Australian Capital Territory Government

Consolidated Annual Financial Statements

2012-2013 Financial Year

ACT Government

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Contents

Note Index

Note Index (continued)

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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 2013 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, statement of changes in equity and cash flow statement.
- Public Trading Enterprises' financial statements - operating statement, balance sheet, statement of changes in equity and cash flow statement.
- Consolidated statement of appropriation.

Responsibility for the financial statements

The Treasurer and Under Treasurer 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 Territory's financial statements.

The auditor's responsibility

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

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the Territory's 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 Territory's 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 Territory's 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 Territory's financial statements, or to evaluate the prudence of decisions made by entities included in the Territory's financial statements.

Electronic presentation of the audited Territory's financial statements

Those viewing an electronic presentation of the Territory's 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 Territory's financial statements. If users of the Territory's 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 Territory's financial statements for the year ended 30 June 2013:

(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 2013 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.

M. Cooper.

Dr Maxine Cooper
Auditor-General
31 October 2013

CERTIFICATION BY THE TREASURER
AND THE UNDER TREASURER OF THE
CHIEF MINISTER AND 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 2013 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

Andrew Barr MLA
Treasurer

Date: 28.10.2013

Certification by the Under Treasurer

The Under Treasurer of the Chief Minister and Treasury Directorate has been delegated responsibility for administering the FMA[1], and therefore the financial administration of Territory activities. This responsibility for managing financial affairs and preparation of the Consolidated Annual Financial Statements of the Territory is exercised through the Finance and Budget Division of the Chief Minister and Treasury Directorate.

It is my opinion that the attached financial statements for the year ended 30 June 2013 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.

David Nicol
Under Treasurer
Chief Minister and Treasury Directorate

Date: 28/10/13

Note (1): Under administrative arrangements the Director-General of the Chief Minister and Treasury Directorate is responsible for certifying the Consolidated Annual Financial Statements. During 2012-13, for the first reporting time, this responsibility has been delegated to the Under Treasurer as provided for under section 36C of the *Public Sector Management Act 1994.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

		General Government Sector			*Total Territory*		
		2012-13 Actual	**2012-13 Budget**	**2011-12 Actual**	**2012-13 Actual**	**2012-13 Budget**	**2011-12 Actual**
	Notes	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Revenue							
Taxation Revenue	6	1,237	1,278	1,183	1,201	1,249	1,155
Grants Revenue							
Commonwealth Grants	7	1,713	1,569	1,605	1,714	1,569	1,606
Gains from Contributed Assets	7	66	92	93	38	19	55
Sales of Goods and Services							
Revenue from Associates and Joint Ventures	8	-	-	-	149	104	121
Other Sales of Goods and Services	9	482	473	472	844	856	800
Interest Income	10	151	143	168	81	78	114
Dividend and Income Tax Equivalents Income	11	345	283	446	78	66	125
Other Revenue							
Land Revenue (Value Add Component)	12	-	-	-	87	202	132
Other Revenue	13	123	115	151	130	112	154
Total Revenue		**4,117**	**3,952**	**4,118**	**4,321**	**4,255**	**4,261**
Expenses							
Employee Expenses	14	1,574	1,528	1,464	1,744	1,688	1,583
Superannuation Expenses							
Superannuation Interest Cost	15	264	298	265	264	298	265
Other Superannuation Expense	15	347	237	237	357	243	243
Depreciation and Amortisation	16	341	324	302	405	391	369
Interest Expense	17	124	113	96	123	125	92
Other Operating Expenses							
Supplies and Services	18	821	888	770	946	1,013	864
Other Operating Expenses	19	193	200	179	250	286	284
Grants and Purchased Services	20	799	760	764	689	655	657
Total Expenses		**4,464**	**4,347**	**4,076**	**4,777**	**4,698**	**4,358**
UPF[(a)] Net Operating Balance		**-346**	**-396**	**43**	**-456**	**-443**	**-97**
Other Economic Flows - Included in the Operating Result							
Dividends - Market Gains on Land Sales	21	6	12	15	-	-	-
Land Revenue (Market Gains on Land Sales)	22	-	-	-	9	17	21
Net Land Revenue (Undeveloped Land Value)	23	47	120	129	47	120	129
Net Gain/(Loss) on Sale of Non-Financial Assets	24	20	-	-64	17	-24	-63
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	25	271	77	-133	271	78	-133
Doubtful Debts	26	-7	-3	-10	-9	-5	-12
Operating Result		**-10**	**-189**	**-20**	**-122**	**-257**	**-155**

Note: (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 of the reported figures 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 2013

		General Government Sector			*Total Territory*		
		2012-13 Actual	**2012-13 Budget**	**2011-12 Actual**	**2012-13 Actual**	**2012-13 Budget**	**2011-12 Actual**
	Notes	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Items that will not be Subsequently Reclassified to Profit or Loss							
Superannuation Prior Year Actuarial Movement		1,087	-	-2,354	1,087	-	-2,354
Prior Year Adjustment		4	-	4	4	-	3
Other Movements		3	-1	0	3	-1	0
Increase/(Decrease) in Asset Revaluation Surplus		269	14	328	483	113	390
Increase/(Decrease) in Other Reserves		-	1	-4	-	1	-1
Items that may be Subsequently Reclassified to Profit or Loss							
Increase/(Decrease) in Other Reserves		1	-	-	1	-	-
Total Comprehensive Income		**1,355**	**-176**	**-2,046**	**1,458**	**-144**	**-2,117**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
UPF Net Operating Balance		**-346**	**-396**	**43**	**-456**	**-443**	**-97**
***less* Net Acquisition of Non-Financial Assets**							
Purchases of Non-Financial Assets		770	993	735	828	1,179	967
Sales of Non-Financial Assets		-11	-5	-14	-38	-38	-34
Land Revenue (Net Cash Receipts)		-65	-135	-122	-62	-132	-129
Depreciation and Amortisation		-341	-324	-302	-405	-391	-369
Other Movements in Non-Financial Assets		54	91	84	37	18	49
Total Net Acquisition of Non-Financial Assets		*407*	*620*	*381*	*359*	*637*	*485*
Net Lending / (Borrowing)		**-754**	**-1,016**	**-339**	**-815**	**-1,080**	**-582**

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 of the figures 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 2013

		General Government Sector			*Total Territory*		
		2012-13 Actual	**2012-13 Budget**	**2011-12 Actual**	**2012-13 Actual**	**2012-13 Budget**	**2011-12 Actual**
	Notes	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Financial Assets							
Cash and Deposits	29	406	204	321	441	254	359
Advances Paid	30	1,482	1,450	1,454	126	95	91
Investments and Loans	31	3,609	3,026	3,153	3,687	3,096	3,345
Receivables	32	536	399	511	515	304	472
Equity Investments							
Investments in Other Public Sector Entities	33	5,608	5,689	5,523	-	-	-
Investments Accounted for Using the Equity Method	34	-	-	-	610	625	586
Total Financial Assets		**11,639**	**10,768**	**10,962**	**5,378**	**4,374**	**4,852**
Non-Financial Assets							
Produced Assets							
Property, Plant and Equipment	35	10,942	10,541	10,571	14,268	13,865	13,276
Investment Properties	36	2	3	3	7	3	3
Intangibles	37	27	79	23	57	103	57
Inventories	38	17	13	12	174	231	137
Assets Held for Sale	39	1	1	1	8	5	7
Capital Works-in-Progress	40	705	779	653	833	913	1,218
Non-Produced Assets							
Property, Plant and Equipment	35	2,711	2,604	2,450	5,816	5,801	5,533
Biological Assets	41	26	26	28	26	32	28
Total Non-Financial Assets		**14,432**	**14,046**	**13,741**	**21,188**	**20,954**	**20,258**
Total Assets		**26,071**	**24,814**	**24,703**	**26,567**	**25,328**	**25,110**
Liabilities							
Deposits Held	42	139	35	120	16	15	16
Advances Received	43	86	86	90	168	171	176
Borrowings							
Finance Leases	44	23	24	24	24	25	25
Other Borrowings	45	2,744	2,446	1,961	2,744	2,446	1,961
Superannuation	46	6,788	5,105	7,500	6,788	5,105	7,500
Employee Benefits	47	545	549	519	608	673	574
Other Provisions	47	17	-	19	94	-	81
Payables	48	517	627	659	565	742	665
Other Liabilities	49	13	21	18	13	40	20
Total Liabilities		**10,873**	**8,894**	**10,911**	**11,019**	**9,219**	**11,018**
Net Assets		**15,199**	**15,920**	**13,792**	**15,550**	**16,110**	**14,092**
Equity in Public Trading Entities	50(a)	5,608	5,689	5,523	-	-	-
Accumulated Funds	50(b)	4,206	5,556	3,144	6,464	7,851	5,448
Asset Revaluation Surplus	50(c)	5,387	4,677	5,129	9,075	8,251	8,634
Other Reserves	50(d)	-2	-2	-3	11	8	10
Net Worth		**15,199**	**15,920**	**13,792**	**15,550**	**16,110**	**14,092**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Financial Worth		767	1,874	51	-5,641	-4,845	-6,166
Net Financial Liabilities		4,841	3,815	5,472	6,250	5,470	6,752
Net Debt (including Superannuation related Investments)		-2,504	-2,088	-2,733	-1,303	-787	-1,617
Net Debt (excluding Superannuation related Investments)		109	417	-473	1,311	1,718	643

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 of the reported figures 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 2013

		General Government Sector			*Total Territory*		
		2012-13 Actual	**2012-13 Budget**	**2011-12 Actual**	**2012-13 Actual**	**2012-13 Budget**	**2011-12 Actual**
	Notes	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Opening Equity							
Opening Equity in Public Trading Entities		5,523	5,569	5,522	-	-	-
Opening Accumulated Funds		3,143	5,795	5,550	5,448	8,087	7,937
Opening Asset Revaluation Surplus		5,129	4,664	4,803	8,634	8,160	8,261
Opening Other Reserves		-3	-3	1	10	7	11
Opening Balance		**13,792**	**16,025**	**15,876**	**14,092**	**16,254**	**16,209**
Comprehensive Income							
Included in Accumulated Funds:							
Operating Result for the Period		-10	-189	-20	-122	-257	-155
Superannuation Prior Year Actuarial Movement		1,087	-	-2,354	1,087	-	-2,354
Prior Year Adjustment		4	-	4	4	-	3
Other Movements		3	-1	0	3	-1	0
Included in Asset Revaluation Surplus:							
Increase/(Decrease) in Asset Revaluation Surplus		269	14	328	483	113	390
Included in Other Reserves:							
Increase/(Decrease) in Other Reserves		1	1	-4	1	1	-1
Total Comprehensive Income		**1,355**	**-176**	**-2,046**	**1,458**	**-144**	**-2,117**
Other							
Transfer to/(from) Accumulated Funds		11	-	2	43	22	17
Movement in the Asset Revaluation Surplus		-11	-	-2	-43	-22	-17
Total Other		**0**	**0**	**0**	**0**	**0**	**0**
Transactions Involving Owners Affecting Accumulated Funds							
Included in Accumulated Funds:							
Payments to ACT Government Agencies		-33	-49	-38	-	-	-
Included in Equity in Public Trading Entities:							
Increase/(Decrease) in Net Assets of Public Trading Entities		85	120	1	-	-	-
Total Transactions Involving Owners Affecting Accumulated Funds		**51**	**71**	**-37**	**-**	**-**	**-**
Closing Equity							
Closing Equity in Public Trading Entities	50(a)	5,608	5,689	5,523	-	-	-
Closing Accumulated Funds	50(b)	4,206	5,556	3,144	6,464	7,851	5,448
Closing Asset Revaluation Surplus	50(c)	5,387	4,677	5,129	9,075	8,251	8,634
Closing Other Reserves	50(d)	-2	-2	-3	11	8	10
Balance at the End of the Reporting Period		**15,199**	**15,920**	**13,792**	**15,550**	**16,110**	**14,092**

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 of the reported figures 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 2013

		General Government Sector			*Total Territory*		
		2012-13 Actual	**2012-13 Budget**	**2011-12 Actual**	**2012-13 Actual**	**2012-13 Budget**	**2011-12 Actual**
	Notes	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
Cash Flows from Operating Activities							
Cash Receipts							
Taxes Received		1,225	1,279	1,175	1,194	1,250	1,147
Receipts from Sales of Goods and Services		425	470	575	889	1,171	1,035
Grants/Subsidies Received		1,709	1,568	1,601	1,710	1,568	1,607
Interest Receipts		148	140	156	89	79	110
Dividends and Income Tax Equivalents		322	251	354	75	-	131
Other Receipts		398	437	387	483	488	448
Total Cash Received from Operating Activities		***4,226***	***4,146***	***4,248***	***4,440***	***4,557***	***4,477***
Cash Payments							
Payments for Employees		-1,780	-1,774	-1,656	-1,936	-1,949	-1,779
Payments for Goods and Services		-852	-875	-758	-1,011	-937	-851
Grants/Subsidies Paid		-772	-774	-737	-658	-669	-628
Interest Paid		-113	-107	-87	-118	-116	-95
Other Payments		-398	-432	-381	-535	-721	-638
Total Cash Paid from Operating Activities		***-3,915***	***-3,961***	***-3,620***	***-4,258***	***-4,392***	***-3,992***
Net Cash Flows from Operating Activities	51(b)	**312**	**185**	**628**	**182**	**164**	**486**
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
Sales of Non-Financial Assets		11	139	14	38	38	34
Purchases of Non-Financial Assets		-770	-993	-735	-828	-1,179	-967
Net Cash Flows from Investments in Non-Financial Assets		**-759**	**-854**	**-721**	**-789**	**-1,141**	**-933**
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
Repayment of Loans		2	2	1	2	2	1
Dividends - Market Gains on Land Sales		6	12	15	-	-	-
Total Cash Received from Investments in Financial Assets for Policy Purposes		***8***	***14***	***16***	***2***	***2***	***1***
Cash Payments							
Issue of Loans		-3	-4	-46	-3	-4	-46
Capital Payments to Government Agencies		-33	-49	-38	-	-	-
Total Cash Paid from Investments in Financial Assets for Policy Purposes		***-36***	***-52***	***-84***	***-3***	***-4***	***-46***
Net Cash Flows from Investments in Financial Assets for Policy Purposes		**-28**	**-39**	**-68**	**-1**	**-2**	**-45**
Cash Flows from Investments in Financial Assets for Liquidity Purposes							
Sales of Investments		79	553	218	128	584	259
Purchase of Investments		-260	-389	-318	-272	-292	-283
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes		**-181**	**164**	**-100**	**-144**	**292**	**-24**
Net Cash Flows from Investing Activities		**-968**	**-728**	**-889**	**-934**	**-851**	**-1,002**

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 of the reported figures 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 2013

		General Government Sector			*Total Territory*		
		2012-13 Actual	2012-13 Budget	2011-12 Actual	2012-13 Actual	2012-13 Budget	2011-12 Actual
	Notes	$m	$m	$m	$m	$m	$m
Cash Flows from Financing Activities							
Cash Receipts							
Borrowings		798	551	570	782	550	487
Total Cash Received from Financing Activities		***798***	***551***	***570***	***782***	***550***	***487***
Cash Payments							
Borrowings		-57	-15	-228	-53	-24	-10
Total Cash Paid from Financing Activities		***-57***	***-15***	***-228***	***-53***	***-24***	***-10***
Net Cash Flows from Financing Activities		**741**	**535**	**342**	**729**	**527**	**477**
Net Increase/(Decrease) in Cash Held		**84**	**-8**	**82**	**-23**	**-160**	**-40**
Cash and Cash Equivalents at the Beginning of Reporting Period		**271**	**227**	**189**	**492**	**494**	**532**
Cash and Cash Equivalents at the End of Reporting Period	51(a)	**355**	**219**	**271**	**469**	**333**	**492**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Cash from Operating Activities		312	185	628	182	164	486
Investments in Non-Financial Assets		-759	-854	-721	-789	-1,141	-933
Cash Surplus (+) / Deficit (-)		**-448**	**-669**	**-93**	**-607**	**-977**	**-448**

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

Derivation of ABS GFS Cash Surplus/(Deficit)						
Cash Surplus (+) / Deficit (-)	**-448**	**-669**	**-93**	**-607**	**-977**	**-448**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**-448**	**-669**	**-93**	**-607**	**-977**	**-448**

Note: (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 of the reported figures 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 2013

	2012-13 Actual $m	2012-13 Budget $m	2011-12 Actual $m
Revenue			
Government Payment for Outputs	162	147	154
Grants Revenue			
Commonwealth Grants	1	-	1
Gains from Contributed Assets	12	0	4
Sales of Goods and Services Revenue			
Revenue from Associates and Joint Ventures	137	104	121
Other Sales of Goods and Services	436	452	387
Interest Income	11	16	12
Distribution from Investments with the Territory Banking Account[a]	2	-	7
Other Revenue			
Land Revenue (Value Add Component)	207	244	281
Other Revenue	22	12	13
Total Revenue	**991**	**976**	**979**
Expenses			
Employee Expenses	170	161	119
Superannuation Expenses			
Other Superannuation Expenses	21	19	15
Depreciation and Amortisation	64	66	67
Interest Expense	82	93	70
Other Property Expenses (Income Tax Expense)	88	70	93
Other Operating Expenses			
Supplies and Services	167	157	131
Other Operating Expenses	163	182	243
Grants and Purchased Services	76	87	73
Total Expenses	**831**	**835**	**812**
UPF[b] Net Operating Balance	**160**	**140**	**168**
Other Economic Flows - Included in the Operating Result			
Land Revenue (Market Gains on Land Sales)	9	17	21
Net Gain/(Loss) on Sale of Non-Financial Assets	-3	-24	-1
Doubtful Debts	-2	-2	-2
Operating Result	**162**	**133**	**185**

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

Notes: (a) From 2011-12 interest earned on investments held by agencies in the Cash Enhanced Fund was reclassified from Interest Income to Distribution from Investments with the Territory Banking Account. This classification is not reflected in the 2012-13 Budget figures due to the timing of release of the 2012-13 Budget. This is presented under interest income in the 2012-13 Budget figures.

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

Also refer to Note 4: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures 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 2013

	2012-13 Actual $m	2012-13 Budget $m	2011-12 Actual $m
Items that will not be Subsequently Reclassified to Profit or Loss			
Increase/(Decrease) in Asset Revaluation Surplus	78	100	-2
Increase/(Decrease) in Other Reserves	-	-	3
Items that may be Subsequently Reclassified to Profit or Loss			
Increase/(Decrease) in Other Reserves	-	0	0
Total Comprehensive Income	**241**	**232**	**185**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
UPF Net Operating Balance	**160**	**140**	**168**
less **Net Acquisition of Non-Financial Assets**			
Purchases of Non-Financial Assets	216	258	318
Sales of Non-Financial Assets	-28	-33	-20
Land Revenue (Net Cash Receipts)	-36	-27	56
Depreciation and Amortisation	-64	-66	-67
Other Movements in Non-Financial Assets	-27	-58	-40
Total Net Acquisition of Non-Financial Assets	*62*	*74*	*247*
Net Lending / (Borrowing)	**97**	**66**	**-79**

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 of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR BALANCE SHEET
AS AT 30 JUNE 2013

	2012-13 Actual $m	2012-13 Budget $m	2011-12 Actual $m
Financial Assets			
Cash and Deposits	124	50	106
Investments and Loans	113	90	229
Receivables	208	131	232
Equity			
Investments Accounted for Using the Equity Method	610	625	586
Total Financial Assets	**1,055**	**895**	**1,153**
Non-Financial Assets			
Produced Assets			
Property, Plant and Equipment	3,326	3,324	2,705
Investment Properties	5	-	-
Intangibles	30	25	34
Inventories	176	220	148
Assets Held for Sale	7	4	6
Capital Works-in-Progress	128	134	565
Non Produced Assets			
Property, Plant and Equipment	3,105	3,195	3,082
Other Non-Financial Assets			
Deferred Tax Assets	27	28	27
Other Non-Financial Assets	2	6	0
Total Non-Financial Assets	**6,805**	**6,936**	**6,567**
Total Assets	**7,860**	**7,831**	**7,719**
Liabilities			
Advances Received	1,438	1,440	1,450
Borrowings			
Finance Leases	1	1	1
Employee Benefits	62	177	56
Other Provisions	242	-	178
Payables	120	153	115
Other Liabilities			
Current Tax Liability	27	17	51
Deferred Tax Liability	347	352	321
Other Liabilities	16	3	25
Total Liabilities	**2,252**	**2,142**	**2,197**
Net Assets	**5,608**	**5,689**	**5,523**
Accumulated Funds	2,179	2,177	2,140
Asset Revaluation Surplus	3,416	3,502	3,370
Other Reserves	13	10	13
Net Worth	**5,608**	**5,689**	**5,523**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Financial Worth	-1,197	-1,247	-1,044
Net Debt (including Superannuation related Investments)	1,201	1,301	1,116

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 of the reported figures 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 2013

	2012-13 Actual $m	2012-13 Budget $m	2011-12 Actual $m
Opening Equity			
Opening Accumulated Funds	2,140	2,135	2,125
Opening Asset Revaluation Surplus	3,370	3,424	3,387
Opening Other Reserves	13	10	10
Opening Balance	**5,523**	**5,569**	**5,522**
Comprehensive Income			
Included in Accumulated Funds:			
Operating Result for the Period	162	133	185
Included in Asset Revaluation Surplus:			
Increase/(Decrease) in Asset Revaluation Surplus	78	100	-2
Included in Other Reserves:			
Increase/(Decrease) in Other Reserves	-	-	3
Total Comprehensive Income	**241**	**232**	**185**
Other			
Transfer to/(from) Accumulated Funds	32	22	15
Movement in the Asset Revaluation Surplus	-32	-22	-15
Total Other	**0**	**0**	**0**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	33	49	38
Dividends Approved	-189	-161	-222
Total Transactions Involving Owners Affecting Accumulated Funds	**-156**	**-113**	**-184**
Closing Equity			
Closing Accumulated Funds	2,179	2,177	2,140
Closing Asset Revaluation Surplus	3,416	3,502	3,370
Closing Other Reserves	13	10	13
Balance at the End of Reporting Period	**5,608**	**5,689**	**5,523**

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 of the reported figures 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 2013

	2012-13 Actual $m	2012-13 Budget $m	2011-12 Actual $m
Cash Flows from Operating Activities			
Cash Receipts			
Receipts from Sales of Goods and Services	733	857	726
Grants/Subsidies Received	156	147	160
Interest Receipts	8	16	12
Distribution from Investments with the Territory Banking Account [a]	5	-	7
Other Receipts	109	85	85
Total Cash Received from Operating Activities	***1,011***	***1,106***	***990***
Cash Payments			
Payments for Employees	-167	-188	-131
Payments for Goods and Services	-204	-148	-148
Grants/Subsidies Paid	-29	-29	-27
Interest Paid	-78	-86	-73
Other Payments	-263	-455	-449
Total Cash Paid from Operating Activities	***-741***	***-907***	***-828***
Net Cash Flows from Operating Activities	**270**	**199**	**162**
Cash Flows from Investing Activities			
Cash Flows from Investments in Non-Financial Assets			
Sales of Non-Financial Assets	28	33	20
Purchase of Non-Financial Assets	-216	-258	-318
Net Cash Flows from Investments in Non-Financial Assets	**-189**	**-225**	**-298**
Cash Flows from Investments in Financial Assets for Policy Purposes			
Cash Receipts			
Capital Receipts from Government Agencies	33	49	38
Total Cash Received from Investments in Financial Assets for Policy Purposes	***33***	***49***	***38***
Cash Payments			
Dividends - Market Gains on Land Sales	-6	-12	-15
Total Cash Paid from Investments in Financial Assets for Policy Purposes	***-6***	***-12***	***-15***
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**27**	**36**	**23**
Cash Flows from Investments in Financial Assets for Liquidity Purposes			
Sales of Investments	101	188	180
Purchase of Investments	-43	-60	-37
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**57**	**128**	**143**
Net Cash Flows from Investing Activities	**-104**	**-60**	**-132**

Note: (a) From 2011-12 interest earned on investments held by agencies in the Cash Enhanced Fund was reclassified from Interest Receipts to Distribution from Investments with the Territory Banking Account. This classification is not reflected in the 2012-13 Budget figures due to the timing of release of the 2012-13 Budget. In the 2012-13 Budget these amounts are reflected under interest receipts.

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 of the reported figures 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 2013

	2012-13 Actual $m	2012-13 Budget $m	2011-12 Actual $m
Cash Flows from Financing Activities			
Cash Receipts			
Borrowings	0	17	214
Total Cash Received from Financing Activities	***0***	***17***	***214***
Cash Payments			
Borrowings	-13	-25	-80
Dividends Paid	-140	-184	-142
Other Financing	-101	-98	-76
Total Cash Paid from Financing Activities	***-254***	***-307***	***-298***
Net Cash Flows from Financing Activities	**-254**	**-290**	**-84**
Net Increase/(Decrease) in Cash Held	**-87**	**-152**	**-54**
Cash and Cash Equivalents at the Beginning of Reporting Period	**289**	**266**	**343**
Cash and Cash Equivalents at the End of Reporting Period	**201**	**114**	**289**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Cash from Operating Activities	270	199	162
Net Cash Flows from Investments in Non-Financial Assets	-189	-225	-298
Distributions Paid	-241	-282	-218
Cash Surplus (+) / Deficit (-)	**-159**	**-308**	**-355**
A positive number denotes a cash inflow, a negative sign denotes a cash outflow			
Derivation of ABS GFS Cash Surplus/(Deficit)			
Cash Surplus (+) / Deficit (-)	**-159**	**-308**	**-355**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**-159**	**-308**	**-355**

Note: (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 of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2013

Agency	*Appropriation Act 2012-13*	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Office of the Legislative Assembly							
Net cost of outputs	7,424.0					7,424.0	7,401.0
Capital injection	1,074.0					1,074.0	952.0
Payments on behalf of the Territory	5,936.0	(160.0)		433.0		6,209.0	6,209.0
ACT Executive							
Net cost of outputs							
Capital injection							
Payments on behalf of the Territory	6,639.0	160.0				6,799.0	6,799.0
Auditor-General							
Net cost of outputs	2,545.0					2,545.0	2,545.0
Capital injection							
Payments on behalf of the Territory							
Chief Minister and Treasury Directorate							
Net cost of outputs	36,919.0	23,545.0		722.4	7,673.0	68,859.4	52,452.0
Capital injection	2,946.0	3,868.0			310.0	7,124.0	3,466.0
Payments on behalf of the Territory							
Superannuation Provision Account							
Net cost of outputs							
Capital injection	147,649.0					147,649.0	147,649.0
Payments on behalf of the Territory							
Territory Banking Account							
Net cost of outputs							
Capital injection	214.0					214.0	214.0
Payments on behalf of the Territory	33,261.0					33,261.0	33,261.0

* Additional Approved Appropriations relate to the *Appropriation Act 2012-2013 (No 2)* and rollovers of undispersed 2011-12 Appropriation under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013

Agency	*Appropriation Act 2012-13*	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Treasury Directorate							
Net cost of outputs	43,366.0	(33,585.0)				9,781.0	9,781.0
Capital injection	81,479.0	(18,224.0)				63,255.0	63,255.0
Payments on behalf of the Territory	17,782.0	(9,925.0)				7,857.0	7,857.0
Shared Services Centre							
Net cost of outputs	12,173.0	(634.0)			109.0	11,648.0	9,865.0
Capital injection	8,616.0					8,616.0	7,347.0
Payments on behalf of the Territory							
Health Directorate							
Net cost of outputs	365,860.0	(2,618.0)	7,165.0		6,980.0	377,387.0	364,256.0
Capital injection	237,882.0				17,436.0	255,318.0	129,968.0
Payments on behalf of the Territory	746.0					746.0	746.0
ACT Local Hospital Network							
Net cost of outputs	429,135.0	(882.0)	31,688.0		113,147.0	573,088.0	560,272.0
Capital injection		3,500.0				3,500.0	3,500.0
Payments on behalf of the Territory							
Economic Development Directorate							
Net cost of outputs	75,236.0	2,138.0		5,890.0		83,264.0	77,889.0
Capital injection	182,145.0	(1,585.0)			8,458.0	189,018.0	111,940.0
Payments on behalf of the Territory	7,772.0					7,772.0	7,772.0
Commerce and Works Directorate							
Net cost of outputs		11,044.0			1,000.0	12,044.0	10,430.0
Capital injection		11,886.0			112,156.0	124,042.0	98,222.0
Payments on behalf of the Territory		12,425.0				12,425.0	12,138.0

* Additional Approved Appropriations relate to the *Appropriation Act 2012-2013 (No 2*) and rollovers of undispersed 2011-12 Appropriation under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013

Agency	*Appropriation Act 2012-13*	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Justice and Community Safety Directorate							
Net cost of outputs	246,937.0		9,917.0	3,639.5	2,454.0	262,947.5	254,918.0
Capital injection	30,530.0			149.0	9,616.0	40,295.0	23,625.0
Payments on behalf of the Territory	151,497.0			873.0		152,370.0	152,370.0
Environment and Sustainable Development Directorate							
Net cost of outputs	74,824.0	(515.0)	548.0		3,854.0	78,711.0	72,691.0
Capital injection	21,052.0	309.0			46.0	21,407.0	10,387.0
Payments on behalf of the Territory	1,767.0				456.0	2,223.0	1,686.0
Education and Training Directorate							
Net cost of outputs	558,459.0	2,447.0	1,949.0		20,228.0	583,083.0	559,045.0
Capital injection	122,318.0	10,230.0	6,015.0		1,814.0	140,377.0	100,489.0
Payments on behalf of the Territory	228,229.0		618.0	311.0	368.0	229,526.0	218,113.9
Community Services Directorate							
Net cost of outputs	229,199.0	(2,447.0)	584.0	90.0	175.0	227,601.0	226,713.0
Capital injection	30,993.0	(10,230.0)		1,000.0	3,206.0	24,969.0	11,572.6
Payments on behalf of the Territory	41,658.0		508.0			42,166.0	41,658.0
Housing ACT							
Net cost of outputs	42,295.0		378.0			42,673.0	42,673.0
Capital injection	17,876.0				1,247.0	19,123.0	16,053.7
Payments on behalf of the Territory							
Territory and Municipal Services Directorate							
Net cost of outputs	291,511.0	(747.0)	104.0	7,886.0	183.0	298,937.0	289,544.0
Capital injection	266,508.0		23,614.0		7,157.0	297,279.0	204,538.0
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the *Appropriation Act 2012-2013 (No 2)* and rollovers of undispersed 2011-12 Appropriation under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013

Agency	*Appropriation Act 2012-13*	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ACT Gambling and Racing Commission							
Net cost of outputs	4,408.0					4,408.0	4,408.0
Capital injection							
Payments on behalf of the Territory							
ACT Public Cemeteries Authority							
Net cost of outputs							
Capital injection	369.0				203.0	572.0	206.4
Payments on behalf of the Territory							
ACTEW Corporation Limited							
Net cost of outputs	10,587.0					10,587.0	10,587.0
Capital injection							
Payments on behalf of the Territory							
Canberra Institute of Technology							
Net cost of outputs	69,592.0		292.0			69,884.0	67,851.0
Capital injection	4,843.0				1,079.0	5,922.0	5,816.0
Payments on behalf of the Territory							
Cultural Facilities Corporation							
Net cost of outputs	7,835.0					7,835.0	7,835.0
Capital injection	1,445.0					1,445.0	1,445.0
Payments on behalf of the Territory							
Exhibition Park Corporation							
Net cost of outputs	412.0					412.0	412.0
Capital injection	1,826.0				705.0	2,531.0	1,726.9
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the *Appropriation Act 2012-2013 (No 2*) and rollovers of undispersed 2011-12 Appropriation under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013

Agency	*Appropriation Act 2012-13*	Neutral Transfers between/within Appropriations	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Independent Competition and Regulatory Commission							
Net cost of outputs	527.0					527.0	518.0
Capital injection							
Payments on behalf of the Territory							
Legal Aid Commission (ACT)							
Net cost of outputs	9,680.0			851.9		10,531.9	10,387.0
Capital injection							
Payments on behalf of the Territory							
Public Trustee for the ACT							
Net cost of outputs	695.0					695.0	695.0
Capital injection							
Payments on behalf of the Territory							
Sub Totals for Appropriation Classes							
Net cost of outputs	2,519,619.0	(2,254.0)	52,625.0	19,079.8	155,803.0	2,744,872.8	2,643,168.0
Capital injection	1,159,765.0	(246.0)	29,629.0	1,149.0	163,433.0	1,353,730.0	942,372.6
Payments on behalf of the Territory	495,287.0	2,500.0	1,126.0	1,617.0	824.0	501,354.0	488,609.9
Treasurer's Advance	31,300.0			(21,845.8)		9,454.2	
Total Appropriations	**4,205,971.0**		**83,380.0**		**320,060.0**	**4,609,411.0**	**4,074,150.5**

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

* Additional Approved Appropriations relate to the *Appropriation Act 2012-2013 (No 2)* and rollovers of undispersed 2011-12 Appropriation under the *Financial Management Act 1996.*

Note: The variances between the total appropriated and the appropriation drawn for 2012-13 are largely due to the following:

Net cost of outputs: The variation is largely due to the deferral of expenditure from 2012-13 to 2013-14 particularly for Commonwealth Grant programs and the timing of development of other projects included in the *Appropriation Act 2012-13* and were disclosed in the 2013-14 Budget Paper No. 4 (Changes to Appropriation Table). These movements are also disclosed in agency financial statements (Statement of Appropriation note).

Capital injections: The variation is mainly due to the timing of expenditure for capital projects included in the Appropriation Act 2012-13 and were disclosed in the 2013-14 Budget Paper No. 4 (Changes to Appropriation Table). These movements are also disclosed in agency financial statements (Statement of Appropriation note).

Payments on behalf of the Territory: The variation is mainly due to lower than expected expenditure of Commonwealth Grants and the deferral of expenditure for the Interest Subsidy Scheme.

Appropriation drawn above is net of amounts received and returned by agencies from and to the Territory Banking Account as follows:

Net cost of outputs: Appropriation drawn of $2,643.168 million is net of returns to the Territory Banking Account of $2.238.0 million by the Environment and Sustainable Development Directorate ($2,215.0 million) and the Office of the Legislative Assembly ($0.023 million).

Capital injections: Appropriation drawn of $942,372.6 million is net of returns to the Territory Banking Account of $1.774.2 million by the Community Services Directorate.

Payments on behalf of the Territory: Appropriation drawn of $488,609.9 million is net of returns to the Territory Banking Account of $0.102 million by the Justice and Community Safety Directorate.

1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

The Australian Capital Territory (the Territory) is a body politic established under th*e Australian Capital Territory (Self-Government) Act 1989* (Cwlth). The Legislative Assembly for the ACT is elected on fixed four year terms, with the next election due in October 2016. The Executive powers of the Territory are exercised by the Chief Minister and Ministers of the ACT Government appointed in accordance with that Act and drawn from the Members of the Legislative Assembly.

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

Financial Administration and Preparation of Consolidated Financial Statements

The ACT Government owns or controls a diverse range of administrative entities, 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 Consolidated Annual 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a) Basis of Accounting - Continued

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

The financial statements have been prepared in accordance with:

(i) Australian Accounting Standards; and

(ii) ACT Accounting Policies.

The Territory's financial statements have been prepared using the accrual basis of accounting which recognises the effect of transactions and events when they occur. The Territory's 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.

The Territory's 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

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

Compliance with AASB 1049 means that these statements are also consistent with the reporting requirements of the Uniform Presentation Framework (UPF) (refer to Appendix C - Glossary).

The financial statements for the Territory have also been prepared in accordance with the principles and rules of the Australian Bureau of Statistics *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005* (ABS GFS Manual).

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 (PTE)). 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

b) Compliance Framework - Continued

The GGS financial statements, contained within the Territory's financial statements, are prepared in accordance with AASB 1049 except for AASB 127: 'Consolidated and Separate Financial Statements' (AASB 127) and AASB 139: 'Financial Instruments: Recognition and Measurement' (AASB 139), where full application is not required. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the 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 PTE sector comprises of 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.

The ABS GFS Manual also provides the basis upon which GFS information that is contained in the Territory's 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 together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the Territory's 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 2013 together with the financial position of the Territory as at 30 June 2013.

d) Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2012-13 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2012-13 Budget Papers.

The 2012-13 Budget Papers were prepared in accordance with the requirements of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049) except for the following minor presentational changes that have occurred since the 2012-13 Budget Papers were published.

* From 1 July 2011, interest earned on investments held by agencies in the Cash Enhanced Fund was reclassified from Interest Receipts to Distribution from Investments with the Territory Banking Account in the Operating Statement and the Cash Flow Statement. This classification is not reflected in the 2012-13 Budget figures due to the timing of release of the 2012-13 Budget. In the 2012-13 Budget these amounts were classified as Interest Income in the Operating Statement and Interest Receipts in the Cash Flow Statement.
* From 1 July 2011, dividend receipts on financial investments have been reclassified from Other Receipts to Dividends and Income Tax Equivalents in the Cash Flow Statement. This classification is not reflected in the 2012-13 Budget figures due to the timing of release of the 2012-13 Budget. The Budget classification for these amounts was Dividends and Income Tax Equivalents.
* 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.
* From 1 July 2012, Comprehensive Income is classified under sub-headings of items that will or will not be subsequently reclassified to profit or loss in accordance with AASB101: 'Presentation of Financial Statements'. This classification was not reflected in the 2012-13 Budget.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

d) Budget Figures - Continued

* From 1 July 2012, sales of land under the land rent scheme are presented on a gross basis under other sales of goods and services and other operating expenses. Land rent blocks determined to be held for sale are classified as inventory. Refer to Note 2 aj) (xiv) Significant Accounting Judgements and Estimates for further information. In the 2012-13 Budget, these amounts are presented as net gain/loss on sales of non-financial assets and property, plant and equipment.

e) Prior Year Comparatives

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

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

f) Rounding

All amounts in the Territory's financial statements have been rounded to the nearest million dollars ($m) unless otherwise indicated. The Territory's Consolidated Statement of Appropriation shows amounts in thousands of dollars ($'000) consistent with the *Appropriation Act 2012-2013* and the *Appropriation Act 2012-2013 (No 2)* .

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' (AASB 127), the Territory's 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 the Territory's financial statements. Where control of an entity is obtained during the financial year, its results are included in the Territory's financial statements 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 Territory's 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:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Taxes, Fees and Fines

Taxes are recognised as revenue when an assessment is raised or when an assessment was scheduled to be raised, except for 'return taxes' (periodic self-assessments) which are recognised in the period the return relates to. Fees are either recognised as revenue at the time of payment or when the fee is incurred. Fines are recognised as revenue on the issue of the relevant infringement notice. Where the fine attracts a penalty for late payments, the penalty amount is recognised as revenue on issue of the late payment notice.

Sale 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.

Distribution

Distribution revenue is received from investments by agencies with the Territory Banking Account. This revenue is recognised on an accrual basis. Distribution revenue only appears in the PTE sector's Operating Statement as this revenue is eliminated at the GGS and Territory level.

Commonwealth Government Grants

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

Land

Land sales revenue is recognised when the significant 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 the gains attributable to the interest:

(i) of 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.

Sales under the Land Rent Scheme are recognised in the PTE sector on settlement, at which point an invoice is raised to the GGS in order to receive payment for the land. Compensation paid to the PTE sector reflects the amount that would have been received if the sale had been a capital sum sale rather than a not for capital sum (rent lease) sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Land - Continued
Should sale proceeds be received by instalments over more than 12 months, the initial amount to be recorded as revenue is the fair value of the consideration calculated by discounting the contracted value (nominal value) using a 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 purchaser as part of the Deed of Agreement associated with the sale of land. The right to receive infrastructure from the purchaser is recognised as revenue and a receivable 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' (AASB 1049).

  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 GGS) by the Land Development Agency (a PTE 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 'Revenue' on 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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Land - Continued

These two components cannot be readily disaggregated. The amount recorded as 'value add' is established as the value the Territory has 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 a 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 being excluded from revenue in the Operating Statement.

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

Dividends

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

For the GGS, the component of dividends from the 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 'Revenue' on the Operating Statement, or 'Dividends - Market Gains on Land Sales' in 'Other Economic Flows' on 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 'Revenue' section on the Operating Statement.

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

i) 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.

j) Interest Expense

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

k) 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'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

l) Taxation Expense

The Territory 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 Territory's Financial Statements.

m) '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 primarily include property, plant and equipment such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

n) 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. 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'.

o) 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 based on the prescribed conditions for associated works. 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 ongoing basis. Receivables which are known to be uncollectable are written off.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

o) 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. The allowance for impairment losses is written off 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.

p) Advances Paid

Advances paid by the Territory include home loans to members of the public, and loans provided to Community Housing Canberra Limited and the University of Canberra.

Loans provided to Community Housing Canberra Limited are to support the increase of the supply of affordable housing properties for sale or rent by eligible participants. Terms and conditions of the loans are set out in the 2013-14 Budget papers.

Loans provided to the University of Canberra are used to develop and provide student accommodation. Terms and conditions of the loans are set out in the 2013-13 Budget papers and Disallowable Instruments DI2012-208 dated 20 August 2012 and DI2013-40 dated 7 May 2013.

q) 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' (AASB 139). 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 strategy that takes into account the risk/return objectives of the Territory and the projected timing of the Territory's cash flow requirements.

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 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 income assets (such as cash and fixed interest investments). External, asset specific, institutional fund managers are appointed to manage the Territory's financial investment assets accounted for in the Superannuation Provision Account.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments - Continued

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.

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 2011,* derivative instruments are not permitted to be used for speculation or gearing or leveraging of a portfolio. Derivative instruments 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;
* to promote transactional efficiency in investing;
* to obtain prices for investments unavailable in the physical market;
* to promote the best execution of security transactions;
* to provide additional liquidity to an investment portfolio;
* to adjust the duration of a Territory investment portfolio;
* to reduce the volatility of investments in a Territory investment portfolio;
* to rapidly adjust the exposures of a Territory investment portfolio to financial markets; or
* for any other investment purpose for which derivatives may be lawfully used.

The extent to which derivatives may be used is set out in the *Financial Management (Investment and Borrowing) Guidelines 2011.* 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.

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

The Territory uses interest rate swaps to manage the interest rate and duration of the borrowing portfolio. Interest rate 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 as cash flow hedges. 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 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. 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 policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments - Continued

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.

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.

r) Inventories

Inventories held for sale are valued 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. The cost of most inventories is assigned using the first-in, first-out method. In the case of developed land, the cost includes the acquisition cost and any development costs incurred in development.

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

Inventories held for distribution are measured at cost, adjusted when applicable, for any loss of service potential.

s) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

t) 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.

u) 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' (AASB 116).

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

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arms 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. In some instances, buildings may be measured at depreciated replacement cost. 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.

The fair value for land under roads is measured using the 'Statutory Land Value' method. Under this method, a value per square metre of land is estimated by dividing the unimproved value of rateable land in the Territory by the total area of the Territory.

The Territory revalues its assets every three 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.

The cost of leasehold improvements and plant and equipment comprises the purchase price, any directly attributable costs, and the initial estimate of the costs of dismantling and removing the assets and restoring the site on which they are located.

v) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

v) Impairment Losses - Continued

Any resulting impairment losses for land, buildings, infrastructure, leasehold improvements 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, some leasehold improvements and intangible assets are recognised in the Operating Statement. When an asset is assessed as being impaired, the carrying amount of the asset is reduced to its recoverable amount.

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.

w) Land Under Roads

The Territory records the value of all land under roads in accordance with AASB 1051: 'Land Under Roads' and AASB 116: 'Property, Plant and Equipment' (AASB 116). Land under roads were first recognised by the Territory at fair value from 1 July 2008.

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. Refer to Note 2(t): 'Acquisition and Recognition of Property, Plant and Equipment' and Note 2(u): 'Measurement of Property, Plant and Equipment After Initial Recognition' for the Territory's valuation policies.

The method used to value land under roads is consistent with the Statutory Land Value method.

x) 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 arms length transaction. Changes in fair values are recorded in the Operating Statement. Investment properties are not depreciated.

y) Intangible Assets

The Territory's intangible assets are comprised mainly 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 intangible assets arising from the development phase of an internal project.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

y) Intangible Assets - Continued

Other intangible assets held by the Territory include water licences. Water licences have an infinite useful life and are not subject to amortisation but are tested for impairment by comparing their recoverable amount with their carrying amount annually or when there is an indication of impairment.

Intangible assets are measured at cost.

z) 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. Depreciation is applied to physical assets such as buildings, infrastructure and plant and equipment. Amortisation is used in relation to intangible assets. 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 and amortisation is calculated after first deducting any residual values which remain for each asset.

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

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Buildings	Straight Line	1-100
Land Improvements	Straight Line	5-100
Leasehold Improvements	Straight Line	2-20
Plant and Equipment	Straight Line	2-50
Infrastructure	Straight Line	3-150
Heritage and Community Assets	Straight Line	5-100
Externally Purchased Intangibles	Straight Line	1-20
Internally Generated Intangibles	Straight Line	1-10

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aa) Biological Assets

The Territory has applied AASB 141: 'Agriculture' in recognising commercial softwood plantations as biological assets.

Timber is classified as being either 'pre-commercial' or 'commercial'. Pre-commercial stands are less than 15 years old and are not yet suitable to be sold for 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 (the volume of timber in a stand of trees) from growth plot measurements, and applying the proportional split of the product mix, and the values of individual products. The pre-commercial plantation's fair value was estimated as aggregated establishment costs and management costs.

ab) 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 is recognised in the Territory's 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, IBNR's and settlement costs using statistics based on past experience and trends.

ac) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ad) Joint Ventures

Jointly Controlled Operations
The share of assets, liabilities, income and expenses of the jointly controlled operations have been incorporated in the Territory's 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. 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.

ae) Interest-Bearing Liabilities

Interest-bearing liabilities are financial liabilities, which are measured at fair value 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 to Note 2(q): 'Investments'.

af) 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 leave 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.

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

Annual and Long Service Leave
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 present value of future payments are calculated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2012-13, the rate used to estimate the value of future payments for long service leave is 101.3 per cent (106.6 per cent in 2011-12).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

af) Employee Benefits - Continued

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.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual leave and long service leave have been classified as a non-current liability in the Balance Sheet.

ag) Superannuation

A large number 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. On 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 2012-13 was $161.782 million (2011-12: $149.418 million) for emerging costs. As at 30 June 2013, the surplus amounted to $15.061 million (2011-12: $3.507 million deficit).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ag) Superannuation - Continued

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 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 present value rate used in the previous year's actuarial review (3.41 per cent) to estimate the closing 30 June 2013 superannuation liability. The closing liability as at 30 June 2013 is estimated at the present value rate as at 30 June 2013 of 4.29 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2013 minus the liability as at 30 June 2012, adjusted for the projected 2012-13 interest and service cost and actual benefit payments.

ah) 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 handed over to a reinsurer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ai) Leases

Finance Leases

Finance leases effectively transfer to the Territory substantially all the risks and benefits incidental to ownership of the assets under the 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.

aj) Significant Accounting Judgements and Estimates

The Territory has made the following judgements and estimates that have a significant impact on the amounts recorded in the Territory's 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'. Land Revenue (Undeveloped Land Value) is determined by independent valuation prior to the land sales transaction. The Territory and the valuer use significant judgement to determine the value of revenue attributable to the 'value add component' and 'market gains' of land sales, as these two components can not be readily disaggregated.

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

For the sale of undeveloped land either directly or by auction, where the Territory has undertaken minimal value add in relation to the land sold, the amount of 'value add' recorded by the Territory as Land Revenue (Value Add) is the value the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(i) Continued In the event of an exceptional land sale, that is 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 2012-13.

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 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.

Refer to notes 2(h): 'Revenue Recognition' and 2(aj)(i): 'Significant Accounting Judgements and Estimates: Land Revenue' for information regarding how market gains on land sales are 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.

(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(af): 'Employee Benefits' and Note 3: 'Change in Accounting Policies, Accounting Estimates and Prior Year Comparatives'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(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 indicators of impairment. If this assessment indicates an asset is impaired, then the asset's recoverable amount will 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 Territory's financial statements, 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. These 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, Russell Investments. The liability estimate as at 30 June 2013 is based on the following assumptions:

Data:
Contributor data for CSS and PSS members who were ACT Government employees as at 30 June 2013 was obtained from the Commonwealth Government agency, ComSuper.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

Method:
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:

	2013	**2012**
Discount Rate	4.29%	3.41%
Salary Increase	4.00%	4.00%
CPI	2.50%	2.50%

The key financial assumptions above are part of the actuarial assumptions used to value the superannuation liability. These assumptions reflect the best estimate of the variables that will determine the ultimate cost of providing retirement benefits. These assumptions are reviewed every three years and are unbiased if they are neither imprudent nor excessively conservative.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(ix) *Estimated Superannuation Liabilities - Continued*

Sensitivity:

The carrying amount of the superannuation liability is based on estimates and assumptions of future events. The actuarial assumptions are unbiased, being neither imprudent nor excessively conservative, and are the best estimates of the variables that will determine the eliminate cost of providing post-employment benefits. The key assumptions above have a significant risk of causing a material adjustment to the carrying amount of the liability within the next annual reporting period. Sensitivity of the liability to valuation changes in the major financial assumptions is outlined below:

Liability Valuation Sensitivity Analysis as at 30 June 2013

	Discount Rate	Inflation (CPI)	Wages Growth
1 per cent increase in assumption	(680,000,000)	680,000,000	200,000,000
1 per cent decrease in assumption	870,000,000	(560,000,000)	(180,000,000)

(x) *Biological Assets:* Plantation Growing Stock values have been determined though 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 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 method 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 Method 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.

(xii) *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. Calculations are based on invoices paid to date, accrued expenditure and an 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 2012-13.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(xiii) *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.

(xiv) *Accounting for Land Sales under the Land Rent Scheme:* Land held under the land rent scheme is classified as property, plant and equipment until such a time the land becomes held for sale and ceases to be rented. Land classified as held for sale is recorded as inventory. Proceeds from the sale of this land are recognised in accordance with AASB 118: 'Revenue'. The Territory has made a judgement this land can be routinely sold in the course of the Territory's ordinary business.

ak) Variance Analysis

Significant movements between financial years ended 30 June 2013 and 30 June 2012, are discussed at *Appendix A* . Significant movements between 30 June 2013 Actual financial results and the 2012-13 Budget, as presented in the 2012-13 Budget Papers, are discussed at *Appendix B* .

Paragraph 65 of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049) 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 A* significant variances are those more than 10 per cent and $5 million and for *Appendix B* significant variances are those more than 15 per cent and $18 million.

For the 30 June 2013 Actual to 2012-13 Budget variance analysis, only face of statement line items have been explained, as per AASB 1049 requirements. For the 30 June 2013 Actual to 30 June 2012 Actual variance analysis, the Territory has explained variances at note level. The 2012-13 Budget numbers have not been audited.

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

a) Change in Accounting Policies and Estimates

<u>Revision of the Rate used to Estimate the Present Value of Employee Benefits</u>
In 2012-13, the rate used to calculate the value of future payments for long service leave decreased from 106.6 per cent in 2011-12 to 101.3 per cent in 2012-13. This resulted in a decrease in the estimated long service leave liability of approximately $15 million.

<u>Bi-Annual Review of Project Costing</u>
Bi-annual reviews are undertaken of the Territory's estimated costs for land related projects to ensure that the current financial status reflects all known facts at the review date.

The bi-annual review for 2012-13 resulted in adjustments to total estimated costs of various projects. The overall impact of the adjustments was to decrease cost of goods sold and increase inventory by $6.173 million.

<u>Land Held Under the Land Rent Scheme</u>
In 2012-13, the accounting policy treatment of land held under the land rent scheme changed. Refer to Note 2(aj) (xiv): 'Significant Accounting Judgements and Estimates'. This policy has been applied for the first time in 2012-13 to better reflect the underlying nature of these transactions. This change in accounting policy has not been applied to the prior year comparative as the Territory has made a judgement that this is immaterial.

b) Correction of Prior Period Errors

The Territory had no material prior period errors.

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. Where applicable, these Australian Accounting Standards will be adopted from their application date. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on future reporting periods. This assessment is based on initial assessment at this point in time but may change on further review.

* AASB 9 Financial Instruments (application date 1 January 2015);
* AASB 10 Consolidated Financial Statements (application date 1 January 2013 for for-profit entities and 1 January 2014 for not-for-profit entities);
* AASB 11 Joint Arrangements (application date 1 January 2013 for for-profit entities and 1 January 2014 for not-for-profit entities);
* AASB 12 Disclosure of Interests in Other Entities (application date 1 January 2013 for for-profit entities and 1 January 2014 for not-for-profit entities);
* AASB 13 Fair Value Management (application date 1 January 2013);
* AASB 119 Employee Benefits (application date 1 January 2013);
* AASB 127 Separate Financial Statements (application date 1 January 2013 for for-profit entities and 1 January 2014 for not-for-profit entities);
* AASB 128 Investments in Associates and Joint Ventures (application date 1 January 2013 for for-profit entities and 1 January 2014 for not-for-profit entities);
* AASB 1055 Budgetary Reporting (application date 1 July 2014);
* 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 January 2015);
* AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (application date 1 July 2013);
* AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (application date 1 January 2013 for for-profit entities and 1 January 2014 for not-for-profit entities);
* AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
* AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013);

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 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (application date 1 January 2013);
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014);
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] (application date 1 January 2013);
- AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7 & AASB 2011-8] (application date 1 January 2013);
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12] (application date 1 January 2013);
- AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements;
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets; and
- AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139].

4 DISAGGREGATED INFORMATION

The Territory's financial statements show 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. These 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 of these). 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 the GGS and PTE 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 for the purposes of the *Financial Management Act 1996* 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 (PTE)

PTE entities include those agencies 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.

5 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES

General Government Sector

ACT Auditor-General
ACT Compulsory Third Party Insurance Regulator
ACT Executive
ACT Gambling and Racing Commission
ACT Insurance Authority
ACT Local Hospital Network
ACT Public Cemeteries Authority
Canberra Institute of Technology
Chief Minister and Treasury Directorate
Commerce and Works Directorate
Community Services Directorate
Cultural Facilities Corporation
Economic Development Directorate
Education and Training Directorate
Environment and Sustainable Development Directorate
Exhibition Park Corporation
Health Directorate
Home Loan Portfolio
Independent Competition and Regulatory Commission
Justice and Community Safety Directorate
Legal Aid Commission (ACT)
Office of the Legislative Assembly
Public Trustee for the ACT
Shared Services Centre
Superannuation Provision Account
Territory and Municipal Services Directorate
Territory Banking Account
Treasury Directorate (discontinued 9 November 2012)

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 Territory.

REVENUE

	General Government Sector		Total Territory	
	2012-13 Actual $m	2011-12 Actual $m	2012-13 Actual $m	2011-12 Actual $m
6 TAXATION REVENUE				
Duties	310	320	306	320
Payroll Tax	320	316	310	307
General Rates	290	209	278	199
Motor Vehicle Registrations	102	94	102	94
Land Tax	71	115	71	115
Gambling Taxes	54	53	53	52
Fire and Emergency Services Levy	29	28	28	27
Utilities (Network Facilities) Tax	25	20	17	14
Lease Variation Charge	15	9	15	9
Ambulance Levy	17	16	17	16
Energy Industry Levy	2	3	2	3
Total Taxation Revenue	**1,237**	**1,183**	**1,201**	**1,155**
7 GRANTS REVENUE				
GST Revenue Grants [a]	971	837	971	837
Municipal Service Payments [b]	37	36	37	36
National Specific Purpose Grants [c]	453	464	453	464
National Partnership Payments [d]	253	266	254	268
Other Grants [e]	0	1	0	1
Total Commonwealth Grants Revenue	**1,713**	**1,605**	**1,714**	**1,606**
Gains from Contributed Assets [f]	66	93	38	55
Total Gains from Contributed Assets	**66**	**93**	**38**	**55**
Total Grants Revenue	**1,780**	**1,698**	**1,753**	**1,661**

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 which compensate the Territory for a number a factors such as 'rating disability' due to the number of national institutions in the ACT that cannot be taxed.

(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 specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms or achieve service delivery improvements.

(e) Other grants relate to direct funding received from the Commonwealth under the Regional and Local Community Infrastructure Program. In 2012-13 the amount received was $0.059 million.

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

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
8 REVENUE FROM ASSOCIATES AND JOINT VENTURES				
Land Development Joint Ventures	-	-	51	38
ActewAGL Joint Venture	-	-	98	82
Total Revenue from Associates and Joint Ventures	**-**	**-**	**149**	**121**

9 OTHER SALES OF GOODS AND SERVICES

Revenue from Sales of Goods and Services 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.

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Water, Sewerage and Other Related Services	-	-	255	216
Residential Housing Tenants and Rental Income	9	9	94	90
Health Cross-Border Revenue(a)	97	130	97	130
Hospital and Other Health Services[b]	104	103	104	103
Regulatory Services[c]	75	70	74	70
Vocational and Tertiary Education and Training Fees	37	35	50	49
Totalisator Commissions[d]	-	-	29	29
Bus Services	-	-	21	21
Services Receipts[e]	31	27	31	27
Parking Fees	15	15	15	15
Fire Services[f]	2	12	2	12
Drivers' Licences	10	10	10	10
Water Abstraction Charge	25	22	-	-
Sales of Land Rent Blocks	25	-	25	-
Other Sales and Services	51	41	36	28
Total Other Sales of Goods and Services	**482**	**472**	**844**	**800**

Notes: (a) Health Cross-Border Revenue relates to revenue for health services provided to patients from other jurisdictions, mainly New South Wales.

(b) Hospital and Other Health Services revenue relates to fees and charges for public hospital services, including patients who elect to be treated as private patients, and for community health services provided at community facilities such as health centres.

(c) Regulatory Services represent fees such as transport regulation, waste acceptance, road safety, building levies and development applications.

(d) Totalisator Commissions represent commission on wagering turnover collected by ACTTAB Limited.

(e) Service Receipts include items such as venue and equipment hire, event management, sports match receipts, extension of time to build fees, capital linen revenue and merchandise sales.

(f) Fire services revenue mainly reflects the contribution from the Commonwealth Government for the provision of fire services.

10 INTEREST INCOME

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Interest Received from Banks	55	67	62	78
Interest Received - Non-Bank[a]	88	96	14	30
Other Interest	7	5	5	7
Total Interest Income	**151**	**168**	**81**	**114**

Note: (a) Non-Bank interest mainly relates to interest received on advances and loans issued to ACT Government agencies (mainly ACTEW Corporation Limited) and interest on financial investments.

		General Government Sector		Total Territory	
		2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
11	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	Dividends from Public Trading Enterprises	183	207	-	-
	Dividends from Superannuation Investments	78	125	78	125
	Income Tax Equivalents from Public Trading Enterprises	84	114	-	-
	Total Dividend and Income Tax Equivalents Income	**345**	**446**	**78**	**125**

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. Refer Note 2(h): 'Revenue Recognition'.

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Land Revenue (Value Add Component)[(a)]	-	-	87	132
Total Land Revenue (Value Add Component)	**-**	**-**	**87**	**132**

13 OTHER REVENUE

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Fines	28	27	28	27
Contributions [(b)]	19	19	19	19
Land Rental	13	8	13	8
Superannuation Contributions	14	13	3	4
Net Insurance Recoveries	-1	14	-1	14
Other [(c)]	50	71	68	81
Total Other Revenue	**123**	**151**	**130**	**154**

Notes: (a) The 2012-13 figure includes an amount of $37 million for the refund of GST relating to land sales in prior periods. The refund follows a determination from the Australian Taxation Office on the application of the margin scheme to land sales of the Land Development Agency.

(b) Contributions primarily relate to voluntary contributions for education, fundraising revenue and excursion funds received from parents.

(c) Other revenue primarily relates to direct grants, donations, sponsorships, fees and recoveries.

EXPENSES	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
14 EMPLOYEE EXPENSES				
Wages and Salaries	1,410	1,320	1,555	1,424
Long Service Leave	46	29	50	31
Annual Leave	60	66	66	71
Workers' Compensation Insurance Premium	53	42	62	49
Other Employee Benefits and On-Costs	5	7	10	8
Total Employee Expenses	**1,574**	**1,464**	**1,744**	**1,583**

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.

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Superannuation Interest Cost [(a)]	264	265	264	265
Other Superannuation Expenses	347	237	357	243
Total Superannuation Expenses	**611**	**502**	**621**	**509**
Represented by:				
Superannuation Expenses (CSS and PSS)	522	420	522	420
Superannuation Payment to ComSuper (for the PSSap)	8	8	9	9
Productivity Benefit	17	17	18	19
Superannuation to Other External Providers, including Fund of Choice	64	56	72	61
Total Superannuation Expenses	**611**	**502**	**621**	**509**

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.

		General Government Sector		Total Territory	
		2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
16	**DEPRECIATION AND AMORTISATION**				
	Land Improvements and Buildings	133	99	149	115
	Leasehold Improvements	7	8	9	10
	Plant and Equipment	57	52	67	61
	Infrastructure Assets	130	129	165	169
	Heritage and Community Assets	5	4	5	4
	Total Depreciation	**332**	**291**	**395**	**357**
	Intangible Assets	9	10	10	11
	Total Amortisation	**9**	**10**	**10**	**11**
	Total Depreciation and Amortisation	**341**	**302**	**405**	**369**
17	**INTEREST EXPENSE**				
	Interest Expense on Borrowings	112	82	112	81
	Interest Expense on Commonwealth Borrowings	5	5	9	9
	Interest Paid to Agencies	5	7	-	-
	Finance Charges on Finance Leases	2	2	2	2
	Total Interest Expense	**124**	**96**	**123**	**92**
18	**SUPPLIES AND SERVICES**				
	Communication and Computer Expenses	41	42	45	46
	Travel, Accommodation and Transport Expenses	19	17	17	19
	Printing and Stationery	23	22	24	23
	Materials, Equipment and Supplies	205	163	276	204
	Property Rental and Occupancy Expenses (including Utilities)	72	61	64	53
	Repairs and Maintenance	116	117	154	160
	Consultant Fees, Contractor Payments and Professional Services	162	165	178	175
	Staff Development and Recruitment	17	19	17	19
	Community Policing	146	142	146	142
	GST Administration Costs to the Australian Taxation Office	12	11	12	11
	Compensation Payments	7	7	7	7
	Insurance Payments	0	0	0	1
	Other Supplies and Services [(a)]	3	3	5	4
	Total Supplies and Services	**821**	**770**	**946**	**864**

Note: (a) Other Supplies and Services represent items such as memberships and associations, bonus payments and other operating costs.

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
19 OTHER OPERATING EXPENSES				
Cost of Goods Sold	41	17	118	137
School Management Costs (Incurred Directly by Schools)	59	56	59	56
Net Insurance Claim Payments	27	65	24	62
Concessions and Community Service Obligations	33	29	14	11
Other	32	11	34	17
Total Other Operating Expenses	**193**	**179**	**250**	**284**

20 GRANTS AND PURCHASED SERVICES

Under the *Financial Management Act 1996* appropriations may be made to directorates and a limited number of territory authorities. Payments to territory authorities not able to receive appropriations directly, can be made through an Agency's territorial account, and are recorded as 'Transfer Payments to ACT Government Agencies'.

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

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Grants to Non-Government Schools	217	209	217	209
Grant Payment (Education and Community Services)	13	17	39	41
First Home Owners' Grant and Boost	20	19	20	19
Other Current Grants	39	32	43	35
Capital Grants	1	1	16	7
Community Activity	9	9	9	9
Appropriation Payments and Asset Transfers	65	63	-	5
Total Grants	**364**	**349**	**344**	**325**
Purchase of Transport Services from ACTION	89	82	-	-
Purchase of Health Services from Calvary Hospital	168	152	168	152
Purchase of Health Services from Other Jurisdictions	16	17	16	17
Payments to Non-Government Organisations (Health and Disability)	160	163	160	163
Other Purchased Services	3	0	1	0
Total Purchased Services	**435**	**415**	**345**	**332**
Total Grants and Purchased Services	**799**	**764**	**689**	**657**

OTHER ECONOMIC FLOWS

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*

'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. Refer Notes 2(h): 'Revenue Recognition' and 2(aj): 'Significant Accounting Judgements and Estimates'.

	GGS 2012-13	GGS 2011-12	TT 2012-13	TT 2011-12
Dividends - Market Gains on Land Sales	6	15	-	-
Total Dividends - Market Gains on Land Sales	**6**	**15**	**-**	**-**

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. Refer Notes 2(h): 'Revenue Recognition' and 2(aj): 'Significant Accounting Judgements and Estimates'.

	GGS 2012-13	GGS 2011-12	TT 2012-13	TT 2011-12
Land Revenue (Market Gains on Land Sales)	-	-	9	21
Total Land Revenue (Market Gains on Land Sales)	**-**	**-**	**9**	**21**

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. Refer Notes 2(h): 'Revenue Recognition' and 2(aj): 'Significant Accounting Judgements and Estimates'.

	GGS 2012-13	GGS 2011-12	TT 2012-13	TT 2011-12
Land Revenue (Undeveloped Land Value)	47	129	47	129
Total Net Land Revenue (Undeveloped Land Value)	**47**	**129**	**47**	**129**

24 NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS

	GGS 2012-13	GGS 2011-12	TT 2012-13	TT 2011-12
Add: Other Gains (Non-Core Activities)[(a)]	57	2	59	4
Asset Revaluation	-	2	-	4
Less: Impairment Losses and Write-Offs	2	8	8	11
Decrements Arising from Revaluation of Assets	3	0	3	0
Other Losses (Non-Core Activities)	-	43	-	45
Loss on Disposal of Assets	31	18	32	15
Total Net Gain/(Loss) on Sale of Non-Financial Assets	**20**	**-64**	**17**	**-63**

Note (a): Other Gains (Non-Core Activities mainly reflects movements in the rate used to estimate the present value of insurance claims and long service leave. These movements are treated as other gains/losses for the Territory's financial reporting purposes.

25 NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE

	GGS 2012-13	GGS 2011-12	TT 2012-13	TT 2011-12
Realised and Unrealised Gains on Investments	321	42	321	42
Realised and Unrealised Losses on Investments	-50	-175	-50	-175
Total Net Gain/(Loss) on Financial Assets or Liabilities	**271**	**-133**	**271**	**-133**

26 DOUBTFUL DEBTS

	GGS 2012-13	GGS 2011-12	TT 2012-13	TT 2011-12
Doubtful Debts	-7	-10	-9	-12
Total Doubtful Debts	**-7**	**-10**	**-9**	**-12**

27 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

Under Section 131 of the *Financial Management Act 1996* , the Treasurer may, in writing, waive the right to payment of an amount payable to the Territory.

A waiver is the relinquishment of a legal claim to a debt. 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.

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Waivers				
Waivers [(a)]	13	1	13	1
Total Waivers	**13**	**1**	**13**	**1**
Impairment Losses				
Impairment Loss from Receivables				
Receivables	6	4	6	5
Total Impairment Loss from Receivables	**6**	**4**	**6**	**5**
Impairment Loss from Property, Plant and Equipment				
Plant and Equipment	9	1	14	3
Total Impairment Loss from Property, Plant and Equipment	**9**	**1**	**14**	**3**
Total Impairment Losses	**14**	**5**	**20**	**8**
Write-Offs				
Write-Offs	13	7	14	8
Total Write-Offs	**13**	**7**	**14**	**8**
Total Waivers, Impairment Losses and Write-Offs	**40**	**13**	**46**	**17**

Note: (a) There were 554 waivers provided for in 2012-13 for the General Government Sector (GGS) and 555 for the Territory (289 for the GGS and 290 for the Territory in 2011-12).

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 five 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 $57,000. There were three Act of Grace Payments for the GGS and the Territory, totalling $173,526 in 2011-12.

The FMA requires Act of Grace payments made by the Territory to be reported in the notes to agency 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.

ASSETS	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 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.

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Cash on Hand	0	1	0	1
Cash at Bank	394	309	430	347
At Call Deposits and Short-Term Deposits	11	11	11	11
Total Cash and Deposits	**406**	**321**	**441**	**359**

30 ADVANCES PAID

Advances paid include loans made by the Territory Banking Account to ACTEW Corporation Limited and loans provided to Community Housing Canberra Limited and the University of Canberra.

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Current Loans Receivable	19	29	1	2
Non-Current Loans Receivable	1,464	1,428	126	91
Less: Allowance for Impairment Losses	-2	-2	-2	-2
Total Advances Paid	**1,482**	**1,454**	**126**	**91**

31 INVESTMENTS AND LOANS

Current investments (the Cash Enhanced Fund) 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 *Territory Superannuation Provision Protection Act 2000* and the *Superannuation Management Guidelines 2011.*

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Current Investments				
Short-Term Securities	-	-	78	183
Other Current Investments	979	889	979	889
Total Current Investments	**979**	**889**	**1,056**	**1,072**
Non-Current Investments				
Long-Term Securities	-	-	0	1
Government Fixed Interest Bonds	742	687	742	687
Shares and Equities	1,647	1,326	1,647	1,326
Investment in Property Trusts	240	250	240	250
Other Non-Current Investments	1	1	1	9
Total Non-Current Investments	**2,630**	**2,264**	**2,630**	**2,273**
Total Investments and Loans	**3,609**	**3,153**	**3,687**	**3,345**

		General Government Sector		Total Territory	
		2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
32	**RECEIVABLES**				
	Current Receivables				
	Trade Receivables	146	162	230	178
	Right to Receive Infrastructure from Land Developers[a]	-	-	40	38
	Other Trade Receivables	6	7	7	8
	Prepayments	14	12	32	49
	Less: Allowance for Impairment Losses	-18	-23	-23	-28
	Net Current Trade Receivables	***150***	***159***	***286***	***244***
	Accrued Revenue	211	188	41	42
	Other Current Receivables	161	75	162	83
	Total Current Receivables *(refer Note 2(o): 'Receivables')*	**521**	**422**	**488**	**370**
	Non-Current Receivables				
	Trade Receivables	2	3	4	5
	Right to Receive Infrastructure from Land Developers [a]	-	-	6	6
	Insurance Receivables	8	86	8	86
	Net Non-Current Receivables	***10***	***89***	***17***	***97***
	Accrued Revenue	-	-	-	-
	Other Receivables	4	1	9	6
	Total Non-Current Receivables *(refer Note 2(o): 'Receivables')*	**14**	**89**	**26**	**102**
	Total Receivables	**536**	**511**	**515**	**472**

Note: (a) The right to receive infrastructure from land developers reflects the value of infrastructure assets (such as roads, services and landscaping) required to be constructed by the land purchaser and handed over to the Territory on completion.

Reconciliation of the Allowance for Impairment Losses				
Allowance for Impairment Losses at the Beginning of the Reporting Period	23	18	28	23
Additional Allowance Recognised During the Reporting Period	10	11	12	13
Less: Reduction in Allowance from Amounts Recovered During the Reporting Period	-10	-7	-10	-8
Less: Reduction in Allowance from Amounts Written-off During the Reporting Period	-1	-	-2	-
Allowance for Impairment Losses at the End of the Reporting Period	**22**	**23**	**28**	**28**

32 RECEIVABLES - CONTINUED

Ageing of Receivables - General Government Sector

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$m	*$m*	*$m*	*$m*	*$m*
2012-13					
Not Impaired					
Receivables	468	12	2	54	**536**
Impaired					
Receivables	-	-	5	16	**22**
2011-12					
Not Impaired					
Receivables	494	8	3	3	**511**
Impaired					
Receivables	-	-	7	16	**23**

Ageing of Receivables - Total Territory

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$m	*$m*	*$m*	*$m*	*$m*
2012-13					
Not Impaired					
Receivables	437	17	2	58	**515**
Impaired					
Receivables	-	-	6	21	**28**
2011-12					
Not Impaired					
Receivables	444	11	8	6	**472**
Impaired					
Receivables	-	-	8	21	**28**

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 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.

	2012-13 Actual $m	2011-12 Actual $m	2012-13 Actual $m	2011-12 Actual $m
Investments in Other Public Trading Entities	5,608	5,523	-	-
Total Investments in Other Public Sector Entities	**5,608**	**5,523**	**-**	**-**

34 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Joint Ventures

	2012-13 Actual $m	2011-12 Actual $m	2012-13 Actual $m	2011-12 Actual $m
Investment in Joint Ventures - Current	-	-	8	25
Investment in Joint Ventures - Non-Current	-	-	601	562
Total Investments Accounted for Using the Equity Method	**-**	**-**	**610**	**586**

Refer Note 2(ad): 'Joint Ventures', Note 2(aj): 'Significant Accounting Judgements and Estimates' and Note 57: 'Interest in Joint Venture Entities'.

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, and includes land under roads.

Buildings : includes office buildings, warehouses, hospitals, school buildings, community health centres, other clinical and corporate facilities, emergency service facilities and courts.

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 2013. 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.

Plantations [(a)]	***2012-13 Number of Trees '000***	***2012-13 Estimated Value $m***	***2011-12 Number of Trees '000***	***2011-12 Estimated Value $m***
Native Species	306	83	304	82
Exotic Species	431	155	428	154
	737	**238**	**732**	**236**

Note: (a) Plantations shown above relate to both General Government Sector and the Territory and reflect those in urban open spaces.

		General Government Sector		Total Territory	
		2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
35	**PROPERTY, PLANT AND EQUIPMENT - CONTINUED**				
	LAND AND BUILDINGS				
	Land at Fair Value	1,289	1,002	4,394	4,086
	Land Restoration at Fair Value	17	17	17	17
	Less: Accumulated Depreciation on Landfill Restoration	15	14	15	14
	Total Land at Fair Value	***1,291***	***1,005***	***4,396***	***4,088***
	Buildings at Fair Value	3,415	3,192	4,737	4,512
	Less: Accumulated Depreciation	174	83	181	99
	Less: Accumulated Impairment Losses	8	1	8	1
	Total Buildings at Fair Value	***3,232***	***3,108***	***4,548***	***4,413***
	Total Written Down Value of Land and Buildings	**4,523**	**4,113**	**8,944**	**8,501**
	PLANT AND EQUIPMENT				
	Plant and Equipment at Cost	281	310	301	329
	Less: Accumulated Depreciation	166	165	178	175
	Less: Accumulated Impairment Losses	1	1	1	1
	Total Plant and Equipment at Cost	***114***	***144***	***122***	***154***
	Plant and Equipment at Fair Value	148	87	271	188
	Less: Accumulated Depreciation	49	11	63	17
	Total Plant and Equipment at Fair Value [(a)]	***99***	***75***	***209***	***171***
	Total Written Down Value of Plant and Equipment	**211**	**219**	**331**	**325**
	LEASEHOLD IMPROVEMENTS				
	Leasehold Improvements at Cost	20	31	22	38
	Less: Accumulated Depreciation	14	23	16	26
	Total Leasehold Improvements at Cost	***6***	***8***	***6***	***12***
	Leasehold Improvements at Fair Value	63	48	69	47
	Less: Accumulated Depreciation	15	5	18	5
	Total Leasehold Improvements at Fair Value	***48***	***43***	***51***	***42***
	Total Written Down Value of Leasehold Improvements	**54**	**51**	**57**	**54**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
INFRASTRUCTURE ASSETS				
Infrastructure Assets at Fair Value	6,525	6,461	8,510	7,906
Less: Accumulated Depreciation	70	160	167	314
Less: Accumulated Impairment Losses	3	3	3	3
Total Infrastructure Assets at Fair Value	***6,451***	***6,298***	***8,340***	***7,589***
Total Written Down Value of Infrastructure Assets	**6,451**	**6,298**	**8,340**	**7,589**
HERITAGE AND COMMUNITY ASSETS				
Heritage and Community Assets at Fair Value	2,417	2,342	2,417	2,342
Less: Accumulated Depreciation	2	1	2	1
Total Heritage and Community Assets at Fair Value	***2,415***	***2,341***	***2,415***	***2,341***
Total Written Down Value of Heritage and Community Assets	**2,415**	**2,341**	**2,415**	**2,340**
Total Written Down Value of Property, Plant and Equipment	**13,653**	**13,021**	**20,084**	**18,809**

(Refer Notes 2(t): 'Acquisition and Recognition of Property, Plant and Equipment' and (u): '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	10,942	10,571	14,268	13,276
Non-Produced Assets	2,711	2,450	5,816	5,533
Total of Property, Plant and Equipment	**13,653**	**13,021**	**20,084**	**18,809**

Valuation of Non-Current Assets

The majority of the Territory's assets are valued either by the Australian Valuation Office, an independent and qualified valuer, or internally by Officers of Directorates using industry standards. The Territory's assets have been valued progressively over the 2011-12 to 2012-13 period, with most valuations occurring in the latter part of the period (Refer to Note 2(u): 'Measurement of Property, Plant and Equipment After Initial Recognition').

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 preceding disclosure. Assets under a Finance Lease are also required to be separately disclosed as outlined below:

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Plant and Equipment Under a Finance Lease at Cost	21	15	21	15
Less: Accumulated Depreciation	5	1	5	1
Total of Leased Plant and Equipment at Cost	***15***	***13***	***15***	***13***
Plant and Equipment Under a Finance Lease at Fair Value	13	9	14	10
Less: Accumulated Depreciation	5	3	5	3
Total of Leased Plant and Equipment at Fair Value	***8***	***6***	***9***	***7***
Total Written Down Value of Plant and Equipment Under a Finance Lease[(a)]	**24**	**20**	**24**	**21**
Total Written Down Value of Assets Under a Finance Lease	**24**	**20**	**24**	**21**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

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 2012-13.

	Land	*Buildings*	*Plant and Equipment*	*Leased Plant and Equipment*	*Leasehold Improvements*	*Infrastructure Assets*	*Heritage and Community Assets*	*Total*
	$m	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2012	**1,005**	**3,108**	**194**	**25**	**51**	**6,298**	**2,341**	**13,021**
Additions	122	276	57	4	5	266	18	**748**
Assets Classified as Held for Sale	-4	-	0	-1	-	-	-	**-5**
Revaluation Adjustments	160	6	-2	-	6	24	68	**262**
Impairment Losses Recognised Directly in Equity	-	-	-	-	-	-	-	**-**
Depreciation	-5	-126	-53	-4	-7	-130	-5	**-332**
Disposals	-20	-	-6	-2	-	-	-	**-29**
Impairment Losses Recognised in the Operating Statement	-	-7	-1	0	-	0	-	**-8**
Other Movements/Reclassifications	33	-24	0	0	-	-10	-7	**-7**
Balance at 30 June 2013 (a)	**1,291**	**3,232**	**189**	**22**	**54**	**6,451**	**2,415**	**13,653**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment - General Government Sector - Continued

The following table shows the movement in each class of Property, Plant and Equipment during 2011-12.

	Land	*Buildings*	*Plant and Equipment*	*Leased Plant and Equipment*	*Leasehold Improvements*	*Infrastructure Assets*	*Heritage and Community Assets*	*Total*
	$m	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2011	**975**	**2,945**	**205**	**22**	**53**	**6,173**	**1,931**	**12,305**
Additions	149	206	52	-	2	234	54	**698**
Assets Classified as Held for Sale	-	-	-1	-	-	-	-	**-1**
Revaluation Adjustments	-136	37	3	-	1	83	351	**338**
Impairment Losses Recognised Directly in Equity	-	-	-	-	-	-	-	**-1**
Depreciation	-5	-99	-52	-	-8	-129	-4	**-292**
Disposals	-9	-	-5	-	-1	-	-	**-14**
Impairment Losses Recognised in the Operating Statement	-	-	-1	-	-	-	-	**-1**
Other Movements/Reclassifications	31	18	-8	3	3	-63	9	**-11**
Balance at 30 June 2012 (a)	**1,005**	**3,108**	**194**	**25**	**51**	**6,298**	**2,341**	**13,021**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

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 2012-13.

	Land	*Buildings*	*Plant and Equipment*	*Leased Plant and Equipment*	*Leasehold Improvements*	*Infrastructure Assets*	*Heritage and Community Assets*	*Total*
	$m	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2012	**4,088**	**4,413**	**300**	**25**	**54**	**7,588**	**2,340**	**18,809**
Additions	128	325	80	5	5	834	18	**1,396**
Assets Classified as Held for Sale	-27	-7	-	-1	-	-	-	**-34**
Revaluation Adjustments	202	3	-2	-	6	85	68	**363**
Impairment Losses Recognised Directly in Equity	-	-	-	-	-	-	-	**-**
Depreciation	-5	-144	-63	-4	-9	-164	-5	**-395**
Assets Transferred	-4	-12	-	-	-	-	-	**-17**
Disposals	-20	-1	-7	-2	-	-	-	**-30**
Impairment Losses Recognised in the Operating Statement	-	-7	-1	0	-	0	-	**-8**
Other Movements/Reclassifications	33	-21	-1	1	0	-6	-7	**-1**
Balance at 30 June 2013 [(a)]	**4,396**	**4,548**	**306**	**25**	**57**	**8,340**	**2,415**	**20,084**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

35 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment - Total Territory - Continued

The following table shows the movement in each class of Property, Plant and Equipment during 2011-12.

	Land $m	*Buildings* $m	*Plant and Equipment* $m	*Leased Plant and Equipment* $m	*Leasehold Improvements* $m	*Infrastructure Assets* $m	*Heritage and Community Assets* $m	*Total* $m
Balance at 1 July 2011	**4,058**	**4,239**	**298**	**22**	**57**	**7,435**	**1,931**	**18,040**
Additions	160	251	73	-	3	305	54	**848**
Assets Classified as Held for Sale	-15	-4	-1	-	-	-	-	**-20**
Revaluation Adjustments	-129	29	4	-	1	83	351	**339**
Impairment Losses Recognised Directly in Equity	-	-	-	-	-	-	-	**-1**
Depreciation	-5	-115	-61	-	-10	-169	-4	**-358**
Disposals	-14	-6	-5	-	-1	-	-	**-26**
Impairment Losses Recognised in the Operating Statement	-	-	-1	-	-	-2	-	**-3**
Reversal of Impairment Losses	-	-	1	-	-	-	-	**1**
Other Movements/Reclassifications	31	18	-8	3	3	-63	9	**-11**
Balance at 30 June 2012 [(a)]	**4,088**	**4,413**	**300**	**25**	**54**	**7,588**	**2,340**	**18,809**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*

36 INVESTMENT PROPERTIES

The Territory (through the General Government Sector) holds land related investment property.

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.

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Land at Fair Value	2	3	6	3
Buildings at Fair Value	-	-	1	-
Total Investment Properties	**2**	**3**	**7**	**3**

(refer Note 2(x): 'Investment Properties')

36 INVESTMENT PROPERTIES - CONTINUED

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

The following table shows the movement of the value of GGS investment properties during 2012-13.

	Land *$m*	Buildings *$m*	Total *$m*
Balance at 1 July 2012	**3**	**-**	**3**
Net Gain or Loss on Revaluation	0	-	**0**
Other Movements	-	-	**-**
Balance at 1 July 2013[(a)]	**2**	**-**	**2**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

The following table shows the movement of GGS investment properties during 2011-12.

	Land *$m*	Buildings *$m*	Total *$m*
Balance at 1 July 2011	**3**	**-**	**3**
Net Gain or Loss on Revaluation	-	-	**-**
Other Movements	-	-	**-**
Balance at 30 June 2012	**3**	**-**	**3**

The following table shows the movement of the value of Total Territory investment properties during 2012-13.

	Land *$m*	Buildings *$m*	Total *$m*
Balance at 1 July 2012	**3**	**-**	**3**
Additions	3	2	**5**
Net Gain or Loss on Revaluation	0	-	**-**
Balance at 1 July 2013	**6**	**2**	**7**

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. Other Intangibles include water licences held by ACTEW Corporation Limited.

	General Government Sector		Total Territory	
	2012-13 Actual $m	***2011-12 Actual $m***	***2012-13 Actual $m***	***2011-12 Actual $m***
Computer Software				
Internally Generated Software				
Computer Software at Cost	82	71	86	76
Less: Accumulated Amortisation	62	53	65	57
Total Internally Generated Software	**20**	**18**	**21**	**19**
Externally Purchased Software				
Computer Software at Cost	21	17	29	25
Less: Accumulated Amortisation	14	13	20	19
Total Externally Purchased Software	**7**	**4**	**9**	**6**
Total Computer Software	**27**	**22**	**30**	**25**
Other Intangibles				
Externally Purchased Other Intangibles				
Other Intangible Assets at Cost	1	1	35	35
Less: Accumulated Amortisation	1	1	1	1
Less: Accumulated Impairment Losses	-	-	7	3
Total Externally Purchased Other Intangibles	**0**	**0**	**27**	**31**
Total Other Intangibles	**0**	**0**	**27**	**31**
Total Intangible Assets	**27**	**23**	**57**	**57**

(refer Note 2(y): 'Intangible Assets')

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 2012-13.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	$m	*$m*	*$m*	*$m*
Balance at 1 July 2012	**18**	**4**	**0**	**23**
Additions	18	6	-	**24**
Amortisation	-6	-3	-	**-9**
Other Changes	-10	-	-	**-10**
Balance at 30 June 2013[(a)]	**20**	**7**	**0**	**27**

The following table shows the movement of each class of Intangible Asset held by the GGS during 2011-12.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	$m	*$m*	*$m*	*$m*
Balance at 1 July 2011	**20**	**4**	**1**	**25**
Additions	5	2	-	**7**
Amortisation	-8	-2	-1	**-10**
Balance at 30 June 2012[(a)]	**18**	**4**	**0**	**23**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

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 2012-13.

	Internally Generated Software $m	Externally Purchased Software $m	Externally Purchased Other Intangibles $m	Total Intangible Assets $m
Balance at 1 July 2012	**19**	**6**	**31**	**57**
Additions	19	7	0	**26**
Impairment Losses Recognised in the Operating Statement	-	-	-5	**-5**
Amortisation	-6	-4	-	**-10**
Other Changes	-10	-	-	**-10**
Balance at 30 June 2013[(a)]	**21**	**9**	**27**	**57**

The following table shows the movement of each class of Intangible Asset held by the Territory during 2011-12.

	Internally Generated Software $m	Externally Purchased Software $m	Externally Purchased Other Intangibles $m	Total Intangible Assets $m
Balance at 1 July 2011	**21**	**6**	**21**	**48**
Additions	10	2	14	**26**
Impairment Losses Recognised in the Operating Statement	-	-	-3	**-3**
Amortisation	-8	-2	-1	**-11**
Intangibles Capitalised	-4	-	-	**-4**
Balance at 30 June 2012[(a)]	**19**	**6**	**31**	**57**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
38 INVENTORIES				
Raw Materials and Stores	0	0	3	4
Inventory Works in Progress	0	0	41	27
Finished Goods	14	9	42	46
Consumables	1	2	1	2
Total Current Inventories - at Cost	**16**	**12**	**88**	**78**
(refer Note 2(r): 'Inventories')				
Inventory Works in Progress	1	1	86	58
Total Non-Current Inventories - at Cost	**1**	**1**	**86**	**58**
(refer Note 2(r): 'Inventories')				
Total Inventories - at Cost	**17**	**12**	**174**	**137**

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 2013, have been classified as 'Assets Held for Sale'.

Land Held for Sale	-	-	5	5
Buildings Held for Sale	-	-	2	1
Plant and Equipment Held for Sale	1	1	1	1
Total Assets Held for Sale	**1**	**1**	**8**	**7**
(refer Note 2(s): 'Assets Held for Sale')				

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. Capital works in progress are not depreciated as economic benefits are not currently being derived from them.

Construction - Residential Buildings	2	2	23	31
Construction - Non-Residential Buildings	287	286	283	282
Infrastructure	348	309	458	849
Software	68	56	69	57
Total Capital Works-in-Progress	**705**	**653**	**833**	**1,218**

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 2012-13.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2012	**2**	**286**	**309**	**56**	**653**
Additions	-	299	277	31	**608**
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-294	-217	-12	**-523**
Capital Works-in-Progress Completed and transferred to Intangibles	-	-1	-	-7	**-8**
Capital Works-in-Progress Completed and transferred to Expenses	-	-4	-21	-	**-26**
Balance at 30 June 2013[(a)]	**2**	**287**	**349**	**68**	**705**

The following table shows the movement of Capital Works-in-Progress held by the GGS during 2011-12.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2011	**-**	**196**	**273**	**37**	**505**
Additions	2	279	226	26	**533**
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-180	-181	-6	**-367**
Capital Works-in-Progress Completed and transferred to Intangibles	-	-1	-	-1	**-3**
Capital Works-in-Progress Completed and transferred to Expenses	-	-7	-9	-	**-16**
Balance at 30 June 2012[(a)]	**2**	**286**	**309**	**56**	**653**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

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 2012-13.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2012	**31**	**282**	**849**	**57**	**1,218**
Additions	45	299	439	32	**815**
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-53	-294	-808	-12	**-1,167**
Capital Works-in-Progress Completed and transferred to Intangibles	-	-1	-	-7	**-8**
Capital Works-in-Progress Completed and transferred to Expenses	-	-4	-21	-	**-26**
Balance at 30 June 2013[(a)]	**23**	**283**	**458**	**69**	**833**

The following table shows the movement of Capital Works-in-Progress held by the Territory during 2011-12.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	*$m*	*$m*	*$m*	*$m*
Balance at 1 July 2011	**33**	**192**	**660**	**37**	**922**
Additions	52	279	461	27	**819**
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-54	-180	-264	-6	**-504**
Capital Works-in-Progress Completed and transferred to Intangibles	-	-1	-	-1	**-3**
Capital Works-in-Progress Completed and transferred to Expenses	-	-7	-9	-	**-16**
Balance at 30 June 2012[(a)]	**31**	**282**	**849**	**57**	**1,218**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
41 BIOLOGICAL ASSETS				
Biological Assets - Forest Plantations	26	28	26	28
Total Biological Assets	**26**	**28**	**26**	**28**
(refer Note 2(aa): 'Biological Assets')				

LIABILITIES

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
42 DEPOSITS HELD				
Current Financial Creditors	139	120	16	16
Total Deposits Held	**139**	**120**	**16**	**16**
43 ADVANCES RECEIVED				
Current Advances from the Commonwealth Government	3	3	8	8
Non-Current Advances from the Commonwealth Government	83	86	160	168
Total Advances Received	**86**	**90**	**168**	**176**
(refer Note 2(ac): 'Advances Received')				

44 FINANCE LEASES

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

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Within One Year	12	14	13	14
Later than One Year but not Later than Five Years	12	12	13	13
Later than Five Years	0	0	0	0
Minimum Lease Payments	**24**	**26**	**25**	**27**
Less: Future Finance Lease Charges	2	2	2	2
Total Present Value of Minimum Lease Payments	**23**	**24**	**24**	**25**
The present value of the minimum lease payments are as follows:				
Within One Year	9	13	10	13
Later than One Year but not Later than Five Years	14	11	14	12
Later than Five Years	-	0	-	0
Total Present Value of Minimum Lease Payments	**23**	**24**	**24**	**25**
Represented by:				
Current Liability	11	13	12	13
Non-Current Liability	12	11	12	12
Total Present Value of Minimum Finance Lease Payments	**23**	**24**	**24**	**25**

(refer Note 2(ai): 'Leases')

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
45 OTHER BORROWINGS				
Current Borrowings				
Banks and Financial Institutions[(a)]	49	56	49	56
Bonds and Bills	209	218	209	218
Total Current Borrowings	**258**	**273**	**258**	**273**
(refer Note 2(ae): 'Interest-Bearing Liabilities')				
Non-Current Borrowings				
Bonds and Bills	2,486	1,687	2,486	1,687
Total Non-Current Borrowings	**2,486**	**1,688**	**2,486**	**1,688**
Total Other Borrowings	**2,744**	**1,961**	**2,744**	**1,961**

Note: (a) Some agencies are able to operate their bank account in overdraft, on behalf of the ACT Government for effective cash management purposes. Shared Services Centre were the only agency to be operating a bank account in overdraft as at 30 June 2013. This overdraft relates to the receipt and payment of capital works project expenditure. No interest is charged on this overdraft.

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
46 SUPERANNUATION				
Superannuation Liability at the Beginning of the Reporting Period	**7,500**	**4,878**	**7,500**	**4,878**
Expense Accrued during the Period for Commonwealth Superannuation	521	420	521	420
Other Superannuation Expenses	90	82	100	89
Superannuation Expense	**611**	**502**	**621**	**509**
(refer Note 15: 'Superannuation Expenses')	**8,111**	**5,380**	**8,121**	**5,387**
Less: Actuarial Gain/(Loss) from Annual Review	1,087	-2,354	1,087	-2,354
Less: Payments during the Reporting Period for Superannuation	237	235	247	240
Superannuation Liability at the End of the Reporting	**6,788**	**7,500**	**6,788**	**7,500**
Represented by:				
Current Estimated Employee Superannuation Liability	184	167	184	168
Non-Current Estimated Employee Superannuation Liability	6,603	7,333	6,603	7,333
Total Superannuation Liabilities	**6,788**	**7,500**	**6,788**	**7,500**
(Refer Note 2(ag): 'Superannuation' and Note 2(aj): 'Significant				
47 EMPLOYEE BENEFITS AND OTHER PROVISIONS				
Employee Benefits				
Current Employee Benefits				
Accrued Wages and Salaries	44	44	46	46
Annual Leave	192	182	210	198
Long Service Leave	267	251	303	284
Other Employee Benefits	1	1	3	3
Total Current Employee Benefits	**504**	**478**	**563**	**530**
(refer Note 2(af): 'Employee Benefits')				
Non-Current Employee Benefits				
Long Service Leave	41	41	45	44
Total Non-Current Employee Benefits	**41**	**41**	**45**	**44**
(refer Note 2(af): 'Employee Benefits')				
Total Employee Benefits	**545**	**519**	**608**	**574**

47 EMPLOYEE BENEFITS AND OTHER PROVISIONS - CONTINUED

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Estimated Amount Payable within 12 Months				
Accrued Wages and Salaries	46	48	48	53
Annual Leave	190	178	208	193
Long Service Leave	26	23	53	40
Other Employee Benefits	3	2	3	2
Total Employee Benefits Payable within 12 Months	**266**	**251**	**314**	**288**
Estimated Amount Payable after 12 Months				
Annual Leave	1	0	1	1
Long Service Leave	281	268	296	285
Total Employee Benefits Payable after 12 Months	**282**	**268**	**296**	**286**
Total Other Employee Benefits	**545**	**519**	**608**	**574**

The General Government Sector had approximately 17,286 full time equivalent employees (FTEs) as at 30 June 2013 (17,137 FTEs as at 30 June 2012). The Territory had approximately 19,004 FTEs as at 30 June 2013 (18,462 FTEs as at 30 June 2012).

Non-Employee Provisions				
Current Other Non-Employee Provisions				
Other Non-Employee Provisions	2	3	42	38
Total Current Non-Employee Provisions	**2**	**3**	**42**	**38**
Non-Current Non-Employee Provisions				
Other Non-Employee Provisions	16	16	52	43
Total Non-Current Non-Employee Provisions	**16**	**16**	**52**	**43**
Total Non-Employee Provisions	**17**	**19**	**94**	**81**
Total Other Employee Benefits and Provisions	**563**	**538**	**702**	**655**

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
48 PAYABLES				
Current Payables				
Trade Payables	50	47	82	95
Accrued Expenses	80	64	95	76
GST Liability	1	9	5	12
Revenue Received in Advance	26	28	44	43
Insurance Payables	33	35	33	35
Other Payables	47	88	27	16
Total Current Payables	**238**	**271**	**285**	**277**
(refer Note 2(ab): 'Payables')				
Non-Current Payables				
Insurance Payables	277	384	277	384
Other Payables	3	4	3	4
Total Non-Current Payables	**280**	**388**	**280**	**388**
(refer Note 2(ab): 'Payables')				
Total Payables	**517**	**659**	**565**	**665**
Payables are aged as follows:				
Not Overdue	514	652	563	657
Overdue for Less than 30 Days	2	6	2	7
Overdue for 30 to 60 Days	1	0	1	0
Overdue for More than 60 Days	0	1	-1	1
Total Payables	**517**	**659**	**565**	**665**
49 OTHER LIABILITIES				
Current Other Liabilities	6	8	6	8
Non-Current Other Liabilities	6	10	8	11
Total Other Liabilities	**13**	**18**	**13**	**20**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
50 RECONCILIATION OF CHANGES IN EQUITY				
Equity in Public Trading Entities (a)	5,608	5,523	-	-
Accumulated Funds (b)	4,206	3,144	6,464	5,448
Asset Revaluation Surplus (c)	5,387	5,129	9,075	8,634
Other Reserves (d)	-2	-3	11	10
Total Equity	**15,199**	**13,792**	**15,550**	**14,092**

(a) Equity in Public Trading Entities

Balance at the Beginning of the Reporting Period	**5,523**	**5,522**	**-**	**-**
Net Increment/(Decrement)	85	1	-	-
Total Increase/(Decrease) in Public Trading Entities	85	1	-	-
Balance at the End of the Reporting Period	**5,608**	**5,523**	**-**	**-**

(b) Accumulated Funds

Balance at the Beginning of the Reporting Period	**3,143**	**5,550**	**5,448**	**7,937**
Operating Result for the Period	-10	-20	-122	-155
Superannuation Prior Period Actuarial Movement	1,087	-2,354	1,087	-2,354
Other Movements	7	4	8	3
Transfers to/(from) Reserves	11	2	43	17
Capital Injections	-33	-38	-	-
Total Increase/(Decrease) in Accumulated Funds	1,061	-2,406	1,016	-2,489
Balance at the End of the Reporting Period	**4,206**	**3,144**	**6,464**	**5,448**

(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	**5,129**	**4,803**	**8,634**	**8,261**
Increment/(Decrement) in Land due to Revaluation	171	-136	214	-79
Increment/(Decrement) in Buildings due to Revaluation	-2	20	-5	9
Increment/(Decrement) in Heritage and Community Assets due to Revaluation	78	360	78	360
Increment/(Decrement) in Infrastructure Assets due to Revaluation	24	84	63	84
Increment/(Decrement) in Plant and Equipment Assets due to Revaluation	6	1	6	2
Increment in Leasehold Improvements due to Revaluation	-1	-	-1	0
Transfers to/(from) Accumulated Funds	-19	-3	85	-3
Total Increase/(Decrease) in the Asset Revaluation Surplus	259	326	441	373
Balance at the End of the Reporting Period	**5,387**	**5,129**	**9,075**	**8,634**

(d) Other Reserves

Other Reserves relate to cash flow hedging activities and insurance.

Balance at the Beginning of the Reporting Period	**-3**	**1**	**10**	**11**
Net Increment/(Decrement)	1	-4	1	-1
Total Increase/(Decrease) in Other Reserves	1	-4	1	-1
Balance at the End of the Reporting Period	**-2**	**-3**	**11**	**10**

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*

51 RECONCILIATION OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period in the Balance Sheet to the Cash Flow Statement.

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Cash and Cash Equivalents in the Balance Sheet				
Cash and Deposits	406	321	441	359
Short-Term Securities and Other Cash Equivalents	0	4	78	187
Bank Overdraft	-51	-54	-51	-54
Cash and Cash Equivalents as per the Cash Flow Statement	**355**	**271**	**469**	**492**

(b) Reconciliation of the *Operating Result* to *Net Cash Flows from Operating Activities.*

	2012-13 GGS	2011-12 GGS	2012-13 TT	2011-12 TT
Operating Result	**-10**	**-20**	**-122**	**-155**
Add/(Less) Non-Cash Movements:				
Depreciation and Amortisation	341	302	405	369
Net Revaluation of Non-Financial Assets	3	0	3	0
Bad Debts	7	10	9	12
Capitalised Profit from Joint Ventures	-	-	-100	-76
Waivers	-13	1	-13	1
Gains from Contributed Assets	-66	-93	-38	-55
Add/(Less) Items Classified as Investing or Financing:				
Dividends - Market Gains on Land Sales	-6	-15	-	-
Realised (Gains)/Losses on Investments	-72	14	-72	14
Unrealised (Gains)/Losses on Investments	-198	119	-199	119
Net (Gains)/Losses on Disposal of Non-Current Assets	-18	64	-14	63
Cash Before Changes in Operating Assets and Liabilities	**-32**	**380**	**-140**	**292**
Change in Operating Assets and Liabilities:				
(Increase)/Decrease in Receivables	96	-198	45	-137
(Increase)/Decrease in Inventories	-5	2	-37	-37
Increase/(Decrease) in Payables	-142	99	-101	10
Increase/(Decrease) in Employee Benefits and Provisions	399	344	422	356
Increase/(Decrease) in Other Liabilities	-5	2	-6	2
Net Cash Inflows from Operating Activities	**312**	**628**	**182**	**486**

(c) Non-Cash Financing and Investing Activities.

The Territory (through the General Government Sector) purchased $10.8 million worth of motor vehicles and other items of plant and equipment under finance lease arrangements during 2012-13 ($7.7 million in 2011-12).

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):

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Payable:				
Within One Year	41	34	46	37
Later than One Year but not Later than Five Years	111	99	123	106
Later than Five Years	90	67	96	73
Total Operating Lease Commitments	**242**	**201**	**265**	**216**

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):

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Property, Plant and Equipment Capital Commitments				
Payable:				
Within One Year	475	355	649	570
Later than One Year but not Later than Five Years	284	175	284	175
Total Property, Plant and Equipment Capital Commitments	**759**	**530**	**933**	**745**
Total Capital Commitments	**759**	**530**	**933**	**745**

54 OTHER COMMITMENTS

These commitments include contracts for the ACT Policing agreement, 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:

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Payable:				
Within One Year	488	429	802	696
Later than One Year but not Later than Five Years	688	756	689	757
Later than Five Years	86	68	86	68
Total Other Commitments	**1,262**	**1,253**	**1,578**	**1,522**

	General Government Sector		Total Territory	
	2012-13 Actual $m	***2011-12 Actual $m***	***2012-13 Actual $m***	***2011-12 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.

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Quantifiable Contingent Liabilities and Guarantees				
Contingent Liabilities	121	151	129	158
Guarantees	-	-	-	-
Indemnities	-	-	-	-
Total Quantifiable Contingent Liabilities and Guarantees	**121**	**151**	**129**	**158**

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 and personal injury.

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.

	General Government Sector 2012-13 Actual $m	General Government Sector 2011-12 Actual $m	Total Territory 2012-13 Actual $m	Total Territory 2011-12 Actual $m
Quantifiable Legal Claims Against the Territory include:				
Public Liability Claims	27	18	29	25
Personal Injury Claims	13	12	18	12
Economic Loss Claims	3	-	3	-
Total Quantifiable Legal Claims Against the Territory	**43**	**30**	**50**	**37**

55 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Other contingent liabilities of the GGS and the Territory as at 30 June 2013 include:

* the Territory is responsible for the management of 166 sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors. The contingent liability for 2012-13 is $69 million (30 June 2012: $103.2 million);

* the Territory has a number of claims for damages and costs relating to outstanding objections associated with payroll tax and duties. The contingent liability for 2012-13 is $6.1 million (30 June 2012: $8.8 million); 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 2013 is estimated at $2.3 million (30 June 2012: $2.3 million).

Contingent Assets

General Government Sector and Total Territory

The Territory has a contingent asset of $15.2 million for the value of units agreed to be transferred to the community housing sector. Fifty three properties were transferred to Argyle Community Housing Limited under a 20 year sub lease with the option for transfer of title in the longer term. Title had not been formally transferred at 30 June 2013, should the title not be transferred and an extension of the sub lease not be granted upon or before expiry of the sub lease period, the units may be returned to the Territory.

In March 2012 the Territory's Water Security construction projects were affected by heavy rainfall and severe flooding. Estimated costs to the site are $9.9 million. A significant portion of these costs are expected to be recovered by an external insurance provider.

The Territory has a contingent asset for $7.8 million as a result of overpayments of GST on land sales in previous financial years. These refunds relate to land sales that are now classified as GST free. The Australian Taxation Office is yet to agree with this position.

The General Government Sector (GGS) has an unquantifiable contingent asset for GST refunds as a result of overpayments on land rent transactions in the current and previous financial years. External tax advisors have been engaged to review the application of GST on land rent transactions and it is likely the GGS is entitled to a refund.

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
56 THIRD PARTY MONIES				
Third Party Monies held in Trust by the Territory				
ACT Long Service Leave Authority	95	82	95	82
Rental Bonds Board	58	54	58	54
Default Insurance Fund	20	18	20	18
Nominal Defendant Insurance Fund	27	22	27	22
Health Professional Registration	1	1	1	1
Public Trustee Common Fund	221	202	221	202
ACT Civil and Administrative Tribunal	56	51	56	51
Other Third Party Monies	38	23	38	23
Total Monies Held in Trust	**514**	**452**	**514**	**452**

Third party monies held in trust are not incorporated into the Territory's 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 to the Territory's financial statements.

57 INTEREST IN JOINT VENTURE ENTITIES

General Government Sector

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 Limited 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 Developments Pty Ltd for the residential development of Forde;

b) Woden East Pty Ltd for the residential development of Woden East (the Government's share was sold in 2012-13); 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(ad): 'Joint Ventures' is set out below.

	General Government Sector		Total Territory	
	2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Share of Joint Venture Profit:				
Revenue	0	0	544	536
Expenses	0	0	412	427
Operating Profit	**0**	**0**	**132**	**109**
Share of the Joint Venture Assets and Liabilities is as follows:				
Current Assets	0	0	157	224
Non-Current Assets	0	3	534	496
Total Assets	**0**	**3**	**691**	**720**
Current Liabilities	0	0	98	141
Non-Current Liabilities	-	-	8	4
Total Liabilities	**0**	**0**	**105**	**146**
Net Assets	**0**	**3**	**586**	**574**
Share of Joint Venture Commitments				
Lease Commitments	-	-	38	38
Remuneration Commitments	-	-	-	-
Total Expenditure Commitments	-	-	**38**	**38**
Capital and Other Commitments	-	-	24	38
Total Share of Joint Venture Commitments	**-**	**-**	**62**	**76**

58 INTEREST IN A JOINTLY CONTROLLED OPERATION

On 16 May 2007 the Territory entered into an unincorporated Joint Venture with the Hindmarsh Group for the redevelopment of land in Lyons. The Territory contributed land to the Joint Venture with the Hindmarsh Group funding the operations, design construction and marketing of units and a retirement village site.

The Joint Venture is accounted for as a jointly controlled operation in accordance with AASB 131: 'Interest in Joint Ventures'.

The value of the land and any costs incurred by the Territory on behalf of the Joint Venture are included in receivables.

	General Government Sector		**Total Territory**	
	2012-13 Actual $m	***2011-12 Actual $m***	***2012-13 Actual $m***	***2011-12 Actual $m***
Assets Employed in the Jointly Controlled Operation				
Non-Current Assets				
Lyons Land Receivable	-	-	5	4
Total Non-Current assets	**-**	**-**	**5**	**4**
Total Assets Employed in the Jointly Controlled Operation	**-**	**-**	**5**	**4**

59 ECONOMIC DEPENDENCY

The Australian Capital Territory is a body politic established under the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* and the ACT Executive (the Government) was vested with financial initiative under that Act. Commonwealth Government funding accounts for approximately 40 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

The Territory maintains a AAA credit rating assigned by Standard & Poor's Rating Services (AAA rating 2011-12).

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2013-14 Budget. 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+

60 THE TERRITORY'S CREDIT RATING - CONTINUED

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).

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 for 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 direct appropriation.

The amounts included in the table below represent the full amounts paid by the General Government Sector (GGS) and the Territory for audits undertaken during 2012-13. The specific amounts below are not consolidated into expenses of the GGS or the Territory as they are internal transactions between Government agencies and the ACT Auditor-General's office.

	General Government Sector		**Total Territory**	
	2012-13 Actual $m	***2011-12 Actual $m***	***2012-13 Actual $m***	***2011-12 Actual $m***
Audit Services				
Financial Audits (Fees for Services)	2	2	3	3
Other Services (Direct Appropriation Funded)	1	1	1	1
Total Auditor's Remuneration	**3**	**3**	**4**	**4**

The ACT Auditor-General’s Office paid $11,000 for the independent audit of its 2012-13 financial statements ($10,500: 2011-12).

No other services were provided by the ACT Auditor-General's Office.

62 EVENTS SUBSEQUENT TO BALANCE DATE

From 1 July 2013 the Territory became liable for greenhouse gas emissions at the Mugga Lane landfill facility under the Federally legislated Carbon Pricing mechanism. The Territory estimates that liable emissions in 2013-14 will be between 5,000 and 10,000 tonnes. At the current price of $24.15 per permit, this would mean a cash outlay of up to $0.240 million in 2014-15 relating to carbon permit purchases. Carbon permits are intangible assets that when surrendered to the Commonwealth will extinguish the liability under the Carbon Pricing mechanism.

The Territory's credit rating was reviewed by Standard and Poor's Rating Service post 30 June 2013. Refer to Note 60: 'The Territory's Credit Rating' for further information.

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. These agreements were replaced on 7 December 2011 with the Calvary Network Agreement.

Under the agreement Calvary Health Care ACT Ltd is required to provide hospital services and make these services available to all persons irrespective of their circumstances and is limited to charging patients fees only in accordance with the schedule of fees applicable at Health Directorate hospitals for comparable services. 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 2012-13 financial year was $167.8 million in recurrent funding and $0.7 million for capital upgrades. The service concession assets are not recognised in the General Government Sector and Total Territory's Balance Sheet.

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 and Loans'.

Interest rate derivatives and futures are used to manage the exposure to interest rates risk in accordance with investment guidelines and individual investment management mandate conditions. 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 fixed income through cash 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 under 'Price Risk and Inflation Risk' in this note.

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). Interest rate swap transactions may be 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. A credit risk management framework is established and any interest rate swap transactions are only made with high quality counterparties.

The notional principal value of the interest rate swap transacted, equates to the portion of the general government floating rate borrowings being hedged. The settlement dates of the swap contract correspond with interest payment dates of the borrowings (every three months until maturity). The swap contract requires settlement of net interest payable or receivable and is brought into account as an adjustment to borrowing cost The notional principal value of the swap is not recognised as an asset or liability. Interest rate swaps that are designated as a hedge are re-measured to fair value at each reporting period.

Financial assets and liabilities exposed to interest rate risk at the end of reporting period included cash, securities held and short term variable borrowings. At 30 June 2013, fixed rate nominal bonds accounted for 90 per cent of the Territory's market borrowings.

64 FINANCIAL INSTRUMENTS - CONTINUED

Interest Rate Risk - Continued

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

	Fixed Rate Instruments		Variable Rate Instruments	
	2013 $m	2012 $m	2013 $m	2012 $m
Financial Assets	342	580	964	350
Financial Liabilities	76	365	605	422
Net Exposure Before the Effect of Derivatives	**266**	**215**	**359**	**-72**

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.

Finance Leases

The Territory has finance leases arrangements for 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.

Sensitivity Disclosure Analysis

As at 30 June 2013, the interest rate profiles of the interest-bearing financial instruments of the GGS and the Territory comprised two main types of financial instruments, namely fixed rate instruments and variable rate instruments, and are disclosed below. The disclosure below demonstrates the reasonably possible impact on the Operating Statement and Equity over the next 12 months if interest rates change by -/+ 1.0 per cent from the year end official cash rate of 2.75 per cent (2012: 3.5 per cent), with all other variables held constant.

30 June 2013	**Fixed Rate Instruments**				**Variable Rate Instruments**			
General Government Sector and Total Territory	**-1.00%**		**+1.00%**		**-1.00%**		**+1.00%**	
	Profit/ (Loss) Impact	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$m	***$m***	***$m***	***$m***	***$m***	***$m***	***$m***	***$m***
30 June 2013 (1.0%)								
Financial Assets	-5	-5	5	5	-12	-12	12	12
Financial Liabilities	-1	-1	1	1	6	4	-6	-5
Net Assets	**-6**	**-6**	**6**	**6**	**-6**	**-8**	**6**	**7**
30 June 2012 (1.0%)								
Financial Assets	3	3	-3	-3	-4	-4	4	4
Financial Liabilities	4	4	-4	-4	-4	-5	4	5
Net Assets	**-1**	**-1**	**-1**	**-1**	**0**	**1**	**0**	**-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.

(vi) The impact on equity represents total impact on accumulated funds and other reserves.

64 FINANCIAL INSTRUMENTS - CONTINUED

Price Risk and Inflation Risk

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

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

Territory Investment Portfolio	**Exposure to Unit Prices**		**Exposure to Inflation Rates**	
	2013 $m	**2012 $m**	**2013 $m**	**2012 $m**
Financial Assets	400	425	841	848
Financial Liabilities	0	0	839	846
Net Exposure Before the Effect of Derivatives	**400**	**425**	**2**	**2**

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.

There is a fundamental financial relationship between risk and return. Investments held within the Superannuation Provision Account are diversified across different asset classes that have different risk and return expectations. Equity markets are inherently volatile and not suitable for short term investment, however, over the long term equity investments have proven to be a reasonable source of growth and inflation protection, through the achievement of high returns in real terms. To manage price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with the strategic asset allocation policy). The majority of equity investments are of high quality and are publicly traded on either the Australian Stock Exchange or the overseas equivalent.

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 individual asset class exposure. Investment management agreements and the pooled trust product disclosure statement of the Superannuation Provision Account stipulates the maximum allowable limits by issuer, ratings and duration to ensure sufficient diversification occurs within individual investment portfolios.

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

64 FINANCIAL INSTRUMENTS - CONTINUED

Price Risk and Inflation Risk - Continued

Superannuation Investment Portfolio	Exposure to Other Price Risk 2013 $m	2012 $m
Financial Assets	2,336	2,120
Net Exposure Before the Effect of Derivatives	**2,336**	**2,120**

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.

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 2013 General Government Sector and Total Territory	Cash and Cash Equivalents $m	Investments designated at Fair Value Through Profit or Loss $m	Other Assets $m	Total Assets $m	Financial Liabilities held at Fair Value Through Profit or Loss $m	Other Liabilities $m	Total Liabilities $m	Net Assets $m
AUD	12	2,556	19	2,587	2	71	73	2,514
USD	-	-	-	-	-	-	-	-
JPY	-	-	-	-	-	-	-	-
EUR	-	-	-	-	-	-	-	-
GBP	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total A$m	**12**	**2,556**	**19**	**2,587**	**2**	**71**	**73**	**2,514**

64 FINANCIAL INSTRUMENTS - CONTINUED

Currency as at 30 June 2012 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	$m
AUD	13	2,038	54	2,105	1	68	69	2,036
USD	4	136	1	141	-	1	1	140
JPY	1	18	-	19	-	-	-	19
EUR	1	24	1	26	-	-	-	26
GBP	-	24	1	25	-	-	-	25
Other	-	14	-	14	-	-	-	14
Total A$m	**19**	**2,254**	**57**	**2,330**	**1**	**69**	**70**	**2,260**

Sensitivity Disclosure Analysis

The table below summarises the reasonably possible 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.

30 June 2013 General Government Sector and Total Territory	**-10%**		**+10%**	
	Profit/ (Loss) Impact	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$'000	***$'000***	***$'000***	***$'000***
Currency				
USD	-	-	-	-
JPY	-	-	-	-
EUR	6	6	-6	-6
GBP	-	-	-	-
Other	1	1	-1	-1
Total Increase/(Decrease)	**7**	**7**	**-7**	**-7**

30 June 2012 General Government Sector and Total Territory	**-10%**		**+10%**	
	Profit/ (Loss) Impact	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$'000	***$'000***	***$'000***	***$'000***
Currency				
USD	436	436	-436	-436
JPY	8	8	-8	-8
EUR	15	15	-15	-15
GBP	26	26	-26	-26
Other	24	24	-24	-24
Total Increase/(Decrease)	**509**	**509**	**-509**	**-509**

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 is such that the most significant risk will arise with those financial assets and liabilities involving external parties.

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 issuer'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.

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

General Government Sector and Total Territory	**Credit Quality**				
	AAA	**AA**	**A**	**BBB**	**Total**
	$m	*$m*	*$m*	*$m*	*$m*
30 June 2013					
Directly Held					
Money Market and Fixed Interest Securities	374	98	301	16	789
Indirectly Held					
Unit Trust (Debt Instruments)	531	311	152	22	1,016
Total	**905**	**409**	**453**	**38**	**1,805**
30 June 2012					
Directly Held					
Money Market and Fixed Interest Securities	352	113	226	14	705
Indirectly Held					
Unit Trust (Debt Instruments)	616	331	134	15	1,096
Total	**968**	**444**	**360**	**29**	**1,801**

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 2013 (nil at 30 June 2012).

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.

64 FINANCIAL INSTRUMENTS - CONTINUED

Liquidity Risk

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

The Territory manages liquidity risk associated with the Territory's investment portfolio, through the GGS, by only investing in an adequate amount of high grade securities that fall within the limitation set out in the *Financial Management (Investment and Borrowing) Guidelines 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 2013 **General Government Sector**	**Less than 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
	$m	*$m*	*$m*	*$m*	*$m*
Non-Derivatives					
Payables	119	119	280	-	**517**
Interest-Bearing Liabilities (Current/Non-Current)	207	121	1,082	2,305	**3,715**
Estimated Superannuation Liabilities	45	134	895	26,574	**27,648**
Finance Lease Liabilities (Current/Non-Current)	-	-	-	-	**-**
Total Non-Derivatives	**371**	**374**	**2,257**	**28,879**	**31,880**
Derivatives					
Net Settled Derivatives	-	-	6	-	**6**
(Interest Rate Swaps and Futures)	-	-	-	-	**-**
Total Derivatives	**-**	**-**	**6**	**-**	**6**

64 FINANCIAL INSTRUMENTS - CONTINUED

30 June 2012 General Government Sector	Less than 3 months $m	3-12 months $m	1-5 years $m	> 5 years $m	Total $m
Non-Derivatives					
Payables	136	136	388	-	**659**
Interest-Bearing Liabilities (Current/Non-Current)	208	85	390	1,964	**2,647**
Estimated Superannuation Liabilities	81	81	819	26,830	**27,810**
Finance Lease Liabilities (Current/Non-Current)	6	6	11	-	**25**
Total Non-Derivatives	**430**	**308**	**1,608**	**28,794**	**31,140**
Derivatives					
Net Settled Derivatives					
(Interest Rate Swaps and Futures)	-	1	6	-	7
Total Derivatives	**-**	**1**	**6**	**-**	**7**

30 June 2013 Total Territory	Less than 3 months	3-12 months $m	1-5 years $m	> 5 years $m	Total $m
Non-Derivatives					
Payables	143	143	280	-	**565**
Interest-Bearing Liabilities (Current/Non-Current)	207	121	1,082	2,305	**3,715**
Estimated Superannuation Liabilities	45	134	895	26,574	**27,648**
Finance Lease Liabilities (Current/Non-Current)					**-**
Total Non-Derivatives	**395**	**398**	**2,257**	**28,879**	**31,928**
Derivatives					
Net settled derivatives	-	-	6	-	**6**
(Interest Rate Swaps and Futures)					**-**
Total Derivatives	**-**	**-**	**6**	**-**	**6**

30 June 2012 Total Territory	Less than 3 months	3-12 months $m	1-5 years $m	> 5 years $m	Total $m
Non-Derivatives					
Payables	139	139	388	-	**665**
Interest-Bearing Liabilities (Current/Non-Current)	208	85	390	1,964	**2,647**
Estimated Superannuation Liabilities	81	81	819	26,830	**27,810**
Finance Lease Liabilities (Current/Non-Current)	6	6	12	-	**25**
Total Non-Derivatives	**434**	**311**	**1,609**	**28,794**	**31,147**
Derivatives					
Net settled derivatives					
(Interest Rate Swaps and Futures)	-	1	6	-	7
Total Derivatives	**-**	**1**	**6**	**-**	**7**

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.

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	2012-13		2011-12	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Assets				
Cash and Deposits	406	406	321	321
Advances Paid	1,482	1,446	1,454	1,336
Investments and Loans	3,609	3,609	3,153	3,153
Receivables[(a)]	521	521	447	447
Equity				
Investments in Other Public Sector Entities	5,608	5,608	5,523	5,523
Total Financial Assets	**11,625**	**11,589**	**10,898**	**10,780**
Financial Liabilities				
Deposits Held	139	139	120	120
Advances Received	86	89	90	92
Finance Leases	23	23	24	24
Borrowings	2,744	2,647	1,961	1,825
Payables	517	517	659	659
Other Liabilities	13	13	18	18
Total Financial Liabilities	**3,522**	**3,428**	**2,873**	**2,738**
Net Financial Assets	**8,102**	**8,161**	**8,025**	**8,041**

(a) Receivables has been adjusted to remove Right to Receive Infrastructure, Prepayments and Accrued Revenue relating to taxation.

Total Territory	2012-13		2011-12	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Assets				
Cash and Deposits	441	441	359	359
Advances Paid	126	126	91	91
Investments and Loans	3,687	3,687	3,345	3,345
Receivables[(a)]	440	440	378	378
Equity				
Investments Accounted for Using Equity Method	610	610	586	586
Total Financial Assets	**5,303**	**5,303**	**4,759**	**4,759**
Financial Liabilities				
Deposits Held	16	16	16	16
Advances Received	168	174	176	188
Finance Leases	24	24	25	25
Borrowings	2,744	2,647	1,961	1,825
Payables	565	565	665	665
Other Liabilities	13	13	20	20
Total Financial Liabilities	**3,529**	**3,438**	**2,863**	**2,739**
Net Financial Liabilities	**1,774**	**1,865**	**1,896**	**2,020**

(a) Receivables has been adjusted to remove Right to Receive Infrastructure, Prepayments and Accrued Revenue relating to taxation.

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 2013	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial Assets				
Money Market, Fixed Interest Securities and Equities	459	890	-	**1,349**
Financial Derivatives	0	-	-	**0**
Unit Trusts	-	2,244	125	**2,368**
Total	**460**	**3,134**	**125**	**3,718**
Financial Liabilities				
Financial Derivatives	0	1	-	**1**
Total	**0**	**1**	**-**	**1**
Net Assets	**460**	**3,135**	**125**	**3,719**

30 June 2012	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial Assets				
Money Market, Fixed Interest Securities and Equities	605	750	-	1,355
Financial Derivatives	0	1	-	1
Unit Trusts	-	1,918	122	2,040
Total	**605**	**2,669**	**122**	**3,396**
Financial Liabilities				
Financial Derivatives	0	6	-	6
Total	**0**	**6**	**-**	**6**
Net Assets	**605**	**2,663**	**122**	**3,390**

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.

65 EXPENSES AND ASSETS BY FUNCTION - CONTINUED

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

		General Government Sector		Total Territory	
		2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Expenses by Function					
01	General Public Services	495	390	500	401
03	Public Order and Safety	426	365	425	361
04	Education	937	879	955	894
05	Health	1,190	1,110	1,190	1,110
06	Social Security and Welfare	240	249	240	249
07	Housing and Community Amenities	156	179	510	429
08	Recreation and Culture	183	140	202	160
09	Fuel and Energy	27	18	26	18
10	Agriculture, Forestry, Fishing and Hunting	6	3	6	3
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	32	22	32	21
12	Transport and Communications	232	276	229	283
13	Other Economic Affairs	56	70	55	69
14	Other Purposes	484	373	410	359
Total Expenses		**4,464**	**4,076**	**4,777**	**4,358**

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

		General Government Sector		Total Territory	
		2012-13 Actual $m	*2011-12 Actual $m*	*2012-13 Actual $m*	*2011-12 Actual $m*
Assets by Function [(a)]					
01	General Public Services	10,439	10,154	4,672	4,480
03	Public Order and Safety	456	448	456	448
04	Education	2,266	2,223	2,270	2,239
05	Health	1,119	960	1,116	960
06	Social Security and Welfare	215	109	214	109
07	Housing and Community Amenities	464	355	7,298	6,964
08	Recreation and Culture	3,030	2,783	3,051	2,810
09	Fuel and Energy	1	0	617	573
10	Agriculture, Forestry, Fishing and Hunting	27	28	27	28
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	179	5	179	5
12	Transport and Communications	6,324	6,210	6,489	6,356
13	Other Economic Affairs	58	138	58	138
14	Other Purposes	1,496	1,290	124	3
Total Assets		**26,071**	**24,703**	**26,567**	**25,110**

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 2013

66 ELIMINATION TABLE

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Revenue								
Government Payment for Outputs	-	-	162	154	-162	-154	-	-
Taxation Revenue	1,237	1,183	-	-	-37	-28	1,201	1,155
Grants Revenue								
Commonwealth Grants	1,713	1,605	1	1	-	-	1,714	1,606
Gains from Contributed Assets	66	93	12	4	-40	-42	38	55
Sales of Goods and Services Revenue								
Revenue from Associates and Joint Ventures	-	-	137	121	11	-	149	121
Other Sales of Goods and Services	482	472	436	387	-73	-59	844	800
Interest Income	151	168	11	12	-81	-66	81	114
Distribution from Investments with the Territory Banking Account	-	-	2	7	-2	-7	-	-
Dividend and Income Tax Equivalents Income	345	446	-	-	-267	-321	78	125
Other Revenue						-		
Land Revenue (Value-Add Component)	-	-	207	281	-120	-149	87	132
Other Revenue	123	151	22	13	-15	-11	130	154
Total Revenue	**4,117**	**4,118**	**991**	**979**	**-786**	**-837**	**4,321**	**4,261**
Expenses								
Employee Expenses	1,574	1,464	170	119	0	-	1,744	1,583
Superannuation Expenses								
Superannuation Interest Cost	264	265	-	-	-	-	264	265
Other Superannuation Expenses	347	237	21	15	-11	-8	357	243
Depreciation and Amortisation	341	302	64	67	-	-	405	369
Interest Expense	124	96	82	70	-83	-73	123	92
Other Property Expenses (Income Tax Expense)	-	-	88	93	-88	-93	-	-
Other Operating Expenses								
Supplies and Services	821	770	167	131	-43	-37	946	864
Other Operating Expenses	193	179	163	243	-106	-138	250	284
Grants Expenses	799	764	76	73	-186	-180	689	657
Total Expenses	**4,464**	**4,076**	**831**	**812**	**-517**	**-529**	**4,777**	**4,358**
UPF Net Operating Balance	**-346**	**43**	**160**	**168**	**-269**	**-308**	**-456**	**-97**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Other Economic Flows - included in the Operating Result								
Dividends - Market Gains on Land Sales	6	15	-	-	-6	-15	-	-
Land Revenue (Market Gains on Land Sales)	-	-	9	21	-	-	9	21
Net Land Revenue (Undeveloped Land Value)	47	129	-	-	-	0	47	129
Net Gain on Sale of Non-Financial Assets	20	-64	-3	-1	-	2	17	-63
Net Gain on Financial Assets or Liabilities at Fair Value	271	-133	0	0	0	-	271	-133
Doubtful Debts	-7	-10	-2	-2	0	0	-9	-12
Operating Result	**-10**	**-20**	**162**	**185**	**-275**	**-321**	**-122**	**-155**
Items that will not be Subsequently Reclassified to Profit or Loss								
Superannuation Prior Year Actuarial Movement	1,087	-2,354	-	-	-	-	1,087	-2,354
Prior Year Adjustment	4	4	-	-	-	-	4	3
Other Movements	3	0	-	-	-	-	3	0
Increase/(Decrease) in Asset Revaluation Surplus	269	328	78	-2	136	64	483	390
Increase/(Decrease) in Other Reserves	-	-4	-	3	-	-	-	-1
Items that may be Subsequently Reclassified to Profit or Loss		-						
Increase/(Decrease) in Other Reserves	1	-	-	-	-	-	1	-
Comprehensive Result - Total Change in Net Worth	**1,355**	**-2,046**	**241**	**185**	**-139**	**-257**	**1,458**	**-2,117**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Key Fiscal Aggregates								
UPF Net Operating Balance	**-346**	**43**	**160**	**168**	**-269**	**-308**	**-456**	**-97**
***less* Net Acquisition of Non-Financial Assets**								
Purchases of Non-Financial Assets	770	735	216	318	-159	-86	828	967
Sales of Non-Financial Assets	-11	-14	-28	-20	-	0	-38	-34
Land Revenue (Net Cash Receipts)	-65	-122	-36	56	39	-64	-62	-129
Depreciation and Amortisation	-341	-302	-64	-67	-	-	-405	-369
Other Movements in Non-Financial Assets	54	84	-27	-40	10	6	37	49
Total Net Acquisition of Non-Financial Assets	*407*	*381*	*62*	*247*	*-110*	*-144*	*359*	*485*
Net Lending / (Borrowing)	**-754**	**-339**	**97**	**-79**	**-159**	**-164**	**-815**	**-582**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual ***$m***	**2011-12 Actual** ***$m***	**2012-13 Actual** ***$m***	**2011-12 Actual** ***$m***	**2012-13 Actual** ***$m***	**2011-12 Actual** ***$m***	**2012-13 Actual** ***$m***	**2011-12 Actual** ***$m***
Financial Assets								
Cash and Deposits	406	321	124	106	-88	-68	441	359
Advances Paid	1,482	1,454	-	-	-1,356	-1,363	126	91
Investments and Loans	3,609	3,153	113	229	-35	-37	3,687	3,345
Receivables	536	511	208	232	-229	-271	515	472
Equity								
Investments in Other Public Sector Entities	5,608	5,523	-	-	-5,608	-5,523	-	-
Investments Accounted for Using the Equity Method	-	-	610	586	-	-	610	586
Total Financial Assets	**11,639**	**10,962**	**1,055**	**1,153**	**-7,316**	**-7,262**	**5,378**	**4,852**
Non-Financial Assets								
Produced Assets								
Property, Plant and Equipment	10,942	10,571	3,326	2,705	-	-	14,268	13,276
Investment Property	2	3	5	-	-	-	7	3
Intangibles	27	23	30	34	-	-	57	57
Inventories	17	12	176	148	-19	-24	174	137
Assets Held for Sale	1	1	7	6	-	-	8	7
Capital Works-in-Progress	705	653	128	565	-	-	833	1,218
Non Produced Assets								
Property, Plant and Equipment	2,711	2,450	3,105	3,082	-	-	5,816	5,533
Biological Assets	26	28	-	-	-	-	26	28
Other Non-Financial Assets					-	-		
Deferred Tax Assets	-	-	27	27	-27	-27	-	-
Other Non-Financial Assets	-	-	2	0	-2	-	-	-
Total Non-Financial Assets	**14,432**	**13,741**	**6,805**	**6,567**	**-48**	**-50**	**21,189**	**20,258**
Total Assets	**26,071**	**24,703**	**7,860**	**7,719**	**-7,364**	**-7,313**	**26,567**	**25,110**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Liabilities								
Deposits Held	139	120	-	-	-123	-105	16	16
Advances Received	86	90	1,438	1,450	-1,356	-1,363	168	176
Borrowings								
Finance Leases	23	24	1	1	-	-	24	25
Other Borrowings	2,744	1,961	-	-	-	-	2,744	1,961
Superannuation	6,788	7,500	-	-	0	0	6,788	7,500
Employee Benefits	545	519	62	56	-	-1	608	574
Other Provisions	17	19	242	178	-165	-117	94	81
Payables	517	659	120	115	-72	-109	565	665
Other Liabilities								
Current Tax Liability	-	-	27	51	-27	-51	-	-
Deferred Tax Liability	-	-	347	321	-347	-321	-	-
Other Liabilities	13	18	16	25	-15	-24	13	20
Total Liabilities	**10,873**	**10,911**	**2,252**	**2,197**	**-2,106**	**-2,089**	**11,019**	**11,018**
Net Assets	**15,199**	**13,792**	**5,608**	**5,523**	**-5,259**	**-5,223**	**15,550**	**14,092**
Equity in Public Trading Entities	5,608	5,523	-	-	-5,608	-5,523	-	-
Accumulated Funds	4,206	3,144	2,179	2,140	79	164	6,464	5,448
Asset Revaluation Surplus	5,387	5,129	3,416	3,370	272	136	9,075	8,634
Other Reserves	-2	-3	13	13	-	-	11	10
Net Worth	**15,199**	**13,792**	**5,608**	**5,523**	**-5,256**	**-5,223**	**15,550**	**14,092**
Key Fiscal Aggregates								
Net Financial Worth	767	51	-1,197	-1,044	-5,210	-5,173	-5,641	-6,166
Net Financial Liabilities	4,841	5,472	-	-	1,409	1,280	6,250	6,752
Net Debt (including superannuation related investments)	-2,504	-2,733	1,201	1,116	0	0	-1,303	-1,617
Net Debt (excluding superannuation related investments)	109	-473	-	-	1,201	1,116	1,311	643

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Opening Equity								
Opening Equity in Public Trading Entities	5,523	5,522	-	-	-5,523	-5,522	-	-
Opening Accumulated Funds	3,143	5,550	2,140	2,125	165	262	5,448	7,937
Opening Asset Revaluation Surplus	5,129	4,803	3,370	3,387	136	72	8,634	8,261
Opening Other Reserves	-3	1	13	10	-	-	10	11
Opening Balance	**13,792**	**15,876**	**5,523**	**5,522**	**-5,222**	**-5,189**	**14,092**	**16,209**
Comprehensive Income								
Included in Accumulated Funds:								
Operating Result for the Period	-10	-20	162	185	-274	-320	-122	-155
Superannuation Prior Year Actuarial Movement	1,087	-2,354	-	-	-	-	1,087	-2,354
Prior Year Adjustment	4	4	-	-	-	-	4	3
Other Movements	3	0	-	-	-	-	3	0
Net Effect of Change in Accounting Policy	-	-	-	-	-	-	-	-
Included in Asset Revaluation Surplus:								
Increase/(Decrease) in Asset Revaluation Surplus	269	328	78	-2	136	64	483	390
Included in Other Reserves:								
Increase/(Decrease) in Other Reserves	1	-4	-	3	-	-	1	-1
Total Comprehensive Income	**1,355**	**-2,046**	**241**	**185**	**-138**	**-256**	**1,458**	**-2,117**
Other								
Transfer to/from Accumulated Funds	11	2	32	15	-	-	43	17
Movement in the Asset Revaluation Surplus	-11	-2	-32	-15	-	-	-43	-17
Total Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Transactions Involving Owners Affecting Accumulated Funds								
Included in Accumulated Funds:								
Capital Injections	-33	-38	33	38	0	-	-	-
Increase/(Decrease) in Net Assets due to Administrative Restructure	-	-	-	-	-	-	-	-
Dividends Approved	-	-	-189	-222	189	222	-	-
Included in Equity in Public Trading Entities:								
Increase/(Decrease) in Net Assets of PTE Entities	85	1	-	-	-85	-1	-	-
Total Transactions Involving Owners Affecting Accumulated Funds	**51**	**-37**	**-156**	**-184**	**105**	**221**	**-**	**-**
Closing Equity								
Closing Equity in Public Trading Entities	5,608	5,523	-	-	-5,608	-5,523	-	-
Closing Accumulated Funds	4,206	3,144	2,179	2,140	79	164	6,464	5,448
Closing Asset Revaluation Surplus	5,387	5,129	3,416	3,370	272	136	9,075	8,634
Closing Other Reserves	-2	-3	13	13	-	-	11	10
Balance at the End of the Reporting Period	**15,199**	**13,792**	**5,608**	**5,523**	**-5,256**	**-5,223**	**15,550**	**14,092**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Cash Flows from Operating Activities								
Cash Receipts								
Taxes Received	1,225	1,175	-	-	-31	-28	1,194	1,147
Receipts from Sales of Goods and Services	425	575	733	726	-269	-266	889	1,035
Grants/Subsidies Received	1,709	1,601	156	160	-155	-155	1,710	1,607
Interest Receipts	148	156	8	12	-68	-59	89	110
Distribution from Investments with the Territory Banking Account	-	-	5	7	-5	-7	-	-
Dividends and Income Tax Equivalents	322	354	-	-	-246	-222	75	131
Other Receipts	398	387	109	85	-24	-24	483	448
Total Cash Received from Operating Activities	***4,226***	***4,248***	***1,011***	***990***	***-798***	***-760***	***4,440***	***4,477***
Cash Payments								
Payments for Employees	-1,780	-1,656	-167	-131	11	8	-1,936	-1,779
Payments for Goods and Services	-852	-758	-204	-148	46	55	-1,011	-851
Grants/Subsidies Paid	-772	-737	-29	-27	143	136	-658	-628
Interest Paid	-113	-87	-78	-73	73	66	-118	-95
Other Payments	-398	-381	-263	-449	125	191	-535	-638
Total Cash Paid from Operating Activities	***-3,915***	***-3,620***	***-741***	***-828***	***398***	***456***	***-4,258***	***-3,992***
Net Cash Flows from Operating Activities	**312**	**628**	**270**	**162**	**-400**	**-304**	**182**	**486**
Cash Flows from Investing Activities								
Cash Flows from Investments in Non-Financial Assets								
Sales of Non-Financial Assets	11	14	28	20	-	-	38	34
Purchases of Non-Financial Assets	-770	-735	-216	-318	159	86	-828	-967
Net Cash Flows from Investments in Non-Financial Assets	**-759**	**-721**	**-189**	**-298**	**159**	**86**	**-789**	**-933**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Cash Flows from Investments in Financial Assets for Policy Purposes								
Cash Receipts								
Repayment of Loans	2	1	-	-	-	-	2	1
Capital Receipts from Government Agencies	-	-	33	38	-33	-38	-	-
Dividends - Market Gains on Land Sales	6	15	-	-	-6	-15	-	-
Total Cash Received from Investment in Financial Assets for Policy Purposes	***8***	***16***	***33***	***38***	***-39***	***-53***	***2***	***1***
Cash Payments								
Issue of Loans	-3	-46	-	-	-	-	-3	-46
Capital Payments to Government Agencies	-33	-38	-	-	33	38	-	-
Dividends - Market Gains on Sales	-	-	-6	-15	6	15	-	-
Total Cash Paid from Investment in Financial Assets for Policy Purposes	***-36***	***-84***	***-6***	***-15***	***39***	***53***	***-3***	***-46***
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**-28**	**-68**	**27**	**23**	**-**	**-**	**-1**	**-45**
Cash Flows from Investments in Financial Assets for Liquidity Purposes								
Sales of Investments	79	218	101	180	-51	-139	128	259
Purchases of Investments	-260	-318	-43	-37	31	72	-272	-283
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**-181**	**-100**	**57**	**143**	**-21**	**-68**	**-144**	**-24**
Net Cash Flows from Investing Activities	**-968**	**-889**	**-104**	**-132**	**138**	**18**	**-934**	**-1,002**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2013

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Cash Flows from Financing Activities								
Cash Receipts								
Borrowings	798	570	0	214	-16	-297	782	487
Other Financing	-	-	-	-	-	-	-	-
Total Cash Received from Financing Activities	***798***	***570***	***0***	***214***	***-16***	***-297***	***782***	***487***
Cash Payments								
Borrowings	-57	-228	-13	-80	16	297	-53	-10
Dividends Paid	-	-	-140	-142	140	142	-	-
Other Financing	-	-	-101	-76	101	76	-	-
Total Cash Paid from Financing Activities	***-57***	***-228***	***-254***	***-298***	***257***	***516***	***-53***	***-10***
Net Cash Flows from Financing Activities	**741**	**342**	**-254**	**-84**	**241**	**218**	**729**	**477**
Net Increase/(Decrease) in Cash Held	**84**	**82**	**-87**	**-54**	**-20**	**-68**	**-23**	**-40**
Cash and Cash Equivalents at the Beginning of Reporting Period	**271**	**189**	**289**	**343**	**-68**	**-**	**492**	**532**
Cash and Cash Equivalents at the End of Reporting Period	**355**	**271**	**201**	**289**	**-88**	**-68**	**469**	**492**
Key Fiscal Aggregates								
Net Cash from Operating Activities	312	628	270	162	-400	-304	182	486
Net Cash Flows from Investments in Non-Financial Assets	-759	-721	-189	-298	159	86	-789	-933
Distributions Paid			-241	-218	241	218		
Cash Surplus (+) / Deficit (-)	**-448**	**-93**	**-159**	**-355**	**-**	**-**	**-607**	**-448**

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

66 ELIMINATION TABLE - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Eliminations*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
Derivation of ABS GFS Cash Surplus/Deficit								
Cash Surplus (+) / Deficit (-)	**-448**	**-93**	**-159**	**-355**	**-**	**-**	**-607**	**-448**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**-448**	**-93**	**-159**	**-355**	**-**	**-**	**-607**	**-448**

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

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:

	General Government Sector		*Public Trading Enterprises*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
(a) Reconciliation to GFS Net Operating Balance						
Net result from transactions - UPF Net Operating Balance	-346	43	160	168	-456	-97
Convergence differences:						
Dividend Payments (GFS classify dividends paid by Public Trading Enterprises as an expense)	-	-	-183	-207	-	-
GFS Net Operating Balance	**-346**	**43**	**-24**	**-39**	**-456**	**-97**
(b) Reconciliation to GFS Net Lending/(Borrowing)						
Net Lending/(Borrowing)	-754	-339	97	-79	-815	-582
Convergence differences:						
Relating to the Net Operating Balance (as above)	-	-	-183	-207	-	-
Change in Inventories (GFS include the change in inventory balances when calculating Net Lending/Borrowing)	5	-2	24	-30	33	-28
GFS Fiscal Balance	**-749**	**-341**	**-62**	**-316**	**-782**	**-610**
(c) Reconciliation to GFS Net Worth						
Net Worth	15,199	13,792	5,608	5,523	15,550	14,092
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)	347	321	-	-	-	-
Deferred Tax Liability (GFS exclude deferred tax liabilities in the calculation of net worth)	-	-	347	321	-	-
GFS Net Worth	**15,546**	**14,114**	**5,955**	**5,844**	**15,550**	**14,092**

67 RECONCILIATIONS TO ABS GFS MEASURES - CONTINUED

	General Government Sector		*Public Trading Enterprises*		*Total Territory*	
	2012-13 Actual *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*	**2012-13 Actual** *$m*	**2011-12 Actual** *$m*
(d) Reconciliation to GFS Net Financial Worth						
Net Financial Worth	767	51	-1,197	-1,044	-5,641	-6,166
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)	347	321	-	-	-	-
Deferred Tax Liability (GFS exclude deferred tax liabilities in the calculation of net worth)	-	-	347	321	-	-
GFS Net Financial Worth	**1,114**	**372**	**-850**	**-723**	**-5,641**	**-6,166**

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
6	**TAXATION REVENUE**				
	General Rates				
	GGS	290	209	81	39%
	Territory	278	199	79	40%
	The increase in general rates is associated with adoption of the general rates system as a revenue replacement mechanism for a number of inefficient taxes abolished under the Government's taxation reform. Major reforms in this area commenced as part of the 2012-13 Budget following a review of the ACT's taxation system. The reform package removes a number of inefficient taxes over a long term period including conveyance duty, general insurance and life insurance duty and replaces them with fairer, broader based taxes such as general rates.				
	Land Tax				
	GGS and Territory	71	115	-44	-39%
	Land tax decreased compared to 2011-12 predominately due to the abolition of commercial land tax under the ACT Government's Taxation Reforms, as discussed above.				
	Lease Variation Charge				
	GGS and Territory	15	9	7	77%
	Higher lease variation charge revenue is reflective of an increase in the number of large scale projects that were assessed during 2012-13.				
7	**GRANTS REVENUE**				
	GST Revenue Grants				
	GGS and Territory	971	837	134	16%
	GST revenue grants are higher in 2012-13 mainly as a result of an increase in the ACT's GST distribution relativity determined by the Commonwealth Grants Commission, an increase in the pool of GST receipts collected by the Commonwealth and an increase in the ACT's share of the national population.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
7 - Continued	**Gains from Contributed Assets**				
	GGS	66	93	-27	-29%
	The variance is predominately due to a lower value of infrastructure assets transferred, associated with the Land Release Program, at fair value to the Territory and Municipal Services Directorate from the Land Development Agency and external developers. Assets transferred include roads, streetlights, guardrails and infrastructure related to estate developments. The variance is also contributed to by a lower value of Affordable Rental Office properties transferred from Housing ACT due to lower demand in 2012-13 (a total of four properties were transferred compared to 23 in 2011-12).				
	Territory	38	55	-17	-30%
	This variance is largely due to a lower value of infrastructure assets transferred at fair value to the Territory and Municipal Services Directorate from external developers, as discussed above.				
8	**REVENUE FROM ASSOCIATES AND JOINT VENTURES**				
	ActewAGL Joint Venture				
	Territory	98	82	16	20%
	Higher revenue was received in 2012-13 from the ActewAGL Joint Venture as a result of an increase in the profitability of gas operations due to an increase in customers and greater profit margins in electricity operations.				
9	**OTHER SALES OF GOODS AND SERVICES**				
	Water, Sewerage and Other Related Services				
	Territory	255	216	39	18%
	This variance is mainly due to increased water and sewerage revenue resulting from a regulatory determination, higher water consumption and an increase in the number of billable sewerage fixtures.				
	Health Cross-Border Revenue				
	GGS and Territory	97	130	-33	-25%
	Health cross-border revenue was lower in 2012-13, predominately due to a change in the way in which part of this revenue is received. In 2012-13, the Commonwealth Government paid the ACT a Commonwealth grant (National Healthcare Specific Purpose Payment) to cover the cost of treating interstate patients. This revenue is now reflected as Commonwealth grants rather than payment for sales of goods and services. The remaining health cross-border revenue is received directly from other jurisdictions, mainly New South Wales.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
9 - Continued	**Fire Services**				
	GGS and Territory	2	12	-8	-79%
	The decrease in fire services revenue is mainly reflective of a change in the way in which this revenue is received. From 2012-13, this revenue is received from the Commonwealth as a Commonwealth grant rather than payment for sales of goods and services.				
	Sales of Land Rent Blocks				
	GGS and Territory	25	-	25	100%
	Sale of land rent blocks showed an increase due to a change in accounting policy for the treatment of these sales as inventory. The Territory considers that this land is routinely sold in the ordinary course of business and is therefore classified as sales of inventory. In 2011-12, these sales were presented on a net basis (i.e. net of the cost of sales) under net/gain loss. Comparatives have not been amended to reflect the current years presentation due to their immaterial nature. Refer to Note 3(a): 'Change in Accounting Policy and Estimates' for further information.				
	Other Sales and Services				
	GGS	51	41	11	26%
	Territory	36	28	8	30%
	The increase in other sales and services is associated with revenue received in 2012-13 for the National Rugby League international test and the Super 15 Rugby Union match, as well as increased sales resulting from the Elton John concert held at Canberra Stadium in November 2012. The variance was also impacted by higher receipts received by the ACT Insurance Authority due to the annual actuarial review of premiums, and revenue received by the Independent Competition and Regulatory Commission for the Water and Waste Water Pricing Review from ACTEW Corporation Limited.				
10	**INTEREST INCOME**				
	Interest Received from Banks				
	GGS	55	67	-11	-17%
	Lower interest from banks for the GGS is largely due to lower funds held and lower investment returns for the 2012-13 year.				
	Territory	62	78	-16	-21%
	Lower interest from banks for the Territory is mainly due to the reasons discussed above, combined with lower cash balances held by ACTEW Corporation Limited reflecting expenditure associated with progress on Water Security Major Projects such as the Enlarged Cotter Dam.				

APPENDIX A
VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
10 - Continued	**Interest Received - Non-Bank**				
	Territory	14	30	-16	-52%
	The decrease is predominately due to lower interest rates and distributions on the Territory's superannuation investments, in particular distributions received from the unlisted, pooled unit trust investments.				
11	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	Dividends from Public Trading Enterprises				
	GGS	183	207	-24	-11%
	Dividends from Public Trading Enterprises were lower in 2012-13, primarily due to lower returns from the Land Development Agency resulting from decreased land sales primarily in the Bonner and Harrison 4 estates due to decreased market demand.				
	Dividends from Super Investments				
	GGS and Territory	78	125	-47	-38%
	This variance is mainly due to a lower level of distribution on unlisted, pooled unit trust investments.				
	Income Tax Equivalents from Public Trading Enterprises				
	GGS	84	114	-30	-26%
	Lower income tax equivalents from Public Trading Enterprises is mainly due to additional revenue recognised in 2011-12 from ACTEW Corporation Limited as a result of the ATO Interpretative Decision 2012/05 - Derivation of Income: Unbilled Supply of Energy. This determination resulted in the bringing forward of revenue into 2011-12. The variance is also contributed to by lower returns from the Land Development Agency, as mentioned above.				
12	**LAND REVENUE (VALUE ADD)**				
	Land Revenue (Value Add Component)				
	Territory	87	132	-44	-34%
	The variance is primarily due to decreased land sales, mainly in Bonner and Harrison 4 due to decreased market demand.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
13	**OTHER REVENUE**				
	Net Insurance Recoveries				
	GGS and Territory	-1	14	-15	-105%
	This variance is due to the annual actuarial assessment of insurance recoveries. For the Territory's reporting purposes, this decrease is partially offset by an increase in other gains/losses as indicated at Note 24.				
	Other				
	GGS	50	71	-21	-30%
	Territory	68	81	-14	-17%
	Other revenue decreased predominately due to the distribution of monies from the Default Insurance Fund in 2011-12, which was originally provided in relation to the collapse of HIH Insurance in 2001. The decrease also reflects a large one off grant received by the Health Directorate in 2011-12 from Workforce Australia for training and education purposes.				
14	**EMPLOYEE EXPENSES**				
	Long Service Leave				
	GGS	46	29	17	59%
	Territory	50	31	19	60%
	The increase in long service leave expense is mainly reflective of higher salaries and wages at 30 June 2013 in line with current Enterprise Bargaining Agreements and staff movements.				
	Workers' Compensation Insurance Premium				
	GGS	53	42	10	24%
	Territory	62	49	13	26%
	This variance is attributed to reductions in the estimated rates of future investment returns; changes in actuarial assumptions regarding how long workers were expected to be off work; legislative changes such as an allowance for the pension age to increase, extended cover for fire fighters and the reintroduction of workers' compensation coverage for injuries sustained when an employee is temporarily absent from the workplace during an ordinary recess (for example, a lunch break); and an increase in claims administration expenses.				

APPENDIX A
VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
15	**SUPERANNUATION EXPENSES**				
	Superannuation Expenses (CSS and PSS)				
	GGS and Territory	522	420	101	24%
	The increase in superannuation expense is mainly due to the superannuation liability valuation as at 30 June 2012. A lower discount rate of 3.4 per cent was used in the estimate, which increased the estimated liability and increased the associated superannuation expense during the 2012-13 financial year (the discount rate was 5.3 per cent as at 30 June 2011).				
	Superannuation to Other External Providers, including Fund of Choice				
	GGS	64	56	8	15%
	Territory	72	61	11	19%
	This variance is primarily due to new staff accessing external superannuation schemes as a result of closure of access to the Commonwealth Superannuation Scheme, Public Sector Superannuation Scheme and Public Sector Superannuation Accumulation Plan. The increase is also attributed to higher wages and salaries at 30 June 2013 in line with current Enterprise Bargaining Agreements.				
16	**DEPRECIATION AND AMORTISATION**				
	Buildings				
	GGS	133	99	34	35%
	Territory	149	115	34	30%
	The increase in depreciation on buildings is mainly due to the acceleration of depreciation by the Health Directorate for refurbishment works at the old Women's and Children's Hospital, Tuggeranong Health Centre and The Canberra Hospital. The increase is also attributed to the addition of new buildings such as the Centenary Hospital for Women and Children, Gungahlin Community Health Centre and the Cancer Patient Accommodation property in Duffy.				
17	**INTEREST EXPENSE**				
	Interest Expense on Borrowings				
	GGS	112	82	31	38%
	Territory	112	81	31	38%
	Interest expense on borrowings increased predominately due to a higher level of outstanding borrowings at 30 June 2013, as budgeted, to support the ACT Government's continued investment in the Territory's Infrastructure Program.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
18	**SUPPLIES AND SERVICES**				
	Materials, Equipment and Supplies				
	GGS	205	163	42	26%
	The variance is attributed to an increase in public liability insurance claims settlements, higher operating lease charges and increased aircraft hire charges associated with Bushfire Operations Plan activities.				
	Territory	276	204	72	35%
	This variance is due to the reasons described above and an increase in costs for ACTION, including higher public liability insurance and an increase in fuel expenses, resulting from increased kilometres travelled because of additional bus charters, and the full year impact of additional kilometres for the network introduced in 2012 (Network 12).				
	Property Rental and Occupancy Expenses (including Utilities)				
	GGS	72	61	11	18%
	Territory	64	53	11	22%
	The increase is primarily due to an increase in electricity and water costs largely reflecting the impact of the carbon tax and office accommodation expenses relating to rental increases and additional leased premises. The increase is also caused by more sportsground watering resulting from warmer weather.				
19	**OTHER OPERATING EXPENSES**				
	Cost of Goods Sold				
	GGS	41	17	24	136%
	The increase in cost of goods sold is mainly due to a change in accounting policy for the treatment of land rent sales. The Territory has made a judgement that this land can be routinely sold in the ordinary course of business and therefore has recognised a cost of goods sold expense on these sales. In 2011-12, these sales were presented on a net basis as a net/gain loss on sale of non-financial assets. Comparatives have not been amended to reflect the current years presentation due to their immaterial nature. Refer to Note 3(a): 'Change in Accounting Policy and Estimates' for further information.				
	Territory	118	137	-18	-13%
	The decrease in cost of goods sold is mainly due to the abolishment of the Utilities Management Agreement with the ActewAGL Distribution. This was partially offset by the increase described above.				

APPENDIX A
VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
19 - Continued	**Net Insurance Claim Payments**				
	GGS	27	65	-38	-58%
	Territory	24	62	-37	-60%
	This variance is due to the annual estimate of insurance recoveries. For the Territory's reporting purposes, this decrease is partially offset by an increase in other gains/losses as indicated below at note 24.				
	Other				
	GGS	32	11	21	193%
	Territory	34	17	17	99%
	The increase in other expenses is a result of higher Lease Variation Charge waivers with six waivers provided for in 2012-13 compared to two in 2011-12, and increased expenses associated with cross-border health activity due to higher demand for interstate health services.				
20	**GRANTS AND PURCHASED SERVICES**				
	Other Current Grants				
	GGS	39	32	8	24%
	Territory	43	35	8	23%
	The increase is attributed to business support initiatives funded in the 2012-13 Budget (mainly to National ICT Australia) and payment to Pace Farm to convert its facilities from cage to barn egg production.				
	Capital Grants				
	Territory	16	7	9	139%
	Capital grants increased in 2012-13, mainly due to the recognition of expenses associated with the transfer of 53 housing units to Argyle Community Housing Ltd in accordance with commitments agreed with the Commonwealth under the Nation Building and Jobs Plan Economic Stimulus Initiative.				
21	**DIVIDENDS - MARKET GAINS ON LAND SALES**				
	Dividends - Market Gains on Land Sales				
	GGS	6	15	-9	-58%
	This decrease is predominately due to lower land sales, particularly represented in 2012-13 by no englobo sales to private developers due to a shift in focus in the Land Development Agency on the type of developments undertaken and lower demand in the commercial sector.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
22	**LAND REVENUE (MARKET GAINS ON LAND SALES)**				
	Land Revenue (Market Gains on Land Sales)				
	Territory	9	21	-12	-58%
	The decrease is mainly due to lower land sales, particularly represented in 2012-13 by no englobo sales as discussed above and lower demand in the commercial sector.				
23	**NET LAND REVENUE (UNDEVELOPED LAND VALUE)**				
	Land Revenue (Undeveloped Land Value)				
	GGS and Territory	47	129	-82	-64%
	The decrease is reflective of lower land sales primarily in Bonner and Harrison 4 due to lower market demand.				
24	**NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS**				
	Other Gains / Losses (Non-Core Activities)				
	GGS Other Gains	57	2	55	#
	GGS Other Losses	-	43	-43	-100%
	GGS Net Gain / (Loss)	57	-41	98	#
	Territory Other Gains	59	4	56	#
	Territory Other Losses	-	45	-45	-100%
	Territory Net Gain / (Loss)	59	-41	101	#
	The increase in other gains/losses is primarily reflective of a decrease in the rate used to estimate the present value of insurance claim expenses, as well as the use of a rate of 106.6 per cent in 2011-12 compared to 101.3 per cent in 2012-13 to estimate the present value of long service leave liabilities.				
	Impairment Losses and Write-Offs				
	GGS	2	8	-6	-67%
	The decrease is mainly reflective of the impairment of the Commonwealth Fire Services Payments in 2011-12.				
	Loss on Disposal of Assets				
	GGS	31	18	14	79%
	Territory	32	15	16	108%
	Loss on disposal of assets has increased in 2012-13, primarily due to the expensing of capital works in progress relating to landscaping around road works and the disposal of land and buildings at the Canberra Institute of Technology Weston Campus.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
25	**NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE**				
	Realised and Unrealised Gains on Investments				
	GGS and Territory	321	42	279	661%
	Realised and Unrealised Losses on Investments				
	GGS and Territory	-50	-175	125	71%
	Net Gain/(Loss) - GGS and Territory	271	-133	404	#
	Higher net gains on investments is mainly due to stronger performance on global equity markets resulting in higher gains on the Territory's superannuation investments, partially offset by a lower level of unrealised losses resulting from lower distributions received from unlisted unit trust investments on the Territory's superannuation investments.				
27	**WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS**				
	Waivers				
	GGS and Territory	13	1	12	#
	The increase in waivers is mainly due to higher Lease Variation Charge waivers with six waivers provided for in 2012-13 compared to two in 2011-12.				
	Plant and Equipment				
	GGS	9	1	8	#
	Territory	14	3	11	401%
	The increase is mainly due to impairment of the former Quamby Youth Detention Centre. These assets were impaired due to them becoming unsuitable for future tenancy due to the specific nature of the building.				
	Write-Offs				
	GGS	13	7	6	86%
	Territory	14	8	6	64%
	This increase is mainly due to the impairment of the Commonwealth Fire Services Payment in 2011-12 which was written off in 2012-13.				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

APPENDIX A
VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
29	**CASH AND DEPOSITS**				
	Cash at Bank				
	GGS	394	309	85	28%
	Territory	430	347	83	24%
	The increase in cash at bank is primarily reflective of higher cash held by the Superannuation Provision Account reflecting temporary liquidity and investment opportunities on a portion of the investment portfolio's cash investments.				
30	**ADVANCES PAID**				
	Current Loans Receivable				
	GGS	19	29	-9	-32%
	The variance is mainly due to a decrease in loans receivable from ACTEW Corporation Limited. Compared to 30 June 2012, the Consumer Price Index (CPI) was higher, resulting in lower principle repayments.				
	Non-Current Loans Receivable				
	Territory	126	91	35	38%
	The increase is mainly reflective of additional loans issued to the University of Canberra to fund the construction of student accommodation facilities.				
31	**INVESTMENTS AND LOANS**				
	Short-Term Securities				
	Territory	78	183	-105	-58%
	This variance is due to borrowings undertaken by ACTEW Corporation Limited in 2011-12 to fund dividend payments and Water Security Major Projects.				
	Shares and Equities				
	GGS and Territory	1,647	1,326	321	24%
	The higher shares and equities balance for 2012-13 is reflective of strong global equity market investment returns being achieved during 2012-13 by the Superannuation Provision Account.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
32	**RECEIVABLES**				
	Trade Receivables - Current				
	Territory	230	178	52	29%
	The increase is associated with a receivable following sale of the ACT Government's share in the Woden East Joint Venture to Hindmarsh in 2012-13 and higher GST receivable related to land sales.				
	Prepayments - Current				
	Territory	32	49	-17	-35%
	The decrease in prepayments is associated with the inclusion of a prepayment in 2011-12 by ACTEW Corporation Limited to acquire ActewAGL's water and sewerage business.				
	Accrued Revenue - Current				
	GGS	211	188	23	12%
	The increase in accrued revenue mainly reflects higher returns from ACTEW Corporation Limited due to increased profitability resulting from higher water and sewerage revenue, increased distributions from the ActewAGL Joint Venture and lower operating costs associated with the abolishment of the Utilities Management Agreement with ActewAGL Distribution.				
	Other Current Receivables				
	GGS	161	75	86	115%
	Territory	162	83	78	94%
	Other current receivables increased mainly due to the implementation of a new health cross-border agreement for 2012-13.				
	Insurance Receivables - Non-Current				
	GGS and Territory	8	86	-78	-91%
	Lower insurance receivables is due to a reduction in expected re-insurance recoveries relating to outstanding bushfire claims. Outstanding claims settled in relation to the bushfire liability were lower than estimated resulting in a lower re-insurance recovery.				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
34	**INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**				
	Investments in Joint Ventures - Current				
	Territory	8	25	-16	-66%
	This variance is mainly due to the sale of the ACT Government's share in the Woden East Joint Venture to Hindmarsh in 2012-13.				
35	**PROPERTY, PLANT AND EQUIPMENT** **(Includes Produced and Non-Produced)**				
	Land				
	GGS	1,291	1,005	287	29%
	The increase in the value of land assets is primarily due to a revaluation of assets held by the Economic Development Directorate (predominately sportsgrounds) and a reclassification of assets from the infrastructure assets category that are more appropriately identified as land assets.				
38	**INVENTORIES**				
	Inventory Works in Progress				
	Territory - Current	41	27	14	53%
	Territory - Non-Current	86	58	27	47%
	The increase in inventory works in progress at 30 June 2013 is predominately due to the Land Development Agency's increased development activity. This includes developments in Jacka, Molonglo, Kingston Foreshore and New West (Hume).				

APPENDIX A

VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
40	**CAPITAL WORKS-IN-PROGRESS**				
	Construction - Residential Buildings				
	Territory	23	31	-8	-25%
	Decreased residential building construction is mainly reflective of increased activity that took place in 2011-12 as a result of housing related projects under the Commonwealth's Nation Building program. Construction activity returned to more normal levels in 2012-13.				
	Infrastructure				
	GGS	348	309	39	13%
	Infrastructure construction in progress increased mainly due to an increased number of works in progress, particularly in the Economic Development Directorate. Works being undertaken include John Gorton Drive, the Horse Park Drive Extension to Moncrieff Group Centre, Canberra Central Business District Upgrades, North Weston Road Intersection Reconstruction, Gungahlin Wellbeing Precinct Infrastructure Works and Gungahlin Enclosed Oval - Construction of Grandstand.				
	Territory	458	849	-390	-46%
	Infrastructure works in progress decreased in 2012-13, mainly due to the completion of Water Security Major Projects by ACTEW Corporation Limited, namely the Enlarged Cotter Dam and Murrumbidgee to Googong Transfer Pipeline projects.				
	Software				
	GGS	68	56	12	21%
	Territory	69	57	12	22%
	The increase in software works in progress is mainly reflective of additional software installed by the Health Directorate, including the e-Health, Identity Access Management and Digital Mammography projects.				
42	**DEPOSITS HELD**				
	Current Financial Creditors				
	GGS	139	120	19	15%
	This increase in current financial creditors is mainly due to a higher level of funds invested with the Territory Banking Account by ACT Government agencies.				

APPENDIX A
VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
45	**OTHER BORROWINGS**				
	Current Banks and Financial Institutions				
	GGS and Territory	49	56	-7	-12%
	The decrease incorporates a lower bank overdraft balance held by the Shared Services Centre. This overdraft is reflective of the timing of receipts and payments relating to capital works project expenditure on behalf of ACT Government agencies.				
	Non-Current Bonds and Bills				
	GGS and Territory	2,486	1,687	799	47%
	The increase is mainly due to a higher level of outstanding borrowings at 30 June 2013, to support the ACT Government's continued investment in the Territory's Infrastructure Program.				
47	**OTHER EMPLOYEE BENEFITS AND PROVISIONS**				
	Other Non-Employee Provisions				
	Territory - Current	42	38	4	12%
	Territory - Non-Current	52	43	9	21%
		94	81	13	17%
	Increased other non-employee provisions is associated with the recognition of a provision for the Comcare exit scheme by ACTEW Corporation Limited.				
48	**PAYABLES**				
	Trade Payables				
	Territory	82	95	-13	-14%
	Trade payables decreased mainly due to the timing of a large claim for Water Security Major Projects by ACTEW Corporation Limited in 2011-12.				
	Accrued Expenses				
	GGS	80	64	16	25%
	Territory	95	76	18	24%
	The increase in accrued expenses is associated with increased expenses for cross-border health activity due to higher demand for interstate health services.				
	GST Liability				
	GGS	1	9	-8	-84%
	Territory	5	12	-7	-58%
	This decrease is primarily due to an overstatement of the GST liability in 2011-12. This error was corrected in 2012-13 and is immaterial to the Territory.				

APPENDIX A
VARIANCE EXPLANATIONS - 2012-13 Actual Compared to 2011-12 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. All amounts in the Appendices have been rounded to the nearest million dollars.

Note No.		*2012-13 Actual $m*	*2011-12 Actual $m*	*Variance $m*	*Variance %*
48 - Continued	**Insurance Payables**				
	GGS and Territory - Current	33	35	-2	-6%
	GGS and Territory - Non-Current	277	384	-107	-28%
		310	420	-109	-26%
	Lower insurance payables relate to a reduction in outstanding bushfire claims resulting from settlement of these claims.				
	Other Payables				
	GGS - Current	47	88	-41	-47%
	GGS - Non-Current	3	4	-1	-34%
		49	92	-42	-46%
	Other payables has reduced primarily reflecting the large accrual of amounts owing to the Land Development Agency for purchases under the Land Rent Scheme at 30 June 2012. Demand for the scheme was larger than anticipated and additional appropriation was provided to the Commerce and Works Directorate to make these payments to the Land Development Agency in 2012-13, extinguishing the 2011-12 accrual.				
	Territory - Current	27	16	11	69%
	Territory - Non-Current	3	4	-1	-25%
		29	20	10	50%
	The increase in other payables is mainly due to the introduction of land rent security payments. Land rent security payments are amounts held by the Land Development Agency in respect of exchanged contracts for land rent blocks to offset the costs of holding and re-selling the land if the sales contracts is terminated by prospective purchasers.				

APPENDIX B

VARIANCE EXPLANATIONS - 2012-13 Actual compared to 2012-13 Budget

for variances greater than 15 per cent and greater than $18 million

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts in the Appendices have been rounded to the nearest million dollars.

Reference No.		*2012-13 Actual $m*	*2012-13 Budget $m*	*Variance $m*	*Variance %*
7	**GAINS FROM CONTRIBUTED ASSETS**				
	GGS	66	92	-25	-28%
	Lower gains on contributed assets reflects a lower than anticipated value of infrastructure transfers at fair value from the Land Development Agency to the Territory and Municipal Services Directorate. Delays have occurred due to slower than anticipated construction and delays in administrative processes.				
	Territory	38	19	19	104%
	The higher gains from contributed assets at the Territory level is mainly due to the anticipated recognition of new land under roads in the 2012-13 Budget of $15 million. No new amounts were recognised in 2012-13. At the Territory level this is considered a revaluation and is reflected in net gains/losses in other economic flows.				
8	**REVENUE FROM ASSOCIATES AND JOINT VENTURES**				
	Territory	149	104	44	43%
	The variance reflects the sale of the ACT Government's share in the Woden East Joint Venture to Hindmarsh during 2012-13, which was not anticipated at the time of the 2012-13 Budget. The variance is also impacted by revenue from the ActewAGL Joint Venture being higher than budget due to the adoption of a revised cost allocation method for electricity networks and strong margins resulting from higher volumes and customer growth in gas networks. The gas and electricity business also experienced better than expected returns.				
11	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	GGS	345	283	62	22%
	Higher dividend and income tax equivalents income is mainly due to higher returns from Public Trading Enterprises than what was forecast at the time of the 2012-13-Budget, particularly from the Land Development Agency due to lower expenditure. Higher financial investment dividends were also a factor and were due to the earlier than anticipated receipt of distributions to the Superannuation Provision Account from the sale of investment assets.				

APPENDIX B

VARIANCE EXPLANATIONS - 2012-13 Actual compared to 2012-13 Budget

for variances greater than 15 per cent and greater than $18 million

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts in the Appendices have been rounded to the nearest million dollars.

Reference No.		*2012-13 Actual $m*	*2012-13 Budget $m*	*Variance $m*	*Variance %*
12	**LAND REVENUE (VALUE ADD COMPONENT)**				
	Territory	87	202	-114	-57%
	Lower land revenue is due to less land sales associated with the delay in anticipated sales in Campbell and Kingston. Commercial land sales were also lower than forecast, having been impacted by lower than anticipated demand in this sector.				
23	**NET LAND REVENUE (UNDEVELOPED LAND VALUE)**				
	GGS and Territory	47	120	-74	-61%
	This variance reflects the timing of land sales by the Territory and Municipal Services Directorate to the Land Development Agency. The less than expected result was impacted by the lower land sales discussed above.				
24	**NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS**				
	Territory	17	-24	41	#
	The higher net gain is reflective of a lower rate used to estimate the present value of insurance claims liabilities. The rate used to estimate the value of long service entitlements was also lower, 104.8 per cent in the budget compared to 101.3 per cent at 30 June 2013.				
25	**NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE**				
	GGS	271	77	193	250%
	Territory	271	78	193	249%
	This movement is predominately reflective of higher than forecast returns achieved by the Superannuation Provision Account due to stronger than anticipated returns on global share markets.				
29	**CASH AND DEPOSITS**				
	GGS	406	204	202	99%
	Territory	441	254	188	74%
	This variance is primarily due to higher than anticipated cash held by the Superannuation Provision Account, reflecting temporary liquidity and investment opportunities on a portion of the investment portfolio's cash investments. The variance is also attributed to higher funds held by the Territory Banking Account and the timing of capital works payments.				

APPENDIX B

VARIANCE EXPLANATIONS - 2012-13 Actual compared to 2012-13 Budget

for variances greater than 15 per cent and greater than $18 million

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts in the Appendices have been rounded to the nearest million dollars.

Reference No.		*2012-13 Actual $m*	*2012-13 Budget $m*	*Variance $m*	*Variance %*
30	**ADVANCES PAID**				
	Territory	126	95	31	32%
	The higher than expected advances paid balance is mainly due to the issue of a new loan to the University of Canberra for the development of student accommodation facilities which was not anticipated in the 2012-13 Budget.				
31	**INVESTMENTS AND LOANS**				
	GGS	3,609	3,026	582	19%
	Territory	3,687	3,096	591	19%
	This variance is mainly due to higher than anticipated surplus funds invested with the Territory Banking Account and strong global equity market investment returns to the Superannuation Provision Account.				
32	**RECEIVABLES**				
	GGS	536	399	137	34%
	Territory	515	304	211	69%
	The greater than forecast receivables balance is associated with the implementation of a new health cross border agreement for 2012-13 and higher than anticipated returns from the Land Development Agency resulting from lower expenses associated with land sales.				
37	**INTANGIBLES**				
	GGS	27	79	-52	-66%
	Territory	57	103	-47	-45%
	The lower value of intangibles is primarily due to delays with ICT projects in the Health Directorate such as e-Health and Identity Access Management, the timing of other projects within the Justice and Community Safety Directorate including Emergency Services Agency (ESA) ICT, ESA Mobile Data Solution, ESA Centracom Replacement and Office of Regulatory Services Working with Vulnerable People Checks and the timing of the Real Time Passenger Information System.				
38	**INVENTORIES**				
	Territory	174	231	-58	-25%
	Inventories were lower than anticipated at the time of the 2012-13 Budget primarily due to lower development activity and expenditure by the Land Development Agency due to decreased market demand.				

APPENDIX B
VARIANCE EXPLANATIONS - 2012-13 Actual compared to 2012-13 Budget
for variances greater than 15 per cent and greater than $18 million

GGS = General Government Sector

Note: A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts in the Appendices have been rounded to the nearest million dollars.

Reference No.		*2012-13 Actual $m*	*2012-13 Budget $m*	*Variance $m*	*Variance %*
42	**DEPOSITS HELD**				
	GGS	139	35	104	292%
	The higher than anticipated deposits held balance is reflective of a higher than anticipated level of funds invested by ACT Government agencies in the Territory Banking Account.				
46	**SUPERANNUATION**				
	GGS and Territory	6,788	5,105	1,683	33%
	The higher than budget superannuation liability is primarily due to the liability estimate at 30 June 2013. A discount rate of 4.3 per cent was used to estimate the present value of the liability compared to the long term budget discount rate assumption of 6 per cent. A lower discount rate results in a higher liability valuation and vice versa.				
48	**PAYABLES**				
	GGS	517	627	-109	-17%
	The variation is mainly due to the settlement of outstanding bushfire insurance claims.				
	Territory	565	742	-178	-24%
	This variation is predominately due to reduction in outstanding bushfire insurance claims discussed above, the recognition of additional costs in ACTION at the time of the 2012-13 Budget for which the payable was extinguished with a Treasurer's Advance, and a reduction in revenue received in advance by the Land Development Agency due to lower than anticipated land sales.				

APPENDIX C
GLOSSARY

KEY FISCAL AGGREGATES

Net Debt

The sum of deposits held, advances received and borrowings, less 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 positive position indicates that cash reserves and investments are lower than gross liabilities placing a call on future revenues to service these liabilities. A negative position indicates that cash reserves and investments are greater than gross liabilities.

Net Financial Liabilities

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

Net Financial Worth

The amount by which total financial assets exceed 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 financial statements.

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 GFS, AASB and the Uniform Presentation Framework.

APPENDIX C
GLOSSARY - CONTINUED

Materiality

Materiality is the concept of establishing the importance of financial data in accordance with *AASB 1031: Materiality (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 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.

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 harmonised whole of government reporting standard.