

Australian Capital Territory Government

Consolidated Annual Financial Statements

2010-2011 Financial Year



ACT
Government

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Australian Capital Territory Government (the Territory) for the year ended 30 June 2011 have been audited. These comprise the following financial statements, accompanying notes and appendices:

- 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 Director-General of the Treasury Directorate are responsible for the preparation and fair presentation of the Territory's financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining 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

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Territory.

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 following the use of 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 was not designed to provide assurance on internal controls.

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

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of the financial statements should note that the 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 the 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

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the Territory for the year ended 30 June 2011:

- (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 Territory as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

This audit opinion should be read in conjunction with the other information disclosed in this report.



Dr Maxine Cooper
Auditor-General

27 October 2011

**CERTIFICATION BY THE TREASURER
AND THE DIRECTOR-GENERAL OF THE
TREASURY DIRECTORATE**

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 Annual Financial Statements of the Territory each year.

It is my opinion that the attached financial statements for the year ended 30 June 2011 fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.



Andrew Barr MLA
Treasurer

Date: 28.9.2011

Certification by the Director-General of the Treasury Directorate

The Director-General of the Treasury Directorate 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 Annual Financial Statements of the Territory, is exercised through the Finance and Budget Division of the Treasury Directorate.

It is my opinion that the attached financial statements for the year ended 30 June 2011 have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the requirements of the FMA. These accounts fairly reflect 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
Treasury Directorate

Date: 26.09.11

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	General Government Sector			Total Territory		
		2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Revenue							
Taxation Revenue	6	1,244	1,140	1,128	1,212	1,113	1,106
Grants Revenue							
Commonwealth Grants	7	1,579	1,601	1,696	1,581	1,601	1,700
Gains from Contributed Assets	7	25	78	59	1	0	1
Sales of Goods and Services							
Revenue from Associates and Joint Ventures	8	-	-	-	105	87	104
Other Sales of Goods and Services	9	449	430	436	742	744	730
Interest Income	10	175	132	120	127	78	90
Dividend and Income Tax Equivalents Income	11	266	186	254	119	44	46
Other Revenue							
Land Revenue (Value Add Component)	12	-	-	-	94	126	166
Other Revenue	13	137	99	51	137	96	42
Total Revenue		3,875	3,668	3,744	4,118	3,890	3,984
Expenses							
Employee Expenses	14	1,351	1,343	1,283	1,460	1,449	1,389
Superannuation Expenses							
Superannuation Interest Cost	15	230	233	217	230	233	217
Other Superannuation Expense	15	239	223	218	245	227	223
Depreciation and Amortisation	16	288	283	268	343	347	322
Interest Expense	17	86	81	68	83	84	69
Other Operating Expenses							
Supplies and Services	18	734	810	697	808	900	783
Other Operating Expenses	19	186	158	180	304	264	238
Grants Expenses	20	734	709	728	643	631	629
Total Expenses		3,848	3,841	3,659	4,116	4,136	3,869
UPF ^(a) Net Operating Balance		27	-173	85	1	-247	115
Other Economic Flows - included in the Operating Result							
Dividends - Market Gains on Land Sales	21	11	29	28	-	-	-
Land Revenue (Market Gains on Land Sales)	22	-	-	-	15	42	39
Net Land Revenue (Undeveloped Land Value)	23	67	169	86	67	169	86
Net Gain/(Loss) on Sale of Non-Financial Assets	24	-8	1	-6	-18	-25	-1
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	25	68	89	151	69	89	160
Doubtful Debts	26	-9	-2	-8	-11	-4	-9
Operating Result		155	114	335	123	25	390

^(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 2011**

	Notes	General Government Sector			Total Territory		
		2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Other Economic Flows - Other Movements in Equity							
Superannuation Prior Year Actuarial Movement		7	-	-307	7	-	-307
Other Movements		-2	-	-3	-2	-	-3
Increase/(Decrease) in Asset Revaluation Surplus		257	-	591	321	217	874
Increase/(Decrease) in Other Reserves		3	-	2	4	-	3
Total Comprehensive Income		421	114	618	454	242	956
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
UPF Net Operating Balance		27	-173	85	1	-247	115
less Net Acquisition of Non- Financial Assets							
Purchases of Non-Financial Assets		703	855	605	1,040	1,289	894
Sales of Non-Financial Assets		-9	-	-6	-51	-32	-35
Land Revenue (Net Cash Receipts)		-93	-188	-104	-123	-253	-80
Depreciation and Amortisation		-288	-283	-268	-343	-347	-322
Other Movements in Non-Financial Assets		23	78	58	1	-	-9
Total Net Acquisition of Non-Financial Assets		336	461	285	523	656	449
Net Lending / (Borrowing)		-309	-634	-201	-522	-903	-334

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 2011**

	Notes	General Government Sector			Total Territory		
		2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Financial Assets							
Cash and Deposits	29	187	180	184	238	240	241
Advances Paid	30	1,269	1,400	961	45	50	36
Investments, Loans and Placements	31	3,230	2,866	3,227	3,525	3,098	3,475
Receivables	32	405	379	480	464	403	516
Equity							
Investments in Other Public Sector Entities	33	5,522	5,759	5,426	-	-	-
Investments Accounted for Using the Equity Method	34	-	-	-	548	614	517
Total Financial Assets		10,612	10,585	10,279	4,819	4,404	4,785
Non-Financial Assets							
Produced Assets							
Property, Plant and Equipment	35	9,756	9,366	9,429	12,408	12,345	11,875
Investment Properties	36	3	128	3	3	128	3
Intangibles	37	25	63	20	48	98	50
Inventories	38	15	11	12	121	237	98
Assets Held for Sale	39	1	-	1	7	5	6
Capital Works-in-Progress	40	505	685	532	922	1,192	846
Non Produced Assets							
Property, Plant and Equipment	35	2,549	2,056	2,209	5,632	5,094	5,290
Biological Assets	41	26	29	28	26	29	28
Total Non-Financial Assets		12,879	12,338	12,234	19,167	19,128	18,195
Total Assets		23,492	22,922	22,513	23,986	23,533	22,980
Liabilities							
Deposits Held	42	162	25	160	15	-	15
Advances Received	43	93	93	96	188	176	193
Borrowings							
Finance Leases	44	27	19	31	28	20	32
Other Borrowings	45	1,416	1,752	1,124	1,416	1,752	1,124
Superannuation	46	4,878	4,283	4,606	4,878	4,283	4,606
Other Employee Benefits and Provisions	47	463	471	470	567	576	556
Payables	48	561	426	598	655	500	668
Other Liabilities	49	16	22	15	28	22	30
Total Liabilities		7,616	7,092	7,099	7,776	7,330	7,225
Net Assets		15,876	15,831	15,414	16,209	16,203	15,755
Equity in Public Trading Entities	50(a)	5,522	5,759	5,426	-	-	-
Accumulated Funds	50(b)	5,550	6,027	5,346	7,937	8,380	7,676
Asset Revaluation Surplus	50(c)	4,803	4,046	4,645	8,261	7,817	8,072
Other Reserves	50(d)	1	-1	-2	11	6	7
Net Worth		15,876	15,831	15,414	16,209	16,203	15,755

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 2011**

	Notes	General Government Sector			Total Territory		
		2010-11	2010-11	2009-10	2010-11	2010-11	2009-10
		Actual	Budget	Actual	Actual	Budget	Actual
		\$m	\$m	\$m	\$m	\$m	\$m
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Financial Worth		2,996	3,493	3,180	-2,957	-2,925	-2,440
Net Financial Liabilities		2,526	2,267	2,246	3,505	3,539	2,957
Net Debt (including superannuation related investments)		-2,987	-2,557	-2,962	-2,160	-1,440	-2,387
Net Debt (excluding superannuation related investments)		-736	-282	-942	91	836	-367

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
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	General Government Sector			Total Territory		
		2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Opening Equity							
Opening Equity in Public Trading Entities		5,426	5,526	5,006	-	-	-
Opening Accumulated Funds		5,346	5,970	5,428	7,676	8,333	7,571
Opening Asset Revaluation Surplus		4,645	4,046	4,057	8,072	7,622	7,224
Opening Other Reserves		-2	-1	-4	7	6	4
Opening Balance		15,414	15,541	14,487	15,755	15,961	14,799
Comprehensive Income							
<i>Included in Accumulated Funds:</i>							
Operating Result for the Period		155	114	335	123	25	390
Superannuation Prior Year Actuarial Movement		7	-	-307	7	-	-307
Other Movements		-2	-	-3	-2	-	-3
<i>Included in Asset Revaluation Surplus:</i>							
Increase/(Decrease) in Asset Revaluation Surplus		257	-	591	321	217	874
<i>Included in Other Reserves:</i>							
Increase/(Decrease) in Other Reserves		3	-	2	4	-	3
Total Comprehensive Income		421	114	618	454	242	956
Other							
Transfer to/(from) Accumulated Funds		99	-	3	132	22	26
Movement in Asset Revaluation Surplus		-99	-	-3	-132	-22	-26
Total Other		0	0	0	0	0	0
Transactions Involving Owners Affecting Accumulated Funds							
<i>Included in Accumulated Funds:</i>							
Capital Injections		-56	-57	-110	-	-	-
<i>Included in Equity in Public Trading Entities:</i>							
Increase/(Decrease) in Net Assets of PTE Entities		96	233	420	-	-	-
Total Transactions Involving Owners Affecting Accumulated Funds		40	176	310	-	-	-
Closing Equity							
Closing Equity in Public Trading Entities	50(a)	5,522	5,759	5,426	-	-	-
Closing Accumulated Funds	50(b)	5,550	6,027	5,346	7,937	8,380	7,676
Closing Asset Revaluation Surplus	50(c)	4,803	4,046	4,645	8,261	7,817	8,072
Closing Other Reserves	50(d)	1	-1	-2	11	6	7
Balance at the End of the Reporting Period		15,876	15,831	15,414	16,209	16,203	15,755

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
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	General Government Sector			Total Territory		
		2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Cash Flows from Operating Activities							
Cash Receipts							
Taxes Received		1,262	1,112	1,118	1,230	1,088	1,101
Receipts from Sales of Goods and Services		598	427	599	1,020	1,117	1,043
Grants/Subsidies Received		1,581	1,601	1,692	1,582	1,601	1,694
Interest Receipts		170	125	147	131	79	120
Dividends and Income Tax Equivalents		139	175	159	-	-	-
Other Receipts		504	352	415	579	368	492
Total Cash Received from Operating Activities		4,253	3,791	4,131	4,542	4,254	4,451
Cash Payments							
Payments for Employees		-1,525	-1,522	-1,436	-1,638	-1,631	-1,546
Payments for Goods and Services		-810	-786	-787	-906	-855	-872
Grants and Subsidies Paid		-736	-723	-738	-632	-623	-629
Interest Paid		-76	-68	-62	-80	-72	-64
Other Payments		-402	-357	-426	-635	-670	-563
Total Cash Paid from Operating Activities		-3,550	-3,457	-3,449	-3,890	-3,851	-3,674
Net Cash Flows from Operating Activities	51b	704	335	682	652	404	776
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
Sales of Non-Financial Assets		9	188	6	51	32	35
Purchase of Non-Financial Assets		-703	-855	-605	-1,040	-1,289	-894
Net Cash Flows from Investments in Non-Financial Assets		-694	-666	-599	-989	-1,256	-859
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
Repayment of Loans		1	1	2	1	1	2
Capital Receipts from Agencies		-	-	9	-	-	-
Dividends - Market Gains on Land Sales		11	29	28	-	-	-
Total Cash Received from Investments in Financial Assets for Policy Purposes		12	30	38	1	1	2
Cash Payments							
Issue of Loans		-10	-10	-8	-10	-10	-8
Capital Payments to Government Agencies		-56	-57	-110	-	-	-
Total Cash Paid from Investments in Financial Assets for Policy Purposes		-66	-67	-118	-10	-10	-8
Net Cash Flows from Investments in Financial Assets for Policy Purposes		-54	-37	-80	-9	-10	-6
Cash Flows from Investments in Financial Assets for Liquidity Purposes							
Sales of Investments		286	606	250	346	332	186
Purchase of Investments		-217	-426	-271	-223	-98	-272
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes		69	179	-20	122	234	-85
Net Cash Flows from Investing Activities		-679	-525	-699	-875	-1,032	-951

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 2011**

	Notes	General Government Sector			Total Territory		
		2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Cash Flows from Financing Activities							
Cash Receipts							
Borrowings		297	538	244	285	525	231
Total Cash Received from Financing Activities		297	538	244	285	525	231
Cash Payments							
Borrowings		-315	-349	-258	-12	-13	-20
Total Cash Paid from Financing Activities		-315	-349	-258	-12	-13	-20
Net Cash Flows from Financing Activities		-18	188	-14	273	512	211
Net Increase/(Decrease) in Cash held		7	-2	-32	49	-116	36
Cash and Cash Equivalents at the Beginning of Reporting Period		183	186	214	483	590	447
Cash and Cash Equivalents at the End of Reporting Period	51a	189	184	183	532	474	483
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Cash from Operating Activities		704	335	682	652	404	776
Investments in Non-Financial Assets		-694	-666	-599	-989	-1,256	-859
Cash Surplus (+) / Deficit (-)		10	-332	83	-337	-853	-83
A positive number denotes a cash inflow, a negative sign denotes a cash outflow.							
Derivation of ABS GFS Cash Surplus/Deficit							
Cash Surplus (+) / Deficit (-)		10	-332	83	-337	-853	-83
Acquisitions Under Finance Leases and Similar Arrangements ^(a)		-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements		10	-332	83	-337	-853	-83

^(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
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Revenue			
Government Payment for Outputs	145	133	137
Grants Revenue			
Commonwealth Grants	1	-	4
Gains from Contributed Assets	3	-	2
Sales of Goods and Services Revenue			
Revenue from Associates and Joint Ventures	105	87	104
Other Sales of Goods and Services	352	379	362
Interest Income	21	12	16
Other Revenue			
Land Revenue (Value Add Component)	124	126	184
Other Revenue	16	7	10
Total Revenue	768	744	818
Expenses			
Employee Expenses	109	105	105
Superannuation Expenses			
Other Superannuation Expenses	14	14	14
Depreciation and Amortisation	55	64	54
Interest Expense	66	69	46
Other Property Expenses (Income Tax Expense)	51	52	70
Other Operating Expenses			
Supplies and Services	116	121	121
Other Operating Expenses	218	148	215
Grants Expenses	58	102	75
Total Expenses	688	676	700
UPF^(a) Net Operating Balance	79	68	118
Other Economic Flows - included in the Operating Result			
Land Revenue (Market Gains on Land Sales)	15	42	39
Net Gain/(Loss) on Sale of Non-Financial Assets	-17	-25	0
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	1	0	9
Doubtful Debts	-2	-2	-2
Operating Result	76	83	165

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 2011

	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Other Economic Flows - Other Movements in Equity			
Prior Year Adjustment	0	-	0
Increase/(Decrease) in Asset Revaluation Surplus	64	212	313
Increase/(Decrease) in Other Reserves	1	-	1
Total Comprehensive Income	142	294	480
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
UPF Net Operating Balance	79	68	118
less Net Acquisition of Non-Financial			
Purchases of Non-Financial Assets	360	466	305
Sales of Non-Financial Assets	-42	-32	-29
Land Revenue (Net Cash Receipts)	-24	-96	27
Depreciation and Amortisation	-55	-64	-54
Other Movements in Non-Financial Assets	-16	-58	-53
<i>Total Net Acquisition of Non-Financial Assets</i>	<i>224</i>	<i>215</i>	<i>196</i>
Net Lending / (Borrowing)	-144	-147	-78

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 2011**

	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Financial Assets			
Cash and Deposits	51	60	57
Investments, Loans and Placements	443	257	393
Receivables	128	99	194
Equity			
Investments Accounted for Using the Equity Method	552	614	513
Total Financial Assets	1,173	1,030	1,157
Non-Financial Assets			
Produced Assets			
Property, Plant and Equipment	2,652	2,979	2,446
Intangibles	23	35	30
Inventories	118	231	101
Assets Held for Sale	6	5	5
Capital Works-in-Progress	417	506	314
Non Produced Assets			
Property, Plant and Equipment	3,083	3,101	3,081
Other Non-Financial Assets			
Deferred Tax Assets	23	22	22
Total Non-Financial Assets	6,322	6,881	5,998
Total Assets	7,494	7,911	7,154
Liabilities			
Advances Received	1,319	1,433	1,023
Borrowings			
Finance Leases	1	1	1
Other Borrowings	-	-	1
Other Employee Benefits and Provisions	150	144	147
Payables	131	163	170
Other Liabilities			
Current Tax Liability	17	11	23
Deferred Tax Liability	335	398	322
Other Liabilities	19	0	42
Total Liabilities	1,972	2,151	1,728
Net Assets	5,522	5,759	5,426
Accumulated Funds	2,125	2,097	2,062
Asset Revaluation Surplus	3,387	3,655	3,356
Other Reserves	10	8	9
Net Worth	5,522	5,759	5,426
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Financial Worth	-800	-1,121	-572
Net Debt (including superannuation related investments)	827	1,117	575

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 STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Opening Equity			
Opening Accumulated Funds	2,062	2,053	1,933
Opening Asset Revaluation Surplus	3,356	3,465	3,065
Opening Other Reserves	9	8	8
Opening Balance	5,426	5,526	5,006
Comprehensive Income			
<i>Included in Accumulated Funds:</i>			
Operating Result for the Period	76	83	165
<i>Included in Asset Revaluation Surplus:</i>			
Increase/(Decrease) in Asset Revaluation Surplus	64	212	313
<i>Included in Other Reserves:</i>			
Increase/(Decrease) in Other Reserves	1	0	1
Total Comprehensive Income	142	294	480
Other			
Transfer to/(from) Accumulated Funds	33	22	22
Movement in Asset Revaluation Surplus	-33	-22	-22
Total Other	0	0	0
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	56	57	110
Dividends Approved	-102	-118	-170
Total Transactions Involving Owners Affecting Accumulated Funds	-45	-61	-60
Closing Equity			
Closing Accumulated Funds	2,125	2,097	2,062
Closing Asset Revaluation Surplus	3,387	3,655	3,356
Closing Other Reserves	10	8	9
Balance at the End of the Reporting Period	5,522	5,759	5,426

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 CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Cash Flows from Operating Activities			
Cash Receipts			
Receipts from Sales of Goods and Services	589	789	627
Grants/Subsidies Received	146	133	138
Interest Receipts	20	12	16
Other Receipts	85	61	102
Total Cash Received from Operating Activities	841	995	883
Cash Payments			
Payments for Employees	-121	-118	-117
Payments for Goods and Services	-127	-137	-134
Grants and Subsidies Paid	-24	-22	-20
Interest Paid	-63	-61	-44
Other Payments	-378	-569	-333
Total Cash Paid from Operating Activities	-713	-908	-649
Net Cash Flows from Operating Activities	128	87	233
Cash Flows from Investing Activities			
Cash Flows from Investments in Non-Financial Assets			
Sales of Non-Financial Assets	42	32	29
Purchase of Non-Financial Assets	-360	-466	-305
Net Cash Flows from Investments in Non-Financial Assets	-319	-434	-276
Cash Flows from Investments in Financial Assets for Policy Purposes			
Cash Receipts			
Capital Receipts from Government Agencies	56	57	110
Total Cash Received from Investment in Financial Assets for Policy Purposes	56	57	110
Cash Payments			
Dividends - Market Gains on Sales	-11	-29	-36
Total Cash Paid from Investment in Financial Assets for Policy Purposes	-11	-29	-36
Net Cash Flows from Investments in Financial Assets for Policy Purposes	45	28	74
Cash Flows from Investments in Financial Assets for Liquidity Purposes			
Sales of Investments	302	58	41
Purchase of Investments	-104	-4	-210
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	198	55	-169
Net Cash Flows from Investing Activities	-75	-351	-372

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 2011

	2010-11 Actual \$m	2010-11 Budget \$m	2009-10 Actual \$m
Cash Flows from Financing Activities			
Cash Receipts			
Borrowings	296	340	248
Total Cash Received from Financing Activities	296	340	248
Cash Payments			
Borrowings	-5	-16	-23
Dividends Paid	-75	-120	-117
Other Financing	-81	-54	-6
Total Cash Paid from Financing Activities	-161	-191	-147
Net Cash Flows from Financing Activities	135	149	101
Net Increase/(Decrease) in Cash held	187	-114	-37
Cash and Cash Equivalents at the Beginning of Reporting Period	155	404	193
Cash and Cash Equivalents at the End of Reporting Period	343	289	155
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Cash from Operating Activities	128	87	233
Net Cash Flows from Investments in Non-Financial Assets	-319	-434	-276
Distributions Paid	-156	-175	-124
Cash Surplus (+) / Deficit (-)	-347	-521	-166
A positive number denotes a cash inflow, a negative sign denotes a cash outflow.			
Derivation of ABS GFS Cash Surplus/Deficit			
Cash Surplus (+) / Deficit (-)	-347	-521	-166
Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	-347	-521	-166

^(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
CONSOLIDATED STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2011**

Agency	Appropriation Act 2010-11 \$'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
Legislative Assembly Secretariat							
Net cost of outputs	7,048					7,048	7,030
Capital injection	432					432	268
Payments on behalf of the Territory	5,625					5,625	5,445
ACT Executive							
Net cost of outputs							
Capital injection							
Payments on behalf of the Territory	6,345					6,345	5,919
Auditor-General							
Net cost of outputs	2,165					2,165	2,159
Capital injection							
Payments on behalf of the Territory							
Chief Minister and Cabinet Directorate							
Net cost of outputs	57,771	-3,039		1,068	1,111	56,911	56,092
Capital injection	8,443	-6,209			1,209	3,443	3,042
Payments on behalf of the Territory		259				259	259
Territory and Municipal Services Directorate							
Net cost of outputs	306,193	-4,488	1,768	1,426	1,547	306,446	296,046
Capital injection	261,101	-50,748	467		23,846	234,666	224,835
Payments on behalf of the Territory	685	-646				39	39
Shared Services Centre							
Net cost of outputs	6,182	99				6,281	6,281
Capital injection	7,674				416	8,090	6,849
Payments on behalf of the Territory							
Treasury Directorate							
Net cost of outputs	49,741		318		1,390	51,449	40,069
Capital injection	41,900				15,483	57,383	33,456
Payments on behalf of the Territory	27,722		8,533			36,255	36,098

* Additional Approved Appropriations relate to the rollovers of undispersed 2009-10 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 2011**

Agency	Appropriation Act 2010-11 \$'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
Home Loan Portfolio							
Net cost of outputs							
Capital injection							
Payments on behalf of the Territory							
Superannuation Provision Account							
Net cost of outputs							
Capital injection	140,534					140,534	140,534
Payments on behalf of the Territory	5,272					5,272	3,974
Territory Banking Account							
Net cost of outputs							
Capital injection	214					214	214
Payments on behalf of the Territory	11,839					11,839	11,309
Health Directorate							
Net cost of outputs	826,910	2,359	4,513	7,000		840,782	831,953
Capital injection	196,981	-2,359		2,866	22,063	219,551	106,284
Payments on behalf of the Territory	710					710	451
Community Services Directorate							
Net cost of outputs	190,870	1,010	230		220	192,330	190,409
Capital injection	17,615	5,977			4,577	28,169	18,894
Payments on behalf of the Territory	35,876					35,876	34,489
Housing ACT							
Net cost of outputs	43,617					43,617	43,617
Capital injection	31,024		1,954			32,978	32,428
Payments on behalf of the Territory							
Justice and Community Safety Directorate							
Net cost of outputs	202,606	1,092	245	1,700	2,212	207,855	206,576
Capital injection	60,319				11,289	71,608	43,578
Payments on behalf of the Territory	143,521					143,521	143,041

* Additional Approved Appropriations relate to the rollovers of undispersed 2009-10 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 2011**

Agency	Appropriation Act 2010-11 \$'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 the Environment, Climate Change, Energy and Water							
Net cost of outputs	23,470	-8,653			2,948	17,765	17,765
Capital injection	15,137	-13,318			435	2,254	2,254
Payments on behalf of the Territory	1,350	-840			747	1,257	1,257
Education and Training Directorate							
Net cost of outputs	502,137	-222	2,748	4,500	1,778	510,941	501,215
Capital injection	193,282	-922			24,003	216,363	194,231
Payments on behalf of the Territory	236,998				1,058	238,056	229,513
ACT Planning and Land Authority							
Net cost of outputs	40,758	-8,964			253	32,047	32,047
Capital injection	1,814	-1,153				661	661
Payments on behalf of the Territory				20		20	20
ACT Gambling and Racing Commission							
Net cost of outputs	4,336					4,336	4,333
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							
ACTEW Corporation Limited							
Net cost of outputs	10,195					10,195	10,195
Capital injection							
Payments on behalf of the Territory							
Canberra Institute of Technology							
Net cost of outputs	67,336		630	2,600		70,566	69,936
Capital injection	15,445	1,144		287		16,876	16,876
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the rollovers of undispersed 2009-10 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 2011**

Agency	Appropriation Act 2010-11 \$'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
Cultural Facilities Corporation							
Net cost of outputs	7,440					7,440	7,440
Capital injection	1,686			520	413	2,619	2,619
Payments on behalf of the Territory							
Independent Competition and Regulatory Commission							
Net cost of outputs	497					497	497
Capital injection							
Payments on behalf of the Territory							
Legal Aid Commission (ACT)							
Net cost of outputs	8,904		45			8,949	8,949
Capital injection	429					429	401
Payments on behalf of the Territory							
Public Trustee for the ACT							
Net cost of outputs	669					669	669
Capital injection							
Payments on behalf of the Territory							
Department of Land and Property Services							
Net cost of outputs	8,610	-1,136				7,474	7,474
Capital injection	24,708	-12,185			4,280	16,803	12,523
Payments on behalf of the Territory							
Exhibition Park Corporation							
Net cost of outputs	370					370	368
Capital injection	3,060					3,060	760
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the rollovers of undispersed 2009-10 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 2011**

Agency	Appropriation Act 2010-11 \$'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
Environment and Sustainable Development Directorate							
Net cost of outputs		18,285	63			18,348	10,994
Capital injection		15,281				15,281	1,735
Payments on behalf of the Territory		1,166				1,166	446
Economic Development Directorate							
Net cost of outputs		5,743				5,743	4,780
Capital injection		62,406				62,406	15,027
Payments on behalf of the Territory		61				61	
Long Service Leave Authority ⁽¹⁾							
Net cost of outputs							
Capital injection					29	29	29
Payments on behalf of the Territory							
Sub Totals for Appropriation Classes							
Net cost of outputs	2,367,825	2,086	10,560	18,294	11,459	2,410,224	2,356,922
Capital injection	1,031,798	-2,086	2,421	3,673	108,043	1,143,849	857,469
Payments on behalf of the Territory	475,943		8,533	20	1,805	486,300	472,260
Treasurer's Advance	29,000			-21,987		7,014	
Total Appropriations	3,904,566		21,514		121,307	4,047,386	3,686,651

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').

* Additional Approved Appropriations relate to the rollovers of undispersed 2009-10 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 2010-11 is largely due to the following:

Net cost of outputs: The variation is due to the deferral of expenditure from 2010-11 to 2011-12 for various grants, programs and funds most of which are included in the *Appropriation Act 2011-12* and were disclosed in 2011-12 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 *Appropriation Act 2011-2012* and were disclosed in 2011-12 Budget Paper No. 4 and ACTIA not drawing down on their appropriation.

Payments 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.

⁽¹⁾ The Long Service Leave Authority is not part of the consolidated financial statements but received appropriation under section 16A of the *Financial Management Act 1996* for payment of employee entitlements.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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.

On 17 May 2011, the Government established one *ACT Public Service* consisting of changes to the structure of Government including a number of new Government Directorates and the names of existing Directorates being changed. A full listing of Directorates and discontinued agencies is included at Note 5: 'Australian Capital Territory Government Controlled Entities'. The changes can also be viewed on the ACT Legislation website at the following links:

<http://www.legislation.act.gov.au/ni/2011-244/default.asp>; and

<http://www.legislation.act.gov.au/ni/2011-351/default.asp>

Financial Administration and Preparation of Consolidated Financial Statements

The ACT Government owns or controls a diverse range of administrative entities, Territory 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 for each sector include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet as at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Cash Flow Statement for the year;
- (v) a Statement of Appropriation for the year;
- (vi) a summary of the significant accounting policies adopted by the Territory for the year; and
- (vii) 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a) Basis of Accounting - Continued

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.

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 directorates, 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 at times 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, PTE entities are legally distinguishable from the governments which own them.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

b) Compliance Framework - Continued

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 the 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.

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 2011 together with the financial position of the Territory as at 30 June 2011.

d) Budget Comparative Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2010-11 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2010-11 Budget Papers.

The consolidated financial statements included in the 2010-11 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 2010-11 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 Operating Statement shows a split of Grants Revenue between Commonwealth Grants and Gains from Contributed Assets.

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 ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 2010-2011*.

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

All taxes are recognised as revenue when an assessment is raised or when an assessment was scheduled to be raised, except for 'return taxes' which are recognised in the period the return relates to. All fees are recognised as revenue when the payment is received.

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 rate method.

Commonwealth Government Grants

All Commonwealth Government Grants are recognised as revenue when the ACT Government gains control over the grant received or receivable. In most cases this occurs when cash is received.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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. While the point of recognition for one sale may differ from another depending on the individual terms of each contract of sale, in the majority of cases sales completed via auction, direct grant, ballot or over the counter will be recognised on settlement.

Revenue from the provision of development rights to a joint venture is recognised in accordance with the substance of the transaction. When a legally enforceable agreement to contribute undeveloped parcels of land to the joint venture entity for development exists, the Territory recognise to the interest of:

- (i) other ventures on the provision of development rights to the joint venture; and
- (ii) progressively as the land is sold to third parties by the joint venture.

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 Territory and Municipal Services Directorate, 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 the 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).

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NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

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.

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 ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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, short term deposits and overnight cash. Cash equivalents are short-term, 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 in 'cash' for the purpose of the Cash Flow Statement is the principle difference between 'Cash and Deposits' and 'Cash and Cash Equivalents'.

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-ongoing basis. Receivables which are known to be uncollectable are written off.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

p) Receivables - Continued

The allowance for impairment losses represents the amount of trade receivables and other 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. 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 Treasury Directorate).

These home loans assist low income households in achieving home ownership. The home loans are on a variable rate, which is aligned to the interest rate charged by the Commonwealth Bank Australia (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 2011, the interest rate was set at 7.81 per cent (2010: 7.36 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 the 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

r) Investments - Continued

Financial Derivative Instruments

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 2010*, 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 and achieving a required market exposure in investment; and to adjust the duration of a Territory investment portfolio. The *Financial Management (Investment and Borrowing) Guidelines 2010* 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 2010*. 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 subject 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 ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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.

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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 is 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 ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 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.

Intangible assets are measured at cost.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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	Useful Life (Years)
	Method	
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.

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.

The commercial plantation's fair value was determined using estimated stand volume from growth plot measurements, and applying the proportional split of the product mix, and the values of the individual products. The pre-commercial plantation's fair value was estimated as compounded establishment costs and management costs.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

A liability for outstanding insurance claims are recognised in the financial statements. The liability covers claims reported but not yet paid, incurred but not yet reported (IBNR), incurred but not enough reported (IBNER) and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating changes in the ultimate cost of settling claims, IBNRs and settlement costs using statistics based on past experience and trends.

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'.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 falls due wholly within the next 12 months is measured based on the estimated amount of remuneration payable when the leave is taken.

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 2010-11, the discount factor used to calculate the present value of these future payments is 92.2 per cent (92.9 per cent in 2009-10).

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 2010-11 was \$115.463 million (2009-10: \$97.155 million) for emerging costs. The emerging cost payments for 2009-10 were reviewed during 2010-11 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 2010, the deficit amounted to \$2.704 million. The deficit was repaid during the 2010-11 financial year (2009-10: \$24.531 million).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ah) Superannuation - Continued

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.

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 (5.16 per cent) to estimate the closing 30 June 2010 superannuation liability. The closing liability as at 30 June 2011 is estimated at the discount rate as at 30 June 2011 of 5.28 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2011 minus the liability as at 30 June 2010, adjusted for the projected 2010-11 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 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.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

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 2010-11.

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.

- (ii) *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.

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.

- (iii) *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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

- (iv) *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'.
- (v) *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.
- (vi) *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.
- (vii) *Allowance for Impairment of Trade Receivables*: Periodic assessments are made of outstanding receivables 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 allowance 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.
- (viii) *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.
- (ix) *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 2011 is based on the following assumptions.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

Data:

Contributor data for CSS and PSS members who were ACT Government employees as at 30 June 2010 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'.

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.

Financial Assumptions:

	2011	2010	
Discount Rate	5.28%	5.16%	Reflects a 10-year government Bond yield at 30 June.
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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

- (x) *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.
- (xi) *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.
- (xii) *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.
- (xiii) *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 costings was conducted in 2010-11.
- (xiv) *Rental Properties*: Rental properties are not classified as investment properties as the Territory has made a judgement that they are being held to meet service delivery objectives.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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a) Variance Analysis

Significant movements between financial years ended 30 June 2011 and 30 June 2010, are discussed at *Appendix A*. Significant movements between 30 June 2011 Actual data and the 2010-11 Budget, as presented in the 2010-11 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 *Appendix A* significant variances are those more than 10 per cent and \$5 million.

For the 30 June 2011 Actual to 2010-11 Budget variance analysis, only face of statement line items have been explained, as per AASB 1049 requirements. For the 30 June 2011 Actual to 30 June 2010 Actual variance analysis, the Territory has explained variances at note level. The 2010-11 Budget numbers have not been audited.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR YEAR COMPARATIVES

a) Change in Accounting Policies and Estimates

Revision of the Employee Benefit Discount Rate

The Territory uses a discount rate to calculate the present value of long service leave and annual leave liabilities classified as long-term. The method takes into account future wage increases discounted back to present value using the government bond rate. Last financial year the discount rate was 92.9 per cent. However, due to a change in the government bond rate the percentage is now 92.2 per cent.

Revision of Provision for Restoration of Waste Landfill Sites

In 2009-10 the Territory used cost discounted to present value modelling to calculate the value of provisions for future restoration and remediation of landfill sites. For 2010-11 the provision for restoration is raised on the basis of expected future costs. These costs are no longer adjusted using present value modelling as the impact of discounting is immaterial. The land restoration assets were re-valued in 2010-11, with an adjustment to the total value and timing of cash flows. This has also resulted in a decrease in the provision of \$16.9 million and a corresponding increase to the asset revaluation reserve.

Bi-annual review of project costing

The bi-annual review for 2010-11 resulted in adjustments to total estimated costs of various projects. The overall impact of the adjustments was to increase cost of goods sold and decrease inventory by \$6.877 million.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 1 First-time Adoption of Australian Accounting Standards (application date 1 Jan 2011);
- AASB 5 Non-current Assets held for Sale and Discontinued Operations (application date 1 Jan 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 Jan 2011);
- AASB 9 Financial Instruments (application date 1 Jan 2013);
- AASB 101 Presentation of Financial Statements (application date 1 Jan 2011);
- AASB 107 Statement of Cash Flows (application date 1 Jan 2011);
- 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 118 Revenue (application date 1 Jan 2011);
- AASB 119 Employee Benefits (application date 1 Jan 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 Jan 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 Jan 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 Jan 2011);
- AASB 140 Investment Property (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 1054 Australian Additional Disclosures (application date 1 Jan 2011);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 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 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 Jul 2011);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 Jan 2013);

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 2011-1 Amendment to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132, 134 and Interpretations 2, 112 and 113] (application date 1 July 2011);
- AASB 2011-2 Amendments to Australian Accounting Standards from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 and 1054] (application date 1 July 2013);
- AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049] (application date 1 July 2012);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 Jan 2011);
- AASB Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 Jan 2011);
- AASB Interpretation 112 Consolidation - Special Purpose Entities (application date 1 Jan 2011);
- AASB Interpretation 115 Operating Leases - Incentives (application date 1 Jan 2011);
- AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (application date 1 Jan 2011); and
- AASB Interpretation 132 Intangible Assets - Web Site Costs (application date 1 Jan 2011).

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 directorates 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 directorates, 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
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5 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES

General Government Sector

ACT Auditor-General
ACT Executive
ACT Gambling and Racing Commission
ACT Insurance Authority
ACT Planning and Land Authority (discontinued 16 May 2011)
ACT Public Cemeteries Authority
Canberra Institute of Technology
Chief Minister and Cabinet Directorate
Community Services Directorate
Cultural Facilities Corporation
Department of the Environment, Climate Change, Energy and Water (discontinued 16 May 2011)
Department of Land and Property Services (discontinued 16 May 2011)
Economic Development Directorate (from 17 May 2011)
Education and Training Directorate
Environment and Sustainable Development Directorate (from 17 May 2011)
Exhibition Park Corporation
Health Directorate
Home Loan Portfolio
Independent Competition and Regulatory Commission
Justice and Community Safety Directorate
Legal Aid Commission (ACT)
Legislative Assembly Secretariat
Public Trustee for the ACT
Rhodium Asset Solutions Limited (deregistered 19 June 2011)
Shared Services Centre
Superannuation Provision Account
Territory and Municipal Services Directorate
Territory Banking Account
Totalcare Industries Limited
Treasury Directorate

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
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REVENUE	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
6 TAXATION REVENUE				
Duties	426	366	425	366
Payroll Tax	286	273	276	266
General Rates	198	188	189	179
Motor Vehicle Registrations	90	84	90	84
Land Tax	110	98	109	98
Gambling Taxes	53	53	52	52
Fire and Emergency Services Levy	27	25	25	24
Utilities (Network Facilities) Tax	22	15	14	13
Change of Use Charge	14	9	14	9
Ambulance Levy	15	14	15	14
Energy Industry Levy	3	2	3	2
Total Taxation Revenue	1,244	1,128	1,212	1,106
7 GRANTS REVENUE				
GST Revenue Grants ^(a)	833	906	833	906
Municipal Service Payments ^(b)	35	35	35	35
National Specific Purpose Grants ^(c)	502	460	503	464
National Partnership Payments ^(d)	209	295	209	295
Total Commonwealth Grants Revenue	1,579	1,696	1,581	1,700
Gains from Contributed Assets ^(e)	25	59	1	1
Total Gains from Contributed Assets	25	59	1	1
Total Grants Revenue	1,604	1,755	1,581	1,700
(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 and onpassed to State and Territory Governments.

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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		General Government Sector		Total Territory	
		2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
8 REVENUE FROM ASSOCIATES AND JOINT VENTURES					
Land Development Joint Ventures		-	-	22	19
ActewAGL Joint Venture		-	-	84	85
Total Revenue from Associates and Joint Ventures		-	-	105	104
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		-	-	189	190
Residential Housing Tenants and Rental Income from PTE		8	6	86	83
Health Cross Border Revenue		96	91	96	91
Hospital and Other Health Services		104	106	104	106
Regulatory Services		70	60	69	60
Vocational and Tertiary Education and Training Fees		37	39	50	52
Totalisator Commissions		-	-	29	30
Bus Services		-	-	19	21
Services Receipts		32	36	33	37
Parking Fees		15	14	15	14
Fire Services		12	12	12	12
Driver's Licences		9	8	9	8
Water Abstraction Charge		21	23	-	-
Other Sales and Services		45	39	30	26
Total Other Sales of Goods and Services		449	436	741	730
10 INTEREST INCOME					
Interest Received from Banks		76	64	87	72
Interest Received from the Private Sector - Non-Bank		88	54	29	15
Other Interest		11	2	11	4
Total Interest Income		175	120	127	90

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		General Government Sector		Total Territory	
		2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
11	DIVIDEND AND INCOME TAX EQUIVALENTS INCOME				
	Dividends from Public Trading Enterprises	91	133	-	-
	Dividends from Superannuation Investments	119	46	119	46
	Income Tax Equivalents	57	74	-	-
	Total Dividend and Income Tax Equivalents Income	266	254	119	46
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)	-	-	94	166
	Total Land Revenue (Value Add Component)	-	-	94	166
	(Refer Note 2(h): 'Revenue Recognition')				
13	OTHER REVENUE				
	Fines	29	26	29	26
	Contributions ^(a)	19	18	19	18
	Land Rental	7	5	7	5
	Superannuation Contributions	13	14	4	5
	Net Insurance (Losses)/Recoveries ^(b)	11	-66	11	-66
	Other	59	54	68	55
	Total Other Revenue	137	51	137	42

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

^(b) Insurance losses recorded in 2009-10 relate to a decrease in the estimate on the possible recoveries on public liability claims.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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EXPENSES	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
14 EMPLOYEE EXPENSES				
Wages and Salaries	1,238	1,183	1,335	1,276
Long Service Leave	25	22	27	23
Annual Leave	49	39	54	44
Comcare Premium	34	30	39	35
Termination Payments and Redundancies	-	0	-	0
Other Employee Benefits	4	9	5	11
Total Employee Expenses	1,351	1,283	1,460	1,389

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)	230	217	230	217
Other Superannuation Expenses	239	218	245	223
Total Superannuation Expenses for the Reporting Period	469	435	475	440
Represented by:				
Superannuation Expenses (CSS and PSS)	396	368	396	368
Superannuation Payment to Comsuper (for the PSSap)	8	9	9	9
Productivity Benefit	18	18	19	20
Superannuation to Other External Providers, including Fund of Choice	46	40	50	43
Total Superannuation Expenses	469	435	475	440

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
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		General Government Sector		Total Territory	
		2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
16 DEPRECIATION AND AMORTISATION					
Buildings		87	89	102	104
Infrastructure Assets		131	115	162	146
Plant and Equipment		49	45	57	52
Heritage and Community Assets		4	1	4	1
Leasehold Improvements		11	10	11	11
Total Depreciation		282	261	336	314
Intangible Assets		6	9	7	9
Total Amortisation		6	9	7	9
Total Depreciation and Amortisation		288	268	343	322
17 INTEREST EXPENSE					
Interest Expense on Borrowings		70	56	71	57
Interest Expense on Commonwealth Borrowings		5	5	10	10
Interest Paid to Agencies		9	6	-	-
Finance Charges on Finance Leases		2	1	2	1
Total Interest Expense		86	68	83	69
18 SUPPLIES AND SERVICES					
Communication and Computer Expenses		40	37	43	40
Travel, Accommodation and Transport Expenses		17	17	16	17
Printing and Stationery		18	18	20	18
Materials, Equipment and Supplies		166	146	181	170
Property Rental and Occupancy Expenses (including Utilities)		51	48	44	41
Repairs and Maintenance		107	115	148	155
Consultant Fees, Contractor Payments and Professional Services		156	150	167	159
Staff Development and Recruitment		17	15	18	14
Community Policing		139	132	139	132
GST Administration Costs to the ATO		11	9	11	9
Compensation Payments on Behalf of the Territory		4	4	4	4
Insurance Payments		0	2	1	2
Other Supplies and Services ^(a)		8	5	17	21
Total Supplies and Services		734	697	808	783

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.

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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
19 OTHER OPERATING EXPENSES				
Share of Losses in Associate (TransACT)	-	-	4	4
Provision for Diminution of TransACT Investment	-	-	-4	-4
Cost of Goods Sold	21	22	168	145
School Management Costs (Incurred Directly by Schools)	55	53	55	53
Net Insurance Claim Payments ^(a)	36	-13	34	-16
Concessions and Community Service Obligations	25	24	8	7
Other	50	93	39	49
Total Other Operating Expenses	186	180	304	238

Note: ^(a) A negative claims expense was recognised in 2009-10 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	229	243	229	243
Grant Payment (Education and Community Services)	19	20	41	40
Purchase of Health Services from Calvary Hospital	141	124	141	124
Payments to Non-Government Organisations (Health and Disability)	141	115	141	115
First Home Owners' Grant and Boost	25	48	25	48
Other Current Grants	111	101	38	30
Capital Grants	1	9	16	18
Community Activity	11	9	11	9
Appropriation payments and Asset Transfers to PTE Agencies	56	59	0	0
Total Grant Expenses	734	728	643	629

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
<u>OTHER ECONOMIC FLOWS</u>				
'Other Economic Flows' include non-mutually agreed transactions which result in a change in the value of net assets, and include revaluations of assets and liabilities, gains and losses and bad debts written-off, as well as gains on the sale of land.				
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	11	28	-	-
Total Dividends - Market Gains on Land Sales	11	28	-	-
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)	-	-	15	39
Total Land Revenue (Market Gains on Land Sales)	-	-	15	39
(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)	67	86	67	86
Total Net Land Revenue (Undeveloped Land Value)	67	86	67	86
(refer Notes 2(h): 'Revenue Recognition' and 2(ak): 'Significant Accounting Judgements and Estimates').				
24 NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS				
Add: Other Gains (non-core activities)	19	-	23	-
Asset Revaluation	-	-	7	13
Less: Impairment Losses	0	-	15	7
Decrements Arising from Revaluation of Assets	6	2	11	2
Other Losses (non core activities)	-	-9	-	-3
Loss on Disposal of Assets	21	13	22	8
Total Net Gain/(Loss) on Sale of Non-Financial Assets	-8	-6	-18	-1
25 NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE				
Realised and Unrealised Gains on Investments	116	414	117	423
Realised and Unrealised Losses on Investments	-49	-263	-48	-262
Total Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	68	151	69	160
26 DOUBTFUL DEBTS				
Doubtful Debts	-9	-8	-11	-9
Total Doubtful Debts	-9	-8	-11	-9

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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FOR THE YEAR ENDED 30 JUNE 2011

	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 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)	3	6	3	6
Total Waivers	3	6	3	6
Impairment Losses				
<i>Impairment Loss from Receivables</i>				
Receivables	-1	1	-	4
Total Impairment Loss from Receivables	-1	1	-	4
<i>Impairment Loss from Property, Plant and Equipment</i>				
Plant and Equipment	-	0	15	7
Total Impairment Loss from Property, Plant and Equipment	-	0	15	7
Total Impairment Losses	-1	1	15	11
Write-Offs				
Write-Offs	5	7	5	8
Total Write-Offs	5	7	5	8
Total Waivers, Impairment Losses and Write-Offs	7	14	23	25

Note: ^(a) There were 162 waivers provided for in 2010-11 for the General Government Sector (GGS) and the Territory (313 in 2009-10 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 2 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 \$42,670. There were 47 Act of Grace Payments for the GGS and the Territory, totalling \$315,195 in 2009-10.

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
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	General Government Sector		Total Territory	
ASSETS	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 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	179	175	229	231
At Call Deposits and Short-Term Deposits	8	9	8	9
Total Cash and Deposits	187	184	238	241
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	93	0	0
Non-Current Loans Receivable	1,178	872	47	38
Less: Allowance for Impairment Losses	-3	-3	-3	-3
Total Advances Paid	1,269	961	45	36
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	-	-	292	243
Other Current Investments	973	1,199	974	1,203
Total Current Investments (refer Note 2(r): 'Investments')	973	1,199	1,266	1,446
<i>Non-Current Investments</i>				
Long-Term Securities	-	-	1	1
Government Fixed Interest Bonds	615	594	615	594
Shares and Equities	1,396	1,244	1,396	1,244
Investment in Property Trusts	246	188	246	188
Other Non-Current Investments	-	2	1	2
Total Non-Current Investments (refer Note 2(r): 'Investments')	2,256	2,028	2,258	2,029
Total Investments, Loans and Placements	3,230	3,227	3,525	3,475

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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
32 RECEIVABLES				
<i>Current Receivables</i>				
Trade Receivables	178	162	216	256
Right to Receive Infrastructure from Land Developers	-	-	29	30
Other Receivables	15	72	3	3
Prepayments	11	9	31	30
Less: Allowance for Impairment Losses	-18	-20	-23	-24
Net Current Trade Receivables	186	224	256	294
Accrued Revenue	86	126	58	74
Other Receivables	46	56	46	57
Total Current Receivables (refer Note 2(p): 'Receivables')	318	405	359	425
<i>Non-Current Receivables</i>				
Trade Receivables	3	3	6	6
Right to Receive Infrastructure from Land Developers	-	-	11	10
Insurance Receivables	81	70	81	70
Net Non-Current Receivables	83	74	97	86
Accrued Revenue	-	-	-	-
Other Receivables	3	1	7	5
Total Non-Current Receivables (refer Note 2(p): 'Receivables')	86	74	105	91
Total Receivables	405	480	464	516
Reconciliation of the Allowance for Impairment Losses				
Allowance for Impairment Losses at the Beginning of the Reporting Period	20	19	24	20
Additional Allowance Recognised	3	6	5	8
Less: Reduction in Allowance Resulting from a Write Back against the Receivables	-5	-5	-6	-3
Allowance for Impairment Losses at the End of the Reporting Period	18	20	23	24

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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32 RECEIVABLES - CONTINUED

Aging of Receivables - General Government Sector

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
2010-11					
Not Impaired					
Receivables	361	12	6	27	405
Impaired					
Receivables	-	-	4	14	18
2009-10					
Not Impaired					
Receivables	418	18	7	36	480
Impaired					
Receivables	-	-	3	17	20

Aging of Receivables - Total Territory

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
2010-11					
Not Impaired					
Receivables	414	13	7	30	464
Impaired					
Receivables	-	-	4	19	23
2009-10					
Not Impaired					
Receivables	450	19	8	39	516
Impaired					
Receivables	-	-	3	21	24

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$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	5,522	5,426	-	-
Total Investments in Other Public Sector Entities	5,522	5,426	-	-
34 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Investments in Associates				
Investments in Associated Entities	-	-	41	41
Less: Share of Accumulated Losses in Associate (TransACT)	-	-	31	31
	-	-	10	10
Less: Provision for Diminution in the Value of the TransACT Investment	-	-	6	6
Carrying Value of the Investment in TransACT	-	-	4	4
Investments in Joint Ventures				
Investment in Joint Ventures - Current	-	-	18	13
Investment in Joint Ventures - Non-Current	-	-	530	504
Total Investments Accounted for Using the Equity Method	-	-	548	517
(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
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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 value of these trees is incorporated in the land values in the heritage and community asset class. The Territory has established the following estimate of replacement costs of the trees in urban open space as at 30 June 2011. This replacement cost estimate is shown below, however in no way does this represent the fair value of the trees, nor is this the value that is included in the fair value of urban open space.

	2010-11	2010-11	2009-10	2009-10
	Number of	Actual	Number of	Actual
	Trees	Value ^(b)	Trees	Value ^(b)
	'000	\$m	'000	\$m
Trees in Urban Open Space ^(a)				
Native Species	297	80	264	48
Exotic Species	418	151	372	127
	715	231	636	174

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
LAND AND BUILDINGS				
Land at Fair Value	1,104	1,105	4,187	4,186
Land Restoration at Fair Value	17	30	17	30
Less: Accumulated Depreciation on Landfill Restoration	15	14	15	14
Less: Accumulated Impairment Losses	0	0	0	0
Total Land at Fair Value	1,106	1,121	4,189	4,202
Buildings at Fair Value	2,881	2,440	4,188	3,644
Less: Accumulated Depreciation	65	134	80	148
Less: Accumulated Impairment Losses	0	0	0	0
Total Buildings at Fair Value	2,815	2,306	4,108	3,495
Total Written Down Value of Land and Buildings	3,921	3,427	8,297	7,697
PLANT AND EQUIPMENT				
Plant and Equipment at Cost	322	230	339	242
Less: Accumulated Depreciation	151	104	161	113
Less: Accumulated Impairment Losses	0	0	0	0
Total Plant and Equipment at Cost	171	126	178	129
Plant and Equipment at Fair Value	62	127	151	215
Less: Accumulated Depreciation	6	47	10	58
Total Plant and Equipment at Fair Value	56	80	142	157
Total Written Down Value of Plant and Equipment	227	206	320	286
LEASEHOLD IMPROVEMENTS				
Leasehold Improvements at Cost	28	30	32	34
Less: Accumulated Depreciation	22	21	22	25
Total Leasehold Improvements at Cost	6	9	10	9
Leasehold Improvements at Fair Value	53	32	55	34
Less: Accumulated Depreciation	8	7	8	8
Total Leasehold Improvements at Fair Value	45	25	47	26
Total Written Down Value of Leasehold Improvements	52	34	57	35

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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FOR THE YEAR ENDED 30 JUNE 2011

	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
INFRASTRUCTURE ASSETS				
Infrastructure Assets at Fair Value	6,341	6,203	7,716	7,469
Less: Accumulated Depreciation	164	58	278	149
Less: Accumulated Impairment Losses	3	3	3	3
Total Infrastructure Assets at Fair Value	6,174	6,142	7,435	7,317
Total Written Down Value of Infrastructure Assets	6,174	6,142	7,435	7,317
HERITAGE AND COMMUNITY ASSETS				
Heritage and Community Assets at Fair Value	1,934	1,830	1,934	1,830
Less: Accumulated Depreciation	3	1	3	1
Total Heritage and Community Assets at Fair Value	1,931	1,829	1,931	1,829
Total Written Down Value of Heritage and Community Assets	1,931	1,829	1,931	1,829
Total Written Down Value of Property, Plant and Equipment	12,305	11,638	18,040	17,165
(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	9,756	9,429	12,408	11,875
Non-Produced Assets	2,549	2,209	5,632	5,290
Total of Property, Plant and Equipment	12,305	11,638	18,040	17,165

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 2011 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').

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General Government Sector		Total Territory	
<i>2010-11 Actual \$m</i>	<i>2009-10 Actual \$m</i>	<i>2010-11 Actual \$m</i>	<i>2009-10 Actual \$m</i>

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	24	26	24	26
Less: Accumulated Depreciation	9	7	9	7
Less: Accumulated Impairment Losses	-	-	-	-
Total of Leased Plant and Equipment at Cost	15	19	15	19
Leased Plant and Equipment at Fair Value	10	20	11	21
Less: Accumulated Depreciation	3	8	3	9
Less: Accumulated Impairment Losses	-	-	-	-
Total of Leased Plant and Equipment at Fair Value	7	11	8	12
Total Written Down Value of Leased Plant and Equipment	22	30	22	31
Total Written Down Value of Leased Assets	22	30	22	31

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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 2010-11.

	<i>Land</i>	<i>Buildings</i>	<i>Plant and</i>	<i>Leased Plant</i>	<i>Leasehold</i>	<i>Infrastructure</i>	<i>Heritage and</i>	
	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>and</i>	<i>Improvements</i>	<i>Assets</i>	<i>Community</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>\$m</i>	<i>\$m</i>	<i>Assets</i>	<i>\$m</i>
Balance at 1 July 2010	1,121	2,306	180	26	34	6,142	1,829	11,638
Additions	28	425	91	-	23	149	24	740
Revaluation Adjustments	-31	182	-4	-	7	18	77	249
Impairment Losses Recognised Directly in Equity	-	-7	0	-	-	-	-	-7
Depreciation	-	-87	-49	-	-11	-131	-4	-282
Disposals	-9	-1	-12	-	-	-	-	-22
Impairment Losses Recognised in the Operating Statement	-	-	-	-	-	-1	-	-2
Other Movements	-3	-3	-	-5	0	-3	4	-10
Balance at 30 June 2011	1,106	2,815	205	22	52	6,174	1,931	12,305

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</i>	<i>Leased Plant</i>	<i>Leasehold</i>	<i>Infrastructure</i>	<i>Heritage and</i>	
	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>and</i>	<i>Improvements</i>	<i>Assets</i>	<i>Community</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>\$m</i>	<i>\$m</i>	<i>Assets</i>	<i>\$m</i>
Balance at 1 July 2009	1,091	2,294	162	30	31	5,590	1,723	10,921
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
Other Movements*	-5	-	-	1	1	51	-3	44
Balance at 30 June 2010	1,121	2,306	180	26	34	6,142	1,829	11,638

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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 2010-11.

	<i>Land</i>	<i>Buildings</i>	<i>Plant and</i>	<i>Leased Plant</i>	<i>Leasehold</i>	<i>Infrastructure</i>	<i>Heritage and</i>	
	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>and</i>	<i>Improvements</i>	<i>Assets</i>	<i>Assets</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2010	4,202	3,495	260	26	35	7,317	1,829	17,165
Additions	43	508	119	-	27	266	24	987
Assets Classified as Held for Sale	-29	-10	-1	-	-	-	-	-41
Revaluation Adjustments	-11	227	-10	-	7	18	77	308
Impairment Losses Recognised Directly in Equity	-	-7	0	-	-	-	-	-7
Depreciation	-	-102	-57	-	-11	-162	-4	-336
Disposals	-12	-7	-12	-	-	-	-	-32
Impairment Losses Recognised in the Operating Statement	-	-	-	-	-	-1	-	-2
Other Movements	-4	6	-	-5	-1	-3	4	-1
Balance at 30 June 2011	4,189	4,108	298	22	57	7,435	1,931	18,040

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</i>	<i>Leased Plant</i>	<i>Leasehold</i>	<i>Infrastructure</i>	<i>Heritage and</i>	
	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>and</i>	<i>Improvements</i>	<i>Assets</i>	<i>Assets</i>	<i>Total</i>
	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>Equipment</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
Balance at 1 July 2009	3,799	3,462	223	30	34	6,769	1,723	16,039
Additions	45	124	84	8	12	230	23	526
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*	18	5	-	1	0	59	-3	79
Balance at 30 June 2010	4,202	3,495	260	26	35	7,317	1,829	17,165

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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$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	3	3	3	3
Total Land at Fair Value	3	3	3	3
Building at Fair Value	-	-	-	-
Total Building at Fair Value	-	-	-	-
Total Investment Properties	3	3	3	3
(refer Note 2(y): 'Investment Properties')				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 2010-11.

	Land \$m	Buildings \$m	Total \$m
Balance at 1 July 2010	3	-	3
Net Gain or Loss on Revaluation	-	-	-
Other Movements	-	-	-
Balance at 30 June 2011	3	-	3

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

	Land \$m	Buildings \$m	Total \$m
Balance at 1 July 2009	3	-	3
Net Gain or Loss on Revaluation	-	-	-
Other Movements	-	-	-
Balance at 30 June 2010	3	-	3

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$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	61	52	65	55
Less: Accumulated Amortisation	41	37	44	40
Total Internally Generated Software	20	15	21	16
<i>Externally Purchased Software</i>				
Computer Software at Cost	19	16	27	24
Less: Accumulated Amortisation	15	13	21	18
Total Externally Purchased Software	4	4	6	6
Total Computer Software	24	19	27	22
Other Intangibles				
<i>Externally Purchased Other Intangibles</i>				
Other Intangible Assets at Cost	1	1	27	30
Less Accumulated Impairment Losses	-	-	6	1
Total Externally Purchased Other Intangibles	1	1	21	28
Total Other Intangibles	1	1	21	28
Total Intangible Assets (refer Note 2(z): 'Intangible Assets')	25	20	48	50

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 2010-11.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	\$m	\$m	\$m	\$m
Balance at 1 July 2010	15	4	1	20
Additions	9	2	-	12
Amortisation	-4	-2	-	-6
Balance at 30 June 2011	20	4	1	25

The following table shows the movement of each class of Intangible Asset held by the GGS 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	21	5	1	26
Additions	0	2	-	2
Amortisation	-6	-3	-	-9
Balance at 30 June 2010	15	4	1	20

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 2010-11.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	\$m	\$m	\$m	\$m
Balance at 1 July 2010	16	6	28	50
Additions	9	2	4	16
Impairment Losses Recognised in the Operating Statement	-	-	-11	-11
Amortisation	-4	-3	-	-7
Balance at 30 June 2011	21	6	21	48

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
38 INVENTORIES				
Raw Materials and Stores	1	1	5	4
Inventory Works in Progress	0	0	43	40
Finished Goods	11	10	35	15
Consumables	2	1	2	1
Total Current Inventories - at Cost (refer Note 2(s): 'Inventories')	14	12	85	61
Inventory Works in Progress	1	-	36	37
Total Non-Current Inventories - at Cost (refer Note 2(s): 'Inventories')	1	-	36	37
Total Inventories - at Cost	15	12	121	98

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 2011, have been classified as 'Assets Held for Sale'.

Land Held for Sale	-	-	5	4
Buildings Held for Sale	-	-	1	1
Plant and Equipment Held for Sale	1	1	1	1
Total Assets Held for Sale (refer Note 2(t): 'Assets Held for Sale')	1	1	7	6

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	-	-	33	52
Construction - Non-Residential Buildings	196	293	192	289
Infrastructure	273	210	660	476
Software	37	29	37	29
Total Capital Works in Progress	505	532	922	846

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 2010-11.

	Construction Residential Buildings	Construction Non Residential Buildings	Infrastructure	Software	Total
	\$m	\$m	\$m	\$m	\$m
Balance at 1 July 2010	-	293	210	29	532
Additions	-	227	192	18	437
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-319	-123	-10	-452
Capital Works-in-Progress Completed and transferred to Intangibles	-	-1	-3	0	-4
Capital Works-in-Progress Completed and transferred to Expenses	-	-5	-3	-	-7
Balance at 30 June 2011	-	196	273	37	505

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
	\$m	\$m	\$m	\$m	\$m
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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 2010-11.

	Construction Residential Buildings \$m	Construction Non Residential Buildings \$m	Infrastructure \$m	Software \$m	Total \$m
Balance at 1 July 2010	52	289	476	29	846
Additions	87	227	341	18	673
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-106	-319	-151	-10	-586
Capital Works-in-Progress Completed and transferred to Intangibles	-	-1	-3	0	-4
Capital Works-in-Progress Completed and transferred to Expenses	-	-5	-3	-	-7
Balance at 30 June 2011	33	192	660	37	922

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

	Construction Residential Buildings \$m	Construction Non Residential Buildings \$m	Infrastructure \$m	Software \$m	Total \$m
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

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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
41 BIOLOGICAL ASSETS				
Biological Assets - Forest Plantations (refer Note 2(ab): 'Biological Assets')	26	28	26	28
Total Biological Assets	26	28	26	28

LIABILITIES

42 DEPOSITS HELD				
Current Financial Creditors	162	160	15	15
Total Deposits Held	162	160	15	15
43 ADVANCES RECEIVED				
Current Advances from the Commonwealth Government	3	3	8	5
Non Current Advances from the Commonwealth Government	90	93	180	188
Total Advances Received	93	96	188	193
(refer Note 2(ad): 'Advances Received')				

44 FINANCE LEASES

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

Within One Year	12	19	15	19
Later than One Year but not Later than Five Years	17	15	18	15
Later than Five Years	1	0	0	0
Minimum Lease Payments	30	33	33	34
Less: Future Finance Lease Charges	3	2	3	2
Total Present Value of Minimum Lease Payments	27	31	30	32
The present value of the minimum lease payments are as follows:				
Within One Year	11	18	14	18
Later than One Year but not Later than Five Years	17	14	17	14
Later than Five Years	-	-	-	-
Total Present Value of Minimum Lease Payments	27	31	30	32
Represented by:				
Current Liability	11	18	12	18
Non-Current Liability	16	14	17	14
Total Present Value of Minimum Finance Lease Payments (refer Note 2(a)): 'Leases'	27	31	28	32

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
45 OTHER BORROWINGS				
<i>Current Borrowings</i>				
Banks and Financial Institutions	2	1	2	2
Bonds and Bills	287	290	287	290
Total Current Borrowings	289	291	289	291
(refer Note 2(af): 'Interest Bearing Liabilities')				
<i>Non-Current Borrowings</i>				
Banks and Financial Institutions	1	2	1	2
Bonds and Bills	1,125	831	1,125	831
Total Non-Current Borrowings	1,127	833	1,127	833
(refer Note 2(af): 'Interest Bearing Liabilities')				
Total Other Borrowings	1,416	1,124	1,416	1,124

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.

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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
46 SUPERANNUATION				
Superannuation Liability at the Beginning of the Reporting Period	4,606	4,064	4,606	4,064
Expense Accrued during the Period for Commonwealth Superannuation	396	368	396	368
Other Superannuation Expense	73	67	79	72
Superannuation Expense	469	435	475	440
(refer Note 15: 'Superannuation Expenses')	5,075	4,499	5,080	4,504
Less: Actuarial Gain/(Loss) from Annual Review	7	-307	7	-307
Less: Payments during the Reporting Period for Superannuation	189	201	196	206
Superannuation Liability at the End of the Reporting Period	4,878	4,606	4,878	4,606
Represented by:				
Current Estimated Employee Superannuation Liability	154	118	154	118
Non-Current Estimated Employee Superannuation Liability	4,724	4,488	4,724	4,488
Total Superannuation Liabilities	4,878	4,606	4,878	4,606
(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	32	35	35	37
Annual Leave	166	158	181	172
Long Service Leave	202	188	231	217
Other	1	7	3	9

Total Current Other Employee Benefits

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

401 388 451 436

Non-Current Other Employee Benefits

Long Service Leave	36	36	38	39
Other	0	-	0	-

Total Non-Current Other Employee Benefits

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

36 36 38 39

Total Other Employee Benefits

438 424 489 475

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
47 OTHER EMPLOYEE BENEFITS AND PROVISIONS - CONTINUED				
Non-Employee Provisions				
<i>Current Other Non-Employee Provisions</i>				
Other Non-Employee Provisions	4	12	34	30
Total Current Non-Employee Provisions	4	12	34	30
<i>Non-Current Non-Employee Provisions</i>				
Other Non-Employee Provisions	21	34	44	51
Total Non-Current Non-Employee Provisions	21	34	44	51
Total Non-Employee Provisions	25	46	78	81
Total Other Employee Benefits and Provisions	463	470	567	556
For Disclosure Purposes Only				
<i>Estimated Amount Payable within 12 Months</i>				
Accrued Wages and Salaries	36	37	39	38
Annual Leave	161	155	174	169
Long Service Leave	21	36	37	52
Other	2	8	4	10
Total Employee Benefits Payable within 12 Months	220	236	255	269
<i>Estimated Amount Payable after 12 Months</i>				
Annual Leave	1	0	1	1
Long Service Leave	218	188	233	204
Total Employee Benefits Payable after 12 Months	218	189	234	205
Total Other Employee Benefits	438	424	489	475

The General Government Sector had approximately 16,272 full time equivalent employees (FTEs) as at 30 June 2011 (15,845 FTEs as at 30 June 2010). The Territory had approximately 17,572 full time equivalent employees (FTEs) as at 30 June 2011 (17,117 FTEs as at 30 June 2010).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
48 PAYABLES				
<i>Current Payables</i>				
Trade Payables	43	29	88	95
Accrued Expenses	78	104	104	105
GST Liability	2	4	8	14
Revenue Received in Advance	34	46	65	74
Insurance Payables	44	35	44	35
Other Payables	27	71	15	37
Total Current Payables (refer Note 2(ac): 'Payables')	228	289	323	360
<i>Non-Current Payables</i>				
Revenue Received in Advance	0	4	0	4
Insurance Payables	326	304	326	304
Other Payables	6	0	6	0
Total Non-Current Payables (refer Note 2(ac): 'Payables')	332	308	332	308
Total Payables	561	598	655	668
Payables are aged as follows:				
Not Overdue	544	594	638	663
Overdue for Less than 30 Days	12	3	12	4
Overdue for 30 to 60 Days	0	0	0	0
Overdue for more than 60 Days	5	0	5	0
Total Payables	561	598	655	668
49 OTHER LIABILITIES				
Current Other Liabilities	10	12	20	28
Non-Current Other Liabilities	6	3	8	3
Total Other Liabilities	16	15	28	30

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
50 RECONCILIATION OF CHANGES IN EQUITY				
Equity in Public Trading Entities (a)	5,522	5,426	-	-
Accumulated Funds (b)	5,550	5,346	7,937	7,676
Asset Revaluation Surplus (c)	4,803	4,645	8,261	8,072
Other Reserves (d)	1	-2	11	7
Total Equity	15,876	15,414	16,209	15,755

(a) Equity in Public Trading Entities

Balance at the Beginning of the Reporting Period	5,426	5,006	-	-
Net Increment/(Decrement)	96	420	-	-
Total Increase/(Decrease) in Other Reserves	96	420	-	-
Balance at the End of the Reporting Period	5,522	5,426	-	-

(b) Accumulated Funds

Balance at the Beginning of the Reporting Period	5,346	5,428	7,676	7,571
Operating Result for the Period	155	335	123	390
Superannuation Prior Period Actuarial Movement	7	-307	7	-307
Other Movements	-2	-3	-2	-3
Transfers to/(from) Reserves	99	3	132	26
Capital Injections	-56	-110	-	-
Total Increase/(Decrease) in the Accumulated Funds	204	-82	260	106
Balance at the End of the Reporting Period	5,550	5,346	7,937	7,676

(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	4,645	4,057	8,072	7,224
Increment in Land due to Revaluation	24	4	16	351
(Decrement)/Increment in Buildings due to Revaluation	93	0	132	2
Increment/(Decrement) in Heritage and Community Assets due to Revaluation	12	100	12	100
Increment/(Decrement) in Infrastructure Assets due to Revaluation	23	484	23	396
Increment in Plant and Equipment Assets due to Revaluation	-1	-	-2	0
Increment in Leasehold Improvements due to Revaluation	7	-	7	0
Total Increase/(Decrease) in the Asset Revaluation Surplus	158	588	189	849
Balance at the End of the Reporting Period	4,803	4,645	8,261	8,072

(d) Other Reserves

Other Reserves relate to cash flow hedging activities

Balance at the Beginning of the Reporting Period	-2	-4	7	4
Net Increment/(Decrement)	3	2	4	3
Total Increase/(Decrease) in Other Reserves	3	2	4	3
Balance at the End of the Reporting Period	1	-2	11	7

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 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	187	183	238	241
Short-Term Securities and Other Cash Equivalents	2	-	294	242
Cash and Cash Equivalents as per the Cash Flow Statement	189	183	532	483
(b) Reconciliation of the <i>Operating Result</i> to <i>Net Cash Flows from Operating Activities</i> .				
Operating Result	155	335	123	390
<i>Add/(Less) Non-Cash Movements:</i>				
Depreciation and Amortisation	288	268	343	322
Net Revaluation of Non-Financial Assets	6	2	11	2
Bad Debts expense	9	8	11	9
Capitalised Profit from Joint Ventures	-	-	-60	-42
Waivers	2	-4	2	-4
Gains from Contributed Assets	-25	-59	-1	-1
Other	-	-	-	-
<i>Add/(Less) Items Classified as Investing or Financing:</i>				
Dividends - Market Gains on Land Sales	-11	-28	-	-
Realised (Gains)/Losses on Investments	-19	-69	-19	-77
Unrealised (Gains)/Losses on Investments	-49	-82	-50	-82
Net (Gains)/Losses on Disposal of Non-Current Assets	9	4	18	11
Cash Before Changes in Operating Assets and Liabilities	365	375	379	528
<i>Change in Operating Assets and Liabilities:</i>				
(Increase)/Decrease in Receivables	107	-12	19	-139
(Increase)/Decrease in Inventories	-2	-2	-23	110
Increase/(Decrease) in Payables	-37	34	-13	50
Increase/(Decrease) in Employee Benefits and Provisions	272	283	291	207
Increase/(Decrease) in Other Liabilities	-2	3	-2	21
Net Cash Inflows from Operating Activities	704	682	652	777

(c) Non-cash Financing and Investing Activities.

The Territory (through the General Government Sector) purchased \$17.9 million worth of motor vehicles and other items of plant and equipment under finance lease arrangements during 2010-11 (\$14 million in 2009-10).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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General Government Sector		Total Territory	
2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$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	37	28	39	30
Later than One Year but not Later than Five Years	107	83	114	90
Later than Five Years	93	114	100	123
Total Operating Lease Commitments	238	226	253	243

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	569	328	1,009	922
Later than One Year but not Later than Five Years	809	76	809	85
Total Property, Plant and Equipment Capital Commitments	1,378	404	1,818	1,008
Total Capital Commitments	1,378	404	1,818	1,008

54 OTHER COMMITMENTS

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

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

Payable:

Within One Year	291	254	454	506
Later than One Year but not Later than Five Years	216	269	215	269
Later than Five Years	94	17	94	17
Total Other Commitments	601	541	763	792

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m

55 CONTINGENCIES, GUARANTEES AND INDEMNITIES

A contingent liability is 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	142	43	176	77
Guarantees	-	5	-	5
Indemnities	-	-	-	-
Total Quantifiable Contingent Liabilities and Guarantees	142	48	176	82

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	17	16	25	23
Personal Injury Claims	18	13	18	13
Economic Loss Claims	-	0	-	0
Total Quantifiable Contingent Liabilities and Guarantees	34	28	42	35

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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55 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Other contingent liabilities as at 30 June 2011 include:

- the Territory is responsible for the management of sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors. The contingent liability for 2010-11 is \$91.1 million (30 June 2010: nil); 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 2011 is estimated at \$2.1 million (30 June 2010: \$2 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 2010: \$25 million) standby debt facility for TransACT Communications. At 30 June 2011: \$3 million was undrawn (30 June 2010: \$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 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. The Full Court of the Federal Court held on 24 September 2010 that both WAC and UNFT were constitutionally valid charges of the ACT Government.

Queanbeyan City Council thereupon appealed to the High Court. Special leave to proceed with their appeal was granted on 9 April 2011. The appeal was heard on 21-23 June 2011. At the Court's request, a single, critical element of the appeal was argued on 21 June 2011. Depending upon the Court's decision, a determination on that issue favourable to the Territory will dispose of the case and the appeal will fail. Judgement has been reserved and the decision is expected sometime before the end of 2011.

Contingent Assets

General Government Sector and Total Territory

At 30 June 2011, 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 had lodged objections to the assessment, the revenue in question was contingent on the outcome of the consideration of the objections.

During the year 2010-11, the matter was finalised and the associated revenue was recognised.

Guarantees

General Government Sector and Total Territory

The Territory has six lease residual guarantee agreements guaranteeing the residual value of the underlying assets to a second party who has the leases with a third party. The total residual value guaranteed against is \$0.501 million.

A provision of \$0.125 million, representing the anticipated loss on asset residual guarantees on disposal of assets underlying the six agreements are shown in Note 47: Other Employee Benefits and Provisions.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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55 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Indemnities

General Government Sector and Total Territory

The ACT Government has provided the following indemnities.

- 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 back to Government during the 2003-04 financial year. The operations of Totalcare Fleet were transferred to Rhodium on 1 January 2005.
- On 9 February 2007, the Territory indemnified the Directors of 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.
- On 1 July 2010 the Territory indemnified Toyota Finance Australia Ltd (TFM) against any financial loss incurred by TFM with regard to an Arrears Lease (ie a lease sold to TFM that was more than 60 days in arrears) as a result of any default by the lessee existing as at the transfer date or arising after the transfer date.

56 THIRD PARTY MONIES

Third Party Monies held in Trust by the Territory

	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
ACT Long Service Leave Authority	75	70	75	70
Rental Bonds Board	49	44	49	44
Default Insurance Fund	27	23	27	23
Nominal Defendant Insurance Fund	17	13	17	13
Health Professional Registration	0	2	0	2
Public Trustee Common Fund	215	163	215	163
ACT Civil and Administrative Tribunal	45	38	45	38
Other Third Party Monies	32	26	32	26
Total Monies Held in Trust	460	380	460	380

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
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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	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Share of Joint Venture Profit:				
Revenue	0	0	496	483
Expenses	0	0	390	379
Operating Profit / (Loss)	-	-	105	104
Share of the Joint Venture Assets and Liabilities is as follows:				
Current Assets	0	0	222	176
Non-Current Assets	3	3	468	474
Total Assets	3	3	690	650
Current Liabilities	0	0	142	111
Non-Current Liabilities	-	-	4	25
Total Liabilities	0	0	145	137
Net Assets	3	3	545	514
Share of Joint Venture commitments				
Lease Commitments	-	-	34	37
Remuneration Commitments	-	-	47	48
Total Expenditure Commitments	-	-	82	85
Capital and Other Commitments	-	-	49	33
Total Share of Joint Venture commitments	-	-	130	118

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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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 \$0.077 million at 30 June 2011 (\$0.182 million at 30 June 2010).

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	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
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
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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 39 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 Rating Services are currently reviewing the ACT Rating and are expected to announce the results of their 2011 review of the ACT's credit rating prior to the end of the calendar year.

Following the release of the 2011-12 Budget, Standard & Poor's Rating Service 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 2010-11 Budget Review. The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's Rating Services.

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

Standard and Poor's Rating Services assigns credit ratings based on its qualitative and quantitative analysis of a range of financial, economic, managerial, and institutional factors. The analytical framework is articulated around eight major components:

- Institutional framework, Economy, Financial Management, Budgetary flexibility, Budgetary performance, Liquidity, Debt burden, and Contingent liabilities.

Standard and Poor's Rating Services analyses and assesses each of these eight factors on a five-point numerical scale from 1 (the strongest score) to 5 (the weakest score).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 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 2010-11. These amounts are consolidated out of the financial statements of the GGS and the Territory.

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

The ACT Auditor-General's Office paid \$10,000 for the independent audit of its financial statements for 2010-11 (\$10,000 for 2009-10).

62 EVENTS SUBSEQUENT TO BALANCE DATE

On the 5 October 2011, Queanbeyan City Council lost its appeal to the High Court disputing the validity of the Utilities (Network Facilities) Tax (UNFT) and Water Abstraction Charge (WAC). Both charges are now determined to be valid and Queanbeyan City Council will continue to pay charges as accrued.

A loan facility to the University of Canberra (UC), the principal amount of which is not to exceed \$23.350 million has been agreed. The loan is subject to a fixed interest rate, is secured and has a repayment term of 14 years. The loan is to be used by UC towards student accommodation facilities.

63 SERVICE CONCESSION ASSETS

The Health Directorate, on behalf of the Territory, has entered into an agreement with Calvary Health Care ACT Ltd for the provision of hospital and associated services. The original agreement was entered into by the Commonwealth on 22 October 1971 and does not stipulate any expiry date. This was subsequently amended in 1979 to include the Territory with any duties or functions of the Commonwealth being transferred to the Territory. The agreement was for the facility to be used for a public hospital. This was varied, in 1988, by the Calvary Private Agreement to allow Calvary Health Care ACT Ltd to use two floors of the facility for treating private patients. The Calvary Private Agreement sets the process and mechanism for Calvary Private to reimburse Calvary Public for any costs incurred in using public hospital facilities for treating private patients. There have been no changes in these arrangements during the reporting period.

Under the agreement Calvary Health Care ACT Ltd is required to provide hospital services and make these services available to all persons irrespective of creed or individual ability to pay and is limited to charging patients fees only in accordance with the schedule of fees applicable at Health Directorate hospitals. The agreement does not obligate the Territory to provide funding for capital purchases, however, the Territory may do so. In the event that the agreement ceases, all land is to be returned to the Territory. The level of services that is required to be provided in a financial year, for the amount of funding provided is stipulated in a Performance Plan agreed between the Territory and Calvary Health Care ACT Ltd each year. The amount of funding provided for the 2010-11 financial year was \$141.196 million for new and replacement equipment and \$0.710 million for capital upgrades. The service concession assets are not recognised in the Territory's Balance Sheet.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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64 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 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 the fixed income 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'.

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 may be 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 Instruments		Variable Rate Instruments	
	2011	2010	2011	2010
	\$m	\$m	\$m	\$m
Financial Assets	1,310	1,007	882	1,078
Financial Liabilities	1,157	866	262	262
Net Exposure Before the Effect of Derivatives	153	141	621	816

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.

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Interest rate swap transactions are undertaken to exchange variable 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 principal 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 principal 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 2010* 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 Principal Value		Fair Value	
	2011 \$m	2010 \$m	2011 \$m	2010 \$m
Buy Domestic Money Market Futures	0	381	0	0
Sell Domestic Money Market Futures	0	-381	0	0
Buy Fixed Interest Futures	16	7	0	0
Sell Domestic Fixed Interest Futures	-109	-51	0	0
Buy Interest Rate Swap (Floating)	190	-10	140	75
Sell Interest Rate Swaps (Fixed)	-190	10	-143	-80

Notional principal 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, are 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.

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Sensitivity Disclosure Analysis

As at 30 June 2011, 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 +/-1.0 per cent (30 June 2010: 0.50 per cent) from the year-end official cash interest rate of 4.75 per cent (30 June 2010: 4.50 per cent), with all other variables held constant.

30 June 2011 General Government Sector and Total Territory	Fixed Rate Instruments				Variable Rate Instruments			
	-1.00%		+1.00%		-1.00%		+1.00%	
	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
30/06/2011 (1.0%)								
Financial Assets	2	2	-2	-2	-9	-9	9	9
Financial Liabilities	1	1	-1	-1	-8	-10	8	9
Net Assets	1	1	-1	-1	-1	0	1	0
30/06/2010 (0.5%)								
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

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.
- (v) For derivatives in a cash flow hedge relationship, all the requirements of hedge accounting have been met and the hedge is 100 per cent effective.
- (vi) The impact on equity represents total impact on accumulated funds and other reserves.

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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.

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).

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

Territory Investment Portfolio	Exposure to Unit Prices		Exposure to Inflation Rates	
	2011	2010	2011	2010
	\$m	\$m	\$m	\$m
Financial Assets	230	230	852	850
Financial Liabilities	0	0	851	849
Net Exposure Before the Effect of Derivatives	230	230	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.

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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	
	2011	2010
	\$m	\$m
Financial Assets	2,228	2,018
Net Exposure Before the Effect of Derivatives	2,228	2,018

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 2011 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	7	1,997	11	2,014	-	1	1	2,013
USD	2	129	2	133	-	0	0	132
JPY	0	24	0	24	-	-	-	24
EUR	0	32	0	32	-	0	0	32
GBP	0	25	0	25	-	-	-	25
Other	0	23	0	23	-	-	-	23
Total A\$m	9	2,229	13	2,251	-	2	2	2,249

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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

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 2011 General Government Sector and Total Territory	-10%		+10%	
	Profit/ (Loss) Impact	Equity Impact	Profit/ (Loss) Impact	Equity Impact
	\$'000	\$'000	\$'000	\$'000
Currency				
USD	280	280	-280	-280
JPY	13	13	-13	-13
EUR	48	48	-48	-48
GBP	16	16	-16	-16
Other	16	16	-16	-16
Total Increase/(Decrease)	373	373	-373	-373
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

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64 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 2010* and *Superannuation Management Guidelines 2011* 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				
	AAA	AA	A	BBB	Total
	\$m	\$m	\$m	\$m	\$m
30 June 2011					
Directly Held					
Money Market and Fixed Interest Securities	463	248	246	15	971
Indirectly Held					
Unit Trust (Debt Instruments)	574	210	44	12	839
Total	1,037	458	289	27	1,811
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

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 2011 (nil at 30 June 2010).

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.

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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 2010* 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 Contractual Maturities and Management Expectation

The risk implied from the values shown in the table below shows contracted cash outflows from payables and other financial liabilities and is a reflection of ongoing business operations of the Territory.

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 financial liabilities, 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 2011	0-6	6-12	1-2	2-5	> 5	Total
General Government Sector	months	months	years	years	years	
	\$m	\$m	\$m	\$m	\$m	\$m
Financial Liabilities						
Payables	114	115	332	-	-	561
Interest-Bearing Liabilities (Current/Non-Current)	299	38	60	182	1,394	1,972
Estimated Superannuation Liabilities	75	75	164	593	24,118	25,025
Finance Lease Liabilities (Current/Non-Current)	6	5	16	-	-	27
Total Non-Derivatives	494	232	572	775	25,512	27,586
Derivatives						
Net settled derivatives (Interest Rate Swaps and Futures)	0	0	-1	0	-	-1
Total Derivatives	0	0	-1	0	-	-1

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30 June 2010	0-6	6-12	1-2	2-5	> 5	Total
General Government Sector	months	months	years	years	years	
	\$m	\$m	\$m	\$m	\$m	\$m
Financial Liabilities						
Payables	145	145	308	-	-	598
Interest-Bearing Liabilities (Current/Non-Current)	291	32	55	157	1,079	1,615
Estimated Superannuation Liabilities	58	58	148	538	24,539	25,340
Finance Lease Liabilities (Current/Non-Current)	9	9	14			32
Total Non-Derivatives	503	244	525	696	25,618	27,586
Derivatives						
Net settled derivatives	0	-1	-1	-2	-	-3
(Interest Rate Swaps and Futures)						-
Total Derivatives	0	-1	-1	-2	-	-3
30 June 2011	0-6	6-12	1-2	2-5	> 5	Total
Total Territory	months	months	years	years	years	
	\$m	\$m	\$m	\$m	\$m	\$m
Financial Liabilities						
Payables	162	161	332	-	-	655
Interest-Bearing Liabilities (Current/Non-Current)	299	38	60	182	1,394	1,972
Estimated Superannuation Liabilities	75	75	164	593	24,118	25,025
Finance Lease Liabilities (Current/Non-Current)	6	6	17			29
Total Non-Derivatives	542	279	573	775	25,512	27,682
Derivatives						
Net settled derivatives	0	0	-1	0	-	-1
(Interest Rate Swaps and Futures)						-
Total Derivatives	0	0	-1	0	-	-1
30 June 2010	0-6	6-12	1-2	2-5	> 5	Total
Total Territory	months	months	years	years	years	
	\$m	\$m	\$m	\$m	\$m	\$m
Financial Liabilities						
Payables	180	180	308	-	-	668
Interest-Bearing Liabilities (Current/Non-Current)	291	32	55	157	1,079	1,615
Estimated Superannuation Liabilities	58	58	148	538	24,539	25,340
Finance Lease Liabilities (Current/Non-Current)	9	9	14			32
Total Non-Derivatives	538	279	525	696	25,618	27,656
Derivatives						
Net settled derivatives	0	-1	-1	-2	-	-3
(Interest Rate Swaps and Futures)						-
Total Derivatives	0	-1	-1	-2	-	-3

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.

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64 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	2010-11		2009-10	
	Carrying	Net Fair	Carrying	Net Fair
	Amount	Value	Amount	Value
	\$m	\$m	\$m	\$m
Financial Assets				
Cash and Deposits	187	187	184	184
Advances Paid	1,269	1,262	961	886
Investments, Loans and Placements	3,230	3,230	3,227	3,227
Receivables*	377	377	429	429
Equity				
Investments in Other Public Sector Entities	5,522	5,522	5,426	5,426
Total Financial Assets	10,585	10,578	10,227	10,152
Financial Liabilities				
Deposits Held	162	162	160	160
Advances Received	93	83	96	83
Finance Leases	27	27	31	31
Borrowings	1,416	1,412	1,124	1,113
Employee Benefits and Superannuation	5,341	5,341	5,076	5,076
Payables	561	561	598	598
Other Liabilities	16	16	15	15
Total Financial Liabilities	7,616	7,601	7,100	7,076
Net Financial Assets	2,969	2,977	3,127	3,076

* Receivables has been adjusted to remove Right to Receive Infrastructure, Prepayments and Tax Accrued Revenue.

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64 FINANCIAL INSTRUMENTS - CONTINUED

Categorisation of Financial Assets and Liabilities - continued

Total Territory	2010-11		2009-10	
	Carrying	Net Fair	Carrying	Net Fair
	Amount	Value	Amount	Value
	\$m	\$m	\$m	\$m
Financial Assets				
Cash and Deposits	238	238	241	241
Advances Paid	45	45	36	36
Investments, Loans and Placements	3,525	3,525	3,475	3,475
Receivables*	393	393	464	464
Equity				
Investments Accounted for Using Equity Method	548	548	517	517
Total Financial Assets	4,749	4,749	4,733	4,733
Financial Liabilities				
Deposits Held	15	15	15	15
Advances Received	188	169	193	170
Finance Leases	28	28	32	32
Borrowings	1,416	1,412	1,124	1,113
Employee Benefits and Superannuation	5,445	5,445	5,162	5,162
Payables	655	655	668	668
Other Liabilities	28	28	30	30
Total Financial Liabilities	7,775	7,752	7,224	7,190
Net Financial Liabilities	-3,026	-3,003	-2,491	-2,457

* Receivables has been adjusted to remove Right to Receive Infrastructure and Prepayments.

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64 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 2011	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Financial Assets				
Money Market, Fixed Interest Securities and Equities	562	914	-	1,476
Financial Derivatives	0	0	-	0
Unit Trusts	1	1,774	143	1,918
Total	563	2,688	143	3,395
Financial Liabilities				
Financial Derivatives	0	4	-	4
Total	0	4	-	4
Net Assets	563	2,685	143	3,391
30 June 2010	Level 1	Level 2	Level 3	Total
	\$m	\$m	\$m	\$m
Financial Assets				
Money Market, Fixed Interest Securities and Equities	472	974	0	1,446
Financial Derivatives	0	0	-	0
Unit Trusts	8	1,819	140	1,967
Total	479	2,793	140	3,413
Financial Liabilities				
Financial Derivatives	1	3	-	3
Total	1	3	-	3
Net Assets	479	2,790	140	3,410

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65 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 ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	General Government Sector		Total Territory	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m

65 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	382	373	368	299
03	Public Order and Safety	342	302	338	302
04	Education	852	875	866	892
05	Health	1,023	918	1,022	917
06	Social Security and Welfare	208	186	208	186
07	Housing and Community Amenities	178	225	453	492
08	Recreation and Culture	106	122	128	139
09	Fuel and Energy	13	14	13	14
10	Agriculture, Forestry, Fishing and Hunting	6	4	6	4
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	17	17	10	11
12	Transport and Communications	272	243	277	249
13	Other Economic Affairs	71	72	71	72
14	Other Purposes	378	306	357	291
Total Expenses		3,847	3,659	4,117	3,869

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	9,864	9,842	4,184	4,202
03	Public Order and Safety	445	376	445	376
04	Education	2,331	2,043	2,335	2,050
05	Health	790	723	790	723
06	Social Security and Welfare	90	138	90	138
07	Housing and Community Amenities	262	155	6,858	6,457
08	Recreation and Culture	2,277	2,236	2,301	2,257
09	Fuel and Energy	0	0	539	501
10	Agriculture, Forestry, Fishing and Hunting	101	77	101	67
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	1	2	1	2
12	Transport and Communications	6,080	5,965	6,221	6,097
13	Other Economic Affairs	64	79	64	79
14	Other Purposes	1,187	875	57	31
Total Assets		23,492	22,513	23,985	22,980

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 2011**

66 ELIMINATION TABLE

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Revenue								
Government Payment for Outputs	-	-	145	137	-145	-137	-	-
Taxation Revenue	1,244	1,128	-	-	-32	-22	1,212	1,106
Grants Revenue								
Commonwealth Grants	1,579	1,696	1	4	-	-	1,581	1,700
Gains from Contributed Assets	25	59	3	2	-28	-60	1	1
Sales of Goods and Services Revenue								
Revenue from Associates and Joint Ventures	-	-	105	104	-	-	105	104
Other Sales of Goods and Services	449	436	352	362	-59	-69	742	730
Interest Income	175	120	21	16	-69	-45	127	90
Dividend and Income Tax Equivalents Income	266	254	-	-	-147	-208	119	46
Other Revenue								
Land Revenue (Value Add Component)	-	-	124	184	-29	-19	94	166
Other Revenue	137	51	16	10	-15	-19	137	42
Total Revenue	3,875	3,744	768	818	-525	-578	4,118	3,984
Expenses								
Employee Expenses	1,351	1,283	109	105	-	-	1,460	1,389
Superannuation Expenses								
Superannuation Interest Cost	230	217	-	-	-	-	230	217
Other Superannuation Expenses	239	218	14	14	-9	-9	245	223
Depreciation and Amortisation	288	268	55	54	-	-	343	322
Interest Expense	86	68	66	46	-69	-45	83	69
Other Property Expenses (Income Tax Expense)	-	-	51	70	-51	-70	-	-
Other Operating Expenses								
Supplies and Services	734	697	116	121	-42	-35	808	783
Other Operating Expenses	186	180	218	215	-101	-157	304	238
Grants Expenses	734	728	58	75	-149	-174	643	629
Total Expenses	3,848	3,659	688	700	-420	-491	4,116	3,869
UPF Net Operating Balance	27	85	78	118	-105	-87	1	115

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Other Economic Flows - included in the Operating Result								
Dividends - Market Gains on Land Sales	11	28	-	-	-11	-28	-	-
Land Revenue (Market Gains on Land Sales)	-	-	15	39	-	-	15	39
Net Land Revenue (Undeveloped Land Value)	67	86	0	-	0	0	67	86
Net Gain on Sale of Non-Financial Assets	-8	-6	-17	0	7	5	-18	-1
Net Gain on Financial Assets or Liabilities at Fair Value	68	151	1	9	0	-	69	160
Doubtful Debts	-9	-8	-2	-2	-	-	-11	-9
Operating Result	155	335	75	165	-109	-111	123	390
Other Economic Flows - Other Movements in Equity								
Superannuation Prior Year Actuarial Movement	7	-307	-	-	-	-	7	-307
Prior Year Adjustment	0	-	0	0	-	-	0	-
Other Movements	-2	-3	-	-	-	0	-2	-3
Net Effect of Change in Accounting Policy	-	-	-	-	-	-	-	-
Increase/(Decrease) in Asset Revaluation Surplus	257	591	64	313	-	-31	321	874
Increase/(Decrease) in Other Reserves	3	2	1	1	-	-	4	3
Comprehensive Result - Total Change in Net Worth	421	618	141	480	-109	-141	454	956

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Key Fiscal Aggregates								
UPF Net Operating Balance	27	85	78	118	-104	-87	1	115
less Net Acquisition of Non-Financial Assets								
Purchases of Non-Financial Assets	703	605	360	305	-23	-16	1,040	894
Sales of Non-Financial Assets	-9	-6	-42	-29	-	-	-51	-35
Land Revenue (Net Cash Receipts)	-93	-104	-24	27	-6	-3	-123	-80
Depreciation and Amortisation	-288	-268	-55	-54	-	-	-343	-322
Other Movements in Non-Financial Assets	23	58	-16	-53	-7	-13	1	-9
<i>Total Net Acquisition of Non-Financial Assets</i>	<i>336</i>	<i>285</i>	<i>224</i>	<i>196</i>	<i>-36</i>	<i>-32</i>	<i>523</i>	<i>449</i>
Net Lending / (Borrowing)	-309	-201	-145	-78	-68	-56	-522	-334

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AS AT 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Financial Assets								
Cash and Deposits	187	184	51	57	-	-	238	241
Advances Paid	1,269	961	-	-	-1,224	-926	45	36
Investments, Loans and Placements	3,230	3,227	443	393	-147	-145	3,525	3,475
Receivables	405	480	128	194	-69	-158	464	516
Equity								
Investments in Other Public Sector Entities	5,522	5,426	-	-	-5,522	-5,426	-	-
Investments Accounted for Using the Equity Method	-	-	552	513	-4	4	548	517
Total Financial Assets	10,612	10,279	1,173	1,157	-6,966	-6,650	4,819	4,785
Non-Financial Assets								
Produced Assets								
Property, Plant and Equipment	9,756	9,429	2,652	2,446	-	-	12,408	11,875
Investment Property	3	3	-	-	-	-	3	3
Intangibles	25	20	23	30	-	-	48	50
Inventories	15	12	118	101	-12	-15	121	98
Assets Held for Sale	1	1	6	5	-	0	7	6
Capital Works-in-Progress	505	532	417	314	-	-	922	846
Non Produced Assets								
Property, Plant and Equipment	2,549	2,209	3,083	3,081	-	-	5,632	5,290
Biological Assets	26	28	-	-	-	-	26	28
Other Non-Financial Assets								
Deferred Tax Assets	-	-	23	22	-23	-22	-	-
Other Non-Financial Assets	0	0	0	0	-	-	0	0
Total Non-Financial Assets	12,879	12,234	6,322	5,998	-35	-37	19,167	18,195
Total Assets	23,492	22,513	7,494	7,154	-7,001	-6,687	23,986	22,980

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AS AT 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Liabilities								
Deposits Held	162	160	-	-	-147	-145	15	15
Advances Received	93	96	1,319	1,023	-1,224	-926	188	193
Borrowings								
Finance Leases	27	31	1	1	-	-	28	32
Other Borrowings	1,416	1,124	-	1	-	-	1,416	1,124
Superannuation	4,878	4,606	-	-	0	0	4,878	4,606
Other Employee Benefits	463	470	150	147	-46	-62	567	556
Payables	561	598	131	170	-36	-99	655	668
Other Liabilities								
Current Tax Liability	-	-	17	23	-17	-23	-	-
Deferred Tax Liability	-	-	335	322	-335	-322	-	-
Other Liabilities	16	15	19	42	-7	-26	28	30
Total Liabilities	7,616	7,099	1,972	1,728	-1,812	-1,602	7,776	7,225
Net Assets	15,876	15,414	5,522	5,426	-5,189	-5,085	16,209	15,755
Equity in Public Trading Entities	5,522	5,426	-	-	-5,522	-5,426	-	-
Accumulated Funds	5,550	5,346	2,125	2,062	262	269	7,937	7,676
Asset Revaluation Surplus	4,803	4,645	3,387	3,356	72	72	8,261	8,072
Other Reserve	1	-2	10	9	-	-	11	7
Net Worth	15,876	15,414	5,522	5,426	-5,189	-5,085	16,209	15,755
Key Fiscal Aggregates								
Net Financial Worth	2,996	3,180	-800	-572	-5,154	-5,048	-2,957	-2,440
Net Financial Liabilities	2,526	2,246	-	-	979	711	3,505	2,957
Net Debt (including superannuation related investments)	-2,987	-2,962	827	575	0	-	-2,160	-2,387
Net Debt (excluding superannuation related investments)	-736	-942	-	-	827	575	91	-367

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Opening Equity								
Opening Equity in Public Trading Entities	5,426	5,006	-	-	-5,426	-5,006	-	-
Opening Accumulated Funds	5,346	5,428	2,062	1,933	269	210	7,676	7,571
Opening Asset Revaluation Surplus	4,645	4,057	3,356	3,065	72	102	8,072	7,224
Opening Other Reserves	-2	-4	9	8	-	-	7	4
Opening Balance	15,414	14,487	5,426	5,006	-5,085	-4,694	15,755	14,799
Comprehensive Income								
<i>Included in Accumulated Funds:</i>								
Operating Result for the Period	155	335	76	165	-109	-111	123	390
Superannuation Prior Year Actuarial Movement	7	-307	-	-	-	-	7	-307
Prior Year Adjustment	0	-	0	0	-	-	0	-
Other Movements	-2	-3	-	-	-	0	-2	-3
Net Effect of Change in Accounting Policy	-	-	-	-	-	-	-	-
<i>Included in Asset Revaluation Surplus:</i>								
Increase/(Decrease) in Asset Revaluation Surplus	257	591	64	313	-	-31	321	874
<i>Included in Other Reserves:</i>								
Increase/(Decrease) in Other Reserves	3	2	1	1	-	-	4	3
Total Comprehensive Income	421	618	142	480	-109	-141	454	956
Other								
Transfer to/from Accumulated Funds	99	3	33	22	-	-	132	26
Movement in Asset Revaluation Surplus	-99	-3	-33	-22	-	-	-132	-26
Total Other	-	-	-	-	-	-	-	-

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Transactions Involving Owners Affecting Accumulated Funds								
<i>Included in Accumulated Funds:</i>								
Capital Injections	-56	-110	56	110	-	-	-	-
Increase/(Decrease) in Net Assets due to Admin	-	0	-	-	0	-	-	-
Dividends Approved	-	-	-102	-170	102	170	-	-
<i>Included in Equity in Public Trading Entities:</i>								
Increase/(Decrease) in Net Assets of PTE Entities	96	420	-	-	-96	-420	-	-
Total Transactions Involving Owners Affecting Accumulated Funds	40	310	-45	-60	6	-250	-	-
Closing Equity								
Closing Equity in Public Trading Entities	5,522	5,426	-	-	-5,522	-5,426	-	-
Closing Accumulated Funds	5,550	5,346	2,125	2,062	262	269	7,937	7,676
Closing Asset Revaluation Surplus	4,803	4,645	3,387	3,356	72	72	8,261	8,072
Closing Other Reserves	1	-2	10	9	-	-	11	7
Balance at the End of the Reporting Period	15,876	15,414	5,522	5,426	-5,189	-5,085	16,209	15,755

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Cash Flows from Operating Activities								
Cash Receipts								
Taxes Received	1,262	1,118	-	-	-32	-17	1,230	1,101
Receipts from Sales of Goods and Services	598	599	589	627	-167	-183	1,020	1,043
Grants/Subsidies Received	1,581	1,692	146	138	-145	-136	1,582	1,694
Interest Receipts	170	147	20	16	-59	-42	131	120
Dividends and Income Tax Equivalents	139	159	-	-	-139	-159	-	-
Other Receipts	504	415	85	102	-10	-25	579	492
Total Cash Received from Operating Activities	4,253	4,131	841	883	-552	-563	4,542	4,451
Cash Payments								
Payments for Employees	-1,525	-1,436	-121	-117	9	8	-1,638	-1,546
Payments for Goods and Services	-810	-787	-127	-134	30	48	-906	-872
Grants and Subsidies Paid	-736	-738	-24	-20	129	128	-632	-629
Interest Paid	-76	-62	-63	-44	59	42	-80	-64
Other Payments	-402	-426	-378	-333	146	197	-635	-563
Total Cash Paid from Operating Activities	-3,550	-3,449	-713	-649	373	424	-3,890	-3,674
Net Cash Flows from Operating Activities	704	682	128	233	-179	-139	652	776
Cash Flows from Investing Activities								
Cash Flows from Investments in Non-Financial Assets								
Sales of Non-Financial Assets	9	6	42	29	-	-	51	35
Purchases of Non-Financial Assets	-703	-605	-360	-305	23	16	-1,040	-894
Net Cash Flows from Investments in Non-Financial Assets	-694	-599	-319	-276	23	16	-989	-859

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Cash Flows from Investments in Financial Assets for Policy Purposes								
<i>Cash Receipts</i>								
Repayment of Loans	1	2	-	-	-	-	1	2
Capital Receipts from Government Agencies	-	9	56	110	-56	-119	-	-
Dividends - Market Gains on Land Sales	11	28	-	-	-11	-28	-	-
Total Cash Received from Investment in Financial Assets for Policy Purposes	12	38	56	110	-67	-146	1	2
<i>Cash Payments</i>								
Issue of Loans	-10	-8	-	-	-	-	-10	-8
Capital Payments to Government Agencies	-56	-110	-	-	56	110	-	-
Dividends - Market Gains on Sales	-	-	-11	-36	11	36	-	-
Total Cash Paid from Investment in Financial Assets for Policy Purposes	-66	-118	-11	-36	67	146	-10	-8
Net Cash Flows from Investments in Financial Assets for Policy Purposes	-54	-80	45	74	-	-	-9	-6
Cash Flows from Investments in Financial Assets for Liquidity Purposes								
Sales of Investments	286	250	302	41	-243	-105	346	186
Purchases of Investments	-217	-271	-104	-210	98	209	-223	-272
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	69	-20	198	-169	-145	104	122	-85
Net Cash Flows from Investing Activities	-679	-699	-75	-372	-121	120	-875	-951

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Cash Flows from Financing Activities								
Cash Receipts								
Borrowings	297	244	296	248	-308	-261	285	231
Other Financing	-	-	-	-	-	-	-	-
Total Cash Received from Financing Activities	297	244	296	248	-308	-261	285	231
Cash Payments								
Borrowings	-315	-258	-5	-23	308	261	-12	-20
Dividends Paid	-	-	-75	-117	75	117	-	-
Other Financing	-	-	-81	-6	81	6	-	-
Total Cash Paid from Financing Activities	-315	-258	-161	-147	464	384	-12	-20
Net Cash Flows from Financing Activities	-18	-14	135	101	156	124	273	211
Net Increase/(Decrease) in Cash held	7	-32	187	-37	-145	105	49	36
Cash and Cash Equivalents at the Beginning of Reporting Period	183	214	155	193	145	40	483	447
Cash and Cash Equivalents at the End of Reporting Period	189	183	343	155	-	145	532	483
Key Fiscal Aggregate								
Net Cash from Operating Activities	704	682	128	233	-179	-139	652	776
Net Cash Flows from Investments in Non-Financial Assets	-694	-599	-319	-276	23	16	-989	-859
Distributions Paid	-	-	-156	-124	156	124	-	-
Cash Surplus (+) / Deficit (-)	10	83	-347	-166	-	0	-337	-83

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 2011**

66 ELIMINATION TABLE - CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Eliminations</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
Derivation of ABS GFS Cash Surplus/Deficit								
Cash Surplus (+) / Deficit (-)	10	83	-347	-166	-	0	-337	-83
Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	10	83	-347	-166	-	0	-337	-83

(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
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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67 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.

The following material differences have occurred:

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
(a) Reconciliation to GFS Net Operating Balance						
Net result from transactions - UPF Net Operating Balance	27	85	79	118	1	115
Convergence differences:						
Dividend Payments (GFS classify dividends paid by public trading enterprises as an expense)	-	-	-91	-133	-	-
GFS Net Operating Balance	27	85	-12	-15	1	115
(b) Reconciliation to GFS Net Lending/(Borrowing)						
Net Lending/(Borrowing)	-309	-201	-144	-78	-522	-334
Convergence differences:						
Relating to the Net Operating Balance (as above)	-	-	-91	-133	-	-
Change in Inventories (GFS include the change in inventory balances when calculating Net Lending/Borrowing)	-2	-2	-17	109	-23	107
GFS Fiscal Balance	-311	-203	-252	-102	-545	-227
(c) Reconciliation to GFS Net Worth						
Net Worth	15,876	15,414	5,522	5,426	16,209	15,755
Convergence differences:						
Investments in Other Public Sector Entities (GFS exclude deferred tax liabilities in the calculation of net worth for PTE's which flows through to Investments in the GGS sector)	335	322	-	-	-	-
Deferred Tax Liability (GFS exclude deferred tax liabilities in the calculation of net worth)	-	-	335	322	-	-
GFS Net Worth	16,210	15,736	5,857	5,748	16,209	15,755

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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67 RECONCILIATIONS TO ABS GFS MEASURES CONTINUED

	<i>General Government Sector</i>		<i>Public Trading Enterprises</i>		<i>Total Territory</i>	
	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m	2010-11 Actual \$m	2009-10 Actual \$m
(d) Reconciliation to GFS Net Financial Worth						
Net Financial Worth	2,996	3,180	-800	-572	-2,957	-2,440
Convergence differences:						
Investments in Other Public Sector Entities (GFS exclude deferred tax liabilities in the calculation of net worth for PTE's which flows through to Investments in the GGS sector)	335	322	-	-	-	-
Deferred Tax Liability (GFS exclude deferred tax liabilities in the calculation of net worth)	-	-	335	322	-	-
GFS Net Financial Worth	3,331	3,502	-465	-249	-2,957	-2,440

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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.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
6	TAXATION REVENUE				
	Duties				
	GGS	426	366	60	16%
	Territory	425	366	59	16%
	<p>The increase in duties is largely due to a large one-off residual receipt relating to prior years for the transfer of shares and marketable securities. The increase was partially offset by a decrease in conveyance duties due to a decrease in activity in the commercial market.</p>				
	Land Tax				
	GGS	110	98	12	12%
	Territory	109	98	11	12%
	<p>The increase in land tax reflects an increase in the average unimproved value of land, and the growth in new properties.</p>				
	Utilities (Network Facilities) Tax				
	GGS	22	15	7	44%
	<p>The increase is mainly due to a payment received in 2010-11 that related to prior year tax owed, pending outcome of a legal case combined with an increase in the network facilities tax rate in 2010-11.</p>				
7	GRANTS REVENUE				
	National Partnership Payments				
	GGS and Territory	209	295	-86	-29%
	<p>This is primarily due to decreased funding from the Commonwealth as the <i>Building the Education Revolution</i> and the Social Housing National Partnerships reach completion. Grants associated with the First Home Owner's Boost also decreased following cessation of the scheme on 31 December 2009.</p>				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
7 (Cont'd)	Gains from Contributed Assets				
	GGS	25	59	-34	-58%
	This reflects a decrease in infrastructure transfers from the Land Development Agency (LDA) associated with the timing of LDA Estates due to adverse weather conditions and delay in the receipt of environmental approvals. The assets transferred include roads, streetlights, guardrails and infrastructure related to estate developments.				
9	OTHER SALES OF GOODS AND SERVICES				
	Regulatory Services				
	GGS	70	60	10	16%
	Territory	69	60	9	14%
	The increase is mainly due to growth in commercial and industrial waste to landfill and increased construction activity leading to higher revenues for Photo Voltaic (PV) Inspections by the ACT Planning and Land Authority and higher regulatory fee revenue for land title fees and notice of intention fees.				
	Other Sales and Services				
	GGS	45	39	6	13%
	The increase mainly relates to fees for contaminated sites and inspections performed by the ACT Environment Protection Authority, delivery of the Autumn event 'Enlighten' and one-off interstate flood related assistance in Queensland helicopter recoveries, other user charges and fire alarm monitoring fees by the Justice and Community Safety Directorate associated with higher activity.				
10	INTEREST INCOME				
	Interest Received from Banks				
	GGS	76	64	11	18%
	Territory	87	72	15	21%
	The variation is predominately due to higher than average investment balances combined with higher rates of return.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
10 (Cont'd) Interest Received from the Private Sector - Non-Bank					
	GGS	88	54	34	63%
	The increase is due to additional borrowings undertaken on behalf of ACTEW Corporation for Water Security Major Projects and an improved rate of return on superannuation investments.				
	Territory	29	15	14	95%
	The increase reflects an improved rate of return on superannuation investments.				
	Other Interest				
	GGS	11	2	9	563%
	Territory	11	4	7	190%
	The increase is mainly due to additional interest received on the large one-off residual receipt of duties relating to prior year transactions for the transfer of shares and marketable securities.				
11 DIVIDEND AND INCOME TAX EQUIVALENTS INCOME					
	Dividends from Public Trading Enterprises				
	GGS	91	133	-43	-32%
	This mainly relates to decreased dividend receivables from the PTE sector due to a lower level of land sales in LDA estates associated with adverse weather conditions, a delay in the receipt of approvals under environmental legislation; and a decrease in profit earned by ACTEW in 2010-11 largely due to increased financing costs for major capital works, decreased revenue from water sales and a return to core trading as 2009-10 profit was impacted by the one-off sale of Ecowise Environmental Pty Ltd.				
	Dividends from Superannuation Investments				
	GGS and Territory	119	46	72	157%
	This is due to an increase in distributions received from unlisted, indexed, pooled unit trust investments and significant distributions from the private equity and property investments through the sale of investment assets.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
11 (Cont'd) Income Tax Equivalents					
	GGS	57	74	-18	-24%
	Income tax equivalents have decreased due to lower activity within PTE entities who are liable to pay income tax equivalents.				
12 LAND REVENUE (VALUE ADD)					
	Land Revenue (Value Add Component)				
	Territory	94	166	-71	-43%
	There has been a lower level of land sales in 2010-11 primarily due to the timing of land sales in LDA estates associated with adverse weather conditions and a delay in the receipt of approvals under environmental legislation.				
13 OTHER REVENUE					
	Net Insurance (Losses)/Recoveries				
	GGS and Territory	11	-66	77	#
	The increase is due to the value of claim and recovery amounts remaining steady in 2010-11 compared to 2009-10 where reinsurers revised their estimate on public liability claims. The variation has an offsetting increase in expenditure.				
	Other				
	Territory	68	55	13	24%
	The increase mainly reflects third party grants, specific initiatives and research to ACT Health.				
14 EMPLOYEE EXPENSES					
	Annual Leave				
	GGS	49	39	10	25%
	Territory	54	44	10	22%
	The increase primarily relates to growth in service activity associated with new budget initiatives and higher staff numbers.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
14 (Cont'd) Other Employee Benefits					
	Territory	5	11	-6	-53%
	The decrease mainly relates to the one-off sign-on bonus incurred in 2009-10 as part of the terms for the 2010 collective agreements.				
15 SUPERANNUATION EXPENSES					
	Superannuation to Other External Providers, including Fund of Choice				
	GGS	46	40	6	16%
	Territory	50	43	7	16%
	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).				
16 DEPRECIATION AND AMORTISATION					
	Infrastructure Assets				
	GGS	131	115	16	14%
	Territory	162	146	16	11%
	The increase is primarily due to the flow on impact of asset revaluations undertaken in 2009-10.				
17 INTEREST EXPENSE					
	Interest Expense on Borrowings				
	GGS	70	56	14	25%
	Territory	71	57	14	24%
	The higher interest expense is mainly due to additional borrowings undertaken on behalf of ACTEW Corporation for Water Security Major Projects.				

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Note No.			2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
18	SUPPLIES AND SERVICES					
	Materials, Equipment and Supplies					
		GGS	166	146	20	14%
	The variation mainly reflects growth in service activity and new budget initiatives predominantly in Health.					
19	OTHER OPERATING EXPENSES					
	Cost of Goods Sold					
		Territory	168	145	22	15%
	The increase is mainly due to higher land development costs. This was partially offset by reduced water utility management costs incurred by ACTEW Corporation due to low water sale volumes during the cooler and wetter spring/summer period.					
	Net Insurance Claim Payments					
		GGS	36	-13	49	#
		Territory	34	-16	50	#
	The increase is due to the value of claims and recovery amounts remaining steady in 2010-11 compared to 2009-10 where reinsurers revised their estimate on public liability claims. The variation has an offsetting increase in revenue.					
	Other					
		GGS	50	93	-43	-46%
	The decrease is mainly due to the return of overpaid dividends in 2009-10, which did not re-occur to the Land Development Agency.					
		Territory	39	49	-10	-20%
	The decrease is associated with a decrease in payroll tax waivers due to the discontinuation of the ACT Business Incentive Fund and a decrease in expenses associated with the wind up of Rhodium Asset Solutions.					

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
20	GRANT EXPENSES				
	Purchase of Health Services from Calvary Hospital				
	GGS and Territory	141	124	17	13%
	The increase relates to higher costs associated with salary increases, indexation and targeted elective surgery for long wait patients.				
	Payments to Non-Government Organisations (Health and Disability)				
	GGS and Territory	141	115	26	23%
	The increase primarily relates to new initiatives, additional Commonwealth funding for disability services and additional activity under programs such as Home and Community Care.				
	First Home Owner's Grant and Boost				
	GGS and Territory	25	48	-23	-47%
	The decrease reflects the gradual conclusion of the First Home Owners Boost following cessation of the scheme on 31 December 2009.				
	Other Current Grants				
	Territory	38	30	8	26%
	The increase mainly relates to payments to the Land Development Agency for the Commonwealth Housing Affordability Fund and the support of initiatives such as the Accelerated Land Release initiative which commenced in 2010-11.				
	Capital Grant				
	GGS	1	9	-8	-92%
	The decrease reflects completion of the Intensive Care Unit capital works project at Calvary Hospital in 2009-10.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
21	DIVIDENDS - MARKET GAINS ON LAND SALES				
	Dividends - Market Gains on Land Sales				
	GGS	11	28	-17	-61%
	The decrease in dividends is due to a lower level of land sales in 2010-11 primarily as a result of the timing of land sales in LDA estates associated with adverse weather conditions and a delay in the receipt of approvals under environmental legislation.				
22	LAND REVENUE (MARKET GAINS ON LAND SALES)				
	Land Revenue (Market Gains on Land Sales)				
	Territory	15	39	-24	-61%
	The decrease is due to a lower level of land sales in 2010-11 primarily as a result of the timing of land sales in LDA estates associated with adverse weather conditions and a delay in the receipt of approvals under environmental legislation.				
23	LAND REVENUE (UNDEVELOPED LAND VALUE)				
	Land Revenue (Undeveloped Land Value)				
	GGS and Territory	67	86	-19	-22%
	The variance reflects a lower level of land sales to the Land Development Agency from the Territory and Municipal Services Directorate.				
24	NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS				
	Other Gains (non-core activities)				
	GGS	19	-	19	#
	Territory	23	-	23	#
		42	-	42	#
	Other Losses (non-core activities)				
	GGS	-	-9	9	#
	Territory	-	-3	3	#
		-	-12	12	#
	The increased net gains are predominantly due to a change in discount factor applied to insurances and employee benefits and a gain resulting from the subdivision of a section of the Hume Recovery Estate.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
24 (Cont'd) Asset Revaluation					
	Territory	7	13	-6	-47%
	The decrease is due to a lower value of land under roads that were transferred from the Land Development Agency to the Territory and Municipal Services Directorate compared to prior year transfers. The assets need to be revalued prior to transfer.				
	Impairment Losses				
	Territory	15	7	7	100%
	The increase is mainly due to the impairment of water licences and carbon credits by ACTEW Corporation.				
	Decrements Arising from Revaluation of Assets				
	Territory	11	2	9	437%
	The decrease is mainly due to the revaluation of ACTION's bus fleet, the revaluation of biological assets and plant and equipment by the Territory and Municipal Services Directorate.				
	Loss on Disposal of Assets				
	GGS	21	13	8	60%
	Territory	22	8	14	185%
	This mainly reflects the transfer of Narrabundah Health Centre to the Winnunga Nimmityjah Aboriginal Health Service and the write off of an obsolete bridge at the Glenloch Interchange.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
25	NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE				
	Realised and Unrealised Gains on Investments				
	GGS	116	414	-297	-72%
	Territory	117	423	-306	-72%
	Realised and Unrealised Losses on Investments				
	GGS	-49	-263	214	#
	Territory	-48	-262	214	#
	Net Gain/(Loss) - GGS	68	151	-84	-55%
	Net Gain/(Loss) - TT	69	160	-92	-57%
	The reduction in the net gain on investments is primarily due to sharp falls in global equity markets at the end of the financial year associated with growing uncertainty in the outlook for global economic markets and the ongoing sovereign debt concerns.				
27	WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS				
	Plant and Equipment				
	Territory	15	7	8	114%
	The increase is mainly due to the impairment of water licences and carbon credits by ACTEW Corporation.				
30	ADVANCES PAID				
	Non-Current Loans Receivable				
	GGS	1,178	872	306	35%
	The increase is mainly due to the provision of additional borrowings undertaken on behalf of ACTEW Corporation for Water Security Major Projects.				
	Territory	47	38	9	23%
	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> .				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
31	INVESTMENTS, LOANS AND PLACEMENTS				
	Short-Term Securities				
	Territory	292	243	49	20%
	The increase is mainly due to the investment of additional borrowings for Water Security Major Projects.				
	Other Current Investments				
	GGG	973	1,199	-225	-19%
	Territory	974	1,203	-228	-19%
	The decrease is due to the use of investment funds to support the Territory's Infrastructure Investment program and higher operational costs for increased service activity.				
	Shares and Equities				
	GGG and Territory	1,396	1,244	152	12%
	The increase in shares and equities reflects higher equity market returns.				
	Investment in Property Trusts				
	GGG and Territory	246	188	58	31%
	The increase mainly reflects a new \$50 million investment in a domestic, unlisted property trust by the Superannuation Provision Account.				
32	RECEIVABLES				
	Trade Receivables - Current				
	Territory	216	256	-41	-16%
	The decrease relates to a reduced number of land contracts recognised as revenue at the point of exchange.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
32 (Cont'd) Other Trade Receivables - Current					
	GGS	15	72	-57	-79%
<p>This mainly relates to decreased dividend receivables from the PTE sector due to a lower level of land sales in LDA estates associated with adverse weather conditions, a delay in the receipt of approvals under environmental legislation; and a decrease in profit earned by ACTEW in 2010-11 largely due to increased financing costs for major capital works, decreased revenue from water sales and a return to core trading as 2009-10 profit was impacted by the one-off sale of Ecowise Environmental Pty Ltd.</p>					
	Accrued Revenue - Current				
	GGS	86	126	-40	-32%
<p>This primarily reflects the timing of land acquisitions between the Territory and Municipal Services Directorate and the Land Development Agency and a decrease in accrued revenue for cross border payments for health services provided to New South Wales patients.</p>					
	Territory	58	74	-17	-23%
<p>This mainly reflects the decrease in accrued revenue for cross border payments for health services provided to New South Wales patients.</p>					
	Other Receivables - Current				
	GGS	46	56	-10	-17%
	Territory	46	57	-11	-20%
<p>The decrease in other receivables primarily relates to the winding down of Rhodium Asset Solutions.</p>					
	Insurance Receivables				
	GGS and Territory	81	70	11	15%
<p>Insurance receivables increased mainly due to increased reinsurance recoveries associated with storm damage in 2010-11.</p>					

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Note No.			2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
35	PROPERTY, PLANT AND EQUIPMENT (Includes Produced and Non-Produced)					
	Buildings					
		GGS	2,815	2,306	509	22%
		Territory	4,108	3,495	613	18%
	This increase mainly reflects the revaluation of buildings and the completion of the Regional Community Facilities and Neighbourhood Halls project.					
	Plant and Equipment					
		Territory	320	286	33	12%
	The increase is mainly due to the acquisition of new buses, capitalisation of the MyWay ticketing system by ACTION and capitalisation of ICT and purchases of new medical, surgical and imaging equipment by ACT Health.					
	Leasehold Improvements					
		GGS	52	34	18	53%
		Territory	57	35	22	64%
	The increase mainly reflects the revaluation of leasehold improvements and improvements to the ESA Headquarters at Fairbairn and other fit out works.					
	Leased Plant and Equipment					
		GGS	22	30	-8	-28%
		Territory	22	31	-8	-27%
	The decrease in leased plant and equipment primarily relates to the winding down of Rhodium Asset Solutions. Rhodium Asset Solutions provided fleet management and leasing services.					

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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APPENDIX A

**VARIANCE EXPLANATIONS - 2010-11 Actual Compared 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.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
37	INTANGIBLES				
	Externally Purchased Other Intangibles				
	Territory	21	28	-7	-26%
	This reflects the impairment of additional water licences purchased in 2009-10 to extract and transfer water from the Murrumbidgee Regulated River System, as part of the ACTEW Corporation Tantangara Transfer project.				
38	INVENTORIES				
	Finished Goods				
	Territory	35	15	21	138%
	The increase was mainly due to the acceleration of development in Bonner (Stages 2 and 3).				
40	CAPITAL WORKS-IN-PROGRESS				
	Construction - Residential Buildings				
	Territory	33	52	-19	-36%
	This decrease is associated with the completion of construction projects as part of the <i>Nation Building and Jobs Plan - Investment in Social Housing</i> .				
	Construction - Non-Residential Buildings				
	GGS	196	293	-97	-33%
	Territory	192	289	-97	-34%
	The decrease is mainly due to the completion of the <i>Building the Education Revolution</i> program and the capitalisation of new schools.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
40 (Cont'd) Infrastructure					
	GGS	273	210	63	30%
	The increase mainly reflects works for the Gungahlin Drive Extension.				
	Territory	660	476	184	39%
	This increase largely reflects increased investment in Water Security Major Projects.				
	Software				
	GGS and Territory	37	29	8	28%
	The increase primarily reflects software works in progress for e-Healthy Future related ICT projects.				
44 FINANCE LEASES					
	Finance Leases				
	GGS - Current	11	18	-6	-36%
	Territory - Current	12	18	-6	-35%
	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	1,125	831	295	35%
	The increase is mainly due to the provision of additional borrowings undertaken on behalf of ACTEW Corporation for Water Security Major Projects.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
46	SUPERANNUATION				
	Estimated Employee Superannuation Liability				
	GGS and Territory - Current	154	118	36	31%
	GGS and Territory - Non-Current	4,724	4,488	236	5%
		4,878	4,606	272	6%
	<p>The growth in estimated superannuation liabilities is due to a combination of employer liabilities accrued associated with employee and Members of the Legislative Assembly service (service costs), interest costs, benefit amounts actually paid, the impacts from changes in membership profile and the discount rate used to estimate liabilities.</p>				
47	OTHER EMPLOYEE BENEFITS AND PROVISIONS				
	Other Employee Benefits				
	GGS - Current	1	7	-6	-84%
	Territory - Current	3	9	-6	-62%
	<p>The decrease mainly relates to the one-off sign-on bonus incurred in 2009-10 as part of the terms for the 2010 collective agreements for nursing, clerical, professional and technical staff.</p>				
	Other Non-Employee Provisions				
	GGS - Current	4	12	-8	-66%
	GGS - Non-Current	21	34	-13	-38%
		25	46	-21	-46%
	<p>This primarily relates to a decrease in the provision for the restoration of waste landfill sites and a decrease in the provision for waivers due to the cessation of waiver agreements for the ACT Business Incentive Fund during 2010-11.</p>				
	Other Non-Employee Provisions				
	Territory - Non-Current	44	51	-7	-14%
	<p>The decrease primarily relates to the provision for the restoration of waste landfill sites. This was partially offset by an increase in the provision for project completion in Land Development Agency estates at Franklin and the Fyshwick Epicentre.</p>				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
48	PAYABLES				
	Trade Payables				
	GGS	43	29	14	47%
	The increase mainly reflects the timing of invoices being received from suppliers.				
	Accrued Expenses				
	GGS	78	104	-25	-24%
	The variation mainly reflects the timing of invoices being received from suppliers.				
	GST Liability				
	Territory	8	14	-6	-44%
	The variation is mainly due to a decrease in the value of GST payable to the Australian Taxation Office as a result of a lower level of land sales in 2010-11 primarily due to the timing of land sales in LDA estates associated with adverse weather conditions and a delay in the receipt of approvals under environmental legislation.				
	Revenue Received in Advance				
	GGS - Current	34	46	-13	-27%
	Territory - Current	65	74	-8	-11%
	The decrease is mainly due to the recognition of revenues for third party grants, specific initiatives and research by ACT Health as deliverables were met.				
	Insurance Payables				
	GGS and Territory - Current	44	35	8	24%
	The increase is due to storm damage claims in 2010-11 and growth in medical malpractice claims.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
48 (Cont'd) Other Payables					
	GGS - Current	27	71	-43	-61%
	GGS - Non-Current	6	0	6	#
		34	71	-37	-52%
	This decrease is primarily due to the GGS recording a payable to the PTE sector for a refund of an overpayment of dividends in 2009-10.				
	Territory - Current	15	37	-22	-60%
	Territory - Non-Current	6	0	6	#
		21	37	-16	-43%
	The decrease relates to a payroll tax refund paid to an external entity in 2009-10 that was paid by the entity in error.				
49 OTHER LIABILITIES					
	Other Liabilities				
	Territory - Current	20	28	-7	-26%
	The decrease relates to the lower provision for project completions.				
53 CAPITAL COMMITMENTS					
	Total Capital Commitments				
	GGS	1,378	404	974	241%
	The increase is mainly due to the five years' ACT Policing contractual arrangement as well as commitments attributed to ACT Health's Capital Asset Development Plans.				
	Territory	1,818	1,008	810	80%
	The increase is mainly due to the five years' ACT Policing arrangement and commitments attributed to ACT Health's Capital Asset Development Plans. The increase was partially offset by a decrease in commitments relating to Water Security Major Projects.				

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Note No.		2010-11 Actual \$m	2009-10 Actual \$m	Variance \$m	Variance %
54	OTHER COMMITMENTS				
	Total Other Commitments				
	GGS	601	541	60	11%
	The variation is primarily due to renewal of Out of Home Care contracts for a further three years with contract price increases and new contracts for Competitive Allocation for Skills Initiatives.				

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VARIANCE EXPLANATIONS - 2010-11 Actual compared to 2010-11 Budget

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Note No.		2010-11 Actual \$m	2010-11 Budget \$m	Variance \$m	Variance %
7	GAINS FROM CONTRIBUTED ASSETS				
	GGS	25	78	-53	-68%
	This reflects lower than anticipated infrastructure transfers from the Land Development Agency. The assets transferred include roads, streetlights, guardrails and infrastructure related to estate developments.				
10	INTEREST INCOME				
	GGS	175	132	42	32%
	Territory	127	78	49	63%
	The higher than anticipated result is due to higher than average investment balances combined with higher than budgeted rates of return, the interest received on a large one-off residual tax receipt relating to prior year transactions and higher than anticipated interest returns to the Superannuation Provision Account.				
11	DIVIDEND AND INCOME TAX EQUIVALENT INCOME				
	GGS	266	186	80	43%
	Territory	119	44	74	168%
	This mainly relates to higher than anticipated private equity distributions to the Superannuation Provision Account resulting from the realisation of investment assets and the receipt of significant investment distributions from the currency-hedged international equity investments.				
12	LAND REVENUE (VALUE ADD)				
	Territory	94	126	-31	-25%
	The decrease relates to a lower than anticipated level of land sales primarily due to the timing of land sales in LDA estates associated with adverse weather conditions and a delay in the receipt of approvals under environmental legislation.				

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Note No.		2010-11 Actual \$m	2010-11 Budget \$m	Variance \$m	Variance %
13	OTHER REVENUE				
	GGS	137	99	38	38%
	Territory	137	96	42	44%
	The increase is mainly due to higher than expected reinsurance recoveries received from storm damage, higher payments to support affordable housing, higher payments for land rent, increased payments to schools for excursions, hire of facilities and voluntary contributions and higher recoveries to the ACT Civil and Administrative Tribunal.				
19	OTHER OPERATING EXPENSES				
	GGS	186	158	28	18%
	This predominantly represents a change in the discount factor applied to insurances and employee benefits.				
22	LAND REVENUE (MARKET GAINS ON LAND SALES)				
	Territory	15	42	-26	-63%
	The decrease relates to a lower than anticipated level of land sales primarily due to the timing of land sales in LDA estates associated with adverse weather conditions and a delay in the receipt of approvals under environmental legislation.				
23	LAND REVENUE (UNDEVELOPED LAND VALUE)				
	GGS and Territory	67	169	-103	-61%
	The variance reflects the timing of land sales to the Land Development Agency from the Territory and Municipal Services Directorate.				
25	NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE				
	GGS	68	89	-21	-24%
	Territory	69	89	-20	-23%
	The decrease in net gains on investments is primarily due to sharp falls in global equity markets at the end of the financial year due to growing uncertainty in the outlook for global economic conditions and the ongoing sovereign debt concerns.				

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Note No.		2010-11 Actual \$m	2010-11 Budget \$m	Variance \$m	Variance %
35	PROPERTY, PLANT AND EQUIPMENT - NON PRODUCED				
	GGS	2,549	2,056	493	24%
	The increase mainly relates to changes in land values as a result of asset revaluations.				
36	INVESTMENT PROPERTIES				
	GGS and Territory	3	128	-125	-98%
	The decrease reflects a reclassification of investment properties to property, plant and equipment. Investment properties were reclassified due to a review in 2010-11 that determined the properties are being held to meet service delivery objectives in accordance with AASB140: 'Investment Properties'.				
37	INTANGIBLES				
	GGS	25	63	-38	-61%
	The decrease is primarily due to delayed timing for completion of the e-Healthy Future project.				
	Territory	48	98	-51	-51%
	The decrease is primarily due to the GGS variances above, and the impairment of water licences and carbon credits written off by ACTEW Corporation.				
38	INVENTORIES				
	Territory	121	237	-117	-49%
	The decrease is mainly due to lower land development expenditure by the Land Development Agency as a result of adverse weather conditions.				

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Note No.		2010-11 Actual \$m	2010-11 Budget \$m	Variance \$m	Variance %
40 CAPITAL WORKS-IN-PROGRESS					
	GGS	505	685	-180	-26%
	The decrease mainly relates to works in progress being transferred to property, plant and equipment as capital projects reach completion.				
	Territory	922	1,192	-270	-23%
	The decrease mainly relates to works in progress transferred to property, plant and equipment as capital projects reach completion, the progression of the Water Security Major Projects and delays in general capital expenditure by ACTEW Corporation due to high rainfall and high river levels.				
42 DEPOSITS HELD					
	GGS	162	25	138	555%
	The variation reflects the timing of operational cash flows of the PTE sector held with the Territory Banking Account.				
45 OTHER BORROWINGS					
	GGS and Territory	1,416	1,752	-336	-19%
	The decrease is mainly due to lower than budgeted borrowings for infrastructure.				

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Note No.		2010-11 Actual \$m	2010-11 Budget \$m	Variance \$m	Variance %
48	PAYABLES				
	GGS	561	426	135	32%
	The increase is primarily due to unexpected storm damage claims and growth in medical malpractice claims in 2010-11, and timing associated with invoices being received from suppliers.				
	Territory	655	500	156	31%
	The increase is primarily due to unexpected storm damage claims and growth in medical malpractice claims in 2010-11, increased deposit holdings for land blocks exchanged but not yet settled, an increase in the value of accrued development costs and administration expenses of the Land Development Agency and the timing associated with invoices being received from suppliers.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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**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 General Government sector 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 financial 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 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 statements.

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**APPENDIX C
GLOSSARY - CONTINUED**

Accrual Accounting

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

Cash Surplus / Deficit

The net cash received from operating activities less net sales and purchases of non-financial assets. A cash surplus indicates there was sufficient cash generated from operations to more than cover the net outlay of the capital works program. This measure is located at the bottom of the consolidated harmonised Cash Flow Statement.

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)

A measure of the total level of staff resources used. 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 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 AASB.

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.

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.

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APPENDIX C
GLOSSARY - CONTINUED

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 statements 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.

Net Operating Balance

This is calculated on the harmonised whole of government operating statement as revenue minus expenses. It is equivalent to the change in net worth arising from transactions.

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 statements 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.

Other Economic Flows

For the whole of government harmonised operating statement, other economic flows includes changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

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**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. The UPF is based on the harmonized whole of government reporting standard.