures'. Under AASB 131.48, when a venturer contributes assets to a joint venture only that portion of the gain that is attributable to other venturers can be recognised as an investment. The balance of investment in any joint venture is recognised progressively in line with the sale of developed land by that joint venture to third parties.

Contingent Liabilities relating to Joint Ventures

Each of the partners in the ActewAGL Joint Venture are jointly liable for the debts of the partnership. The partnerships have a number of public liability insurance claims pending at year end. Should these claims be successful, the Joint Venture must pay the first \$25,000 of each claim. The Contingent Liability for the Joint Venture is estimated to be \$0.182 million at 30 June 2010 (\$0.350 million at 30 June 2009).

58 INTEREST IN A JOINTLY CONTROLLED OPERATION

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. On 16 May 2007, the Territory entered into an unincorporated joint venture with the Hindmarsh Group for the redevelopment of blocks 3 and 4, section 69, Lyons.

The value of the land contributed by the Territory to the Lyons Joint Venture is included in Receivables.

	General Government Sector		Total Territory	
	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>
Assets Employed in the Jointly Controlled Operation				
Amount Receivable from the Contribution to the Lyons Land Joint Venture	-	-	4	4
Total Assets	-	-	4	4

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

59 ECONOMIC DEPENDENCY

The ACT Legislative Assembly is empowered by the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)*. Commonwealth Government funding accounts for approximately 43 per cent of the Territory's revenue (refer Note 7: 'Grants Revenue').

Commonwealth funding includes 'National Specific Purpose Payments' that provide services to the community on behalf of the Commonwealth Government, and the ACT Government'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.

60 THE TERRITORY'S CREDIT RATING

Standard & Poor's are currently reviewing the ACT Rating and are expected to announce the results of their 2010 review of the ACT's credit rating prior to the end of the calendar year.

Following the release of the 2010-11 Budget, Standard & Poor's said that the Budget announced for the ACT is consistent with the 'AAA' rating assigned to the ACT, and that the outlook is stable.

At the end of the reporting period, there are strong grounds to indicate the Territory can continue to meet its liabilities as and when they fall due, and will continue to be assigned 'AAA/A-1+' local and foreign currency ratings by Standard & Poor's.

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2009-10 Budget. The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's.

	Local Currency		Foreign Currency	
	Long Term	Short Term	Long Term	Short Term
Standard & Poor's	AAA	A-1+	AAA	A-1+

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 payments of interest and repayments 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 and indicates that the obligator's capacity to meet its financial commitments is strong. A short-term obligation/obligor rated A-1+ 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 2010**

General Government Sector		Total Territory	
2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m

61 AUDITOR'S REMUNERATION

The ACT Auditor-General's Office is required by the *Financial Management Act 1996* to audit ACT Government Agencies. Auditor's Remuneration includes financial audit services provided to the Territory by the ACT Auditor-General and by PKF Chartered Accountants and Business Advisors, who performed the audit of the ACT Auditor-General's Office. Financial statements audits of agencies are conducted on a fee for service basis. Performance audits reviews and investigations are funded through appropriation.

The amounts included in the table below represent the payments made by the General Government Sector (GGS) and the Territory for audits undertaken during 2009-10. These amounts are consolidated out of the financial statements of the GGS and the Territory.

<i>Audit Services</i>	2009-10	2008-09	2009-10	2008-09
Financial Audits (Fees for Services)	2	2	2	2
Other Services (Legislative Assembly Appropriation)	1	2	1	2
Total Auditor's Remuneration	3	4	3	4

The ACT Auditor-General's Office paid \$10,167 for the independent audit of its financial statements for 2009-10 (\$10,000 for 2008-09).

62 EVENTS SUBSEQUENT TO BALANCE DATE

There are no events subsequent to balance date for either the General Government Sector or the Territory.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in Note 2: 'Summary of Significant Accounting Policies'.

The most significant investments and borrowings of the General Government Sector (GGS) and the Territory are the investments and borrowings undertaken through the Territory's Banking Account and the superannuation portfolio managed through the Superannuation Provision Account.

Interest Rate Risk

Investment Portfolio

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial instruments of the Territory are exposed to interest rate risk via the 'Cash and Cash Equivalents' and 'Investments at Fair Value Through Profit and Loss' allocations. Changes in the fair market valuations or future cash flows of investments resulting from changes in interest rates have a direct impact on the Territory's Operating Statement and Balance Sheet.

The details of the GGS and Territory's level of exposure to 'Investments at Fair Value Through Profit and Loss' holdings are provided in Note 31: 'Investments, Loans and Placements'.

Interest rate risk is measured and monitored by the calculation of the duration of the investment portfolios which approximate the percentage change in portfolio valuation from a percentage change in market interest rates. The financial instruments directly impacted by interest rate volatility for the purposes of quantifying the interest rate sensitivities are the cash holdings either within the individual portfolios or the master custodian accounts for the investment portfolio as well as discount securities, floating rate notes and bonds.

The investment portfolio includes an exposure to financial debt instruments through the cash enhanced and fixed income pooled unit trusts. It would normally be expected that debt instruments have a direct exposure to interest rate risk. However, because the investments are made in a pooled unit trust, it is the unit price which reflects the value of the financial investment. On this basis, the sensitivity of changes to the unit price for these debt instrument investments is included below in 'Price Risk'.

Exposures to interest rate risk is limited to duration thresholds stipulated within the investment management agreements and monitored for compliance by the Territory's master custodian on a bi-monthly basis.

Borrowing Portfolio

To mitigate exposure to volatile interest rates on the floating rate components of the Territory's General Government Debt Portfolio, domestic interest rate swap transactions are established (without the use of collateral). A credit risk management framework is established for the interest rate swap transactions and only high quality counterparties are transacted with.

As at the end of the period, the exposure of interest rate excluding derivatives was as follows:

	Fixed Rate		Variable Rate	
	Instruments		Instruments	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Financial Assets	1,007	734	1,078	1,184
Financial Liabilities	866	640	262	262
Net Exposure Before the Effect of Derivatives	141	94	816	922

Fixed rate instruments comprise financial assets and financial liabilities at fair value through profit or loss that are exposed to changes in fair value due to changes in interest rates.

Variable rate instruments comprise instruments that are exposed to either changes in fair value or changes in cash flows (or both) due to changes in interest rates.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Interest rate swap transactions are undertaken to exchange variable and fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates. The Territory has both variable and fixed interest rate exposures and interest rate swap contracts are used to manage these exposures.

The notional principle value of the interest rate swaps transacted equate to the portion of the General Government floating rate borrowings that are being hedged. The settlement dates of the swap contracts correspond with the interest payment dates of the borrowings (every three months until maturity). The swap contracts require settlement of net interest payable or receivable and are brought into account as an adjustment to borrowing cost. The notional principle value of the swaps is not recognised as an asset or a liability, but added to the financial report by way of note disclosure. Interest rate swaps are designated as hedges and are therefore carried at fair value with the effective portion of the interest rate swap recognised in the Territory's Statement of Changes in Equity.

The exposure to derivatives is set out below.

As at balance date, the Territory had open positions in exchange traded money markets and fixed income future and interest rate swap agreements in place. The *Financial Management (Investment and Borrowing) Guidelines 2005* governs the use of financial derivatives. Interest rate derivatives are used to manage the exposure to interest rates and to ensure it remains within approved limits. The notional value of the open positions and their fair value are set out below.

	Notional Principle Value		Fair Value	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Buy Domestic Money Market Futures	381	48	0	0
Sell Domestic Money Market Futures	-381	0	0	0
Buy Fixed Interest Futures	7	11	0	0
Sell Domestic Fixed Interest Futures	-51	0	0	0
Buy Interest Rate Swap (Floating)	-10	239	75	-17
Sell Interest Rate Swaps (Fixed)	10	-239	-80	13
Net Exposure Before the Effect of Derivatives	-45	59	-5	-4

Notional principle value represents agreed dollar amounts on which the exchanged interest payments are based. The principal value is not a contracted liability. The fair value represents the value of the open contracts at the reporting date. Changes in the fair value of futures and swaps, with all resulting gain or loss, is recorded in the Operating Statement.

Finance Leases

The Territory has finance leases for the management of its vehicle fleet, which are managed through an external party. The Territory's exposure to interest rate risk associated with finance leases is managed by fixing interest rates on each new lease.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Sensitivity Disclosure Analysis

As at 30 June 2010, the interest rate profiles of the interest-bearing financial instruments of the GGS and the Territory comprising two main types of financial instruments, namely fixed rate instruments and variable rate instruments, are disclosed below. Taking into account past performance, future expectations, economic forecasts, and Treasury management's knowledge and experience of the financial markets, the impact on the Operating Statement and the impact on Equity in the tables below are 'reasonably possible' over the next 12 months if interest rates change by +/-0.50 per cent from the year-end official cash interest rate of 4.50 per cent (30 June 2009: 3.00 per cent), with all other variables, especially foreign exchange rates, held constant.

The following tables illustrate the impact of a +/-0.50 per cent change in interest rates on the GGS financial instruments.

30 June 2010 General Government Sector	Fixed Rate Instruments				Variable Rate Instruments			
	-0.50%		+0.50%		-0.50%		+0.50%	
	Profit/ (Loss) Impact \$m	Equity Impact \$m	Profit/ (Loss) Impact \$m	Equity Impact \$m	Profit/ (Loss) Impact \$m	Equity Impact \$m	Profit/ (Loss) Impact \$m	Equity Impact \$m
30 June 2010								
Financial Assets	3	3	-3	-3	-6	-6	6	6
Financial Liabilities	2	2	-2	-2	-4	-5	4	5
Net Assets	2	2	-2	-2	-2	-1	2	1
30 June 2009								
Financial Assets	3	3	-3	-3	-9	-9	9	9
Financial Liabilities	1	1	-1	-1	-7	-8	7	8
Net Assets	2	2	-2	-2	-3	-1	3	1

30 June 2010 Total Territory	Fixed Rate Instruments				Variable Rate Instruments			
	-0.50%		+0.50%		-0.50%		+0.50%	
	Profit/ (Loss) Impact \$m	Equity Impact \$m	Profit/ (Loss) Impact \$m	Equity Impact \$m	Profit/ (Loss) Impact \$m	Equity Impact \$m	Profit/ (Loss) Impact \$m	Equity Impact \$m
30 June 2010								
Financial Assets	3	3	-3	-3	-6	-6	6	6
Financial Liabilities	2	2	-2	-2	-4	-5	4	5
Net Assets	2	2	-2	-2	-2	-1	2	1
30 June 2009								
Financial Assets	3	3	-3	-3	-9	-9	9	9
Financial Liabilities	1	1	-1	-1	-7	-8	7	8
Net Assets	2	2	-2	-2	-3	-1	3	1

The following assumptions were used in determining the sensitivity of financial instruments to interest rate risk:

- (i) The sensitivity calculation is based on the net exposure to interest rates after taking into account the effect of derivatives (if any).
- (ii) For derivatives, to calculate the effect on the fair value of derivatives after reasonable possible movements in interest rates, a parallel shift is applied to the zero curve with all other factors held constant.
- (iii) The effect of credit risk is ignored.
- (iv) The derivatives are assumed to be held to expiry.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Price Risk and Inflation Risk

Financial instrument investments held by the GGS and the Territory are exposed to other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Inflation risk is the risk that future cash flows on an inflation linked instrument may fluctuate due to changes in inflation rates. Other price risk arises from the exposure to fixed interest investments (the unitised pooled fixed interest portfolios) which are exposed to changes in unit prices. Inflation risk arises from inflation indexed bonds which are exposed to inflation rates. The exposure to price and inflation risk has a direct impact on the Operating Statement.

There is a fundamental financial relationship between risk and return. Although the debt markets are relatively more volatile than the shorter duration money markets investments, over the longer term, debt investments have proven to be a relatively good source of income protection, through the achievement of high returns in real terms.

Sensitivity Disclosure Analysis - Related to the Territory's Investment Portfolio

To limit this risk, the Territory's investment portfolio, managed through the GGS, is diversified in accordance to counterparty credit rating limits (as stipulated within each individual investment management agreement with the contracted manager).

Territory Investment Portfolio	Exposure to		Exposure to	
	Unit Prices		Inflation Rates	
	2010	2009	2010	2009
	\$m	\$m	\$m	\$m
Financial Assets	230	226	850	615
Financial Liabilities	0	0	849	614
Net Exposure Before the Effect of Derivatives	230	226	1	1

Sensitivity Disclosure Analysis - Related to the Territory's Superannuation Investment Portfolio

The superannuation investment portfolio, managed through the GGS, includes equity, fixed income (debt) and unlisted direct property investments.

Equity markets are inherently volatile and not suitable for short-term investment. Over the long-term, equity investments have proven to be a good source of inflation protection, through the achievement of high returns in real terms. To manage the price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with the strategic asset allocation policy). The majority of the equity investments are of a high quality and are publicly traded on either the Australian Stock Exchange (ASX) or the overseas equivalent (Refer 'Credit Risk', below).

The exposure to the fixed income (debt) market is via unitised pooled cash and fixed interest funds. The fixed income investments are diversified domestically and internationally across the money and capital markets including cash, short-term debt (maturity less than 12 months) and fixed interest bonds (maturity greater than 12 months). The investment allocation to debt securities is controlled at the portfolio level by the strategic asset allocation, therefore limiting exposure to the individual asset classes. The investment management agreements and the pooled trust product disclosure statement stipulates the maximum allowable limits by issuer, ratings and duration to ensure sufficient diversification occurs within the individual investment portfolios.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Other price risk exposure also applies to the investment allocation to unlisted direct property. These investments are held in a unitised pooled trust, with the unit price reflecting the underlying changes in the values of the property investments.

Superannuation Investment Portfolio	Exposure to Other Price Risk	
	2010	2009
	\$m	\$m
Financial Assets	2,018	1,796
Net Exposure Before the Effect of Derivatives	2,018	1,796

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an overseas financial investment will fluctuate as a result of movements in international exchange rates.

A significant allocation of the Territory's superannuation investment portfolio is denominated in foreign currency through the purchase and holding of international equity and fixed interest securities. Equally, a large portion of these investments are fully hedged back to Australian dollars using currency derivatives. The use of currency hedging mitigates the impact on international asset valuations in Australian dollar terms from the changes in exchange rates. Without currency hedging, an appreciation of the Australian dollar against the foreign currency asset holdings will have an adverse impact on the valuations of the investments in Australian dollar terms.

In relation to unhedged foreign investments, holding a diversified basket of currency investments also serves to reduce overall currency risk. The currency hedge ratio is achieved and managed through investment in two passively managed unlisted pooled unit trusts for international equities (hedged) and international fixed interest (hedged). All international fixed interest exposures are hedged to Australian dollars. International equity exposures above 20 per cent are hedged to Australian dollars.

The GGS and the Territory's exposure to unhedged currency investments managed through the Territory's superannuation investment portfolio is detailed in the following table. The numbers reflect both directly held and indirectly held investments that are subject to foreign exchange risk.

Currency as at 30 June 2010 General Government Sector and Total Territory	Cash and Cash Equivalents	Investments designated at Fair Value Through Profit or Loss	Other Assets	Total Assets	Financial Liabilities held at Fair Value Through Profit or Loss	Other Liabilities	Total Liabilities	Net Assets
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
AUD	5	1,787	6	1,798	-	3	3	1,795
USD	3	127	1	131	0	4	4	127
JPY	0	19	0	19	-	0	0	19
EUR	1	32	1	34	0	0	0	34
GBP	0	24	0	24	-	-	-	24
Other	1	19	0	19	0	-	0	19
Total A\$m	9	2,008	8	2,026	0	7	7	2,019

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Currency as at 30 June 2009 General Government Sector and Total Territory	Cash and Cash Equivalents	Investments designated at Fair Value Through Profit or Loss	Other Assets	Total Assets	Financial Liabilities held at Fair Value Through Profit or Loss	Other Liabilities	Total Liabilities	Net Assets
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
AUD	6	1,558	7	1,571	-	3	3	1,568
USD	2	129	3	134	-	3	3	131
JPY	0	13	0	14	-	-	-	14
EUR	0	43	1	45	-	2	2	43
GBP	0	25	1	26	-	1	1	25
Other	0	26	0	27	-	-	-	27
Total A\$m	9	1,796	13	1,817	-	8	8	1,809

Sensitivity Disclosure Analysis

The table below summarises the impact of +/-10 per cent strengthening/weakening of the Australian dollar against the top four foreign exchange exposures on the Territory's Operating Statement for the year and on Equity. These currencies being US dollar, Great Britain Pound, Japanese Yen and the Euro. The analysis is based on the assumption that the Australian dollar has strengthened/weakened by +/-10 per cent with all other variables held constant.

Taking into account past performance, future expectations, economic forecasts, and Treasury management's knowledge and experience of the financial markets, the impact on the Operating Statement and the impact on Equity in the table below are 'reasonably possible' over the next 12 months if foreign exchange rates change by +/-10 per cent from the year-end spot rates for each respective currency with all other variables held constant.

30 June 2010 General Government Sector and Total Territory	-10%		+10%	
	Profit/ (Loss) Impact	Equity Impact	Profit/ (Loss) Impact	Equity Impact
	\$'000	\$'000	\$'000	\$'000
Currency				
USD	-14	-14	14	14
JPY	15	15	-15	-15
EUR	154	154	-154	-154
GBP	19	19	-19	-19
Other	55	55	-55	-55
Total Increase/(Decrease)	229	229	-229	-229

30 June 2009 General Government Sector and Total Territory	-10%		+10%	
	Profit/ (Loss) Impact	Equity Impact	Profit/ (Loss) Impact	Equity Impact
	\$'000	\$'000	\$'000	\$'000
Currency				
USD	181	181	-181	-181
JPY	44	44	-44	-44
EUR	-5	-5	5	5
GBP	-7	-7	7	7
Other	84	84	-84	-84
Total Increase/(Decrease)	297	297	-297	-297

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Credit Risk

Credit risk arises from the financial assets comprising cash and cash equivalents, loans and receivables and investments held at Fair Value Through Profit or Loss. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Territory's financial arrangements, in respect of the business conducted in relation to the Territory's banking account and superannuation investment portfolio, managed through the GGS, limits the credit risk to those financial assets and liabilities involving external parties (non ACT Government agencies). The Territory is also exposed to credit risk associated with the amount of guarantees provided to external parties (for further details, refer Note 55: 'Contingencies, Guarantees and Indemnities').

The Territory's credit risk exposure for the Territory's investment portfolio is limited to financial investment assets carried at fair value through profit or loss. Financial dealings are only undertaken with other ACT Government entities or appropriately rated counterparties as provided for within each individual contract established with investment managers. The *Financial Management (Investment and Borrowing) Guidelines 2005* and *Superannuation Management Guidelines 2002* prescribe the credit limitations of the counterparties with which investments may be made in relation to both the Territory's investment and superannuation portfolios, respectively. The maximum amount of credit risk relating to the financial investment assets is limited to the carrying amount recorded in the financial statements. No collateral is held as security and no credit enhancements are in place in respect of any of the Territory's financial assets.

The prescribed limitations include investing in assets of investment grade (minimum A-2 short-term credit rating and BBB- long-term credit rating). A credit rating is a current assessment of the ability of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. A credit rating of AAA exhibits an extremely strong capacity to meet financial commitments as opposed to a credit rating of AA or BBB. These credit ratings are based on an investment grade credit rating assessment made by Standard and Poor's or equivalent Moody's rating. As at reporting date, the investment portfolio comprises a diversified portfolio of securities to minimise counterparties' risk of default.

Also, the Territory has the highest credit rating available, being short-term A1+ and long-term AAA. It is assumed that the credit risk is minimal (for further details, refer Note 60: 'The Territory's Credit Rating').

The following table details the credit ratings exposure of the applicable investments of the GGS.

General Government Sector and Total Territory

	Credit Quality				Total
	AAA	AA	A	BBB	
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
30 June 2010					
Directly Held					
Money Market and Fixed Interest Securities	532	271	377	19	1,200
Indirectly Held					
Unit Trust (Debt Instruments)	532	183	93	9	817
Total	1,064	454	470	28	2,017
30 June 2009					
Directly Held					
Money Market and Fixed Interest Securities	410	143	651	8	1,212
Indirectly Held					
Unit Trust (Debt Instruments)	417	225	210	9	861
Total	828	368	861	16	2,074

Financial Assets that are either Past Due or Impaired

None of the assets managed in relation to the Territory's investment or superannuation portfolios are impaired as at 30 June 2010 (nil at 30 June 2009).

In addition, note that neither the terms of the financial assets held in the Territory's investment and superannuation portfolios have been renegotiated to prevent these assets from being past due or impaired, and they are stated at the carrying amounts as disclosed in the Balance Sheet.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Liquidity Risk

Liquidity risk is the risk that the Territory is unable to meet its financial obligations as they fall due.

The Territory manages liquidity risk associated with the Territory's investment portfolio, through the GGS, by only investing in an adequate amount of high grade securities that fall within the limitation set out in the *Financial Management (Investment and Borrowing) Guidelines 2005* and transacting with reputable counterparties. The investments of the Territory Banking Account are made in liquid markets and are readily redeemable if required. All Territorial revenues such as taxes, fees, fines and Commonwealth Government grants, are ultimately deposited into the Territory's Banking Account. Accordingly, it will almost certainly always have sufficient cash to meet the expenditure allocations as set out in the Annual Budget. Forecasts of future cash flows and borrowing maturities are maintained to ensure that there is sufficient funding available for any required settlements.

Analysis of Territory's Financial Liabilities Based on Management Expectation

The risk implied from the values shown in the table below, reflects a net balance view of cash flows.

The Territory's objective for the superannuation investment portfolio is to minimise liquidity risk by monitoring financial obligations as they fall due. The more immediate liquidity needs are for funding working capital, meeting the annual emerging cost benefit payments to ComSuper and for managing fund flows for investment asset classes in accordance to the strategic asset allocation. On a longer term horizon, the annual emerging cost benefit payments to ComSuper are to be funded through a combination of budget capital injections and funds held under investment.

Currently, there is a small investment exposure to illiquid asset classes including unlisted indirect property and private equity. These asset classes require significant commitments of capital over a long time frame, such as ten to twelve years. Early redemption of these investments would lead to excessive transaction costs, time delays, and could incorporate capital losses. The exposure to these illiquid asset classes is currently limited through the strategic asset allocation to a maximum of 15 per cent of portfolio assets. To compensate for this liquidity risk, these types of investments require an illiquidity premium, or additional required return.

The tables below reflect all contractual repayments of principal and interest resulting from recognised borrowings, the CSS/PSS defined benefit superannuation schemes and finance leases. The amounts disclosed represent undiscounted cash flows for the respective obligations in respect of upcoming fiscal years.

30 June 2010	0-6	6-12	1-2	2-5	> 5	Total
General Government Sector	months	months	years	years	years	
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Financial Liabilities						
Interest-Bearing Liabilities (Current/Non-Current)	291	32	55	157	1,079	1,614
Estimated Superannuation Liabilities	58	58	148	538	24,539	25,341
Finance Lease Liabilities (Current/Non-Current)	31	-	-	-	-	31
Net Maturity	380	90	203	695	25,618	26,986
30 June 2009						
General Government Sector	months	months	years	years	years	Total
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Financial Liabilities						
Interest-Bearing Liabilities (Current/Non-Current)	286	28	50	130	717	1,211
Estimated Superannuation Liabilities	49	49	109	484	24,562	25,253
Finance Lease Liabilities (Current/Non-Current)	40	-	-	-	-	40
Net Maturity	375	77	159	614	25,279	26,504

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

30 June 2010	0-6	6-12	1-2	2-5	> 5	Total
Total Territory	months	months	years	years	years	\$m
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Financial Liabilities						
Interest-Bearing Liabilities (Current/Non-Current)	291	32	55	157	1,079	1,614
Estimated Superannuation Liabilities	58	58	148	538	24,539	25,341
Finance Lease Liabilities (Current/Non-Current)	32	-	-	-	-	32
Net Maturity	381	90	203	695	25,618	26,987
<hr/>						
30 June 2009	0-6	6-12	1-2	2-5	> 5	Total
Total Territory	months	months	years	years	years	\$m
		<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Financial Liabilities						
Interest-Bearing Liabilities (Current/Non-Current)	286	28	50	130	717	1,211
Estimated Superannuation Liabilities	49	49	109	484	24,562	25,253
Finance Lease Liabilities (Current/Non-Current)	40	-	-	-	-	40
Net Maturity	375	77	159	614	25,279	26,504

Fair value of Financial Assets and Financial Liabilities

The fair value of cash and cash equivalents is the carrying value recorded in the accounts of the GGS and the Territory.

Superannuation investments, which account for a significant portion of the GGS and the Territory's investment portfolio, and are maintained for the purpose of managing the Territory's employee superannuation liability, are held at market value.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Categorisation of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:

General Government Sector	2009-10		2008-09	
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Financial Assets				
Cash and Deposits	182	182	212	212
Advances Paid	961	886	719	668
Investments, Loans and Placements	3,230	3,230	2,983	2,983
Receivables	452	452	514	514
Equity				
Investments Accounted for Using Equity Method	5,426	5,426	5,006	5,010
Total Financial Assets	10,251	10,176	9,434	9,387
Financial Liabilities				
Deposits Held	160	160	55	55
Advances Received	96	83	99	102
Finance Leases	31	31	61	61
Borrowings	1,124	1,113	895	826
Employee Benefits and Superannuation	5,071	5,071	4,485	4,485
Payables	551	551	561	561
Other Liabilities	15	15	11	11
Total Financial Liabilities	7,048	7,024	6,167	6,101
Net Financial Assets	3,203	3,152	3,267	3,286

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

63 FINANCIAL INSTRUMENTS - CONTINUED

Categorisation of Financial Assets and Liabilities - continued

Total Territory	2009-10		2008-09	
	Carrying Amount \$m	Net Fair Value \$m	Carrying Amount \$m	Net Fair Value \$m
Financial Assets				
Cash and Deposits	238	238	283	283
Advances Paid	36	36	28	28
Investments, Loans and Placements	3,478	3,478	3,152	3,152
Receivables	480	480	534	534
Equity				
Investments Accounted for Using Equity Method	552	552	528	528
Total Financial Assets	4,784	4,784	4,525	4,525
Financial Liabilities				
Deposits Held	15	15	15	15
Advances Received	193	170	205	208
Finance Leases	32	32	62	62
Borrowings	1,124	1,113	895	821
Employee Benefits and Superannuation	5,147	5,147	4,643	4,643
Payables	664	664	614	614
Other Liabilities	35	35	14	14
Total Financial Liabilities	7,210	7,176	6,449	6,378
Net Financial Liabilities	-2,426	-2,392	-1,924	-1,853

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

63 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 - Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2010	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Financial Assets				
Money Market and Fixed Interest Securities	472	974	0	1,446
Financial Derivatives	0	0	-	0
Unit Trusts	8	1,596	140	1,743
Total	479	2,570	140	3,190
Financial Liabilities				
Financial Derivatives	1	3	-	3
Total	1	3	-	3
Net Assets	479	2,568	140	3,186

* Totals may not add due to rounding.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

64 EXPENSES AND ASSETS BY FUNCTION

The General Government Sector (GGS) and the Territory's total expenses and assets are classified in terms of the purposes for which the transactions are made, based on the Australian Bureau of Statistics Government Purpose Classification (GPC) Framework. A description of the major groups of the GPC Framework are listed below.

General Public Services (01): include legislative and executive affairs, financial and fiscal affairs, external affairs, foreign economic aid, general research, general economic and social services, general statistical services, and government superannuation benefits.

Defence (02): includes administration, supervision, operation and support of military and civil defence affairs, foreign military aid and defence research.

Public Order and Safety (03): includes police and fire protection services, law courts and legal services, prisons and corrective services, and control of domestic animals and livestock.

Education (04): includes primary and secondary education, university and other higher education, technical and further education, preschool and special education, and transportation of students.

Health (05): includes general hospitals, repatriation hospitals, mental health institutions, nursing homes, special hospitals, hospital benefits, medical clinics and practitioners, dental clinics and practitioners, maternal and infant health, ambulance services, medical benefits, school and other public health services, pharmaceuticals, medical aids and appliances, and health research.

Social Security and Welfare (06): includes sickness benefits; benefits to ex-servicemen and their dependents; invalid and other permanent disablement benefits; old age benefits, widows, deserted wives, divorcees and orphans benefits; unemployment benefits; family and child benefits; sole parents benefits; family and child welfare; and aged and handicapped welfare.

Housing and Community Amenities (07): includes housing and community development, water supply, household garbage and other sanitation, sewerage, urban stormwater drainage, protection of the environment, and street lighting.

Recreation and Culture (08): includes public halls and civic centres, swimming pools and beaches, national parks and wildlife, libraries, creative and performing arts, museums, art galleries, broadcasting, and film production.

Fuel and Energy (09): includes coal, petroleum, gas, nuclear affairs, and electricity.

Agriculture, Forestry, Fishing and Hunting (10): includes agricultural land management, agricultural water resources management, agricultural support schemes, agricultural research and extension services, forestry, fishing and hunting.

Mining and Mineral Resources Other than Fuels, Manufacturing and Construction (11): includes activities relating to prospecting, mining and mineral resources development; manufacturing activities and research into manufacturing methods, materials and industrial management; and activities associated with the building and construction industry.

Transport and Communications (12): includes road construction, road maintenance, parking, water transport, rail transport, air transport, pipelines, multi-mode urban transit systems, and communications.

Other Economic Affairs (13): includes storage, saleyards, markets, tourism and area promotion, and labour and employment affairs.

Other Purposes (14): includes public debt transactions, general purpose inter-government transactions, and natural disaster relief.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

	General Government Sector		Total Territory	
	2009-10	2008-09	2009-10	2008-09
	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m	<i>Actual</i> \$m
64 EXPENSES AND ASSETS BY FUNCTION - CONTINUED				
The following table provides a disaggregation of General Government Sector and Total Territory total expenses by Function.				
Expenses by Function				
01 General Public Services	373	259	299	196
03 Public Order and Safety	302	309	302	309
04 Education	875	774	892	793
05 Health	918	890	917	890
06 Social Security	186	237	186	229
07 Housing and Community Amenities	225	168	492	410
08 Recreation and Culture	122	105	139	125
09 Fuel and Energy	14	5	14	5
10 Agriculture, Forestry, Fishing and Hunting	4	0	4	0
11 Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	17	14	11	13
12 Transport and Communications	243	199	249	205
13 Other Economic Affairs	72	70	72	69
14 Other Purposes	306	454	297	447
Total Expenses	3,659	3,485	3,875	3,691

The following table provides a disaggregation of General Government Sector and Total Territory total assets by Function.

Assets by Function ^(a)				
01 General Public Services	8,504	7,749	2,858	2,565
03 Public Order and Safety	376	272	376	272
04 Education	2,043	1,872	2,050	1,877
05 Health	723	660	723	660
06 Social Security	138	137	138	136
07 Housing and Community Amenities	155	268	6,457	6,010
08 Recreation and Culture	2,236	2,105	2,257	2,127
09 Fuel and Energy	0	0	501	480
10 Agriculture, Forestry, Fishing and Hunting	77	45	67	45
11 Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	2	12	2	12
12 Transport and Communications	5,965	5,456	6,097	5,561
13 Other Economic Affairs	79	29	79	29
14 Other Purposes	2,213	2,052	1,375	1,474
Total Assets	22,513	20,654	22,980	21,248

Note: ^(a) Financial assets that are not allocated to a specific function are included in 'Other Purposes'.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Revenue								
Government Payment for Outputs	-	-	137	110	-137	-110	-	-
Taxation Revenue	1,128	1,015	-	0	-22	-29	1,106	986
Grants Revenue	1,755	1,473	6	13	-60	-54	1,701	1,432
Sales of Goods and Services Revenue								
Revenue from Associates and Joint Ventures	-	-	104	95	-	-	104	95
Other Sales of Goods and Services	436	402	362	342	-69	-67	730	677
Interest Income	120	123	16	18	-45	-39	90	102
Dividend and Income Tax Equivalents Income	254	197	-	-	-208	-115	46	81
Other Revenue								
Land Revenue (Value Add Component)	-	-	184	88	-19	-	166	88
Other Revenue	51	210	10	12	-19	-18	42	204
Total Revenue	3,744	3,421	818	678	-578	-434	3,984	3,665
Expenses								
Employee Expenses	1,283	1,175	106	95	-	0	1,389	1,271
Superannuation Expenses								
Superannuation Interest Cost	217	204	-	-	-	0	217	204
Other Superannuation Expenses	218	175	14	12	-9	-8	223	179
Depreciation and Amortisation	268	245	54	52	-	0	322	297
Interest Expense	68	63	46	43	-45	-39	69	67
Other Property Expenses (Income Tax Expense)	-	-	70	49	-70	-49	-	-
Other Operating Expenses								
Supplies and Services	697	679	126	124	-35	-30	788	774
Other Operating Expenses	180	310	215	181	-157	-123	238	368
Grants Expenses	728	633	75	39	-174	-141	629	531
Total Expenses	3,659	3,485	706	596	-491	-389	3,875	3,691
UPF Net Operating Balance	85	-64	112	82	-87	-44	110	-26

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual <i>\$m</i>	2008-09 Actual <i>\$m</i>	2009-10 Actual <i>\$m</i>	2008-09 Actual <i>\$m</i>	2009-10 Actual <i>\$m</i>	2008-09 Actual <i>\$m</i>	2009-10 Actual <i>\$m</i>	2008-09 Actual <i>\$m</i>
Other Economic Flows - included in the Operating Result								
Dividends - Market Gains on Land Sales	28	29	-	-	-28	-29	-	-
Land Revenue (Market Gains on Land Sales)	-	-	39	41	-	-	39	41
Net Land Revenue (Undeveloped Land Value)	86	98	-	-	0	0	86	98
Net Gain on Sale of Non-Financial Assets	-6	-44	6	4	5	-	5	-40
Net Gain on Financial Assets or Liabilities at Fair Value	151	-340	9	-	-	-	160	-340
Doubtful Debts	-8	-11	-2	-2	-	3	-9	-10
Operating Result	335	-332	165	125	-111	-70	390	-277
Other Economic Flows - Other Movements in Equity								
Superannuation Prior Year Actuarial Movement	-307	-721	-	-	-	-	-307	-721
Prior Year Adjustment	-	15	0	-1	-	-	-	14
Net Effect of a Correction for an Error	-3	0	-	0	0	-	-3	0
Net Effect of Change in Accounting Policy	-	1,109	-	-	-	-	-	1,109
Increase/(Decrease) in Asset Revaluation Surplus	591	230	313	23	-31	1	874	254
Increase/(Decrease) in Other Reserves	2	-14	1	-3	-	-	3	-17
Comprehensive Result - Total Change in Net Worth	618	287	480	145	-141	-69	956	363

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Key Fiscal Aggregates								
UPF Net Operating Balance	85	-64	112	82	-87	-44	110	-26
<i>less Net Acquisition of Non-Financial Assets</i>								
Purchases of Non-Financial Assets	605	372	305	205	-16	-	894	577
Sales of Non-Financial Assets	-6	-17	-29	-49	-	-	-35	-65
Land Revenue (Net Cash Receipts)	-104	-66	8	-67	16	-1	-80	-134
Depreciation and Amortisation	-268	-245	-54	-52	-	-	-322	-297
Other Movements in Non-Financial Assets	58	42	-53	-36	-13	-6	-9	-
<i>Total Net Acquisition of Non-Financial Assets</i>	<i>285</i>	<i>86</i>	<i>177</i>	<i>1</i>	<i>-13</i>	<i>-7</i>	<i>449</i>	<i>80</i>
Net Lending / (Borrowing)	-201	-150	-65	81	-74	-37	-339	-106

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AS AT 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Financial Assets								
Cash and Deposits	184	212	201	111	-145	-40	241	283
Advances Paid	961	719	-	-	-926	-691	36	28
Investments, Loans and Placements	3,227	2,983	248	169	-	-	3,475	3,152
Receivables	480	514	194	139	-140	-119	534	534
Equity								
Investments in Other Public Sector Entities	5,426	5,006	-	-	-5,426	-5,006	-	-
Investments Accounted for Using the Equity Method	-	-	513	484	4	4	517	488
Total Financial Assets	10,279	9,434	1,157	903	-6,632	-5,852	4,803	4,485
Non-Financial Assets								
Produced Assets								
Property, Plant and Equipment	9,497	8,813	2,446	2,411	-	-	11,943	11,224
Investment Property	127	129	-	-	-	-	127	129
Intangibles	20	26	30	18	-	-	50	44
Inventories	12	11	101	210	-15	-13	98	208
Assets Held for Sale	1	0	5	24	0	0	6	24
Capital Works-in-Progress	532	230	314	184	-	0	846	414
Non Produced Assets								
Property, Plant and Equipment	2,017	1,982	3,081	2,708	-18	-	5,079	4,690
Biological Assets	28	29	-	-	-	-	28	29
Other Non-Financial Assets								
Deferred Tax Assets	-	-	22	24	-22	-24	-	-
Other Non-Financial Assets	0	0	0	0	-	0	0	0
Total Non-Financial Assets	12,234	11,220	5,998	5,579	-55	-37	18,177	16,763
Total Assets	22,513	20,654	7,154	6,482	-6,687	-5,889	22,980	21,248

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AS AT 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Liabilities								
Deposits Held	160	55	-	-	-145	-40	15	15
Advances Received	96	99	1,023	797	-926	-691	193	205
Borrowings								
Finance Leases	31	61	1	1	-	-	32	62
Other Borrowings	1,124	895	1	0	-	-	1,124	895
Superannuation	4,606	4,064	-	-	0	0	4,606	4,064
Other Employee Benefits	470	421	147	209	-62	-51	556	579
Payables	598	561	170	138	-99	-84	668	614
Other Liabilities								
Current Tax Liability	-	-	23	-28	-23	28	-	-
Deferred Tax Liability	-	-	322	351	-322	-351	-	-
Other Liabilities	15	11	42	8	-26	-5	30	14
Total Liabilities	7,099	6,167	1,728	1,476	-1,602	-1,195	7,225	6,449
Net Assets	15,414	14,487	5,426	5,006	-5,085	-4,694	15,755	14,799
Equity in Public Trading Entities	5,426	5,006	-	-	-5,426	-5,006	-	-
Accumulated Funds	5,346	5,428	2,062	1,933	269	210	7,676	7,571
Asset Revaluation Surplus	4,645	4,057	3,356	3,065	72	102	8,072	7,224
Other Reserve	-2	-4	9	8	-	-	7	4
Net Worth	15,414	14,487	5,426	5,006	-5,085	-4,694	15,755	14,799
Key Fiscal Aggregates								
Net Financial Worth	3,180	3,267	-572	-573	-5,030	-4,657	-2,422	-1,964
Net Financial Liabilities	2,246	1,739	-	-	693	712	2,939	2,452
Net Debt (including superannuation related investments)	-2,962	-2,804	575	519	-	-	-2,387	-2,286
Net Debt (excluding superannuation related investments)	-942	-992	-	-	575	519	-367	-474

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Cash Flows from Operating Activities								
<i>Cash Receipts</i>								
Taxes Received	1,118	995	-	-	-17	-30	1,101	965
Receipts from Sales of Goods and Services	599	488	627	566	-183	-114	1,043	940
Grants/Subsidies Received	1,692	1,436	138	122	-136	-121	1,694	1,438
Interest Receipts	147	145	16	19	-42	-42	120	122
Dividends and Income Tax Equivalents	159	182	-	-	-159	-182	-	-
Other Receipts	415	417	102	109	-25	-29	492	497
Total Cash Received from Operating Activities	4,131	3,663	883	816	-563	-518	4,451	3,961
<i>Cash Payments</i>								
Payments for Employees	-1,436	-1,313	-117	-106	8	8	-1,546	-1,411
Payments for Goods and Services	-787	-679	-134	-148	48	34	-872	-794
Grants and Subsidies Paid	-738	-641	-20	-2	128	103	-629	-540
Interest Paid	-62	-65	-44	-43	42	42	-64	-66
Other Payments	-426	-424	-333	-332	197	150	-563	-607
Total Cash Paid from Operating Activities	-3,449	-3,122	-649	-632	424	336	-3,674	-3,417
Net Cash Flows from Operating Activities	682	542	233	184	-139	-182	776	544
Cash Flows from Investing Activities								
Cash Flows from Investments in Non-Financial Assets								
Sales of Non-Financial Assets	6	17	29	49	-	-	35	65
Purchases of Non-Financial Assets	-605	-372	-305	-205	16	0	-894	-577
Net Cash Flows from Investments in Non-Financial Assets	-599	-355	-276	-156	16	0	-859	-512

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Cash Flows from Investments in Financial Assets for Policy Purposes								
<i>Cash Receipts</i>								
Repayment of Loans	2	2	-	-	-	-	2	2
Capital Receipts from Government Agencies	9	-	110	28	-119	-28	-	-
Dividends - Market Gains on Land Sales	28	29	-	-	-28	-29	-	-
Total Cash Received from Investment in Financial Assets	38	30	110	28	-146	-56	2	2
<i>Cash Payments</i>								
Issue of Loans	-8	-13	-	-	-	-	-8	-13
Capital Payments to Government Agencies	-110	-27	-	-	110	27	-	-
Dividends - Market Gains on Sales	-	-	-36	-29	36	29	-	-
Total Cash Paid from Investment in Financial Assets for Policy Purposes	-118	-40	-36	-29	146	56	-8	-13
Net Cash Flows from Investments in Financial Assets for Policy Purposes	-80	-10	74	-1	-	-1	-6	-11
Cash Flows from Investments in Financial Assets for Liquidity Purposes								
Sales of Investments	250	130	41	83	-105	-55	186	159
Purchases of Investments	-271	-264	-106	-	105	55	-272	-209
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	-20	-134	-65	83	-	-	-85	-51
Net Cash Flows from Investing Activities	-699	-499	-267	-74	16	-	-951	-574

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Cash Flows from Financing Activities								
<i>Cash Receipts</i>								
Borrowings	244	104	248	107	-261	-122	231	89
Other Financing	-	-	-	-	-	-	-	-
Total Cash Received from Financing Activities	244	104	248	107	-261	-122	231	89
<i>Cash Payments</i>								
Borrowings	-258	-120	-23	-25	261	123	-20	-22
Dividends Paid	-	-	-117	-82	117	82	-	-
Other Financing	-	-	-6	-100	6	100	-	-
Total Cash Paid from Financing Activities	-258	-120	-147	-206	384	305	-20	-22
Net Cash Flows from Financing Activities	-14	-16	101	-99	124	182	211	66
Net Increase/(Decrease) in Cash held	-32	26	67	10	0	-	36	37
Cash and Cash Equivalents at the Beginning of Reporting Period	214	188	233	222	-	-	447	410
Cash and Cash Equivalents at the End of Reporting Period	183	214	300	233	-	-	483	447
Key Fiscal Aggregate								
Net Cash from Operating Activities	682	542	233	184	-139	-182	776	544
Net Cash Flows from Investments in Non-Financial Assets	-599	-355	-276	-156	16	0	-859	-512
Distributions Paid	-	-	-124	-182	124	182	-	-
Cash Surplus (+) / Deficit (-)	83	186	-166	-154	0	-	-83	32

A positive number denotes a cash inflow, a negative sign denotes a cash outflow.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Derivation of ABS GFS Cash Surplus/Deficit								
Cash Surplus (+) / Deficit (-)	83	186	-166	-154	0	-	-83	32
Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	83	186	-166	-154	0	-	-83	32

(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
AS AT 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Opening Equity								
Opening Equity in Public Trading Entities	5,006	4,958	-	-	-5,006	-4,958	-	-
Opening Accumulated Funds	5,428	5,380	1,933	1,879	210	156	7,571	7,415
Opening Asset Revaluation Surplus	4,057	3,831	3,065	3,069	102	101	7,224	7,001
Opening Other Reserves	-4	10	8	11	-	-	4	21
Opening Balance	14,487	14,179	5,006	4,958	-4,694	-4,701	14,799	14,436
Comprehensive Income								
<i>Included in Accumulated Funds:</i>								
Operating Result for the Period	335	-332	165	125	-111	-70	390	-277
Superannuation Prior Year Actuarial Movement	-307	-721	-	-	-	-	-307	-721
Prior Year Adjustment	0	15	0	-1	-	-	0	14
Net Effect of a Correction for an Error	-3	0	-	0	0	-	-3	0
Net Effect of Change in Accounting Policy	-	1,109	-	-	-	-	-	1,109
<i>Included in Asset Revaluation Surplus</i>								
Increase/(Decrease) in Asset Revaluation Surplus	591	230	313	23	-31	1	874	254
<i>Included in Other Reserves</i>								
Increase/(Decrease) in Other Reserves	2	-14	1	-3	-	-	3	-17
Total Comprehensive Income	618	287	480	145	-141	-69	956	363
Other								
Transfer to/from Accumulated Funds	3	5	22	27	-	-	26	31
Movement in Asset Revaluation Surplus	-3	-5	-22	-27	-	-	-26	-31
Total Other	-	-	-	-	-	-	-	-

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
AS AT 30 JUNE 2010**

65 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m	2009-10 Actual \$m	2008-09 Actual \$m
Transactions Involving Owners Affecting Accumulated Funds								
<i>Included in Accumulated Funds:</i>								
Capital Injections	-110	-27	110	27	-	0	-	-
Increase/(Decrease) in Net Assets due to Admin	-	0	-	-	0	-	-	-
Dividends Approved	-	-	-170	-124	170	124	-	-
<i>Included in Equity in Public Trading Entities:</i>								
Increase/(Decrease) in Net Assets of PTE Entities	420	48	-	-	-420	-48	-	-
Total Transactions Involving Owners Affecting Accumulated Funds	310	21	-60	-97	-250	76	-	-
Closing Equity								
Closing Equity in Public Trading Entities	5,426	5,006	-	-	-5,426	-5,006	-	-
Closing Accumulated Funds	5,346	5,428	2,062	1,933	269	210	7,676	7,571
Closing Asset Revaluation Surplus	4,645	4,057	3,356	3,065	72	102	8,072	7,224
Closing Other Reserves	-2	-4	9	8	-	-	7	4
Balance at the End of the Reporting Period	15,414	14,487	5,426	5,006	-5,085	-4,694	15,755	14,799

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

66 RECONCILIATIONS TO ABS GFS MEASURES

Where the Key Fiscal Aggregates presented on the face of the financial statements are materially different to that measured in accordance with the ABS GFS Manual, a reconciliation between the two measures is required to be provided.

There are no material differences in the Key Fiscal Aggregates for the Territory or the General Government Sector.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

**APPENDIX A
VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		2009-10 Actual \$m	2008-09 Actual \$m	Variance \$m	Variance %
6	TAXATION REVENUE				
	Duties				
	GGS	366	286	80	28%
	Territory	366	280	87	31%
	The increase in duties is largely due to increased volume and prices in the residential property market and increased activity in the commercial market. The increase was offset by a reduction in revenue from leases and the transfer of shares and marketable securities.				
	Land Tax				
	GGS and Territory	98	86	12	14%
	The increase in land tax reflects an increase in the average unimproved value of land, and the growth in new properties.				
7	GRANTS REVENUE				
	National Partnership Payments				
	GGS and Territory	295	92	203	220%
	This is primarily due to increased funding for the First Home Owner's Boost, the Social Housing National Partnership and increased funding for Government and Non-Government schools as a result of the <i>Building the Education Revolution</i> program.				
	Other Grants				
	GGS and Territory	-	9	-9	-100%
	The decrease is largely due to the receipt of one-off capital grants in 2008-09 for the Commonwealth Elective Surgery Stage 2 and the Aboriginal and Torres Strait Islander Drug and Alcohol Rehabilitation Centre.				
	Gains from Contributed Assets				
	GGS	59	43	16	38%
	This primarily reflects an increase in infrastructure transfers from the Land Development Agency. The assets transferred include roads, streetlights, guardrails and infrastructure related to estate developments.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
9	OTHER SALES OF GOODS AND SERVICES				
	Regulatory Services				
	GGS and Territory	60	52	8	16%
	This primarily reflects increased building activity, and higher revenues from Building Levies, Development Applications and Certified Plans, and an increased level of inspections by the ACT Planning and Land Authority.				
	Hospital and Other Health Services				
	GGS and Territory	106	89	17	19%
	The increase is due to a change in the classification of grants monies from the Commonwealth Government. Some monies are no longer referred to as a grant and as such are classified as Other Health Services.				
	Vocational and Tertiary Education and Training Fees				
	GGS	39	33	7	21%
	Territory	52	44	8	18%
	The increase is primarily due to greater than anticipated domestic and international student fees at CIT and greater than anticipated levels of new commercial activity through CIT Solutions.				
	Services Receipts				
	GGS	36	43	-6	-15%
	Territory	37	43	-6	-15%
	The variation is primarily due to the winding down of Rhodium Asset Solutions. Rhodium Asset Solutions provided fleet management and leasing services.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
10	INTEREST INCOME				
	Interest Received from the Private Sector - Non-Bank				
	Territory	15	23	-8	-36%
	The variation is due to a lower balance of investments held in cash, combined with lower domestic interest rates.				
11	DIVIDEND AND INCOME TAX EQUIVALENTS INCOME				
	Dividends from Public Trading Enterprises				
	GGS	133	91	43	47%
	The increase is due to higher dividend revenue received from ACTEW Corporation largely related to ActewAGL joint venture distributions and higher dividend revenue from the Land Development Agency as a result of increases in the sale of land associated with the Government's accelerated land release program and strong market demand for land.				
	Dividends from Superannuation Investments				
	GGS and Territory	46	81	-35	-43%
	This is due to a decrease in distributions received from unlisted, indexed, pooled unit trust investments.				
	Income Tax Equivalents				
	GGS	74	25	50	202%
	Income tax equivalents has increased due to higher activity by the Land Development Agency and ACTEW Corporation.				
12	LAND REVENUE (VALUE ADD)				
	Land Revenue (Value Add Component)				
	Territory	166	88	78	89%
	There has been a higher level of land sales throughout 2009-10 and the sale of additional development rights to joint ventures.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
13	OTHER REVENUE				
	Net Insurance (Losses)/Recoveries				
	GGS and Territory	-66	100	-166	-166%
	The decrease is due to reinsurers revising their estimate on public liability claims. This variation has an offsetting reduction in expenditure.				
	Other				
	GGS	54	40	14	36%
	Territory	55	42	13	30%
	The increase is primarily due to the higher collection of fees for waste management services and increased funding received by the CIT for programs such as <i>Training Infrastructure Investment for Tomorrow</i> .				
15	SUPERANNUATION EXPENSES				
	Superannuation Expenses (CSS and PSS)				
	GGS and Territory	368	322	46	14%
	The variation is primarily due to an increase in the service cost expense resulting from higher than projected scheme membership numbers.				
	Superannuation to Other External Providers, including Fund of Choice				
	GGS	40	31	9	28%
	Territory	43	34	9	28%
	The increase is due to higher Fund of Choice contributions as a result of the closure of access to the Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) and the Public Sector Superannuation Accumulation Plan (PSSap).				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
16	DEPRECIATION AND AMORTISATION				
	Buildings				
	GGS	89	76	13	17%
	Territory	104	91	13	15%
	The increase is mainly due to the full-year impact of depreciation expenses for the Alexander Maconochie Centre and education facilities.				
18	SUPPLIES AND SERVICES				
	Repairs and Maintenance				
	GGS	121	99	22	23%
	Territory	161	139	22	16%
	The increase primarily relates to grounds and building maintenance in schools and CIT educational facilities.				
	Staff Development and Recruitment				
	GGS	10	16	-6	-36%
	Territory	10	17	-7	-38%
	This primarily reflects a decrease in expenditure associated with work related conferences and seminars.				
	Compensation Payments on Behalf of the Territory				
	GGS and Territory	4	11	-7	-65%
	This primarily reflects a decrease in legal expenses, settlement and compensation payments.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		2009-10 Actual \$m	2008-09 Actual \$m	Variance \$m	Variance %
19	OTHER OPERATING EXPENSES				
	Net Insurance Claim Payments				
	GGS	-13	150	-163	-109%
	Territory	-16	148	-164	-111%
	The decrease is due to reinsurers revising their estimate on public liability claims. This variation has an offsetting reduction in revenue.				
	Other				
	GGS	93	61	33	54%
	The increase mainly relates to an obligation to return overpaid dividends to the Land Development Agency.				
	Territory	49	21	27	131%
	The increase is due to a reallocation between supplies and services and other operating expenses.				
20	GRANT EXPENSES				
	Grants to Non-Government Schools				
	GGS and Territory	243	172	71	42%
	The variation is primarily due to an increase in grants received from the Commonwealth Government for Non-Government Schools associated with the <i>Building the Education Revolution</i> program.				
	Grant Payment (Education and Community Services)				
	GGS	20	39	-19	-48%
	The decrease in payments is largely attributable to the transfer of Social Housing and Homelessness Services to Housing ACT, which is in the PTE sector.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
	First Home Owner's Grant and Boost				
	GGS and Territory	48	36	12	34%
	The increase reflects additional funding provided for the First Home Owner's Boost (FHOB) and First Home Owner's Grant (FHOG). The increase is also due to a higher than expected take up of the FHOG associated with the extension of the FHOB.				
	Capital Grant				
	Territory	18	5	13	260%
	The variation primarily reflects an increased capital works program at the Calvary Public Hospital and external infrastructure transfers relating to land sales.				
	Appropriation Payments to Public Trading Enterprises Agencies				
	GGS	59	37	21	57%
	The increase largely relates to the transfer of Social Housing and Homelessness funding to Housing ACT.				
23	LAND REVENUE (UNDEVELOPED LAND VALUE)				
	Land Revenue (Undeveloped Land Value)				
	GGS and Territory	86	98	-13	-13%
	The variance reflects the timing of land sales to the Land Development Agency from the Department of Territory and Municipal Services.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		2009-10 Actual \$m	2008-09 Actual \$m	Variance \$m	Variance %
24	NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS				
	Other Gains (non-core activities)				
	GGS	-	18	-18	-100%
	Territory	-	29	-29	-100%
	Other Losses (non-core activities)				
	GGS	-9	-	-9	#
	Territory	-3	-	-3	#
	These variations are predominantly due to a decrease in the discount factor applied to insurances and employee benefits.				
	Asset Revaluation				
	GGS	-	32	-32	-100%
	Territory	13	32	-19	-59%
	The decrease is related to higher asset revaluations in 2008-09.				
	Change in Employee Benefits Methodology				
	GGS	-	64	-64	-100%
	Territory	-	69	-69	-100%
	The methodology for calculating employee benefits was changed in 2008-09, which due to the nature of the change was previously shown as an Other Economic Flow.				
	Decrements Arising from Revaluation of Assets				
	GGS	2	27	-25	-92%
	Territory	2	27	-25	-92%
	This reflects a revaluation of building assets in 2008-09 by the CIT.				
	Loss on Disposal of Assets				
	GGS	13	2	11	400%
	This primarily relates to the expensing of Bushfire Recovery projects.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
25	NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE				
	Realised and Unrealised Gains on Investments				
	GGS	414	42	372	885%
	Territory	423	42	380	905%
	Realised and Unrealised Losses on Investments				
	GGS and Territory	-263	-382	119	31%
	The higher net gain on investments is primarily due to improved global share prices following recovery in equity markets post the global financial crisis.				
29	CASH AND DEPOSITS				
	Cash at Bank				
	GGS	175	197	-22	-11%
	Territory	231	268	-36	-14%
	The decrease in cash is largely due to the timing of payments made by agencies.				
	At Call Deposits and Short-Term Deposits				
	GGS and Territory	9	15	-6	-39%
	The variation primarily relates to a decrease in term deposits held.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

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Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
30	ADVANCES PAID				
	Current Loans Receivable				
	GGS	93	75	17	23%
	The increase is due to the provision of an additional loan to ACTEW Corporation in June 2010 for Water Security Major Projects.				
	Non-Current Loans Receivable				
	GGS	872	648	224	35%
	The increase is due to the provision of an additional loan to ACTEW Corporation in June 2010 for Water Security Major Projects.				
	Territory	38	32	7	21%
	This largely reflects drawdowns on the loan facility provided to Community Housing Canberra Limited for the supply of affordable housing properties to ACT residents as part of the Government's <i>Affordable Housing Action Plan</i> .				
31	INVESTMENTS, LOANS AND PLACEMENTS				
	Short-Term Securities				
	Territory	243	162	81	50%
	The variation is largely associated with the timing of agency funded capital works payments, and the reclassification of securities from non-current to current based on time to maturity.				
	Long-Term Securities				
	Territory	1	7	-6	-87%
	The decrease reflects the reclassification of securities from non-current to current based on time to maturity.				
	Shares and Equities				
	GGS and Territory	1,244	1,056	188	18%
	The increase in shares and equities reflects a recovery in global financial markets and resultant positive investment returns.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
	Investment in Property Trusts				
	GGS and Territory	188	118	70	59%
	This is due to the recovery in global financial markets and resultant positive investment returns.				
32	RECEIVABLES				
	Trade Receivables - Current				
	Territory	274	222	53	24%
	The increase in trade receivables mainly relates to the timing of payments from purchasers of the proceeds of land sales and taxation receivables.				
	Right to Receive Infrastructure from Land Developers - Non-Current				
	Territory	10	3	6	200%
	This reflects an increase in infrastructure assets to the Land Development Agency from developers.				
	Other Receivables - Current				
	GGS	72	33	40	121%
	The increase is largely due to higher dividends payable by the Public Trading Enterprises sector.				
	Insurance Receivables				
	GGS and Territory	70	138	-68	-49%
	Insurance receivables decreased due to reinsurers revising their estimate on public liability claims.				
34	INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
	Investments in Joint Ventures - Current				
	Territory	13	5	8	178%
	This is due to an increase in the value of joint venture investments.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
35	PROPERTY, PLANT AND EQUIPMENT (Includes Produced and Non-Produced)				
	Land				
	Territory - Total Value of Land	3,951	3,566	385	11%
	This increase is primarily due to the revaluation of land.				
	Plant and Equipment				
	Territory	286	253	33	13%
	This increase is primarily due to the delivery of new buses to ACTION as part of the fleet replacement program.				
37	INTANGIBLES				
	Internally Generated Software				
	GGS	15	21	-6	-28%
	Territory	16	22	-6	-28%
	This decrease is primarily due to the increased amortisation relating to large projects such as the Radiology Information System, Picture Archival Communication System and the Electronic Discharge Project in ACT Health.				
	Externally Purchased Other Intangibles				
	Territory	28	18	10	54%
	This reflects the purchase of additional water licences to extract and transfer water from the Murrumbidgee Regulated River System, as part of the ACTEW Corporation Tantangara Transfer project.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
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Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		2009-10 Actual \$m	2008-09 Actual \$m	Variance \$m	Variance %
38	INVENTORIES				
	Finished Goods				
	Territory	15	78	-63	-81%
	Inventories have decreased due to the change in methodology for estimating Work-in-Progress and Provisions for Project Completions (refer to Note 3a: 'Change in Accounting Policies and Estimates') together with an increase in sales and less expenditure on development costs during the year.				
	Inventory Works in Progress - Non current				
	Territory	37	83	-46	-55%
	Inventories have decreased due to the change in methodology for estimating Work-in-Progress and Provisions for Project Completions together with an increase in sales and less expenditure on development costs during the year.				
39	ASSETS HELD FOR SALE				
	Assets Held for Sale - Territory				
	Territory - Land Held for Sale	4	15	-11	-73%
	Territory - Buildings Held for Sale	1	9	-8	-90%
		5	24	-19	-79%
	The variation reflects the withdrawal of Currong Apartments and Hartigan Gardens from sale.				
40	CAPITAL WORKS-IN-PROGRESS				
	Construction - Residential Buildings				
	Territory	52	5	47	864%
	This increase is associated with construction projects as part of the <i>Nation Building and Jobs Plan - Investment in Social Housing</i> .				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
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Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		2009-10 Actual \$m	2008-09 Actual \$m	Variance \$m	Variance %
	Construction - Non-Residential Buildings				
	GGS	293	57	236	411%
	Territory	289	53	236	442%
	The increase is primarily associated with construction projects as part of the <i>Building the Education Revolution</i> Program, new schools, higher capital works activity relating to the ACT Health Capital Asset Development program.				
	Infrastructure				
	GGS	210	162	48	30%
	This increase largely reflect works including the Gungahlin Drive Duplication, Flemington Road Duplication and the Belconnen Bus Interchange.				
	Territory	476	343	133	39%
	This increase largely reflect the GGS variance above and works related to the Water Security Major Projects by ACTEW Corporation.				
	Software				
	GGS	29	10	18	175%
	Territory	29	12	16	131%
	Computer software works-in-progress has increased largely due to information and communication technology projects and health related computer technology initiatives.				
42	DEPOSITS HELD				
	Current Financial Creditors				
	GGS	160	55	105	190%
	The variation reflects the value of Public Trading Enterprises (PTE) sector investment deposits held with the Territory Banking Account, which reflects the timing of operational cash flows of the PTE sector.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
for variances greater than 10 per cent and greater than \$5 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
43	ADVANCES RECEIVED				
	Advances from the Commonwealth Government				
	Territory - Current	5	12	-7	-61%
	This primarily reflects the repayment of a Commonwealth loan.				
44	FINANCE LEASES				
	Finance Leases				
	GGS and Territory - Current	18	51	-33	-65%
	The decrease in finance leases primarily relates to the winding down of Rhodium Asset Solutions. Rhodium Asset Solutions provided fleet management and leasing services.				
45	OTHER BORROWINGS				
	Non-Current Bonds and Bills				
	GGS and Territory	831	620	211	34%
	This increase largely reflects additional borrowings undertaken on behalf of ACTEW Corporation for Water Security Major Projects.				
46	SUPERANNUATION				
	Estimated Employee Superannuation Liability				
	GGS and Territory - Current	118	100	18	18%
	GGS and Territory - Non-Current	4,488	3,964	524	13%
		4,606	4,064	541	13%
	The growth in estimated superannuation liabilities is due to a combination of employer liabilities accrued due to employee and MLA service (service costs), interest cost, benefit amounts paid, and impacts from changes in membership profiles and the discount rate used to estimate liabilities.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
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GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
47	OTHER EMPLOYEE BENEFITS AND PROVISIONS				
	Accrued Wages and Salaries				
	GGS	35	24	11	46%
	Territory	37	25	12	46%
	This increase is primarily due to the ACT Intensive Care Paramedics' Work Value outcome and the accrual of 6 days of wages and salaries at 30 June 2010, as opposed to 5 days in 2008-09.				
	Long Service Leave				
	GGS - Current	188	165	23	14%
	GGS - Non-Current	36	41	-5	-11%
		224	206	18	9%
	Territory - Current	217	193	24	12%
	Territory - Non-Current	39	43	-5	-11%
		256	237	19	8%
	The variation reflects the change in the methodology for calculating LSL Liabilities (refer Note 2(ag): 'Employee Benefits') and the impact of pay rises and staff increases.				
	Other Employee Benefits				
	GGS	7	2	5	250%
	Territory	9	4	6	155%
	The increase mainly relates to the sign-on bonus accepted as part of the terms for the new collective agreements for nursing, clerical, professional and technical staff.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
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GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
	Other Non-Employee Provisions				
	GGS - Current	12	2	11	550%
	This primarily relates to an increase in the number and amount of payroll tax waivers.				
	Other Non-Employee Provisions				
	Territory - Current	30	64	-33	-52%
	Territory - Non-Current	51	82	-31	-38%
		81	146	-64	-44%
	The decrease is mainly due to the change in methodology by the Land Development Agency for estimating Work-in-Progress and Provisions for Project Completions, together with the impacts of the Land Development Agency's bi-annual review which reduced the overall anticipated costs to complete the projects.				
48	PAYABLES				
	Trade Payables				
	GGS	29	40	-11	-28%
	The decrease is primarily due to the timing of payments.				
	Territory	95	74	21	28%
	This increase predominantly relates to the timing of payments in relation to the Enlarged Cotter Dam project.				
	Accrued Expenses				
	GGS	104	71	33	46%
	Territory	105	80	24	30%
	The increase is primarily due the timing of invoices being received from suppliers.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
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GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
	GST Liability				
	Territory	14	3	11	367%
	The variation is due to an increase in the value of GST payable to the Australian Taxation Office as a result of higher land sales in June 2010, compared to the previous year.				
	Insurance Payables				
	Territory - Current	35	28	7	25%
	The increase reflects higher than anticipated claims liabilities due to growth in large insurance claims.				
	Other Payables				
	GGS - Current	71	32	39	122%
	This increase is primarily due to the General Government Sector recording a payable to the Public Trading Enterprises (PTE) sector for a refund of an overpayment of dividends.				
	Territory - Current	37	20	17	88%
	The increase relates to a payroll tax refund paid to an external entity. This refund amount was overpaid by an external entity in error.				
49	OTHER LIABILITIES				
	Other Liabilities				
	Territory - Current	28	7	21	301%
	The variation is primarily due to revenue received in advance for land sales as a direct result of an increase in land sales, and payments received for asset rentals on out-of-term equipment that has been reserved for an accelerated asset refresh program in 2010-11 by the Shared Services Centre.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX A

**VARIANCE EXPLANATIONS - 2008-09 to 2009-10 ACTUAL
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Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2008-09 Actual \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
52	OPERATING LEASE COMMITMENTS				
	Total Operating Lease Commitments				
	GGS	226	118	108	91%
	Territory	243	128	115	90%
	The increase reflects the leases for computer equipment and motor vehicles, and also the renegotiation of leasing arrangements for accommodation by the Legal Aid Commission.				
53	CAPITAL COMMITMENTS				
	Total Capital Commitments				
	GGS	404	260	143	55%
	This increase is primarily due to capital expenses attributed to ACT Health's Capital Asset Development program and an increase of the capital works program generally.				
	Territory	1,008	796	212	27%
	This increase reflects the variation for the GGS noted above, expenditure commitments in relation to water and sewerage infrastructure and Housing ACT's capital commitments relating to social housing projects under the <i>National Building Jobs Plan</i> .				
54	OTHER COMMITMENTS				
	Total Other Commitments				
	GGS	457	511	-54	-11%
	The variation is due to the recognition of the remaining commitments of fixed term leases with external providers.				
	Territory	709	863	-154	-18%
	The variation is due to the recognition of the remaining commitments of fixed term leases with external providers, in both the GGS and PTE Sectors.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX B

**VARIANCE EXPLANATIONS - 2009-10 BUDGET to 2009-10 ACTUAL
for variances greater than 15 per cent and greater than \$18 million**

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2009-10 Budget \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
8	REVENUE FROM ASSOCIATES AND JOINT VENTURES				
	Territory	104	73	31	43%
	This reflects higher distributions from the ActewAGL joint venture.				
10	INTEREST INCOME				
	GGS	120	93	27	30%
	Territory	90	62	28	45%
	The increase is due to higher than expected returns on the cash enhanced fund as a result of improvements in the global financial markets.				
11	DIVIDEND AND INCOME TAX EQUIVALENT INCOME				
	GGS	254	155	99	64%
	The increase largely reflects higher dividends received from ACTEW, related to the ActewAGL joint venture distributions, and higher dividend and tax revenue from the Land Development Agency.				
13	OTHER REVENUE				
	GGS	51	96	-45	-47%
	Territory	42	85	-43	-50%
	The decrease is primarily due to reinsurers revising their estimate on public liability claims. There is an offsetting reduction in expenditure.				
18	SUPPLIES AND SERVICES				
	GGS	697	809	-112	-14%
	Territory	788	903	-115	-13%
	The variance primarily relates to a decrease in contractors and an underspend on the Treasurer's Advance.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX B

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Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		<i>2009-10 Actual \$m</i>	<i>2009-10 Budget \$m</i>	<i>Variance \$m</i>	<i>Variance %</i>
22	LAND REVENUE (MARKET GAINS ON LAND SALES)				
	Territory	39	20	19	94%
	The increase primarily relates to a higher level of englobo, commercial and industrial land sales.				
23	LAND REVENUE (UNDEVELOPED LAND VALUE)				
	GGS and Territory	86	167	-81	-49%
	The variance reflects lower volume and prices on the sale of land to the Land Development Agency from the Department of Territory and Municipal Services.				
25	NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE				
	GGS	151	89	62	70%
	Territory	160	89	71	80%
	The higher net gain on investments is primarily due to improved share prices following recovery in equity markets post the global financial crisis.				
29	CASH AND DEPOSITS				
	GGS	184	138	46	33%
	Territory	241	178	63	35%
	The variation is largely associated with the timing of capital works payments.				
31	INVESTMENTS, LOANS AND PLACEMENTS				
	GGS	3,227	2,534	693	27%
	Territory	3,475	2,780	695	25%
	The variation reflects improved share prices and higher investment balances following recovery post the global financial crisis.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX B

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Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. The percentage variances may not be exact due to the impact of rounding.

Note No.		2009-10 Actual \$m	2009-10 Budget \$m	Variance \$m	Variance %
32	RECEIVABLES				
	GGS	480	322	158	49%
	Territory	534	330	204	62%
	The increase is primarily due to income tax receivables from PTE agencies, the movement in the provision for reinsurance recoveries associated with changes in claims liabilities and the timing of payments from purchasers of the proceeds of land sales.				
35	PROPERTY, PLANT AND EQUIPMENT - PRODUCED				
	GGS	9,497	8,153	1,344	16%
	Territory	11,943	10,799	1,144	11%
	This increase reflects the revaluation of land and buildings.				
35	PROPERTY, PLANT AND EQUIPMENT - NON PRODUCED				
	GGS	2,017	820	1,197	146%
	Territory	5,079	3,514	1,566	45%
	The increase primarily reflects the recognition of land under roads due to a new accounting policy, not included in the 2009-10 Budget estimate.				
36	INVESTMENT PROPERTIES				
	GGS and Territory	127	71	57	80%
	This primarily relates to the revaluation of properties subsequently transferred to the Department of Land and Property Services.				
37	INTANGIBLES				
	GGS	20	38	-19	-49%
	Territory	50	77	-27	-35%
	The decrease is primarily due to increased amortisation of capitalised software on large projects such as Radiology Information Systems, Picture Archival Communication Systems and the Electronic Discharge Project in ACT Health, and the timing of project completions.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

APPENDIX B

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Note No.		2009-10 Actual \$m	2009-10 Budget \$m	Variance \$m	Variance %
38	INVENTORIES				
	Territory	98	185	-87	-47%
	The variance in inventories is mainly due to the impact of a change in methodology for estimating Work-in-Progress and Provisions for Project completions (refer to Note 3a: 'Change in Accounting Policies and Estimates').				
42	DEPOSITS HELD				
	GGS	160	23	137	604%
	The variation reflects the timing of operational cashflows of the PTE sector held with the Territory Banking Account.				
44	FINANCE LEASES				
	GGS	31	2	30	#
	Territory	32	2	30	#
	The increase is largely due to Rhodium Asset Solutions holding finance leases at 30 June 2010 against a budget of zero on the expectation that it would have been wound down by year end.				
47	OTHER EMPLOYEE BENEFITS AND PROVISIONS				
	GGS	470	386	84	22%
	This reflects the outcomes of bargaining agreements, including the sign-on bonus for clerical and other staff across Government.				
48	PAYABLES				
	GGS	598	448	149	33%
	Territory	668	510	158	31%
	The increase is primarily due to timing associated with invoices being received from suppliers and the net increase in the Capital Works Program.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

**APPENDIX C
GLOSSARY**

KEY FISCAL AGGREGATES

Net Debt

The sum of deposits held, advances received and borrowings, minus the sum of cash and deposits, advances paid, investments, loans and placements. Net debt is a useful measure to judge the overall strength of the Government's fiscal position. A negative position indicates that cash reserves and investments are greater than gross liabilities.

Net Financial Liabilities

Net financial liabilities takes into account unfunded superannuation liabilities and provides a broader measure of debt than net debt. Net financial liabilities are calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets but excludes the value of equity held by the General Government Sector in Public Corporations.

Net Financial Worth

The amount by which Total Financial Assets exceed Liabilities. It is a measure of net holdings of Financial Assets.

Net Lending / Borrowing

The financing requirement of government, calculated as the Net Operating Balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position. Net Lending / Borrowing indicates the extent to which financial resources are placed at the disposal of the rest of the economy or the utilisation of financial resources generated by the rest of the economy. It is an indicator of the financial impact on the rest of the economy.

Net Worth

Defined as Total Assets less Total Liabilities. It is an economic measure of wealth and reflects the contribution of jurisdictions to the wealth of Australia.

OTHER DEFINITIONS

ABS GFS Manual

The Australian Bureau of Statistics (ABS) publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005*.

Accounting Policy

Specific accounting principles and practices applied in preparing and presenting the consolidated financial report.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

**APPENDIX C
GLOSSARY - CONTINUED**

Accrual Accounting

The recognition of income, expenses, assets, liabilities and equity when an economic transaction gives rise to a movement of resources, irrespective of the timing of any related movement in cash.

- work which significantly increases the service delivery capability of an asset, for example the major reconstruction of roads and bridges;
- design fees; and
- site testing and field investigations related to an approved capital works proposal or project.

Cash Surplus / Deficit

The net cash received from operating activities less net sales and purchases of non-financial assets (that is, capital expenditure). A cash surplus indicates there was sufficient cash generated from operations to more than cover the net outlay of the capital works program.

Comprehensive Result

The net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other movements in equity, other than transactions with owners as owners.

Full-Time Equivalent (FTE)

Is a measure of the total level of staff resources utilised. The FTE of a full-time staff member is equal to 1.0. The calculation of an FTE for part-time staff is based on the proportion of time worked compared to that worked by full-time staff performing similar duties. Contractors through recruitment agencies are excluded.

Generally Accepted Accounting Principles (GAAP)

A widely accepted set of uniform standards, rules, conventions, and procedures for reporting financial information established by the Australian Accounting Standards Board.

General Government Sector (GGS)

This is an Australian Bureau of Statistics (ABS) categorisation of certain public sector agencies. It covers agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenues and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges well below the cost of production.

Government Finance Statistics (GFS)

The framework used by the ABS for presentation of data on government outlays, revenue and financing transactions through either the General Government sector or the public component of the business sector (the Public Trading Enterprises sector) in accordance with an internationally accepted set of concepts and definitions.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX C
GLOSSARY - CONTINUED

Harmonised Financial Statements

These are consolidated financial statements prepared in accordance with the 'AASB 1049, Whole of Government and General Government Sector Financial Reporting', standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

Materiality

Materiality is the concept of establishing the importance of financial data in accordance with Australian Accounting Standard AASB 1031. In general, an item of information is material if its omission, non-disclosure or misstatement would cause the financial report to mislead users when making evaluations or decisions. The size or nature of the item, or a combination of both, could be the determining factor.

Nominal Superannuation Expense

Refers to the imputed interest accrued each quarter on unfunded superannuation liabilities. In an unfunded superannuation scheme, the increase in superannuation liability is taken as being equivalent to the liability that would be generated under a fully funded scheme as if the employer was paying into a separate superannuation fund. In this scenario, the Government is viewed as compulsorily 'borrowing' from employees the value of the increase in superannuation liability each period. In doing so, it sustains an additional cost for the use of these 'borrowed' funds which is an interest expense. The cost of these 'borrowed' funds is presented in the Operating Statement as nominal interest.

Non-Financial Non-Produced Assets

Refers to assets held by producers mainly for the purpose of production that have not themselves been produced. They mainly include land and subsoil assets such as mineral deposits; non-cultivated biological resources and water resources such as virgin forests, fishing grounds and natural water resources; and intangible non-produced assets such as patents, copyrights and goodwill.

Non-Financial Produced Assets

Refers to assets created by a production process and held by producers mainly for the purposes of production; includes produced assets, such as buildings (including dwellings), infrastructure (e.g. railways, roads, tunnels, airports and dams), plant and equipment, cultivated assets (e.g. livestock, vineyards and orchards), intangible assets (e.g. computer software), inventories (including materials, supplies, defence weapon platforms, works in progress, finished goods and goods for resale), and valuables (e.g. precious metals and stones and antiques).

Operating Result

Operating profit or loss for the period being reported. This is calculated as Total Revenues, less Total Expenses, plus Other Economic Flows.

Other Economic Flows

Other Economic Flows are the net change in the volume or value of assets and liabilities that does not result from operations. Other economic flows include changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

APPENDIX C
GLOSSARY - CONTINUED

Other Non-Financial Assets

Refers to assets not elsewhere classifiable.

Public Trading Enterprises (PTEs)

This is an ABS categorisation of certain public sector agencies. It comprises government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

Total Territory

The Total Territory includes transactions with external parties by the General Government Sector and Public Trading Enterprises.

Total Comprehensive Income

A measure of the total change in value of the agency during a financial year arising from revenue, expenses and both realised and unrealised movements in the valuation of assets and liabilities. Total Comprehensive Income is the equivalent to the increase or decrease in Net Assets during the financial year.

Transactions

These are interactions between two units by mutual agreement or an action within a unit that is analytically useful to treat as a transaction.

Uniform Presentation Framework (UPF)

By agreement between the Commonwealth Government and the States and Territories, each jurisdiction presents financial information on a UPF basis in their budget papers, and in mid-year budget updates and in budget outcome reporting. The primary objective of the UPF is to ensure that the Commonwealth Government, State and Territory governments provide a common 'core' of financial information in their budget papers to enable direct comparisons of each government's budget and financial results.