Australian Capital Territory Government

Consolidated Annual Financial Statements

2013-2014 Financial Year

FOR THE QUEEN, THE LAW, AND THE PEOPLE

ACT Government

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

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ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

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 2014 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 2014:

(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 2014 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
30 October 2014

CERTIFICATION BY THE TREASURER
AND THE UNDER TREASURER OF THE
CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT 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 2014 fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.

Andrew Barr MLA
Treasurer

Date: 27.10.2014

Certification by the Under Treasurer

The Under Treasurer of the Chief Minister, Treasury and Economic Development Directorate has been delegated responsibility for administering the FMA[1], and therefore the financial administration of the Territory's activities. This responsibility for managing the 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, Treasury and Economic Development Directorate.

It is my opinion that the attached financial statements for the year ended 30 June 2014 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, Treasury and Economic Development Directorate

Date: 27 October 2014

Note (1): Under the current administrative arrangements, the Director-General of the Chief Minister, Treasury and Economic Development Directorate is responsible for certifying the Consolidated Annual Financial Statements. 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 2014

		General Government Sector			Total Territory		
	Note	2013-14 Actual	2013-14 Budget	2012-13 Actual	2013-14 Actual	2013-14 Budget	2012-13 Actual
	No.	$m	$m	$m	$m	$m	$m
Revenue							
Taxation Revenue	6	1,296	1,299	1,237	1,260	1,262	1,201
Grants Revenue							
Commonwealth Grants	7	1,840	1,794	1,713	1,841	1,794	1,714
Gains from Contributed Assets	7	90	136	66	35	49	38
Sales of Goods and Services							
Revenue from Associates and Joint Ventures	8	-	-	-	107	83	149
Other Sales of Goods and Services	9	500	438	482	847	835	844
Interest Income	10	141	136	138	64	58	68
Distributions from Financial Investments[a]	11	118	-	73	118	-	73
Dividend and Income Tax Equivalents Income	12	215	305	285	24	84	17
Other Revenue							
Land Revenue (Value Add Component)	13	-	-	-	81	135	87
Other Revenue	14	142	131	123	160	135	130
Total Revenue		**4,342**	**4,237**	**4,117**	**4,538**	**4,432**	**4,321**
Expenses							
Employee Expenses	15	1,652	1,583	1,574	1,829	1,757	1,744
Superannuation Expenses							
Superannuation Interest Cost	16	300	314	264	300	314	264
Other Superannuation Expense	16	306	242	347	316	251	357
Depreciation and Amortisation	17	333	339	341	404	410	405
Interest Expense	18	150	150	124	149	152	123
Other Operating Expenses							
Supplies and Services	19	816	919	821	943	1,094	946
Other Operating Expenses	20	183	200	193	198	183	250
Grants and Purchased Services	21	836	831	799	707	709	689
Total Expenses		**4,575**	**4,578**	**4,464**	**4,846**	**4,870**	**4,777**
UPF[b] Net Operating Balance		**-233**	**-341**	**-346**	**-309**	**-438**	**-456**
Other Economic Flows - Included in the Operating Result							
Dividends (Market Gains on Land Sales)	22	8	38	6	-	-	-
Land Revenue (Market Gains on Land Sales)	23	-	-	-	12	54	9
Net Land Revenue (Undeveloped Land Value)	24	50	203	47	50	203	47
Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	25	-29	-	20	-34	-34	17
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	26	261	87	271	261	87	271
Doubtful Debts[c]	27	-4	-4	-7	-6	-6	-9
Operating Result		**53**	**-18**	**-10**	**-26**	**-134**	**-122**

Notes: (a) The line item "Distributions from Financial Investments" has been added in 2013-14 to better reflect the nature of distributions from unit trusts to the Superannuation Provision Account. These amounts are reflected as Dividend and Income Tax Equivalents Income and Interest Income in the 2013-14 Budget. The prior year comparative has been updated to reflect this treatment.

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

(c) A negative figure for Doubtful Debts indicates an expense.

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 2014

		General Government Sector			Total Territory		
	Note No.	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Items that will not be Subsequently Reclassified to Profit or Loss							
Superannuation Actuarial Gain/(Loss)		-356	-	1,087	-356	-	1,087
Prior Year Adjustment		-1	-	4	-	-	4
Other Movements		0	0	3	0	0	3
Increase/(Decrease) in the Asset Revaluation Surplus		-101	16	269	23	141	483
Increase/(Decrease) in Other Reserves		0	2	-	0	2	-
Items that may be Subsequently Reclassified to Profit or Loss							
Increase/(Decrease) in Other Reserves		2	-	1	2	-	1
Total Comprehensive Income		**-403**	**0**	**1,355**	**-357**	**9**	**1,458**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
UPF Net Operating Balance		**-233**	**-341**	**-346**	**-309**	**-438**	**-456**
***less* Net Acquisition of Non-Financial Assets**							
Payments for Non-Financial Assets		660	864	770	693	890	828
Sales of Non-Financial Assets		-34	-3	-11	-73	-47	-38
Land Revenue (Net Cash Receipts)		-36	-165	-65	-74	-205	-62
Depreciation and Amortisation		-333	-339	-341	-404	-410	-405
Other Movements in Non-Financial Assets		85	134	54	34	49	37
Total Net Acquisition of Non-Financial Assets		*341*	*492*	*407*	*176*	*276*	*359*
Net Lending / (Borrowing)		**-575**	**-832**	**-754**	**-485**	**-714**	**-815**

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 2014

	Note No.	General Government Sector 2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m	Total Territory 2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Financial Assets							
Cash and Deposits	30	422	307	406	472	387	441
Advances Paid	31	1,590	1,590	1,482	141	163	126
Investments and Loans	32	4,024	3,321	3,609	4,081	3,373	3,687
Receivables	33	370	518	536	374	365	515
Equity Investments							
Investments in Other Public Sector Entities	34	5,721	5,659	5,608	-	-	-
Investments Accounted for Using the Equity Method	35	-	-	-	634	642	610
Total Financial Assets		**12,128**	**11,395**	**11,639**	**5,701**	**4,930**	**5,378**
Non-Financial Assets							
Produced Assets							
Property, Plant and Equipment	36	11,211	11,495	10,942	14,536	14,799	14,268
Investment Properties	37	3	2	2	10	2	7
Intangibles	38	30	57	27	49	79	57
Inventories	39	16	13	17	215	221	174
Assets Held for Sale	40	1	1	1	26	23	8
Capital Works-in-Progress	41	768	679	705	912	799	833
Non-Produced Assets							
Property, Plant and Equipment	36	2,663	2,705	2,711	5,845	5,886	5,816
Biological Assets	42	26	28	26	26	28	26
Total Non-Financial Assets		**14,718**	**14,981**	**14,432**	**21,619**	**21,838**	**21,188**
Total Assets		**26,845**	**26,376**	**26,071**	**27,320**	**26,768**	**26,567**
Liabilities							
Deposits Held	43	131	27	139	16	16	16
Advances Received	44	83	83	86	160	160	168
Borrowings							
Finance Leases	45	23	21	23	24	22	24
Other Borrowings	46	3,085	3,167	2,744	3,085	3,167	2,744
Superannuation	47	7,483	5,373	6,788	7,484	5,373	6,788
Employee Benefits	48	610	586	545	677	715	608
Other Provisions	48	17	-	17	107	-	94
Payables	49	522	574	517	565	641	565
Other Liabilities	50	10	41	13	10	45	13
Total Liabilities		**11,965**	**9,873**	**10,873**	**12,127**	**10,139**	**11,019**
Net Assets		**14,880**	**16,503**	**15,199**	**15,193**	**16,629**	**15,550**
Equity in Public Trading Entities	51(a)	5,721	5,659	5,608	-	-	-
Accumulated Funds	51(b)	3,875	5,686	4,206	6,113	7,853	6,464
Asset Revaluation Surplus	51(c)	5,283	5,157	5,387	9,066	8,763	9,075
Other Reserves	51(d)	0	0	-2	13	13	11
Net Worth		**14,880**	**16,503**	**15,199**	**15,193**	**16,629**	**15,550**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Financial Worth		162	1,522	767	-6,426	-5,209	-5,641
Net Financial Liabilities		5,559	4,137	4,841	7,060	5,851	6,250
Net Debt (Including Superannuation Related Investments)		-2,714	-1,920	-2,504	-1,409	-559	-1,303
Net Debt (Excluding Superannuation Related Investments)		313	847	109	1,617	2,208	1,311

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 2014

		General Government Sector			Total Territory		
	Note No.	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Opening Equity							
Opening Equity in Public Trading Entities		5,608	5,525	5,523	-	-	-
Opening Accumulated Funds		4,206	5,743	3,143	6,464	7,965	5,448
Opening Asset Revaluation Surplus		5,387	5,141	5,129	9,075	8,644	8,634
Opening Other Reserves		-2	-2	-3	11	11	10
Opening Balance at 1 July 2013		**15,199**	**16,408**	**13,792**	**15,550**	**16,620**	**14,092**
Comprehensive Income							
Included in Accumulated Funds:							
Operating Result for the Period		53	-18	-10	-26	-134	-122
Superannuation Actuarial Gain/(Loss)		-356	-	1,087	-356	-	1,087
Prior Year Adjustment		-1	-	4	-	-	4
Other Movements		0	0	3	0	0	3
Included in Asset Revaluation Surplus:							
Increase/(Decrease) in the Asset Revaluation Surplus		-101	16	269	23	141	483
Included in Other Reserves:							
Increase/(Decrease) in Other Reserves		2	2	1	2	2	1
Total Comprehensive Income		**-403**	**0**	**1,355**	**-357**	**9**	**1,458**
Other							
Transfer to/(from) Accumulated Funds		2	-	11	32	22	43
Movement in the Asset Revaluation Surplus		-2	-	-11	-32	-22	-43
Total Other		**0**	**0**	**0**	**0**	**0**	**0**
Transactions Involving Owners Affecting Accumulated Funds							
Included in Accumulated Funds:							
Payments to ACT Government Agencies		-30	-39	-33	-	-	-
Included in Equity in Public Trading Entities:							
Increase/(Decrease) in Net Assets of Public Trading Entities		114	134	85	-	-	-
Total Transactions Involving Owners Affecting Accumulated Funds		**84**	**95**	**51**	**-**	**0**	**0**
Closing Equity							
Closing Equity in Public Trading Entities	51(a)	5,721	5,659	5,608	-	-	-
Closing Accumulated Funds	51(b)	3,875	5,686	4,206	6,113	7,853	6,464
Closing Asset Revaluation Surplus	51(c)	5,283	5,157	5,387	9,066	8,763	9,075
Closing Other Reserves	51(d)	0	0	-2	13	13	11
Balance at 30 June 2014		**14,880**	**16,503**	**15,199**	**15,193**	**16,629**	**15,550**

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 2014

		General Government Sector			Total Territory		
		2013-14	2013-14	2012-13	2013-14	2013-14	2012-13
	Note	Actual	Budget	Actual	Actual	Budget	Actual
	No.	$m	$m	$m	$m	$m	$m
Cash Flows from Operating Activities							
Cash Receipts							
Taxes Received		1,280	1,312	1,225	1,240	1,270	1,194
Receipts from Sales of Goods and Services		626	584	425	1,103	1,150	889
Grants/Subsidies Received		1,835	1,786	1,709	1,836	1,786	1,710
Distributions from Financial Investments[a]		123	-	66	123	-	66
Interest Receipts		146	132	136	73	55	76
Dividends and Income Tax Equivalents		309	293	265	21	88	19
Other Receipts		466	366	400	547	395	486
Total Cash Received from Operating Activities		***4,784***	***4,473***	***4,226***	***4,943***	***4,744***	***4,440***
Cash Payments							
Payments for Employees		-1,873	-1,858	-1,780	-2,041	-2,042	-1,936
Payments for Goods and Services		-909	-866	-852	-1,054	-989	-1,011
Grants/Subsidies Paid		-836	-844	-772	-711	-724	-658
Interest Paid		-141	-149	-113	-146	-151	-118
Other Payments		-411	-435	-398	-548	-649	-535
Total Cash Paid from Operating Activities		***-4,169***	***-4,153***	***-3,915***	***-4,500***	***-4,555***	***-4,258***
Net Cash Flows from Operating Activities	52(b)	**615**	**320**	**312**	**443**	**189**	**182**
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
Sales of Non-Financial Assets		34	3	11	73	47	38
Payments for Non-Financial Assets		-660	-864	-770	-693	-890	-828
Net Cash Flows from Investments in Non-Financial Assets		**-625**	**-861**	**-759**	**-621**	**-843**	**-789**
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
Repayment of Loans		22	2	2	22	2	2
Dividends - Market Gains on Land Sales		8	38	6	-	-	-
Total Cash Received from Investments in Financial Assets for Policy Purposes		***31***	***40***	***8***	***22***	***2***	***2***
Cash Payments							
Issue of Loans		-2	0	-3	-2	0	-3
Capital Payments to Government Agencies		-30	-39	-33	-	-	-
Total Cash Paid from Investments in Financial Assets for Policy Purposes		***-31***	***-39***	***-36***	***-2***	***0***	***-3***
Net Cash Flows from Investments in Financial Assets for Policy Purposes		**-**	**0**	**-28**	**21**	**2**	**-1**
Cash Flows from Investments in Financial Assets for Liquidity Purposes							
Sales of Investments		152	421	79	175	526	128
Payments for Investments		-325	-233	-260	-296	-296	-272
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes		**-173**	**188**	**-181**	**-121**	**230**	**-144**
Net Cash Flows from Investing Activities		**-799**	**-673**	**-968**	**-721**	**-611**	**-934**

Note: (a) The line item "Distributions from Financial Investments" has been added in 2013-14 to better reflect the nature of distributions from unit trusts to the Superannuation Provision Account. These amounts are reflected as Dividend and Income Tax Equivalents and Interest Receipts in the 2013-14 Budget. The prior year comparative has also been updated to reflect this treatment.

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 2014

	Note No.	General Government Sector 2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m	Total Territory 2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Cash Flows from Financing Activities							
Cash Receipts							
Borrowings		494	458	798	378	441	782
Total Cash Received from Financing Activities		***494***	***458***	***798***	***378***	***441***	***782***
Cash Payments							
Borrowings		-251	-95	-57	-48	-41	-53
Total Cash Paid from Financing Activities		***-251***	***-95***	***-57***	***-48***	***-41***	***-53***
Net Cash Flows from Financing Activities		**243**	**364**	**741**	**330**	**400**	**729**
Net Increase/(Decrease) in Cash and Cash Equivalents		**60**	**11**	**84**	**53**	**-23**	**-23**
Cash and Cash Equivalents at the Beginning of Reporting Period		**355**	**296**	**271**	**469**	**453**	**492**
Cash and Cash Equivalents at the End of Reporting Period	52(a)	**415**	**307**	**355**	**521**	**431**	**469**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Cash from Operating Activities		615	320	312	443	189	182
Investments in Non-Financial Assets		-625	-861	-759	-621	-843	-789
Cash Surplus (+) / Deficit (-)		**-10**	**-541**	**-448**	**-178**	**-654**	**-607**
A positive number denotes a cash inflow, a negative sign denotes a cash outflow							
Derivation of ABS GFS Cash Surplus/(Deficit)							
Cash Surplus (+) / Deficit (-)		**-10**	**-541**	**-448**	**-178**	**-654**	**-607**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]		-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements		**-10**	**-541**	**-448**	**-178**	**-654**	**-607**

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 2014

	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Revenue			
Government Payment for Outputs	157	157	162
Grants Revenue			
Commonwealth Grants	1	-	1
Gains from Contributed Assets	4	1	12
Sales of Goods and Services Revenue			
Revenue from Associates and Joint Ventures	107	83	137
Other Sales of Goods and Services	429	472	436
Interest Income	4	4	11
Distribution from Investments with the Territory Banking Account	4	3	2
Other Revenue			
Land Revenue (Value Add Component)	174	228	207
Other Revenue	35	14	22
Total Revenue	**915**	**962**	**991**
Expenses			
Employee Expenses	177	174	170
Superannuation Expenses			
Other Superannuation Expenses	22	19	21
Depreciation and Amortisation	71	71	64
Interest Expense	85	87	82
Other Property Expenses (Income Tax Expense)	64	79	88
Other Operating Expenses			
Supplies and Services	171	214	167
Other Operating Expenses	122	73	163
Grants and Purchased Services	79	109	76
Total Expenses	**792**	**826**	**831**
UPF[(a)] Net Operating Balance	**124**	**136**	**160**
Other Economic Flows - Included in the Operating Result			
Land Revenue (Market Gains on Land Sales)	12	54	9
Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-5	-36	-3
Doubtful Debts[(b)]	-3	-2	-2
Operating Result	**128**	**153**	**162**

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

(b) A negative figure for Doubtful Debts indicates an expense.

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 OPERATING STATEMENT- CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Items that will not be Subsequently Reclassified to Profit or Loss			
Prior Year Adjustment	1	-	-
Increase/(Decrease) in the Asset Revaluation Surplus	100	122	78
Total Comprehensive Income	**229**	**275**	**241**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
UPF Net Operating Balance	**124**	**136**	**160**
***less* Net Acquisition of Non-Financial Assets**			
Payments for Non-Financial Assets	122	142	216
Sales of Non-Financial Assets	-38	-44	-28
Land Revenue (Net Cash Receipts)	-34	-63	-36
Depreciation and Amortisation	-71	-71	-64
Other Movements in Non-Financial Assets	-55	-84	-27
Total Net Acquisition of Non-Financial Assets	*-76*	*-121*	*62*
Net Lending / (Borrowing)	**200**	**257**	**97**

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 2014

	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Financial Assets			
Cash and Deposits	110	80	124
Investments and Loans	112	63	113
Receivables	193	203	208
Equity			
Investments Accounted for Using the Equity Method	634	642	610
Total Financial Assets	**1,049**	**989**	**1,055**
Non-Financial Assets			
Produced Assets			
Property, Plant and Equipment	3,324	3,303	3,326
Investment Properties	7	-	5
Intangibles	19	23	30
Inventories	222	232	176
Assets Held for Sale	26	22	7
Capital Works-in-Progress	144	121	128
Non Produced Assets			
Property, Plant and Equipment	3,182	3,180	3,105
Other Non-Financial Assets			
Deferred Tax Assets	30	31	27
Other Non-Financial Assets	0	0	2
Total Non-Financial Assets	**6,954**	**6,912**	**6,805**
Total Assets	**8,003**	**7,901**	**7,860**
Liabilities			
Advances Received	1,526	1,504	1,438
Borrowings			
Finance Leases	1	1	1
Employee Benefits	67	186	62
Other Provisions	172	-	242
Payables	130	131	120
Other Liabilities			
Current Tax Liability	5	21	27
Deferred Tax Liability	359	329	347
Other Liabilities	21	70	16
Total Liabilities	**2,282**	**2,242**	**2,252**
Net Assets	**5,721**	**5,659**	**5,608**
Accumulated Funds	2,222	2,184	2,179
Asset Revaluation Surplus	3,487	3,462	3,416
Other Reserves	13	13	13
Net Worth	**5,721**	**5,659**	**5,608**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Financial Worth	-1,232	-1,253	-1,197
Net Debt	1,305	1,361	1,201

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 2014

	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Opening Equity			
Opening Accumulated Funds	2,180	2,150	2,140
Opening Asset Revaluation Surplus	3,416	3,362	3,370
Opening Other Reserves	13	13	13
Opening Balance at 1 July 2013	**5,608**	**5,525**	**5,523**
Comprehensive Income			
Included in Accumulated Funds:			
Operating Result for the Period	128	153	162
Prior Year Adjustment	1	-	-
Included in Asset Revaluation Surplus:			
Increase/(Decrease) in the Asset Revaluation Surplus	100	122	78
Total Comprehensive Income	**229**	**275**	**241**
Other			
Transfer to/(from) Accumulated Funds	30	22	32
Movement in the Asset Revaluation Surplus	-30	-22	-32
Total Other	**0**	**0**	**0**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	30	39	33
Dividends Approved	-144	-180	-189
Total Transactions Involving Owners Affecting Accumulated Funds	**-115**	**-141**	**-156**
Closing Equity			
Closing Accumulated Funds	2,222	2,184	2,179
Closing Asset Revaluation Surplus	3,487	3,462	3,416
Closing Other Reserves	13	13	13
Balance at 30 June 2014	**5,721**	**5,659**	**5,608**

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 2014

	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Cash Flows from Operating Activities			
Cash Receipts			
Receipts from Sales of Goods and Services	692	932	733
Grants/Subsidies Received	158	158	156
Interest Receipts	4	4	8
Distribution from Investments with the Territory Banking Account	5	3	5
Other Receipts	108	61	109
Total Cash Received from Operating Activities	***967***	***1,158***	***1,011***
Cash Payments			
Payments for Employees	-179	-194	-167
Payments for Goods and Services	-219	-210	-204
Grants/Subsidies Paid	-22	-24	-29
Interest Paid	-87	-87	-78
Other Payments	-258	-444	-263
Total Cash Paid from Operating Activities	***-764***	***-959***	***-741***
Net Cash Flows from Operating Activities	**203**	**199**	**270**
Cash Flows from Investing Activities			
Cash Flows from Investments in Non-Financial Assets			
Sales of Non-Financial Assets	38	44	28
Payments for Non-Financial Assets	-122	-142	-216
Net Cash Flows from Investments in Non-Financial Assets	**-83**	**-98**	**-189**
Cash Flows from Investments in Financial Assets for Policy Purposes			
Cash Receipts			
Capital Receipts from Government Agencies	30	39	33
Total Cash Received from Investments in Financial Assets for Policy Purposes	***30***	***39***	***33***
Cash Payments			
Dividends - Market Gains on Land Sales	-8	-38	-6
Total Cash Paid from Investments in Financial Assets for Policy Purposes	***-8***	***-38***	***-6***
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**21**	**1**	**27**
Cash Flows from Investments in Financial Assets for Liquidity Purposes			
Sales of Investments	124	167	101
Payments for Investments	-99	-124	-43
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**25**	**42**	**57**
Net Cash Flows from Investing Activities	**-37**	**-54**	**-104**

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 2014

	2013-14 Actual $m	2013-14 Budget $m	2012-13 Actual $m
Cash Flows from Financing Activities			
Cash Receipts			
Borrowings	148	49	0
Total Cash Received from Financing Activities	***148***	***49***	***0***
Cash Payments			
Borrowings	-61	-13	-13
Dividends Paid	-210	-132	-140
Other Financing	-78	-83	-101
Total Cash Paid from Financing Activities	***-348***	***-228***	***-254***
Net Cash Flows from Financing Activities	**-200**	**-179**	**-254**
Net Increase/(Decrease) in Cash and Cash Equivalents	**-34**	**-34**	**-87**
Cash and Cash Equivalents at the Beginning of Reporting Period	**201**	**157**	**289**
Cash and Cash Equivalents at the End of Reporting Period	**167**	**123**	**201**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Cash from Operating Activities	203	199	270
Net Cash Flows from Investments in Non-Financial Assets	-83	-98	-189
Distributions Paid	-288	-214	-241
Cash Surplus (+) / Deficit (-)	**-168**	**-113**	**-159**
A positive number denotes a cash inflow, a negative sign denotes a cash outflow			
Derivation of ABS GFS Cash Surplus/(Deficit)			
Cash Surplus (+) / Deficit (-)	**-168**	**-113**	**-159**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**-168**	**-113**	**-159**

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 2014

Agency	*Appropriation Act 2013-14*	Neutral Transfers between Appropriations/ Directorates	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations *	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ACT Executive							
Net cost of outputs							
Capital injection							
Payments on behalf of the Territory	7,151.0					7,151.0	6,737.0
ACT Gambling and Racing Commission							
Net cost of outputs	4,451.0				48.0	4,499.0	4,499.0
Capital injection							
Payments on behalf of the Territory							
ACT Local Hospital Network							
Net cost of outputs	550,054.0		4,373.0			554,427.0	550,054.0
Capital injection							
Payments on behalf of the Territory							
ACT Public Cemeteries Authority							
Net cost of outputs							
Capital injection	294.0					294.0	281.4
Payments on behalf of the Territory							
ACTEW Corporation Limited							
Net cost of outputs	10,615.0					10,615.0	10,615.0
Capital injection							
Payments on behalf of the Territory							
Auditor-General							
Net cost of outputs	2,598.0				27.0	2,625.0	2,625.0
Capital injection							
Payments on behalf of the Territory							
Canberra Institute of Technology							
Net cost of outputs	66,054.0			906.5	907.0	67,867.5	67,765.5
Capital injection	3,757.0					3,757.0	3,757.0
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the *Appropriation Act 2013-2014 (No 2), Appropriation (Office of the Legislative Assembly) Act 2013-2014 (No 2)* and rollovers of undispersed 2012-13 Appropriation from 2012-13 to 2013-14 under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

Agency	*Appropriation Act 2013-14* $'000	Neutral Transfers between Appropriations/ Directorates $'000	Commonwealth Grants Variations $'000	Treasurer's Advance $'000	Additional Approved Appropriations * $'000	Total Appropriated $'000	Final Appropriation Drawn $'000
Capital Metro Agency							
Net cost of outputs	3,000.0			1,200.0	5,468.0	9,668.0	8,468.0
Capital injection	5,000.0	433.0				5,433.0	
Payments on behalf of the Territory							
Chief Minister and Treasury Directorate							
Net cost of outputs	59,833.0				9,449.0	69,282.0	47,926.0
Capital injection	2,651.0				2,547.0	5,198.0	2,102.0
Payments on behalf of the Territory							
Commerce and Works Directorate							
Net cost of outputs	31,856.0	(500.0)			247.0	31,603.0	29,295.0
Capital injection	133,828.0	(1,500.0)				132,328.0	107,497.8
Payments on behalf of the Territory	13,065.0	2,000.0				15,065.0	15,064.0
Community Services Directorate							
Net cost of outputs	241,428.0	1,387.0		2,800.0	1,394.0	247,009.0	243,184.9
Capital injection	14,026.0			1,500.0	2,029.0	17,555.0	10,673.9
Payments on behalf of the Territory	42,849.0	(1,400.0)	106.0	2,000.0	8,136.0	51,691.0	49,648.0
Cultural Facilities Corporation							
Net cost of outputs	7,958.0	(5.0)			95.0	8,048.0	8,048.0
Capital injection	2,490.0					2,490.0	2,490.0
Payments on behalf of the Territory							
Economic Development Directorate							
Net cost of outputs	86,082.0	2,874.0		2,116.0	466.0	91,538.0	81,271.0
Capital injection	152,843.0	(4,974.0)			520.0	148,389.0	114,390.0
Payments on behalf of the Territory	7,945.0					7,945.0	7,945.0
Education and Training Directorate							
Net cost of outputs	589,429.0		812.0		10,492.0	600,733.0	576,019.0
Capital injection	80,122.0		1,104.0		27,586.0	108,812.0	67,409.0
Payments on behalf of the Territory	238,609.0		1,464.0		438.0	240,511.0	236,993.6

* Additional Approved Appropriations relate to the *Appropriation Act 2013-2014 (No 2), Appropriation (Office of the Legislative Assembly) Act 2013-2014 (No 2)* and rollovers of undispersed 2012-13 Appropriation from 2012-13 to 2013-14 under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

Agency	*Appropriation Act 2013-14* $'000	Neutral Transfers between Appropriations/ Directorates $'000	Commonwealth Grants Variations $'000	Treasurer's Advance $'000	Additional Approved Appropriations * $'000	Total Appropriated $'000	Final Appropriation Drawn $'000
Environment and Sustainable Development Directorate							
Net cost of outputs	68,992.0		2,090.0		3,923.0	75,005.0	67,387.0
Capital injection	10,455.0	(162.0)			7,758.0	18,051.0	8,364.0
Payments on behalf of the Territory	1,800.0				524.0	2,324.0	1,657.0
Exhibition Park Corporation							
Net cost of outputs	425.0				4.0	429.0	429.0
Capital injection	1,159.0				360.0	1,519.0	1,320.4
Payments on behalf of the Territory							
Health Directorate							
Net cost of outputs	231,100.0	(212.0)	3,207.0		6,674.0	240,769.0	229,062.0
Capital injection	190,408.0		234.0		13,164.0	203,806.0	118,142.0
Payments on behalf of the Territory	4,615.0					4,615.0	4,615.0
Housing ACT							
Net cost of outputs	43,075.0			30.0		43,105.0	42,984.0
Capital injection	22,501.0					22,501.0	14,589.0
Payments on behalf of the Territory							
Independent Competition and Regulatory Commission							
Net cost of outputs	526.0				6.0	532.0	406.0
Capital injection							
Payments on behalf of the Territory							
Justice and Community Safety Directorate							
Net cost of outputs	264,902.0	(41.0)		3,811.0	8,446.0	277,118.0	271,712.0
Capital injection	43,767.0	2,100.0			9,613.0	55,480.0	25,832.0
Payments on behalf of the Territory	155,525.0			3,997.0	244.0	159,766.0	159,766.0
Legal Aid Commission (ACT)							
Net cost of outputs	10,246.0			1,925.7	94.0	12,265.7	12,158.0
Capital injection					152.0	152.0	151.3
Payments on behalf of the Territory							

* Additional Approved Appropriations relate to the *Appropriation Act 2013-2014 (No 2), Appropriation (Office of the Legislative Assembly) Act 2013-2014 (No 2)* and rollovers of undispersed 2012-13 Appropriation from 2012-13 to 2013-14 under the *Financial Management Act 1996.*

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2014

Agency	*Appropriation Act 2013-14* $'000	Neutral Transfers between Appropriations/ Directorates $'000	Commonwealth Grants Variations $'000	Treasurer's Advance $'000	Additional Approved Appropriations * $'000	Total Appropriated $'000	Final Appropriation Drawn $'000
Office of the Legislative Assembly							
Net cost of outputs	7,490.0				73.0	7,563.0	7,563.0
Capital injection	245.0					245.0	244.0
Payments on behalf of the Territory	5,744.0					5,744.0	5,410.0
Public Trustee for the ACT							
Net cost of outputs	706.0					706.0	706.0
Capital injection							
Payments on behalf of the Territory							
Superannuation Provision Account							
Net cost of outputs							
Capital injection	178,216.0					178,216.0	178,216.0
Payments on behalf of the Territory							
Territory and Municipal Services Directorate							
Net cost of outputs	315,968.0	200.0			3,716.0	319,884.0	301,979.0
Capital injection	218,117.0	(200.0)	36,400.0		44,255.0	298,572.0	228,997.6
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	66,620.0					66,620.0	60,795.9
Sub Totals for Appropriation Classes							
Net cost of outputs	2,596,788.0	3,703.0	10,482.0	12,789.2	51,529.0	2,675,291.2	2,564,156.4
Capital injection	1,060,093.0	(4,303.0)	37,738.0	1,500.0	107,984.0	1,203,012.0	884,671.4
Payments on behalf of the Territory	543,923.0	600.0	1,570.0	5,997.0	9,342.0	561,432.0	548,631.5
Treasurer's Advance	28,100.0			(20,286.2)		7,813.8	
Total Appropriations	**4,228,904.0**		**49,790.0**	**-**	**168,855.0**	**4,447,549.0**	**3,997,459.2**

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 2013-2014 (No 2), Appropriation (Office of the Legislative Assembly) Act 2013-2014 (No 2)* and rollovers of undispersed 2012-13 Appropriation from 2012-13 to 2013-14 under the *Financial Management Act 1996.*

Notes: The variances between the total appropriated and appropriation drawn for 2013-14 are largely due to the following:

Net cost of outputs: The variation is largely due to the deferral of expenditure from 2013-14 to 2014-15 for a number of projects included in the *Appropriation Act 2013-2014* , many of which are related to Commonwealth Grants. Details of these deferrals can be found in agencies' 2014-15 Budget Statements (changes to appropriation table) and are also disclosed in agencies' financial statements (statement of appropriation).

Capital injections: The variation is mainly due to the timing of capital works expenditure for a number of projects included in the *Appropriation Act 2013-2014* . Details of these projects can be found in agencies' 2014-15 Budget Statements (changes to appropriation table) and are also disclosed in agencies' financial statements (statement of appropriation).

Payments on behalf of the Territory: The variation is associated with lower funds drawn by the Territory Banking Account due to lower than anticipated interest rates on the cost of borrowings, the timing of borrowings undertaken and a lower amount of borrowings raised during the year than originally estimated.

1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

The Australian Capital Territory (the Territory) is a body politic established under the *Australian Capital Territory (Self-Government) Act 1988* (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 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.

For disclosure purposes, one Statement of Appropriation is presented inclusive of all ACT Government controlled entities which have received appropriations during the reporting period.

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 and Disclosure 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 assets such as those included in property, plant and equipment and financial instruments which were valued at fair value in accordance with the valuation policies of the Territory during the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach, the cost approach or the income approach techniques as appropriate. In estimating the fair value of an asset or liability, the Territory takes into account the characteristics of the asset or liability as if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

The above approach to fair value measurement does not apply to leasing transactions within the scope of AASB 117: 'Leases' (AASB 117) or measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' (AASB 102) or value in use in AASB 136 'Impairment of Assets' (AASB 136).

As a result of changes to AASB 13: 'Fair Value Measurement' (AASB 13), for disclosure purposes fair value measurements are categorised into Level 1, 2 or 3 based on the extent to which the inputs to the valuation techniques are observable and the significance of the inputs to the fair value measurement in its entirety. Further details on the Fair Value Hierarchy can be found in Note 36: 'Property, Plant and Equipment'.

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 that 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 (also known as Public Trading Enterprises (PTE)). 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.

The GGS financial statements, contained within the Territory's financial statements, are prepared in accordance with AASB 1049. 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 most cases, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) The Reporting Period

These consolidated financial statements state the financial performance, changes in equity and cash flows of the Territory for the financial year ended 30 June 2014 together with the financial position of the Territory as at 30 June 2014.

d) Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2013-14 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2013-14 Budget Papers.

The 2013-14 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 presentational changes that have occurred since the 2013-14 Budget Papers were published:

* From 1 July 2013, distributions to the Superannuation Provision Account in relation to unit trusts have been reclassified from Dividends and Income Tax Equivalents and Interest Income to a new line item in the Operating Statement and Cash Flow Statement named 'Distributions from Financial Investments'. This reclassification is to better reflect the nature of these transactions. This treatment is not reflected in the 2013-14 Budget figures due to the timing of release of the 2013-14 Budget.

* The calculation of the 'Headline Net Operating Balance' in the Budget Papers is not shown in the Operating Statement of this report as it is not required under AASB 1049.

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 details 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 has 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 (Office of the Legislative Assembly) Act 2013-2014*, *Appropriation Act 2013-2014, Appropriation (Office of the Legislative Assembly) Act 2013-2014 (No 2)* and *Appropriation Act 2013-2014 (No 2).*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 to the extent that this is not required under AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049).

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

h) Revenue Recognition

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

Taxes, Fees and Fines
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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Distributions from the Territory Banking Account

Distributions revenue is received from investments by PTE 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.

Distributions from Financial Investments

Distributions from financial investment revenue is received from the Territory's superannuation unit trust investments. This revenue is recognised on the date the unit value is quoted ex-distribution.

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 Revenue

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 to the land owner.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Land Revenue - Continued

* 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).

These two components cannot be readily disaggregated. The amount recorded as 'value add' is established as the value the Territory has estimated 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Revenue Received in Advance
Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all amounts are recorded as revenue.

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 28: 'Waivers, Impairment Losses and Write-Offs'.

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. Funds held in the Territory Banking Account Cash Fund are classified as cash equivalents; this is only applicable to the PTE sector as these amounts are eliminated in the GGS and Total Territory statements.

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'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 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 2013-14 Budget papers and Disallowable Instruments DI2012-208 dated 20 August 2012 and DI2013-40 dated 7 May 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments

Initial Recognition

The Territory's investment assets within the scope of AASB 139: 'Financial Instruments: Recognition and Measurement' (AASB 139) are designated upon initial recognition as financial assets, at fair value through profit and loss. The Territory's superannuation investments are recognised when the Territory becomes party to the contractual provisions of the instrument. All regular way purchase and sale of superannuation investment assets are recognised on the trade date. Regular way purchases and sales means the purchases and sales of investment assets that occur under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

Subsequent Measurement

After initial measurement, investment assets which are classified as fair value through profit or loss are measured at fair value. Subsequent changes in the fair value of those investments are recorded in the Territory's Operating Statement as 'Net Gain/(Loss) on Financial Assets at Fair Value'. Interest, dividends and distributions on these investments are separately recorded in the Territory's Operating Statement.

De-recognition

An investment asset is derecognised when the right to receive cash flows from the asset has expired or the Territory has transferred its right to receive cash flows from the asset and has subsequently transferred all the risks and rewards of the asset. In relation to the Territory's superannuation investments, this can also occur when the Territory has assumed an obligation to pay the received cash flows in full, without material delay, to a third party under a pass-through arrangement and either (a) the Territory has transferred substantially all the risks and rewards of the asset or (b) the Territory has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Territory has transferred its right to receive cash flows from a superannuation investment (or entered into a pass through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Territory's continuing involvement in the asset. In that case, the Territory also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that have been retained.

Determination of Fair Value

For the Territory's investments, fair value represents the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal of the most advantageous market must be accessible to the Territory. The fair value for investments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deductions for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market. For all other investments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible). For assets and liabilities that are recognised on a recurring basis, it is determined whether transfers have occurred between levels in the Fair Value Hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments - Continued

Investment assets and liabilities for which fair value is measured or disclosed in the Territory's financial statements are categorised within the fair value hierarchy. Further information can be found at Note 65: 'Financial Instruments'.

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.

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 to maximise the efficiencies within the investment portfolio in pursuit of the investment objectives, optimising transaction flows, as well as the protection of investments by minimising adverse effects of a range of financial market risks. 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. There is also a prohibition on the holding of any uncovered derivative position (must be asset backed or a reasonable hedge) or a derivative for which the potential cannot be reliably measured.

Investments held in discrete active strategies include exposure to futures and swaps, where the derivatives are held to gain underlying market or interest rate exposure.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments - Continued

The interest rate swaps are subject to the requirements of AASB 139: 'Financial Instruments: Recognition and Measurement' (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.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

Fair value for specialised buildings, infrastructure assets, leasehold improvements and some community and heritage assets is measured by reference to the cost of replacing the remaining future economic benefits embodied in the asset (i.e. depreciated replacement cost). This is the cost approach valuation technique. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis to reflect the already consumed economic benefits or obsolescence of the asset. Current replacement cost is determined by reference to the cost of a substitute asset or comparable utility, the gross project size specifications or the historical cost, adjusted by relevant indices. For other community and heritage assets, fair value is measured using the market approach valuation technique.

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ab) Payables

Payables are a financial liability and are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, 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 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. Outstanding claims are subject to review on a bi-annual basis by an independent actuary, PricewaterhouseCoopers Actuarial Services. The assessment of outstanding claims for 2013-14 was completed in July 2014.

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 low income members of the public to assist with home ownership.

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.

Further information on the Territory's Joint Ventures can be found at Note 58: 'Interest in Joint Venture Entities'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 short term employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. This includes wages and salaries, annual leave loading and applicable on-costs. Other long term benefits are also included such as long service leave and annual leave, and termination benefits.

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 and long service leave, including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the service are 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 future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of annual and long service leave are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. Annual leave liabilities are estimated on the assumption that they will be wholly settled within three years. In 2013-14, the rate to estimate the present value of future annual leave payments is 100.9 per cent (100 per cent in 2012-13). In 2013-14, the rate used to estimate the value of future payments for long service leave is 103.5 per cent (101.3 per cent in 2012-13).

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.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities are determined by an actuary every five years. The Australian Government Actuary performed this assessment in May 2014. An assessment may be performed more frequently if there is a significant contextual change in the parameters underlying the relevant report. The next actuarial review is expected to be undertaken by May 2019.

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. Conditional long service leave liabilities are classified as non-current because the Territory has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 2013-14 was $178.215 million (2012-13: $161.782 million) for emerging costs. As at 30 June 2014, the surplus amounted to $12.967 million (2012-13: $15.061 million) as a result of the actuary determining that emerging cost payments exceeded actual benefit payments.

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

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

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

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

All other movements of the estimated superannuation liability are expensed in the Operating Statement in the reporting 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 (4.29 per cent) to estimate the closing 30 June 2014 superannuation liability. The closing liability as at 30 June 2014 is estimated at the present value rate as at 30 June 2014 of 4.08 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2014 minus the liability as at 30 June 2013, adjusted for the projected 2013-14 interest and service cost and actual benefit payments.

The superannuation liability is exposed to Australia's rate of inflation, interest rates and changes in life expectancy for pensioners. The decrease in government bond yields will increase the superannuation liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ah) Insurance

The Territory's insurance model protects the Territory's assets from a range of catastrophic and accumulated risk exposures through reinsurance arrangements, and the accumulation of a fund reserve to meet the cost of future legal liabilities and asset losses generated through the Territory's activities.

The Territory's Insurance Authority works to protect the assets and services of the Territory by providing risk management and insurance services.

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 (AASB 13: 'Fair Value Measurement definition of fair value does not apply - see AASB 117.6A: 'Leases') 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 (through a panel of valuers) 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.

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 2013-14 (2012-13: nil).

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(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 estimate 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 annual and long service leave requires consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service 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'.

(v) *Property, Plant and Equipment:* The Territory has made significant estimates in determining the useful lives of its Property, Plant and Equipment. The estimation of useful lives of Property, Plant and Equipment 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(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 recognise the net unfunded employer liability of the ACT Government in the overall Net Asset position (both the superannuation liability and related investments are included). Accordingly, the disclosure requirements of AASB 119: 'Employee Benefits' (AASB 119) 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 2014 is based on the following assumptions:

Data:
Contributor data for CSS and PSS members who were ACT Government employees as at 30 June 2014 was obtained from the Commonwealth Government agency, ComSuper.

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'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(ix) - Continued *Demographic Assumptions:*

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

Financial Assumptions:

	2014	2013
Discount Rate	4.08%	4.29%
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.

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 ultimate 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 2014:

	Increase	Decrease
Financial Assumptions		
Discount Rate (+/- 1 per cent)	($733 000 000)	$924,000,000
Consumer Price Index (+/- 1 per cent)	$711,000,000	($583,000,000)
Salary Inflation (+/- 1 per cent)	$206,000,000	($182,000,000)
Demographic Assumptions		
PSS Pensioner Election Rate (+/- 1 per cent)	$158,000,000	($158,000,000)
Employer-Financed Proportion of PSS Pension (+/- 5 per cent)	$200,000,000	($200,000,000)

This sensitivity analysis is based on change in an assumption while holding all other assumptions constant. In practice, this is not likely to occur, and changes in some of the assumptions may be correlated. When calculating sensitivity of the superannuation liability to significant actuarial assumptions the same method (determining the present value of the future payments of benefits actually accrued to the calculation date) has been applied as when calculating the superannuation liability recognised by the Territory.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(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) *Fair Value of Financial Instruments:* When the fair values of financial assets and financial liabilities cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible but, where this is not feasible, estimation is required in measuring fair value. Changes in assumptions could affect the reported fair value of financial instruments and the level of which the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification) when available. The Territory reviews the valuation techniques and inputs used in valuing unlisted unit trust investments to ensure they are reasonable and appropriate prior to investing and therefore the net asset value of these investments may be used as an input into measuring their fair value. In measuring this fair value, the net asset value of the investments is adjusted, as necessary, to reflect any private equity stock restrictions on redemptions, future commitments, and other specific factors of the investments and fund manager.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aj) Significant Accounting Judgements and Estimates - Continued

(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 2013-14.

(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) *Land Sales under the Land Rent Scheme:* Land held under the land rent scheme is classified as property, plant and equipment until such time as 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 that 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 2014 are discussed at *Appendix A* . Significant movements between the 2013-14 Budget, as presented in the 2013-14 Budget papers, and the 30 June 2014 actual financial results 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 2013-14 Budget to 2013-14 actual financial results variance analysis, only face of financial statement line items have been explained, as required by AASB 1049. For the 30 June 2013 actual to 30 June 2014 actual variance analysis, the Territory has explained variances at note level. The 2013-14 Budget numbers represent the Annual Budget numbers published in the 2013-14 Budget and have not been audited.

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

a) Change in Accounting Policies and Estimates

Revision of the Defined Benefit Superannuation Liability Discount Rate

In 2013-14, the rate used to calculate the present value of the Territory's defined benefit superannuation liability decreased from 4.29 per cent in 2012-13 to 4.08 per cent in 2013-14. This resulted in an actuarial loss (an increase in the liability) of approximately $355.7 million.

Revision of Outstanding Insurance Claims

The assessment of outstanding insurance claims for 2013-14 was completed in July 2014 resulting in a decrease to the estimate for outstanding claims of approximately $14.1 million. The Territory's actuary forecasts that there will be fewer and smaller anticipated medical malpractice and public liability claims based on recent years information.

Revision of the Rate used to Estimate the Present Value of Employee Benefits

The rate used to calculate the value of future payments for long service leave increased from 101.3 per cent in 2012-13 to 103.5 per cent in 2013-14. This resulted in an increase in the estimated long service leave liability of approximately $9.7 million. The rate used to calculate the value of future payments for annual leave increased from 100 per cent to 100.9 per cent in 2013-14. This resulted in an increase in the estimated annual leave liability of approximately $2 million.

Bi-Annual Review of Project Costing

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 2013-14 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 $6.4 million.

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 and are for reporting periods commencing on or after the dates specified. 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 2017);
* AASB 10 Consolidated Financial Statements (application date 1 January 2014 for not-for-profit entities);
* AASB 11 Joint Arrangements (application date 1 January 2014 for not-for-profit entities);
* AASB 12 Disclosure of Interests in Other Entities (application date 1 January 2014 for not-for-profit entities);
* AASB 127 Separate Financial Statements (application date 1 January 2014 for not-for-profit entities);
* AASB 128 Investments in Associates and Joint Ventures (application date 1 January 2014 for not-for-profit entities);
* AASB 1031 Materiality (application date 1 January 2014);
* 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 2017);
* 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 2014 for not-for-profit entities);
* AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014);
* AASB 2013-1 Amendments to AASB 1049 Relocation of Budgetary Reporting Requirements (application date 1 July 2014);
* AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosure for Non-Financial Assets (application date 1 January 2014);
* AASB 2013-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not for Profit Entities - Control and Structured Entities [AASB 10, 12 & 1049] (application date 1 January 2014);

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 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments Part B Materiality [AASB 1, 3, 4, 5, 7, 9 (December 2009), 9 (December 2010), 101, 102, 108, 112, 118, 120, 121, 132, 134, 136, 137, 139, 1023, 1038, 1049, 1050, 1051, 1052, 1055, AAS 25, Interpretation 1, 2, 4, 5, 6, 7, 9, 10, 12, 1, 14, 15, 16, 17, 18, 19, 20, 21, 107, 110, 115, 125, 127, 129, 131, 132, 1003, 1019, 1030, 1031, 1038 & 1042] (application date 1 January 2014); Part C Financial Instruments [AASB 9 December (2009); 2009-11 AASB 9 (December 2010) & 2010-7] (application date 1 January 2015); and

* AASB 2014 -1 Amendments to Australian Accounting Standards Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles [AASB 2, 3, 8, 9 (December 2009), 9 (December 2010), 13, 116, 119, 124, 137, 138, 139, 140; 1052 & Interpretation 129] (application date 1 July 2014); Part C Materiality (application date 1 July 2014); and Part E Financial Instruments [AASB 1,3, 4, 5, 7, 9 (December 2009 9 (December 2010), 101, 102, 108, 112, 118, 120, 121, 132, 136, 137, 137, 139, Interpretation 2, 5, 10, 12, 16, 19 and 107] (application date 1 January 2015 except paragraphs 64-72 (applicable 1 January 2017) and paragraphs 73-107 (applicable 1 January 2018).

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 Compulsory Third Party Insurance Regulator
ACT Executive
ACT Gambling and Racing Commission
ACT Insurance Authority
ACT Local Hospital Network
ACT Public Cemeteries Authority
Auditor-General
Canberra Institute of Technology
Capital Metro Agency
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
Superannuation Provision Account
Territory and Municipal Services Directorate
Territory Banking Account

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	
	2013-14 Actual $m	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**
6 TAXATION REVENUE				
Duties	291	310	291	306
Payroll Tax	330	320	318	310
General Rates	340	290	327	278
Motor Vehicle Registrations	108	102	108	102
Land Tax	79	71	79	71
Gambling Taxes	52	54	51	53
Fire and Emergency Services Levy	34	29	33	28
Utilities (Network Facilities) Tax	25	25	18	17
Lease Variation Charge	14	15	14	15
Ambulance Levy	18	17	18	17
Energy Industry Levy	3	2	3	2
Total Taxation Revenue	**1,296**	**1,237**	**1,260**	**1,201**

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
7 GRANTS REVENUE				
GST Revenue Grants [(a)]	1,033	971	1,033	971
Municipal Service Payments [(b)]	37	37	37	37
National Specific Purpose and Reform Grants [(c)]	593	535	593	535
National Partnership Payments - Current [(d)]	57	46	57	46
National Partnership Payments - Capital[(d)]	89	60	89	60
Other Grants:				
Finance Assistance Grants[(e)]	24	46	24	46
Other Grants [(f)]	7	18	8	19
Total Commonwealth Grants Revenue	**1,840**	**1,713**	**1,841**	**1,714**
Gains from Contributed Assets [(g)]	90	66	35	38
Total Gains from Contributed Assets	**90**	**66**	**35**	**38**
Total Grants Revenue	**1,930**	**1,780**	**1,876**	**1,753**

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 and Reform 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. This disclosure line has been renamed to better reflect the nature of grants received.

(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. The term current refers to grants which are generally operational in nature (they are expensed). This disclosure line has been amended in 2013-14 to separate current and capital grants for reporting consistency with other publications such as the Annual Budget papers. In 2012-13, these amounts were combined. The prior year comparative has been updated to reflect this treatment.

(e) Finance Assistance Grants are provided for the purpose of Local Government activities. As the Territory has responsibility for both State and Municipal functions, these grants are paid directly to the Territory. This disclosure line has been added in 2013-14 for reporting consistency with other publications such as the Annual Budget papers. In 2012-13, this amount was classified under National Partnership Payments. The prior year comparative has been updated to reflect this treatment.

(f) Other grants relate to direct funding received from the Commonwealth largely for the Community Energy Efficiency Program and Development Grants as part of the National Disability Insurance Scheme and fuel tax credits. Classification of amounts to "Other Grants" has been updated for reporting consistency with other publications such as the Annual Budget papers. The prior year comparative has been updated to reflect this treatment.

(g) 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	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
8	**REVENUE FROM ASSOCIATES AND JOINT VENTURES**				
	Land Development Joint Ventures	-	-	20	51
	ActewAGL Joint Venture	-	-	84	98
	Total Revenue from Associates and Joint Ventures	**-**	**-**	**107**	**149**

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 2013-14 Actual $m	2012-13 Actual $m	Total Territory 2013-14 Actual $m	2012-13 Actual $m
Water, Sewerage and Other Related Services	-	-	239	255
Residential Housing Tenants and Rental Income	9	9	94	94
Health Cross-Border Revenue[(a)]	107	97	107	97
Hospital and Other Health Services[(b)]	107	104	107	104
Regulatory Services[(c)]	77	75	76	74
Vocational and Tertiary Education and Training Fees	41	37	52	50
Totalisator Commissions[(d)]	-	-	29	29
Bus Services	-	-	21	21
Services Receipts[(e)]	26	31	26	31
Parking Fees	14	15	14	15
Fire Services[(f)]	3	2	3	2
Drivers' Licences	9	10	9	10
Water Abstraction Charge	25	25	-	-
Sales of Land Rent Blocks	31	25	31	25
Other Sales and Services	52	51	39	36
Total Other Sales of Goods and Services	**500**	**482**	**847**	**844**

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 commissions 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.

		General Government Sector 2013-14 Actual $m	2012-13 Actual $m	Total Territory 2013-14 Actual $m	2012-13 Actual $m
10	**INTEREST INCOME**				
	Interest Received from Banks	51	55	54	62
	Interest Received - Non-Bank[(a)]	84	76	5	2
	Other Interest	5	7	5	5
	Total Interest Income	**141**	**138**	**64**	**68**

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	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
11	**DISTRIBUTIONS FROM FINANCIAL INVESTMENTS**				
	Distributions from Financial Investments	118	73	118	73
	Total Distributions from Financial Investments	**118**	**73**	**118**	**73**
12	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	Dividends from Public Trading Enterprises	136	183	-	-
	Dividends from Superannuation Investments	24	17	24	17
	Income Tax Equivalents from Public Trading Enterprises	55	84	-	-
	Total Dividend and Income Tax Equivalents Income	**215**	**285**	**24**	**17**

13 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'.

	2013-14 Actual $m (GGS)	2012-13 Actual $m (GGS)	2013-14 Actual $m (TT)	2012-13 Actual $m (TT)
Land Revenue (Value Add Component)[(a)]	-	-	81	87
Total Land Revenue (Value Add Component)	**-**	**-**	**81**	**87**

14 OTHER REVENUE

	2013-14 Actual $m (GGS)	2012-13 Actual $m (GGS)	2013-14 Actual $m (TT)	2012-13 Actual $m (TT)
Fines	29	28	29	28
Contributions [(b)]	19	19	19	19
Land Rental	16	13	16	13
Superannuation Contributions	14	14	3	3
Net Insurance Recoveries	5	-1	5	-1
Other [(c)]	59	50	89	68
Total Other Revenue	**142**	**123**	**160**	**130**

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 followed 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 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
15 EMPLOYEE EXPENSES				
Wages and Salaries	1,500	1,410	1,650	1,555
Long Service Leave	28	46	30	50
Annual Leave	62	60	68	66
Workers' Compensation Insurance Premium	57	53	67	62
Termination Payments and Redundancies	0	-	1	-
Other Employee Benefits and On-Costs	4	5	13	10
Total Employee Expenses	**1,652**	**1,574**	**1,829**	**1,744**

16 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 paid 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 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Superannuation Interest Cost [(a)]	300	264	300	264
Other Superannuation Expenses	306	347	316	357
Total Superannuation Expenses	**605**	**611**	**616**	**621**
Represented by:				
Superannuation Expenses (CSS and PSS)	504	522	504	522
Superannuation Payment to ComSuper (for the PSSap)	8	8	9	9
Productivity Benefit	17	17	18	18
Superannuation to Other External Providers, including Fund of Choice	76	64	86	72
Total Superannuation Expenses	**605**	**611**	**616**	**621**

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	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
17	**DEPRECIATION AND AMORTISATION**				
	Land Improvements and Buildings	108	133	124	149
	Leasehold Improvements	9	7	10	9
	Plant and Equipment	49	57	60	67
	Infrastructure Assets	152	130	193	165
	Heritage and Community Assets	5	5	5	5
	Total Depreciation	**322**	**332**	**392**	**395**
	Intangible Assets	11	9	12	10
	Total Amortisation	**11**	**9**	**12**	**10**
	Total Depreciation and Amortisation	**333**	**341**	**404**	**405**
18	**INTEREST EXPENSE**				
	Interest Expense on Borrowings	140	112	140	112
	Interest Expense on Commonwealth Borrowings	4	5	8	9
	Interest Paid to Agencies	4	5	-	-
	Finance Charges on Finance Leases	1	2	1	2
	Total Interest Expense	**150**	**124**	**149**	**123**
19	**SUPPLIES AND SERVICES**				
	Communication and Computer Expenses	49	41	52	45
	Travel, Accommodation and Transport Expenses	19	19	17	17
	Printing and Stationery	22	23	23	24
	Materials, Equipment and Supplies	186	205	262	276
	Property Rental and Occupancy Expenses (including Utilities)	70	72	63	64
	Repairs and Maintenance	106	116	145	154
	Consultant Fees, Contractor Payments and Professional Services	168	162	181	178
	Staff Development and Recruitment	19	17	20	17
	Community Policing	153	146	153	146
	GST Administration Costs to the Australian Taxation Office	12	12	12	12
	Compensation Payments[(a)]	9	7	9	7
	Insurance Payments	0	0	1	0
	Other Supplies and Services[(b)]	3	3	6	5
	Total Supplies and Services	**816**	**821**	**943**	**946**

Notes: (a) Compensation Payments represent items such as criminal injuries compensation, damages and settlements.

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

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
20 OTHER OPERATING EXPENSES				
Cost of Goods Sold	45	41	71	118
School Management Costs (Incurred Directly by Schools)	60	59	58	59
Net Insurance Claim Payments	23	27	19	24
Concessions and Community Service Obligations	34	33	15	14
Other	21	32	34	34
Total Other Operating Expenses	**183**	**193**	**198**	**250**

21 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 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Grants to Non-Government Schools	236	217	236	217
Grant Payment (Education and Community Services)	12	13	33	39
First Home Owners' Grant and Boost	14	20	14	20
Capital Grants	5	1	5	16
Community Activity	9	9	9	9
Appropriation Payments and Asset Transfers	58	65	1	-
Other Current Grants	39	39	39	43
Total Grants	**373**	**364**	**337**	**344**
Purchase of Transport Services from ACTION	92	89	-	-
Purchase of Health Services from Calvary Hospital	175	168	175	168
Purchase of Health Services from Other Jurisdictions	26	16	26	16
Payments to Non-Government Organisations (Health and Disability)	168	160	168	160
Other Purchased Services	2	3	1	1
Total Purchased Services	**463**	**435**	**370**	**345**
Total Grants and Purchased Services	**836**	**799**	**707**	**689**

	General Government Sector		Total Territory	
OTHER ECONOMIC FLOWS	**2013-14 Actual $m**	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 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.

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

	GGS 2013-14	GGS 2012-13	TT 2013-14	TT 2012-13
Dividends (Market Gains on Land Sales)	8	6	-	-
Total Dividends (Market Gains on Land Sales)	**8**	**6**	**-**	**-**

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

	GGS 2013-14	GGS 2012-13	TT 2013-14	TT 2012-13
Land Revenue (Market Gains on Land Sales)	-	-	12	9
Total Land Revenue (Market Gains on Land Sales)	**-**	**-**	**12**	**9**

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

	GGS 2013-14	GGS 2012-13	TT 2013-14	TT 2012-13
Land Revenue (Undeveloped Land Value)	50	47	50	47
Total Net Land Revenue (Undeveloped Land Value)	**50**	**47**	**50**	**47**

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

	GGS 2013-14	GGS 2012-13	TT 2013-14	TT 2012-13
Add: Other Gains (Non-Core Activities)[(a)]	7	57	6	59
Less: Impairment Losses and Write-Offs	13	2	16	8
Decrements Arising from the Revaluation of Assets	0	3	5	3
Loss on Disposal of Assets	23	31	19	32
Total Net Gain/(Loss) on Sale of Non-Financial Assets	**-29**	**20**	**-34**	**17**

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.

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

	GGS 2013-14	GGS 2012-13	TT 2013-14	TT 2012-13
Realised and Unrealised Gains on Investments	283	321	283	321
Realised and Unrealised Losses on Investments	-23	-50	-23	-50
Total Net Gain/(Loss) on Financial Assets or Liabilities	**261**	**271**	**261**	**271**

27 DOUBTFUL DEBTS

	GGS 2013-14	GGS 2012-13	TT 2013-14	TT 2012-13
Doubtful Debts Expense[(a)]	-4	-7	-6	-9
Total Doubtful Debts	**-4**	**-7**	**-6**	**-9**

(a) A negative figure for Doubtful Debts indicates an expense.

28 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	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Waivers				
Waivers [(a)]	5	13	1	13
Total Waivers	**5**	**13**	**1**	**13**
Impairment Losses				
Impairment Loss from Receivables				
Receivables	6	6	4	6
Total Impairment Loss from Receivables	**6**	**6**	**4**	**6**
Impairment Loss from Property, Plant and Equipment				
Plant and Equipment	1	1	0	6
Total Impairment Loss from Property, Plant and Equipment	**1**	**1**	**0**	**6**
Total Impairment Losses	**6**	**7**	**4**	**12**
Write-Offs				
Write-Offs	14	13	16	14
Total Write-Offs	**14**	**13**	**16**	**14**
Total Waivers, Impairment Losses and Write-Offs	**25**	**33**	**21**	**39**

Note: (a) There were 680 waivers approved in 2013-14 for the General Government Sector (GGS) (2012-13: 554) and 680 for the Territory (2012-13: 555).

29 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 11 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 $903,000. There were five Act of Grace Payments for the GGS and the Territory, totalling $57,000 in 2012-13.

The FMA requires Act of Grace payments made by the Territory to be reported in the notes to agencies' financial statements in the financial year the payments were made. Details of Act of Grace payments made can be found in agencies' financial statements (act of grace payments note).

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 the 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.

	General Government Sector		Total Territory	
ASSETS	**2013-14 Actual $m**	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**

30 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.

	2013-14 GGS	2012-13 GGS	2013-14 TT	2012-13 TT
Cash at Bank	414	394	463	430
At Call Deposits and Short-Term Deposits	8	11	8	11
Total Cash and Deposits	**422**	**406**	**472**	**441**

31 ADVANCES PAID

Advances paid include loans made by the Territory (through the General Government Sector) to ACTEW Corporation Limited, Community Housing Canberra Limited and the University of Canberra.

	2013-14 GGS	2012-13 GGS	2013-14 TT	2012-13 TT
Current Loans Receivable	20	19	0	1
Non-Current Loans Receivable	1,572	1,464	142	126
Less: Allowance for Impairment Losses	-1	-2	-1	-2
Total Advances Paid	**1,590**	**1,482**	**141**	**126**

32 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.*

	2013-14 GGS	2012-13 GGS	2013-14 TT	2012-13 TT
Current Investments				
Short-Term Securities	-	-	57	78
Other Current Investments	1,206	979	1,206	979
Total Current Investments	**1,206**	**979**	**1,263**	**1,056**
Non-Current Investments				
Long-Term Securities	-	-	-	0
Government Fixed Interest Bonds	673	742	673	742
Shares and Equities	1,930	1,647	1,930	1,647
Investment in Property Trusts	215	240	215	240
Other Non-Current Investments	-	1	-	1
Total Non-Current Investments	**2,818**	**2,630**	**2,818**	**2,630**
Total Investments and Loans	**4,024**	**3,609**	**4,081**	**3,687**

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
33 RECEIVABLES				
Current Receivables				
Trade Receivables	172	146	201	230
Right to Receive Infrastructure from Land Developers[(a)]	-	-	24	40
Other Trade Receivables	1	6	7	7
Prepayments	16	14	32	32
Less: Allowance for Impairment Losses	-16	-18	-23	-23
Net Current Trade Receivables	***171***	***150***	***241***	***286***
Accrued Revenue	126	211	40	41
Other Current Receivables	61	161	67	162
Total Current Receivables *(refer Note 2(o): 'Receivables')*	**359**	**521**	**348**	**488**
Non-Current Receivables				
Trade Receivables	2	2	2	4
Right to Receive Infrastructure from Land Developers [(a)]	-	-	8	6
Insurance Receivables	5	8	5	8
Prepayments	1	-	5	-
Less: Allowance for Impairment Losses	-1	-	-1	-
Net Non-Current Receivables	***7***	***10***	***19***	***17***
Other Receivables	4	4	7	9
Total Non-Current Receivables *(refer Note 2(o): 'Receivables')*	**11**	**14**	**26**	**26**
Total Receivables	**370**	**536**	**374**	**515**

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	22	23	28	28
Additional Allowance Recognised During the Reporting Period	5	10	8	12
Less: Reduction in Allowance from Amounts Recovered During the Reporting Period	-1	-10	-1	-10
Less: Reduction in Allowance from Amounts Written-off During the Reporting Period	-6	-1	-8	-2
Allowance for Impairment Losses at the End of the Reporting Period	**19**	**22**	**27**	**28**

33 RECEIVABLES - CONTINUED

Ageing of Receivables - General Government Sector

	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$m	$m	$m	$m	$m
2013-14					
Not Impaired					
Receivables	302	12	4	50	**370**
Impaired					
Receivables	-	-	7	12	**19**
2012-13					
Not Impaired					
Receivables	468	12	2	54	**536**
Impaired					
Receivables	-	-	5	16	**22**

Ageing of Receivables - Total Territory

	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$m	$m	$m	$m	$m
2013-14					
Not Impaired					
Receivables	296	15	6	56	**374**
Impaired					
Receivables	-	-	7	19	**27**
2012-13					
Not Impaired					
Receivables	437	17	2	58	**515**
Impaired					
Receivables	-	-	6	21	**28**

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m

34 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. Details of these Public Sector Entities can be found at Note 5: 'Australian Capital Territory Government Controlled Entities'.

	2013-14 GGS	2012-13 GGS	2013-14 TT	2012-13 TT
Investments in Other Public Trading Entities	5,721	5,608	-	-
Total Investments in Other Public Sector Entities	**5,721**	**5,608**	**-**	**-**

35 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2013-14 GGS	2012-13 GGS	2013-14 TT	2012-13 TT
Investments in Joint Ventures				
Investment in Joint Ventures - Current	-	-	1	8
Investment in Joint Ventures - Non-Current	-	-	633	601
Total Investments Accounted for Using the Equity Method	**-**	**-**	**634**	**610**

Refer to Note 2(ad): 'Joint Ventures', Note 2(aj): 'Significant Accounting Judgements and Estimates' and Note 58: 'Interest in Joint Venture Entities'.

36 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 other land such as that associated with the Territory's educational and health 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, courts and land improvements. Land improvements are additions to areas of land that increase the utility of the land and have a limited useful life.

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 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 land value is determined by external valuers using methods based on the type of trees and vegetation present on the land being valued. The Territory has established the following estimate of replacement costs of the trees in urban open space as at 30 June 2014. 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.

	2013-14 Number of Trees '000	2013-14 Estimated Value $m	2012-13 Number of Trees '000	2012-13 Estimated Value $m
Plantations [(a)]				
Native Species	310	84	306	83
Exotic Species	436	157	431	155
	746	**241**	**737**	**238**

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	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
36	**PROPERTY, PLANT AND EQUIPMENT - CONTINUED**				
	LAND AND BUILDINGS				
	Land at Fair Value	1,174	1,289	4,356	4,394
	Land Restoration at Fair Value	12	17	12	17
	Less: Accumulated Depreciation on Landfill Restoration	10	15	10	15
	Total Land at Fair Value	***1,176***	***1,291***	***4,358***	***4,396***
	Buildings at Fair Value	3,386	3,415	4,710	4,737
	Less: Accumulated Depreciation	99	174	108	181
	Less: Accumulated Impairment Losses	8	8	8	8
	Total Buildings at Fair Value	***3,279***	***3,232***	***4,595***	***4,548***
	Total Written Down Value of Land and Buildings	**4,455**	**4,523**	**8,952**	**8,944**
	PLANT AND EQUIPMENT				
	Plant and Equipment at Cost	306	281	310	301
	Less: Accumulated Depreciation	190	166	192	178
	Less: Accumulated Impairment Losses	1	1	1	1
	Total Plant and Equipment at Cost	***115***	***114***	***118***	***122***
	Plant and Equipment at Fair Value	120	148	234	271
	Less: Accumulated Depreciation	10	49	16	63
	Total Plant and Equipment at Fair Value [(a)]	***110***	***99***	***218***	***209***
	Total Written Down Value of Plant and Equipment	**225**	**211**	**336**	**331**
	LEASEHOLD IMPROVEMENTS				
	Leasehold Improvements at Cost	31	20	34	22
	Less: Accumulated Depreciation	20	14	23	16
	Total Leasehold Improvements at Cost	***10***	***6***	***11***	***6***
	Leasehold Improvements at Fair Value	51	63	56	69
	Less: Accumulated Depreciation	10	15	13	18
	Total Leasehold Improvements at Fair Value	***41***	***48***	***42***	***51***
	Total Written Down Value of Leasehold Improvements	**51**	**54**	**53**	**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	
	2013-14 Actual $m	***2012-13 Actual $m***	***2013-14 Actual $m***	***2012-13 Actual $m***
36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
INFRASTRUCTURE ASSETS				
Infrastructure Assets at Cost	2	-	2	-
Less: Accumulated Depreciation	-	-	-	-
Total Infrastructure Assets at Cost	***2***	**-**	***2***	**-**
Infrastructure Assets at Fair Value	6,845	6,525	8,979	8,510
Less: Accumulated Depreciation	186	70	424	167
Less: Accumulated Impairment Losses	3	3	3	3
Total Infrastructure Assets at Fair Value	***6,656***	***6,451***	***8,551***	***8,340***
Total Written Down Value of Infrastructure Assets	**6,658**	**6,451**	**8,553**	**8,340**
HERITAGE AND COMMUNITY ASSETS				
Heritage and Community Assets at Fair Value	2,489	2,417	2,489	2,417
Less: Accumulated Depreciation	2	2	2	2
Total Heritage and Community Assets at Fair Value	***2,486***	***2,415***	***2,486***	***2,415***
Total Written Down Value of Heritage and Community Assets	**2,486**	**2,415**	**2,486**	**2,415**
Total Written Down Value of Property, Plant and Equipment	**13,874**	**13,653**	**20,380**	**20,084**

(Refer to 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	11,211	10,942	14,536	14,268
Non-Produced Assets	2,663	2,711	5,845	5,816
Total of Property, Plant and Equipment	**13,874**	**13,653**	**20,380**	**20,084**

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 2012-13 to 2013-14 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').

36 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	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Plant and Equipment Under a Finance Lease at Cost	23	21	23	21
Less: Accumulated Depreciation	7	5	7	5
Total of Plant and Equipment under a Finance Lease at Cost	***15***	***15***	***16***	***15***
Plant and Equipment Under a Finance Lease at Fair Value	10	13	11	14
Less: Accumulated Depreciation	2	5	2	5
Total of Plant and Equipment under a Finance Lease at Fair Value	***8***	***8***	***8***	***9***
Total Written Down Value of Plant and Equipment Under a Finance Lease[(a)]	**23**	**24**	**24**	**24**
Total Written Down Value of Assets Under a Finance Lease	**23**	**24**	**24**	**24**

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

36 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 2013-14.

	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 2013	**1,291**	**3,232**	**189**	**22**	**54**	**6,451**	**2,415**	**13,653**
Additions	92	333	51	9	6	178	4	**673**
Assets Classified as Held for Sale	-29	-	-	-2	-	-	-	**-31**
Revaluation Adjustments	58	-210	9	0	-	-17	62	**-98**
Depreciation	-	-108	-46	-3	-9	-152	-5	**-322**
Disposals	-3	-1	-11	-2	-	-	-	**-16**
Impairment Losses Recognised in the Operating Statement	-	0	-1	-	-	-	0	**-1**
Other Movements/Reclassifications[(a)]	-232	33	8	-3	-	199	10	**14**
Balance at 30 June 2014 [(b)]	**1,176**	**3,279**	**202**	**23**	**51**	**6,656**	**2,486**	**13,874**

Notes: (a) $198 million of land improvements were reclassified from land to infrastructure assets.

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

36 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 2012-13.

	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 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**
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').

36 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 2013-14.

	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 2013	**4,396**	**4,548**	**306**	**25**	**57**	**8,340**	**2,415**	**20,084**
Additions	96	365	67	9	6	230	4	**777**
Assets Classified as Held for Sale	-53	-14	-7	-2	-	-	-	**-75**
Revaluation Adjustments	159	-211	4	0	-	-17	62	**-3**
Depreciation	-	-124	-57	-3	-10	-193	-5	**-392**
Disposals	-7	-4	-11	-2	-	-	-	**-23**
Impairment Losses Recognised in the Operating Statement	-	0	-1	-	-	-	0	**-1**
Other Movements/Reclassifications[(a)]	-232	35	8	-3	-	195	10	**11**
Balance at 30 June 2014[(b)]	**4,358**	**4,595**	**312**	**24**	**53**	**8,551**	**2,486**	**20,380**

Notes: (a) $198 million of land improvements were reclassified from land to infrastructure assets.

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

36 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 2012-13.

	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 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**
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').

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY

The Territory is required to classify property, plant and equipment into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:

* Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Territory can access at the measurement date;
* Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
* Level 3 - inputs that are unobservable for particular assets or liabilities.

Details of the Territory's property, plant and equipment at fair value and information about the Fair Value Hierarchy at 30 June 2014 is provided below.

General Government Sector - 2014	Classification According to the Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Property, Plant and Equipment at Fair Value				
Land	-	450	726	**1,176**
Buildings	-	830	2,450	**3,279**
Plant and Equipment	-	32	77	**110**
Leasehold Improvements	-	11	29	**41**
Infrastructure Assets	-	0	6,655	**6,656**
Heritage and Community Assets	-	737	1,749	**2,486**
Total Property, Plant and Equipment at Fair Value	**-**	**2,060**	**11,686**	**13,746**

Total Territory - 2014	Classification According to the Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	$m	$m	$m	$m
Property, Plant and Equipment at Fair Value				
Land	-	3,632	726	**4,358**
Buildings	-	2,126	2,471	**4,595**
Plant and Equipment	-	35	182	**218**
Leasehold Improvements	-	13	29	**42**
Infrastructure Assets	-	0	8,551	**8,551**
Heritage and Community Assets	-	737	1,749	**2,486**
Total Property, Plant and Equipment at Fair Value	**-**	**6,543**	**13,707**	**20,249**

The Territory has used the exemption under AASB 13.C3: 'Fair Value Measurement' that comparative information for periods before initial application of the standard need not be applied.

Transfers Between Categories
There have been no transfers between Levels 1, 2 and 3 during the reporting period.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Valuation Techniques, Inputs and Processes

Level 2 Valuation Techniques and Inputs

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning.

Level 3 Valuation Techniques and Inputs

Valuation Technique (Land): where there is no active market or significant restrictions, land is valued through the market approach which values a selection of land with similar utility.

Valuation Technique (Buildings, Leasehold Improvements, Infrastructure Assets and Heritage and Community Assets): these assets were considered specialised assets by the valuers and measured using the cost approach that reflects the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. For buildings, historical cost per square metre of floor area was also used in measuring fair value.

Inputs: in determining the value of land with similar approximate utility, significant adjustment to market based data was required.

Inputs: in determining the value of buildings, leasehold improvements, infrastructure assets and heritage and community assets, regard was given to the age and condition of these assets, their estimated replacement cost and current use. This required the use of data internal to the Territory.

There has been no change to the above valuation techniques during the year.

Transfers in and out at fair value are recognised on the date of the event or change in circumstances that caused the transfer.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - General Government Sector

	Land $m	Buildings $m	Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
2014							
Fair Value at the Beginning of the Reporting Period	613	2,568	49	26	6,653	1,682	**11,590**
Additions	91	140	35	8	161	3	**438**
Assets Classified as Held for Sale	-29	-	-	-	-	-	**-29**
Revaluation Increments/(Decrements) Recognised in Profit or Loss	-6	-	7	-	9	0	**10**
Revaluation Increments/(Decrements) Recognised in Other Comprehensive	59	-201	3	0	-23	69	**-93**
Impairment Losses Recognised in Other Comprehensive Income	-	0	-	-	-	0	**0**
Depreciation	-	-91	-14	-4	-152	-5	**-268**
Acquisition/(Disposal) of Assets	-	-1	-3	-	47	-	**44**
Other Movements/Reclassifications	-	35	-	-	-39	-	**-5**
Fair Value at the End of the Reporting Period	**726**	**2,450**	**77**	**29**	**6,655**	**1,749**	**11,686**
Total Gains or Losses for the Period Included in Profit or Loss under 'Other Gains'	-	0	1	-	-	0	**1**
Change in Unrealised Gains or Losses for the Reporting Period Included in Profit or Loss for Assets Held at the End of the Reporting Period	-	-1	-1	-	-	-	**-2**

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - Total Territory

	Land $m	Buildings $m	Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
2014							
Fair Value at the Beginning of the Reporting Period	613	2,585	150	26	8,537	1,682	**13,591**
Additions	91	140	50	8	213	3	**506**
Assets Classified as Held for Sale	-29	-	-	-	-	-	**-29**
Revaluation Increments/(Decrements) Recognised in Profit or Loss	-6	-	4	-	9	0	**7**
Revaluation Increments/(Decrements) Recognised in Other Comprehensive	59	-196	3	0	-23	69	**-89**
Impairment Losses Recognised in Other Comprehensive Income	-	0	-	-	-	0	**0**
Depreciation	-	-92	-23	-4	-193	-5	**-318**
Acquisition/(Disposal) of Assets	-	-1	-3	-	47	-	**44**
Other Movements/Reclassifications	-	35	-	-	-39	-	**-5**
Fair Value at the End of the Reporting Period	**726**	**2,471**	**182**	**29**	**8,551**	**1,749**	**13,707**
Total Gains or Losses for the Period Included in Profit or Loss under 'Other Gains'	-	0	1	-	-	0	**1**
Change in Unrealised Gains or Losses for the Reporting Period Included in Profit or Loss for Assets Held at the End of the Reporting Period	-	-1	-1	-	-	-	**-2**

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Total Land	**726**				
Educational Sites	317	Market Approach	Selection of land with similar approximate utility.	Core Area Rate $100 / m2 to $150 /m2	Higher value of similar land increases estimated fair value.
Land Held Under the Land Rent Scheme	342	Market Approach	Selection of land with similar approximate utility.	Unimproved value of land	Higher value of similar land increases estimated fair value.
Community and Heritage Facilities	61	Market Approach	Selection of land with similar approximate utility.	$9 - $1,072 /m2	Higher value of similar land increases estimated fair value.
			Community Service Obligation.	20 per cent industry benchmark	Higher Community Service Obligation lowers estimated fair value.
Major Public Venues	4	Market Approach	Selection of land with similar approximate utility.	$0.18 - $35 /m2	Higher value of similar land increases estimated fair value.
Land Restoration	2	Depreciated Replacement Cost	Future cost estimates of restoration works per landfill.	$3.556 million - $8.275 million	Higher cost increases estimated fair value.
			Time remaining until restoration works complete.	6 years	Greater time increases estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Total Buildings	**2,471**				
Educational Sites	1,593	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	2 per cent - 5 per cent	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
Operational Support Facilities	271	Depreciated Replacement Cost	Replacement cost per asset.	$900 - $84 million	Higher cost increases estimated fair value.
			Remaining useful life.	1-73 years	Higher remaining life increases estimated fair value.
			Total useful life.	30-150 years	Higher useful life increases estimated fair value.
Community Safety and Justice Facilities	251	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	1 per cent - 50 per cent	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
				$50 - $12,565 /m2	Higher cost increases estimated fair value.
Community and Heritage Facilities	203	Depreciated Replacement Cost	Quantity surveyor sourced material and actual costs for recent capital works.	20 per cent - 2 per cent /year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
			Historical cost.	$600 - $6,021 /m2	Higher historical cost per m2 increases estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Buildings - Continued					
Community Sporting Facilities	112	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	1-17 per cent per year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
			National Parks and Recreation Assets Condition Grading Standards (PRAMS).	PRAMS grade 1-5, defined as follows: 1 - Excellent 2 – Good 3 – Average 4 – Poor 5 – Very poor	Land improvement assets with higher PRAMS grade increases estimated fair value.
Public Transport Facilities	21	Depreciated Replacement Cost	Construction cost per sqm.	\$500 - \$2,100 /m2	Higher cost increases estimated fair value.
			Consumed economic benefit/ obsolescence of asset.	25 per cent - 50 per cent	Higher percentage decreases estimated fair value.
Exhibition Park	20	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	2.5 per cent per year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
Cemeteries	1	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	\$400 - \$700 /m2	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Total Plant and Equipment	**182**				
Public Transport Facilities	104	Depreciated Replacement Cost	Replacement cost per asset.	$750 - $2.737 million	Higher cost increases estimated fair value.
			Remaining useful life.	0.5-19 years	Higher remaining life increases estimated fair value.
			Total useful life.	3-20 years	Higher total useful life increases estimated fair value.
Territory and Municipal Services Plant and Equipment (excluding Mobile Plant and Equipment)	44	Depreciated Replacement Cost	Remaining useful life.	1-49 years	Higher useful life increases estimated fair value.
			Total useful life.	5-150 years	Higher total useful life increases estimated fair value.
Fitness Circuits, Water Tanks and Other Property, Plant and Equipment		Depreciated Replacement Cost	Replacement cost per asset - based on contract price or industry standard.	$50 - $624,700	Higher cost increases estimated fair value.
Bins, Bollards, Booms, Buoys and Flagpoles		Depreciated Replacement Cost	Replacement cost per asset - based on contract price or industry standard.	$33 - $43,215	Higher cost increases estimated fair value.
Barbeques, Drinking fountains, Playgrounds, Seats and Tables		Depreciated Replacement Cost	Replacement cost per asset - based on contract price or industry standard.	$1,127 - $113,458	Higher cost increases estimated fair value.
Information and Communication Technology	22	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	1-20 per cent	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Plant and Equipment - Continued					
Community Sporting and Event Facilities	6	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	0 per cent - 50 per cent /year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
Community and Heritage Facilities	5	Market value/ Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	0 per cent - 50 per cent /year 2-20 years	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
Office Fit-Out	1	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	2-20 years	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
Total Leasehold Improvements	**29**				
Community Safety and Justice Facilities	22	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	50 per cent - 1 per cent /year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
			Historical cost.	$449 - $10,403 /m2	Higher cost increases fair value.
Office Fit-Out	6	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	50 per cent - 10 per cent /year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Leasehold Improvements - Continued					
Municipal Services Fitouts	1	Depreciated Replacement Cost	Replacement cost per asset.	$230,000 - $890,000	Higher cost increases estimated fair value.
			Remaining useful life.	5-10 years	Higher remaining life increases estimated fair value.
			Total useful life.	30-150 years	Higher useful life increases fair value.
Total Infrastructure Assets	**8,551**				
Infrastructure Assets for Municipal Services	6,412	Depreciated Replacement Cost	Remaining useful life.	2-100 years	Higher remaining life increases estimated fair value.
			Total useful life.	5-100 years	Higher total useful life increases estimated fair value.
Boat Ramps, Boardwalks, Jetties, Site Improvements, Skate Parks, Waste Infrastructure and Other Infrastructure		Depreciated Replacement Cost	Replacement cost per asset.	$200 - $1.696 million	Higher cost increases estimated fair value.
Fences, Retaining Walls, Barriers		Depreciated Replacement Cost	Replacement cost per linear metre - based on contract price or industry standard.	$9 - $809	Higher cost increases estimated fair value.
Bridges, Car parks, Community Paths, Driveways, Irrigation Systems, Roads and Shopping Centre Pavements		Depreciated Replacement Cost	Replacement cost per square metre - based on contract price or industry standard.	$3 - $7,600	Higher cost increases estimated fair value.
Stormwater, Gates, Signs, Streetlights, Bus Shelters, Traffic Signals		Depreciated Replacement Cost	Replacement cost per asset - based on contract price or industry standard.	$277 - $30 million	Higher cost increases estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Infrastructure Assets - Continued					
Water and Sewerage Infrastructure Assets	1,896	Discounted Cashflow (DCF) Method	Market based nominal discount rate (post tax).	Low 5.8 per cent Medium 6.1 per cent High 6.5 per cent	An increase (decrease) in this discount rate, results in a decrease (increase) in the recoverable amount of the assets.
Major Public Venues	202	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	0-10 per cent /year	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
		Market Approach	Selection of land with similar approximate utility.	$0.18 - $35 /m2	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
			National Parks and Recreation Assets Condition Grading Standards (PRAMS)	PRAMS grade 1-5, defined as follows: 1 - Excellent 2 - Good 3 - Average 4 - Poor 5 - Very poor	Land improvement assets with higher PRAMS grade increases estimated fair value.
Computer and Data Storage Centres	40	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	0-20 per cent	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.
Cemeteries	2	Depreciated Replacement Cost	Consumed economic benefit/ obsolescence of asset.	$30 - $378 /m2	Greater consumption of economic benefit or increased obsolescence lowers estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Total Heritage and Community Assets	**1,749**				
Library Materials, Fountains, Water Features, Beaches, Sculptures, Shelters and Other Heritage and Community Assets	1,552	Depreciated Replacement Cost	Replacement cost per asset.	$1 - $18.663 million	Higher cost increases estimated fair value.
Library Materials, Fountains, Water Features, Beaches, Sculptures, Shelters and Other Heritage and Community Assets - Continued			Remaining useful life.	1-100 years	Higher remaining life increases estimated fair value.
			Total useful life.	1-100 years	Higher useful life increases estimated fair value.
		Statutory Land Value	Total Unimproved value of rateable properties divided by the total area of the ACT.	$18.55 /m2	Higher cost increases estimated fair value.
Community Sporting Facilities	165	Market Approach	Selection of land with similar approximate utility.	$10 - $149 /m2	Higher value of similar land increases estimated fair value.
Community and Heritage facilities	29	Depreciated Replacement Cost	Consumed Economic Benefit/ Obsolescence of asset.	4 - 10 per cent /year	Greater Consumption of economic benefit or increased obsolescence lowers estimated fair value.
			Historical cost.	$1,627 - $5,000 /m2	Higher cost increases estimated fair value.
Community Safety and Justice Facilities	2	Depreciated Replacement Cost	Consumed Economic Benefit/ Obsolescence of asset.	1 - 5 per cent /year	Greater Consumption of economic benefit or increased obsolescence lowers estimated fair value.
			Historical cost.	$4,000 - $6,000 /m2	Higher cost increases estimated fair value.

36 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description at 30 June 2014	Fair Value at 30 June 2014 $m	Valuation Technique(s)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Heritage and Community Assets - Continued					
Legislative Assembly Library	1	Depreciated Replacement Cost	Consumed Economic Benefit/ Obsolescence of asset.	$1 - $549,000	Greater Consumption of economic benefit or increased obsolescence lowers estimated fair value.

Assets Where Current Use is not Highest and Best Use

The Territory considers that its current use of all Property, Plant and Equipment is reflective of highest and best use.

37 INVESTMENT PROPERTIES

The Territory holds land and building 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		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Land at Fair Value	3	2	8	6
Buildings at Fair Value	-	-	2	1
Total Investment Properties	**3**	**2**	**10**	**7**

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

37 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 2013-14.

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2013	**2**	**-**	**2**
Net Gain or Loss on Revaluation	0	-	**0**
Balance at 30 June 2014[(a)]	**3**	**-**	**3**

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 2012-13.

	Land	Buildings	Total
	$m	*$m*	*$m*
Balance at 1 July 2012	**3**	**-**	**3**
Net Gain or Loss on Revaluation	0	-	**0**
Balance at 30 June 2013[(a)]	**2**	**-**	**2**

The following table shows the movement of the value of Total Territory investment properties during 2013-14.

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2013	**6**	**2**	**7**
Additions	2	1	**3**
Net Gain or Loss on Revaluation	0	0	**0**
Balance at 30 June 2014[(a)]	**8**	**2**	**10**

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 the value of Total Territory investment properties during 2012-13.

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2012	**3**	**-**	**3**
Additions	3	2	**5**
Net Gain or Loss on Revaluation	0	-	**-**
Balance at 30 June 2013[(a)]	**6**	**2**	**7**

37 INVESTMENT PROPERTIES - CONTINUED

FAIR VALUE HIERARCHY

Details of the Territory's investment properties at fair value and information about the Fair Value Hierarchy at 30 June 2014 is provided below.

General Government Sector	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Investment Properties at Fair Value				
Land	-	3	-	**3**
Total Investment Properties at Fair Value	**-**	**3**	**-**	**3**

Total Territory	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Investment Properties at Fair Value				
Land	-	8	-	**8**
Buildings	-	2	-	**2**
Total Investment Properties at Fair Value	**-**	**10**	**-**	**10**

Transfers Between Categories

There have been no transfers between Level 1 and Level 2 during the reporting period.

Valuation Techniques, Inputs and Processes

Valuation Technique: the valuation technique used to value investment properties is the market approach that reflects recent transaction prices for similar properties.

Inputs: prices and other relevant information generated by market transactions involving comparable investment properties were considered. Regard was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable as well as current zoning.

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m

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

	General Government Sector 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Computer Software				
Internally Generated Software				
Computer Software at Cost	91	82	91	86
Less: Accumulated Amortisation	66	62	66	65
Total Internally Generated Software	**24**	**20**	**24**	**21**
Externally Purchased Software				
Computer Software at Cost	24	21	35	29
Less: Accumulated Amortisation	19	14	27	20
Total Externally Purchased Software	**5**	**7**	**8**	**9**
Total Computer Software	**29**	**27**	**32**	**30**
Other Intangibles				
Externally Purchased Other Intangibles				
Other Intangible Assets at Cost	1	1	24	35
Less: Accumulated Amortisation	1	1	1	1
Less: Accumulated Impairment Losses	-	-	6	7
Total Externally Purchased Other Intangibles	**0**	**0**	**17**	**27**
Total Other Intangibles	**0**	**0**	**17**	**27**
Total Intangible Assets	**30**	**27**	**49**	**57**

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

38 INTANGIBLES - CONTINUED

Reconciliation of Intangible Assets - General Government Sector (GGS)

The following table shows the movement of each class of Intangible Assets held by the GGS during 2013-14.

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	$m	$m	$m	$m
Balance at 1 July 2013	**20**	**7**	**0**	**27**
Additions	13	1	-	**14**
Amortisation	-8	-3	-	**-11**
Other Changes	-	0	-	**-**
Balance at 30 June 2014[(a)]	**24**	**5**	**0**	**30**

The following table shows the movement of each class of Intangible Assets 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**

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

38 INTANGIBLES - CONTINUED

Reconciliation of Intangible Assets - Total Territory

The following table shows the movement of each class of Intangible Assets held by the Territory during 2013-14.

	Internally Generated Software $m	Externally Purchased Software $m	Externally Purchased Other Intangibles $m	Total Intangible Assets $m
Balance at 1 July 2013	**21**	**9**	**27**	**57**
Additions	14	1	-	**15**
Amortisation	-8	-4	-	**-12**
Other Changes	-1	1	-10	**-10**
Balance at 30 June 2014[(a)]	**24**	**8**	**17**	**49**

The following table shows the movement of each class of Intangible Assets 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**

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	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
39 INVENTORIES				
Raw Materials and Stores	0	0	3	3
Inventory Works in Progress	0	0	56	41
Finished Goods	13	14	75	42
Consumables	1	1	1	1
Total Current Inventories - at Cost	**15**	**16**	**135**	**88**
(refer Note 2(r): 'Inventories')				
Inventory Works in Progress	1	1	80	86
Total Non-Current Inventories - at Cost	**1**	**1**	**80**	**86**
(refer to Note 2(r): 'Inventories')				
Total Inventories - at Cost	**16**	**17**	**215**	**174**

40 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 2014, have been classified as 'Assets Held for Sale'. Other Assets Held for Sale include the assets of ACTTAB, which is pending sale as an entity, and water licences held by ACTEW Corporation.

	General Government Sector 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Land Held for Sale	-	-	1	5
Buildings Held for Sale	-	-	1	2
Plant and Equipment Held for Sale	1	1	14	1
Water Licences Held for Sale	-	-	11	-
Total Assets Held for Sale	**1**	**1**	**26**	**8**
(refer to Note 2(s): 'Assets Held for Sale')				

FAIR VALUE HIERARCHY

Details of the Territory's assets held for sale at fair value and information about the Fair Value Hierarchy at 30 June 2014 is provided below.

General Government Sector	**Classification According to the Fair Value Hierarchy**			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets Held for Sale at Fair Value				
Property, Plant and Equipment Held for Sale	-	1	-	1
Total Assets Held for Sale at Fair Value	**-**	**1**	**-**	**1**

Total Territory	**Classification According to the Fair Value Hierarchy**			
	Level 1 $m	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets Held for Sale at Fair Value				
Land Held for Sale	-	1	-	**1**
Buildings Held for Sale	-	1	-	**1**
Plant and Equipment Held for Sale	13	1	-	**14**
Water Licences Held for Sale	11	-	-	**11**
Total Assets Held for Sale at Fair Value	**24**	**3**	**-**	**26**

40 ASSETS HELD FOR SALE - CONTINUED

Transfers Between Categories

There have been no transfers between Levels 1, 2 and 3 during the reporting period.

Valuation Techniques, Inputs and Processes

Level 2 fair value of assets held for sale are derived using the market approach. These assets have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets. Assets held for sale represent a non-recurring fair value measurement.

41 CAPITAL WORKS-IN-PROGRESS

Capital Works-in-Progress are assets being constructed over periods of time beyond 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.

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Construction - Residential Buildings	2	2	28	23
Construction - Non-Residential Buildings	156	287	152	283
Infrastructure	529	348	649	458
Software	83	68	83	69
Total Capital Works-in-Progress	**768**	**705**	**912**	**833**

41 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 2013-14.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2013	**2**	**287**	**349**	**68**	**705**
Additions	-	151	324	29	**504**
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-276	-118	-11	**-405**
Capital Works-in-Progress Completed and transferred to Intangibles	-	-	-17	-4	**-21**
Other Movements / Reclassifications	0	-6	-8	1	**-13**
Balance at 30 June 2014[(a)]	**2**	**156**	**529**	**83**	**768**

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**

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

41 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 2013-14.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2013	**23**	**283**	**458**	**69**	**833**
Additions	39	151	391	29	**611**
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-33	-276	-175	-11	**-495**
Capital Works-in-Progress Completed and transferred to Intangibles	-	-	-17	-4	**-21**
Other Movements / Reclassifications	-1	-6	-8	1	**-15**
Balance at 30 June 2014[(a)]	**28**	**152**	**649**	**83**	**912**

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**

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	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
42 BIOLOGICAL ASSETS				
Biological Assets - Forest Plantations	26	26	26	26
Total Biological Assets	**26**	**26**	**26**	**26**
(refer to Note 2(aa): 'Biological Assets')				

LIABILITIES

43 DEPOSITS HELD				
Current Financial Creditors	131	139	16	16
Total Deposits Held	**131**	**139**	**16**	**16**
44 ADVANCES RECEIVED				
Current Advances from the Commonwealth Government	4	3	8	8
Non-Current Advances from the Commonwealth Government	79	83	152	160
Total Advances Received	**83**	**86**	**160**	**168**
(refer to Note 2(ac): 'Advances Received')				

45 FINANCE LEASES

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

Within One Year	10	12	10	13
Later than One Year but not Later than Five Years	14	12	15	13
Later than Five Years	-	0	-	0
Minimum Lease Payments	**24**	**24**	**25**	**25**
Less: Future Finance Lease Charges	2	2	2	2
Total Present Value of Minimum Lease Payments	**23**	**23**	**24**	**24**
The present value of the minimum lease payments are as follows:				
Within One Year	9	9	9	10
Later than One Year but not Later than Five Years	14	14	14	14
Later than Five Years	-	-	-	-
Total Present Value of Minimum Lease Payments	**23**	**23**	**24**	**24**
Represented by:				
Current Liability	9	11	9	12
Non-Current Liability	14	12	14	12
Total Present Value of Minimum Finance Lease Payments	**23**	**23**	**24**	**24**
(refer to Note 2(ai): 'Leases')				

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
46 OTHER BORROWINGS				
Current Borrowings				
Banks and Financial Institutions[(a)]	6	49	6	49
Bonds and Bills	108	209	108	209
Total Current Borrowings	**114**	**258**	**114**	**258**
(refer to Note 2(ae): 'Interest-Bearing Liabilities')				
Non-Current Borrowings				
Bonds and Bills	2,972	2,486	2,972	2,486
Total Non-Current Borrowings	**2,972**	**2,486**	**2,972**	**2,486**
Total Other Borrowings	**3,085**	**2,744**	**3,085**	**2,744**

Note: (a) Some agencies are able to operate their bank account in overdraft, on behalf of the ACT Government for effective cash management purposes. The Commerce and Works Directorate was the only agency to be operating a bank account in overdraft as at 30 June 2014. This overdraft relates to the receipt and payment of capital works project expenditure. No interest was charged on this overdraft.

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
47 SUPERANNUATION				
Superannuation Liability at the Beginning of the Reporting Period	**6,788**	**7,500**	**6,788**	**7,500**
Expense Accrued during the Period for Commonwealth Superannuation	503	521	503	521
Other Superannuation Expenses	102	90	113	100
Superannuation Expense	**605**	**611**	**616**	**621**
(refer to Note 16: 'Superannuation Expenses')	**7,393**	**8,111**	**7,404**	**8,121**
Less: Actuarial Gain/(Loss) from Annual Review	-356	1,087	-356	1,087
Less: Payments during the Reporting Period for Superannuation	266	237	277	247
Superannuation Liability at the End of the Reporting	**7,483**	**6,788**	**7,484**	**6,788**
Represented by:				
Current Estimated Employee Superannuation Liability	206	184	207	184
Non-Current Estimated Employee Superannuation Liability	7,277	6,603	7,277	6,603
Total Superannuation Liabilities	**7,483**	**6,788**	**7,484**	**6,788**

(Refer to Note 2(ag): 'Superannuation' and Note 2(aj): 'Significant Accounting Judgements and Estimates').

	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
48 EMPLOYEE BENEFITS AND OTHER PROVISIONS				
Employee Benefits				
Current Employee Benefits				
Accrued Wages and Salaries	75	44	79	46
Annual Leave	201	192	220	210
Long Service Leave	289	267	327	303
Other Employee Benefits	4	1	6	3
Total Current Employee Benefits	**569**	**504**	**632**	**563**
(refer to Note 2(af): 'Employee Benefits')				
Non-Current Employee Benefits				
Long Service Leave	41	41	45	45
Total Non-Current Employee Benefits	**41**	**41**	**45**	**45**
(refer to Note 2(af): 'Employee Benefits')				
Total Employee Benefits	**610**	**545**	**677**	**608**

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
48 EMPLOYEE BENEFITS AND OTHER PROVISIONS - CONTINUED				
Estimated Amount Payable within 12 Months				
Accrued Wages and Salaries	72	46	77	48
Annual Leave	124	190	141	208
Long Service Leave	103	26	121	53
Other Employee Benefits	8	3	8	3
Total Employee Benefits Payable within 12 Months	**307**	**266**	**346**	**314**
Estimated Amount Payable after 12 Months				
Annual Leave	75	1	78	1
Long Service Leave	228	281	252	296
Other Employee Benefits	-	-	1	-
Total Employee Benefits Payable after 12 Months	**303**	**282**	**330**	**296**
Total Other Employee Benefits	**610**	**545**	**677**	**608**

The General Government Sector had approximately 17,373 full time equivalent employees (FTEs) as at 30 June 2014 (17,286 FTEs as at 30 June 2013). The Territory had approximately 19,108 FTEs as at 30 June 2014 (19,004 FTEs as at 30 June 2013).

	General Government Sector		Total Territory	
Other Provisions				
Current Other Provisions				
Other Provisions	2	2	49	42
Total Current Other Provisions	**2**	**2**	**49**	**42**
Non-Current Other Provisions				
Other Provisions	16	16	58	52
Total Non-Current Other Provisions	**16**	**16**	**58**	**52**
Total Other Provisions	**17**	**17**	**107**	**94**
Total Employee Benefits and Other Provisions	**627**	**563**	**784**	**702**

		General Government Sector		Total Territory	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
49	**PAYABLES**				
	Current Payables				
	Trade Payables	61	50	76	82
	Accrued Expenses	82	80	92	95
	GST Liability	0	1	4	5
	Revenue Received in Advance	32	26	58	44
	Insurance Payables	29	33	29	33
	Other Payables	47	47	37	27
	Total Current Payables	**252**	**238**	**295**	**285**
	(refer to Note 2(ab): 'Payables')				
	Non-Current Payables				
	Insurance Payables	270	277	270	277
	Other Payables	0	3	0	3
	Total Non-Current Payables	**270**	**280**	**270**	**280**
	(refer to Note 2(ab): 'Payables')				
	Total Payables	**522**	**517**	**565**	**565**
	Payables are aged as follows:				
	Not Overdue	514	514	559	563
	Overdue for Less than 30 Days	4	2	4	2
	Overdue for 30 to 60 Days	1	1	1	1
	Overdue for More than 60 Days	1	0	1	-1
	Total Payables	**522**	**517**	**565**	**565**
50	**OTHER LIABILITIES**				
	Current Other Liabilities	5	6	5	6
	Non-Current Other Liabilities	5	6	5	8
	Total Other Liabilities	**10**	**13**	**10**	**13**

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
51 RECONCILIATION OF CHANGES IN EQUITY				
Equity in Public Trading Entities (a)	5,721	5,608	-	-
Accumulated Funds (b)	3,875	4,206	6,113	6,464
Asset Revaluation Surplus (c)	5,283	5,387	9,066	9,075
Other Reserves (d)	0	-2	13	11
Total Equity	**14,880**	**15,199**	**15,193**	**15,550**

(a) Equity in Public Trading Entities

Balance at the Beginning of the Reporting Period	**5,608**	**5,523**	**-**	**-**
Net Increment/(Decrement)	114	85	-	-
Total Increase/(Decrease) in Public Trading Entities	114	85	-	-
Balance at the End of the Reporting Period	**5,721**	**5,608**	**-**	**-**

(b) Accumulated Funds

Balance at the Beginning of the Reporting Period	**4,206**	**3,143**	**6,464**	**5,448**
Operating Result for the Period	53	-10	-26	-122
Superannuation Actuarial Gain/(Loss)	-356	1,087	-356	1,087
Other Movements	-1	7	-0	8
Transfers to/(from) Reserves	2	11	32	43
Capital Injections	-30	-33	-	-
Total Increase/(Decrease) in Accumulated Funds	-331	1,061	-350	1,016
Balance at the End of the Reporting Period	**3,875**	**4,206**	**6,113**	**6,464**

(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	**5,387**	**5,129**	**9,075**	**8,634**
Increment/(Decrement) in Land due to Revaluation	58	171	159	214
Increment/(Decrement) in Buildings due to Revaluation	-210	-2	-211	-5
Increment/(Decrement) in Heritage and Community Assets due to Revaluation	62	78	62	78
Increment/(Decrement) in Infrastructure Assets due to Revaluation	-17	24	-17	63
Increment/(Decrement) in Plant and Equipment Assets due to Revaluation	9	6	9	6
Increment in Leasehold Improvements due to Revaluation	0	-1	0	-1
Transfers to/(from) Accumulated Funds	-5	-19	-11	85
Total Increase/(Decrease) in the Asset Revaluation Surplus	-103	259	-9	441
Balance at the End of the Reporting Period	**5,283**	**5,387**	**9,066**	**9,075**

(d) Other Reserves

Other Reserves relate mainly to general insurance and contributed capital reserves.

Balance at the Beginning of the Reporting Period	**-2**	**-3**	**11**	**10**
Net Increment/(Decrement)	2	1	2	1
Total Increase/(Decrease) in Other Reserves	2	1	2	1
Balance at the End of the Reporting Period	**0**	**-2**	**13**	**11**

	General Government Sector 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m

52 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.

	General Government Sector 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Cash and Cash Equivalents in the Balance Sheet				
Cash and Deposits	422	406	472	441
Short-Term Securities and Other Cash Equivalents	-	0	57	78
Bank Overdraft	-7	-51	-7	-51
Cash and Cash Equivalents as per the Cash Flow Statement	**415**	**355**	**521**	**469**

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

	General Government Sector 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Operating Result	**53**	**-10**	**-26**	**-122**
Add/(Less) Non-Cash Movements:				
Depreciation and Amortisation	333	341	404	405
Net Revaluation of Non-Financial Assets	0	3	5	3
Bad Debts	4	7	6	9
Capitalised Profit from Joint Ventures	-	-	-58	-100
Waivers	-5	-13	-5	-13
Gains from Contributed Assets	-90	-66	-35	-38
Add/(Less) Items Classified as Investing or Financing:				
Dividends (Market Gains on Land Sales)	-8	-6	-	-
Realised (Gains)/Losses on Investments	-191	-72	-191	-72
Unrealised (Gains)/Losses on Investments	-72	-198	-72	-199
Net (Gains)/Losses on Disposal of Non-Current Assets	29	-18	39	-14
Cash Before Changes in Operating Assets and Liabilities	**53**	**-32**	**68**	**-140**
Change in Operating Assets and Liabilities:				
(Increase)/Decrease in Receivables	155	96	-2	45
(Increase)/Decrease in Inventories	1	-5	-42	-37
Increase/(Decrease) in Payables	5	-142	0	-101
Increase/(Decrease) in Employee Benefits and Provisions	405	399	423	422
Increase/(Decrease) in Other Liabilities	-3	-5	-3	-6
Net Cash Flows from Operating Activities	**615**	**312**	**443**	**182**

(c) Non-Cash Financing and Investing Activities.

The Territory (through the General Government Sector) purchased $11.4 million worth of motor vehicles and other items of plant and equipment under finance lease arrangements during 2013-14 ($10.8 million in 2012-13).

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m

53 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):

	GGS 2013-14 Actual $m	GGS 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Payable:				
Within One Year	49	41	56	46
Later than One Year but not Later than Five Years	134	111	146	123
Later than Five Years	59	90	64	96
Total Operating Lease Commitments	**242**	**242**	**265**	**265**

54 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):

	GGS 2013-14 Actual $m	GGS 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Property, Plant and Equipment Capital Commitments				
Payable:				
Within One Year	372	475	413	524
Later than One Year but not Later than Five Years	219	284	275	284
Total Property, Plant and Equipment Capital Commitments	**591**	**759**	**687**	**808**

55 OTHER COMMITMENTS

These commitments include contracts for the ACT Policing agreement, repairs, maintenance and capital improvements, housing construction and property purchases and community grants.

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

	GGS 2013-14 Actual $m	GGS 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Payable:				
Within One Year	449	488	725	802
Later than One Year but not Later than Five Years	430	688	432	689
Later than Five Years	76	86	76	86
Total Other Commitments	**955**	**1,262**	**1,233**	**1,578**

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m

56 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 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Quantifiable Contingent Liabilities and Guarantees				
Contingent Liabilities	134	121	146	129
Guarantees	-	-	-	-
Indemnities	-	-	-	-
Total Quantifiable Contingent Liabilities and Guarantees	**134**	**121**	**146**	**129**

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 the liabilities of some legal claims.

	General Government Sector 2013-14 Actual $m	General Government Sector 2012-13 Actual $m	Total Territory 2013-14 Actual $m	Total Territory 2012-13 Actual $m
Quantifiable Legal Claims Against the Territory include:				
Public Liability Claims	30	27	31	29
Personal Injury Claims	12	13	16	18
Economic Loss Claims	-	3	8	3
Total Quantifiable Legal Claims Against the Territory	**43**	**43**	**55**	**50**

56 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Other contingent liabilities of the GGS and the Territory as at 30 June 2014 include:

* the Territory is responsible for the management of 173 sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors. The contingent liability for 2013-14 is $80.2 million (30 June 2013: $69 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 2013-14 is $6.3 million (30 June 2013: $6.1 million);
* the Territory is currently defending 115 Health actions (2013: 123 actions) with an estimated net liability of $5.5 million (2013: $5.2 million);
* 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 2014 is estimated at $2.3 million (30 June 2013: $2.3 million);
* the Water Security Program construction projects were affected by heavy rainfall and severe flooding which resulted in an assessment of estimated costs of up to $11.9 million, $4.3 million of these costs being a contingent asset (insurance recoveries) as at 30 June 2014; and
* the Territory has a contingent liability for an unquantifiable amount to the Australian Taxation Office for the potential return of GST refunds received by the Land Development Agency and for a potential additional GST liability on future land sales in relation to the application of the Government Margin Scheme to land sales. This matter has not been resolved with the Australian Taxation Office at the date of these financial statements.

Contingent Assets

General Government Sector and Total Territory

* the Territory has a contingent asset for GST refunds of $7.8 million as a result of overpayment of GST on land sales in previous financial years. These refunds relate to prior year land sales that the Land Development Agency now classify as GST free land sales. The Australian Taxation Office has not indicated that it agrees with this position. Until these refunds are received or acceptance is indicated they remain a contingent asset of the Territory.

	General Government Sector		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
57 THIRD PARTY MONIES				
Third Party Monies held in Trust by the Territory				
ACT Long Service Leave Authority	112	95	112	95
Rental Bonds Board	60	58	60	58
Default Insurance Fund	22	20	22	20
Nominal Defendant Insurance Fund	24	27	24	27
Health Professional Registration	1	1	1	1
Public Trustee Common Fund	242	221	242	221
ACT Civil and Administrative Tribunal	55	56	55	56
Other Third Party Monies	43	38	43	38
Total Monies Held in Trust	**559**	**514**	**559**	**514**

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

Territory agencies are also responsible for a number of other Boards and Trusts which are immaterial to the Territory's financial statements.

58 INTEREST IN JOINT VENTURE ENTITIES

General Government Sector (GGS)

The 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; and

b) Crace Development Pty Ltd for the residential development of Crace.

The Territory has 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	
	2013-14 Actual $m	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**
Share of Joint Venture Profit:				
Revenue	0	0	464	544
Expenses	0	0	361	412
Operating Profit	**0**	**0**	**102**	**132**
Share of the Joint Venture Assets and Liabilities is as follows:				
Current Assets	0	0	120	157
Non-Current Assets	3	3	582	534
Total Assets	**3**	**3**	**702**	**691**
Current Liabilities	0	0	93	98
Non-Current Liabilities	-	-	9	8
Total Liabilities	**0**	**0**	**103**	**105**
Net Assets	**3**	**3**	**599**	**586**
Share of Joint Venture Commitments				
Lease Commitments	-	-	42	38
Total Expenditure Commitments	-	-	**42**	**38**
Capital and Other Commitments	-	-	16	24
Total Share of Joint Venture Commitments	**-**	**-**	**58**	**62**

59 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 Lyons Estate Redevelopment Joint Venture. 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	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Assets Employed in the Jointly Controlled Operation				
Current Assets				
Lyons Land Receivable	-	-	9	-
Total Current assets	**-**	**-**	**9**	**-**
Non-Current Assets				
Lyons Land Receivable	-	-	-	5
Total Non-Current assets	**-**	**-**	**-**	**5**
Total Assets Employed in the Jointly Controlled Operation	**-**	**-**	**9**	**5**

60 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 41 per cent of the Territory's revenue (refer to 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.

61 THE TERRITORY'S CREDIT RATING

The Territory maintains a AAA credit rating assigned by Standard & Poor's Rating Services (AAA rating 2012-13).

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+

61 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).

62 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 2013-14. 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	
	2013-14 Actual $m	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**
Audit Services Paid or Payable				
Financial Audits (Fees for Service)	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 $11,500 for the independent audit of its 2013-14 financial statements ($11,000: 2012-13).

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

63 EVENTS SUBSEQUENT TO BALANCE DATE

New Administrative Arrangements took effect on 7 July 2014 which resulted in the functions of the Commerce and Works and the Economic Development Directorates being amalgamated into the Chief Minister and Treasury Directorate, resulting in the Chief Minister, Treasury and Economic Development Directorate (CMTEDD). Property Group was transferred from the Territory and Municipal Services Directorate to CMTEDD; artsACT and the management of community facilities functions were transferred from the Community Services Directorate to CMTEDD; and the Environment and Sustainable Development Directorate was renamed the Environment and Planning Directorate. The Administrative Arrangements will not have a financial impact on the consolidated sectors of the Territory.

The *Clean Energy Legislation (Carbon Tax Repeal) Bill 2013* was passed by the Senate on 16 July 2014. When the bill becomes law, it will repeal the *Clean Energy Act 2011* and abolish the carbon pricing mechanism from 1 July 2014. The Territory must still meet its carbon price obligations for the 2013-14 financial year. These obligations include reporting emissions numbers to the Clean Energy Regulator under section 22A of the *National Greenhouse and Energy Reporting Act 2007* by 31 October 2014 and acquitting the final carbon price liability for 2013-14 by 2 February 2015.

Under the Bi-Lateral agreement with the Commonwealth, the transition to the National Disability Insurance Scheme (NDIS) in the ACT commenced on 1 July 2014 and will be completed by 2016-17. During this period, disability and therapy services will progressively transfer to the Commonwealth's National Disability Insurance Authority. The total net contribution to the NDIS over the three year trial period is estimated at $146 million.

The sale of ACTTAB will be finalised in the 2014¬15 financial year. On 30 July 2014, the ACTTAB shareholder announced that Tabcorp was chosen as the successful purchaser, and that the sale of ACTTAB's assets and liabilities, and associated issue of licences achieved a sales price of $105.5 million.

The ACT Government is currently investigating options in relation to loose fill (Mr Fluffy) asbestos in homes. The Territory is in negotiation with the Commonwealth regarding an enduring solution in relation to this issue.

The ACT Government is investigating options regarding the potential sale of assets in the Territory and considering these options in the context of the Commonwealth's Asset Recycling Initiative which provides a 15 per cent incentive payment on qualifying assets. Potential asset sale options include ageing public housing stock, government office buildings, street lights and surface car parks.

The Australian Valuation Office closed on 30 June 2014. From 1 July 2014, valuation services will be provided by CMTEDD.

The Territory's credit rating will be reviewed by Standard and Poor's Rating Service post 30 June 2014. Refer to Note 61: 'The Territory's Credit Rating' for further information.

64 SERVICE CONCESSION ASSETS

The Local Hospital Network 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 an 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 owned 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 2013-14 financial year was $175.1 million in recurrent funding (2012-13: $167.8 million), $3.850 million for capital projects and $0.760 million for capital upgrades (2012-13: $0.7 million). The service concession assets are not recognised in the General Government Sector and Total Territory's Balance Sheet.

65 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 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 32: '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.

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 2014, fixed rate nominal bonds accounted for 70 per cent of the Territory's market borrowings.

65 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	
	2014 $m	2013 $m	2014 $m	2013 $m
Financial Assets	903	342	648	964
Financial Liabilities	487	76	277	605
Net Exposure Before the Effect of Derivatives	**416**	**266**	**371**	**359**

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 lease 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 2014, 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 2.5 per cent (2013: 2.75 per cent), with all other variables held constant.

30 June 2014	**Fixed Rate Instruments**				**Variable Rate Instruments**			
General Government Sector and Total Territory	**-1.00%**		**+1.00%**		**-1.00%**		**+1.00%**	
	Profit/ (Loss) Impact $m	**Equity Impact $m**	**Profit/ (Loss) Impact $m**	**Equity Impact $m**	**Profit/ (Loss) Impact $m**	**Equity Impact $m**	**Profit/ (Loss) Impact $m**	**Equity Impact $m**
30 June 2014 (1.0%)								
Financial Assets	6	6	-6	-6	-4	-4	4	4
Financial Liabilities	-4	-4	4	4	4	4	-4	-4
Net Assets	**2**	**2**	**-2**	**-2**	**-0**	**-0**	**0**	**0**
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**

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.

65 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	
	2014 $m	**2013 $m**	**2014 $m**	**2013 $m**
Financial Assets	227	400	836	841
Financial Liabilities	0	0	834	839
Net Exposure Before the Effect of Derivatives	**227**	**400**	**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.

65 FINANCIAL INSTRUMENTS - CONTINUED

Price Risk and Inflation Risk - Continued

Superannuation Investment Portfolio	Exposure to Other Price Risk 2014 $m	2013 $m
Financial Assets	2,808	2,336
Net Exposure Before the Effect of Derivatives	**2,808**	**2,336**

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 2014 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 $m
AUD	28	2,025	52	2,105	4	142	146	1,959
USD	3	592	1	596	-	-	-	596
JPY	1	95	0	96	0	-	0	96
EUR	2	140	0	142	-	-	-	142
GBP	-	-	-	-	0	-	0	-
Other	1	218	1	220	-	-	-	220
Total A$m	**35**	**3,070**	**54**	**3,159**	**4**	**142**	**146**	**3,013**

65 FINANCIAL INSTRUMENTS - CONTINUED

Currency as at 30 June 2013 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	$m
AUD	12	2,556	19	2,587	2	71	73	2,514
USD	-	-	-	-	-	-	-	-
JPY	-	-	-	-	-	-	-	-
EUR	-	-	-	-	-	-	-	-
GBP	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total A$m	**12**	**2,556**	**19**	**2,587**	**2**	**71**	**73**	**2,514**

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 (US Dollar, Great Britain Pound, Japanese Yen and the Euro) on the Territory's Operating Statement for the year and on Equity.

30 June 2014 General Government Sector and Total Territory	**-10%**		**+10%**	
	Profit/(Loss) Impact	**Equity Impact**	**Profit/(Loss) Impact**	**Equity Impact**
	$'000	**$'000**	**$'000**	**$'000**
Currency				
USD	-358	-358	358	358
JPY	-70	-70	70	70
EUR	-192	-192	192	192
GBP	-	-	-	-
Other	-185	-185	185	185
Total Increase/(Decrease)	**-805**	**-805**	**805**	**805**

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**

65 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 2014					
Directly Held					
Cash Enhanced Money Market and Fixed Interest	361	82	610	15	**1,068**
Indirectly Held					
Unit Trust (Debt Instruments)	534	260	315	28	**1,137**
Total	**895**	**342**	**925**	**43**	**2,205**
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**

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 2014 (nil at 30 June 2013).

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.

The Territory does not have any significant credit risk exposure for non-rated securities to any single counterparty or any group of counterparties having similar characteristics.

65 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 2014 **General Government Sector**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$m**
Non-Derivatives					
Payables	126	126	270	-	**522**
Interest-Bearing Liabilities (Current/Non-Current)	207	165	1,138	2,762	**4,272**
Estimated Superannuation Liabilities	50	149	980	27,106	**28,285**
Finance Lease Liabilities (Current/Non-Current)	5	5	14	-	**23**
Total Non-Derivatives	**388**	**445**	**2,401**	**29,868**	**33,102**
Derivatives					
Net Settled Derivatives (Interest Rate Swaps and Futures)	3	0	10	3	**16**
Total Derivatives	**3**	**0**	**10**	**3**	**16**

65 FINANCIAL INSTRUMENTS - CONTINUED

30 June 2013 **General Government Sector**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$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**

30 June 2014 **Total Territory**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$m**
Non-Derivatives					
Payables	148	148	270	-	**565**
Interest-Bearing Liabilities (Current/Non-Current)	207	165	1,138	2,762	**4,272**
Estimated Superannuation Liabilities	50	149	980	27,106	**28,285**
Finance Lease Liabilities (Current/Non-Current)	5	5	14	-	**24**
Total Non-Derivatives	**409**	**466**	**2,402**	**29,868**	**33,145**
Derivatives					
Net settled derivatives	3	0	10	3	**16**
(Interest Rate Swaps and Futures)					
Total Derivatives	**3**	**0**	**10**	**3**	**16**

30 June 2013 **Total Territory**	**Less than 3 months** **$m**	**3-12 months** **$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**

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.

65 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	2013-14		2012-13	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Assets				
Cash and Deposits	422	422	406	406
Advances Paid	1,590	1,756	1,482	1,446
Investments and Loans	4,024	4,024	3,609	3,609
Receivables[(a)]	353	353	521	521
Equity				
Investments in Other Public Sector Entities	5,721	5,721	5,608	5,608
Total Financial Assets	**12,110**	**12,277**	**11,625**	**11,589**
Financial Liabilities				
Deposits Held	131	131	139	139
Advances Received	83	86	86	89
Finance Leases	23	23	23	23
Borrowings	3,085	2,829	2,744	2,647
Payables	522	522	517	517
Other Liabilities	10	10	13	13
Total Financial Liabilities	**3,854**	**3,601**	**3,522**	**3,428**
Net Financial Assets	**8,256**	**8,675**	**8,102**	**8,161**

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

Total Territory	2013-14		2012-13	
	Carrying Amount $m	Net Fair Value $m	Carrying Amount $m	Net Fair Value $m
Financial Assets				
Cash and Deposits	472	472	441	441
Advances Paid	141	141	126	126
Investments and Loans	4,081	4,081	3,687	3,687
Receivables[(a)]	305	305	440	440
Equity				
Investments Accounted for Using Equity Method	634	634	610	610
Total Financial Assets	**5,633**	**5,633**	**5,303**	**5,303**
Financial Liabilities				
Deposits Held	16	16	16	16
Advances Received	160	167	168	174
Finance Leases	24	24	24	24
Borrowings	3,085	2,829	2,744	2,647
Payables	565	565	565	565
Other Liabilities	10	10	13	13
Total Financial Liabilities	**3,859**	**3,610**	**3,529**	**3,438**
Net Financial Assets	**1,774**	**2,023**	**1,774**	**1,865**

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

65 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 considering the lowest level input that is significant to the fair value measurement as a whole.

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

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

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

30 June 2014	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets and Liabilities at Fair Value				
Financial Assets				
Investments - Directly Held				
Cash Enhanced	352	711	-	**1,063**
Domestic Fixed Income	-	267	-	**267**
Domestic and International Equities	1,653	5	-	**1,658**
Financial Derivatives	1	14	-	**15**
Investments - Indirectly Held				
Unit Trust - Cash	-	422	-	**422**
Unit Trust - Fixed Income	-	502	-	**502**
Unit Trust - Domestic and International Equities	-	116	-	**116**
Unit Trust - Property	-	213	-	**213**
Unit Trust - Private Equity	-	-	120	**120**
Total	**2,006**	**2,250**	**120**	**4,377**
Financial Liabilities				
Investments - Directly Held				
Financial Derivatives	1	14	-	**15**
Total	**1**	**14**	**-**	**15**
Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	1,616	-	**1,616**
Financial Liabilities				
Interest Bearing Liabilities	-	3,244	-	3,244
Total	**-**	**4,859**	**-**	**4,859**
Net Assets	**2,005**	**2,236**	**120**	**4,362**

65 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy - Continued

30 June 2013	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets and Liabilities at Fair Value				
Financial Assets				
Investments - Directly Held				
Cash Enhanced	92	673	-	**765**
Debt Investments	-	217	-	**217**
Domestic and International Equities	367	0	-	**368**
Financial Derivatives	0	-	-	**0**
Investments - Indirectly Held				
Unit Trust - Cash	-	283	-	**283**
Unit Trust - Fixed Income	-	585	-	**585**
Unit Trust - Domestic and International Equities	-	1,144	-	**1,144**
Unit Trust - Property	-	231	-	**231**
Unit Trust - Private Equity	-	-	125	**125**
Total	**459**	**3,133**	**125**	**3,716**
Financial Liabilities				
Investments - Directly Held				
Financial Derivatives	0	4	-	**4**
Total	**0**	**4**	**-**	**4**
Net Assets	**459**	**3,129**	**125**	**3,712**

65 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy - Continued

Valuation Techniques and Inputs

Quoted market price represents the fair value determined based on quoted prices in active markets for identical assets as at the reporting date without any deduction for transaction costs. Listed equity investments valued based on quoted market prices are included within Level 1 of the Fair Value Hierarchy.

Unlisted investments in unit trusts include domestic and international fixed income investments, property unit trusts, private equity funds and other indirectly held equity investments which are not quoted in an active market and which may be subject to restrictions on redemptions such as private equity funds. Fair values of these investments are determined by using valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. The investment manager considers the valuation techniques and inputs used in valuing these units as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the Net Asset Value of these units may be used as an input into measuring their fair value. In measuring this fair value, the Net Asset Value of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the units trust and fund manager. Depending on the nature and level of adjustments needed to the Net Asset Value and the level of trading in the units, these investments are classified as either Level 2 or Level 3.

Fixed income securities are priced daily with reference to the quoted bid price for the securities in the relevant active market. Investments in this asset class are made through unlisted unit trusts that are priced daily with distributions received quarterly. The fair value of fixed interest security unit are included within Level 2.

Investments in property are made through unlisted pooled unit trusts that are priced monthly. The fair value of investment property is determined at least annually or more frequently as required by independent property valuers using recognised valuation techniques. These techniques comprise in the main methods such as discounted cash flow and income capitalisation. Where appropriate direct comparison, hypothetical development and summation or cost approach method is used. Under the discounted cash flow method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The adjusted Net Asset Value of these units are used as an input in measuring their fair value. The fair value of unlisted property units is included within Level 2.

For unlisted private equity unit trusts, the fair value of the underlying equity investments is determined by each underlying investment manager using a valuation methodology that is most appropriate for each particular investment. The fair value methodologies adopted include discounted cash flow, price of recent investment, earnings multiples, net assets, industry valuation benchmarks and available market prices. Adjusted Net Asset Value of these units are used as an input in measuring their fair value. The fair value of unlisted private equity units are included within Level 3.

Fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Financial derivatives are classified as either Level 1 or Level 2.

Fair value for loans and receivables has been determined by reference to published price quotations in active markets (indexed annuity bonds) and in non-active markets (fixed rate of historical Commonwealth loans) using discounted cash flow analysis valuation, applying prevailing discount rates of issuing entities with similar credit quality and duration profiles. Fair values of the interest-bearing liabilities are determined using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 30 June 2014 was assessed to be insignificant.

65 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy - Continued

Transfers Between Level 1 and Level 2
There have been no transfers between Level 1 and Level 2 during the year.

Valuation Process for Level 3 Valuations
Investments of unlisted trust and limited partnerships are recorded at redemption value per unit as reported by managers of such investments. In the absence of quoted values, securities are valued using appropriate valuation techniques as reasonably determined by the investment manager. The fund manager performs monthly and quarterly valuations. Unresolved discrepancies are escalated to the investment manager valuation committee. The valuation committee is independent of the front office and comprises heads of asset management, portfolio services and the chief operating officer. The committee ensures that the valuation of assets is fair, equitable and reasonable based on the information within the market at the time.

Quantitative Information of Significant Unobservable Inputs - Level 3

Description	Fair Value 2014 $m	Valuation Technique	Unobservable Input	Range (Weighted Average)
Unit Trust - Private Equity	120	Adjusted Net Asset Value	Latest Net Asset Value from General Partners.	0.003-1.1215 (0.414)
			Contributions since latest Net Asset Value from General Partners.	0.000-1.182 (0.003)
			Distributions since latest Net Asset Value from General Partners.	0.000-0.301 (0.035)

Sensitivity Analysis to Significant Changes in Unobservable Inputs within Level 3 Hierarchy

Description	Input	Sensitivity Used	Effect on Fair Value
Unit Trust - Private Equity	Latest Net Asset Value from General Partners	0.003-1.1215 (0.414)	Fair Value increase if latest Net Asset Values from General Partners were higher.
	Contributions since latest Net Asset Value from General Partners	0.000-1.182 (0.003)	Fair Value increase if there has been contributions since latest Net Asset Values from General Partners.
	Distributions since latest Net Asset Value from General Partners	0.000-0.301 (0.035)	Fair Value decrease if there has been any distributions since latest Net Asset Values from General Partners.

65 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy - Continued

Level 3 Reconciliations

30 June 2014	**Unit Trusts $m**	**Total $m**
Balance at 1 July 2013	125	**125**
Settlements during year	12	**12**
Total Gains/(Losses)	-17	**-17**
Balance at 30 June 2014	**120**	**120**

30 June 2013	**Unit Trusts $m**	**Total $m**
Balance at 1 July 2012	122	122
Purchases during year	146	146
Sales during year	9	9
Settlements during year	-132	-132
Total Gains/(Losses)	-21	-21
Balance at 30 June 2013	**125**	**125**

Gains and losses are disclosed in the line Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value in the Territory's Operating Statement.

Recognised Gains and Losses for Level 3 Financial Instruments

The amount of total gains or losses for the period recognised in the Territory's Operating Statement that relate to assets and liabilities held at the end of the reporting period are as follows:

30 June 2014	**Unit Trusts $m**	**Total $m**
Gains/(Losses)		
Trading Income	-17	-17
Total Gains/(Losses) Recognised in the Operating Statement	**-17**	**-17**

30 June 2013	**Unit Trusts $m**	**Total $m**
Gains/(Losses)		
Trading Income	-21	-21
Total Gains/(Losses) Recognised in the Operating Statement	**-21**	**-21**

Total gains/(losses) for the reporting period relating to the units in pooled private equity trust held at the end of the reporting period amounted to $17.446 million. The determination of fair value for gains or losses on units as well as sensitivities surrounding price risks for these pooled private equity trusts have been described above.

66 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.

66 EXPENSES AND ASSETS BY FUNCTION - CONTINUED

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

		General Government Sector		Total Territory	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Expenses by Function					
01	General Public Services	482	495	495	500
03	Public Order and Safety	404	426	403	425
04	Education	965	937	981	955
05	Health	1,266	1,190	1,265	1,190
06	Social Security and Welfare	226	240	226	240
07	Housing and Community Amenities	204	156	434	510
08	Recreation and Culture	166	183	182	202
09	Fuel and Energy	28	27	27	26
10	Agriculture, Forestry, Fishing and Hunting	3	6	3	6
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	16	32	16	32
12	Transport and Communications	311	232	310	229
13	Other Economic Affairs	57	56	56	55
14	Other Purposes	448	484	448	410
Total Expenses		**4,575**	**4,464**	**4,846**	**4,777**

The following table provides a disaggregation of GGS and Total Territory total assets by Function.

		General Government Sector		Total Territory	
		2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Assets by Function (a)					
01	General Public Services	10,644	10,439	4,825	4,672
03	Public Order and Safety	471	456	471	456
04	Education	2,130	2,266	2,134	2,270
05	Health	1,193	1,119	1,193	1,116
06	Social Security and Welfare	203	215	203	214
07	Housing and Community Amenities	543	464	7,504	7,298
08	Recreation and Culture	3,177	3,030	3,198	3,051
09	Fuel and Energy	-	1	633	617
10	Agriculture, Forestry, Fishing and Hunting	26	27	26	27
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	132	179	132	179
12	Transport and Communications	6,647	6,324	6,800	6,489
13	Other Economic Affairs	62	58	61	58
14	Other Purposes	1,617	1,496	141	124
Total Assets		**26,845**	**26,071**	**27,320**	**26,567**

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 2014

67 ELIMINATION TABLE

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Revenue								
Government Payment for Outputs	-	-	157	162	-157	-162	-	-
Taxation Revenue	1,296	1,237	-	-	-36	-37	1,260	1,201
Grants Revenue								
Commonwealth Grants	1,840	1,713	1	1	-	-	1,841	1,714
Gains from Contributed Assets	90	66	4	12	-59	-40	35	38
Sales of Goods and Services Revenue								
Revenue from Associates and Joint Ventures	-	-	107	137	-	11	107	149
Other Sales of Goods and Services	500	482	429	436	-82	-73	847	844
Interest Income	141	138	4	11	-81	-81	64	68
Distributions from Financial Investments	118	73	-	-	-	-	118	73
Distributions from Investments with the Territory Banking Account	-	-	4	2	-4	-2	-	-
Dividend and Income Tax Equivalents Income	215	285	-	-	-191	-267	24	17
Other Revenue								
Land Revenue (Value-Add Component)	-	-	174	207	-92	-120	81	87
Other Revenue	142	123	35	22	-17	-15	160	130
Total Revenue	**4,342**	**4,117**	**915**	**991**	**-719**	**-786**	**4,538**	**4,321**
Expenses								
Employee Expenses	1,652	1,574	177	170	-	0	1,829	1,744
Superannuation Expenses								
Superannuation Interest Cost	300	264	-	-	-	-	300	264
Other Superannuation Expenses	306	347	22	21	-11	-11	316	357
Depreciation and Amortisation	333	341	71	64	-	-	404	405
Interest Expense	150	124	85	82	-85	-83	149	123
Other Property Expenses (Income Tax Expense)	-	-	64	88	-64	-88	-	-
Other Operating Expenses								
Supplies and Services	816	821	171	167	-44	-43	943	946
Other Operating Expenses	183	193	122	163	-107	-106	198	250
Grants Expenses	836	799	79	76	-208	-186	707	689
Total Expenses	**4,575**	**4,464**	**792**	**831**	**-520**	**-517**	**4,846**	**4,777**
UPF Net Operating Balance	**-233**	**-346**	**124**	**160**	**-199**	**-269**	**-309**	**-456**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Other Economic Flows - Included in the Operating Result								
Dividends (Market Gains on Land Sales)	8	6	-	-	-8	-6	-	-
Land Revenue (Market Gains on Land Sales)	-	-	12	9	-	-	12	9
Net Land Revenue (Undeveloped Land Value)	50	47	-	-	-	-	50	47
Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-29	20	-5	-3	-	-	-34	17
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	261	271	0	0	-	0	261	271
Doubtful Debts	-4	-7	-3	-2	-	0	-6	-9
Operating Result	**53**	**-10**	**128**	**162**	**-208**	**-275**	**-26**	**-122**
Items that will not be Subsequently Reclassified to Profit or Loss								
Superannuation Actuarial Gain/(Loss)	-356	1,087	-	-	-	-	-356	1,087
Prior Year Adjustment	-1	4	1	-	-	-	-	4
Other Movements	0	3	-	-	-	-	0	3
Increase/(Decrease) in the Asset Revaluation Surplus	-101	269	100	78	24	136	23	483
Increase/(Decrease) in Other Reserves	0	-	-	-	-	-	0	-
Items that may be Subsequently Reclassified to Profit or Loss		-						
Increase/(Decrease) in Other Reserves	2	1	-	-	-	-	2	1
						-		
Total Comprehensive Income	**-403**	**1,355**	**229**	**241**	**-184**	**-139**	**-357**	**1,458**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Key Fiscal Aggregates								
UPF Net Operating Balance	**-233**	**-346**	**124**	**160**	**-199**	**-269**	**-309**	**-456**
***less* Net Acquisition of Non-Financial Assets**								
Payments for Non-Financial Assets	660	770	122	216	-88	-159	693	828
Sales of Non-Financial Assets	-34	-11	-38	-28	-	-	-73	-38
Land Revenue (Net Cash Receipts)	-36	-65	-34	-36	-5	39	-74	-62
Depreciation and Amortisation	-333	-341	-71	-64	-	-	-404	-405
Other Movements in Non-Financial Assets	85	54	-55	-27	4	10	34	37
Total Net Acquisition of Non-Financial Assets	*341*	*407*	*-76*	*62*	*-89*	*-110*	*176*	*359*
Net Lending / (Borrowing)	**-575**	**-754**	**200**	**97**	**-110**	**-159**	**-485**	**-815**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Financial Assets								
Cash and Deposits	422	406	110	124	-61	-88	472	441
Advances Paid	1,590	1,482	-	-	-1,449	-1,356	141	126
Investments and Loans	4,024	3,609	112	113	-55	-35	4,081	3,687
Receivables	370	536	193	208	-189	-229	374	515
Equity								
Investments in Other Public Sector Entities	5,721	5,608	-	-	-5,721	-5,608	-	-
Investments Accounted for Using the Equity Method	-	-	634	610	-	-	634	610
Total Financial Assets	**12,128**	**11,639**	**1,049**	**1,055**	**-7,476**	**-7,316**	**5,701**	**5,378**
Non-Financial Assets								
Produced Assets								
Property, Plant and Equipment	11,211	10,942	3,324	3,326	-	-	14,536	14,268
Investment Property	3	2	7	5	-	-	10	7
Intangibles	30	27	19	30	-	-	49	57
Inventories	16	17	222	176	-22	-19	215	174
Assets Held for Sale	1	1	26	7	-	-	26	8
Capital Works-in-Progress	768	705	144	128	-	-	912	833
Non Produced Assets								
Property, Plant and Equipment	2,663	2,711	3,182	3,105	-	-	5,845	5,816
Biological Assets	26	26	-	-	0	-	26	26
Other Non-Financial Assets					-			
Deferred Tax Assets	-	-	30	27	-30	-27	-	-
Other Non-Financial Assets	-	-	0	2	-	-2	-	-
Total Non-Financial Assets	**14,718**	**14,432**	**6,954**	**6,805**	**-52**	**-48**	**21,619**	**21,189**
Total Assets	**26,845**	**26,071**	**8,003**	**7,860**	**-7,528**	**-7,364**	**27,320**	**26,567**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Liabilities								
Deposits Held	131	139	-	-	-116	-123	16	16
Advances Received	83	86	1,526	1,438	-1,449	-1,356	160	168
Borrowings								
Finance Leases	23	23	1	1	-	-	24	24
Other Borrowings	3,085	2,744	-	-	-	-	3,085	2,744
Superannuation	7,483	6,788	-	-	0	0	7,484	6,788
Employee Benefits	610	545	67	62	-	-	677	608
Other Provisions	17	17	172	242	-82	-165	107	94
Payables	522	517	130	120	-87	-72	565	565
Other Liabilities								
Current Tax Liability	-	-	5	27	-5	-27	-	-
Deferred Tax Liability	-	-	359	347	-359	-347	-	-
Other Liabilities	10	13	21	16	-21	-15	10	13
Total Liabilities	**11,965**	**10,873**	**2,281**	**2,252**	**-2,120**	**-2,106**	**12,127**	**11,019**
Net Assets	**14,880**	**15,199**	**5,722**	**5,608**	**-5,409**	**-5,259**	**15,193**	**15,550**
Equity in Public Trading Entities	5,721	5,608	-	-	-5,721	-5,608	-	-
Accumulated Funds	3,875	4,206	2,222	2,179	17	79	6,113	6,464
Asset Revaluation Surplus	5,283	5,387	3,487	3,416	296	272	9,066	9,075
Other Reserves	0	-2	13	13	-	-	13	11
Net Worth	**14,880**	**15,199**	**5,722**	**5,608**	**-5,409**	**-5,256**	**15,193**	**15,550**
Key Fiscal Aggregates								
Net Financial Worth	162	767	-1,232	-1,197	-5,356	-5,210	-6,426	-5,641
Net Financial Liabilities	5,559	4,841	-	-	1,501	1,409	7,060	6,250
Net Debt (Including Superannuation Related Investments)	-2,714	-2,504	1,305	1,201	0	0	-1,409	-1,303
Net Debt (Excluding Superannuation Related Investments)	313	109	-	-	1,305	1,201	1,617	1,311

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Opening Equity								
Opening Equity in Public Trading Entities	5,608	5,523	-	-	-5,608	-5,523	-	-
Opening Accumulated Funds	4,206	3,143	2,180	2,140	78	165	6,464	5,448
Opening Asset Revaluation Surplus	5,387	5,129	3,416	3,370	272	136	9,075	8,634
Opening Other Reserves	-2	-3	13	13	-	-	11	10
Opening Balance at 1 July 2013	**15,199**	**13,792**	**5,609**	**5,523**	**-5,257**	**-5,222**	**15,550**	**14,092**
Comprehensive Income								
Included in Accumulated Funds:								
Operating Result for the Period	53	-10	128	162	-208	-274	-26	-122
Superannuation Actuarial Gain/(Loss)	-356	1,087	-	-	-	-	-356	1,087
Prior Year Adjustment	-1	4	1	-	-	-	-	4
Other Movements	0	3	-	-	-	-	0	3
Net Effect of Change in Accounting Policy	-	-	-	-	-	-	-	-
Included in Asset Revaluation Surplus:								
Increase/(Decrease) in the Asset Revaluation Surplus	-101	269	100	78	24	136	23	483
Included in Other Reserves:								
Increase/(Decrease) in Other Reserves	2	1	-	-	-	-	2	1
Total Comprehensive Income	**-403**	**1,355**	**229**	**241**	**-184**	**-138**	**-357**	**1,458**
Other								
Transfer to/(from) Accumulated Funds	2	11	30	32	-	-	32	43
Movement in the Asset Revaluation Surplus	-2	-11	-30	-32	-	-	-32	-43
Total Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**	**2013-14 Actual $m**	**2012-13 Actual $m**
Transactions Involving Owners Affecting Accumulated Funds								
Included in Accumulated Funds:								
Capital Injections	-30	-33	30	33	-	0	-	-
Dividends Approved	-	-	-144	-189	144	189	-	-
Included in Equity in Public Trading Entities:								
Increase/(Decrease) in Net Assets of PTE Entities	114	85	-	-	-114	-85	-	-
Total Transactions Involving Owners Affecting Accumulated Funds	**84**	**51**	**-115**	**-156**	**30**	**105**	**-**	**-**
Closing Equity								
Closing Equity in Public Trading Entities	5,721	5,608	-	-	-5,721	-5,608	-	-
Closing Accumulated Funds	3,875	4,206	2,222	2,179	17	79	6,113	6,464
Closing Asset Revaluation Surplus	5,283	5,387	3,487	3,416	296	272	9,066	9,075
Closing Other Reserves	0	-2	13	13	-	-	13	11
Balance at 30 June 2014	**14,880**	**15,199**	**5,721**	**5,608**	**-5,409**	**-5,256**	**15,193**	**15,550**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Cash Flows from Operating Activities								
Cash Receipts								
Taxes Received	1,280	1,225	-	-	-40	-31	1,240	1,194
Receipts from Sales of Goods and Services	626	425	692	733	-214	-269	1,103	889
Grants/Subsidies Received	1,835	1,709	158	156	-157	-155	1,836	1,710
Distributions from Financial Investments	123	66	-	-	-	-	123	66
Interest Receipts	146	136	4	8	-76	-68	73	76
Distributions from Investments with the Territory Banking Account	-	-	5	5	-5	-5	-	-
Dividends and Income Tax Equivalents	309	265	-	-	-288	-246	21	19
Other Receipts	466	400	108	109	-27	-24	547	486
Total Cash Received from Operating Activities	***4,784***	***4,226***	***967***	***1,011***	***-808***	***-798***	***4,943***	***4,440***
Cash Payments								
Payments for Employees	-1,873	-1,780	-179	-167	11	11	-2,041	-1,936
Payments for Goods and Services	-909	-852	-219	-204	74	46	-1,054	-1,011
Grants/Subsidies Paid	-836	-772	-22	-29	146	143	-711	-658
Interest Paid	-141	-113	-87	-78	81	73	-146	-118
Other Payments	-411	-398	-258	-263	121	125	-548	-535
Total Cash Paid from Operating Activities	***-4,169***	***-3,915***	***-764***	***-741***	***432***	***398***	***-4,500***	***-4,258***
Net Cash Flows from Operating Activities	**615**	**312**	**203**	**270**	**-376**	**-400**	**443**	**182**
Cash Flows from Investing Activities								
Cash Flows from Investments in Non-Financial Assets								
Sales of Non-Financial Assets	34	11	38	28	-	-	73	38
Payments for Non-Financial Assets	-660	-770	-122	-216	88	159	-693	-828
Net Cash Flows from Investments in Non-Financial Assets	**-625**	**-759**	**-83**	**-189**	**88**	**159**	**-621**	**-789**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Cash Flows from Investments in Financial Assets for Policy Purposes								
Cash Receipts								
Repayment of Loans	22	2	-	-	-	-	22	2
Capital Receipts from Government Agencies	-	-	30	33	-30	-33	-	-
Dividends - Market Gains on Land Sales	8	6	-	-	-8	-6	-	-
Total Cash Received from Investment in Financial Assets for Policy Purposes	***31***	***8***	***30***	***33***	***-38***	***-39***	***22***	***2***
Cash Payments								
Issue of Loans	-2	-3	-	-	-	-	-2	-3
Capital Payments to Government Agencies	-30	-33	-	-	30	33	-	-
Dividends - Market Gains on Sales	-	-	-8	-6	8	6	-	-
Total Cash Paid from Investment in Financial Assets for Policy Purposes	***-31***	***-36***	***-8***	***-6***	***38***	***39***	***-2***	***-3***
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**-**	**-28**	**21**	**27**	**-**	**-**	**21**	**-1**
Cash Flows from Investments in Financial Assets for Liquidity Purposes								
Sales of Investments	152	79	124	101	-100	-51	175	128
Payments for Investments	-325	-260	-99	-43	127	31	-296	-272
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**-173**	**-181**	**25**	**57**	**27**	**-21**	**-121**	**-144**
Net Cash Flows from Investing Activities	**-799**	**-968**	**-37**	**-104**	**115**	**138**	**-721**	**-934**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Cash Flows from Financing Activities								
Cash Receipts								
Borrowings	494	798	148	0	-264	-16	378	782
Other Financing	-	-	-	-	-	-	-	-
Total Cash Received from Financing Activities	***494***	***798***	***148***	***0***	***-264***	***-16***	***378***	***782***
Cash Payments								
Borrowings	-251	-57	-61	-13	264	16	-48	-53
Dividends Paid	-	-	-210	-140	210	140	-	-
Other Financing	-	-	-78	-101	78	101	-	-
Total Cash Paid from Financing Activities	***-251***	***-57***	***-348***	***-254***	***552***	***257***	***-48***	***-53***
Net Cash Flows from Financing Activities	**243**	**741**	**-200**	**-254**	**288**	**241**	**330**	**729**
Net Increase/(Decrease) in Cash Held	**60**	**84**	**-34**	**-87**	**28**	**-20**	**53**	**-23**
Cash and Cash Equivalents at the Beginning of Reporting Period	**355**	**271**	**201**	**289**	**-88**	**-68**	**469**	**492**
Cash and Cash Equivalents at the End of Reporting Period	**415**	**355**	**167**	**201**	**-61**	**-88**	**521**	**469**
Key Fiscal Aggregates								
Net Cash from Operating Activities	615	312	203	270	-376	-400	443	182
Net Cash Flows from Investments in Non-Financial Assets	-625	-759	-83	-189	88	159	-621	-789
Distributions Paid			-288	-241	288	241		
Cash Surplus (+) / Deficit (-)	**-10**	**-448**	**-168**	**-159**	**0**	**-**	**-178**	**-607**

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2014

67 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
Derivation of ABS GFS Cash Surplus/Deficit								
Cash Surplus (+) / Deficit (-)	**-10**	**-448**	**-168**	**-159**	**0**	**-**	**-178**	**-607**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**-10**	**-448**	**-168**	**-159**	**0**	**-**	**-178**	**-607**

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

68 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	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
(a) Reconciliation to GFS Net Operating Balance						
Net Result from Transactions - UPF Net Operating Balance	-233	-346	124	160	-309	-456
Convergence differences:						
Dividend Payments (GFS classifies dividends paid by Public Trading Enterprises as an expense)	-	-	-136	-183	-	-
GFS Net Operating Balance	**-233**	**-346**	**-12**	**-24**	**-309**	**-456**
(b) Reconciliation to GFS Net Lending/(Borrowing)						
Net Lending/(Borrowing)	-575	-754	200	97	-485	-815
Convergence differences:						
Relating to the Net Operating Balance (as above)	-	-	-136	-183	-	-
Change in Inventories (GFS includes the change in inventory balances when calculating Net Lending/Borrowing)	-1	5	46	24	42	33
GFS Fiscal Balance	**-576**	**-749**	**110**	**-62**	**-443**	**-782**
(c) Reconciliation to GFS Net Worth						
Net Worth	14,880	15,199	5,721	5,608	15,193	15,550
Convergence differences:						
Investments in Other Public Sector Entities (GFS excludes deferred tax liabilities in the calculation of net worth for PTEs which flow through to Investments in the GGS sector)	359	347	-	-	-	-
Deferred Tax Liability (GFS excludes deferred tax liabilities in the calculation of net worth)	-	-	359	347	-	-
GFS Net Worth	**15,239**	**15,546**	**6,081**	**5,955**	**15,193**	**15,550**

68 RECONCILIATIONS TO ABS GFS MEASURES - CONTINUED

	General Government Sector		Public Trading Enterprises		Total Territory	
	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m	2013-14 Actual $m	2012-13 Actual $m
(d) Reconciliation to GFS Net Financial Worth						
Net Financial Worth	162	767	-1,232	-1,197	-6,426	-5,641
Convergence differences:						
Investments in Other Public Sector Entities (GFS excludes deferred tax liabilities in the calculation of net worth for PTEs which flow through to Investments in the GGS sector)	359	347	-	-	-	-
Deferred Tax Liability (GFS excludes deferred tax liabilities in the calculation of net worth)	-	-	359	347	-	-
GFS Net Financial Worth	**522**	**1,114**	**-873**	**-850**	**-6,426**	**-5,641**

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 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.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
6	**TAXATION REVENUE**				
	General Rates				
	GGS	340	290	49	17%
	Territory	327	278	48	17%
	The increase in General Rates is mainly due to indexation of general rates revenue. The rate of indexation reflects the ACT Government's taxation reforms which phase out a number of inefficient taxes such as conveyance and insurance duties and replace this revenue with broader based taxes such as General Rates.				
	Land Tax				
	GGS and Territory	79	71	9	12%
	The increase is mainly due to an increase in the number of properties becoming liable for land tax in 2013-14 compared to 2012-13. This has been caused by an increase in new properties in the residential market, additional compliance activities undertaken by the ACT Revenue Office, in addition to an increase in the Average Unimproved Value of properties.				
7	**GRANTS REVENUE**				
	National Specific Purpose and Reform Grants				
	GGS and Territory	593	535	58	11%
	The increase in National Specific Purpose and Reform Grants is due to an increase in health funding under the National Health Reform Agreement for areas such as acute, sub-acute, emergency and non-admitted care. The increase is also attributed to payments received under the National Education Reform Agreement being higher compared to the previous funding model.				
	National Partnership Payments - Current				
	GGS and Territory	57	46	10	22%
	The increase is mainly due to increased funding for the Public Hospital System, partially offset by advance funding payments in 2012-13 for Essential Vaccines and Preventative Health.				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
7	**GRANTS REVENUE - CONTINUED**				
	National Partnership Payments - Capital				
	GGS and Territory	89	60	29	49%
	The increase in capital grants from the Commonwealth Government is mainly due to an increase in Commonwealth funding for the Majura Parkway project that will connect the Federal Highway to the Monaro Highway.				
	Finance Assistance Grants				
	GGS and Territory	24	46	-22	-48%
	Finance Assistance Grants have decreased in 2013-14 as Local Government payments were brought forward into the 2012-13 financial year from the 2013-14 financial year. This resulted in an unusually high amount of Finance Assistance Grants revenue in 2012-13.				
	Other Grants				
	GGS	7	18	-12	-64%
	Territory	8	19	-12	-60%
	The decrease in 2013-14 is predominantly due to an advance Commonwealth payment for the Australian Immunisation Agreement in 2012-13.				
	Gains from Contributed Assets				
	GGS	90	66	23	35%
	The increase in contributed asset gains reflects a higher value of infrastructure associated with the Land Release Program being transferred from the Land Development Agency and external developers to the Territory and Municipal Services Directorate. Assets transferred at fair value include roads, streetlights and other infrastructure related to land estate developments.				
8	**REVENUE FROM ASSOCIATES AND JOINT VENTURES**				
	Land Development Joint Ventures				
	Territory	20	51	-31	-61%
	The decrease in Land Development Joint Ventures is mainly due to decreased land sales as Joint Ventures projects near completion and sale of the Land Development Agency's share, in the Woden East Joint Ventures to Hindmarsh in 2012-13.				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
8	**REVENUE FROM ASSOCIATES AND JOINT VENTURES - CONTINUED**				
	ActewAGL Joint Venture				
	Territory	84	98	-14	-15%
	The lower revenue received from the ActewAGL Joint Venture largely reflects an unusually high revenue received in 2012-13 from the sale of the water and sewerage business.				
9	**OTHER SALES OF GOODS AND SERVICES**				
	Sales of Land Rent Blocks				
	GGS and Territory	31	25	6	23%
	The increase in Sales of Land Rent Blocks revenue is due to an increase in the number of land rent lessees leaving the land rent scheme and subsequently purchasing land from the Government.				
10	**INTEREST INCOME**				
	Interest Received from Banks				
	Territory	54	62	-8	-12%
	The decrease in Interest Received from Banks is mainly due to lower investment returns associated with lower interest rates in 2013-14.				
	Interest Received - Non-Bank				
	GGS	84	76	8	11%
	The increase in Interest Received - Non-Bank is largely due to increased interest revenue derived from domestic inflation-linked debt investments.				
11	**DISTRIBUTIONS FROM FINANCIAL INVESTMENTS**				
	Distributions from Financial Investments				
	GGS and Territory	118	73	45	62%
	The increase is mainly due to distributions received from the divestment of private equity investments and large distributions received from currency-hedged pooled unit trust investments on superannuation investments.				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
12	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	Dividends from Public Trading Enterprises				
	GGS	136	183	-47	-26%
	The decrease in Dividends from Public Trading Enterprises is mainly due to lower land sales as a result of slowing market demand. The Independent Competition and Regulatory Commission's water and sewerage pricing review resulted in lower revenue and therefore lower profit for ACTEW Corporation. The decrease is also due to the ACTEW Corporation experiencing a reduction in interest income and ActewAGL Joint Venture income.				
	Dividends from Superannuation Investments				
	GGS and Territory	24	17	7	40%
	The increase is mainly due to an increase in directly held shares (transitioned from unlisted, pooled unit trusts) and an increase in the recognition of dividend revenue on superannuation investments.				
	Income Tax Equivalents from Public Trading Enterprises				
	GGS	55	84	-29	-35%
	The decrease in Income Tax Equivalents from Public Trading Enterprises is mainly due to lower land sales for the Land Development Agency. The variance is also attributed to ACTEW Corporation experiencing lower revenue as a result of the Independent Competition and Regulatory Commission's water pricing review, as well as a reduction in interest income.				
14	**OTHER REVENUE**				
	Other				
	GGS	59	50	9	19%
	Other revenue has increased due to various factors including emergency services related interstate deployments, recoveries for patient transport and legal settlements, increased funding for the Commonwealth Biodiversity Fund, ActewAGL funding for the wood heater replacement rebate scheme and the acceptance of contaminated waste and contributions to ACT NOWaste projects.				

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
14	**OTHER REVENUE - CONTINUED**				
	Territory	89	68	21	31%
	The variance in other revenue largely relates to the receipt of a GST windfall gain following a review into public housing operations relating to prior years. There was also an increase in income from the provision of stormwater services and lease revenue from the Fyshwick premises held by ACTEW Corporation.				
15	**EMPLOYEE EXPENSES**				
	Long Service Leave				
	GGS	28	46	-18	-39%
	Territory	30	50	-20	-40%
	The decrease mainly reflects the change in the rate used to calculate the future payment for long service leave from 101.3 per cent in 2012-13 to 103.5 per cent in 2013-14 following changes in the actuarial calculation that uses an annualised 10 year government bond rate.				
16	**SUPERANNUATION EXPENSES**				
	Superannuation Interest Cost				
	GGS and Territory	300	264	35	13%
	The higher superannuation interest expense is mainly due to the decrease in the present value factor used to value the superannuation liability. The rate decreased from 4.29 per cent in 2012-13 to 4.08 per cent in 2013-14 resulting in a higher liability and therefore a higher interest expense.				
	Other Superannuation Expenses				
	GGS	306	347	-41	-12%
	Territory	316	357	-40	-11%
	Other Superannuation Expenses have decreased largely due to the change in the discount rate from 3.41 per cent on 30 June 2012 to 4.29 per cent on 30 June 2013. This is due to a decrease in the 10 year Commonwealth Bond Rate effecting the discount rate used.				

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VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
16	**SUPERANNUATION EXPENSES - CONTINUED**				
	Superannuation to Other External Providers, including Fund of Choice				
	GGS	76	64	12	19%
	Territory	86	72	13	18%
	The increase in Superannuation to Other External Providers is predominantly due to new staff members accessing external superannuation schemes as a result of the closure to new members of the Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme and the Public Sector Superannuation Accumulation Plan. The variance can also be partially attributed to the increase in the superannuation guarantee rate from 9 per cent in 2012-13 to 9.25 per cent in 2013-14.				
17	**DEPRECIATION AND AMORTISATION**				
	Land Improvements and Buildings				
	GGS	108	133	-25	-19%
	Territory	124	149	-24	-16%
	The decrease in Depreciation for Land Improvements and Buildings mainly relates 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 in 2012-13.				
	Plant and Equipment				
	GGS	49	57	-7	-13%
	Territory	60	67	-7	-11%
	The decrease is attributable to the acceleration of depreciation in 2012-13 associated with refurbishment works at the old Women and Children's Hospital, Tuggeranong Community Health Centre, Level 5, Building 1 at The Canberra Hospital and the old Psychiatric Services Unit.				
	Infrastructure Assets				
	GGS	152	130	23	18%
	Territory	193	165	28	17%
	The increase in infrastructure assets depreciation is predominantly due to the transfer of assets from private developers relating to land estate developments and the revaluation of assets in the Economic Development Directorate.				

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VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
18	**INTEREST EXPENSE**				
	Interest Expense on Borrowings				
	GGS and Territory	140	112	27	24%
	The increase is mainly due to a higher level of borrowings at 30 June 2014 compared to 2012-13. These borrowings were forecast as part of the 2013-14 Budget to fund the Territory's Infrastructure Program.				
19	**SUPPLIES AND SERVICES**				
	Communication and Computer Expenses				
	GGS	49	41	7	18%
	Territory	52	45	7	16%
	The increase in Communication and Computer Expenses is mainly due to an increase in software maintenance and support costs for new systems implemented including the Digital Wireless Network at the Canberra Hospital Campus, the Digital Intensive Care Unit Clinical Information System and Clinical Portal Systems. Additional staff members required the use of Information and Communication Technology devices to support service delivery in the Health Directorate.				
	Materials, Equipment and Supplies				
	GGS	186	205	-19	-9%
	The decrease is attributed to a public liability settlement which occurred in 2012-13.				
20	**OTHER OPERATING EXPENSES**				
	Cost of Goods Sold				
	Territory	71	118	-47	-40%
	The decrease is mainly due to lower land sales due to decreased demand particularly for the unsuccessful sale of the Denman Prospect parcel of land and inclement weather conditions. The variance is also attributed to ACTEW Corporation's sale of the water and sewerage business in 2012-13 which resulted in an unusually high amount of cost of goods sold in 2012-13.				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
20	**OTHER OPERATING EXPENSES - CONTINUED**				
	Other				
	GGS	21	32	-11	-35%
	The decrease in other expenses largely reflects a lower value of waivers related to the lease variation charge in 2013-14. There were 12 waivers provided in 2013-14, compared to six in 2012-13.				
21	**GRANTS AND PURCHASED SERVICES**				
	Grant Payment (Education and Community Services)				
	Territory	33	39	-6	-16%
	The decrease is largely due to a reduction in funding from the Commonwealth for the National Affordable Housing Agreement.				
	First Home Owner's Grant and Boost				
	GGS and Territory	14	20	-6	-26%
	The decrease is due to the eligibility for the First Home Owner's Grant changing from 1 September 2013 to apply to only new and substantially renovated properties. As a result, there are fewer applications under the new eligibility requirements, and therefore lower associated expenditure.				
	Capital Grants				
	Territory	5	16	-11	-71%
	The decrease in 2013-14 is mainly due to the transfer of Housing properties in 2012-13 to the community sector to manage resulting in lower capital grants provided to the sector in 2013-14.				
	Purchase of Health Services from Other Jurisdictions				
	GGS and Territory	26	16	10	69%
	The increase is attributed to increased cross border costs and activity of ACT residents requiring healthcare in other jurisdictions, in addition to price escalation to non-government organisations for contracts in transition care programs.				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

for variances greater than 10 per cent and greater than $5 million

GGS = General Government Sector

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
25	**NET GAIN/(LOSS) ON SALE/(DISPOSAL) OF NON-FINANCIAL ASSETS**				
	Other Gains (Non-Core Activities)				
	GGS Other Gains	7	57	-50	-88%
	Territory Other Gains	6	59	-53	-89%
	The decrease in other gains is mainly due to changes in the rates used to estimate the present value of insurance claim expenses, long service leave and annual leave employee benefit liabilities. In 2013-14 the rate used to estimate the present value of long service leave related liabilities increased to 103.5 per cent from 101.3 per cent in 2012-13. The rate used to value annual leave liabilities also increased from 100 per cent in 2012-13 to 100.9 per cent. For the purpose of the Territory's financial reporting, changes in expenses resulting from valuation factors are considered to be non-transactional in nature. These changes are reflected in net gains/losses in other economic flows in accordance with the Government Finance Statistics Framework.				
	Impairment Losses and Write-Offs				
	GGS	13	2	10	440%
	Territory	16	8	8	100%
	The increase is mainly due to an increase in write offs for landscaping assets which do not meet the criteria to be capitalised under Australian Accounting Standards.				
	Loss on Disposal of Assets				
	GGS	23	31	-9	-28%
	Territory	19	32	-12	-38%
	The decrease in Loss on Disposal of Assets mainly reflects the Canberra Institute of Technology's loss on disposal of Land and Buildings at the Weston Campus in 2012-13.				
28	**WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS**				
	Waivers				
	GGS	5	13	-8	-59%
	Territory	1	13	-12	-95%
	The decrease reflects a lower value of waivers related to the lease variation charge being provided in 2013-14. There were 12 waivers provided in 2013-14 compared to six in 2012-13 .				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

for variances greater than 10 per cent and greater than $5 million

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
28	**WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS - CONTINUED**				
	Plant and Equipment				
	Territory	0	6	-6	-99%
	The decrease in impairment for plant and equipment is mainly due to an impairment loss in 2012-13 for the former Quamby Youth Detention Centre as the facilities were unsuitable for future tenancy. Additionally, the decrease is attributable to an impairment loss for ACTEW Corporation's water licences in 2012-13 as a result of a decrease in price for the licences.				
31	**ADVANCES PAID**				
	Non-Current Loans Receivable				
	Territory	142	126	16	12%
	The increase in Non-Current Loans Receivable is due to a new loan the Territory provided to the University of Canberra for student accommodation development. The new loan was partially offset by the University making full payment of a previous loan ahead of schedule.				
32	**INVESTMENTS AND LOANS**				
	Short-Term Securities				
	Territory	57	78	-21	-27%
	The decrease is due to a reallocation of short term deposits that were previously recognised as cash and cash equivalents that are now classified as held-to-maturity investments. The reclassification is in response to new regulatory banking requirements by the Australian Prudential Regulatory Authority.				
	Other Current Investments				
	GGS and Territory	1,206	979	227	23%
	The increase in investments mainly reflects higher interest earnings achieved by the Territory's Investment Managers.				

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VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
32	**INVESTMENTS AND LOANS - CONTINUED**				
	Shares and Equities				
	GGS and Territory	1,930	1,647	283	17%
	The increase is due to strong returns on global share markets which increased the investment portfolio return of the Superannuation Provision Account to 15.8 per cent (net of fees). This investment return was higher than the portfolio's performance benchmark return of 14.4 per cent.				
33	**RECEIVABLES**				
	Trade Receivables - Current				
	GGS	172	146	25	17%
	The increase in trade receivables is largely reflective of the timing of billing for taxes, fees and fines.				
	Territory	201	230	-29	-13%
	The decrease is attributed to a one-off receivable from Woden East Pty Ltd following the wind up of the Woden East Joint Venture in 2012-13.				
	Right to Receive Infrastructure from Land Developers - Current				
	Territory	24	40	-16	-41%
	The decrease is mainly due to a lower level of infrastructure to be received from developers for the Land Development Agency following the completion of a number of works and associated transfer of these assets to the Territory and Municipal Services Directorate and ACTEW Corporation.				
	Accrued Revenue - Current				
	GGS	126	211	-85	-40%
	The decrease in Accrued Revenue - Current is predominantly due to the repayment in full of the University of Canberra's loan balance ahead of schedule in addition to lower income tax equivalents from ACTEW Corporation and the Land Development Agency.				

APPENDIX A

VARIANCE EXPLANATIONS - 2013-14 Actual Compared to 2012-13 Actual

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
33	**RECEIVABLES - CONTINUED**				
	Other Current Receivables				
	GGS	61	161	-99	-62%
	Territory	67	162	-95	-59%
	Other Current Receivables decreased mainly due to the settlement of cross border payments by NSW for the treatment of NSW residents in the ACT Hospital System.				
35	**INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**				
	Investments in Joint Ventures - Current				
	Territory	1	8	-7	-83%
	The decrease in Investments in Joint Ventures is largely due to the Land Development Agency receiving surplus funds from the Crace Joint Venture.				
38	**INTANGIBLES**				
	Externally Purchased Other Intangibles				
	Territory	17	27	-10	-38%
	The decrease in externally purchased other intangibles is largely due to the transfer of water licenses held by ACTEW Corporation to assets held for sale pending sale of these licenses.				
39	**INVENTORIES**				
	Finished Goods				
	Territory	75	42	33	80%
	The increase is due to a larger amount of infrastructure assets received by the Land Development Agency from third parties after completion.				
40	**ASSETS HELD FOR SALE**				
	Plant and Equipment Held for Sale				
	Territory	14	1	13	1270%
	The increase in plant and equipment held for sale is largely due to the pending sale of ACTTAB Limited in 2013-14. The variance is also attributed to the pending sale of water licenses by ACTEW Corporation.				

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
41	**CAPITAL WORKS-IN-PROGRESS**				
	Construction - Non-Residential Buildings				
	GGS	156	287	-131	-46%
	Territory	152	283	-131	-46%
	The decrease in construction works-in-progress is mainly a result of the completion of several projects including the Community Health Centres in Belconnen and Tuggeranong, the Canberra Region Cancer Centre, the Centenary Hospital for Women and Children, the Canberra Hospital Emergency Department and Intensive Care Unit, and various capital upgrade projects.				
	Infrastructure				
	GGS	529	348	181	52%
	Territory	649	458	191	42%
	The variance mainly relates to an increase in the value of capital works projects including the Majura Parkway project. The increase is also attributable to the ongoing construction of large roads projects to support land release, and the ongoing construction of sporting infrastructure in Lyneham and Civic revitalisation projects.				
	Software				
	GGS	83	68	15	22%
	Territory	83	69	14	21%
	The increase in Software is mainly due to progress on the e-Healthy project, which is providing the information technology and communication systems needed to support the Health Infrastructure Program, as well as the National E-Health Program and the Identity Access Management project which is providing a system that automates and manages identity and access to health information, and the Digital Mammography project which is transferring the breast screening system from analogue to digital.				
46	**OTHER BORROWINGS**				
	Current Banks and Financial Institutions				
	GGS and Territory	6	49	-43	-89%
	The decrease is due to timing of the receipt and payment of capital works project expenditure in addition to the need for extra working capital, in the form of an overdraft, to refinance capital works payments.				

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
46	**OTHER BORROWINGS - CONTINUED**				
	Current and Non-Current Bonds and Bills				
	GGS and Territory - Current	108	209	-101	-48%
	GGS and Territory - Non-Current	2,972	2,486	485	20%
	Total GGS and Territory	3,080	2,695	385	14%
	The increase in Current and Non-Current Bonds and Bills is largely due to a higher level of borrowings than 2012-13 as forecasted in the 2013-14 Budget to fund the Territory's Infrastructure Program.				
48	**OTHER EMPLOYEE BENEFITS AND PROVISIONS**				
	Accrued Wages and Salaries				
	GGS	75	44	31	69%
	Territory	79	46	33	71%
	The increase in Accrued Wages and Salaries is largely due to an expected pay rise for staff whose collective agreements have not been finalised, back pay for administration and clerical staff who had their collective agreement implemented in late June 2014 and an additional days pay accrued in 2014 compared to 2013.				
	Other Non-Employee Provisions				
	Territory - Current	49	42	7	16%
	Territory - Non-Current	58	52	6	12%
	Total Territory	107	94	13	14%
	The increase in other non-employee provisions is mainly due to ACTEW Corporation's review of its Comcare provisioning model. The expected net present value of the payments over nine years is estimated at $9.5 million compared to $7.5 million in 2012-13.				
49	**PAYABLES**				
	Trade Payables				
	GGS	61	50	11	22%
	The increase in trade payables is mainly due to an increase in capital works invoices particularly for the Majura Parkway Project.				

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Note No.		*2013-14 Actual $m*	*2012-13 Actual $m*	*Variance $m*	*Variance*
49	**PAYABLES - CONTINUED**				
	Revenue Received in Advance				
	GGS - Current	32	26	6	24%
	The Increase in Revenue received in Advance (GGS) is largely due to funding from the Commonwealth for the National Disability Insurance Scheme Sector Development, the Australian Early Development Index programs, Youth Interact and Youth Week and other community programs.				
	Territory - Current	58	44	15	34%
	There is an increase in Revenue Received in Advance largely as a result of deposits received for land sales in Lawson, Campbell, Coombs and the Kingston Foreshore, grants for various community sector schemes and programs, and an increase in transport regulation fees.				
	Other Payables				
	Territory - Current	37	27	10	37%
	The increase in Other Payables for the Territory is mainly due to an increase in finished land blocks available for sale in Coombs, Franklin, Flemington Road Corridor, Greenway, Hume West and Wright.				

APPENDIX B

VARIANCE EXPLANATIONS - 2013-14 Actual compared to 2013-14 Budget

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Reference No.		*2013-14 Actual $m*	*2013-14 Budget $m*	*Variance $m*	*Variance %*
7	**GAINS FROM CONTRIBUTED ASSETS**				
	GGS	90	136	-46	-34%
	Lower Gains from Contributed Assets reflects a lower than anticipated value of infrastructure transferred at fair value from the Land Development Agency and external developers to the Territory and Municipal Services Directorate. Delays have occurred due to slower than anticipated construction and delays in administrative processes.				
8	**REVENUE FROM ASSOCIATES AND JOINT VENTURES**				
	Territory	107	83	25	30%
	The higher Revenue from Associates and Joint Ventures is primarily due to a change in treatment of corporate overheads for the ActewAGL joint venture. Some overheads which were anticipated to be expensed are now being capitalised to be more in line with industry standards. This has resulted in higher profit distributions from the ActewAGL Joint Venture. In addition, the Territory has received higher than anticipated profits from the Land Development Agency's Crace and Forde Joint Ventures following a review of the application of GST on joint venture land sales which resulted in lower rates of GST payable by the Joint Ventures than previously budgeted and therefore higher net profits to the Land Development Agency.				
11	**DISTRIBUTIONS FROM FINANCIAL INVESTMENTS**				
	GGS and Territory	118	-	118	#
	Distributions from Financial Investments has been included in 2013-14 for the first time to better reflect the nature of distributions on unit trusts to the Superannuation Provision Account. This treatment is not reflected in the 2013-14 Budget figures due to the timing of release of the 2013-14 Budget. These amounts are classified in the 2013-14 Budget as Dividend and Income Tax Equivalents and Interest Income.				

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Reference No.		*2013-14 Actual $m*	*2013-14 Budget $m*	*Variance $m*	*Variance %*
12	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	GGS	215	305	-89	-29%
	Territory	24	84	-59	-71%
	The lower Dividend and Income Tax Equivalents Income is predominantly due to the reclassification of interest and dividends received in relation to investments held in unit trusts by the Superannuation Provision Account to Distributions from Financial Investments as discussed above. It also reflects lower than expected income tax equivalents from the Land Development Agency, as well as a reduction in ACTEW Corporation's dividend due to the impact of the Independent Competition and Regulatory Commission's pricing decision to reduce sewerage charges and limit increases in water charges.				
13	**LAND REVENUE (VALUE ADD COMPONENT)**				
	Territory	81	135	-53	-40%
	Lower land revenue mainly relates to the deferral of land settlements expected to occur in a later period and unsuccessful negotiations to sell the Denman Prospect Englobo parcel of land, as well as delays in construction due to regulatory clearances and inclement weather.				
14	**OTHER REVENUE**				
	Territory	160	135	26	19%
	The better than expected Other Revenue is largely due to higher other revenues received by Housing ACT as a result of the recoupment of GST input tax credits which were overpaid in prior years. Following a review of the methodology applied to assessing Housing ACT's GST liability, some of these amounts were able to be recovered. In addition, ACTEW Corporation received a one-off unanticipated insurance payment due to flood damage at the Enlarged Cotter Dam. Other higher than anticipated revenues included the receipt of fees charged for the acceptance of contaminated waste and storm damage insurance claims recoveries which were received earlier than anticipated.				

APPENDIX B
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Reference No.		*2013-14 Actual $m*	*2013-14 Budget $m*	*Variance $m*	*Variance %*
22	**DIVIDENDS (MARKET GAINS ON LAND SALES)**				
	GGS	8	38	-29	-78%
	The variance is predominantly due to lower than budgeted land sales revenue associated with lower than anticipated demand in the commercial sector, the unsuccessful sale of the Denman Prospect Englobo parcel of land and deferred negotiations for settlements at Kingston Foreshore.				
23	**LAND REVENUE (MARKET GAINS ON LAND SALES)**				
	Territory	12	54	-42	-78%
	The lower than anticipated revenue is associated with the same factors that have resulted in lower than budgeted Dividends (Market Gains on Land Sales) as discussed in Note 22.				
24	**NET LAND REVENUE (UNDEVELOPED LAND VALUE)**				
	GGS and Territory	50	203	-153	-75%
	The decline in Net Land Revenue (Undeveloped Land Revenue) reflects the timing of land settlements and lower than anticipated land sales by the Land Development Agency.				
25	**NET GAIN/(LOSS) ON SALE/(DISPOSAL) OF NON-FINANCIAL ASSETS**				
	GGS	-29	0	-29	#
	The unbudgeted loss relates to components of completed capital works projects that do not meet the criteria of an asset under Australian Accounting Standards to be capitalised, and are required to be expensed. An accurate assessment of these works against these criteria was unable to be conducted at the time of the 2013-14 Budget. Works include minor landscaping, site preparation and cleanup, master planning and some design work.				

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Reference No.		*2013-14 Actual $m*	*2013-14 Budget $m*	*Variance $m*	*Variance %*
26	**NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE**				
	GGS and Territory	261	87	174	200%
	The higher than expected Net Gain on Financial Assets or Liabilities at Fair Value is predominantly reflective of higher than forecast returns achieved by the Superannuation Provision Account due to stronger than anticipated returns on global share markets.				
30	**CASH AND DEPOSITS**				
	GGS	422	307	115	37%
	Territory	472	387	84	22%
	The higher than anticipated Cash and Deposits is primarily due to the earlier than budgeted settlement of cross border health invoices provided for the treatment of interstate patients in the ACT. The variance is also attributed to the timing of payments expected to be made in future years for capital works projects and a higher than anticipated level of cash held by the Territory Banking and Superannuation Provision Accounts reflecting temporary liquidity and investment opportunities.				
32	**INVESTMENTS AND LOANS**				
	GGS	4,024	3,321	703	21%
	Territory	4,081	3,373	708	21%
	This variance is mainly due to a higher than anticipated level of funds held in investments with the Territory Banking Account and higher investments held by the Superannuation Provision Account due to strong global market investment returns.				
33	**RECEIVABLES**				
	GGS	370	518	-148	-29%
	The lower than forecast receivables mainly relates to the earlier than anticipated settlement of cross border health receivables in addition to lower than expected income tax equivalents from the Land Development Agency due to lower than anticipated market demand for land sales resulting in lower profits for the Land Development Agency and ACTEW Corporation as a result of lower than expected sales due to the Independent Competition and Regulatory Commission's water and sewerage pricing review.				

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VARIANCE EXPLANATIONS - 2013-14 Actual compared to 2013-14 Budget

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Reference No.		*2013-14 Actual $m*	*2013-14 Budget $m*	*Variance $m*	*Variance %*
38	**INTANGIBLES**				
	GGS	30	57	-27	-48%
	Territory	49	79	-31	-39%
	The unbudgeted decline in intangibles is primarily due to delays with Information and Communication Technology projects such as e-Health and Identity Access Management. The decrease is also due to the unexpected delays in the completion of NXTBUS – a real time passenger information system for ACTION Buses which is still in progress.				
43	**DEPOSITS HELD**				
	GGS	131	27	105	389%
	The higher than anticipated deposits held is reflective of the level of funds invested by Public Trading Enterprise entities in the Territory Banking Account. A major portion of these funds are held on behalf of Housing ACT to fund future development activities.				
47	**SUPERANNUATION**				
	GGS and Territory	7,483	5,373	2,110	39%
	The higher than forecast superannuation liability is primarily due to the discount rate of 4.08 per cent used to value the liability at 30 June 2014, compared to the long term budget discount rate assumption of 6 per cent.				
48	**OTHER PROVISIONS**				
	Territory	107	-	107	#
	Since 2012-13 the Other Provisions line item has been shown separately from Employee Benefits and Other Provisions for increased transparency. This treatment was not adopted in the 2013-14 Budget due to the timing of its release.				
50	**OTHER LIABILITIES**				
	GGS	10	41	-31	-75%
	Territory	10	45	-34	-77%
	The lower than budgeted Other Liabilities is largely due to the timing of completion of the Constitution Avenue Upgrade Project.				

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.

ACTTAB Limited

ACTTAB Limited refers to the Australian Capital Territory Totaliser Agency Board. ACTTAB provides wagering and gaming services and is owned by the ACT Government (pending sale).

ACTEW Corporation Limited

ACTEW Corporation Limited refers to the Australian Capital Territory Electricity and Water Corporation Limited, which is owned by the ACT Government. ACTEW Corporation Limited owns and operates the water and sewerage assets and business in the ACT.

ACTION

ACTION refers to the Australian Capital Territory Internal Omnibus Network. ACTION is the provider of public transport services in the ACT and is owned by the ACT Government.

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.

CIT Solutions Pty Limited

CIT Solutions refers to the Canberra Institute of Technology Pty Limited and provides commercial based training services. CIT Solutions is owned and operated by the ACT Government.

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 from this definition.

Generally Accepted Accounting Principles (GAAP)

A widely accepted set of uniform standards, rules, conventions and procedures for reporting financial information established by the AASB.

APPENDIX C
GLOSSARY - CONTINUED

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 Enterprise 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 (AASB 1049)*, standard to meet the requirements of GFS, AASB and the Uniform Presentation Framework.

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 and 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.

APPENDIX C
GLOSSARY - CONTINUED

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.

Other Non-Financial Assets

Refers to assets not elsewhere classifiable.

Public Trading Enterprise (PTE)

This is an ABS categorisation of certain public sector agencies and 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 GGS and PTE.

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 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.

APPENDIX C
GLOSSARY - CONTINUED

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, and 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.