

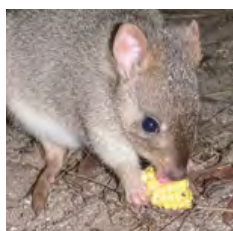


ACT

Government

Territory and Municipal Services

TERRITORY AND MUNICIPAL SERVICES **ANNUAL REPORT 2012-2013**



VOLUME

2

Photos on the cover (from left to right)

- Albert Hall
- ACTION's Centenary loop bus in front of Parliament House
- An employee at Capital Linen Service
- Casper, an albino echidna, was released into Tidbinbilla Nature Reserve in October 2012
- Mowing operator
- Cyclists on a completed section of the Canberra Centenary Trail. Photo taken by A Burton
- Recycling truck
- Eastern Bettong
- The Village Centre and Central Valley at the National Arboretum Canberra. Photo taken by L Muldoon
- Library visitor
- ACT Parks and Conservation Service fire fighters
- Aerial view of the Majura Parkway construction
- Plants in one of Yarralumla Nursery's propagation houses

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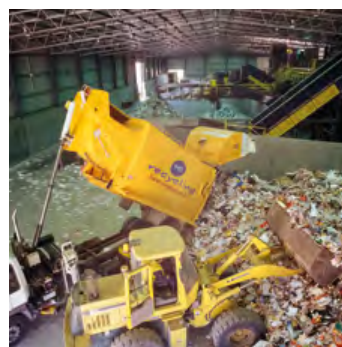
ACTION

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ACT
Government

Territory and Municipal Services

Mr Shane Rattenbury, MLA
Minister for Territory and Municipal Services
ACT Legislative Assembly
London Circuit
Canberra City ACT 2601

Dear Minister,

Transmittal Certificate

I present the 2012-13 Annual Report of the Territory and Municipal Services (TAMS) Directorate, which is in two volumes. The first volume contains information about the Directorate's performance and the second volume contains the financial reporting. This Report has been prepared under section 5(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements under the Annual Report Directions. It has been prepared by the Directorate in line with other legislation applicable to the preparation of annual reports.

I certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of TAMS during the period 1 July 2012 to 30 June 2013 has been included.

I hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standards, Part 2.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within three months of the end of the financial year.

Gary Byles
Director-General
19 September 2013



ACT
Government

Territory and Municipal Services

Mr Shane Rattenbury, MLA
Minister for Territory and Municipal Services
ACT Legislative Assembly
London Circuit
Canberra City ACT 2601

Dear Minister,

Statement of reference to subsumed and annexed reports

The 2012-13 Territory and Municipal Services Directorate Annual Report complies with the Chief Minister's Annual Report Directions. As part of this compliance, ACT Public Cemeteries Authority is a subsumed and annexed report. The Animal Welfare Authority is also an annexed report.

I advise that the above sections are occasionally referred to throughout the body of the report. In instances of such referral, you should direct your attention to the relevant section in the report for further information.

Yours sincerely

Gary Byles
Director-General

19 September 2013

ACKNOWLEDGMENT TO COUNTRY

The Australian Capital Territory (ACT) is Ngunnawal country. The ACT Government acknowledges the Ngunnawal people as the traditional custodians of the Canberra region.

The region is also an important meeting place and significant to other Aboriginal groups.

The Territory and Municipal Services (TAMS) Directorate acknowledges and respects the Aboriginal and Torres Strait Islander people, their continuing culture and the contribution they make to the life of this city and this region.

ABOUT THIS REPORT

The TAMS 2012-13 Annual Report is the Directorate's primary accountability document to the ACT Government and the Canberra community.

The report is divided into two volumes:

- Volume 1 contains information regarding the Directorate, including the Director-General's review, analysis of agency performance as well as consultation and government reporting
- Volume 2 contains management discussion and analysis, financial statements and statement of performance.

The Animal Welfare Authority and the ACT Public Cemeteries Authority Annual Reports are annexed to the TAMS Annual Report as required in the Chief Minister's Annual Report Directions.

This Annual Report has been prepared under section 5(1) of the *Annual Reports (Government Agencies) Act 2004*, and in accordance with requirements of the Chief Minister's Annual Report Directions and other relevant legislation.

**An aerial view of the National Arboretum Canberra's Central Valley.
Photo taken by J Gollings**

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SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A5 TERRITORY AND MUNICIPAL SERVICES MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Territory and Municipal Services Directorate

for the financial year ended 30 June 2013

General overview

Objectives

The Territory and Municipal Services Directorate (the Directorate) plays a key role in building Canberra's environmental, social and infrastructure capital as well as administering the majority of Canberra's municipal services and public transport functions. This includes providing and managing public libraries; collecting and recycling waste; managing and maintaining the Territory's roads, footpaths, cycling paths and streetlights; and delivering Canberra's public transport through ACTION.

The Directorate also manages and maintains Canberra's built environment. An important outcome for the Directorate is ensuring that the ACT Government's many infrastructure assets are strategically planned, built and maintained.

The Directorate contributes to the enforcement and compliance with Territory and national standards in animal welfare. The Directorate manages the ACT's environmental and recreational facilities, providing operational and strategic management of parks and reserves across the ACT including Tidbinbilla Nature Reserve, Namadgi National Park, Canberra Nature Park and urban open spaces. The Directorate also manages the National Arboretum Canberra, a key attraction that opened in February 2013.

Other services provided by the Directorate include the provision of ACT Government information, services and payments through Canberra Connect, Capital Linen Services, management of the ACT Government's owned and leased property assets and the operation of Yarralumla Plant Nursery.

The Directorate also has administrative oversight responsibility for the ACT Public Cemeteries Authority which manages Woden, Gungahlin and Hall cemeteries.

Changes in administrative structure

There have been no changes to the Directorate's administrative structure in 2012-13.

Changes in output structure

There have been no changes to output structure in 2012-13.

Risk Management

The responsibility for risk management within the Directorate rests with the Director-General. The Director-General is supported in this responsibility by the Executive Leadership Team (ELT) and the Directorate's Risk Management Committee.

The Directorate's current risk management framework is based on the Australian Standard AS/NZS ISO 31000:2009. The Risk Management Committee has administrative responsibility for the application of the framework and meets monthly to update the Directorate's risk register and to identify and assess risks across the Directorate. This Committee reports to the ELT.

Under the ACT Government's risk management policy, the ACT Insurance Authority (ACTIA) is responsible to assist Directorates with implementation of risk management policies and procedures across ACT government. The Directorate works closely with ACTIA to ensure its risk management framework and policies meet all relevant guidelines.

The Directorate maintains a corporate membership with the Risk Management Institution of Australasia (RMIA) to ensure that risk managers remain up to date with emerging risk management practices. Membership with RMIA also provides access to training and professional development opportunities.

The three most significant Directorate level risks identified by the Risk Management Committee are:

Inadequate workforce capability and capacity

This risk covers the ability of the Directorate to attract and retain suitably qualified staff to continue to deliver services to the expectation of stakeholders. This risk recognises the need to:

- ensure adequate staffing levels are maintained;
- ensure an effective workforce plan is in place;
- establish an effective remuneration strategy; and
- ensure consistent and effective training programs, performance management and development opportunities.

Inadequate asset management

This risk relates to the ability to administer and maintain the Directorate's significant asset base. This risk recognises the need to:

- ensure robust asset management plans are in place across the Directorate including upgrade and replacement plans;
- secure suitable funding to maintain or replace ageing assets;
- ensure assets are maintained to an appropriate standard and fit for purpose; and
- ensure asset registers are complete and verifiable.

Injury to a person

This risk encompasses the health, safety and well being of the Directorate's staff. This risk has been identified as the number one operational priority by the Director-General. This risk recognises the need to:

- ensure the potential for injury by unsafe activities or inaction is reduced through robust and well understood policies and procedures;
- ensure negligent workplace practices are avoided and education programs are in place to achieve this;

- provide policies, procedures and work place practices that recognise the potential for anti-social behaviour from the community;
- ensure that assets are maintained in a state that minimises potential hazard to personnel; and
- comply with obligations under the *Work Health and Safety Act 2011*.

A common theme in the Directorate's risk assessment is the availability of resources to meet growing service level demands. The cost pressures faced by the Directorate necessitate an ongoing evaluation of service priorities in line with the Directorate's capacity to effectively manage risk.

Directorate financial performance

The following financial information is based on audited financial statements for the 2011-12 and 2012-13 financial years and the forward estimates contained in the 2013-14 Budget Papers.

The analysis provided below outlines the main trends and factors affecting the Directorate's financial performance and position for the year ended 30 June 2013.

Table 1 Net cost of services

	Actual 2011-12	Actual 2012-13	Budget 2012-13	Budget 2013-14	Forward estimate 2014-15
	\$m	\$m	\$m	\$m	\$m
Total expenditure	546.6	586.5	540.0	562.4	562.2
Total own-source revenue	120.1	126.3	113.5	109.6	112.8
Net cost of services	426.5	460.2	426.5	452.8	449.4

The financial information in table 1 excludes the impact of 'other gains'.

2012-13 Actual net cost of services comparison to the original budget

The Directorate's net cost of services for 2012-13 of \$460.2 million was \$33.7 million or 8 percent higher than the 2012-13 budgeted cost of \$426.5 million. This reflected a combination of factors including:

- the expensing of completed works associated with capital projects, that did not meet the definition of an asset (mainly earthworks and landscaping) \$21.9 million;
- assets transferred to other Directorates (including the Hotel Kurrajong to the Land Development Agency) \$9.8 million;
- loss on revaluation of biological assets \$2.3 million; and
- own-source revenue has increased by \$12.8 million largely due to unbudgeted insurance recoveries of \$13.3 million.

Attachment A compares the 2012-13 net cost of service actual to budget in more detail.

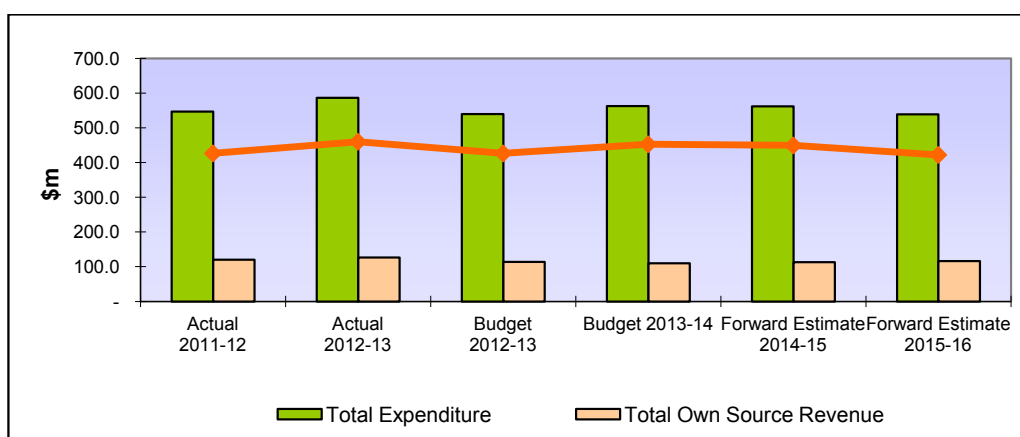
Comparison to 2011-12 Actual net cost of services

Total net cost of services was \$33.7 million higher than the 2011-12 actual cost largely due to

- increase in the expensing of completed works associated with capital projects (\$10.8 million), largely due to the National Arboretum Canberra;
- increase in the value of assets transferred to other Directorates (\$4.0 million), largely related to the Hotel Kurrajong transferred to the Land Development Agency;
- increased expenses due to the loss on revaluation of biological assets (\$2.3 million);
- increase in supplier expenses (\$10.9 million) due to utility price increases, rent increases, insurance premium increases, legal costs and operating lease costs;
- increase in depreciation expense (\$3.6 million);
- increase in employee expenses largely due to Workers' Compensation insurance (\$2.5 million); and
- own-source revenue has increased by \$6.6 million largely due to insurance recoveries (\$4.1 million).

Future trends

Figure 1 Net cost of services



The financial information in figure 1 excludes the impact of 'other gains'.

Figure 1 provides net cost of services information ranging from 2011-12 to the projected forward years. In 2013-14, the Directorate will continue its focus on maintaining expenditure levels within budget in an environment where pressures on the net cost of service delivery are significant. In 2013-14 expenditure is expected to increase mainly due to new budget initiatives announced in the 2013-14 budget. Both revenue and expenditure are expected to vary in the out years due to the net impact of indexation less cessation of one-off budget initiatives and savings initiatives.

Total expenditure

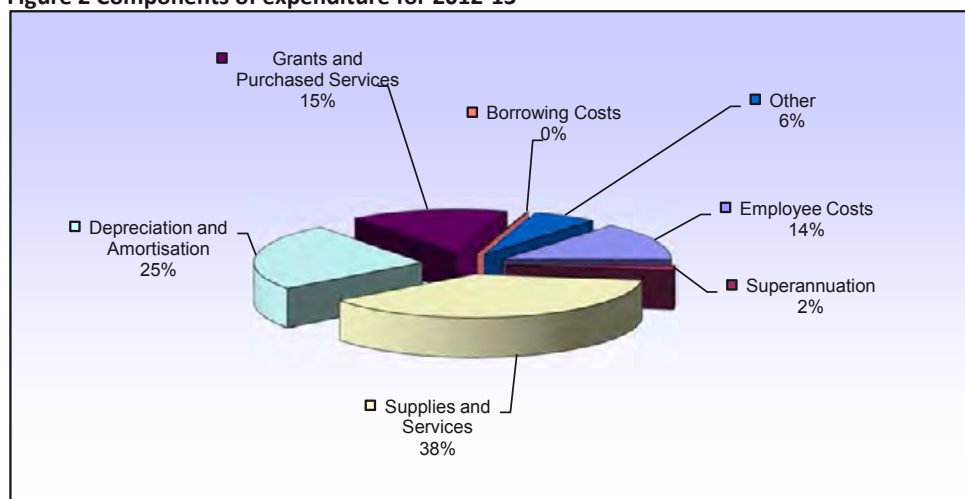
Components of expenditure

Figure 2 shows a breakdown of the expenditure components in the 2012-13 financial year. Of the Directorate's total expenditure, supplies and services account for 38 percent, employee costs

contribute 14 percent, grants and purchased services contribute a further 15 percent and depreciation expense accounts for 25 percent.

Supplies and services payments include payments for professional services of \$38.8 million, building and facilities operating costs of \$49.0 million, repairs and maintenance expenditure of \$84.6 million and IT and communication costs of \$11.5 million.

Figure 2 Components of expenditure for 2012-13



Total 2012-13 expenditure compared to the original budget

Expenditure of \$586.5 million was \$46.5 million, or 9 percent higher than the 2012-13 original budgeted cost. This was mainly due to:

- expensing of completed works associated with capital projects, that did not meet the definition of an asset, mainly earthworks and landscaping (\$21.9 million);
- impact of assets transferred, mainly Hotel Kurrajong to the Land Development Agency (\$9.8 million);
- loss on revaluation of Biological assets (\$2.3 million);
- Increase in grants and purchased services due to extra funding provided to ACTION to meet operational costs and below budgeted fare receipts (\$6.1 million);
- Increase in employee expenses mainly due to a change in the workforce profile and an increase in the Workers' Compensation insurance premium.

Comparison to 2011-12 actual expenditure

Total expenditure was \$586.5 million or 7 percent higher which is \$39.9 million higher than the 2011-12 actual result. This variance is mainly due to:

- increased expense in completing works associated with capital projects (\$10.8 million), largely due to the National Arboretum Canberra;
- increase in the value of assets transferred to other Directorates (\$4.0 million), largely related to the Hotel Kurrajong transferred to the Land Development Agency;

- increase in depreciation expense (\$3.6 million);
- increased expenses due to the loss on revaluation of biological assets (\$2.3 million);
- increase in supplier expenses (\$10.9 million) due to utility price increases, rent increases, insurance premium increases, legal costs and operating lease costs;
- increase in employee expenses largely due to Workers' Compensation insurance (\$2.5 million);
- Increase in grants and purchased services due to extra funding provided to ACTION to meet operational costs and below budgeted fare receipts (\$6.1 million).

Future trends

To enable the ACT Government to meet its overall budgetary objectives, the Directorate's 2013-14 budget reflects additional efficiencies to be achieved.

In addition the Directorate is facing ongoing, and in some cases, unexpected increases to the costs of service delivery. The Directorate will continue to pursue cost containment strategies and improved efficiencies to ensure core service delivery and community needs are maintained to a high standard.

Total own-source revenue

2012-13 own-source revenue comparison to amended budget

Own-source revenue for the year ended 30 June 2013 was \$126.3 million, \$12.8 million higher than the 2012-13 original budget amount. This variance is mainly due to insurance recoveries of \$13.3 million.

Comparison to 2011-12 actual income

Own-sourced revenue was \$6.2 million or 5 percent higher than the 2011-12 actual result of \$120.1 million, largely as a result of differences in insurance recoveries between the years.

Directorate financial position

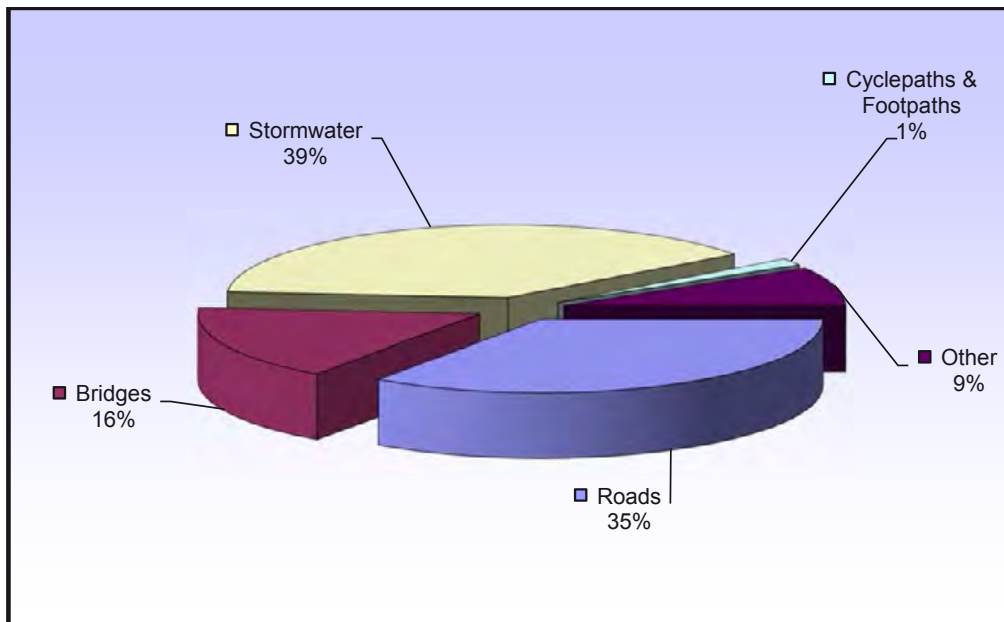
Total assets

Components of total assets

For the financial year ended 30 June 2013 the Directorate held 97 percent of its total assets (\$9.4 billion) in property, plant and equipment (\$9.1 billion).

The major component of property, plant and equipment is infrastructure assets (\$6.4 billion). Figure 3 indicates the components within the infrastructure asset class.

Figure 3 Infrastructure assets as at 30 June 2013



Comparison to budget

The total asset position as at 30 June 2013 is \$9.4 billion, which is \$0.4 billion higher than the 2012-13 original budgeted amount of \$9.0 billion.

Comparison to 2011-12 actual

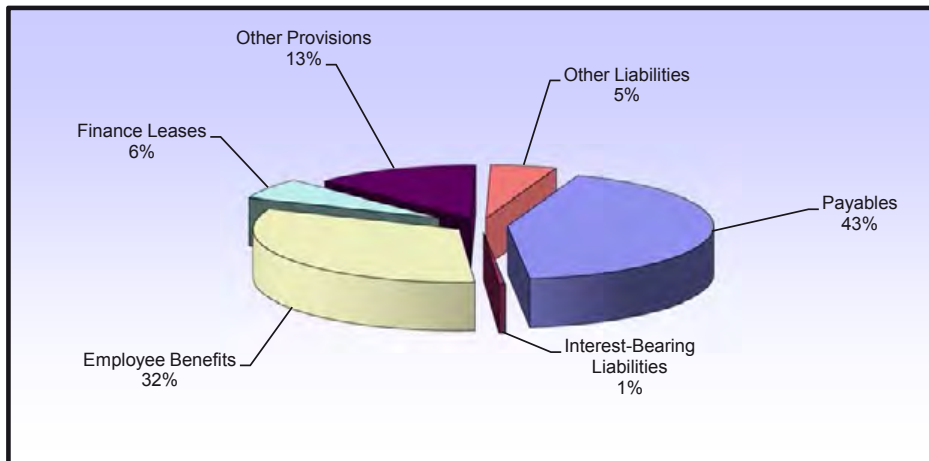
The Directorate's total asset position is \$0.1 billion higher than the 2011-12 actual result of \$9.3 billion.

Total liabilities

Components of total liabilities

Total liabilities are \$94.5 million. Figure 4 indicates that the major categories of the Directorate's liabilities are payables (43 percent), employee benefits (32 percent) and other provisions for the restoration of Waste Landfill Sites at Mugga Lane and Belconnen (13 percent).

Figure 4 Total liabilities as at 30 June 2013



Comparison to budget

The Directorate's liabilities for the year ended 30 June 2013 of \$94.5 million are \$8.5 million higher than the 2013-13 original budgeted amounts. The total liabilities were impacted by timing of payment cycles.

Comparison to 2011-12 actual

Total liabilities are \$5.2 million higher than the 2011-12 actual result of \$89.3 million primarily due to the impact of the timing of accounts payables.

Territorial Statement of revenues and expenses

Total income

Land sales revenue (including interest) accounts for 74 percent of territorial revenue; the remaining 26 percent is generated from commercial and industrial waste acceptance fees.

Comparison to 2012-13 budget

Total Territorial income for the year ended 30 June 2013 was \$67.5 million, which was \$78.5 million lower than the 2012-13 budgeted amount. The lower income mainly relates to lower than anticipated land sale revenue from the Land Development Agency associated with the land release program (\$73.7 million lower than budget).

Comparison to 2011-12 actual

Total income was \$79.0 million lower than the previous year due to a decrease in land sale revenue of \$78.7 million.

Future trends

Total Revenue

Land sale revenue for 2013-14 is budgeted at \$208.6 million in line with the ACT Government's land release program.

Total Expenditures

Budgeted expenditure represents the transfers of revenues to the ACT Government.

Attachment A

Comparison of Net Cost of Services to Budget 2012-13

Description	Original Budget		Less: Actual	Variance Explained	
	\$'000		\$'000	\$'000	%
Expenditure					
Employee and Superannuation	81,649		94,263	12,614	15%
Supplies and Services	228,178		221,336	(6,842)	(3)%
Depreciation and Amortisation	145,747		146,139	392	0%
Grants and Purchased Services	82,086		89,116	7,030	9%
Borrowing costs	1,664		676	(988)	(60)%
Other Expenses	637		35,024	34,387	5398%
Total Expenditure	539,961		586,554	46,593	9%
Own Source Revenue					
User charges, Taxes, Fees and Fines	111,505		106,624	(4,881)	(4)%
Resources Free of Charge	1,278		1,063	(215)	(17)%
Other Revenue	733		18,642	17,909	2443%
Total Own Source Revenue	113,516		126,329	12,813	11%
Total Net Cost of Services	426,445		460,102	33,657	8%

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SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A6 TERRITORY AND MUNICIPAL SERVICES FINANCIAL REPORT



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Territory and Municipal Services Directorate (the Directorate) for the year ended 30 June 2013 have been audited. These comprise the following financial statements and accompanying notes:

- Controlled statements – operating statement, balance sheet, statement of changes in equity, cash flow statement and statement of appropriation.
- Territorial statements – statement of income and expenses on behalf of the Territory, statement of assets and liabilities on behalf of the Territory, statement of changes in equity on behalf of the Territory, cash flow statement on behalf of the Territory and statement of appropriation.

Responsibility for the financial statements

The Director-General of the Directorate is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

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

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

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

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

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements of the Directorate for the year ended 30 June 2013:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Directorate as at 30 June 2013 and the results of its operations and cash flows for the year then ended.

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



Dr Maxine Cooper
Auditor-General
13 September 2013

**Territory and Municipal Services Directorate
Financial Statements
For the Year Ended 30 June 2013**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2013 and the financial position of the Directorate on that date.



Gary Byles
Director-General
Territory and Municipal Services
Directorate

11 September 2013

**Territory and Municipal Services Directorate
Financial Statements
For the Year Ended 30 June 2013**

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Directorate's accounts and records and fairly reflect the financial operations of the Directorate for the year ended 30 June 2013 and the financial position of the Directorate on that date.



Gordon Elliott
Chief Finance Officer
Territory and Municipal
Services Directorate

// September 2013

**TERRITORY AND MUNICIPAL SERVICES
DIRECTORATE**

CONTROLLED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2013**

Territory and Municipal Services Directorate
Operating Statement
For the Year Ended 30 June 2013

	Note No.	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Income				
<i>Revenue</i>				
Government Payment for Outputs	4	289,544	291,511	280,652
User Charges – ACT Government	5	86,368	91,300	85,225
User Charges – Non-ACT Government	5	15,392	16,436	14,933
Interest	6	16	-	24
Resources Received Free of Charge	7	1,063	1,278	650
Fees and Fines	8	4,848	3,769	4,630
Other Revenue	9	18,642	733	14,652
Total Revenue		415,873	405,027	400,766
<i>Gains</i>				
Other Gains	10	105,269	91,192	94,615
Total Gains		105,269	91,192	94,615
Total Income		521,142	496,219	495,381
Expenses				
Employee Expenses	11	82,679	70,633	78,712
Superannuation Expenses	12	11,584	11,016	10,666
Supplies and Services	13	221,336	228,178	210,450
Depreciation and Amortisation	14	146,139	145,747	142,511
Grants and Purchased Services	15	89,116	82,086	83,021
Borrowing Costs	16	676	1,664	937
Other Expenses	17	35,024	637	20,320
Total Expenses		586,554	539,961	546,617
Operating (Deficit)		(65,412)	(43,742)	(51,236)
Other Comprehensive Income/(Deficit)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Decrease/(Increase) in the Asset Revaluation Surplus	35	4,112	1,613	445,754
Total Other Comprehensive Income/(Deficit)		4,112	1,613	445,754
Total Comprehensive (Deficit)/Income		(61,300)	(42,129)	394,518

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

Territory and Municipal Services Directorate
Balance Sheet
As at 30 June 2013

	Note	Actual	Original	Actual
	No.	2013	Budget	2012
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	21	17,369	13,035	19,790
Receivables	22	14,669	21,283	17,459
Inventories	23	1,989	2,769	2,230
Assets Held for Sale	24	578	875	619
Other Assets	25	2,342	2,025	2,210
Total Current Assets		36,947	39,987	42,308
Non-Current Assets				
Receivables	22	-	4,930	3,176
Property, Plant and Equipment	26	9,154,320	8,682,934	9,003,640
Intangible Assets	27	3,300	12,156	3,655
Biological Assets	28	26,099	26,045	28,429
Capital Works in Progress	29	207,162	263,310	227,271
Total Non-Current Assets		9,390,881	8,989,375	9,266,171
Total Assets		9,427,828	9,029,362	9,308,479
Current Liabilities				
Payables	30	38,405	15,577	31,107
Interest-Bearing Liabilities	31	470	470	757
Finance Leases	31	3,337	2,007	4,315
Employee Benefits	32	28,369	26,937	28,780
Other Liabilities	34	2,995	6,404	1,270
Total Current Liabilities		73,576	51,395	66,229
Non-Current Liabilities				
Payables	30	1,566	-	72
Interest-Bearing Liabilities	31	-	-	470
Finance Leases	31	3,182	4,945	4,039
Employee Benefits	32	2,125	1,481	1,457
Other Provisions	33	12,155	16,757	14,442
Other Liabilities	34	1,891	11,424	2,630
Total Non-Current Liabilities		20,919	34,607	23,110
Total Liabilities		94,495	86,002	89,339
Net Assets		9,333,333	8,943,360	9,219,140
Equity				
Accumulated Funds	35	5,700,341	5,755,058	5,588,624
Asset Revaluation Surplus	35	3,632,992	3,188,302	3,630,516
Total Equity		9,333,333	8,943,360	9,219,140

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

Territory and Municipal Services Directorate
Statement of Changes in Equity
For the Year Ended 30 June 2013

		Accumulated Funds Actual 2013 \$'000	Asset Revaluation Surplus Actual 2013 \$'000	Total Equity Actual 2013 \$'000	Original Budget 2013 \$'000
	Note No.				
Balance at the Beginning of the Reporting Period		5,588,624	3,630,516	9,219,140	8,761,803
Comprehensive (Deficit)/Income					
Operating (Deficit)		(65,412)	-	(65,412)	(43,742)
(Decrease)/Increase in the Asset Revaluation Surplus	35	-	4,112	4,112	1,613
Total Comprehensive (Deficit)/Income		(65,412)	4,112	(61,300)	(42,129)
Transactions Involving Owners Affecting Accumulated Funds					
Transfers of the Asset Revaluation Surplus to Accumulated Funds on Derecognition of Assets	35	1,636	(1,636)	-	-
Capital Injections		204,538	-	204,538	235,866
Capital Distributions to ACTION		(17,138)	-	(17,138)	-
Dividend Approved and Paid - ACT Property Group		(11,907)	-	(11,907)	(12,180)
Total Transactions Involving Owners Affecting Accumulated Funds		177,129	(1,636)	175,493	223,686
Balance at the End of the Reporting Period		5,700,341	3,632,992	9,333,333	8,943,360

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

**Territory and Municipal Services Directorate
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2012**

		Accumulated Funds Actual 2012 \$'000	Asset Revaluation Surplus Actual 2012 \$'000	Total Equity Actual 2012 \$'000
	Note No.			
Balance at the Beginning of the Reporting Period		5,453,421	3,186,688	8,640,109
Comprehensive Income				
Operating (Deficit)		(51,236)	-	(51,236)
Increase in the Asset Revaluation Surplus	35	-	445,754	445,754
Decrease in the Asset Revaluation Surplus from Transfers to Other Agencies	35	-	(164)	(164)
Total Comprehensive (Deficit)/Income		(51,236)	445,590	394,354
Transactions Involving Owners Affecting Accumulated Funds				
Transfers of the Asset Revaluation Surplus to Accumulated Funds on derecognition of assets	35	1,761	(1,761)	-
Capital Injections		179,138	-	179,138
Capital Distributions ^a		(23,509)	-	(23,509)
Assets Transferred in as part of an Administrative Restructure	37	37,114	-	37,114
Liabilities Transferred in as part of an Administrative Restructure	37	(114)	-	(114)
Net Assets Transferred out as part of an Administrative Restructure		(100)	-	(100)
Dividend Approved and Paid - ACT Property Group		(7,851)	-	(7,851)
Total Transactions Involving Owners Affecting Accumulated Funds		186,439	(1,761)	184,678
Balance at the End of the Reporting Period		5,588,624	3,630,516	9,219,140

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

a) Capital Distributions consists of capital payments to ACTION of \$23.413m and capital distributions to the Chief Minister and Treasury Directorate of \$0.096m.

Territory and Municipal Services Directorate
Cash Flow Statement
For the Year Ended 30 June 2013

	Note No.	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Cash Flows from Operating Activities				
Receipts				
Government Payment for Outputs		198,479	207,742	195,704
Government Payment for Community Services Obligations		91,065	83,769	84,948
User Charges		106,986	107,099	94,096
Fees and Fines		4,849	3,769	4,362
Interest Received		16	-	24
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		26,783	-	30,887
Goods and Services Tax Collected from Customers		9,774	-	10,640
Other		20,825	31,668	21,852
Total Receipts from Operating Activities		458,777	434,047	442,513
Payments				
Employee		82,450	68,428	73,921
Superannuation		11,557	11,239	10,666
Supplies and Services		224,278	220,452	204,564
Borrowing Costs		670	83	937
Grants and Purchased Services		89,116	82,085	83,021
Goods and Services Tax Paid to Suppliers		33,892	-	37,257
Goods and Services Tax Remitted to the Australian Taxation Office		3,392	-	3,707
Other		188	34,308	2,274
Total Payments from Operating Activities		445,543	416,595	416,347
Net Cash Inflows from Operating Activities	41	13,234	17,452	26,166
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		1,513	-	2,491
Total Receipts from Investing Activities		1,513	-	2,491
Payments				
Purchase of Property, Plant and Equipment		998	-	7,007
Purchase of Intangibles		9	6,300	955
Purchase of Capital Works in Progress		188,107	230,884	154,765
Total Payment from Investing Activities		189,114	237,184	162,727
Net Cash (Outflows) from Investing Activities		(187,601)	(237,184)	(160,236)

**Territory and Municipal Services Directorate
Cash Flow Statement - Continued
For the Year Ended 30 June 2013**

	Note No.	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Cash Flows from Financing Activities				
Receipts				
Capital Injections		204,538	266,508	179,138
Proceeds from Borrowings		1,765	-	116
Receipts of Transferred Cash Balances		-	-	1,099
Total Receipts from Financing Activities		206,303	266,508	180,353
Payments				
Repayment of Borrowings		801	757	701
Repayment of Advances		-	-	3,446
Transferred Cash Balances		-	-	2,128
Capital Distribution to ACTION		17,138	30,642	23,416
Capital Distribution to Chief Minister and Treasury Directorate		-	-	93
Payment of Dividend		11,907	12,180	7,851
Repayment of Finance Lease Liabilities		4,511	1,815	4,253
Total Payment from Financing Activities		34,357	45,394	41,888
Net Cash Inflows from Financing Activities		171,946	221,114	138,465
Net (Decrease)/Increase in Cash and Cash Equivalents		(2,421)	1,382	4,395
Cash and Cash Equivalents at the Beginning of the Reporting Period		19,790	11,653	15,395
Cash and Cash Equivalents at the End of the Reporting Period	41	17,369	13,035	19,790

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

**Territory and Municipal Services Directorate
Summary of Directorate Output Classes
For the Year Ended 30 June 2013**

	Output Class 1 Municipal Services \$'000	Output Class 2 Enterprise Services \$'000	Intra- Directorate Eliminations \$'000	Total \$'000
2013				
Total Income	430,937	103,576	(13,372)	521,142
Total Expenses	487,308	112,618	(13,372)	586,554
Operating (Deficit)/Surplus	(56,371)	(9,042)	-	(65,412)
2012				
Total Income	405,393	105,241	(15,253)	495,381
Total Expenses	448,791	113,079	(15,253)	546,617
Operating (Deficit)/Surplus	(43,398)	(7,838)	-	(51,236)

Note: The income and expenses of each output class are reported inclusive of overhead allocations and internal transactions between output classes. This method ensures each output class is measured at the full cost of the outputs. Transactions between output classes are shown above as Intra-Directorate Eliminations, and are eliminated from the Directorate's Operating Statement.

Territory and Municipal Services Directorate

Operating Statement for Output Class 1 - Municipal Services

For the Year Ended 30 June 2013

Description

Output Class 1: "Municipal Services" includes:

Information Services – Provision of customer enquiry, information, bill payment and library services to the community through Canberra Connect's shopfronts, call centres and internet services, and the ACT Library and Information Services' branch and mobile libraries, home library service, the ACT Virtual Library and the Heritage Library.

The Office of Transport – Management of the ACT's road assets and infrastructure. Also includes the provision of public transport services.

Waste and Recycling – Provision of domestic waste and recyclables collection service and operation of resource management and recycling centres, as well as implementation and evaluation of programs dealing with waste management programs, including household garbage and recycling.

Land Management – Planning and management of the ACT's parks, plantations, reserves and open space system including the National Arboretum Canberra. The land manager role includes management of recreational land use, pest and weed control, fire management, conservation management, and maintenance of the look and feel of the city and its environs, including the urban forest.

Regulatory Services – Administration of regulatory activities to protect and enhance the natural and built environment. Provision of advice, education and compliance services to Government and the community in relation to municipal ranger functions, domestic animal management, plant and animal licensing, and significant tree preservation.

	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	288,459	288,812	278,344
User Charges – ACT Government	8,008	915	6,931
User Charges – Non-ACT Government	4,018	1,368	3,644
Interest	15	-	24
Resources Received Free of Charge	1,063	1,278	650
Fees and Fines	4,848	3,769	4,630
Other Revenue	19,285	733	15,641
Total Revenue	325,696	296,875	309,864
<i>Gains</i>			
Other Gains	105,241	91,192	95,529
Total Gains	105,241	91,192	95,529
Total Income	430,937	388,067	405,393
Expenses			
Employee Expenses	69,573	56,435	66,234
Superannuation Expenses	9,802	9,123	8,966
Supplies and Services	159,278	151,963	147,915
Depreciation and Amortisation	134,939	131,130	128,270
Grants and Purchased Services	89,116	82,086	83,021
Borrowing Costs	614	1,664	827
Other Expenses	23,986	527	13,558
Total Expenses	487,308	432,928	448,791
Operating (Deficit)/Surplus	(56,371)	(44,861)	(43,398)

Territory and Municipal Services Directorate
Operating Statement for Output Class 2 - Enterprise Services
For the Year Ended 30 June 2013

Description

Output Class 2: 'Enterprise Services' includes:

Government Services – Incorporates businesses that provide services to ACT Government agencies and the private sector on a fee for service basis, including the Yarralumla Nursery and Capital Linen Service and ACT Property Group.

	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	1,085	2,699	2,308
User Charges – ACT Government	90,741	42,565	89,386
User Charges – Non-ACT Government	11,374	62,888	11,289
Interest	1	-	-
Resources Received Free of Charge	19	-	-
Other Revenue	328	-	681
<i>Total Revenue</i>	103,548	108,152	103,664
<i>Gains</i>			
Other Gains	28	-	1,577
<i>Total Gains</i>	28	-	1,577
Total Income	103,576	108,152	105,241
Expenses			
Employee Expenses	13,106	14,198	12,478
Superannuation Expenses	1,782	1,893	1,700
Supplies and Services	75,442	76,215	75,297
Depreciation and Amortisation	11,200	14,617	14,241
Borrowing Costs	62	-	110
Other Expenses	11,026	110	9,253
Total Expenses	112,618	107,033	113,079
Operating (Deficit)/(Surplus)	(9,042)	1,119	(7,838)

**Territory and Municipal Services Directorate
Controlled Statement of Appropriation
For the Year Ended 30 June 2013**

	Original Budget 2013 \$'000	Total Appropriated 2013 \$'000	Appropriation Drawn 2013 \$'000	Appropriation Drawn 2012 \$'000
Controlled				
Government Payment for Outputs (GPO) including Community Service Obligations (CSO)	291,511	298,937	289,544	280,652
Capital Injections	266,508	297,279	204,538	179,138
Total Controlled Appropriation	558,019	596,216	494,082	459,790

The above Controlled Statement of Appropriation should be read in conjunction with the accompanying notes.

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the 2012-13 Budget Papers.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Directorate during the year. This amount appears in the Cash Flow Statement.

Reconciliation of Appropriation for 2012-13

	Government Payments for Outputs \$'000	Capital Injections \$'000
Original Budget	291,511	266,508
s.16 Transfers ^a	(747)	-
s.16B Rollovers ^b	183	7,157
s.17 Variation of Appropriation ^c	104	104
s.18 Treasurer's Advance ^d	386	-
s.18 Treasurer's Advance - ACTION ^e	7,500	-
s.19B Appropriation ^f	-	23,510
Total Appropriated	298,937	297,279
Undrawn Funds ^g	(9,393)	(92,741)
Total Appropriation Drawn	289,544	204,538

Capital Injections includes capital payments to ACTION, this amount also appears in the Cash Flow Statement.

a) Funding for the Molonglo Valley Plan (\$0.8m) and Appropriation transfers to other Directorates (-\$1.5m).

b) Due to delays and deferrals, funding has been carried forward to 2013-14 in relation to 3 recurrent and 92 capital projects.

c) Represents Commonwealth Government funding for the Nation Building Program, including the Black Spot Program.

d) Treasurer's Advance funding relates to higher Comcare Premium.

e) Treasurer's Advance funding relates to ACTION cost pressures.

f) The additional Appropriation is for funding received from the Commonwealth Government for Parliament House Walk and the Majura Parkway National Partnership.

g) The majority of undrawn funds relate to recurrent funding for projects that have been deferred to 2013-14 and Capital Injection for projects which have been delayed or deferred.

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**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 1 OBJECTIVES OF THE TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Operations and Principal Activities

The Territory and Municipal Services Directorate plays a key role in building Canberra's environmental, social and infrastructure capital as well as administering the majority of Canberra's municipal services and public transport functions. This includes providing and managing public libraries, collecting and recycling waste and managing and maintaining the Territory's streetlights, roads, footpaths and cycling paths. As a regulator, the Directorate also ensures compliance with the Australian Capital Territory and national standards in animal welfare.

Canberra Connect, which is the main contact point for ACT Government information, services and payments, is part of the Directorate. The Directorate also provides linen services, manages Yarralumla Nursery, the National Arboretum Canberra and the ACT Government's owned and leased property assets.

ACTION, Canberra's public transport provider, is also part of the Directorate and reports as a separate entity within the Directorate's Annual Report.

The Territory and Municipal Services Portfolio includes ACT Public Cemeteries Authority (the Authority). The Authority prepares separate financial statements which are annexed to the Directorate's Annual Report.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of annual financial statements for ACT Government Directorates.

The FMA, and the *Financial Management Guidelines* issued under the Act, require a Directorate's financial statements to 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) an Operating Statement for each class of output for the year;
- (vii) a summary of the significant accounting policies adopted for the year; and
- (viii) such other statements as are necessary to fairly reflect the financial operations of the Directorate during the year and its financial position at the end of the year.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(a) Basis of Accounting - continued

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

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

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets which were valued in accordance with the (re)valuation policies applicable to the Directorate during the reporting period.

As at 30 June 2013, the Directorate's current assets are insufficient to meet its current liabilities, but this is not considered a liquidity risk as its operations are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime which requires excess cash balances to be held centrally rather than within individual directorate bank accounts.

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

The Territory and Municipal Services Directorate is an individual financial reporting entity.

(b) Controlled and Territorial Items

The Directorate produces Controlled and Territorial financial statements. The Controlled financial statements include income, expenses, assets and liabilities over which the Directorate has control. The Territorial financial statements include income, expenses, assets and liabilities that the Directorate administers on behalf of the ACT Government, but does not control.

The purpose of the distinction between Controlled and Territorial is to enable an assessment of the Directorate's performance against the decisions it has made in relation to the resources it controls, while maintaining accountability for all resources under its responsibility.

The basis of accounting described in Note 2(a) applies to both Controlled and Territorial financial statements except where specified otherwise.

(c) The Reporting Period

These financial statements include the financial performance, changes in equity and cash flows of the Directorate for the year ended 30 June 2013 together with the financial position of the Directorate as at 30 June 2013.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(d) Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2012-2013 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

(e) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of “-” represents zero amounts or amounts rounded down to zero.

(f) 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 Directorate and the revenue can be reliably measured. In addition, the following specific recognition criteria must also be met before revenue is recognised:

Fees and Fines

Fees are either recognised as revenue at the time of receipt 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 payment, 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 as revenue when the significant risks and rewards of ownership of the goods have transferred to the buyer; the Directorate 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(f) Revenue Recognition - continued

Land Sales Revenue

The Directorate recognises revenue from land sales to the Land Development Agency (LDA) when all the significant risks and rewards of ownership of the land have transferred from the Directorate to the LDA. Further information on land sales revenue is provided at Note 2 (ae) 'Significant Accounting Judgements and Estimates'.

User Charges- ACT and Non-ACT Government

User charges revenue is derived by providing goods and services to other entities. User charges revenue is not part of government appropriation and is paid by the user of the goods or services. This revenue is driven by consumer demand and is performed on a fee for service basis. User charges revenue is recognised when the goods are provided or when the fee in respect of services provided is receivable.

(g) Resources Received and Provided Free of Charge

Resources received free of charge are recorded as a revenue and expense in the Operating Statement at fair value. The revenue is separately disclosed under 'Resources Received Free of Charge', with the expense being recorded in the line item to which it relates. Goods and services received free of charge from other ACT Government agencies are recorded as 'Resources Received Free of Charge', whereas goods and services received free of charge from entities external to the ACT Government are recorded as donations. Services that are received free of charge are only recorded in the Operating Statement if they can be reliably measured and would have been purchased if not provided to the Directorate free of charge.

(h) Contributed Assets

Infrastructure assets received free of charge from the LDA and the Environment and Sustainable Development Directorate and private developers are recorded as revenue at fair value in the Operating Statement under 'Other Gains'. A corresponding amount is recognised in the Balance Sheet under 'Property, Plant and Equipment'.

(i) Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

(j) Repairs and Maintenance

The Directorate undertakes major cyclical and reactive maintenance on its infrastructure and property assets. Where the maintenance leads to an upgrade of the asset, and increases the service potential of the existing infrastructure and property asset, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(k) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred.

(l) Waivers of Debt

Debts that are waived during the year under section 131 of the FMA are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at Note 18 'Waivers, Impairment Losses and Write-Offs' and Note 52 "Waivers, Impairment Losses and Write-Offs – Territorial.

(m) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within the 12 months following the reporting date. Liabilities are classified as current when they are due to be settled within 12 months of the reporting date, or the Directorate does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Assets or liabilities which do not fall within the current classification are classified as non-current.

(n) Impairment of Assets

The Directorate assesses, at each reporting date, 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.

Any resulting impairment losses for land, buildings, leasehold improvements, infrastructure, heritage and community assets and plant and equipment are recognised as a decrease in the available Asset Revaluation Surplus relating to these classes of assets. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement. Impairment losses for intangible assets are recognised in the Operating Statement, as these assets are carried at cost. The carrying amount of the impaired asset is also 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 the asset's 'fair value less 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 Directorate were deprived of it. Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

(o) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Any bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash or cash equivalents line on the Balance Sheet.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(p) Receivables

Accounts receivable (including trade and other receivables) are initially recognised at fair value and are 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 ACT Government agencies and to the public. Trade receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. The Directorate does not grant discounts on trade receivables.

Other receivables arise outside the normal course of selling goods and services to other ACT Government agencies and to the public. Other receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. The Directorate has not entered into any contractual arrangements with any customers allowing it to charge interest at commercial rates when payment is not received within an agreed number of days.

Accrued revenue is revenue that is due to the Directorate but has not been invoiced at the reporting date.

The allowance for impairment losses for receivables represents the amount of trade and other receivables the Directorate estimates will not be paid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. The Directorate generally considers the following is objective evidence of impairment:

- (a) becoming aware of financial difficulties of debtors;
- (b) default payments; or
- (c) debts more than 90 days overdue unless assessed as recoverable.

Please refer to Note 2 (ae) 'Significant Accounting Judgements and Estimates' for further information on objective evidence of impairment for receivables.

The amount of the impairment loss allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows. The amount of the allowance is recognised in the Operating Statement or the Statement of Income and Expenses on behalf of the Territory for Territorial receivables. The allowance for impairment losses is written-off against the receivables account when the Directorate ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

(q) 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 the 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(r) Biological Assets

The Directorate has recognised commercial softwood plantations as a biological asset in accordance with AASB 141: 'Agriculture'.

Timber is classified as being either 'pre-commercial' or 'commercial'. Pre-commercial stands are less than 15 years old and are not yet suitable to be sold for commercial purpose. Commercial stands are 15 years old or greater in age and are managed to produce commercial output. 'Commercial-beyond normal' are areas within plantations that are beyond the planned rotation length in each forest.

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

The pre-commercial plantation's fair value was estimated as aggregated establishment costs and management costs.

(s) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Cost comprises the purchase price of direct materials and labour plus transport, handling and other costs directly attributable to the acquisition of inventories. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost of inventories is assigned using the first-in, first-out method.

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 materials or supplies to be consumed in the production process or in the rendering of services at no or nominal consideration, and are measured at cost, adjusted for any loss of service potential.

(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).

Where property, plant and equipment are acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. However property, plant and equipment acquired at no cost or minimal cost as part of Restructuring of Administrative Arrangements is measured at the transferor's book value.

Property, plant and equipment with a value of \$5,000 or greater, including groupings of like assets, is capitalised.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 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 fair value model. Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses.

Fair value is measured using market based evidence available for that asset (or a similar asset), as this is the best evidence of an asset's fair value. Where the market price of an asset cannot be obtained because the asset is specialised and rarely sold, depreciated replacement cost is used as the fair value.

Fair value for land and buildings is measured using current prices in a market for similar properties in a similar location and condition. Fair value for infrastructure assets, leasehold improvements and some heritage and community assets is measured using depreciated replacement cost.

The fair value for land under roads (which is part of the Heritage and Community asset class) is measured using the 'Statutory Land Value' method. Under this method, 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.

For other heritage and community assets, fair value is determined using a market price where there is a market for the same or similar item.

Land, buildings, infrastructure assets, plant and equipment, leasehold improvements and heritage and community assets are re-valued every three years. However, if at any time, the Directorate considers that the carrying amount of an asset materially differs from its fair value, then the asset will be re-valued regardless of when the last valuation took place.

(v) Intangible Assets

The Directorate's Intangible Assets comprise of internally generated software for internal use. Internally generated software is recognised and capitalised when:

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

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life. Intangible Assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(w) Depreciation and Amortisation of Non-Current Assets

Non-current assets with a limited useful life are systematically depreciated or 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 or amortised over its newly assessed remaining useful life. Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets, and plant and equipment.

Land, road earthworks (which are a component of roads assets included within the infrastructure asset class) and some heritage and community assets have an unlimited useful life and are therefore not depreciated.

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

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

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

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Land and Buildings ^a	Straight Line	40
Leasehold Improvements	Straight Line	10
Plant and Equipment	Straight Line	3-50
Infrastructure	Straight Line	20-100
Internally Generated Intangibles	Straight Line	1-5
Heritage and Community Assets	Straight Line	50-100

a) Land restoration is part of the Land and Buildings Asset class.

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

(x) Payables

Payables are a financial liability and are measured at fair value when initially recognised and at amortised cost subsequent to initial recognition, with any adjustments to the carrying amount being recorded in the Operating Statement. Amounts are normally settled within 30 days of the invoice date, within 30 days of the receipt of goods and services, or within agreed payment terms.

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 and unpaid at the end of the reporting period and relating to the normal operations of the Directorate.

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 an invoice has not been received by period end.

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

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(y) Interest Bearing Liabilities

Interest-bearing liabilities are a financial liability measured at fair value when initially recognised and at amortised cost subsequent to initial recognition, with any adjustments to the carrying amount being recorded in the Operating Statement. The associated interest expense is recognised in the reporting period in which it occurs.

(z) Leases

The Directorate has entered into finance leases and operating leases.

Finance Leases

A finance lease effectively transfers to the Directorate substantially all the risks and rewards incidental to ownership of the asset(s) to which the finance lease relates. The title may or may not eventually be transferred. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments each being determined at the inception of the lease. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets under a finance lease are depreciated over the shorter of the assets' useful life and lease term. Assets under a finance lease 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 a reduction of the lease liability. Lease liabilities are classified as current and non-current.

Operating Leases

An operating lease does not effectively transfer to the Directorate substantially all the risks and rewards incidental to ownership of the asset(s) to which the operating lease relates. Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

(aa) Employee Benefits

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

Wages and Salaries

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

Annual and Long Service Leave

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

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(aa) Employee Benefits - continued

Annual and long service leave including applicable on-costs that do not fall due within the next 12 months are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting period end, the present value of future payments is calculated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2012-13, the rate used to estimate the present value of these future payments is 101.3% (2011-12 106.6%).

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 of 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 the applicable on-costs.

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

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

(ab) Superannuation

The Directorate received funding for superannuation payments as part of the Government payment for Outputs. The Directorate then makes payments on a fortnightly basis to the Territory Banking Account, to cover the Directorate's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). This payment covers the CSS/PSS employer contribution, but does not include the productivity component. The productivity component is paid directly to ComSuper by the Directorate. The CSS and PSS are defined benefit superannuation plans meaning that the defined benefits received by employees are based on the employee's years of service and average final salary. Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice.

Superannuation employer contribution payments for the CSS and PSS are calculated by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal CSS or PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for the PSSAP are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the appropriate employer contribution rate.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ab) Superannuation - continued

The CSS, PSS and PSSAP are all closed to new employees.

Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

A superannuation liability is not recognised in the Balance Sheet of the Directorate as the Superannuation Provision Account recognises the total Territory superannuation liability for the CSS and PSS, and ComSuper and the external schemes recognise the superannuation liability for the PSSAP and other schemes respectively.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the CSS and PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

(ac) Equity Contributed by the ACT Government

Contributions made by the ACT Government, through its role as owner of the Directorate, are treated as contributions of equity. This usually takes the form of capital injections for capital works.

Increases or decreases in net assets as a result of changes to ACT Government administrative arrangements are also recognised in equity.

(ad) Insurance

Major risks are insured through the ACT Insurance Authority. The excess payable under this arrangement varies depending on each class of insurance held.

(ae) Significant Accounting Judgements and Estimates

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

- (1) *Assets received from ACT Government agencies:* Assets received from ACT Government agencies totalling \$36.2 million (2011-12 \$36.1 million) are disclosed in Note 10 'Other Gains' and predominantly relate to completed infrastructure assets transferred to the Directorate for management and maintenance. However, as formal asset acceptance, which usually includes verification of physical assets to work as executed drawings, can take more than 12 months, the inclusion of these assets into a revaluation process can be delayed. Given this delay, the assets are valued and recorded in the financial statements for the intervening period at the value recorded by the transferring agencies.
- (2) *Infrastructure and Heritage and Community Assets:* Infrastructure assets totalling \$6,399.3 million (2011-12 \$6,263.6 million) and Heritage and Community Assets totalling \$2,214.9 million (2011-12 \$2,237.2 million) are predominately valued based on depreciated replacement cost by writing-down gross replacement values to take into account of the age of assets. When valuing assets using depreciated replacement cost, the Directorate estimates the cost of components based on an

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ae) Significant Accounting Judgements and Estimates – continued

industry index and assumes all assets within each class are constructed in an identical manner. The age of the assets is predominantly based on the age of the suburb in which they are located.

- (3) *Land and Buildings:* Land and buildings totalling \$477.6 million (2011-12 \$457.5 million) are valued on a fair value basis by the Australian Valuation Office. This involves determining values from market based evidence by appraisal. In some circumstances, buildings that are purpose built may in fact realise more or less in the market.

- (4) *Land Under Roads:* The Directorate has made a significant judgement in determining the fair value of land under roads (Heritage and Community Assets). The Australasian Valuers-General has issued a guidance note on the 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. Under this method 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. Further information on this estimate is provided in Note 2 (u) 'Measurement of Property, Plant and Equipment After Initial Recognition'.

- (5) *Estimation of Useful Lives of Property, Plant and Equipment:* The Directorate has made a significant estimate in determining the useful lives of Property, Plant and Equipment. The estimate has been based on the historical experience of similar assets and in some cases has been based on valuations provided by the Australian Valuation Office or estimates from officers of the Directorate. The useful lives are reviewed on an annual basis and any adjustments are made when considered necessary.

- (6) *Employee Benefits:* Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits requires a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in Note 2 (aa) 'Employee Benefits' and Note 3 'Change in Accounting Estimates'.

- (7) *Biological Assets:* Plantation Growing Stock values have been determined through an independent valuation performed by an expert forestry consultant (Forsci Pty Ltd) using an estimate of the sustainable yield of the plantations determined by the professional judgement and expertise of Directorate 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%. Commercial stock is valued using statistical estimation of grade, age, class, volume, site characteristics and other key attributes based on the following key assumptions:

- (a) Product distributions within the standing timber volumes are based on historic distributions; and

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ae) Significant Accounting Judgements and Estimates – continued

- (b) Prices for products are based on agreed sale prices with mills, after deducting harvesting and transport costs.
- (8) *Impairment of Assets:* Assets are assessed for impairment having regard to a number of factors including obsolescence, future continuing use and physical damage based on management assessment.
- (9) *Provision for Restoration of Waste Landfill Sites:* The provisions are calculated by determining expected future cash flows associated with the restoration works. The expected restoration and remediation date for the Mugga Lane Landfill is the year 2018, and 2017 for the decommissioned Belconnen Landfill.
- (10) *Allowance for Impairment Losses:* The allowance for impairment losses on receivables principally relates to ACT NoWaste debtors and debtors arising from damage to street and traffic lights. Objective analysis of all debts has been undertaken and as a result all debts, except Government debtors, greater than 90 days outstanding have been included in the allowance for impaired receivables. Amounts not collected within one year are written off unless assessed as recoverable.
- (11) *Contingent Liability – Contaminated Sites:* The Directorate owns 166 pieces of land which have been identified as being contaminated. Whilst there is no present obligation to remediate these sites, a contingent liability reflecting possible future costs has been estimated. This estimate is based on costs incurred for restoring similar sites in previous years.
- (12) *Accrued Land Sales Revenue:* The Directorate has accrued land sales revenue based on an estimate by the Land Development Agency (LDA). The Directorate makes englobo land sales (undeveloped land able to be subdivided) to the LDA to enable the LDA to either develop and sell the land to the public or on-sell the land to private sector developers. The Directorate recognises revenue from land sales to the LDA when all the significant risks and rewards of ownership of the land have transferred from the Directorate to the LDA.

The Directorate assesses that the significant risks and rewards of ownership have transferred to the LDA when the majority of development work has been completed or when title over the land has been transferred to a third party (the public or private sector developer). Revenue from land sales is measured at the fair value of the consideration received as assessed by an independent valuer.
- (13) *Rental Properties:* Properties leased to ACT-Government and Non-ACT Government entities or individuals are not classified as investment properties as they are being held to meet service delivery objectives.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(af) Impact of Accounting Standards Issued but yet to be Applied

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods.

The Directorate 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 the Directorate in future reporting periods:

- AASB 9 Financial Instruments (application date 1 January 2015);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- AASB 1055 Budgetary Reporting (application date 1 July 2014);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 January 2015);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013);
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (application date 1 January 2013);

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a) Impact of Accounting Standards Issued but yet to be Applied – continued

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014);
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] (application date 1 January 2013);
- AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date AASB9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7 & AASB 2011-8] (application date 1 January 2013); and
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-07 and Interpretations 12] (application date 1 January 2013).

NOTE 3 CHANGE IN ACCOUNTING ESTIMATES

Change in Accounting Estimates

Revision of Estimation of the Employee Benefit Liability

As disclosed in Note 2 (aa) 'Employee Benefits', annual leave and long service leave, including applicable on-costs, which do not fall due in the next 12 months, are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated by applying the present value rate, which includes the government bond rate and the expected increases in salaries over the same period.

Last financial year, the rate used to estimate the present value of future payments was 106.6%, however due to a change in the government bond rate the rate is now 101.3%.

This change has resulted in a decrease to the estimate of the long service leave liability and expense in the current reporting period of approximately \$0.834 million. The change in the factor has not resulted in a change to the estimate of annual leave liability and expense as the Directorate estimates all annual leave to be taken in the next 12 months.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 4 GOVERNMENT PAYMENT FOR OUTPUTS

Government Payment for Outputs (GPO) is revenue received from the ACT Government to fund the costs of delivering outputs. The ACT Government Payment for Outputs is drawn down on a 'just in time basis' consistent with the ACT Government's cash management framework.

Community Service Obligations (CSO) are received by the Directorate in relation to ACTION, ACT Forests and Yarralumla Nursery.

	2013	2012
	\$'000	\$'000
Revenue from the ACT Government		
Government Payment for Outputs	198,479	195,704
Government Payment for Community Service Obligations ^a	91,065	84,948
Total Government Payment for Outputs	289,544	280,652

a) The CSO payment includes payments to ACTION of \$88.52m to operate network services (see Note 15 Grants and Purchased Services); payments to ACT Forests of \$2.27m for the provision of public use areas within ACT Forests; and payments to Yarralumla Nursery of \$0.27m relating to the free plant issue scheme.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 5 USER CHARGES

User charge revenue is derived by providing goods and services to other ACT Government agencies and to the public. User charge revenue is not part of ACT Government appropriation and is paid by the user of the goods or services. This revenue is driven by consumer demand and is performed on a fee for service basis.

Sale of goods and services largely relates to Capital Linen Services, ACT Property Group, Yarralumla Nursery and Tidbinbilla Precinct.

	2013	2012
	\$'000	\$'000
User Charges - ACT Government		
Sale of Goods	111	116
Rendering of Services ^a	34,884	36,274
Rent from Tenants ^b	51,373	48,835
Total User Charges - ACT Government	86,368	85,225
User Charges - Non-ACT Government		
Sale of Goods	2,791	2,593
Rendering of Services	8,340	7,767
Rent from Tenants	4,261	4,573
Total User Charges - Non-ACT Government	15,392	14,933
Total User Charges for Goods and Services	101,760	100,158

a) The decrease from last year in Rendering of Services (ACT Government) is mainly due to a reduced level of property project services to other ACT Government agencies.

b) The increase from last year in Rent from Tenants (ACT Government) is due to three additional leases and contractual annual rent increases.

NOTE 6 INTEREST

Revenue from Non-ACT Government Entities

Interest Revenue from Non-Act Government Entities	15	21
Interest from the ACT Public Trustee	1	3
Total Interest Revenue ^a	16	24

a) Interest is received on the Tidbinbilla Commonwealth Bank Account and on National Arboretum Canberra deposits held with the ACT Public Trustee.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 7 RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge relate to goods and/or services being provided free of charge from other agencies within the ACT Government. Goods and services received free of charge from entities external to the ACT Government are classified as donations.

	2013 \$'000	2012 \$'000
Revenue from ACT Government Entities		
Justice and Community Safety Directorate - Legal Services ^a	800	387
Emergency Services Agency - Support Charges ^b	263	263
Total Resources Received Free of Charge	1,063	650

a) Legal services has increased from last year largely due to legal requirements relating to the National Arboretum Canberra, major contract renewals and major capital works contracts.

b) The Emergency Services Agency provides the Directorate with access to the trunked radio network utilised by the Parks and City Services Division.

NOTE 8 FEES AND FINES

Fees and Fines ^a	4,848	4,630
Total Fees and Fines	4,848	4,630

a) Fees and Fines largely consist of fees related to waste acceptance and revenue raised under the *Roads and Public Places Act 1937* and the *Public Unleased Land Act 2013*.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 9 OTHER REVENUE

Other Revenue arises from the core activities of the Directorate and is distinguished from Other Gains which relate to items that are not part of the core activities of the Directorate.

	2013	2012
	\$'000	\$'000
Revenue from ACT Government Entities		
Insurance Recoveries ^a	13,336	9,252
Sponsorship ^b	805	300
Other Revenue ^c	709	588
Total Other Revenue from ACT Government Entities	14,850	10,140
Revenue from Non-ACT Government Entities		
Commonwealth Government Grants - Recurrent ^d	-	218
Commonwealth Government Grants - Capital ^e	73	1,471
Other ^f	3,508	2,623
Sponsorship ^b	211	200
Total Other Revenue from Non-ACT Government Entities	3,792	4,512
Total Other Revenue	18,642	14,652

a) Insurance recoveries were received from ACT Insurance Authority (ACTIA) relating to storm damages this year and last year and payments relating to public liability claims.

b) In 2012-13 the National Arboretum Canberra received sponsorship payments.

c) Other revenue from ACT Government entities mainly relates to recoveries of expenses incurred on behalf of other agencies and gains on interest-free loans from the Carbon Neutral Fund administered by the Environment and Sustainable Development Directorate.

d) In 2011-12 Libraries ACT received funding from the National Broadband Network for a digital hub at Gungahlin Library.

e) Last year's Capital Commonwealth Government Grants related to funding under the Regional and Local Community Infrastructure Program.

f) Other revenue mainly relates to the acceptance of contaminated waste.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 10 OTHER GAINS

Other gains refer to income which is not part of the Directorate's core activities, and mainly include profit on sale of assets, assets recognised for the first time and assets transferred from other ACT Government Directorates and private developers. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Directorate.

	2013	2012
	\$'000	\$'000
Assets Received from Land Developers ^a	36,222	54,403
Assets Received from ACT Government Agencies ^b	68,540	36,068
Assets Recognised for the First Time ^c	-	1,679
Net Gain on Sale of Assets	462	-
Gains from the revaluation of biological assets	-	2,384
Donations ^d	17	65
Other	28	16
Total Other Gains	105,269	94,615

a) This item reflects the value of infrastructure assets transferred from private developers. These assets include roads, bridges, stormwater, footpaths, carparks, streetlights and paving. Fewer development sites and significantly less road and stormwater assets were transferred in 2012-13.

b) This item reflects the value of infrastructure assets transferred to the Directorate from the Land Development Agency, Environment and Sustainable Development Directorate and Economic Development Directorate. The 2012-13 result includes \$39m of completed capital works projects transferred from Economic Development Directorate.

c) In 2011-12 some additional land under roads was recognised as an asset for the first time.

d) The Directorate received donations from the public in relation to the National Arboretum Canberra.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 11 EMPLOYEE EXPENSES

	2013	2012
	\$'000	\$'000
Wages and Salaries ^a	71,698	67,314
Annual Leave Expense	4,391	4,629
Long Service Leave Expense ^b	820	3,598
Workers' Compensation Insurance Premium ^c	4,959	2,465
Other Employee Benefits and On-Costs	811	706
Total Employee Expenses	82,679	78,712

a) Wages and Salaries have increased from last year largely due to an increase in the average staffing level, and wages increases contained in the Enterprise Agreement.

b) Long Service leave expense has decreased from last year largely due to a reduction in the rate used to estimate the present value of long service leave payments from 106.6% to 101.3%.

c) Workers' compensation insurance premium has increased from last year largely in part to an increase in average claim costs and length of incapacity and a revaluation by Comcare of the liability associated with outstanding claims.

NOTE 12 SUPERANNUATION EXPENSES

Superannuation Contributions to the Territory Banking Account	7,130	6,686
Productivity Benefit	1,051	1,083
Superannuation Payment to ComSuper (for the PSSAP)	360	340
Superannuation to External Providers	3,043	2,557
Total Superannuation Expenses	11,584	10,666

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 13 SUPPLIES AND SERVICES

	2013	2012
	\$'000	\$'000
Repairs and Maintenance (e.g. parks, roads and property)	84,597	85,679
Building and Facilities Operating Costs ^a	49,054	43,994
Professional Services (e.g. contractors and consultants)	38,847	38,015
Information Technology and Telecommunications	11,512	11,635
Consumables	7,315	7,499
Insurance ^b	7,972	7,290
Communication, Printing and Publication	1,349	1,335
Operating Lease Costs ^c	5,022	2,998
Finance, Procurement and Human Resources Charges	4,657	4,418
Cost of Goods Sold	1,208	1,184
Legal Costs ^d	5,406	1,216
Other Human Resource Costs	755	1,098
Staff Development and Training	1,063	1,057
Membership and Associations	368	364
Bank Fees and Charges	640	496
Travel Expenses	107	155
Other Supplies and Services	1,464	2,017
Total Supplies and Services	221,336	210,450

a) The increase from last year in Building and Facilities Operating costs relates to an increase in electricity and water costs (largely due to price increases including the effect of the carbon tax) and office accommodation expenses relating to rent increases and additional leased premises (which are recovered from tenants).

b) The increase from last year in Insurance expenses is due to general insurance premium increases.

c) The increase from last year in Operating Lease costs is due to increases in vehicle operating lease costs and aircraft hire charges.

d) The increase from last year in Legal Costs is due to public liability settlement payments.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 14 DEPRECIATION AND AMORTISATION

	2013 \$'000	2012 \$'000
Depreciation		
Land Restoration	424	424
Buildings ^a	10,163	12,863
Infrastructure Assets ^b	121,862	117,571
Plant and Equipment	8,145	7,801
Heritage and Community Assets	4,709	3,317
Leasehold Improvements	226	128
Total Depreciation	145,529	142,104
Amortisation		
Intangible Assets - Internally Generated Software	610	407
Total Amortisation	610	407
Total Depreciation and Amortisation	146,139	142,511

a) The decrease in buildings depreciation is largely due to the building revaluation and adjustments to remaining useful life.

b) The increase in infrastructure depreciation is largely due to transfer of assets to the Directorate from the Land Development Agency and private developers.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 15 GRANTS AND PURCHASED SERVICES

Grants may be for capital, current or recurrent purposes and are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

Purchased services are amounts paid to obtain services from other ACT Government agencies and external parties.

	2013	2012
	\$'000	\$'000
Payments to Service Providers - ACTION ^a	88,523	82,451
Grants to Community Organisations ^b	593	570
Total Grants and Purchased Services	89,116	83,021

a) The increase in the payments to ACTION represents additional funding to meet cost pressures associated with service delivery, decreased fare revenue as a result of a revised pricing structure for MyWay fares, combined with lower patronage, and an increased workers' compensation insurance premium.

b) This item represents payments to the RSPCA (\$585k) and the Australian Veterinary Association (\$8k).

NOTE 16 BORROWING COSTS

Interest on Borrowings ^a	100	191
Finance Charges on Finance Leases	576	746
Total Borrowing Costs	676	937

a) Interest on borrowings relates to ACT NoWaste commercial borrowings which will be fully repaid in 2013-14.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 17 OTHER EXPENSES

	2013	2012
	\$'000	\$'000
Expensing of Capital Works in Progress ^a	21,886	11,110
Transfer of Assets to ACT Government Agencies ^b	9,885	5,869
Net Loss on Disposal of Assets	449	1,440
Inventory Write Downs and Stock Losses (see note 18) ^c	202	1,534
Waivers, Impairment Losses and Write-Offs (see note 18)	242	237
Loss on Revaluation of Property Plant and Equipment	-	36
Loss on Revaluation of Biological Assets ^d	2,330	-
Other Expenses	30	94
Total Other Expenses	35,024	20,320

a) This item includes the expensing of completed works that did not meet the capitalisation requirements. Major items expensed include earthworks and landscaping at the National Arboretum Canberra and landscaping to arterial road works including the Gungahlin Drive Extension Stage 2.

b) In 2012-13 ACT Property Group transferred Land and Buildings to the Land Development Agency (including the Hotel Kurrajong and sub-divided land at Gold Creek Homestead).

c) The decrease from last year is related to stock losses at Yarralumla Nursery when diseased and sub-standard stock affected by previous drought conditions was expensed.

d) The decrease in the value of biological assets is primarily due to a change in product pricing (see note 28 'Biological Assets' for further information).

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 18 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. In 2011-12 and 2012-13 the Directorate did not submit to the Treasurer any debt waivers.

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 Directorate to recover the amount. The write-off of debts may occur for reasons other than waivers.

The impairment losses and write-offs listed below have occurred during the reporting period for the Directorate.

	2013		2012
	\$'000		\$'000
Impairment Losses from Receivables			
Trade Receivables	101		96
<i>Total Impairment Losses from Receivables</i>	<u>101</u>		<u>96</u>
Total Impairment Losses	<u>101</u>		<u>96</u>
	No.	\$'000	No.
			\$'000
Write-Offs			
Losses or Deficiencies in Public Monies	50	2	39
Irrecoverable Debts	232	139	75
Inventory Write Downs and Stock Losses ^a	n/a	202	n/a
Total Write-Offs	<u>282</u>	<u>343</u>	<u>114</u>
Total Waivers, Impairment Losses and Write-Offs	<u>282</u>	<u>444</u>	<u>114</u>
			<u>1,771</u>

a) Last year the stock write offs largely related to the expensing of diseased and sub standard stock at Yarralumla Nursery affected by previous drought conditions.

NOTE 19 ACT OF GRACE PAYMENTS

There were no Act of Grace Payments made during the reporting period pursuant to section 130 of the *Financial Management Act 1996*.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 20 AUDITOR'S REMUNERATION

The Auditor's remuneration consists of financial statements audit services provided to the Directorate by the ACT Auditor-General's Office to conduct the financial statements audit.

Other services provided by the ACT Auditor-General's Office mainly relate to the audit of Commonwealth grant acquittals.

	2013 \$'000	2012 \$'000
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	250	237
Other Services Provided by the ACT Auditor-General's Office	25	14
Total Audit Services	275	251
Total Auditor's Remuneration	275	251

NOTE 21 CASH AND CASH EQUIVALENTS

Cash on Hand	50	48
Cash at Bank	17,319	19,742
Total Cash and Cash Equivalents	17,369	19,790

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 22 RECEIVABLES

	2013 \$'000	2012 \$'000
Current Receivables		
Trade Receivables	5,739	9,057
Less: Allowance for Impairment Losses	(868)	(829)
	<u>4,871</u>	<u>8,228</u>
Other Receivables ^a	<u>2,377</u>	<u>2,746</u>
	2,377	2,746
Accrued Revenue	2,993	2,786
Net Goods and Services Tax Receivable	4,428	3,699
	<u>7,421</u>	<u>6,485</u>
Total Current Receivables	<u>14,669</u>	<u>17,459</u>
Non-Current Receivables		
Other Receivables ^a	-	3,176
Total Non-Current Receivables	<u>-</u>	<u>3,176</u>
Total Non-Current Receivables	<u>-</u>	<u>3,176</u>
Total Receivables	<u>14,669</u>	<u>20,635</u>

a) Other Receivables represents funds related to the ACT Insurance Authority bushfire claim. All funds are expected to be spent in 2013-14 and are therefore classified as current receivables.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 22 RECEIVABLES - CONTINUED

Ageing of Receivables

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Not Impaired ^a					
Receivables	12,565	658	361	1,085	14,669
Impaired					
Receivables	-	-	-	868	868
2012					
Not Impaired ^a					
Receivables	16,506	2,580	569	980	20,635
Impaired					
Receivables	-	-	-	829	829

a) 'Not Impaired' refers to Net Receivables (that is Gross Receivables less Impaired Receivables). Receivables greater than 60 days overdue mainly relate to rental revenue, waste acceptance fees and road and streetlight damage.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 22 RECEIVABLES - CONTINUED

	2013 \$'000	2012 \$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	(829)	(1,147)
Additional Allowance Recognised During the Reporting Period	(454)	(91)
Reduction in Allowance from Amounts Recovered During the Reporting Period	325	17
Reduction in Allowance from Amounts Written off During the Reporting Period	90	392
Allowance for Impairment Losses at the End of the Reporting Period	(868)	(829)
Classification of ACT Government/Non-ACT Government Receivables		
Receivables from ACT Government Entities		
Net Trade Receivables	2,729	4,357
Other Receivables	2,307	5,885
Accrued Revenue	2,742	1,915
Total Receivables from ACT Government Entities	7,778	12,157
Receivables from Non-ACT Government Entities		
Net Trade Receivables	2,142	3,871
Other Receivables	70	37
Accrued Revenue	251	871
Net Goods and Services Tax Receivable	4,428	3,699
Total Receivables from Non-ACT Government Entities	6,891	8,478
Total Receivables	14,669	20,635

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23 INVENTORIES

	2013	2012
	\$'000	\$'000
Current Inventories		
Inventories held for sale		
Raw Materials - at Cost	397	414
Finished Goods - at Cost	1,395	1,610
Total Inventories held for sale^a	1,792	2,024
Inventories Held for Distribution ^b	197	206
Total Current Inventories	1,989	2,230
Total Inventories	1,989	2,230

	Raw Materials - At Cost \$'000	Finished Goods - at Cost \$'000	Inventories held for distribution \$'000	Total \$'000
Reconciliation of Inventories during 2012-13				
Carrying Amount at the Beginning of the Reporting Period	414	1,610	206	2,230
Purchases	649	1,195	124	1,968
Cost of Goods Sold	-	(1,208)	-	(1,208)
Expensed	(666)	-	(133)	(799)
Write downs/offs	-	(202)	-	(202)
Carrying Amount at the End of the Reporting Period	397	1,395	197	1,989

a) Inventories held for sale primarily relate to Yarralumla Nursery, ACT Property Group, Capital Linen Service, Tidbinbilla Nature Reserve and National Arboretum Canberra.

b) Inventories are held for distribution by Roads ACT.

NOTE 24 ASSETS HELD FOR SALE

Plant and Equipment Held for Sale ^a	578	619
Total Assets Held for Sale	578	619
Reconciliation of Assets Held for Sale		
Assets Held for Sale at the Beginning of the Reporting Period	619	888
Transfers from Plant and Equipment	577	1,057
Sales	(618)	(1,326)
Assets Held for Sale at the End of the Reporting Period	578	619

a) The Directorate has classified motor vehicles with expired leases as assets held for sale. The Directorate has 32 vehicles in this category at 30 June 2013.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 25 OTHER ASSETS

	2013 \$'000	2012 \$'000
Current Other Assets		
Prepaid Rent	2,342	2,210
Total Other Assets	2,342	2,210

NOTE 26 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following classes of assets – land, buildings, leasehold improvements, plant and equipment, infrastructure assets, and heritage and community assets. Property, plant and equipment do not include assets held for sale or investment property.

- *Land* includes leasehold land held by the Directorate, but excludes land under infrastructure.
- *Buildings* include office buildings and warehouses.
- *Leasehold improvements* represent capital expenditure incurred in relation to leased assets. The Directorate has fit-outs in its leased buildings.
- *Plant and equipment* includes motor vehicles under a finance lease, 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. Infrastructure assets held by the Directorate include roads, bridges, stormwater assets, carparks, streetlights, community paths, traffic signals, driveways, signs and barriers.
- *Heritage assets* are defined as those non-current assets that the ACT 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 for redeployment. Heritage assets held by the Directorate include art, historical buildings, and memorials.
- *Community assets* are those assets that are provided essentially for general community use or services. Community assets held by the Directorate include public parks and gardens, public sporting reserves, public nature reserves and land under infrastructure.
- *Trees* the Directorate includes the value of non-commercial trees in the financial statements. The value, which forms part of the Directorate's land value, is determined by the Australian Valuation Office using methods based on the type of trees/vegetation present on the land being valued. In addition, the Directorate 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 Directorate has established the following estimate of replacement costs of the trees in urban open space as at 30 June 2013.

	2013 Number of Trees '000	2013 Actual Value \$'000	2012 Number of Trees '000	2012 Actual Value \$'000
Trees in Urban Open Space				
Native Species	306	82,528	304	81,958
Exotic Species	431	155,112	428	154,041
	737	237,640	732	235,999

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2013 \$'000	2012 \$'000
LAND AND BUILDINGS		
Land at Fair Value	197,423	198,129
Land Restoration at Fair Value (waste landfill sites)	16,696	16,696
Less Accumulated Depreciation - Land Restoration (waste landfill sites)	(14,837)	(14,413)
Total Written-Down Value of Land	199,282	200,412
 Buildings at Fair Value ^a	 296,564	 257,495
Less: Accumulated Depreciation	(10,580)	(52)
Less: Accumulated Impairment (Losses) ^b	(7,614)	(305)
Total Written-Down Value of Buildings	278,370	257,138
 Total Written Down Value of Land and Buildings	 477,652	 457,550
 LEASEHOLD IMPROVEMENTS		
Leasehold Improvements at Fair Value	1,508	1,381
Less: Accumulated Depreciation	(226)	-
Total Written-Down Value of Leasehold Improvements	1,282	1,381
 PLANT AND EQUIPMENT		
Plant and Equipment Under a Finance Lease		
Plant and Equipment Under a Finance Lease at Fair Value	8,224	8,738
Less: Accumulated Depreciation	(1,494)	(60)
Total Written-Down Value of Plant and Equipment Under a Finance Lease	6,730	8,678
 Owned Assets		
Plant and Equipment at Fair Value ^c	54,018	43,528
Less: Accumulated Depreciation	(12,697)	(7,966)
Less: Accumulated Impairment (Losses)	(1)	(261)
Total Written-Down Value of Owned Plant and Equipment	41,320	35,301
 Total Written-Down Value of Plant and Equipment	 48,050	 43,979

a) The increase includes the transfer of Belconnen Bus Interchange from infrastructure, which is consistent with the treatment of the other bus interchanges (\$12.7m) and the transfer of the buildings at the Arboretum (\$15m) from work in progress.

b) The building impairment figure is primarily the result of the impairment of the Quamby Youth Detention Centre (\$7.3m). This impairment is due to the specific nature of the building that makes it unsuitable for tenancy.

c) The increase in value of the plant and equipment owned assets is primarily a result of the transfer of Arboretum assets (\$4.0m) and playground upgrades (\$2.4m) from work in progress.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2013 \$'000	2012 \$'000
INFRASTRUCTURE ASSETS		
Roads		
Roads at Fair Value	2,267,170	2,170,656
Less: Accumulated Depreciation	(42,019)	-
Total Written-Down Value of Roads	2,225,151	2,170,656
Bridges		
Bridges at Fair Value ^a	1,118,102	1,079,062
Less: Accumulated Depreciation	-	(29,285)
Total Written Down Value of Bridges	1,118,102	1,049,777
Stormwater Assets		
Stormwater Assets at Fair Value ^a	2,468,069	2,577,571
Less: Accumulated Depreciation	-	(78,995)
Total Written Down Value of Stormwater Assets	2,468,069	2,498,576
Cyclepaths and Footpaths		
Cyclepaths and Footpaths at Fair Value ^a	98,330	72,079
Less: Accumulated Depreciation	-	(9,637)
Total Written Down Value of Cyclepaths and Footpaths	98,330	62,442
OTHER INFRASTRUCTURE ASSETS AT FAIR VALUE		
Other Infrastructure Assets at Fair Value^{a, b}	517,219	514,741
Less: Accumulated Depreciation	(11,427)	(29,183)
Less: Accumulated Impairment Losses	(3,380)	(3,440)
Total Written Down Value of Other Infrastructure	502,412	482,118
Total Written Down Value of Infrastructure	6,412,064	6,263,569

a) Bridges, stormwater assets, cyclepaths and footpaths and other infrastructure assets at fair value were revalued as at 30 June 2013. The valuations were conducted by officers of the Directorate using industry costing standards and the depreciated replacement cost method.

b) Some other infrastructure assets at fair value were revalued as at 30 June 2013, the valuations were conducted by Mr Ian Robertson (Certified Practising Valuer) from the Australian Valuation Office using the depreciated replacement cost method.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2013 \$'000	2012 \$'000
HERITAGE AND COMMUNITY ASSETS		
Land (Heritage and Community Assets) at Fair Value	729,217	729,217
Land Under Roads at Fair Value ^a	1,420,162	1,434,007
Total Land (Heritage and Community Assets) at Fair Value	2,149,379	2,163,224
Library Materials		
Library Materials at Fair Value ^b	4,627	6,454
Total Written-Down Value of Library Materials	4,627	6,454
Other Heritage and Community Assets		
Other Heritage and Community Assets at Fair Value ^c	63,407	68,284
Less: Accumulated Depreciation	(1,988)	(649)
Less: Accumulated Impairment (Losses)	(153)	(152)
Total Written-Down Value of Other Heritage and Community Assets	61,266	67,483
Total Written-Down Value of Heritage and Community Assets	2,215,272	2,237,161
TOTAL WRITTEN-DOWN VALUE OF PROPERTY, PLANT AND EQUIPMENT	9,154,320	9,003,640

a) Land under roads were revalued as at 30 June 2013. The land under roads valuations were conducted by officers internal to the Directorate using the method adopted by the Australian Valuers-General.

b) Library materials were revalued as at 30 June 2013. The valuations were conducted by Mr Kim Adams (Certified Practicing Valuer) and Mr Ian Robertson (Certified Practicing Valuer) from the Australian Valuation Office.

c) ACT Property Group transferred the Hotel Kurrajong to the Land Development Agency.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2012-2013

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Infrastructure Assets \$'000	Heritage and Community Assets \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	200,412	257,138	1,381	43,979	6,263,569	2,237,161	9,003,640
Additions	-	26,264	4	13,264	190,901	6,726	237,159
Assets Classified as Held for Sale	-	-	-	(577)	-	-	(577)
Revaluation Increment/(Decrement) recognised in Other Comprehensive (Deficit)/Income	-	-	-	-	23,947	(15,121)	8,826
Revaluation Decrement recognised in the Operating (Deficit)	-	-	-	-	-	-	-
Impairment Losses Recognised in Other Comprehensive (Deficit)/Income	-	(7,309)	-	248	60	-	(7,001)
Depreciation	(424)	(10,163)	(226)	(8,145)	(121,862)	(4,709)	(145,529)
Acquisition/(Disposal) from Transfers	(750)	-	123	(75)	68,412	(9,060)	58,650
Impairment Losses Recognised in the Operating (Deficit)	-	-	-	-	-	-	-
Other Movements	44	12,440	-	(644)	(12,963)	275	(848)
Carrying Amount at the End of the Reporting Period	199,282	278,370	1,282	48,050	6,412,064	2,215,272	9,154,320

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

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

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Infrastructure Assets \$'000	Community and Heritage Assets \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	192,727	278,156	1,220	46,103	6,070,317	1,833,010	8,421,533
Additions	-	5,579	334	7,219	190,143	48,561	251,836
Assets Classified as Held for Sale	-	-	-	(1,057)	-	-	(1,057)
Revaluation Increment/(Decrement) Recognised in Other Comprehensive Income	9,259	(2,990)	(9)	611	82,591	354,671	444,133
Revaluation (Decrement) Recognised in the Operating (Deficit)	-	-	(36)	-	-	-	(36)
Impairment Losses Recognised in Other Comprehensive Income	-	(220)	-	(260)	-	(152)	(632)
Depreciation	(424)	(12,863)	(128)	(7,801)	(117,571)	(3,317)	(142,104)
Acquisition/(Disposal) through Administrative Restructuring	-	-	-	35	-	625	660
Acquisition/(Disposal) from Transfers	250	(4,756)	-	(125)	34,624	25	30,018
Other Movements	(1,400)	(5,768)	-	(746)	3,465	3,738	(711)
Carrying Amount at the End of the Reporting Period	200,412	257,138	1,381	43,979	6,263,569	2,237,161	9,003,640

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 27 INTANGIBLE ASSETS

The Directorate has internally generated software including the following systems; Cashlink, Property Management System, Navision, Horizon Library Management System, Radio Frequency Identification at Libraries, Integrated Customer Support, search engine, online bookings, Whole of Government Directory and ACT Government portal.

	2013	2012
	\$'000	\$'000
Computer Software		
<i>Internally Generated Software</i>		
Computer Software at Cost	7,474	7,219
Less: Accumulated Amortisation	(4,174)	(3,564)
Total Internally Generated Software	3,300	3,655
Total Intangible Assets	3,300	3,655

Reconciliation of Intangible Assets

The following table shows the movement of Intangible Assets.

Carrying Amount at the Beginning of the Reporting Period	3,655	1,528
Additions	255	2,533
Amortisation	(610)	(406)
Carrying Amount at the End of the Reporting Period	3,300	3,655

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 28 BIOLOGICAL ASSETS

	2013	2012
	\$'000	\$'000
Standing Timber - at Independent Valuation ^a	26,099	28,429
Total Non- Current Plantation	26,099	28,429
Represented by:		
Plantations		
Plantation Value at the Beginning of the Reporting Period	28,429	26,045
Pre-Commercial Plantations Value at the Beginning of the Reporting Period	15,307	13,576
Net movement due to change in age classes and plantation area	(129)	1,481
Add: Increase due to plantings	-	250
Less: Transfer to Commercial Plantations	(713)	-
Pre-Commercial Plantations Value at the End of the Reporting Period	14,465	15,307
Commercial Plantations Value at the Beginning of the Reporting Period	13,122	12,469
Add: Transfer from Pre-Commercial Plantations	726	-
Add: Increase due to tree growth	1,133	1,162
Less: Plantation Thinning	(147)	(509)
Less: Loss from Change in Product Pricing	(3,200)	-
Commercial Plantations Value at the End of the Reporting Period	11,634	13,122
Plantation Value at the End of the Reporting Period^b	26,099	28,429

a) No commercial harvesting programs have been undertaken in the 2012-13 financial year and no harvesting plan has been developed for the 2013-14 financial year. Accordingly, plantation stock has been identified as non-current. The valuation was conducted by Dr John Turner (Member, Institute of Foresters of Australia) and Marcia J. Lambert, from Forsci Pty Ltd as at 30 June 2013. Biological assets are revalued on an annual basis.

b) The number of trees across the total plantation is estimated at 4.9 million.

Territory and Municipal Services Directorate
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For the Year Ended 30 June 2013

NOTE 29 CAPITAL WORKS IN PROGRESS

Capital Works in Progress are assets under construction as at 30 June 2013. These assets often require extensive installation work, or integration with other assets, and contrast with simpler assets that are ready for use when required, such as motor vehicles and equipment.

Capital Works in Progress are not depreciated as the Directorate is not currently deriving any economic benefit from them.

Assets which are under construction include infrastructure assets, buildings, leasehold improvements and software.

	2013	2012
	\$'000	\$'000
Non-Current		
Heritage and Community	7,400	10,566
Plant and Equipment	1,687	2,312
Infrastructure	190,181	207,421
Buildings	3,895	5,720
Software	3,999	1,252
Total Capital Works in Progress	207,162	227,271

Territory and Municipal Services Directorate
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NOTE 29 CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress during 2012-2013

	Heritage and Community Works in Progress \$'000	Plant and Equipment in Progress \$'000	Infrastructure Works in Progress \$'000	Buildings Works in Progress \$'000	Software Works in Progress \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	10,566	2,312	207,421	5,720	1,252	227,271
Additions	12,365	4,525	167,000	10,576	2,993	197,459
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(14,223)	(4,463)	(165,347)	(11,386)	(246)	(195,665)
Capital Works in Progress Completed and Transferred to Expenses	(1,308)	(687)	(18,893)	(1,015)	-	(21,903)
Carrying Amount at the End of the Reporting Period	7,400	1,687	190,181	3,895	3,999	207,162

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 29 CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress during 2011-2012

	Heritage and Community Works in Progress \$'000	Plant and Equipment in Progress \$'000	Infrastructure Works in Progress \$'000	Buildings Works in Progress \$'000	Software Works in Progress \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period						
Additions	4,566	3,519	211,310	2,105	2,795	224,295
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	23,848	2,644	136,244	9,770	956	173,462
Capital Works in Progress Completed and Transferred to Expenses	(22,471)	(3,661)	(161,457)	(4,643)	(2,499)	(194,731)
Administrative Arrangements Transfers	(1,478)	(190)	(7,930)	(1,512)	-	(11,110)
	6,101	-	29,254	-	-	35,355
Carrying Amount at the End of the Reporting Period	10,566	2,312	207,421	5,720	1,252	227,271

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 30 PAYABLES

	2013 \$'000	2012 \$'000
Current Payables		
Trade Payables	5,989	9,111
Other Payables	269	12
Accrued Expenses ^a	32,147	21,984
Total Current Payables	38,405	31,107
Non-Current Payables		
Other Payables ^b	1,566	72
Total Non-Current Payables	1,566	72
Total Payables	39,971	31,179
Payables are aged as followed		
Not Overdue	37,491	30,647
Overdue for Less than 30 Days	705	267
Overdue for 30 to 60 Days	142	125
Overdue for More than 60 Days	67	68
Not Overdue - Non-Current	1,566	72
Total Payables	39,971	31,179
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Trade Payables	980	2,895
Other Payables	1,835	84
Accrued Expenses	20,501	14,153
Total Payables with ACT Government Entities	23,316	17,132
Payables with Non-ACT Government Entities		
Trade Payables	5,009	6,216
Other Payables	-	-
Accrued Expenses	11,646	7,831
Total Payables with Non-ACT Government Entities	16,655	14,047
Total Payables	39,971	31,179

a) The significant increase in the accrued expenses balance from 2011-12 is due to the timing of receipt of supplier invoices largely in relation to capital works.

b) The increase in other payables is largely due to the take up of an interest-free loan from the ACT Government's Carbon Neutral Fund for energy efficiency projects in ACT Government buildings by ACT Property Group.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 INTEREST-BEARING LIABILITIES AND FINANCE LEASES

	2013 \$'000	2012 \$'000
Current Interest-Bearing Liabilities		
Secured		
Finance Leases	3,337	4,315
Total Current Finance Leases	3,337	4,315
Unsecured		
Debt to the Private Sector for Waste Management Facilities ^a	470	757
Total Current Borrowings	470	757
Total Current Interest-Bearing Liabilities	3,807	5,072
Non-Current Interest-Bearing Liabilities		
Secured		
Finance Leases	3,182	4,039
Total Non-Current Finance Leases	3,182	4,039
Unsecured		
Debt to the Private Sector for Waste Management Facilities ^a	-	470
Total Non-Current Borrowings	-	470
Total Non-Current Interest-Bearing Liabilities	3,182	4,509
Total Interest-Bearing Liabilities	6,989	9,581

Secured Liability

The Directorate's finance lease liability is effectively secured because if the Directorate defaults, the assets under a finance lease revert to the lessor.

a) The private sector borrowing is for a waste management facility and is being repaid through principal and interest payments. The interest rate for this borrowing is 7.8%, instalments are paid from 2007-08 to 2013-14.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

	2013 \$'000	2012 \$'000
Finance Leases		
Finance lease commitments are payable as follows:		
Within one year	3,654	4,868
Later than one year but not later than five years	3,368	4,188
Minimum Lease Payments	7,022	9,056
Less: Future Finance Lease Charges	(503)	(702)
Amount Recognised as a Liability	6,519	8,354
Total Present Value of Minimum Lease Payments	6,519	8,354
The present value of the minimum lease payments are as follows:		
Within one year	3,337	4,315
Later than one year but not later than five years	3,182	4,039
Total Present Value of Minimum Lease Payments	6,519	8,354
Classification on the Balance Sheet		
Interest-Bearing Liabilities		
Current Interest-Bearing Liabilities	470	757
Non-Current Interest-Bearing Liabilities	-	470
	470	1,227
Finance Leases		
Current Finance Leases	3,337	4,315
Non-Current Finance Leases	3,182	4,039
	6,519	8,354
Total Interest-Bearing Liabilities	6,989	9,581

Credit Facilities

Apart from the Directorate's use of credit cards, there are no formal credit facilities in place for the Directorate with the Territory's appointed transactional bank. If the Directorate's account goes into overdraft throughout the year, the Directorate is not charged interest, however, the overdraft position is required to be rectified as soon as possible. The Directorate has several bank accounts with the Commonwealth Bank of Australia and Westpac Banking Corporation, which in aggregate held surplus balances throughout the year.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 32 EMPLOYEE BENEFITS

	2013 \$'000	2012 \$'000
Current Employee Benefits		
Annual Leave	8,803	9,355
Long Service Leave	15,994	16,480
Accrued Salaries	2,170	2,659
Other Benefits	1,402	286
Total Current Employee Benefits	28,369	28,780
Non-Current Employee Benefits		
Long Service Leave	2,125	1,457
Total Non-Current Employee Benefits	2,125	1,457
Total Employee Benefits	30,494	30,237
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	8,803	9,355
Long Service Leave ^a	2,157	2,248
Accrued Salaries	2,170	2,659
Other Benefits	1,402	286
Total Employee Benefits Payable within 12 months	14,532	14,548
Estimated Amount Payable after 12 months		
Long Service Leave ^a	15,962	15,689
Total Employee Benefits Payable after 12 months	15,962	15,689
Total Employee Benefits	30,494	30,237

As at 30 June 2013, the Directorate employed 1047 full-time equivalent (FTE) staff (1012 FTE staff as at 30 June 2012).

a) The estimate of long service leave payable is based on an average of long service leave taken in the last three years, (annual leave is assumed to be payable within 12 months, based on work practices). The rate used to estimate the present value of these future long service leave payments is 101.3% (106.6% in 2011-12). The decrease in the rate from last year resulted in a decrease to the provision of \$0.834m.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 33 OTHER PROVISIONS

	2013 \$'000	2012 \$'000
Non-Current Other Provisions		
Provision for Restoration of Waste Landfill Sites - Mugga Lane and Belconnen	12,155	14,442
Total Non-Current Other Provision	12,155	14,442
Total Other Provisions	12,155	14,442

Reconciliation of the Provision for Restoration of Waste Landfill Sites - Mugga Lane and Belconnen

Provision for Restoration of Contaminated Site at the Beginning of the Reporting Period	14,442	16,757
Provision Derecognised	-	(61)
Reduction in Provision due to a Change in Estimate	(2,287)	(2,254)
Provision for Restoration of Contaminated Site at the End of the Reporting Period^b	12,155	14,442

b) The decrement to the provision in 2012-13 reflects a reduction in estimated future costs to restore the landfill sites.

NOTE 34 OTHER LIABILITIES

Current Other Liabilities

Revenue Received in Advance ^a	2,453	757
Project Funding Received in Advance	149	124
Rent Received in Advance	46	41
Cash in Transit	12	13
Lease Incentives	335	335
Total Current Other Liabilities	2,995	1,270

Non-Current Other Liabilities

Lease Incentives	1,891	2,226
Revenue Received in Advance	-	404
Total Non-Current Other Liabilities	1,891	2,630
Total Other Liabilities	4,886	3,900

a) Revenue received in advance consists of project funding for capital and recurrent works and next year's additional mobile garbage bin services to households.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 34 OTHER LIABILITIES - CONTINUED

	2013 \$'000	2012 \$'000
Reconciliation of Lease Incentives		
Nominal Lease Expense	4,036	3,685
Less: Movement in Lease Incentive	(335)	(323)
Lease Expense Recognised in Operating Statement	<u>3,701</u>	<u>3,362</u>
Lease Incentive at the Beginning of the Reporting Period	2,561	2,678
Less: Lease Incentive Expensed	(335)	(323)
Add: New Lease Incentives	-	206
Lease Incentive at the end of the Reporting Period	<u>2,226</u>	<u>2,561</u>
Lease Incentive Current Liability	335	335
Lease Incentive Non-Current Liability	<u>1,891</u>	<u>2,226</u>
Total Lease Incentive	<u>2,226</u>	<u>2,561</u>

The lease incentives relate to ACT Property Group's leases at the following locations:

- Lease 1: Level 1, 221 London Circuit, for 5 years and 6 months, commencing 01 October 2011.
- Lease 2: Level 8, 221 London Circuit, for 5 years and 6 months, commencing 01 November 2011.
- Lease 3: Reserve Bank, for 10 years, commencing 01 July 2010.
- Lease 4: Canberra Nara Centre, for 10 years, commencing 01 July 2010.

The lease incentives represent the rent-free period provided as an inducement to take up the lease. Territory and Municipal Services Directorate recognised the lease incentive provided at the time of signing the leases as a liability.

The lease incentive liability is amortised over the life of the lease. Each month the lease rental payment is allocated to the rent expense and reduction of the lease incentive liability.

NOTE 35 EQUITY

Total Equity at the End of the Reporting Period		
Accumulated Funds	5,700,341	5,588,624
Asset Revaluation Surplus	3,632,992	3,630,516
Total Equity	<u>9,333,333</u>	<u>9,219,140</u>

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 35 EQUITY - CONTINUED

	2013 \$'000	2012 \$'000
Movements In Asset Revaluation Reserve during the Reporting Period		
Asset Revaluation Surplus		
The Asset Revaluation Surplus is used to record the increments and decrements in the value of Property, Plant and Equipment.		
Land Revaluation Surplus		
Balance at the Beginning of the Reporting Period	106,057	96,118
Transfer between Revaluation Surplus Classes	-	(1,573)
Increment on Revaluation	2,287	11,512
Balance at the End of the Reporting Period	108,344	106,057
Infrastructure Revaluation Surplus		
Balance at the Beginning of the Reporting Period	2,393,454	2,310,863
Increment on Revaluation	24,007	82,591
Balance at the End of the Reporting Period	2,417,461	2,393,454
Building Revaluation Surplus		
Balance at the Beginning of the Reporting Period	74,880	87,226
Transfer to Other Agencies	-	(164)
Transfer between Revaluation Surplus Classes	-	(7,382)
(Decrement) on Revaluation	(7,309)	(3,210)
Transfer to Accumulated Funds on Derecognition of Asset	(11)	(1,590)
Balance at the End of the Reporting Period	67,560	74,880
Heritage and Community Asset Revaluation Surplus		
Balance at the Beginning of the Reporting Period	1,055,775	692,301
Transfer between Revaluation Surplus Classes	-	8,955
Transfer to Accumulated Funds on Derecognition of Asset	(1,625)	-
Increment/(Decrement) on Revaluation	(15,121)	354,519
Balance at the End of the Reporting Period	1,039,029	1,055,775
Plant and Equipment Revaluation Surplus		
Balance at the Beginning of the Reporting Period	350	-
Increment on Revaluation	248	350
Balance at the End of the Reporting Period	598	350
Leasehold Improvements Revaluation Surplus		
Balance at the Beginning of the Reporting Period	-	180
(Decrement) on Revaluation	-	(9)
Transfer to Accumulated Funds on Derecognition of Asset	-	(171)
Balance at the End of the Reporting Period	-	-
Total Asset Revaluation Surplus		
Balance at the Beginning of the Reporting Period	3,630,516	3,186,688
(Decrement)/Increment on Revaluation	4,112	445,753
Transfer to Other Agencies through the Operating Statement	-	(164)
Transfer to Accumulated Funds on Derecognition of Assets	(1,636)	(1,761)
Total (Decrease)/Increase in the Asset Revaluation Surplus	2,476	443,828
Balance at the End of the Reporting Period	3,632,992	3,630,516

Territory and Municipal Services Directorate
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NOTE 36 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year Ended 30 June 2013

	Output Class 1 Municipal Services \$'000	Output Class 2 Enterprise Services \$'000	Total \$'000
Current Assets			
Cash and Cash Equivalents	6,733	10,636	17,369
Receivables	10,790	3,879	14,669
Inventories	306	1,683	1,989
Assets Held for Sale	516	62	578
Other Assets	45	2,297	2,342
Total Current Assets	18,390	18,557	36,947
Non-Current Assets			
Property, Plant and Equipment	8,762,744	391,576	9,154,320
Intangible Assets	3,188	112	3,300
Capital Works in Progress	207,162	-	207,162
Biological Assets	26,099	-	26,099
Total Non-Current Assets	8,999,193	391,688	9,390,881
Total Assets	9,017,583	410,245	9,427,828
Current Liabilities			
Payables	34,969	3,436	38,405
Interest Bearing-Liabilities	470	-	470
Finance Leases	2,671	666	3,337
Employee Benefits	23,859	4,510	28,369
Other Liabilities	2,499	496	2,995
Total Current Liabilities	64,468	9,108	73,576
Non-Current Liabilities			
Payables	100	1,466	1,566
Finance Leases	3,152	30	3,182
Employee Benefits	1,894	231	2,125
Other Provisions	12,155	-	12,155
Other Liabilities	-	1,891	1,891
Total Non-Current Liabilities	17,301	3,618	20,919
Total Liabilities	81,769	12,726	94,495
Net Assets	8,935,814	397,519	9,333,333

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 36 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year Ended 30 June 2012

	Output Class 1 Municipal Services \$'000	Output Class 2 Enterprise Services \$'000	Total \$'000
Current Assets			
Cash and Cash Equivalents	9,556	10,234	19,790
Receivables	10,997	6,462	17,459
Inventories	269	1,961	2,230
Assets Held for Sale	619	-	619
Other Assets	34	2,176	2,210
Total Current Assets	21,475	20,833	42,308
Non-Current Assets			
Receivables	3,176	-	3,176
Property, Plant and Equipment	8,580,008	423,632	9,003,640
Intangible Assets	3,595	60	3,655
Biological Assets	28,429	-	28,429
Capital Works in Progress	227,271	-	227,271
Total Non-Current Assets	8,842,479	423,692	9,266,171
Total Assets	8,863,954	444,525	9,308,479
Current Liabilities			
Payables	26,052	5,055	31,107
Interest Bearing-Liabilities	757	-	757
Finance Leases	4,062	253	4,315
Employee Benefits	24,051	4,729	28,780
Other Liabilities	708	562	1,270
Total Current Liabilities	55,630	10,599	66,229
Non-Current Liabilities			
Payables	-	72	72
Interest Bearing-Liabilities	470	-	470
Finance Leases	3,343	696	4,039
Employee Benefits	1,287	170	1,457
Other Provisions	14,442	-	14,442
Other Liabilities	404	2,226	2,630
Total Non-Current Liabilities	19,946	3,164	23,110
Total Liabilities	75,576	13,763	89,339
Net Assets	8,788,378	430,762	9,219,140

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 37 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

Restructure of Administrative Arrangements 2012-13

The Directorate did not have any Administrative Arrangements during the financial year.

Restructure of Administrative Arrangements 2011-12

On 23 November 2011, a restructuring of administrative arrangements occurred between the Economic Development Directorate and the Directorate involving the National Arboretum Canberra. Four employees attached to the Arboretum were transferred to the Directorate as part of this restructuring of administrative arrangements.

Income and Expenses

The following table shows the income and expenses associated with the National Arboretum Canberra recognised by the Directorate for the year ended 30 June 2012. It also shows the income and expenses relating to when the National Arboretum Canberra belonged to the Economic Development Directorate. The table below shows the total income and expenses of the National Arboretum Canberra for the 2011-12 financial year.

	Amounts Relating to Function when held by Economic Development Directorate 1 July '11 to 22 November '11 \$'000	Amounts Relating to Function when held by the Directorate 23 November '11 to 30 June '12 \$'000	Total 2012 \$'000
Revenue			
Sponsorships	-	500	500
Donations	-	65	65
Government Payment for Outputs	762	1,341	2,103
Other	-	3	3
Total Revenue	762	1,909	2,671
Gains			
Total Income	762	1,909	2,671
Expenses			
Employee Expenses	11	221	232
Superannuation Expenses	1	18	19
Supplies and Services	762	1,287	2,049
Depreciation and Amortisation	3	5	8
Other	1	5,053	5,054
Total Expenses	778	6,584	7,362

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 37 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS – CONTINUED

Assets and Liabilities

The assets and liabilities transferred to the Directorate as part of the restructuring of administrative arrangements were as follows:

2012-13: Nil

2011-12: National Arboretum Canberra transferred from Economic Development Directorate

	Transferred 2012-2013 \$'000	Transferred 2011-2012 \$'000
Assets		
Cash and Cash Equivalents	-	1,099
Property, Plant and Equipment	-	660
Capital Works in Progress	-	35,355
Total Assets Transferred	-	37,114
Liabilities		
Interest-Bearing Liabilities	-	21
Employee Benefits	-	93
Total Liabilities Transferred	-	114
Total Net Assets Transferred	-	37,000

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS

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

Interest Rate Risk

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 Directorate has an insignificant exposure to interest rate risk. The only financial assets or liabilities that are subject to interest rate risk are cash held with the ACT Public Trustee and in the Tidbinbilla Commonwealth Bank account which are interest bearing.

As all other cash is non-interest bearing and the interest rates for finance leases and borrowings are fixed, the Directorate is not significantly exposed to interest rate risk.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Directorate as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

Credit Risk

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 Directorate's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Directorate expects to collect all financial assets that are not impaired.

The Directorate manages the credit risk of receivables by regular review of the Aged Debtor Reports and referral to debt collection agencies where appropriate. Specific analysis of the debtor balances is carried out on a monthly basis and where necessary an allowance is raised in accordance with the Directorate's impairment policy. The results are reported to senior management on a monthly basis. There have been no changes in credit risk exposure since last reporting period.

Liquidity Risk

Liquidity risk is the risk that the Directorate will be unable to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Directorate's main financial obligations relating to financial instruments relate to the payment of grants and the purchase of supplies and services.

The main source of cash to pay these obligations is appropriations from the ACT Government which is paid on a fortnightly basis during the year. The Directorate manages its liquidity risk through forecasting appropriation drawdown requirements to enable payment of anticipated obligations. In the event of urgent and unforeseen circumstances, Section 18 of the FMA Act allows the Treasurer to authorise an appropriation from the Treasurer's Advance.

Price Risk

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 (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Directorate holds an immaterial amount of financial assets or liabilities that are subject to price risk and, as a result, is not considered to have any price risk. Accordingly, a sensitivity analysis has not been undertaken. The Directorate's exposure to price risk and the management of this risk has not changed since last reporting period.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount 2013 \$'000	Fair Value Amount 2013 \$'000	Carrying Amount 2012 \$'000	Fair Value Amount 2012 \$'000
Financial Assets				
Cash and Cash Equivalents	17,369	17,369	19,790	19,790
Receivables	7,248	7,248	14,150	14,150
Total Financial Assets	24,617	24,617	33,940	33,940
Financial Liabilities				
Payables	7,824	7,824	9,195	9,195
Borrowings - Waste Management Facilities	470	453	1,227	986
Finance Leases	6,519	6,519	8,354	8,354
Total Financial Liabilities	14,813	14,796	18,858	18,535

Accrued revenue and expenses have been excluded as they do not meet the definition of a financial instrument.

Fair Value Hierarchy

The Directorate's financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not subject to the fair value hierarchy.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2013. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note	Weighted Average Interest Rate	Floating Interest \$'000	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	21	3.75%	63	-	-	-	17,306	17,369
Receivables	22	0.00%	-	-	-	-	7,248	7,248
Total Financial Assets			63	-	-	-	24,554	24,617
Financial Liabilities								
Payables (Including Interest Free Loan)	30	0.00%	-	-	-	-	7,824	7,824
Borrowings - Waste Management Facilities	31	7.82%	-	482	-	-	-	482
Finance Leases	31	7.13%	-	3,421	2,907	-	-	6,328
Total Financial Liabilities			-	3,903	2,907	-	7,824	14,634
Net Financial Assets / (Liabilities)								
			63	(3,903)	(2,907)	-	16,730	9,983

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 38 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2012. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note	Weighted Average Interest Rate	Floating Interest \$'000	Fixed Interest Maturing Inc:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	21	4.51%	117	-	-	-	19,673	19,790
Receivables	22	0.00%	-	-	-	-	14,150	14,150
Total Financial Assets			117	-	-	-	33,823	33,940
Financial Liabilities								
Payables (Including Interest Free Loan)	31	-	-	-	-	-	9,195	9,195
Borrowings - Waste Management Facilities	31	7.82%	-	826	482	-	-	1,308
Finance Leases	31	7.00%	-	4,868	4,188	-	-	9,056
Total Financial Liabilities			-	5,694	4,670	-	9,195	19,559
Net Financial Assets/(Liabilities)			117	(5,694)	(4,670)	-	24,628	14,381

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 38 FINANCIAL INSTRUMENTS - CONTINUED

	2013 \$'000	2012 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets at Fair Value through the Profit and Loss		
Loans and Receivables	7,248	14,150
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	14,813	18,858

Carrying Amount of Each Category of Financial Asset and Financial Liability

The Directorate does not have any financial assets in the 'Financial Assets at Fair Value through Profit and Loss' category, 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above. The Directorate also does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 39 COMMITMENTS

Capital Commitments

Capital commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

	2013 \$'000	2012 \$'000
Capital Commitments - Property, Plant and Equipment		
Payable:		
Within One Year	152,416	73,607
Later than one year but not later than five years	153,473	-
Later than five years	-	-
Total Capital Commitments - Property, Plant and Equipment^a	305,889	73,607

a) Capital commitments have increased due to major roadwork projects including Majura Parkway.

Other Commitments

Other commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

Payable:		
Within One Year	67,909	47,854
Later than one year but not later than five years	86,573	87,961
Later than five years	72,661	51,192
Total Other Commitments^b	227,143	187,007

b) Other commitments include maintenance contracts for streetlighting, stormwater, road resurfacing, waste management, mowing, graffiti removal, public place cleaning and general horticultural maintenance. The increase is due to new contracts in place for kerbside waste collections.

Operating Lease Commitments

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

Non-Cancellable Operating Lease Commitments

Non-Cancellable operating commitments are committed as follows:

Payable:		
Within One Year	26,176	26,396
Later than one year but not later than five years	68,732	74,954
Later than five years	53,856	62,068
Total Operating Lease Commitments^c	148,764	163,418

All amounts shown in the commitment note are inclusive of Goods and Services Tax.

c) Finance Lease commitments are disclosed in Note 31 'Interest-Bearing Liabilities and Finance Leases'.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 40 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Directorate is subject to various claims as at the reporting date with the total contingent liability being shown below:

	2013	2012
	\$'000	\$'000
Legal Claims ^a	23,040	18,069
Contaminated Sites ^b	77,100	103,200
Total Contingent Liabilities	100,140	121,269

a) The ACT Government Solicitor is acting for the Directorate in relation to 107 individual unresolved matters of public liability as at 30 June 2013.

b) The Directorate owns 166 sites that have been identified as being contaminated land. The liability associated with the remediation of these sites is contingent on various factors, as discussed in Note 2 (ae) 'Significant Accounting Judgements and Estimates (11)'.

Contingent Assets

Insurance Refunds ^a	22,595	18,044
Total Contingent Assets	22,595	18,044

a) Insurance Refunds represent contingent receipts related to the legal claims above, less the applicable insurance excess.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 41 CASH FLOW RECONCILIATION

	2013 \$'000	2012 \$'000
(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet		
Total Cash and Cash Equivalents Disclosed in the Balance Sheet	17,369	19,790
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	17,369	19,790
(b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating (Deficit)		
Operating (Deficit)	(65,412)	(51,239)
Add/(Less) Non-Cash Items		
Depreciation of Property, Plant and Equipment	145,529	142,104
Amortisation of Intangibles	610	407
Write-off/loss on disposal of Assets	623	5,466
Expensing of Capital Works in Progress	21,886	11,110
Assets Transferred to Other ACT Government Entities	9,884	5,869
Assets Transferred from Other ACT Government Entities	(104,761)	(92,166)
Impairment Losses on Debts	249	237
Other Non-Cash Items		
Revaluation and Assets Adjustments	2,330	(2,348)
Impairment Losses on Assets	-	632
Add/(Less) Items Classified as Investing or Financing		
Net (Gain) on Disposal of Non-Current Assets	(462)	(2,491)
Interest free loan payable to the Environment and Sustainable Development Directorate	(44)	(116)
Cash Before Changes in Operating Assets and Liabilities	10,432	17,465
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(414)	5,186
(Increase)/Decrease in Inventories	241	1,936
(Increase)/Decrease in Other Assets	(132)	71
Increase/(Decrease) in Payables	3,183	(772)
Increase/(Decrease) in Employee Benefits	259	4,790
Increase/(Decrease) in Other Liabilities	(335)	(2,510)
Net Changes in Operating Assets and Liabilities	2,802	8,701
Net Cash Inflows from Operating Activities	13,234	26,166
(c) Non-Cash Financing and Investing Activities		
Acquisition of Motor Vehicles by means of Finance Lease	2,276	1,481

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 42 EVENTS OCCURING AFTER BALANCE DATE

From 1 July 2013 the Directorate became liable for greenhouse gas emissions at the Mugga Lane landfill facility under the Federally legislated Carbon Pricing mechanism. The Directorate estimates that liable emissions in 2013-14 will be between 5,000 and 10,000 tonnes. At the current price of \$24.15 per permit, this would mean a cash outlay of up to \$0.24m in 2014-15 relating to carbon permit purchases. Carbon permits are intangible assets that when surrendered to the Commonwealth will extinguish the liability under the Carbon Pricing mechanism.

NOTE 43 THIRD PARTY MONIES

Third Party Monies relate to the cash held in the Canberra Connect Shopfront Clearing Account, collected on behalf of other ACT Government entities. Revenue and associated cash is recorded in the receiving Directorate/Agency's financial statements.

Territory and Municipal Services Directorate

Territorial Financial Statements

**For the Year Ended
30 June 2013**

Territory and Municipal Services Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2013

		Actual	Original	Actual
	Note	2013	Budget	2012
	No.	\$'000	2013	2012
		\$'000	\$'000	\$'000
Income				
<i>Revenue</i>				
Fees and Fines	45	17,526	19,803	17,935
Land Sale Revenue	46	46,693	120,445	128,599
Interest	47	3,205	5,817	-
Other Revenue	48	86	-	-
<i>Total Revenue</i>		67,510	146,065	146,534
Total Income		67,510	146,065	146,534
Expenses				
Supplies and Services	49	-	-	17
Transfer to Government	50	67,034	146,065	145,976
Other Expenses	51	476	-	541
Total Expenses		67,510	146,065	146,534
Operating Surplus/(Deficit)		-	-	-

The above Statement of Income and Expenses on Behalf of the Territory should be read in conjunction with the accompanying notes.

The Directorate's income and expenses on behalf of the Territory belong to a single output class.

Accordingly the above Statement of Income and Expenses on Behalf of the Territory also represents the disaggregated income and expenses.

Territory and Municipal Services Directorate
Statement of Assets and Liabilities on Behalf of the Territory
For the Year Ended 30 June 2013

	Note	Actual	Original	Actual
	No.	2013	Budget	2012
		\$'000	2013	2012
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	53	486	409	263
Receivables	54	13,548	15,187	11,140
Total Current Assets		14,034	15,596	11,403
Total Assets		14,034	15,596	11,403
Current Liabilities				
Payables	55	14,034	171	11,403
Other Liabilities ^a		-	15,425	-
Total Current Liabilities		14,034	15,596	11,403
Total Liabilities		14,034	15,596	11,403
Net Assets		-	-	-
Equity				
Accumulated Funds		-	-	-
Total Equity		-	-	-

The above Statement of Assets and Liabilities on Behalf of the Territory should be read in conjunction with the accompanying notes.

- a) The budgeted figure reflects Payables to the Territory Bank Account, which is more appropriately recognised as Payables.

**Territory and Municipal Services Directorate
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2013**

	Accumulated Funds Actual 2013 \$'000	Total Equity Actual 2013 \$'000	Original Budget 2013 \$'000
Balance at the Beginning of the Reporting Period	-	-	-
Comprehensive Income			
Operating Surplus	-	-	-
Total Comprehensive Income	-	-	-
Balance at the End of the Reporting Period	-	-	-

	Accumulated Funds Actual 2012 \$'000	Total Equity Actual 2012 \$'000
Balance at the Beginning of the Reporting Period	-	-
Comprehensive Income		
Operating Surplus	-	-
Total Comprehensive Income	-	-
Balance at the End of the Reporting Period	-	-

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

**Territory and Municipal Services Directorate
Cash Flow Statement on Behalf of the Territory
For the Year Ended 30 June 2013**

	Note No.	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Cash Flows from Operating Activities				
Receipts				
Fees and Fines		16,179	19,803	17,413
Goods and Services Tax Collected from Customers		1,822	-	1,672
Goods and Services Input Tax Credits from the Australian Taxation Office		2	-	2
Land Sales		48,362	135,401	121,604
Interest			5,817	-
Total Receipts from Operating Activities		66,365	161,021	140,691
Payments				
Supplies and Services			-	17
Transfer of Territory Receipts to the ACT Government		64,464	160,386	138,944
Goods and Services Tax Remitted to the Australian Taxation Office		1,676		1,874
Goods and Services Tax Paid to Suppliers		2	-	2
Other		-	635	-
Total Payments from Operating Activities		66,142	161,021	140,837
Net Cash Inflows/(Outflows) from Operating Activities	57	223	-	(146)
Net Increase/(Decrease) in Cash and Cash Equivalents		223	-	(146)
Cash and Cash Equivalents at the Beginning of the Reporting Period		263	409	409
Cash and Cash Equivalents at the End of the Reporting Period	57	486	409	263

The above Cash Flow Statement on Behalf of the Territory should be read in conjunction with the accompanying notes.

TERRITORIAL NOTE INDEX

Note 44 Summary of Significant Accounting Policies

Revenue Notes

Note 45 Fees and Fines

Note 46 Land Sales Revenue

Note 47 Interest

Note 48 Other Revenue

Expenses Notes

Note 49 Supplies and Services

Note 50 Transfer to Government

Note 51 Other Expenses

Note 52 Waivers, Impairment Losses and Write-offs

Assets Notes

Note 53 Cash and Cash Equivalents

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Note 55 Payables

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Note 56 Financial Instruments

Note 57 Cash Flow Reconciliation

Note 58 Commitments

Note 59 Contingent Liabilities and Contingent Assets

Note 60 Events Occurring after Balance Date

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 44 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All accounting policies are contained in Note 2: 'Summary of Significant Accounting Policies'. The policies outlined in Note 2 apply to both the Controlled and Territorial Financial Statements.

The majority of Territorial revenues relate to land sales to the Land Development Agency (LDA) and fees associated with the acceptance of commercial and industrial waste to landfill.

NOTE 45 FEES AND FINES

	2013	2012
	\$'000	\$'000
Fees		
Fees for Regulatory Services ^a	17,515	17,922
Total Fees	17,515	17,922
Fines		
Other Fines	11	13
Total Fines	11	13
Total Fees and Fines	17,526	17,935

a) The decrease largely relates to commercial waste acceptance fees. These fees are driven by levels of activity in the commercial and industrial waste sector.

NOTE 46 LAND SALES REVENUE

Land Sales Revenue		
Land Sales ^a	46,693	128,599
Total Land Sales Revenue	46,693	128,599

a) Land is sold to the Land Development Agency in accordance with the ACT Government's land release program (see Note 2 (ae) 'Significant Accounting Judgement and Estimates' (12)). In 2012-13, land sales largely related to greenfields residential land at Holt, Belconnen, Bonner, Harrison and Wright. The 2012-13 result has been impacted by the timing of the ACT Government's land sales program.

In 2011-12, land sales largely related to englobo land (undeveloped land able to be subdivided) at Ngunnawal; greenfields residential land in Bonner, Harrison, Flemington Road and Wright; direct sales in Isabella Plains and Calwell; and commercial auctions in Casey, Nicholls, Watson, Belconnen and Fyshwick.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 47 INTEREST

	2013 \$'000	2012 \$'000
Interest Received		
Interest ^a	3,205	-
Total Interest Received	<u>3,205</u>	<u>-</u>

a) The \$3.2m reflects an interest charge on amounts owed by the Land Development Agency for land transferred for development.

NOTE 48 OTHER REVENUE

Other Revenue

Other Revenue relates to the recovery of debts previously written off as uncollectable.

Other Revenue		
Other Revenue	86	-
Total Other Revenue	<u>86</u>	<u>-</u>

NOTE 49 SUPPLIES AND SERVICES

Supplies and Services	-	17
Total Supplies and Services	<u>-</u>	<u>17</u>

NOTE 50 TRANSFER TO GOVERNMENT

Transfer to Government represents the funds collected by the Directorate on behalf of the Territory relating to land sales, waste collection fees and other fees, that is then transferred to the Territory Bank Account.

Transfers to the Territory Banking Account	67,034	145,976
Total Transfer to Government	<u>67,034</u>	<u>145,976</u>

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 51 OTHER EXPENSES

	2013 \$'000	2012 \$'000
Impairment Losses and Write-offs from Trade Receivables (refer to Note 52 'Waivers, Impairment Losses and Write-offs')	476	541
Other	-	-
Total Other Expenses	476	541

NOTE 52 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. In 2011-12 and 2012-13 the Directorate did not submit to the Treasurer any debt waivers.

A waiver is the relinquishment of a legal claim to a debt which the Directorate administers on behalf of the Territory. 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 Directorate to recover the amount. The write-off of debts may occur for reasons other than waivers.

The impairment losses listed below have occurred during the reporting period for the Directorate.

Impairment Loss from Trade Receivables		
Trade Receivables	160	327
Total Impairment Loss for Receivables	160	327
Total Impairment Losses	160	327
Write-Offs		
Irrecoverable Debts ^a	316	214
Total Write-Offs	316	214
Total Waivers, Impairment Losses and Write-offs	476	541

a) During 2012-13, 25 debts considered irrecoverable for which no allowance had been previously raised were written-off. These debts related to the acceptance of commercial and industrial waste.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 53 CASH AND CASH EQUIVALENTS

The Directorate holds a number of bank accounts with the Commonwealth Bank as part of the whole-of-government banking arrangements.

	2013	2012
	\$'000	\$'000
Cash at Bank	486	263
Total Cash and Cash Equivalents	486	263

NOTE 54 RECEIVABLES

Current Receivables

Net Goods and Services Tax Receivable	-	31
Trade Receivables	7,340	1,990
Less: Allowance for Impairment Losses	(689)	(530)
	6,651	1,491
Accrued Revenue ^a	6,897	9,649
Total Current Receivables	13,548	11,140
Total Receivables	13,548	11,140

a) The balance relates to accrued land sales revenue and commercial waste acceptance fees.

Ageing of Receivables

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000
2013					
Not Impaired^a					
Receivables	8,936	1,372	814	2,426	13,548
Impaired					
Receivables	-	-	-	689	689
2012					
Not Impaired					
Receivables	9,680	1,162	227	71	11,140
Impaired					
Receivables	-	-	-	530	530

a) 'Not Impaired' refers to Net Receivables (that is Gross Receivables less Impaired Receivables).

The Directorate does not hold any collateral for receivables that are overdue or determined to be impaired.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 54 RECEIVABLES - CONTINUED

	2013 \$'000	2012 \$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	530	203
Additional Allowance Recognised	159	327
Reduction in Allowance from Amounts Recovered during the Reporting Period	-	-
Allowance for Impairment Losses at the End of the Reporting Period	689	530
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with ACT Government Entities		
Net Receivables	10,191	8,362
Total Receivables with ACT Government Entities	10,191	8,362
Receivables with Non-ACT Government Entities		
Net Receivables	3,357	2,778
Total Receivables with Non-ACT Government Entities	3,357	2,778
Total Receivables	13,548	11,140

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 55 PAYABLES

	2013 \$'000	2012 \$'000
Current Payables		
Net Goods and Services Tax Payable	115	-
Accrued Expenses ^a	13,919	11,403
Total Current Payables	13,919	11,403
Total Payables	14,034	11,403

a) Accrued expenses represent the anticipated payment to the Territory Banking Account of Territorial revenues collected and receivables as at 30 June 2013.

Payables are Aged as Follows:

Not Overdue	14,034	11,403
Total Payables	14,034	11,403

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Accrued Expenses	13,919	11,403
Total Payables with ACT Government Entities	13,919	11,403

Payables with Non-ACT Government Entities

Goods and Services Tax Payable	115	-
Total Payables with Non-ACT Government Entities	115	-
Total Payables	14,034	11,403

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 56 FINANCIAL INSTRUMENTS

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

Interest Rate Risk

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 Directorate currently has all of its financial assets and financial liabilities held in non-interest bearing arrangements. This means that the Directorate is not exposed to any movements in interest rates, and does not have any interest rate risk.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Directorate as it is not exposed to any movements in interest rates.

Credit Risk

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 Directorate's credit risk is limited to the amount of the financial assets held less any allowance for impairment losses. There is no collateral held as security for financial assets. There is minimal risk associated with cash as it is held in a bank. The primary credit risk arises from commercial use of ACT Landfills for waste acceptance fees. This risk is actively managed through approval of credit applications, debt ageing reports, facility access restrictions and formal debt recovery processes.

The Directorate's exposure to credit risk and the management of this risk has not changed since the previous reporting period.

Liquidity Risk

Liquidity risk is the risk that the Directorate will be unable to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Directorate's main financial obligation related to the transfer to the ACT Government of land sales and waste acceptance fees. Due to the transfer processes in place, no liquidity risk arises. The main control to maintain proper liquidity includes a separate Territorial bank account, manual bank account sweeping, and balance sheet recognition of future obligations to ensure the ability of the Directorate to meet its financial obligation.

The Directorate's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

Price Risk

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, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Directorate holds only cash and receivables which are not subject to changes in values, and as a result, is not considered to have any price risk. Accordingly, a sensitivity analysis of price risk has not been undertaken.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 56 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and liabilities at balance date are:

	Note	Carrying Amount 2013 \$'000	Fair Value 2013 \$'000	Carrying Amount 2012 \$'000	Fair Value 2012 \$'000
Financial Assets					
Cash and Cash Equivalents	53	486	486	263	263
Receivables	54	6,651	6,651	1,460	1,460
Total Financial Assets		7,137	7,137	1,723	1,723
Financial Liabilities					
Payables	55	-	-	-	-
Total Financial Liabilities		-	-	-	-

Accrued revenue and expenses have been excluded as they do not meet the definition of a financial instrument.

Fair Value Hierarchy

The Directorate's financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not subject to the fair value hierarchy.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 56 FINANCIAL INSTRUMENTS - CONTINUED

The following table sets out the maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2013. All financial assets and liabilities which are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note	Weighted Average Interest Rate	Floating Interest \$'000	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	53	-	-	-	-	-	486	486
Receivables	54	-	-	-	-	-	6,651	6,651
Total Financial Assets			-	-	-	-	7,137	7,137
Financial Liabilities								
Payables	55	-	-	-	-	-	-	-
Total Financial Liabilities			-	-	-	-	-	-
Net Financial Assets			-	-	-	-	7,137	7,137

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 56 FINANCIAL INSTRUMENTS - CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2012. All financial assets and liabilities which are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed Interest Maturing In:			Non-Interest Bearing \$'000	Total \$'000
				1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	53	-	-	-	-	-	263	263
Receivables	54	-	-	-	-	-	1,460	1,460
Total Financial Assets			-	-	-	-	1,723	1,723
Financial Liabilities								
Payables	55	-	-	-	-	-	-	-
Total Financial Liabilities			-	-	-	-	-	-
Net Financial Assets			-	-	-	-	1,723	1,723

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 56 FINANCIAL INSTRUMENTS - CONTINUED

	2013 \$'000	2012 \$'000
Carrying Amount of Each Class of Financial Asset and Financial Liability		
Financial Assets		
Loans and Receivables	6,651	1,460

Carrying Amount of Each Category of Financial Asset and Financial Liability

The Directorate does not have any financial assets in the 'Financial Assets at Fair Value through Profit and Loss' category, 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above. The Directorate does not have any financial liabilities in the 'Financial Liabilities Measured at Amortised Cost' or 'Financial Liabilities at Fair Value through Profit and Loss' categories and, as such are not included above.

NOTE 57 CASH FLOW RECONCILIATION

(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement on Behalf of the Territory to the Related Items in the Statement of Assets and Liabilities on Behalf of the Territory.

Total Cash and Cash Equivalents Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	486	263
Cash at the End of the Reporting Period as Recorded in the Cash Flow Statement on Behalf of the Territory	486	263

(b) Reconciliation of Net Cash (Outflows) from Operating Activities to the Operating Surplus/(Deficit)

Operating Surplus/ (Deficit)	-	-
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(2,438)	(7,007)
Increase/(Decrease) in Payables	2,661	6,861
Net Changes in Operating Assets and Liabilities	223	(146)
Net Cash Inflow/(Outflows) from Operating Activities	223	(146)

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013**

NOTE 58 COMMITMENTS

The Directorate had no commitments contracted as at the reporting date in relation to its Territorial activities.

NOTE 59 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2013.

NOTE 60 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after the balance date which would affect the financial statements as at 30 June 2013.

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SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A7 TERRITORY AND MUNICIPAL SERVICES STATEMENT OF PERFORMANCE



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of Territory and Municipal Services Directorate (the Directorate) for the year ended 30 June 2013 has been reviewed.

Responsibility for the statement of performance

The Director-General of the Territory and Municipal Services Directorate is responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures used to measure the results of accountability indicators reported in the statement of performance.

The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, I am responsible for providing a report of factual findings on the statement of performance.

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the accountability indicators reported in statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Directorate, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets.

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

Electronic presentation of the statement of performance

Those viewing an electronic presentation of this statement of performance should note that the review 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 statement of performance. If users of the statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.


Independence

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

Review opinion

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of the Directorate for the year ended 30 June 2013, are not fairly presented in accordance with the *Financial Management Act 1996*.

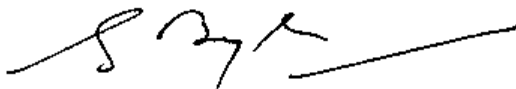
This review opinion should be read in conjunction with the other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
10 September 2013

**Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2013**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Directorate's records and fairly reflects the service performance of the Directorate in providing each class of outputs during the financial year ended 30 June 2013 and also fairly reflects the judgements exercised in preparing them.



Gary Byles
Director General
Territory and Municipal Services Directorate

16 August 2013

Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2013						
OUTPUT CLASS 1: MUNICIPAL SERVICES PRINCIPAL INDICATORS						
OUTPUT 1.1: Information Services						
Description: Provision of customer enquiry, information, bill payment and library services to the community through the Canberra Connect shopfront network, call centres and internet service, and the ACT Library and Information Services' branch and mobile libraries, home library service, the ACT Virtual Library, and the Heritage Library.						
Accountability Indicators	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances		
ACT Library Service						
Library visits per capita ^{a,b}	5.45	5.17	(5%)	1		
Items borrowed per capita ^a	7.95	8.36	5%	2		
Number of items downloaded from library databases on the website ^c	200,000	190,087	(5%)	3		
Percentage of population who are registered library members ^a	55%	54%	(2%)			
Customer satisfaction with library services ^d	90%	93%	3%			
Direct cost of public library services per capita ^a	\$35.45	\$36.39	3%			
Percentage of library collection purchased in previous five years	57%	62%	9%	4		
Number of ACT publications or items added to the heritage collection	12,000	12,649	5%	5		
Canberra Connect						
Customer volume - number of customer interactions with Canberra Connect ^{e,f}	7.3 million	7.6 million	4%			
Service accessibility - percentage of attempted customer interactions successfully undertaken ^{e,g}	98%	98%	0%			
Percentage of customers satisfied with ease of transactions with Canberra Connect ^h	90%	96%	7%			
Customer satisfaction with Canberra Connect services ^h	90%	92%	2%			
Average direct cost per customer interaction ⁱ	\$1.80	\$1.77	(2%)			
TOTAL COST (\$'000)	\$36,220	\$41,834	15%	7		
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$32,269	\$31,675	(2%)			

Explanation of Accountability Indicators

- a. 2012-13 target is based on an ACT population of 374,435. Actuals for 2012-13 are based on an ACT population of 379,600.
- b. The number of visitors for the mobile library is based on manual counts.
- c. Items downloaded include full text items such as magazine articles, journals and newspapers, eBooks, and streamed audio or video information.
- d. Satisfaction is measured from responses to an annual customer survey, which is a random telephone survey of 1000 Canberra's over the age of 18, conducted by Micromex Research. The survey results include public libraries only and do not include the Virtual, Mobile and Heritage Libraries.
- e. An interaction represents all transactions including web transactions, over the counter at shopfronts and phone calls to the call centre.
- f. 2012-13 target represents 483,000 shopfront transactions, 846,000 contact centre transactions and 6,000,000 web transactions. Actual result for 2012-13 is 501,211 shopfront transactions, 719,190 contact centre transactions and 6,380,696 web transactions.
- g. Successfully undertaken is when a call is answered, an email or electronic feedback is actioned, a customer presents at a shopfront counter or a visit to a website is recorded.
- h. Satisfaction is measured from responses to an annual customer survey regarding interaction with the Canberra Connect channels.
- i. 2012-13 target represents 483,000 shopfront transactions at \$11.63, 846,000 contact centre transactions at \$5.08 and 6,000,000 web transactions at \$0.55. Actual result for 2012-13 is 501,211 shopfront transactions at \$12.79, 719,190 contact centre transactions at \$6.25 and 6,380,696 web transactions at \$0.40.

Explanation of Variances:

1. The full year result is just below the target due to the continued impact of the changing pattern of usage of libraries where there is a greater focus on remote access via computers and e devices with visits to branches more targeted.
2. The full year result is higher than anticipated with strong loan figures attributed to an up to date collection and a successful on-line request system where library members use the online catalogue to request items they would like to borrow.
3. Downloads are less than expected with usage of online resources slightly less than last year. There is a reduction in traditional online database use such as dictionaries and encyclopaedias with this information widely available through on-line sources such as "Wikipedia". This has been offset in part by an increase in e books, emagazines, and music tracks.
4. This strong result reflects a commitment to providing high quality, relevant and up to date collections, a focus on providing e resources, an active deselection policy that removes outdated or damaged items from the collection and the limited life span of some modern resources such as DVD's and CD's.
5. There were more publications or items added to the Heritage Library than expected. The number of items added is dependent on donations and the rate of donations are variable and unpredictable. An increase in donations has been attributed to donations related to the Canberra Centenary year.
6. Budget initiative funding for the Contact Centre together with on-going frontline training in both Contact Centre and Shopfronts has been attributed to the better than expected result for this indicator.
7. The total cost is higher than the Original Budget and is a combination of the impact of the treatment of internal transactions and the higher than budgeted depreciation costs of library assets.

<p style="text-align: center;">Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2013</p>

<p style="text-align: center;">OUTPUT CLASS 1: MUNICIPAL SERVICES PRINCIPAL INDICATORS</p>
<p>OUTPUT 1.2: Roads and Sustainable Transport</p> <p>Description: Management of the ACT's road assets, stormwater infrastructure, community paths, bridges, streetlights and carparks. This output also includes the provision of ACTION bus services.</p>

Accountability Indicators	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
Infrastructure				
Annual percentage of territorial roads resurfaced	5%	3.8%	(24%)	1
Annual percentage of municipal roads resurfaced	4%	2.3%	(43%)	1
Percentage of customers satisfied with the public road network ^a	> 70%	64%	(9%)	2
Percentage of territorial roads in good condition	> 86%	89%	3%	
Percentage of bridges that meet SM1600 standard on the B Double Network ^b	> 73%	76%	4%	
Sustainable Transport				
Increase in length (km) of on-road cycle lanes ^{c,d}	25	28.8	15%	3
Increase in length (km) of bus priority/transit lanes ^d	0.5	0.5	0%	
Increase in length (km) of community paths ^{d,e}	35	30.0	(14%)	4
TOTAL COST (\$'000)	\$284,648	\$301,805	6%	5
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$162,139	\$161,715	(0%)	

Explanation of Accountability Indicators

- Satisfaction is measured from responses to an annual customer survey, which is a random telephone survey of 1000 Canberra's over the age of 18, conducted by Micromex Research.
- SM1600 standard is a theoretical loading designated by Australian Standards 5100 2004 Bridge Design which should ensure that bridges can carry future vehicle loadings.
- The Accountability Indicator refers to the length of compliant on-road cycle lanes in the network. The length of on-road cycle lanes relates to the length that meets the current standard width requirements. Sections of existing lanes that do not meet this standard are not included in the indicator, however, once these lanes are remarked as part of the maintenance program and become compliant with the standard width, these sections of lane are included in the indicator.
- Assets are increased through completion of works undertaken as part of the TAMS annual capital works program and also assets contributed to TAMS from completion of works in subdivisions and new estate works by developers.
- Community paths are concrete and asphalt pavements specifically for pedestrian and cyclist use.

Explanation of Variances:

- Full year results are below budget as a result of pressures on maintenance budgets due to factors including deterioration of roads from rain events and increasing streetlighting power costs.
- TAMS has changed the rating scales used in the customer satisfaction survey to remove the categories of "somewhat satisfied" and "somewhat dissatisfied" and replaced with "neither satisfied nor dissatisfied". TAMS target originally anticipated that responses of "somewhat satisfied" would be included in the results. The change in categories has had an impact on the variance from the budget with 19% of people surveyed selecting the "neither satisfied nor dissatisfied" option. This category has not been counted in the actual result. 17% of people surveyed were "dissatisfied" with the public road network.
- The result is higher than target and includes unexpected completion of additional on-road cycle lanes as part of capital projects in the area of Molonglo.
- The result is below anticipated mainly due to the handover of completed assets from the opening of new subdivisions being less than expected.
- Total cost is higher than the Original Budget and is mainly due to the unbudgeted expensing of completed works that do not meet the capitalisation requirements and the additional funding provided to the ACTION network.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2013

OUTPUT CLASS 1: MUNICIPAL SERVICES	
PRINCIPAL INDICATORS	
OUTPUT 1.3: Waste and Recycling	
Description: Provision of domestic waste and recyclables collection services, operation of resource management and recycling centres, and implementation and evaluation of waste management programs, including household garbage and recycling.	

Accountability Indicators	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
Waste and Recycling				
Annual tonnes of waste to landfill per head of population	0.88	0.60	(32%)	1
Annual total resource recovery tonnage per head of population	1.44	1.53	6%	2
Percentage of material recovered from the total waste stream	75%	72%	(4%)	
Annual contractor cost of kerbside collection per household ^a	\$69.00	\$72.14	4.6%	
Cost of recyclables processing per tonne at Hume Materials Recovery Facility	\$20.87	\$20.76	(1%)	
Percentage of customers satisfied with waste collection services ^b	> 90%	86%	(4%)	
Contract cost of landfilling waste per tonne	\$12.50	\$13.10	4.8%	
TOTAL COST (\$'000)	\$28,299	\$27,158	(4%)	
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$22,632	\$22,489	(1%)	

Explanation of Accountability Indicators

- The total number of kerbside waste collection services is used to calculate the total number of "households" in the ACT. Multiple residences may share one kerbside collection service.
- Satisfaction is measured from responses to an annual customer survey, which is a random telephone survey of 1000 Canberra's over the age of 18, conducted by Micromex Research.

Explanation of Variances:

- The full year result for 2012-13 is an improvement on the Original Target and is a positive outcome showing less waste to landfill than projected with lower than projected waste generated from commercial sources such as business operations. There has also been lower than anticipated approved treated fill which is contaminated material directed from the Environmental Protection Authority that has specific disposal requirements.
2012-13 Actual results represents 0.212 domestic waste, 0.048 construction and demolition and 0.340 relating to commercial and industrial waste.
- The full year result for 2012-13 is an improvement on the Original Target and is a positive outcome showing more recycling per head of population than projected.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2013

OUTPUT CLASS 1: MUNICIPAL SERVICES	
PRINCIPAL INDICATORS	
OUTPUT 1.4: Land Management	
Description: Planning and management of the ACT's parks, reserves, National Arboretum Canberra, open space system and plantations, including associated community infrastructure. The land manager role including maintaining the look and feel of the city; management of land for recreational use; conservation management; including management of national parks, nature reserves and the urban forest; fire management; and pest and weed control.	

Accountability Indicators	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
Customer satisfaction with the management of Nature Parks (Tidbinbilla Nature Reserve and Namadgi)	90%	98%	9%	1
Implement activities identified under the Bushfire Operational Plan ^{a,b,c}	100%	96%	(4%)	
Complete 5 major projects including the Visitors Centre, Childrens Play Space, Reflective Pavilion, Events Terrace and Central Valley	5	4	(20%)	2
Customer satisfaction with the management of Town and District Parks ^d	90%	91%	1%	
Customer satisfaction with the maintenance of street trees ^d	80%	55%	(31%)	3
Customer satisfaction with children's play equipment being well maintained ^d	95%	86.5%	(9%)	4
Customer satisfaction with the general look and feel of local suburban shopping centres ^d	89%	82%	(8%)	5
TOTAL COST (\$'000)	\$76,662	\$108,309	41%	6
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$64,643	\$65,615	2%	

Explanation of Accountability Indicators

- The TAMS Bushfire Operational Plan (BOP) is an annual works plan as legally required under the *Emergencies ACT 2004*, for all TAMS fuel management activities and is aimed at mitigating the adverse impact of unplanned fires.
- "Implement" represents activities that have either been completed or that were originally in the annual works plan but are now no longer required in the specific season
- "Activities" include the reduction of fuel hazards through physical removal, prescribed burning, slashing and grazing as well as access maintenance and improvements and fire related training.
- Satisfaction is measured from responses to a quarterly customer survey, which is a random telephone survey of 1200 Canberra's over the age of 18, conducted by Market Attitude Research Services.

Explanation of Variances:

1. The level of customer satisfaction is above the full year target of 90% and represents excellent feedback regarding the day to day management of Tidbinbilla and Namadgi.
2. Full year result is below target as the Events Terrace is partially completed due to weather delays. All bulk earthworks have been completed with top soil and seeding to be done at the beginning of Spring. The Events Terrace is due for completion in December 2013.
3. This result represents a significant improvement on the prior year result of 37%. TAMS has changed the rating scales used in the customer satisfaction survey to remove the categories of "somewhat satisfied" and "somewhat dissatisfied" and replaced with "neither satisfied nor dissatisfied". TAMS target originally anticipated that responses of "somewhat satisfied" would be included in the results. The change in categories has had an impact on the variance from the budget with 18% of people surveyed selecting the "neither satisfied nor dissatisfied" option. This category has not been counted in the actual result. 27% of people surveyed were "dissatisfied" with the maintenance of street trees. Due to the timing of the changes to the survey scales this result represents two quarterly surveys and represents a result for 6 months.
4. TAMS has changed the rating scales used in the customer satisfaction survey to remove the categories of "somewhat satisfied" and "somewhat dissatisfied" and replaced with "neither satisfied nor dissatisfied". TAMS target originally anticipated that responses of "somewhat satisfied" would be included in the results. The change in categories has had an impact on the variance from the budget with 8% of people surveyed selecting the "neither satisfied nor dissatisfied" option. This category has not been counted in the actual result. 5.5% of people surveyed were "dissatisfied" with the maintenance of children's play equipment. Due to the timing of the changes to the survey scales this result represents two quarterly surveys and represents a result for 6 months.
5. This result represents a significant improvement on the prior years result of 44%. TAMS has changed the rating scales used in the customer satisfaction survey to remove the categories of "somewhat satisfied" and "somewhat dissatisfied" and replaced with "neither satisfied nor dissatisfied". TAMS target originally anticipated that responses of "somewhat satisfied" would be included in the results. The change in categories has had an impact on the variance from the budget with 8.5% of people surveyed selecting the "neither satisfied nor dissatisfied" option. This category has not been counted in the actual result. 9.5% of people surveyed were "dissatisfied" with the general look and feel of local suburban shopping centres. Due to the timing of the changes to the survey scales this result represents two quarterly surveys and represents a result for 6 months.
6. Total Cost is higher than the Original Budget mainly as a result of the unbudgeted expensing of completed works that do not meet the capitalisation requirements, the additional costs associated with storm events and the impact of operating costs pressures from increased water and electricity costs, cleaning and urban asset repairs and maintenance and conservation within Parks and City Services.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2013

OUTPUT CLASS 1: MUNICIPAL SERVICES	
PRINCIPAL INDICATORS	
OUTPUT 1.5: Regulatory Services	
Description: Administration of regulatory activities to protect and enhance the natural and built environment. Provision of advice, education and compliance services to Government and the community in relation to municipal ranger functions, domestic animal management, plant and animal licensing and significant tree preservation.	

Accountability Indicators	Original Target 2012-13	Amended Target 2012-13	Actual Result 2012-13	% Variance from Original / Amended Target	Explanation of Material Variances
Numbers of dogs processed by the Domestic Animal Shelter	1,450		1,393	(4%)	
Percentage of saleable stray and abandoned dogs re-homed	95%		96%	1%	
Remove abandoned vehicles on unleased land within nine calendar days ^a	100%		92%	(8%)	1
Respond to complaints of public safety issues within 2 days ^b	100%		100%	0%	
Response & collection of "sharps" on unleased land within 4 hours	100%		100%	0%	
Reports of attacking dogs responded to within 4 hours	100%	n/a	n/a	n/a	
Responses on Development Applications referred from ACTPLA completed within agreed timeframes ^c	85%		95%	12%	2
Respond to developers' submissions within adopted timeframes ^d	85%		98%	15%	2
TOTAL COST (\$'000)	\$7,099		\$8,205	16%	3
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$7,129		\$6,965	(2%)	

Explanation of Accountability Indicators

- Calculation of the nine calendar days commences from date of notification.
- Issues include line of sight, overhanging foliage, obstructions on nature strips and signs that pose an immediate safety hazard.
- Agreed timeframe is 15 working days.
- Adopted timeframe is 20 working days.

Explanation of Variances:

- The decrease in the demand from the scrap metal market and a reduction in the number of dealers willing to pick up vehicles has reduced the market capacity to accept vehicles for scrap metal. As a consequence this has led to an increase in vehicle impoundments which caused delays in the collection services.
- The results exceed target and represents an improvement in performance as a result of a review of the structure, processes and procedures.
- Total Cost is higher than the Original Budget mainly as a result of the impact of operating cost pressures within Parks and City Services.

<p style="text-align: center;">Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2013</p>

<p style="text-align: center;">OUTPUT CLASS 2: ENTERPRISE SERVICES PRINCIPAL INDICATORS</p>
<p>OUTPUT 2.1: Government Services</p>
<p>Description: Incorporates businesses providing commercial services to ACT Government agencies and the private sector on a fee for service basis, including the Yarralumla Nursery, Capital Linen Services and ACT Property Group.</p>

Accountability Indicators	Original Target 2012-13	Amended Target 2012-13	Actual Result 2012-13	% Variance from Original / Amended Target	Explanation of Material Variances
Capital Linen Services					
Total tonnes of laundry delivered	4,900		5,204	6%	1
Retain certification of Quality Management System Standard AS/NZS ISO 9001:2000	100%		100%	0%	
Yarralumla Nursery					
Plant spoilage within industry standard ^a	< 10%		< 10%	0%	
Property					
Use of Renewable Energy ^{b,c,d}	37.5%	5%	8.6%	72%	2
Occupancy rate for properties designated for use by non-government tenants ^e	96%		95%	(1%)	
TOTAL COST (\$'000)	\$107,033		\$99,245	(7%)	3
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$2,699		\$1,085	(60%)	4

Explanation of Accountability Indicators

- Plant spoilage are plants that have become unsaleable or that have died during the growing process.
- Renewable Energy is energy produced from methane gas or Land Fill gas electricity (EDL).
- Use of Renewable Energy is measured by determining the quantity of Land Fill Gas (EDL) electricity used as a percentage of the total electricity obtained through the Whole of Government Electricity contract.
- A variation to the target has been implemented following the adoption of the Carbon Neutral ACT Government Framework in September 2012. (Notifiable Instrument NI2012-646). A portion of the Government funds associated with the purchase of Renewable Energy were transferred to Environment and Sustainability Development Directorate following adoption of this framework.
- A property designated for use by non-government tenants is a property that is not required for ACT Government use and can be made available for tenancing by community or commercial groups unless needed by the ACT Government for re-use or if the Government decides to sell, dispose or redevelop the property.

Explanation of Variances:

1. The positive variance in tonnes delivered is a result of unbudgeted new customers from the accommodation/hotel sector which commenced early in the 2012-13 financial year, unplanned contract work performed for Spotless Services in the first quarter of 2012-13 due to a number of Spotless Services critical machinery units breaking down and an increase in tonnage delivered to the Private Healthcare sector.
2. The actual result exceeded the amended target because renewable energy from Land Fill Gas electricity (EDL) was supplied in the first half of the financial year and was obtained on the basis of the original purchasing program which planned to use a much higher renewable energy percentage.
3. Total Cost is lower than the Original Budget mainly as a result of a reduction in depreciation impacted by the revaluation of buildings, the transfer of the function associated with the purchase of renewable energy to Environment and Sustainable Development Directorate and the impact of the treatment of internal transactions. These have been offset by the transfer of assets to other Directorates.
4. The variance from the Original Budget is due to the transfer of Government funding to Environment and Sustainable Development Directorate associated with the program for renewable energy as a result of the adoption of the Carbon Neutral ACT Government Framework.

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SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A8 TERRITORY AND MUNICIPAL SERVICES STRATEGIC OBJECTIVES AND INDICATORS

Strategic Objectives and Indicators

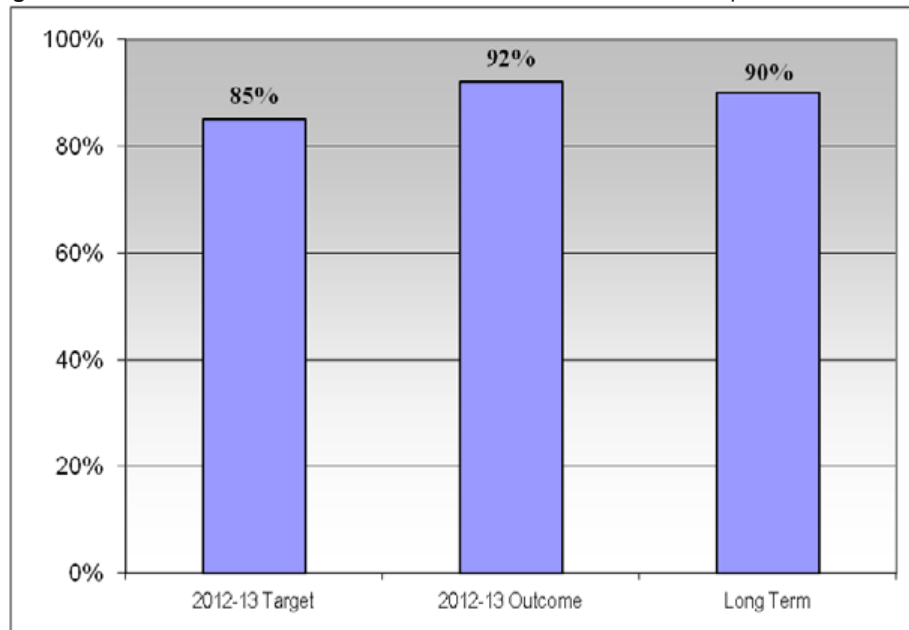
Territory and Municipal Services Directorate

Strategic Objective 1

Deliver High-Quality Services

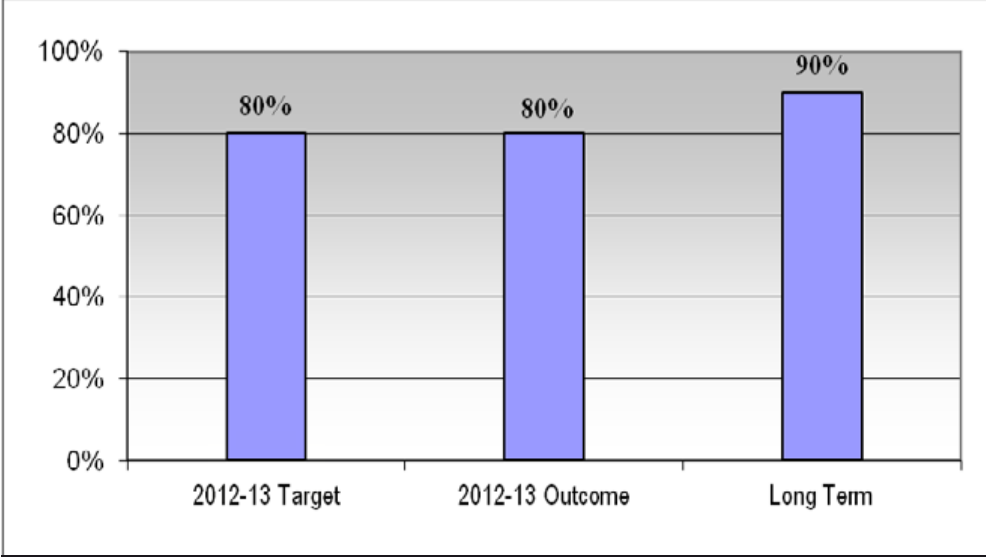
The *Canberra Plan: Towards our Second Century* articulates the Government's priorities through seven strategic themes, one of which refers to the delivery of high quality services. One of the Directorate's objectives is to ensure that services are consistently of high quality, timely, effective and cost efficient and meet the needs of the community; that the city is well maintained and its assets protected; and that members of the community are able to participate in the making of decisions that affect them.

Strategic Indicator 1.1: Customer Satisfaction Continues to Demonstrate Improvement



Overall customer satisfaction with the Directorate's services is measured through a customer satisfaction survey related to the Directorate's core service delivery responsibilities including library services, Canberra Connect, infrastructure services (including roads, community paths, traffic lights, street signs), waste collection, ACTION, parks and reserves.

Strategic Indicator 1.2: Satisfaction with Community Engagement Continues to Demonstrate Improvement



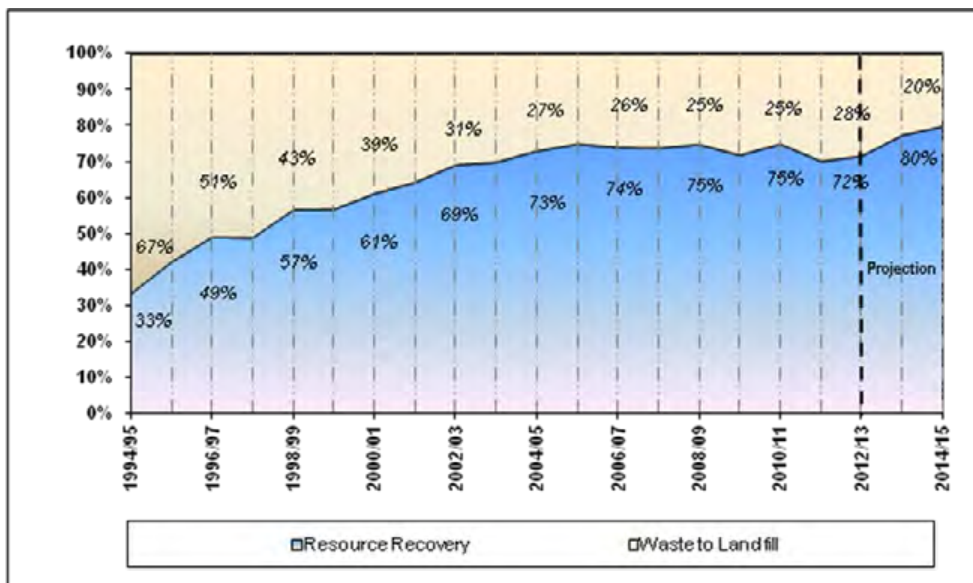
The Directorate undertakes a wide range of community engagement activities, including public meetings, forums, online and hardcopy surveys, telephone surveys, discussion groups, focus groups, seminars and workshops utilising local and social media. This indicator is measured through the number and range of community engagement activities that are undertaken, as well as through overall satisfaction with the community engagement process for those participating members of the public. This satisfaction level is measured through a feedback process that is integrated into the major consultation activities.

Strategic Objective 2

A Sustainable Future

A sustainable future is one of the Government's strategic themes articulated in The Canberra Plan: Towards our Second Century. Its objective is to ensure that Canberra becomes a fully sustainable city and region, and that future development is environmentally sensitive; natural assets, both flora and fauna, are maintained and protected; and the Territory responds to the challenges of climate change. A reduction in the amount of waste going to landfill represents a strategic progress indicator demonstrating progress towards this objective.

Strategic Indicator 2: Reduction in Waste Going to Landfill as a Proportion Recovered from the Waste Stream



This indicator is calculated using weighbridge data of waste to landfill, and data provided by local resource recovery and recycling industries in the ACT. The waste to landfill and the resource recovery data are combined to provide a total waste generation level.

Government initiatives, including development of a Dry Commercial and Industrial Recycling Facility at Hume and the ACTSmart business recycling initiative jointly coordinated by Economic Sustainable Development Directorate and Territory and Municipal Services Directorate, will continue to reduce the proportion of waste going to landfill, helping the ACT to achieve its target of 80% resource recovery by 2014-15.

SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A5 ACTION MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

ACTION

for the financial year ended 30 June 2013

General Overview

Objectives

ACTION's business activity is to provide public transport in the ACT including the following services:

- a) Scheduled route and school services to and from Canberra suburbs.
- b) Special needs transport services for students with a disability.
- c) Charter bus services for schools, sporting bodies and other organisations hosting Territory events and festivals.
- d) Community bus services in partnership between ACTION, the Community Services Directorate of the ACT Government, and the Regional Community Services.
- e) Management of the rural schools services contract.

Risk Management

ACTION has maintained a strategic business risk register that is part of the Territory and Municipal Services Directorate's (the Directorate's) Risk Management Framework. ACTION has committed to the Directorate's Fraud and Corruption Prevention Plan 2011-2013 and Code of Conduct. As part of ensuring it is able to continue operations in the event of an emergency, ACTION Business Continuity Plans were maintained and tested in real and simulated occurrences.

ACTION has identified the following potential risks that may influence its business outcomes and future financial position:

- a) **Budget and Cash Flow** – ACTION receives funding, predominantly from fare revenues and from the ACT Government, to pay for its costs of operations. ACTION anticipates these costs of operations will continue to rise in the future. Costs which are predominantly driven by external factors, such as workers compensation and public liability insurance, are of particular concern to ACTION in managing its budget risk. However, risks around budget and cash flow have been significantly reduced for the 2013-14 and 2014-15 financial years by additional funding being provided by the ACT Government through the 2013-14 Budget process. ACTION anticipates that this additional funding, combined with a planned review of its operations, and continuous review of its financial management and operational costing, will enable it to adequately manage this risk.
- b) **Occupational Health and Safety** – The rising cost of workers compensation and public liability insurance pose a risk to ACTION in being able to manage its costs of operations (discussed above) within budget. During 2012-13, to assist in managing this risk, ACTION continued to improve safety for both customers and staff at bus stations and depots. ACTION undertook work to improve safety for its customers through implementation of additional safety measures at the Tuggeranong, Woden, City, Belconnen Community and Westfield bus stations. ACTION, in conjunction with Shared Services, has also increased

management of its occupational health and safety risk by allocating additional resourcing to work with staff to improve occupational health and safety outcomes and facilitate improved return to work programs in the event of staff sustaining injury. ACTION also undertakes continuing staff education and training to emphasise the importance of health and safety in its workplace.

ACTION uses its internal communication channels, and face to face training, to ensure the importance of a safe workplace is considered by its staff when undertaking day to day operations.

- c) **Asset Management Plan** – During 2012-13, ACTION has continued to develop its Strategic Asset Management Plan to better manage its existing assets, and to ensure it has an appropriate asset base to enable it to contribute to the delivery of the ACT Government's *Transport for Canberra* strategy.
- d) **Driver and Specialised Human Resources Retention** – ACTION is maintaining a vigorous driver recruitment program to ensure a constant supply of high performing staff. However, ACTION's workforce is experiencing increasing attrition as a significant proportion reach retirement age, as well as difficulties in attracting blue collar workers in the ACT. ACTION is continuing to develop an ageing workforce strategy which will identify appropriate measures to assist it in managing this risk.
- e) **Reliable and Timely Services** – ACTION services are affected by bus and driver shortages from time to time. ACTION strives to minimise service disruptions by reducing driver shortages through managing the attrition of its workforce and staff leave requirements, and reducing bus shortages through better deployment of workshop staff. ACTION continues to monitor and report on this risk through its 'Service Reliability' accountability indicator. In 2012-13 ACTION achieved service reliability of 99.5% against a budgeted indicator of 99.5%.

ACTION also monitors the timeliness of its bus services and reports on the number of these services that ran on time through its accountability indicator for 'Services that Operate on Scheduled Time'. In 2012-13 68% of ACTION services operated on time against a budgeted indicator of 85%. It is expected that better trip and travel data from the MyWay ticketing system, to improve the way services are planned and scheduled, combined with ACTION's ongoing management of its staff, will also lead to increases in reliability and timeliness.

The Real Time Passenger Information System (due for implementation in December 2013) will also help ACTION manage these risks by providing timely advice to patrons about services, and improved information flows to assist in planning and scheduling service delivery.

Financial Performance

The following financial information is based on audited Financial Statements for 2011-12 and 2012-13, and the forward estimates contained in the Budget 2012-13 Paper No.4: Budget Estimates.

Operating Result

The operating result for ACTION was a deficit of \$7.9million against a budget deficit of \$7.9million.

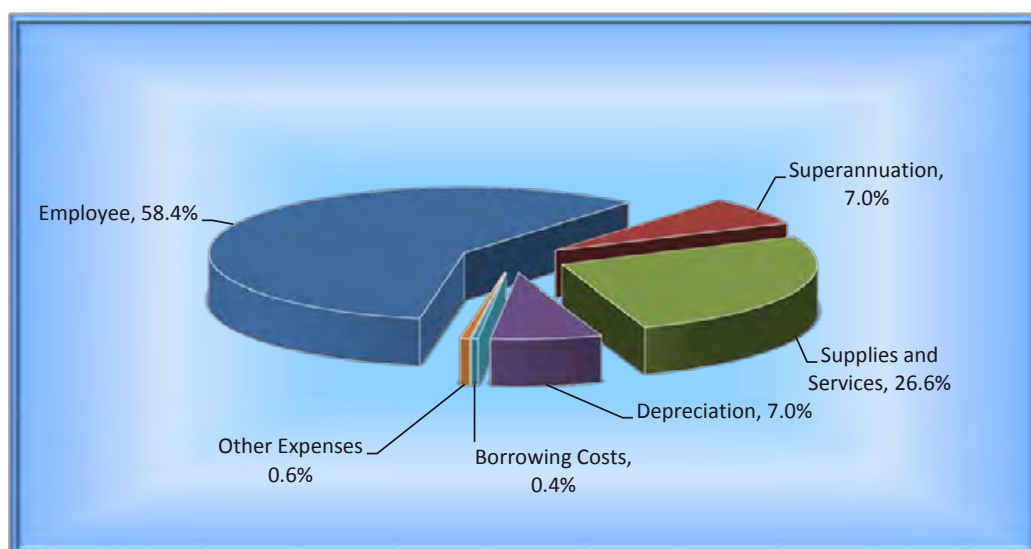
Total revenue was \$121.7million, which is \$6.4million higher than budgeted revenue of \$115.3million. Total expenses were \$129.7million, which is \$6.4million higher than budgeted expenditure of \$123.3million.

Total Expenditure

Components of Expenditure

Figure 1 illustrates the components of ACTION's expenditure for 2012-13 with the largest component of expenditure being employee expenses and superannuation representing 65.4% (or \$84.8million).

Figure 1 - Components of Expenditure as at 30 June 2013



Comparison to Budget

Total expenditure of \$129.7million was \$6.4million, or 5.2% higher than the 2012-13 budget of \$123.3million. This higher than budgeted expenditure was largely the result of:

- greater than budgeted employee expenses (including superannuation) of \$3.6million, attributed to an increase in the number of full-time equivalent staff due to network enhancements and an increased workers' compensation premium;
- supplies and services expenses in excess of budget of \$2.8million predominantly as a result of increased public liability insurance (\$0.6million), greater fuel expense due to payment on excise on compressed natural gas (\$0.2million), increased expenditure on bus maintenance expenses as a result of a program to replace driver and passenger seats and upgrading of major bus components (\$1.1million), increased fringe benefits liability (\$0.15million), increased bus running costs as a result of additional lease costs for special needs transport buses (\$0.08million) and general price increases; and
- an increase in other expenses of \$0.7million which is due to the loss on sale of assets (\$0.1million), losses from impairment of assets (\$0.2million) and write-off of capital expenditure which did not qualify for recognition (\$0.3million), which were not budgeted for;

partially offset by:

- lower than budgeted depreciation expense of \$0.7million, as a result of savings in the 2008-09 Bus Replacement program, and delays in the finalisation of the Woden depot upgrade and fuel facility upgrade programs.

Comparison to Prior Year

Total expenditure was \$6.2million, or 5.0% higher than the 2011-12 reported result. This was primarily due to:

- an increase in employee expenses (including superannuation) by \$3.8million, or 4.6%. This was due to increases in the number of full-time equivalent staff required to meet ACTION's operational needs and increased costs of workers' compensation insurance;
- an increase in supplies and services expenditure by \$2.5million, or 7.8%, due primarily to increased fuel and other bus running costs, increased public liability insurance and increased bus maintenance expenses reflecting program expenses for the progressive replacement of driver and passenger seats; and
- an increase in depreciation expense by \$0.6million due to the capitalisation of new buses;

offset by:

- a decrease in other expenses by \$0.5million which reflects the variable nature of this expenditure category. Expenses in this category include losses arising from the sale of assets and expensing of capital expenditure which does not meet ACTION's asset recognition criteria. The amount of loss on sale of assets will vary from year to year depending on both the volume and type of asset to be sold, as well as prevailing market conditions. The amount of capital works expensed in a year will also vary depending on the nature of the expenditure and the capital works projects being undertaken in the period.

Future Trends

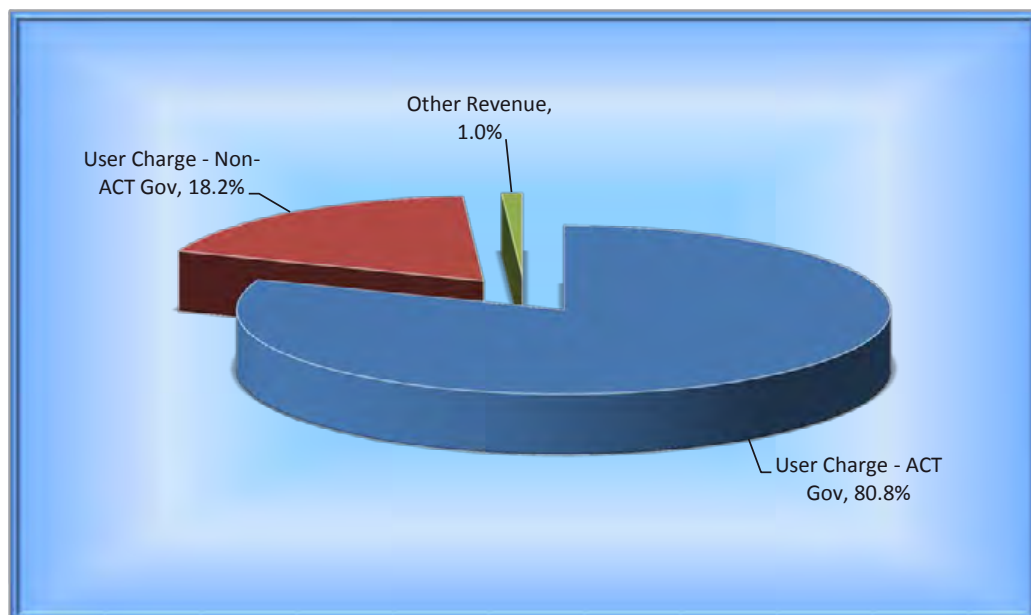
Expenditure in 2013-14 is budgeted to increase from the 2012-13 outcome by \$3.9million, reflecting an expected increase in employee costs as a result of vacant establishment positions being filled to meet service delivery requirements (\$2.8million) and increased depreciation (\$1.4million) when the full year impact of capitalised assets is realised; offset by expected savings in other expenses such as asset impairments and loss on sale of assets, which are not budgeted for. Increasing costs of workers compensation insurance continue to pose a significant risk to ACTION in terms of it being able to meet its budgeted expenditure. However ACTION will continue to work closely with the Injury Prevention Management Team in Shared Services during 2013-14 to try to minimise any increase in this premium.

Total Income

Components of Income

Figure 2 illustrates that for the financial year ended 30 June 2013, ACTION received 18.2% of its total income of \$121.7million from User Charges – non-ACT Government. This income largely relates to fares, charter, and bus advertising services provided to private sector clients. The remainder of ACTION's income is derived from ACT Government user charges for community service obligations and other contract sourced revenue including special needs transport, concessional travel payments; and other revenue relating to fuel tax credits.

Figure 2 - Components of Income as at 30 June 2013



Comparison to Budget

Income for the year ended 30 June 2013 was \$121.7million, which was \$6.4million above the 2012-13 budget of \$115.3million. This was largely due to:

- additional funding provided by the ACT Government of \$7million to assist with ACTION's costs of operations; and
- a higher than budgeted rebate for fuel usage of \$0.4million;

offset by:

- lower than budgeted fares revenue of \$1million due to slightly lower than anticipated patronage numbers combined with a change in the mix of fare types between cash and MyWay fares and lower than anticipated revenue arising from changes in fare cap travel.

Comparison to Prior Year

Income in 2012-13 was \$6.9million, or 6.1%, higher than the 2011-12 reported result. The increase was mainly due to:

- an increase in fares revenue of \$0.6million, as a result of a fare increases introduced in February 2013;
- a net increase in service payments from the ACT Government of \$6million to address increased costs and, despite higher fares revenue being slightly higher in 2012-13 than the prior year, fare revenues lower than budget as a result of lower patronage and a change in the mix between cash fares and prepaid travel fares;
- increased revenue from provision of chartered bus services (\$0.1million);
- an increase in special needs transport revenue of \$0.6million reflecting additional income to reimburse the additional lease costs for new buses acquired in 2013; and

- increased other revenue due to timing issues associated with reimbursement of salaries associated with workers compensation claims (\$0.2million);

partly offset by:

- decreased revenue from bus advertising as a result of the expiration of a bus advertising contract (\$0.3million);
- a decrease in reimbursements for insurance claims as a result of timing differences (\$0.3million); and
- decreased revenue from fuel tax rebates as a result of a change in the rebate rate (\$0.1million).

Future Trends

Total income for 2013-14 is budgeted to increase by \$1.5million (1.2%) from the 2012-13 outcome. This reflects additional funding provided by Government to meet increasing costs of service delivery in line with expected increases in the consumer price index.

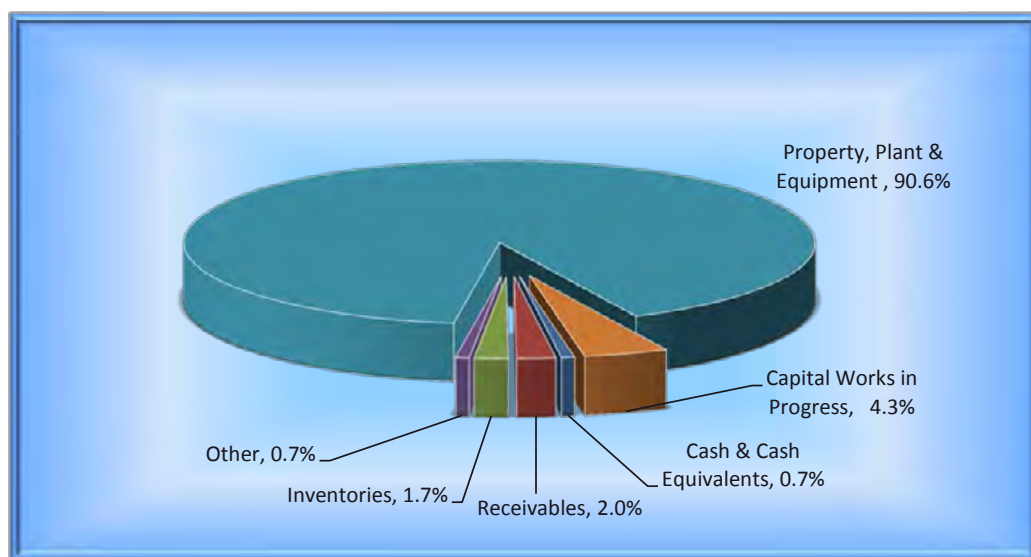
Financial Position

Total Assets

Components of Total Assets

Figure 3 illustrates that for the financial year ended 30 June 2013, property, plant and equipment and capital works in progress accounted for 94.9% of ACTION's total asset base of \$168.3million.

Figure 3 – Components of Total Assets as at 30 June 2013



Comparison to Budget

Assets as at 30 June 2013 totalled \$168.2million, \$10million less than the 2012-13 budget of \$178.2million. The decrease is largely the result of:

- non-current assets comprising property, plant and equipment and capital works in progress, were \$12.6million lower than budget predominantly due to savings realised in the 2008-09 Bus Replacement program and timing differences associated with the capitalisation of assets; and
- inventory on hand was lower than budget by \$0.7million, reflecting timing differences associated with the delivery of stock;

partly offset by:

- increased prepayments of \$1million, reflecting a change in the payment arrangements for funding of Aurion payroll commitments;
- higher than budgeted receivables by \$1.8million, reflecting timing issues associated with the issuing of invoices and receipt of funds for these; and
- increased cash at bank of \$0.5million reflecting the timing of supplier payments and an increase in prepaid ticket revenue.

Comparison to Prior Year

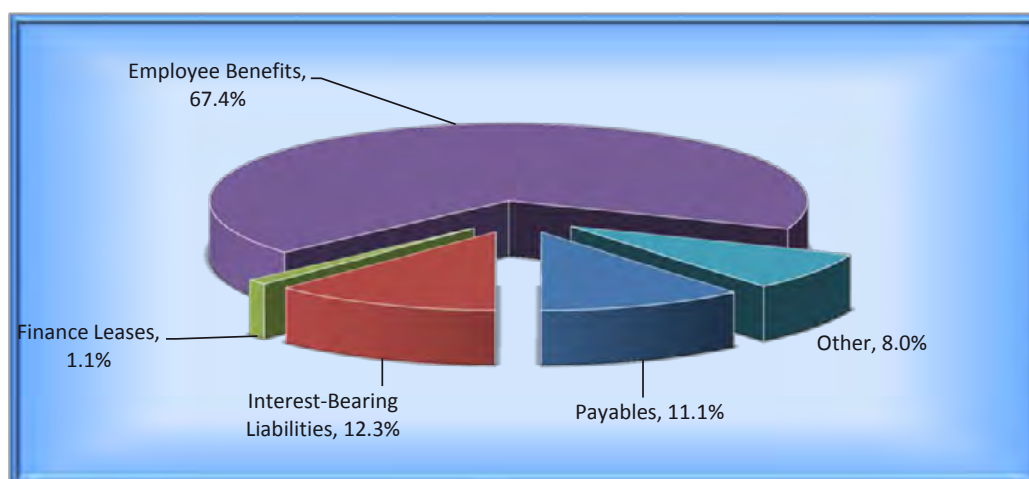
ACTION's total asset position is \$9.4million more than the 2011-12 result of \$158.9million primarily because of a net increase of \$7.9million in non-current assets due to the continuation of the bus replacement program, additional expenditure on capital projects including the new radio communications system project, replacement of a further 11 articulated buses, upgrade of the Woden depot and existing fuel facilities; combined with increased outstanding receivables and prepayments.

Total Liabilities

Components of Total Liabilities

Figure 4 illustrates that the majority of ACTION's liabilities relate to employee benefits (67.4%), interest bearing liabilities (12.3%) and payables (11.1%).

Figure 4 – Components of Total Liabilities as at 30 June 2013



Comparison to Budget

ACTION's liabilities for the year ended 30 June 2013 of \$30million is \$7.4million less than the 2012-13 budget of \$37.4million largely due to:

- lower than budgeted payables of \$8.9million as a result of additional funding provided by Government used to reduce amounts owing to creditors;
- lower than budgeted costs for finance leases of \$0.1million;

offset by

- higher than budgeted employee benefits of \$0.8million, reflecting an increase in the unadjusted value of leave entitlements (i.e. period of leave owing times current salary), offset by a change in the rate used to calculate the present value of employee leave entitlements, taking into account the expected time period when these will be paid; and

- higher than budgeted revenue in advance, when compared to budget, of \$0.8million due to increased payments for pre-paid travel on MyWay cards.

Comparison to Prior Year

Total liabilities of \$30million are \$0.2million higher than the 2011-12 actual results of \$29.8million. This is due to:

- an increase of \$1.3million in payables as a result of timing issues associated with creditor payments;
- an increase of \$0.1million in other liabilities relating to higher cash balances on MyWay cards due to an increase in the use of MyWay cards for travelling on ACTION buses;

partly offset by:

- a reduction of \$0.6million in interest bearing liabilities due to loan repayments; and
- a decrease of \$0.6million in employee liabilities due to a change to funding arrangements for ACTION's industrial staff payroll provider, which has resulted in the transfer of funds for industrial staff salaries to the service provider prior to 30 June 2013, to facilitate payment to employees in the first week of July 2013. This changed funding arrangement has also resulted in an increase in prepayments for the 2012-13 year.

Liquidity

The current ratio is a measure of ACTION's ability to satisfy short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1-to-1 may indicate a reliance on the next financial year's funding to meet short-term debts. Table 1 illustrates ACTION's liquidity position.

Table 1 – Current Ratio as at 30 June 2013

	Prior Year Actual 2011-12	Current Year Budget 2012-13	Current Year Actual 2012-13
Current Assets (\$'000)	7,113	5,917	8,562
Current Liabilities (\$'000)	13,896	23,496	14,866
Current Ratio	0.51:1	0.25:1	0.58:1

ACTION's current ratio for the financial year is 0.58 to 1, which is higher than the budgeted current ratio of 0.25 to 1. This improvement in the current ratio reflects the additional funding provided by ACT Government and a resultant decrease in payables at year end, combined with increased receivables at year end.

In accordance with Accounting Standards all employee benefits where ACTION does not have an unconditional right to defer payment, that is the entitlement for payment has vested with the employee, have been classified as a current liability. However, it is not expected that these employee benefits will be fully paid in the next twelve months and for this reason only that component of employee benefits which ACTION expects to pay in the next twelve months is included in calculation of the current ratio above. The current ratio

would be 0.33:1 against a budgeted ratio of 0.18:1 (0.29:1 in 2011-12) if all employee benefits classified as a current liability were included in the ratio.

Note 2(a) of the ACTION financial statements for 2012-13 provides further information on management of this risk.

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SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A6 ACTION FINANCIAL REPORT



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

ACTION

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of ACTION for the year ended 30 June 2013 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

Responsibility for the financial statements

The Director-General of the Territory and Municipal Services Directorate is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

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

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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

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

Electronic presentation of the audited financial statements

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

Independence

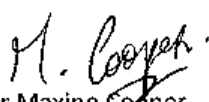
Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of ACTION for the year ended 30 June 2013:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of ACTION as at 30 June 2013 and the results of its operations and cash flows for the year then ended.

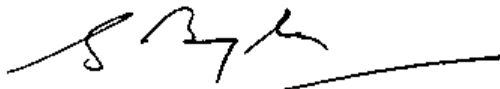
This audit opinion should be read in conjunction with the other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
14 September 2013

ACTION
Financial Statements
For the Year Ended 30 June 2013

Statement of Responsibility

In my opinion, the financial statements are in agreement with ACTION's accounts and records and fairly reflect the financial operations of ACTION for the year ended 30 June 2013 and the financial position of ACTION on that date.



Gary Byles
Director-General
Territory and Municipal Services
Directorate

3 September 2013

ACTION
Financial Statements
For the Year Ended 30 June 2013

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with ACTION's accounts and records and fairly reflect the financial operations of ACTION for the year ended 30 June 2013 and the financial position of ACTION on that date.



Gordon Elliott
Chief Finance Officer
Territory and Municipal
Services Directorate

3 September 2013

ACTION

Financial Statements

For the Year Ended

30 June 2013

ACTION
Operating Statement
For the Year Ended 30 June 2013

	Note No.	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Income				
<i>Revenue</i>				
User Charges – ACT Government	4	98,352	91,173	91,608
User Charges – Non-ACT Government	4	22,131	23,245	21,951
Other Revenue	5	1,252	888	1,228
Total Revenue		121,735	115,306	114,787
<i>Gains</i>				
Other Gains	6	-	-	17
Total Gains		-	-	17
Total Income		121,735	115,306	114,804
Expenses				
Employee Expenses	7	75,715	73,161	72,479
Superannuation Expenses	8	9,119	8,034	8,591
Supplies and Services	9	34,470	31,686	31,980
Depreciation	10	9,086	9,765	8,520
Borrowing Costs	11	523	509	583
Other Expenses	12	802	96	1,326
Total Expenses		129,715	123,251	123,479
Income Tax Equivalents Expense	31	-	-	-
Operating (Deficit)		(7,980)	(7,945)	(8,675)
Other Comprehensive Income				
Net Increase in Asset Revaluation Surplus	27	-	-	884
Total Other Comprehensive Income		-	-	884
Total Comprehensive (Deficit)		(7,980)	(7,945)	(7,791)

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

ACTION
Balance Sheet
As at 30 June 2013

	Note	Actual	Original	Actual
	No.	2013	Budget	2012
		\$'000	2013	2012
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	16	1,130	636	1,588
Receivables	17	3,343	1,528	2,222
Inventories	18	2,928	3,587	3,254
Assets Held for Sale	19	67	-	10
Other Assets	20	1,094	166	39
Total Current Assets		8,562	5,917	7,113
Non-Current Assets				
Property, Plant and Equipment	21	152,430	169,166	141,246
Capital Works in Progress	22	7,265	3,125	10,525
Total Non-Current Assets		159,695	172,291	151,771
Total Assets		168,257	178,208	158,884
Current Liabilities				
Payables	23	3,344	12,263	2,045
Interest-Bearing Liabilities	24	632	632	616
Finance Leases	24	208	146	120
Employee Benefits	25	18,995	18,406	19,554
Other Liabilities	26	2,405	1,603	2,263
Total Current Liabilities		25,584	33,050	24,598
Non-Current Liabilities				
Interest-Bearing Liabilities	24	3,068	3,067	3,700
Finance Leases	24	126	253	238
Employee Benefits	25	1,257	1,024	1,284
Total Non-Current Liabilities		4,451	4,344	5,222
Total Liabilities		30,035	37,394	29,820
Net Assets		138,222	140,814	129,064
Equity				
Contributed Equity		188,396	201,394	171,258
Accumulated (Deficits)		(93,898)	(103,419)	(85,918)
Asset Revaluation Surplus	27	43,724	42,839	43,724
Total Equity		138,222	140,814	129,064

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

ACTION
Statement of Changes in Equity
For the Year Ended 30 June 2013

	Contributed Equity Actual 2013 \$'000	Accumulated (Deficits) Actual 2013 \$'000	Asset Revaluation Surplus Actual 2013 \$'000	Total Equity Actual 2013 \$'000	Original Budget 2013 \$'000
30 June 2013					
Balance at the Beginning of the Reporting Period	171,258	(85,918)	43,724	129,064	118,117
Comprehensive Income					
Operating (Deficit)	-	(7,980)	-	(7,980)	(7,945)
Total Comprehensive (Deficit)	-	(7,980)	-	(7,980)	(7,945)
Transactions Involving Owners Affecting Accumulated Funds					
Capital Payments from the Territory and Municipal Services Directorate	17,138	-	-	17,138	30,642
Total Transactions Involving Owners Affecting Accumulated Funds	17,138	-	-	17,138	30,642
Balance at the End of the Reporting Period	188,396	(93,898)	43,724	138,222	140,814

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

ACTION
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2013

	Contributed Equity Actual 2012 \$'000	Accumulated (Deficits) Actual 2012 \$'000	Asset Revaluation Surplus Actual 2012 \$'000	Total Equity Actual 2012 \$'000
30 June 2012				
Balance at the Beginning of the Reporting Period	147,842	(77,243)	42,840	113,439
Comprehensive Income				
Operating (Deficit)	-	(8,675)	-	(8,675)
Increase in the Asset Revaluation Surplus	-	-	884	884
Total Comprehensive (Deficit) Income	-	(8,675)	884	(7,791)
Transactions Involving Owners Affecting Accumulated Funds				
Capital Payments from the Territory and Municipal Services Directorate	23,416	-	-	23,416
Total Transactions Involving Owners Affecting Accumulated Funds	23,416	-	-	23,416
Balance at the End of the Reporting Period	171,258	(85,918)	43,724	129,064

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

ACTION
Cash Flow Statement
For the Year Ended 30 June 2013

	Note No.	Actual 2013 \$'000	Original Budget 2013 \$'000	Actual 2012 \$'000
Cash Flows from Operating Activities				
Receipts				
User Charges – ACT Government		96,598	91,173	90,677
User Charges – Non-ACT Government		22,731	23,245	22,918
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		5,875	2,185	5,730
Goods and Services Tax Collected from Customers		2,520	1,980	2,445
Commonwealth Government Grants		1,112	888	1,225
Total Receipts from Operating Activities		128,836	119,471	122,995
Payments				
Employee		77,291	72,712	70,588
Superannuation		9,522	8,035	8,545
Supplies and Services		34,129	33,010	33,470
Borrowing Costs		523	509	584
Goods and Services Tax Paid to Suppliers		5,763	1,996	5,933
Other		2,732	2,267	2,639
Total Payments from Operating Activities		129,960	118,529	121,759
Net Cash (Outflows)/Inflows from Operating Activities	32	(1,124)	942	1,236
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property, Plant and Equipment		80	-	234
Total Receipts from Investing Activities		80	-	234
Payments				
Purchase of Property, Plant and Equipment		15,800	30,642	22,817
Total Payment from Investing Activities		15,800	30,642	22,817
Net Cash (Outflows) from Investing Activities		(15,720)	(30,642)	(22,583)
Cash Flows from Financing Activities				
Receipts				
Capital Payments from the Territory and Municipal Services Directorate		17,138	30,642	23,416
Total Receipts from Financing Activities		17,138	30,642	23,416
Payments				
Repayment of Borrowings		616	616	601
Repayment of Finance Lease Liabilities		136	-	123
Total Payment from Financing Activities		752	616	724
Net Cash Inflows from Financing Activities		16,386	30,026	22,692
Net (Decrease)/Increase in Cash and Cash Equivalents		(458)	326	1,345
Cash and Cash Equivalents at the Beginning of the Reporting Period		1,588	310	243
Cash and Cash Equivalents at the End of the Reporting Period	32	1,130	636	1,588

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

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

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ACTION
Notes to and Forming Part of the Financial Statements
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NOTE 1. OBJECTIVES OF ACTION

Legal Form and Principal Place of Business

The Australian Capital Territory Internal Omnibus Network (ACTION) is a commercial operation within the Roads and Public Transport Division of the Territory and Municipal Services Directorate. ACTION is a separate reporting entity with its own financial information, strategy and accountability measures.

ACTION's principal place of business is at Macarthur House, 12 Wattle Street, Lyneham, in the Australian Capital Territory (ACT).

Operations and Principal Activities

Public transport in the ACT is provided by ACTION and includes the following services:

- a public bus and school services network providing a range of express and route options to and from most suburbs;
- a special needs transport service that is a door to door service for disadvantaged children in the ACT community;
- a charter bus service provided at commercial rates; and
- management of the ACT Rural Bus Contract.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The *Financial Management Act 1996 (FMA)* requires ACTION to prepare annual financial statements.

The FMA and the *Financial Management Guidelines* issued under the Act, requires ACTION's financial statements to include:

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

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

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

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for land and buildings, buses, plant and equipment and community and heritage assets which have been valued in accordance with ACTION's revaluation policies.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(a) Basis of Accounting - Continued

As at 30 June 2013, ACTION's current assets are insufficient to meet its current liabilities. However, this is not considered a liquidity risk as its cash needs are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime, which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

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

ACTION is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of ACTION for the year ending 30 June 2013 together with the financial position of ACTION as at 30 June 2013.

(c) Comparatives Figures

Budget Figures

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

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

(d) Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.

(e) Revenue Recognition

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

ACT Government User Charges

User Charges – ACT Government includes service payments from the General Government Sector, concessional travel payments, special needs transport and recoveries from other ACT Government entities.

This revenue is recognised in the Operating Statement when ACTION has obtained control of the revenue, it is probable that the economic benefits will flow to ACTION and the amount of revenue can be reliably measured.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(e) Revenue Recognition - Continued

Non-ACT Government User Charges

User Charges – Non-ACT Government includes revenue from fares, charter, advertising and other receipts from non-ACT Government entities and is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to ACTION.

Cash paid for MyWay tickets, prior to travel being undertaken, is initially recognised as revenue received in advance. Revenue for these prepaid tickets is recognised progressively as passengers use the prepaid tickets on the bus and the fare has been recorded through the ticketing system.

Revenue is not recognised in ACTION's financial statements if a fare is not collected by ACTION as it is not probable that the economic benefits associated with the transaction will flow to ACTION. This may occur when ticket machines fail or a person is identified as exempt from paying a fare under the *Road Transport (Public Passenger Services) Regular Route Services Maximum Fares Determination*.

(f) Repairs and Maintenance

ACTION undertakes cyclical maintenance on its plant and equipment, buildings and buses. Where the maintenance leads to an upgrade of the asset and increases the service potential of the existing buildings, buses or plant and equipment, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

(g) Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred.

(h) 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 waivers are disclosed at Note 13: *'Waivers, Impairment Losses and Write-Offs'*.

(i) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or ACTION does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities which do not fall within the current classification are classified as non-current.

(j) Impairment of Assets

ACTION assesses, at each reporting date, 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.

Any resulting impairment losses, for land and buildings, buses, plant and equipment and community and heritage assets, are recognised as a decrease to the Asset Revaluation Surplus relating to these classes of assets. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(j) Impairment of Assets - Continued

An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's 'fair value less 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 ACTION were deprived of it. Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

(k) Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank and cash on hand. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

(l) Receivables

Accounts receivables (including trade and other receivables) are initially recognised at fair value and are 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 the public. Trade receivables are due for settlement within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Other receivables arise outside the normal course of selling goods and services to other agencies and to the public. Other receivables are due for settlement within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

The ability to collect receivables is reviewed on an on-going basis. Receivables that are unable to be collected are written-off.

The allowance for impairment losses represents the amount of receivables ACTION estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. ACTION considers the following is objective evidence of impairment:

- a) becoming aware of financial difficulties of debtors;
- b) default payments; or
- c) debts more than 90 days overdue.

The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the Operating Statement. The allowance for impairment losses is written-back against the receivables account when ACTION ceases to collect the debt. Decisions to cease pursuing a debt are made following an assessment of the recoverability of the debt, the costs to continue to pursue the debt and the value of the debt.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(l) Receivables - Continued

Receivables that have been renegotiated because they are past due or impaired are accounted for based on the renegotiated terms.

(m) Inventories

Inventories are held for distribution and valued at weighted average cost and adjusted when applicable for any loss of service potential. Weighted average cost comprises the purchase price of inventories averaged over the number of units held for each inventory item. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Any adjustments required for a loss in service potential are determined using the weighted average cost less the value of any impairment associated with the inventory items.

(n) 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 the 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.

(o) 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).

Where property, plant and equipment is acquired at no cost or minimal cost, cost is its fair value as at the date of acquisition. However, property, plant and equipment acquired at no cost or minimal cost as part of restructuring of administrative arrangements is measured at the transferor's book value.

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

The capitalisation threshold for property, plant and equipment is \$5,000.

(p) Measurement of Property, Plant and Equipment After Initial Recognition

Property, plant and equipment is measured at fair value.

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

Fair value for land and buildings is measured using current prices in a market for similar properties in a similar location and condition.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(p) Measurement of Property, Plant and Equipment After Initial Recognition - Continued

The valuation approach taken to determine the fair value of buses is based on the existence of a market for second-hand buses. A sales-comparison valuation approach has been adopted for all buses with the exception of late model and Compressed Natural Gas (CNG) buses. For late model and CNG buses, there is an absence of a secondary sales market and therefore these buses have been valued using depreciated replacement cost method.

All assets are revalued every 3 years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value then the asset's values are updated regardless of when the last valuation took place. Any accumulated depreciation relating to buildings, buses and plant and equipment 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.

(q) Depreciation of Non-Current Assets

Non-current assets with a limited useful life are systematically depreciated 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 over its newly assessed remaining useful life. Land and the community and heritage asset have an unlimited useful life and are therefore not depreciated.

Motor vehicles under a finance lease are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

All depreciation is calculated after first deducting any residual values which remain for each asset. Depreciation for non-current assets is determined as follows:

Class of Asset	Depreciation	Useful Life (Years)
Buildings	Straight Line	45
Buses	Straight Line	15-25
Plant and Equipment	Straight Line	2-20
Vehicles under a Finance Lease	Straight Line	2-3

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

(r) Payables

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

Payables include trade payables, accrued expenses and other payables.

Trade payables represent the amount owing for goods and services received prior to the end of the reporting period for which an invoice has been received and entered into the Whole of Government finance system but remains unpaid at the end of the reporting period.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period where an invoice may not have been received, or if received not entered into the Whole of Government finance system.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(r) Payables - Continued

Other payables represent amounts payable by ACTION which do not directly relate to goods and services supplied to ACTION in the normal course of its operations.

(s) Interest-Bearing Liabilities

Interest-bearing liabilities are financial liabilities. They are measured at amortised cost with any adjustments to the carrying amount being recorded in the Operating Statement. The associated interest expense is recognised in the reporting period in which it occurs.

(t) Leases

ACTION has entered into finance leases and operating leases.

Finance Leases

Finance leases effectively transfer to ACTION substantially all risks and rewards incidental to ownership of the assets under a finance lease. The title may or may not eventually be transferred. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments with 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. Each lease payment is allocated between interest expense and a reduction in the lease liability. Leased assets are depreciated on a straight-line basis. The depreciation is calculated after first deducting any residual values which remain for each leased asset. Lease liabilities are classified as current and non-current.

Operating Leases

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

(u) Employee Benefits

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

Wages and Salaries

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

Annual and Long Service Leave

Annual leave and long service leave that falls due wholly within the next 12 months is measured based on the estimated amount of remuneration payable when the leave is taken. Annual and long service leave including applicable on-costs that do not fall due within the next 12 months are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(u) Employee Benefits - Continued

Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting period end, the present value of the future payments is calculated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2012-13, the rate used to estimate the present value of these future payments is 101.3% (106.6% in 2011-12).

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 the applicable on-costs.

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

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

(v) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover ACTION's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). This payment covers the CSS/PSS employer contribution but does not include the productivity component. The productivity component is paid directly to ComSuper by ACTION. The CSS and PSS are defined benefit superannuation plans, meaning that the defined benefits received by employees are based on the employee's years of service and average final salary.

Superannuation payments have also been made directly to superannuation funds for employees who are members of other superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employee choice. Eligibility to contribute to PSSAP for ACT Government employees ceased on 6 October 2006.

Superannuation employer contribution payments, for CSS and PSS, are calculated by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal CSS or PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary and multiplying it by the employer contribution rate (approximately 3%) for each ACTION employee. Superannuation payments for PSSAP are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the appropriate employer contribution rate. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(v) Superannuation - Continued

A superannuation liability is not recognised in the Balance Sheet of ACTION as the Superannuation Provision Account recognises the total Territory superannuation liability for the CSS and PSS. ComSuper and the external schemes recognise the superannuation liability for the PSSAP and other schemes respectively.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the CSS and PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

(w) Equity Contributed by the ACT Government

Contributions made by the ACT Government through its role as owner of ACTION, are treated as contributions of equity. These contributions are transferred to ACTION through the Territory and Municipal Services Directorate.

(x) Insurance

Major risks are insured through the ACT Insurance Authority. The excess payable, under this arrangement, varies depending on each class of insurance held.

(y) Income Tax Equivalents

ACTION falls within the 'National Tax Equivalents Regime' and is required to calculate income tax in accordance with the *Income Tax Assessment Act 1997* and *Income Tax Assessment Act 1936* and to account for the resulting amounts under the requirements of Australian Accounting Standard AASB 112: '*Income Taxes*'. ACTION has significant carry-forward tax losses that are unlikely to be recovered in the future.

The charge for the current income tax equivalents expense is based on the operating surplus/deficit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable surplus or deficit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited in the Operating Statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be used.

ACTION has assessed that it is not probable that the tax benefits from net deferred tax assets relating to tax losses and temporary differences will be recouped in the future. Accordingly, ACTION have not recognised any net deferred tax assets.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(z) Significant Accounting Judgements and Estimates

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

Fair Value of Land and Buildings: ACTION has made a significant judgement regarding the fair value of its land and buildings. The property has been valued by adding the depreciated added value of all improvements to the site value. Industrial building costs have been extracted from Rawlinsons Australian Construction Handbook and the site value has been ascertained from levels of value achieved from recent sales of industrial and commercial sites in the ACT adjusted for the large size of the subject site and its Belconnen location.

Fair Value of Buses: ACTION has made a significant judgement regarding the fair value of its buses. The valuation approach taken is based on there being a market for second-hand buses. A sales comparison valuation approach has been adopted for all buses with the exception of some late model buses and CNG buses. In this situation, as there was an absence of evidence of secondary sales data these buses have been valued at depreciated replacement cost. Buses have been recorded at the fair value as determined by an independent valuer.

Fair Value of Plant and Equipment: ACTION has made a significant judgement regarding the fair value of its plant and equipment. The fair value of items of plant and equipment has been determined by an independent valuer as the market value of the respective item, taking into account the total useful life of the item, and likely replacement costs.

Fair Value of Community and Heritage Asset: ACTION has made a significant judgement regarding the fair value of its community and heritage asset. The community and heritage asset has been recorded at fair value as determined by an independent valuer. In the absence of an active secondary market for assets of this type, fair value has been calculated based on depreciated replacement cost. This valuation uses significant judgement and estimates to determine fair value, including the appropriate indexation figure and quantum of assets held.

Employee Benefits: Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits requires a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in Note 2(u): 'Employee Benefits' and Note 3: 'Change in Accounting Estimates'.

Estimation of Useful Lives of Property, Plant and Equipment: ACTION has made a significant estimate 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 the historical experience of similar assets and in some cases has been based on advice provided by the valuers. The useful lives are re-assessed on an annual basis and any adjustments are made when considered necessary. Further disclosure concerning an asset's useful life can be found at Note 2(q): 'Depreciation of Non-Current Assets'.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(z) Significant Accounting Judgements and Estimates – Continued

Accounting for Components of Buses: ACTION has made a significant judgement regarding the recognition and depreciation of each bus, including significant components. ACTION has assessed that the useful lives of significant components of each bus, such as the engine and transmission, are the same as the main component, the bus chassis. Therefore, ACTION accounts for each bus, including all significant components, as one asset and depreciates it over the assessed useful life.

Contingent Liabilities and Contingent Assets: ACTION has made a significant judgement in disclosing the contingent liabilities and contingent assets amounts based on an estimation provided by the ACT Government Solicitor. The ACT Government Solicitor's estimation of contingent liabilities is an estimate of the Territory's likely liability for legal claims against ACTION. The ACT Government Solicitor's estimation of contingent liabilities is also used in the estimation of the associated contingent asset on these claims payable, as a result of insurance coverage through ACT Insurance Authority.

Allowance for Impairment of Receivables: ACTION has made a significant judgement in estimating the allowance for impairment of receivables. The allowance is based on reviews of overdue receivable balances and the amount of the allowance is recognised in the Operating Statement. Further details on the calculation of this estimate are outlined in Note 2(l): 'Receivables'.

Impairment of Non Current Assets: ACTION has made a significant judgement regarding its impairment of its non current assets by undertaking a process of reviewing any likely impairment factors. ACTION has made an assessment of any indication of impairment by completing an impairment checklist. Where an impairment factor is identified the value of the impairment is recognised against the available carrying amount for the relevant asset class in the asset revaluation reserve.

Impairment of Buses Not Used 'In Service': ACTION has made a significant judgement regarding its impairment of buses not included in its 'in service' bus fleet numbers. The size of ACTION's 'in service' bus fleet varies dependent on the number of buses required to meet peak service demands and the number of buses held as spare to meet this peak demand. Buses held as spare are used to service routes in the event of a scheduled bus being unavailable due to breakdown, accident or normal servicing requirements. ACTION has a physical bus fleet of 428 buses. ACTION's current bus network requires 411 of these buses to be 'in service' to meet peak demand requirements. The 17 buses held by ACTION which are not required to deliver services as part of the current 'in service' fleet have not been impaired as these buses continue to be used to deliver services on a rotational basis.

Replacement of Driver and Passenger Seats: ACTION has made a significant judgement regarding the recognition of expenditure on the replacement of driver and passenger seats on its buses. ACTION has determined that the nature of these items are similar to other parts used in maintaining the service functionality of its buses and accounts for these items as inventory, which is expensed at the time of fitting to the buses.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(aa) 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. ACTION 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 ACTION in future reporting periods:

- AASB 9 Financial Instruments (application date 1 January 2015);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- AASB 1055 Budgetary Reporting (application date 1 July 2014);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 January 2015);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]] (application date 1 January 2013).
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (application date 1 January 2013);
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014);
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] (application date 1 January 2013);
- AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7 & AASB 2011-8] (application date 1 January 2013); and
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12] (application date 1 January 2013).

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 3. CHANGE IN ACCOUNTING ESTIMATES

Revision of Estimation of the Employee Benefit Liability

As disclosed in Note 2(u): '*Employee Benefits*', annual leave and long service leave, including applicable on costs, which do not fall due in the next 12 months, are measured at the present value of estimated payments to be made in respect of services provided by employees up to the reporting date. The present value of future payments is estimated using the government bond rate.

There has been a change in the government bond rate used to estimate the present value of employee benefits which has decreased from 106.6% in 2011-12 to 101.3% in 2012-13. This change has resulted in a decrease to the estimate of the long service leave liability and expense of \$629,332 in 2012-13.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 4. USER CHARGES

User Charges - ACT Government revenue is derived from the provision of bus services to the community as a whole. ACTION receives service payments from the ACT Government through the Territory and Municipal Services Directorate, concessional travel payments through the Community Services Directorate, special needs transport payments through the Education and Training Directorate, and revenue for charter services where ACTION buses are hired by ACT Government directorates.

User Charges - Non-ACT Government revenue is derived from fare revenue, charter services, advertising and other commercial arrangements.

	2013	2012
	\$'000	\$'000
User Charges - ACT Government		
Service Payments from the General Government Sector ^a	88,523	82,451
Concessional Travel Payments	7,445	7,399
Special Needs Transport ^b	2,133	1,568
Charter ^c	156	115
Recoveries from Other ACT Government Agencies	95	75
Total User Charges - ACT Government	98,352	91,608
User Charges - Non - ACT Government		
Fares ^d	21,028	20,428
Charter	551	504
Advertising ^e	551	786
Other ^f	1	233
Total User Charges - Non - ACT Government	22,131	21,951
Total User Charges	120,483	113,559

^aThe increase in service payments from the General Government Sector reflects increased funding to meet cost pressures associated with service delivery, lower patronage numbers and an increased workers' compensation insurance premium.

^bThe increase in revenue reflects additional funding provided by the Education and Training Directorate for special needs transport.

^cReflects revenue received from ACT Government Directorates for Charter Services. This revenue was reported in User Charges – Non ACT Government in 2011-12. Comparative year figures have been adjusted to reflect the change in reporting.

^dThe increase in fares revenue reflects the impact of a fare increase in February 2013, which has been partially offset by a slight decline in passenger boardings for 2012-13 when compared to 2011-12.

^eThe decrease in bus advertising revenue relates to a contract that ceased in June 2012.

^fOther User Charges – Non ACT Government in 2011-12 was due to insurance recoveries for accident damage. As a result of the variable nature and timing of this revenue stream and associated expense, Other User Charges – Non ACT Government shows a decrease for 2012-13.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 5. OTHER REVENUE

	2013 \$'000	2012 \$'000
Revenue from Other Sources		
Grants Received from the Commonwealth ^a	1,097	1,228
Other ^b	155	-
Total Other Revenue	1,252	1,228

^aCommonwealth grants comprise Fuel Tax Credits.

^bIn 2012-13 this relates to timing differences associated with revenue received from ACTION's workers' compensation insurer to reimburse prior year salary expenses.

NOTE 6. GAINS

Gains arise from transactions that are not core activities of ACTION.

	2013 \$'000	2012 \$'000
Gains from First Time Recognition of Assets ^a	-	17
Total Gains	-	17

^aThis relates to the first time recognition in 2011-12 of one heritage bus and one historic bus which are held by ACTION and utilised for special events and charters.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 7. EMPLOYEE EXPENSES

	2013	2012
	\$'000	\$'000
Wages and Salaries ^a	56,758	54,270
Annual Leave Expense	4,401	4,175
Long Service Leave Expense ^b	1,299	3,255
Workers' Compensation Insurance Premium ^c	8,369	6,076
Payroll Tax ^d	4,888	4,703
Total Employee Expenses	75,715	72,479

^aThe increase in wages and salaries expense is due to higher labour costs as a result of wage increases provided under the ACTION and Territory and Municipal Services Directorate 2011-13 Enterprise Agreements, and an increase in the number of full time equivalent employees to meet network enhancements.

^bLong service leave expense for 2012-13 is lower than that for the previous financial year due to a reduction in the rate used in calculating the present value of future payments of accrued leave. The rate used in 2012-13 is 101.3% compared with 106.6% in 2011-12. In 2011-12 the rate used to calculate the present value of future leave payments changed from 92.2% to 106.6%. In 2012-13 the change in rate resulted in a decrease to the leave expense by \$629,332, compared with an increase in 2011-12 of \$1,627,468. Changes in the accounting estimates for the employee benefit liability are articulated in Note 3 to these financial statements.

^cACTION's workers' compensation insurance premium increased in 2012-13, reflecting an increase in wages and salary costs and an increased contribution rate.

^dPayroll tax has increased in 2012-13, reflecting an increase in wages and salary costs as a result of pay increases provided under the ACTION and TAMS D 2011-13 Enterprise Agreements.

NOTE 8. SUPERANNUATION EXPENSES

	2013	2012
	\$'000	\$'000
Superannuation Contributions to the Territory Banking Account	5,793	5,450
Productivity Benefit	868	906
Superannuation Payment to ComSuper (for the PSSAP)	192	206
Superannuation to External Providers	2,266	2,029
Total Superannuation Expenses^a	9,119	8,591

^aSuperannuation expense has remained constant relative to increased employee expenses due to a greater number of employees contributing to external superannuation providers with lower superannuation contribution rates.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 9. SUPPLIES AND SERVICES

	2013	2012
	\$'000	\$'000
(i) Administrative Expenses		
Insurance ^a	5,896	5,251
Contractors and Consultants ^b	2,064	1,775
Rent and Utility Charges	1,234	1,062
Systems and Computing Costs	1,019	1,221
Repairs and Maintenance	798	711
Security Expenses	494	446
Communications ^c	216	111
Staff Development	123	312
Printing and Stationery	49	41
Other ^d	558	439
Total Administrative Expenses	12,451	11,369
(ii) Operating Expenses		
Fuel ^e	12,197	11,715
Bus Maintenance Expenses ^f	6,419	5,290
Other Bus Running Expenses ^g	1,673	1,379
Rural School Services	474	456
Operating Lease Payments	294	352
Insurance Settlement ^h	300	593
Advertising, Promotions and Agents Commissions	295	368
Uniforms	213	197
Support Vehicles and Fuel Charges	154	261
Total Operating Expenses	22,019	20,611
Total Supplies and Services	34,470	31,980

^aThe increase in insurance expense reflects the increased cost of public liability insurance, as calculated by the ACT Insurance Authority fund actuaries, taking into account increases in the value of assets, potential growth in exposure for public liability and forecast claims for future years.

^bThe increase in consultant and contractor expenses reflects the increased cost of Injury Prevention Management Services, the cost for a feasibility study to investigate options for upgrading CCTV on buses and the cost of biennial emissions testing.

^cThe increase in communication expenses reflects additional data line costs incurred for the new radio communication system.

^dThe increase in other expenses mainly relates to additional Fringe Benefits Tax payable on the provision of car parking benefits.

^eThe increase in fuel expenses reflects increased kilometres travelled as a result of additional bus charters, the full year impact of additional kilometres for Network 12 (commenced in May 2012) and the full year impact of the Compressed Natural Gas excise (commenced in December 2011).

^fThe increase in bus maintenance expenses predominantly reflects expenditure for the progressive replacement of driver and passenger seats, combined with a change in the mix of parts used to maintain buses.

^gThe increase in other bus running expenses is mainly attributable to additional leasing costs relating to the provision of special needs transport.

^hInsurance settlement amounts vary from year to year depending on the number, size and complexity of claims. This is reflected in the decrease in the value of settlement claims for 2012-13 compared to 2011-12.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 10. DEPRECIATION

	2013 \$'000	2012 \$'000
Buildings	1,022	1,019
Buses ^a	5,429	4,764
Plant and Equipment	2,635	2,737
Total Depreciation	9,086	8,520

^aACTION has placed 22 new Scania articulated buses into its service fleet in the current financial year. Twenty of these buses complete a 4 year program to replace 135 buses, which was funded in the 2007-08 Budget. A further 2 buses represent the first of a 90 bus replacement program funded in the 2012-13 Budget. The capitalisation of these new buses has resulted in an increase in depreciation expenses.

NOTE 11. BORROWING COSTS

	2013 \$'000	2012 \$'000
Interest Expense on Borrowings	497	554
Finance Charges on Finance Leases	26	29
Total Borrowing Costs	523	583

NOTE 12. OTHER EXPENSES

	2013 \$'000	2012 \$'000
Loss on Sale of Assets	78	297
Waivers, Impairment Losses and Write-offs (refer to Note 13)	157	194
Other ACT Government Charges and Taxes	232	207
Capital Works Expensed ^a	335	628
Total Other Expenses	802	1,326

^aWhere ACTION is unable to demonstrate an increase in service potential or fair value for the relevant asset, capital expenditure has been expensed. The decrease in this expense line reflects the variable nature of capital works projects and related expenditure.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 13. WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

Under Section 131 of the *Financial Management Act 1996* (FMA) 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. ACTION did not request the Treasurer's approval to waive any debts in 2012-13 (Nil in 2011-12).

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 ACTION to recover the amount. The write-off of debts may occur for reasons other than waivers.

The impairment losses and write offs listed below have occurred during the reporting period for ACTION.

	No.	2013 \$'000	No.	2012 \$'000
Impairment Losses				
<i>Impairment Losses from Receivables</i>				
Trade Receivables	28	25	64	132
Trade Receivables - Impairment Losses Written Back		(94)		(68)
Total Impairment Losses from Receivables^a	28	(69)	64	65
<i>Impairment Loss from Inventory</i>				
Inventory	-	38	-	44
Total Impairment Losses from Inventory	-	38	-	44
<i>Impairment Loss from Property, Plant and Equipment</i>				
Buses ^b	26	153	-	-
Total Impairment Losses from Property, Plant and Equipment	26	153	-	-
Total Net Impairment Losses	54	122	64	109
Write-Offs				
Losses or Deficiencies in Public Monies	-	-	2	22
Irrecoverable Debts	15	35	7	63
Total Write-Offs	15	35	9	85
Total Net Impairment Losses and Write-Offs	69	157	73	194

^aThis relates to the impairment of debts where it is not certain ACTION will receive payment (\$0.025million), offset by the write back of previously impaired debts that have been subsequently paid, reversed or written off (\$0.094million). The additional allowance for Trade Receivables Impairment Losses differs from the amount disclosed in Note 17 due to rounding.

^bThis impairment loss relates to a write down in value of 26 buses held for sale to reflect expected sale prices.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 14. ACT OF GRACE PAYMENTS

There were no Act of Grace payments made during the reporting period pursuant to Section 130 of the *Financial Management Act 1996*.

NOTE 15. AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to ACTION by the ACT Auditor-General's Office and any other services provided by a contract auditor engaged by the ACT Auditor-General's Office to conduct the financial audit.

	2013 \$'000	2012 \$'000
Audit Fees Paid to the ACT Auditor-General's Office	107	98
Total Audit Fees	107	98

NOTE 16. CASH AND CASH EQUIVALENTS

ACTION holds two bank accounts. In 2012-13, as part of the whole-of-government banking arrangements, ACTION commenced the transition of banking services from the Commonwealth Bank to Westpac Banking Corporation. It is expected that this transition will be completed in the first quarter of the 2013-14 financial year. As part of these banking arrangements ACTION does not receive any interest.

	2013 \$'000	2012 \$'000
Cash at Bank ^a	1,007	1,446
Cash on Hand	123	142
Total Cash and Cash Equivalents	1,130	1,588

^aThe decrease in cash at bank mainly reflects additional cash expenditure on employee expenses as a result of funding arrangements for industrial staff payroll.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 17. RECEIVABLES

Trade receivables arise from the sale of tickets to registered agents and the provision of charter and special needs transport services.

	2013 \$'000	2012 \$'000
Current Receivables		
Trade Receivables	2,105	1,486
Less: Allowance for Impairment Losses	(69)	(137)
	2,036	1,349
Accrued Revenue	842	153
Net Goods and Services Tax Receivable	363	495
Other Receivables	102	225
Total Current Receivables	3,343	2,222

Ageing of Receivables	Not Overdue \$'000	Past Overdue			Total \$'000
		Less than 30 Days \$'000	30 to 60 Days \$'000	Greater than 60 Days \$'000	
2013					
Not Impaired					
Receivables	2,078	1,252	13	-	3,343
Impaired					
Receivables ^a	-	-	-	69	69
2012					
Not Impaired					
Receivables	1,491	689	11	31	2,222
Impaired					
Receivables	-	-	-	137	137

^a'Not Impaired' refers to net receivables (that is gross receivables less impaired receivables)

^aReceivables in excess of 60 days include amounts owing for accident damage (\$0.030million), sale of prepaid tickets (\$0.028million) and charter and other revenue of (\$0.011million). These debts are being followed up in accordance with ACTION's debt collection procedures. However ACTION expects a number of these debts may not be collected and has impaired these in accordance with generally accepted accounting principles.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 17. RECEIVABLES - CONTINUED

	2013 \$'000	2012 \$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	137	537
Additional Allowance Recognised During the Reporting Period ^a	26	64
Reduction in Allowance resulting from a Write-Back against Receivables	(64)	(464)
Reduction in Allowance from Amounts Written off During the Reporting Period	(30)	-
Allowance for Impairment Losses at the End of the Reporting Period	69	137
The carrying amount of financial assets that are past due or impaired, whose terms have been renegotiated is \$0.		
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with ACT Government Entities		
Net Trade Receivables	1,951	1,264
Accrued Revenue	703	-
Net Other Receivables	16	225
Total Receivables with ACT Government Entities	2,670	1,489
Receivables with Non-ACT Government Entities		
Net Trade Receivables	85	85
Accrued Revenue	139	153
Net Goods and Services Tax Receivable	363	495
Other Receivables	86	-
Total Receivables with Non-ACT Government Entities	673	733
Total Receivables	3,343	2,222

^aThis amount varies from that disclosed in Note 13 due to rounding.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 18. INVENTORIES

	2013 \$'000	2012 \$'000
Current Inventories		
Spare Parts	2,771	2,989
Inventory Work in Progress	147	120
Fuel	334	431
Current Inventories	3,252	3,540
Less: Allowance for Obsolete Inventories	(324)	(286)
Total Current Inventories	2,928	3,254

NOTE 19. ASSETS HELD FOR SALE

ACTION has classified a number of buses which have been retired from use as at 30 June 2013, and are held pending disposal through a sales process, as assets held for sale.

	2013 \$'000	2012 \$'000
Buses Held for Sale	67	-
Plant and Equipment Held for Sale	-	10
Total Assets Held for Sale	67	10

NOTE 20. OTHER ASSETS

	2013 \$'000	2012 \$'000
Current Other Assets		
Prepayments ^a	1,094	39
Total Current Other Assets	1,094	39

^aThe increase in prepayments reflects a change in funding arrangements for ACTION's industrial staff payroll provider. To facilitate payment of employee salaries in the first week of July ACTION has transferred funds to the service provider prior to 30 June 2013. This increase in prepayments is offset by a reduction in accrued wages and salaries in Note 25.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 21. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following classes of assets – land, buildings, buses, plant and equipment and community and heritage asset.

- *Land* includes leasehold land at Tuggeranong and Belconnen bus depots.
- *Buildings* include bus depots.
- *Buses*.
- *Plant and equipment* includes motor vehicles under a finance lease, furniture and fittings, workshop plant and equipment, office equipment, the radio communication system and smartcard ticketing equipment.
- *Heritage assets* are defined as those non-current assets that the ACT 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 for redeployment. The heritage asset held by ACTION is a bus.

	2013	2012
	\$'000	\$'000
Land and Buildings		
Land at Fair Value	28,975	28,975
Total Land Assets	28,975	28,975
Buildings at Fair Value	18,715	18,715
Less: Accumulated Depreciation	(2,041)	(1,019)
Total Written Down Value of Buildings	16,674	17,696
Total Land and Written Down Value of Buildings	45,649	46,671
Buses		
Buses at Fair Value ^a	99,629	84,672
Less: Accumulated Depreciation	(10,000)	(4,729)
Total Written Down Value of Buses	89,629	79,943
Plant and Equipment		
Plant and Equipment at Fair Value ^b	19,836	14,699
Less: Accumulated Depreciation	(2,694)	(77)
Total Written Down Value of Plant and Equipment	17,142	14,622
Community and Heritage Asset		
Heritage Asset at Fair Value	10	10
Total Community and Heritage Asset at Fair Value	10	10
Total Written Down Value of Property, Plant and Equipment	152,430	141,246

^aThe increase in buses at fair value was a result of the acquisition of 22 Scania articulated buses during 2012-13. This has been offset by the sale of 3 of the older Renault articulated buses, 2 of the older Renault rigid buses and 2 HINO buses, all which have been retired from the bus fleet.

^bThe increase in plant and equipment represents the capitalisation of ACTION's new radio communication system, improved CCTV capability, air conditioning equipment and other minor plant and equipment assets.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 21. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Valuation of Property, Plant and Equipment

Rodney Hyman Asset Services Pty Ltd (RHAS), Chartered Valuers, performed an independent valuation of buses as at 30 June 2011. Buses will be revalued again in June 2014.

The Australian Valuation Office performed an independent valuation of land and buildings as at 30 June 2011. Land and buildings will be revalued again in June 2014.

The Australian Valuation Office performed an independent valuation of plant and equipment and heritage and community assets as at 30 June 2012. Plant and equipment and heritage and community assets will be revalued again in June 2015.

Assets Under a Finance Lease

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

Carrying Amount of Assets under a Finance Lease

Plant and Equipment under a Finance Lease	423	374
Accumulated Depreciation of Plant and Equipment under a Finance Lease	(71)	(2)
Total Written Down Value of Plant and Equipment under a Finance Lease	352	372

ACTION
Notes to and Forming Part of the Financial Statements
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NOTE 21. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2012-13.

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Buses \$'000	Community and Heritage Assets \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	28,975	17,696	14,622	79,943	10	141,246
Additions	-	-	5,279	15,371	-	20,650
Assets Held for Sale	-	-	-	(67)	-	(67)
Depreciation	-	(1,022)	(2,635)	(5,429)	-	(9,086)
Disposals	-	-	(124)	(36)	-	(160)
Impairment Losses Recognised in the Operating Result ^a	-	-	-	(153)	-	(153)
Carrying Amount at the End of the Reporting Period	28,975	16,674	17,142	89,629	10	152,430

^a Impairment losses are recognised in the asset revaluation reserve unless the impairment loss is greater than the balance in the asset revaluation surplus for the relevant asset. In these instances the difference between impairment loss and asset revaluation surplus is expensed in the operating statement

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 21. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

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

	Land \$'000	Buildings \$'000	Plant and Equipment \$'000	Buses \$'000	Community and Heritage Assets \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	28,975	18,690	15,079	70,483	-	133,227
Additions	-	25	1,469	14,514	10	16,018
Assets Held for Sale	-	-	(10)	-	-	(10)
Revaluation Increment	-	-	1,329	-	-	1,329
Impairment Losses Recognised in Asset Revaluation Reserve ^a	-	-	(445)	-	-	(445)
Depreciation	-	(1,019)	(2,737)	(4,764)	-	(8,520)
Disposals	-	-	(63)	(290)	-	(353)
Carrying Amount at the End of the Reporting Period	28,975	17,696	14,622	79,943	10	141,246

^aImpairment losses are recognised in the asset revaluation reserve unless the impairment loss is greater than the balance in the asset revaluation surplus for the relevant asset. In these instances the difference between impairment loss and asset revaluation surplus is expensed in the operating statement

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 22. CAPITAL WORKS IN PROGRESS

Capital works in progress are assets being constructed over a period of time in excess of the present reporting period. Capital works in progress are not depreciated as ACTION is not currently deriving any economic benefit from them.

	2013 \$'000	2012 \$'000
Buses ^a	3,409	5,930
Fuel Facilities ^b	3,186	242
Woden Bus Depot Upgrade	536	340
Major Bus Components Held	134	205
CCTV Connection to Winchester Centre	-	138
Radio System Upgrade ^c	-	3,670
Total Capital Works in Progress	7,265	10,525

^aThis amount relates to progress payments for the acquisition of 11 Scania articulated buses.

^bThe upgrade of ACTION's fuel facilities is scheduled to be completed in 2013-14. The increase in the balance represents progress payments made for the project in 2012-13.

^cThe Radio System Upgrade was completed and capitalised in 2012-13.

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress during 2012-2013.

	Plant and Equipment \$'000	Buses \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	4,595	5,930	10,525
Capital Works in Progress Expensed in the Period	(71)	-	(71)
Additions	4,488	12,850	17,338
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment ^a	(5,156)	(15,371)	(20,527)
Carrying Amount at the End of the Reporting Period	3,856	3,409	7,265

^aAssets under a finance lease which have been capitalised in the period are not included in these figures.

The following table shows the movement of Capital Works in Progress during 2011-2012.

	Plant and Equipment \$'000	Buses \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	456	3,433	3,889
Additions	5,533	17,011	22,544
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(1,394)	(14,514)	(15,908)
Carrying Amount at the End of the Reporting Period	4,595	5,930	10,525

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23. PAYABLES

	2013 \$'000	2012 \$'000
Current Payables		
Trade Payables	-	1
Other Payables ^a	599	370
Accrued Expenses ^b	2,745	1,674
Total Current Payables	3,344	2,045
 Trade Payables are aged as follows:		
Not Overdue	-	1
Total Trade Payables	-	1
 Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Other Payables	380	359
Accrued Expenses	1,349	705
Total Payables with ACT Government Entities	1,729	1,064
 Payables with Non-ACT Government Entities		
Trade Payables	-	1
Other Payables	219	12
Accrued Expenses	1,396	968
Total Payables with Non-ACT Government Entities	1,615	981
 Total Payables	3,344	2,045

^aOther payables relate to amounts owing for payroll tax and fringe benefits tax.

^bThe increase in accrued expenses mainly relates to higher accrued expenses associated with capital works (\$1.5million) partially offset by a decrease in accrued expenses for supplies and services (\$0.3million).

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 24. INTEREST-BEARING LIABILITIES AND FINANCE LEASES

ACTION has ACT Government and Commonwealth Government borrowings. The ACT Government borrowings are held at a fixed rate of interest at 5.50% and repayments are made in four instalments during the year to the Territory Banking Account. Instalments are being paid from 2003-04 to 2013-14.

The Commonwealth Government borrowings were obtained at the time of self-government and are being repaid through principal and interest payments to the Territory Banking Account, which then pays the Commonwealth. The fixed interest rate for these borrowings is 12.57% and the principal will be fully repaid during 2022-23.

ACTION holds 12 finance leases (14 in 2011-12), which have been taken up as a finance lease liability and an asset under a finance lease. These are for motor vehicles. The interest rates implicit in these leases vary from 5.43% to 7.82% with terms up to three years.

	2013 \$'000	2012 \$'000
Current Interest-Bearing Liabilities		
Secured		
Finance Leases	208	120
Total Current Secured Interest-Bearing Liabilities	208	120
Unsecured		
ACT Government Borrowings (Gas Facility Loan)	291	275
Commonwealth Borrowings (Land and Buildings Original Loan)	341	341
Total Current Unsecured Interest-Bearing Liabilities	632	616
Total Current Interest-Bearing Liabilities	840	736
Non-Current Interest-Bearing Liabilities		
Secured		
Finance Leases	126	238
Total Non-Current Secured Interest-Bearing Liabilities	126	238
Unsecured		
ACT Government Borrowings (Gas Facility Loan)	-	291
Commonwealth Borrowings (Land and Buildings Original Loan)	3,068	3,409
Total Non-Current Unsecured Interest-Bearing Liabilities	3,068	3,700
Total Non-Current Interest-Bearing Liabilities	3,194	3,938
Total Interest-Bearing Liabilities	4,034	4,674

Secured Liability

ACTION's finance lease liability is effectively secured because if ACTION defaults, the assets under a finance lease revert to the lessor.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 24. INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

	2013 \$'000	2012 \$'000
Finance Leases		
Finance lease commitments are payable as follows:		
Within one year	227	142
Later than one year but not later than five years	131	253
Minimum Lease Payments	358	395
Less: Future Finance Lease Charges	(24)	(37)
Total Present Value of Minimum Lease Payments	334	358

The present value of the minimum lease payments are as follows:

Within one year	208	120
Later than one year but not later than five years	126	238
Total Present Value of Minimum Lease Payments	334	358

Classification on the Balance Sheet

Interest-Bearing Liabilities

Current Interest-Bearing Liabilities	632	616
Non-Current Interest-Bearing Liabilities	3,068	3,700

Finance Leases

Current Finance Leases	208	120
Non-Current Finance Leases	126	238

Total Interest-Bearing Liabilities	4,034	4,674
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Credit Facilities

There are no formal credit facilities in place for ACTION with the Territory's appointed transactional bank.

If ACTION's bank account goes into overdraft throughout the year, ACTION is not charged interest. However, the overdraft position is required to be rectified as soon as possible. ACTION's bank account did not go into overdraft throughout the 2012-13 financial year.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 25. EMPLOYEE BENEFITS

	2013 \$'000	2012 \$'000
Current Employee Benefits		
Annual Leave ^a	6,408	6,101
Long Service Leave ^b	11,944	11,851
Accrued Wages and Salaries ^c	643	1,602
Total Current Employee Benefits	18,995	19,554
Non-Current Employee Benefits		
Long Service Leave	1,257	1,284
Total Non-Current Employee Benefits	1,257	1,284
Total Employee Benefits	20,252	20,838
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	6,408	6,101
Long Service Leave	1,226	1,149
Accrued Wages and Salaries	643	1,602
Total Employee Benefits Payable within 12 months	8,277	8,852
Estimated Amount Payable after 12 months		
Long Service Leave	11,975	11,986
Total Employee Benefits Payable after 12 months	11,975	11,986
Total Employee Benefits	20,252	20,838

^aThe increase in the annual leave liability reflects an increase in the nominal value of leave entitlements. The nominal value of leave entitlements includes an estimation for an increase to salary rates for 2013-14, the amount of which is currently being negotiated as part of Enterprise Agreement discussions.

^bThe increase in the long service leave liability reflects an increase in the nominal value of leave entitlements offset by a change in the rate used to calculate the present value of future payments of accrued leave. In 2012-13 the rate used to estimate the present value of these future payments is 101.3% (106.6% in 2011-12). The nominal value of leave entitlements includes an estimation for an increase to salary rates for 2013-14, the amount of which is currently being negotiated as part of Enterprise Agreement discussions.

^cThe decrease in accrued salary and wages reflects a change in the timing of the payment for ACTION's payroll provided by an external bureau for its industrial workforce. The payment date has been brought forward and has resulted in a decrease in wages and salaries requiring to be recognised as due and payable. This has resulted in an increase in prepayments as noted in Note 20.

Employee Numbers

The full-time equivalent staff at 30 June 2013 was 832 (30 June 2012, 799). The increase is predominantly due to additional bus drivers to facilitate expanded bus services as part of Network 12 and to implement the new Centenary Loop service; funded staff transfers from the Territory and Municipal Services Directorate and filling of vacant establishment positions for workshop staff.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 26. OTHER LIABILITIES

	2013 \$'000	2012 \$'000
Current Other Liabilities		
Revenue Received in Advance ^a	2,404	2,263
Other	1	-
Total Current Other Liabilities	2,405	2,263

^aRepresents credit balances on MyWay cards for prepaid travel which are yet to be used and recognised as revenue. The increase in this liability reflects an increased level of cash balances held on MyWay cards.

NOTE 27. EQUITY

	2013 \$'000	2012 \$'000
Asset Revaluation Surplus		
The Asset Revaluation Surplus is used to record the increments and decrements in value of the property, plant and equipment.		
Asset Revaluation Surplus at Beginning of the Reporting Period		
Land	24,775	24,775
Buildings	15,398	15,398
Plant and Equipment	3,551	2,667
Total Asset Revaluation Surplus at Beginning of the Reporting Period	43,724	42,840
Increase in Asset Revaluation Surplus		
(Decrement) due to Impairment of Plant and Equipment Held for Sale	-	(445)
Increment in Plant and Equipment due to Revaluation	-	1,329
Total Increase in the Asset Revaluation Surplus	-	884
Total Asset Revaluation Surplus at the End of the Reporting Period	43,724	43,724

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 28. FINANCIAL INSTRUMENTS

Details of the significant policies and methods adopted, including the criteria for recognition, the basis for 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'*.

Interest Rate Risk

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.

ACTION's interest rate risk on its liabilities is limited to interest payable on finance leases and borrowings. Interest rates on finance leases for motor vehicles are fixed and immaterial. The interest rates for the ACT Government and Commonwealth borrowings are fixed for the entire period of the loans. ACTION does not earn interest on its bank accounts or receivables and therefore has no interest rate risk for assets. As a result, ACTION has a very low level of interest rate risk. There have been no changes in risk exposure or processes for managing risk since last financial reporting period.

Sensitivity Analysis

A sensitivity analysis has not been undertaken as it is considered that the ACTION's exposure to this risk is insignificant and would have an immaterial impact on its financial results.

Credit Risk

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.

At 30 June 2013 ACTION holds cash and cash equivalents with the Commonwealth Bank and Westpac Banking Corporation and as such, ACTION considers the credit risk associated with these financial assets to be low.

ACTION's credit risk is limited to the amount of the receivables it holds net of any allowance for impairment. ACTION's receivables are unsecured and cover many entities split between other ACT Government and Non-ACT Government entities. ACTION manages its credit risk for receivables by regularly monitoring its receivables, through active follow up of outstanding receivables and by issuing monthly statements to overdue accounts where required.

No significant concentration of credit risk has been identified by ACTION and there have been no changes in credit risk exposure since the last reporting period.

Liquidity Risk

Liquidity risk is the risk that ACTION will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

ACTION's main financial obligations relate to the purchases of supplies and services and borrowing costs, including interest and principal repayments. Purchases of supplies and services are mostly paid within 30 days of receiving the goods or services.

The main source of cash to pay these obligations is from service payments from the ACT Government which are paid on a fortnightly basis during the year, and cash fares. ACTION manages its liquidity risks through forecasting service payments requirements to enable the payment of anticipated obligations. Where necessary, ACTION has the ability to request additional funding in order to meet its financial liabilities.

Price Risk

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 (other than those arising from interest rate risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

ACTION holds cash and receivables which are not subject to movements in price. As a result, ACTION is not considered to have any price risk and a sensitivity analysis has not been undertaken. ACTION's exposure to price risk and the management of this risk has not changed since the last reporting period.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 28. FINANCIAL INSTRUMENTS – CONTINUED

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount 2013 \$'000	Fair Value 2013 \$'000	Carrying Amount 2012 \$'000	Fair Value 2012 \$'000
Financial Assets				
Cash and cash equivalents	1,130	1,130	1,588	1,588
Receivables	3,343	3,343	2,222	2,222
Total Financial Assets	4,473	4,473	3,810	3,810
Financial Liabilities				
Payables	3,344	3,344	2,045	2,045
ACT Government Borrowings	291	282	566	521
Commonwealth Borrowings ^a	3,409	4,832	3,749	5,633
Finance Leases	334	334	358	358
Total Financial Liabilities	7,378	8,792	6,718	8,557

^aThe carrying amount for financial liabilities reflects the outstanding principal that ACTION is liable to pay. Fair value is measured at the net present value of future cash flows for principal and interest which has been discounted at the prevailing Government bond rate.

The undiscounted cash flows associated with these financial instruments are reflected further through this note.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 28. FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out ACTION's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2013. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

Notes	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:							Non-Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 Year to 2 Years \$'000	Over 2 Years to 3 Years \$'000	Over 3 Years to 4 Years \$'000	Over 4 Years to 5 Years \$'000	Over 5 Years \$'000			
Financial Instruments											
Financial Assets											
16		-	-	-	-	-	-	-	-	1,130	1,130
17		-	-	-	-	-	-	-	-	3,343	3,343
Total Financial Assets			-	-	-	-	-	-	-	4,473	4,473
Financial Liabilities											
23		-	-	-	-	-	-	-	-	3,344	3,344
24	5.50%	-	301	-	-	-	-	-	-	-	301
24	12.57%	-	769	726	684	641	598	2,348	-	5,766	5,766
24	6.84%	-	227	77	54	-	-	-	-	-	358
Total Financial Liabilities			-	1,297	803	738	641	598	2,348	3,344	9,769
Net Financial Assets / (Liabilities)											
			(1,297)	(803)	(738)	(641)	(598)	(2,348)	1,129	(5,296)	

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 28. FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out ACTION's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2012. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

Notes	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Maturing In:							Non-Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 Year to 2 Years \$'000	Over 2 Years to 3 Years \$'000	Over 3 Years to 4 Years \$'000	Over 4 Years to 5 Years \$'000	Over 5 Years \$'000			
Financial Instruments											
Financial Assets											
16		-	-	-	-	-	-	-	-	1,588	1,588
17		-	-	-	-	-	-	-	-	2,222	2,222
Total Financial Assets			-	-	-	-	-	-	-	3,810	3,810
Financial Liabilities											
23		-	-	-	-	-	-	-	-	2,045	2,045
24	5.50%	-	301	300	-	-	-	-	-	-	601
24	12.57%	-	812	769	726	684	641	2,946	-	-	6,578
24	7.33%	-	142	196	57	-	-	-	-	-	395
Total Financial Liabilities			-	1,255	1,265	783	684	641	2,946	2,045	9,619
Net Financial Assets/(Liabilities)											
			-	(1,255)	(1,265)	(783)	(684)	(641)	(2,946)	1,765	(5,809)

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 28. FINANCIAL INSTRUMENTS - CONTINUED

	2013 \$'000	2012 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Loans and Receivables	3,343	2,222
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	7,378	6,718

ACTION does not have any financial assets in the 'Available for Sale' category or the 'Held to Maturity' category and as such these categories are not included above.

Fair Value Hierarchy

ACTION does not have any financial assets or financial liabilities at fair value. As such no fair value hierarchy disclosures have been made.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 29. COMMITMENTS

	2013	2012
	\$'000	\$'000
Capital Commitments		
Capital commitments contracted at reporting date that have not been recognised as liabilities are as follows:		
Payable:		
Within One Year	7,383	8,673
Total Capital Commitments	7,383	8,673

Capital commitments for 2013 relate to the balance of amounts owing for 9 Scania articulated buses which ACTION expects to take delivery of in 2013-14, and the balance of contracted amounts relating to the upgrade of the Fuel Facilities at the Depots to Australian Standards, and the Woden Depot upgrade.

Other Commitments

Other commitments contracted at reporting date that have not been recognised as liabilities are as follows:

Payable:		
Within One Year	3,416	3,402
Later than one year but not later than five years	12,036	10,510
Total Other Commitments	15,452	13,912

Other commitments relate to contracted commitments for the provision of cash counting machines, repair and maintenance services for equipment as well as commitments for the provision of ICT, human resource and finance services provided by other ACT agencies.

Operating Lease Commitments

Operating Lease commitments contracted at reporting date that have not been recognised as liabilities are as follows:

Payable:		
Within One Year	602	371
Later than one year but not later than five years	1,584	172
Total Operating Lease Commitments	2,186	543

The increase in operating lease commitments relates to additional leases on special needs transport vehicles which were entered into in early 2013. These additional leased vehicles were required to replace ageing HINO buses which were owned by ACTION.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

ACTION is subject to various claims as at the reporting date with the total estimated liability being \$5.033m (\$4.842m in 2011-12). ACTION has contingent liabilities relating to third party accident claims. Due to the protracted nature of legal proceedings and the various discoveries that can be made over the period of these claims, it is not possible for ACTION to make an accurate assessment of such liabilities.

Contingent Assets

Although ACTION is subject to various claims as at the reporting date with the total estimated liability being \$5.033m (\$4.842m in 2011-12), ACTION has insurance coverage with the ACT Insurance Authority for the majority of such legal claims. The contingent assets relating to these claims would be \$4.673m (\$4.342m in 2011-12).

NOTE 31. INCOME TAX EQUIVALENTS

	2013 \$'000	2012 \$'000
(a) Components of Income Tax Equivalents Expense/(Income)		
Current Tax Equivalents (Income)	(1,840)	(1,247)
Adjustments Recognised in Current Tax of Prior Periods	-	-
Deferred Tax Equivalents (Income) Relating to the Origination and Reversal of Temporary Differences	(2,131)	444
Tax Effect of Tax Losses not Recognised	1,840	1,247
Tax Effect of Temporary Differences not Recognised	2,131	(444)
Tax Effect of Prior Year Tax Losses not Recognised	-	-
	<u>-</u>	<u>-</u>

(b) Income Tax Equivalents Expense/(Income)

The prima facie income tax expense/(income) on pre-tax accounting profit from operations reconciles to the income tax expense/(income) in the financial statements as follows:

Loss from Operations	7,980	8,675
Income Tax Equivalents (Income) Calculated at 30%	(2,394)	(2,602)
Non-Deductible Expenses	(1)	-
	<u>(2,395)</u>	<u>(2,602)</u>
Tax Effect of Tax Losses not Recognised	1,840	1,247
Tax Effect of Temporary Differences not Recognised	(2,131)	444
Tax Effect of Reversal of Temporary Differences from Prior Years	2,686	911
Tax Effect of Temporary Differences in Equity	-	-
	<u>-</u>	<u>-</u>

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian Tax law. There has been no change in the corporate tax rate from the previous reporting period.

(c) Unrecognised Deferred Tax Balances

The following deferred tax assets have not been brought to account as assets:

Tax Losses - Revenue	27,417	21,284
Temporary Differences	6,771	8,113
Temporary Differences not Recognised in Equity	(13,283)	(12,494)
	<u>20,905</u>	<u>16,903</u>

ACTION is exempt from paying federal income tax. However, ACTION is required to calculate income tax equivalents that would have been payable under the 'National Tax Equivalent Regime'.

The net deferred tax effects relating to tax losses and temporary differences has not been recognised as it is not probable that the tax benefits from these assets will be recouped in the future.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 32. CASH FLOW RECONCILIATION

(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet.

	2013 \$'000	2012 \$'000
Cash at Bank	1,007	1,446
Cash on Hand	123	142
Total Cash and Cash Equivalents Recorded in the Balance Sheet	1,130	1,588
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	1,130	1,588

(b) Reconciliation of Net Cash (Outflows)/Inflows from Operating Activities to the Operating (Deficit)

Operating (Deficit)	(7,980)	(8,675)
Add/(Less) Non-Cash Items		
Depreciation from Property, Plant and Equipment	9,086	8,520
Loss on Disposal of Assets	78	297
Impairment Loss of Non-Current Assets	153	-
Impairment Loss of Inventory	38	-
Impairment of Receivables	(35)	64
Gains from First Time Recognition of an Asset	-	(17)
Cash Before Changes in Operating Assets and Liabilities	1,340	189
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(1,086)	(920)
Decrease in Inventories	289	93
(Increase)/ Decrease in Other Assets	(1,054)	120
(Decrease) in Payables	(169)	(406)
Increase/ (Decrease) in Employee Benefits	(586)	1,401
Increase in Other Liabilities	142	759
Net Changes in Operating Assets and Liabilities	(2,464)	1,047
Net Cash (Outflows)/Inflows from Operating Activities	(1,124)	1,236

(c) Non-Cash Financing and Investing Activities

All new motor vehicle leases entered into by ACTION are under a finance lease rather than under an operating lease.

Acquisition of Motor Vehicles by means of Finance Lease	127	122
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ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 33. EVENTS OCCURRING AFTER BALANCE DATE

There were no events that occurred after the balance date that impacted on the financial statements.

NOTE 34. THIRD PARTY MONIES

In 2011-12 ACTION held salary packaging money for ACT Government employees who had elected to salary package with external salary packaging providers. At 30 June 2013, no salary packaging money was held for employees and the bank account will be closed in 2013-14.

	2013 \$'000	2012 \$'000
Salary Packaging Monies		
Balance at the Beginning of the Reporting Period	2	7
Cash Receipts	10	77
Cash Payments	(12)	(82)
Balance at the End of the Reporting Period	<u>-</u>	<u>2</u>

NOTE 35. GUARANTEES

There were no guarantees or undertakings by ACTION that are not disclosed within the financial statement of the accompanying notes.

SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A7 ACTION STATEMENT OF PERFORMANCE



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

ACTION

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of ACTION for the year ended 30 June 2013 has been reviewed.

Responsibility for the statement of performance

The Director-General of the Territory and Municipal Services Directorate is responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures used to measure the results of accountability indicators reported in the statement of performance.

The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, I am responsible for providing a report of factual findings on the statement of performance.

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the accountability indicators reported in statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of ACTION, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets.

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

Electronic presentation of the statement of performance

Those viewing an electronic presentation of this statement of performance should note that the review 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 statement of performance. If users of the statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

Independence

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

Review opinion

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of ACTION for the year ended 30 June 2013, are not fairly presented in accordance with the *Financial Management Act 1996*.

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

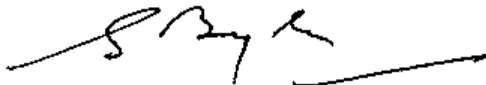


Dr Maxine Cooper
Auditor-General
9 September 2013

ACTION
Statement of Performance
For the Year Ended 30 June 2013

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with ACTION's records and fairly reflects the service performance of ACTION's outputs during the financial year ended 30 June 2013 and also fairly reflects the judgements exercised in preparing them.



Gary Byles
Director General
Territory and Municipal Services Directorate

16 August 2013

ACTION
Statement of Performance
For the Year Ended 30 June 2013

Output Class 1 – Public Transport

Description: Provision of a public bus network and school bus services, including a range of express and regular routes within Canberra suburbs. ACTION also provides special needs transport and a bus charter service.

Accountability Indicators	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
Customer satisfaction with ACTION services as assessed by passenger surveys ^a	85%	56%	(34%)	1
Percentage of in service fleet fully compliant with standards under the <i>Disability Discrimination Act 1992</i> ^b	63%	59%	(6%)	2
Percentage of in service fleet Euro 3 or better Emission Standard compliant ^c	54%	50%	(7%)	3
Total cost per vehicle kilometre	\$4.48	\$4.55	2%	4
Total cost per passenger boarding	\$6.43	\$7.11	11%	5
Farebox recovery as a percentage of total cost ^d	18%	16%	(11%)	6
Percentage of services operating on scheduled time ^e	85%	68%	(20%)	
Service reliability - percentage of services which operated to completion ^f	99.5%	99.5%	0%	
TOTAL COST (\$'000)	\$123,251	\$129,715	5%	7
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) ^g	\$81,497	\$88,523	9%	8

Explanation of Accountability Indicators

- Satisfaction is measured from responses to an annual customer survey, which is a random telephone survey of 1000 Canberra's over the age of 18, conducted by Micromex Research.
- The *Disability Discrimination Act 1992* details the accessibility specifications of a bus required to achieve compliance. The Act requires full fleet compliance by 2022 and ACTION has developed a bus replacement plan to achieve this target.
- Euro emission standards define the acceptable limits for exhaust emissions of vehicles.
- Farebox recovery is the percentage of total expenses that is recovered through fares revenue.
- "Operating on scheduled time" describes a bus service that departs a stop, which is a designated timing point, between 1 minute earlier and 4 minutes later than the scheduled time. This information is measured using GPS technology attached to the MyWay system.
- Service reliability measures the number of services that operated to completion as a percentage of the total scheduled services.
- Government Payment for Outputs as shown in Budget Paper No.4. This represents Service payments from the Government Sector to ACTION.

Explanation of Variances:

1. ACTION has changed the rating scales used in the customer satisfaction survey to remove the categories of "somewhat satisfied" and "somewhat dissatisfied" and replaced with "neither satisfied nor dissatisfied". The ACTION target originally anticipated that responses of "somewhat satisfied" would be included in the results. The change in categories has had an impact on the variance from the budget with 19% of people surveyed selecting the "neither satisfied nor dissatisfied" option. This category has not been counted in the actual result. 25% of people surveyed were "dissatisfied" with the ACTION bus network.
2. As a result of network changes ACTION has increased the size of its in service fleet to 411 buses, from the original estimated number of 403 in service buses. Delays in the receipt of 11 new articulated buses have also occurred as a result of a delay in manufacture. These factors combined have led to ACTION being behind its target for *Disability Discrimination Act 1992* (DDA) compliant buses. ACTION did, however meet the Government's commitment for 55% of its in service bus fleet to be DDA compliant by 31 December 2012. ACTION remains on track to meet the Government's next commitment in relation to DDA compliance, that is 80% of its in service fleet will be DDA compliant by December 2017.
3. As a result of network changes ACTION has increased the size of its in service fleet to 411 buses, from the original estimated number of 403 in service buses. Delivery of 11 new articulated buses are behind schedule, as a result of the delays in manufacturing. These two factors combined have led to ACTION being slightly behind its target for the percentage of Euro 3 or better buses that are used as part of its service fleet. It is expected this percentage will improve as the remaining 11 articulated buses that were planned to be in service this financial year are delivered next financial year.
4. ACTION's actual patronage numbers when compared to budget show a shortfall of 1.027m (5.36% below target of 19.166m). Actual patronage numbers are marginally lower (0.76%) than those for 2011-12 and have not demonstrated the level of growth which had been factored into budgeted patronage numbers. Actual expenditure for the period from July 2012 to June 2013 is higher than budget mainly as a result of increased worker's compensation insurance premium, public liability insurance and employee costs. These variances from budget have resulted in a higher than anticipated total cost per passenger boarding.
5. ACTION's actual fare revenue when compared to budget shows a shortfall of \$1.014m (4.6% below target of \$22.041m). This is due to a reduction of cash fares paid and the increased take up of MyWay tickets which provide passengers with travel at a lower cost, as well as lower than anticipated growth in patronage numbers. Actual expenditure for the period from July 2012 to June 2013 is higher than budget mainly as a result of increased worker's compensation insurance premium, public liability insurance and employee costs. These variances from budget have resulted in a lower percentage of farebox revenue as a percentage of total cost.
6. Bus running times are set at the time of designing a bus network. Running times for the current network have been calculated with reference to indicators used in other states and also using a historical average for some existing bus services extrapolated out to reflect overall expected bus running times. However, the method for this indicator does not take into account specific one-off traffic conditions that can occur such as traffic accidents, road works, other unforeseen traffic flow inhibitors or road conditions due to weather that may be specific to the Canberra region at a point in time, and for this reason actual results will vary from expected outcomes.
7. Total Cost is higher than the Original Budget mainly as a result of increased worker's compensation insurance premium, public liability insurance and employee costs.
8. Service payments from the Government Sector are higher than the Original Budget as a result of additional funding provided to assist meet increased worker's compensation insurance premium, public liability insurance, employee costs and a fares shortfall.

SECTION A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

A8 ACTION STRATEGIC OBJECTIVES AND INDICATORS

Strategic Objectives and Indicators

ACTION

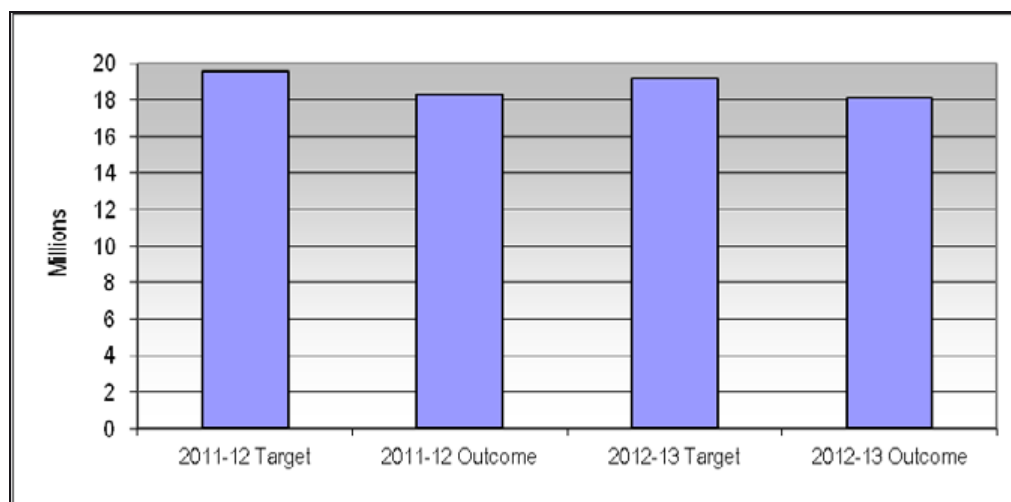
Strategic Objective 1

Increasing Patronage

Public transport initiatives play an important role in achieving the Government's Transport for Canberra and sustainability objectives. Factors that contribute to increasing patronage and modal share (the proportion of people choosing public transport relative to alternative modes such as private vehicles) include:

- the reliability and frequency of network services;
- the accessibility and amenity provided by the bus fleet; and
- the accessibility and amenity provided by the infrastructure supporting public transport.

Strategic Indicator 1: Total Yearly Passenger Boardings



Total yearly passenger boardings for 2012-13 is measured by the MyWay ticketing system and represents the number of individual trips. The 2012-13 actual result varies from targeted patronage as a result of forecast growth in passenger boardings not being realised. Adult and school student trips, while less than targeted numbers, have increased when compared with 2011-12. This increase in passenger boardings for these sectors has been offset by a decline in passenger trips for tertiary students and concession card holders when compared to 2011-12 actual numbers.

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LIST OF ABBREVIATIONS AND ACRONYMS

AASB	Australian Accounting Standards Board	PCT	Perpetual Care Trust
ACT	Australian Capital Territory	PSS	Public Sector Superannuation Scheme
ACTIA	ACT Insurance Authority	PSSAP	Public Sector Superannuation Scheme Accumulation Plan
ACTION	ACT Internal Omnibus Network	Pty Ltd	Proprietary Limited
ACTPLA	ACT Planning and Land Authority	RHAS	Rodney Hyman Asset Services Pty Ltd
BOP	Bushfire Operational Plan	RMIA	Risk Management Institute of Australasia
CCTV	Closed circuit television	RSPCA	Royal Society for the Prevention of Cruelty to Animals
CNG	Compressed natural gas	TAMS	Territory and Municipal Services
CPI	Consumer Price Index		
CSO	Community Service Obligations		
CSS	Commonwealth Superannuation Scheme		
DDA	<i>Disability Discrimination Act 1992</i>		
EDL	Land fill gas electricity		
ELT	Executive Leadership Team		
FMA	<i>Financial Management Act 1996</i>		
FTE	Full-time equivalent		
GAAP	Generally Accepted Accounting Principles		
GPO	Government Payment for Outputs		
LDA	Land Development Agency		
NXTBUS	Real time passenger information system		

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ANNEXED REPORT

ACT PUBLIC CEMETERIES AUTHORITY

Transmittal Certificate

We are pleased to present the 2012-2013 Annual Report of the ACT Public Cemeteries Authority (Authority). It is published as an annex to the Territory and Municipal Services Directorate Annual Report, which is in two volumes. The first volume contains information about the Authority's performance and the second volume contains financial reporting.

This Report has been prepared under section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report for the Authority.

We hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the Authority during the period 1 July 2012 to 30 June 2013 has been included.

We hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standards, Part 2.

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within three months of the end of the financial year.



Diane Kargas AM
Chair
17 September 2013



Hamish Horne
Chief Executive Officer
17 September 2013

ANNEXED REPORT

ACT PUBLIC CEMETERIES AUTHORITY

A5 ACT PUBLIC CEMETERIES AUTHORITY MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis for ACT Public Cemeteries Authority for the year ended 30 June 2013

General Overview

Objectives

The ACT Public Cemeteries Authority (the Authority) is responsible for all earth burials in the ACT. It maintains three cemeteries in the Canberra region, located at Gungahlin, Hall and Woden. The Authority was established under the *Financial Management Act 1996* and *Cemeteries and Crematoria Act 2003 (the Act)* and is self-funded. The main source of revenue is income from burials, reservations and return earned on invested funds. There continues to be questions arising from interpretation and implementation of the Act that have the potential to affect the long-term viability of the Authority without significant fee increases or another source of funding for pre-existing sites.

The *Cemeteries and Crematoria Act 2003* came into force in September 2003. The Act allows for private cemeteries to operate within the ACT and requires a Perpetual Care Trust to be established for each cemetery. Each Trust is comprised of two parts, one for current maintenance and one for future maintenance (The PCT Reserve), which is intended to provide for maintenance for each site in perpetuity. The Minister has set a percentage of income that must be paid into each fund. Following a review of the Perpetual Care Trust (PCT) fund arrangements, the PCT Fund Percentage, *Reserve Percentage* and *Review Date* (the date by which the percentages must be reviewed) were set in 2011 giving the Authority a basis on which to plan for future financial needs.

In 2011 the Territory and Municipal Services Directorate (TAMS) completed a review of the Perpetual Care Trust model. This review has established that while the Authority has sufficient funds for maintenance in the short term of the sites transferred to the Authority on commencement of the *Cemeteries and Crematoria Act 2003*, it has a substantial shortfall of funds (at the time of the review in the order of \$21 million) required to provide for longer term maintenance. The larger component of this is the unfunded liability for burials that took place before the start of the scheme (inherited by the Authority at the start of the scheme) and is in the order of \$11 million. These funds will need to be acquired by the Authority to ensure that public expectations of maintenance standards in perpetuity are met. The Authority believes that it can fund the future component of the liability with fee increases and adding more premium options to its current services.

Following an internal audit in 2012 of Authority PCT, changes to structures and procedures were made to the PCT accounts and additional payments were required to bring the funds up to the levels required by the changes to the Act. These payments were complimented by “above-model” contributions to the Gungahlin PCT In 2010-11 and 2011-12. The Authority will continue to work with the ACT Government to resolve these issues.

Risk Management

The Authority's approach to risk management provides clients with assurance that the Authority can deliver low risk/high value services. The Authority has developed a Strategic Business Plan, Risk Register, Disaster Recovery and Business Resumption Plan and Fraud and Corruption Prevention Plan. These are considered live documents and are subject to continual change.

Financial Performance

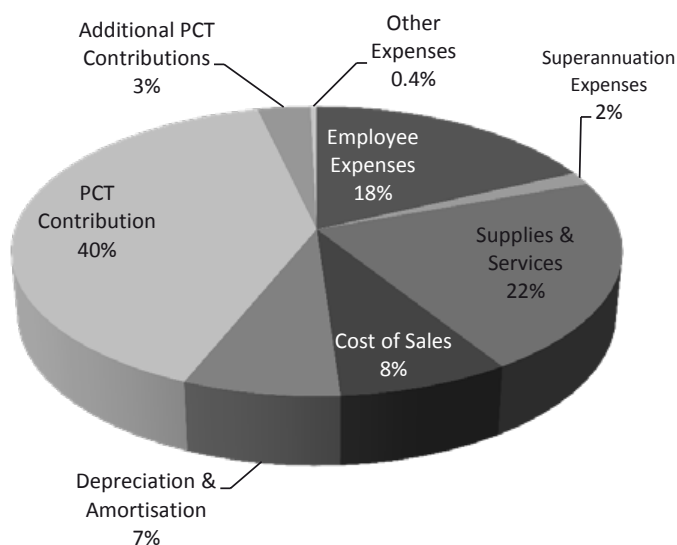
The following financial information is based on the forward estimates contained in the 2012-13 Statement of Intent and internal reports for 2012-13.

Expenditure

1. Components of Expenditure

Figure 1 indicates the components of the Authority's expenditure to June 2013 with the largest component of expenditure, not including Perpetual Care Trust (PCT) fund contributions, being supplies and services which represent 22 percent of ordinary activities or \$ 1.236 million. Note that employee expenses which represent 18 percent of ordinary activities or \$1.032 million is net of staff costs which are directly attributable to cost of sales, ground maintenance and inventory. While a larger actual proportion (\$2.485 million), PCT Contributions are, in effect, offset against PCT Drawdowns (see Figure 2. below). PCT Contributions are calculated as a percentage of burial related income.

Figure 1 - Components of Expenditure 30 June 2013



2. Comparison to Budget

Total expenditure of \$ 5.388 million was \$ 0.321 million, or 6.3 percent above the 2012-13 Budget. This principally reflects higher than anticipated PCT contributions due to new fund arrangements, higher than budgeted supplies and services (due to higher than budgeted water costs and the direct allocations of time costs to ground maintenance), higher than budgeted cost of sales (due to the direct allocations of time costs) and other expenses (losses on the sale of assets, insurance claims and loss on investments). These were offset by lower than budgeted employee expenses and superannuation expenses.

3. Comparison to 2011-12 Actual Expenditure

Total expenditure was \$ 0.473 million, or 9.6 percent higher than the 2011-12 actual result. This was principally due to higher PCT contributions, higher supplies and services, and cost of sales as described above.

4. Future Trends

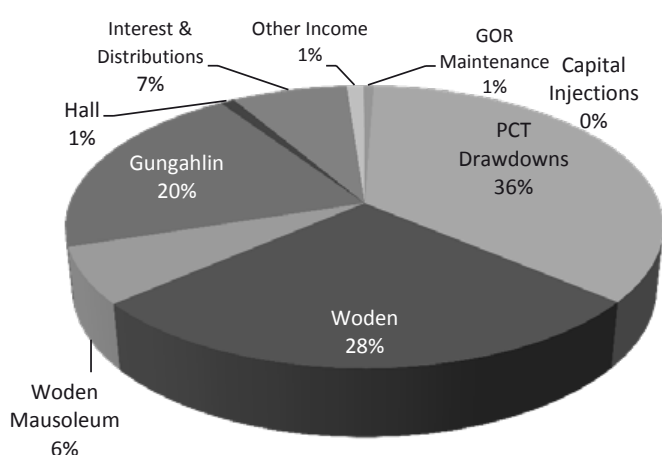
Major changes to the structure of the accounts in relation to inventory and cost of sales and PCT contributions have now been completed. It is expected that expenses will continue to rise annually in the short term, by approximately the CPI. Where possible surplus funds will be moved to PCT accounts.

Income

1. Components of Income

Figure 2 below indicates that for the period to 30 June 2013 the Authority received 91 percent of its total income of \$ 5.507 million from user charges – Non-ACT Government. This comprises income from the sale of allotments and burial services to the ACT community in the current year (58 percent) and drawdowns from Perpetual Care Trust Funds which represent user charges indirectly (33 percent). These drawdowns are calculated using the model provided by the ACT Government for this purpose. The majority of the remainder of the Authority's income is derived from interest from invested surplus funds.

Figure 2 - Components of Income to 30 June 2013



2. Comparison to Budget

Total income for the period ending 30 June 2013 was \$ 5.507 million, which including PCT Drawdowns, was \$ 0.201 million higher than the 2012-13 Budget of \$5.348 million. Revenue from User Charges non-ACT Government was above budget by 6.8 percent principally due to higher than budgeted general burial income due to increased numbers of sales and fee increases. Other Revenue for the period ending 30 June 2013 including drawdown from Perpetual Care Trusts was above budget by 2.7 percent.

3. Comparison to 2011-12 Actual Income

Total income to 30 June 2013 was \$ 0.285 million, or 5.5 percent higher than the 2011-12 actual result. This represented an increase of 12.8 percent in User Charges income, a 71.3 percent fall in other income and a 15 percent increase in PCT fund drawdown income, for reasons described above.

4. Future Trends

Total income for 2013-14 is budgeted to increase at a similar level to 2011-12 due to increased fees driven by the need to increase revenue to meet perpetual care needs. This will be assessed annually as it is assumed for this calculation that there will be similar numbers of burials in future.

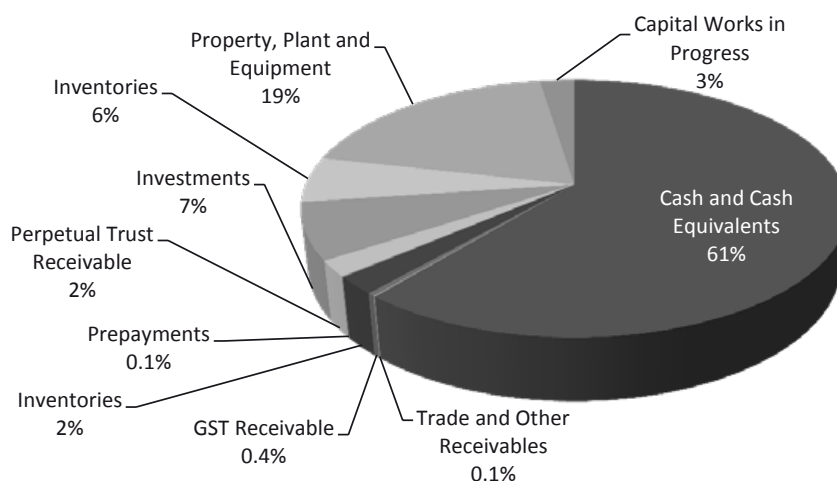
Financial Position

Total Assets

1. Components of Total Assets

Figure 3 below indicates that for the financial period ended 30 June 2013, the Authority held 19 percent of its assets in Property, Plant and Equipment and 60 percent in Cash and Cash Equivalents.

Figure 3 – Total Assets breakdown as at 30 June 2013



Note: Inventories occur in both Current Assets (C) and Non Current Assets (NC)

2. Comparison to Budget

The total asset position as at 30 June 2013 is \$ 14.991 million, which is 2 percent above the 30 June 2013 Budgeted position of \$14.696 million.

3. Comparison to 2011-12 Actuals

The Authority's total asset position is \$0.951 million higher than the adjusted 2011-12 actual result of \$ 14.040 million due to an increase in Cash and Cash Equivalents, Inventories and PCT Receivables. These were offset by a fall in value in Plant Property and Equipment.

4. Liquidity

'Liquidity' is the ability of the Authority to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1-to-1 may indicate a reliance on the next financial year's user charges - non ACT Government to meet short-term debts.

Table 1 indicates the liquidity position of the Authority.

Table 1 – Current Ratio

Description	Prior Year Actual \$'000s 2011-12 (adjusted)	Current Year Budget \$'000s 2012-13	Current Year Actual \$'000s 2012-13	Forward Year Budget \$'000s 2013-14	Forward Year Budget \$'000s 2014-15	Forward Year Budget \$'000s 2015-16
Current Assets	8,330	8,795	9,244	9,491	10,004	10,555
Current Liabilities	5,629	5,328	6,232	5,838	5,991	6,151
Current Ratio	1.5	1.7	1.5	1.6	1.7	1.7

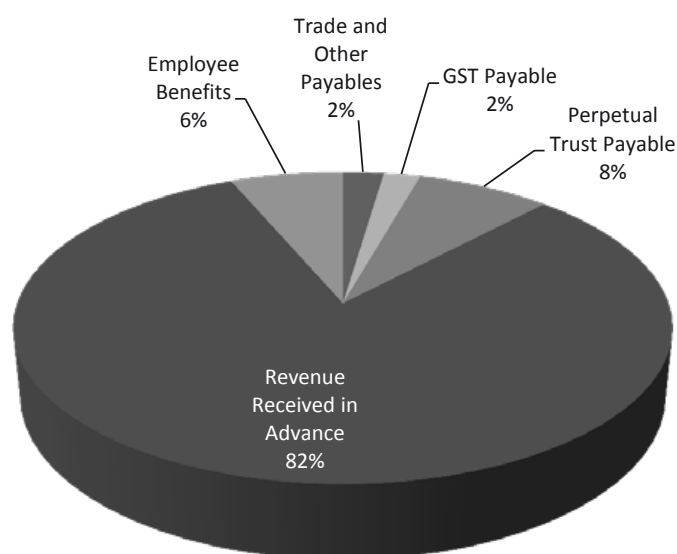
The Authority's current ratio for the financial year to 30 June 2013 is 1.5, which while providing satisfactory liquidity, is below budget. This is due to liabilities increasing at a rate higher than Assets principally due to higher than budgeted payables, (to the Woden Mausoleum PCT due to a change in the structure of PCT accounts) and an increase in Revenue Received in Advance.

Note: *In practice this revenue (fees received in advance) will not be realised in the short term but the accounting standard requires that they be treated as current rather than non-current.*

Total Liabilities

Figure 4 below indicates that the majority of the Authority's liabilities relate to Fees Received in advance (81 percent).

Figure 4 – Total Liabilities breakdown as at 30 June 2013



The Authority's liabilities for the period ended 30 June 2013 of \$ 6.283 million is above budget by 17.4 percent, which principally reflects higher than expected reservation sales. Total liabilities are \$0.625 million higher than the 2011-12 actual results of \$ 5.658 million which reflects normal inflationary growth plus higher than expected reservation sales described above.

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ANNEXED REPORT

ACT PUBLIC CEMETERIES AUTHORITY

A6 ACT PUBLIC CEMETERIES AUTHORITY FINANCIAL REPORTS



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

ACT PUBLIC CEMETERIES AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the ACT Public Cemeteries Authority (the Authority) for the year ended 30 June 2013 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

Responsibility for the financial statements

The Governing Board of the Authority is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

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

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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

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

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements of the Authority for the year ended 30 June 2013:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Authority as at 30 June 2013 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville
Director, Financial Audits
16 September 2013

ACT Public Cemeteries Authority

**Financial Statements
For the Year Ended
30 June 2013**

**ACT Public Cemeteries Authority
Financial Statements
For the Year Ended 30 June 2013**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the year ended 30 June 2013 and the financial position of the Authority on that date.



Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
11 September 2013

**ACT Public Cemeteries Authority
Financial Statements
For the Year Ended 30 June 2013**

Statement by the Chief Executive Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Authority's accounts and records and fairly reflect the financial operations of the Authority for the year ended 30 June 2013 and the financial position of the Authority on that date.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
11 September 2013

ACT Public Cemeteries Authority
Operating Statement
For the Year Ended 30 June 2013

	Note No.	Actual 2013 \$	Original Budget 2013 \$	Actual 2012 \$
Income				
<i>Revenue</i>				
User Charges - Non-ACT Government	4	3,176,556	2,975,000	2,817,444
Interest	5	361,648	406,000	429,435
Distribution from Investments with Territory Banking Account	6	59,723	67,000	59,688
Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts	7	1,810,643	1,813,000	1,573,807
Other Revenue	8	98,239	45,000	68,467
Total Revenue		5,506,809	5,306,000	4,948,841
<i>Gains</i>				
Other Gains	9	-	42,000	272,921
Total Gains		-	42,000	272,921
Total Income		5,506,809	5,348,000	5,221,762
Expenses				
Employee Expenses	10	1,031,881	1,204,000	1,309,962
Superannuation Expenses	11	82,873	140,000	93,189
Supplies and Services	12	1,235,863	875,000	782,424
Depreciation and Amortisation	13	412,919	364,000	386,660
Cost of Sales	14	452,593	209,000	213,228
Revenue Transferred to the Perpetual Care Trusts	15	2,099,309	2,275,000	2,126,957
Other Expenses	16	72,839	-	2,343
Total Expenses		5,388,277	5,067,000	4,914,763
Operating Surplus		118,532	281,000	306,999
Other Comprehensive (Deficit)				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
(Decrease) in the Asset Revaluation Surplus		-	-	(16,769)
Total Other Comprehensive (Deficit)		-	-	(16,769)
Total Comprehensive Income		118,532	281,000	290,230

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

ACT Public Cemeteries Authority
Balance Sheet
As at 30 June 2013

	Note No.	Actual 2013 \$	Original Budget 2013 \$	Actual 2012 \$
Current Assets				
Cash and Cash Equivalents	19	9,055,809	8,626,000	8,083,144
Receivables	20	142,788	116,000	186,132
Inventories	22	28,455	37	43,759
Other Assets	26	16,703	16,000	16,594
Total Current Assets		9,243,755	8,795,000	8,329,629
Non-Current Assets				
Receivables	20	423,104	503,000	448,880
Investments	21	1,054,950	815,000	1,075,910
Inventories	22	1,119,634	816,000	845,455
Property, Plant and Equipment	23	2,732,808	2,965,000	3,057,273
Intangibles	24	52,681	-	72,694
Capital Works in Progress	25	363,852	802,000	210,336
Total Non-Current Assets		5,747,029	5,901,000	5,710,548
Total Assets		14,990,784	14,696,000	14,040,177
Current Liabilities				
Payables	27	798,629	239,000	622,786
Employee Benefits	28	350,265	414,000	342,881
Revenue Received in Advance	29	5,083,004	4,675,000	4,663,444
Total Current Liabilities		6,231,898	5,328,000	5,629,111
Non-Current Liabilities				
Employee Benefits	28	51,460	26,000	28,588
Total Non-Current Liabilities		51,460	26,000	28,588
Total Liabilities		6,283,358	5,354,000	5,657,699
Net Assets		8,707,426	9,342,000	8,382,478

ACT Public Cemeteries Authority
Balance Sheet – Continued
As at 30 June 2013

	Note No.	Actual 2013 \$	Original Budget 2013 \$	Actual 2012 \$
Equity				
Accumulated Funds		7,664,564	8,289,000	7,339,616
Asset Revaluation Surplus	30	1,042,862	1,053,000	1,042,862
Total Equity		8,707,426	9,342,000	8,382,478

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

**ACT Public Cemeteries Authority
Statement of Changes in Equity
For the Year Ended 30 June 2013**

	Accumulated Funds Actual 2013 \$	Asset Revaluation Surplus Actual 2013 \$	Total Equity Actual 2013 \$	Original Budget 2013 \$
Balance at the Beginning of the Reporting Period	7,339,616	1,042,862	8,382,478	8,692,000
Comprehensive Income				
Operating Surplus	118,532	-	118,532	281,000
Total Comprehensive Income	118,532	-	118,532	281,000
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	206,416	-	206,416	369,000
Total Transactions Involving Owners Affecting Accumulated Funds	206,416	-	206,416	369,000
Balance at the End of the Reporting Period	7,664,564	1,042,862	8,707,426	9,342,000

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

ACT Public Cemeteries Authority
Statement of Changes in Equity - Continued
For the Year Ended 30 June 2013

		Accumulated Funds Actual 2012 \$	Asset Revaluation Surplus Actual 2012 \$	Total Equity Actual 2012 \$
	Note No.			
Balance at the Beginning of the Reporting Period		6,867,770	1,069,528	7,937,298
Comprehensive Income / (Deficit)				
Operating Surplus		306,999	-	306,999
(Decrease) in the Asset Revaluation Surplus	30	-	(16,769)	(16,769)
Total Comprehensive Income / (Deficit)		306,999	(16,769)	290,230
Transfers to/(from) Reserves	30	9,898	(9,898)	-
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections		154,949	-	154,949
Total Transactions Involving Owners Affecting Accumulated Funds		164,847	(9,898)	154,949
Balance at the End of the Reporting Period		7,339,616	1,042,862	8,382,478

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

ACT Public Cemeteries Authority
Cash Flow Statement
For the Year Ended 30 June 2013

	Note No.	Actual 2013 \$	Original Budget 2013 \$	Actual 2012 \$
Cash Flows from Operating Activities				
Receipts				
User Charges – Non-ACT Government		3,594,407	3,237,000	3,281,023
Reimbursement of Maintenance and Related Expenditure from Perpetual Care Trusts:				
Gungahlin Perpetual Care Trust		555,521	654,164	627,531
Hall Perpetual Care Trust		8,059	11,886	2,919
Woden Perpetual Care Trust		644,435	718,471	798,486
Woden Mausoleum Perpetual Care Trust		76,349	49,479	-
Interest and Distributions Received		464,586	473,000	529,371
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		188,456	-	167,450
Goods and Services Tax Collected from Customers		395,745	-	345,528
Other		98,239	485,000	68,468
Total Receipts from Operating Activities		6,025,797	5,629,000	5,820,776
Payments				
Cash Transferred to Perpetual Care Trusts:				
Gungahlin Perpetual Care Trust		391,888	1,059,303	907,531
Hall Perpetual Care Trust		16,002	32,918	5,312
Woden Perpetual Care Trust		759,900	1,533,144	1,131,046
Woden Mausoleum Perpetual Care Trust		200,114	250,635	-
Employee		1,001,982	1,181,000	1,298,332
Superannuation		82,515	140,000	91,930
Supplies and Services		1,258,996	868,000	792,492
Cost of Sales		711,468	-	201,806
Goods and Services Tax Remitted to the Australian Taxation Office		366,866	-	330,041
Goods and Services Tax Paid to Suppliers		195,981	-	179,514
Other		22,010	-	601
Total Payments from Operating Activities		5,007,722	5,065,000	4,938,605
Net Cash Inflows from Operating Activities	32	1,018,075	564,000	882,171

**ACT Public Cemeteries Authority
Cash Flow Statement - Continued
For the Year Ended 30 June 2013**

	Note No.	Actual 2013 \$	Original Budget 2013 \$	Actual 2012 \$
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		13,779	-	29,960
Total Receipts from Investing Activities		13,779	-	29,960
Payments				
Purchase of Property, Plant and Equipment		114,630	559,000	179,031
Payments for Capital Works in Progress		150,975	-	165,495
Total Payments from Investing Activities		265,605	559,000	344,526
Net Cash (Outflows) from Investing Activities		(251,826)	(559,000)	(314,566)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		206,416	369,000	154,949
Total Receipts from Financing Activities		206,416	369,000	154,949
Net Increase in Cash and Cash Equivalents Held		972,665	374,000	722,554
Cash and Cash Equivalents at the Beginning of the Reporting Period		8,083,144	7,950,000	7,360,590
Cash and Cash Equivalents at the End of the Reporting Period	32	9,055,809	8,324,000	8,083,144

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

**ACT Public Cemeteries Authority
Statement of Appropriation
For the Year Ended 30 June 2013**

	Original Budget 2013 \$	Total Appropriated 2013 \$	Appropriation Drawn 2013 \$	Appropriation Drawn 2012 \$
Capital Injections	369,000	206,416	206,416	154,949
Total Appropriation	369,000	206,416	206,416	154,949

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

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers. This amount also appears in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Authority during the year. This amount appears in the Cash Flow Statement.

Capital Injections

Appropriations are drawn to the extent the Authority has incurred expenditure on the Southern Cemetery Project. The expenditure incurred, and therefore the amount appropriated, was below budget during the year due to design delays with the project.

ACT Public Cemeteries Authority

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ACT Public Cemeteries Authority
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ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 1 OBJECTIVES OF ACT PUBLIC CEMETERIES AUTHORITY

Operations and Principal Activities

The ACT Public Cemeteries Authority (the Authority) is a Territory Authority that was established on 27 September 2003 by *The Cemeteries and Crematoria Act 2003* (the Act). It manages and operates public cemeteries in the ACT in Gungahlin, Woden and Hall. The Authority aims to operate the cemeteries sustainably and on a user pays principle, to minimise the cost to the ACT Government and community.

The Authority aims to provide a wide range of burial options in Gungahlin and Woden cemeteries to meet the needs of cultural groups that use the cemetery services. This includes encouraging the placement of ashes in specific areas or family graves. The Authority also actively promotes the pre-purchase of cemetery services, which allows for people to arrange their affairs prior to death.

Perpetual Care Trust Arrangements

A Perpetual Care Trust has been established for each of the cemeteries (Gungahlin, Woden, Woden Mausoleum and Hall) in accordance with section 9 of the Act. Each Perpetual Care Trust is established for the maintenance of the cemetery. The Public Trustee is the trustee of each Perpetual Care Trust and the Authority is responsible for their management. The Authority is required to provide to each Trust a minimum percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Perpetual Care Trust percentages determined by the Minister have been determined on a 'full cost' basis – they allow for not only the direct cemetery maintenance costs but also the proportion of indirect overhead costs reasonably associated with the management of cemetery maintenance. The Authority has accounted for each Trust consistently with this full cost basis. In particular:

- (i) the amounts recognised as expenditure in relation to each Trust have been determined using the Perpetual Care Trust percentages; and
- (ii) revenue recognised in relation to reimbursement from each Trust has been calculated on a basis consistent with the Authority's understanding of the formula used to determine the Perpetual Care Trust percentages.

In 2006, a change was made to the Perpetual Care Trust arrangements that required the Perpetual Care Trusts to each have a reserve for future maintenance and related expenditure. On 3 August 2011, the allocated funding of the reserves became Ministerially determined by way of reserve percentages. In addition to the determination of reserve percentages, the Minister also determined a separate trust should be created for the Woden Mausoleum. The creation of the Mausoleum Perpetual Care Trust was implemented on 1 July 2012.

In accordance with section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for the four Trusts are:

Trust	Perpetual Care Trust amount	Perpetual Care Trust Reserve amount
Gungahlin Cemetery	44.9%	16.9%
Woden Cemetery	33.8%	33.0%
Woden Mausoleum	13.4%	60.3%
Hall Cemetery	11.3%	76.2%

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of financial statements for Territory Authorities.

The FMA and the *Financial Management Guidelines* issued under the Act, requires that a Territory Authority's financial statements include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet 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 for the year; and
- (vii) such other statements as are necessary to fairly reflect the financial operations of the Territory Authority during the year and its financial position at the end of the year.

These general-purpose financial statements have been prepared to comply with 'Generally Accepted Accounting Principles' (GAAP) as required by the *Financial Management Act 1996*. The financial statements have been prepared in accordance with:

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

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets which were valued in accordance with the (re)valuation policies applicable to the Authority during the reporting period.

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

The Authority is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Authority for the year ending 30 June 2013 together with the financial position of the Authority as at 30 June 2013.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(c) Comparative Figures

Budget Figures

The *Financial Management Act 1996* requires the financial statements to facilitate a comparison with the Statement of Intent. The budget numbers are per the Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

(d) Rounding

All amounts in the financial statements have been rounded to the nearest dollar. Use of “-” represents zero amounts or amounts rounded down to zero.

(e) 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 Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales of Goods

Revenue from the sale of goods is generally separated into four areas, allotment, maintenance, burial and sales of plaques and monuments. Allotment and maintenance income are recognised immediately when an allotment is paid for, burial income is recognised when the burial takes place, the sale of plaques income is recognised when an order is placed and the sale of monuments or monumental permits are recognised when construction is commenced.

Rendering of Services

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

Interest

Interest revenue is recognised using the effective interest method.

Distributions

Distribution revenue is received from investments with the Territory Banking Account. This is recognised on an accrual basis using data supplied by the Territory Banking Account.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(f) Repairs and Maintenance

The Authority undertakes cyclical maintenance on its infrastructure, buildings and plant and equipment. Where the maintenance leads to an upgrade of the asset and an increase in the service potential of the existing asset, the cost is capitalised. Maintenance expenses which do not increase the service potential of the asset are expensed.

(g) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities which do not fall within the current classification are classified as non-current.

(h) Impairment of Assets

The Authority assesses, at each reporting date, 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.

Any resulting impairment losses for property, plant and equipment are recognised as a decrease in the available balance in the Asset Revaluation Surplus relating to these classes of assets. Where the impairment loss is greater than the available balance in the Asset Revaluation Surplus for the relevant class of asset, the difference is expensed in the Operating Statement. Also, 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 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 Authority were deprived of it. Non-financial assets, which have previously been impaired, are reviewed for the possible reversal of impairment at each reporting date.

(i) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank, cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(j) Receivables

Accounts receivable (including trade receivables and other trade receivables) are initially recognised at fair value and are 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 the public. Trade receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. The Authority grants a discount of 5% if payment is received within 5 days.

Other receivables arise outside the normal course of selling goods and services to the public. Other receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

(k) Investments

Short-term and long-term investments are held with the Territory Banking Account in unit trusts called the Cash Enhanced Portfolio and Fixed Interest Portfolio respectively. The prices of units in the unit trusts fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trusts between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trusts (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

The investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

(l) Inventories

Inventories include goods and other property held for sale at zero or nominal consideration, or for consumption in the ordinary course of business operations. It excludes depreciable assets. Inventories include land allocated for interment purposes held for sale. Inventory of land allocated for interment purposes is measured at the lower of cost and net realisable value on the basis of weighted average cost and includes adjacent land and landscaping that add to the amenity of the land for interment.

Inventories also include ground staff time costs incurred in making the interment land ready for sale. The current financial reporting period is the first period in which this accounting policy has been implemented. Inventories are classified as either works in progress or finished goods. Works in progress include undeveloped land and expenditure on inventories partially constructed, but not available for sale. Finished goods represent inventories available for sale to customers including land to be used for interment purposes. Inventories acquired for no cost or nominal consideration are measured at current replacement cost at the date of acquisition.

Inventories expected to be sold/utilised within 12 months are recorded as current, with the balance as non-current assets.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(m) 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). Where property, plant and equipment is acquired at no cost, or minimal cost, cost is its fair value at date of acquisition.

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

Property, plant and equipment with a minimum value of \$300 is capitalised.

(n) Measurement of Property, Plant and Equipment After Initial Recognition

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

Property, plant and equipment is revalued every 3 years, with the last valuation performed on 30 June 2011 by the Australian Valuation Office. The next valuation will be performed in the 2014 financial year. However, if at any time management considers 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 relating to depreciable property, plant and equipment 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.

(o) Intangible Assets

The Authority's Intangible Assets are comprised of 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 Authority;
- (ii) the cost of the software can be measured reliably; and
- (iii) the acquisition cost is equal to or exceeds \$50,000.

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding 4 years.

Intangible Assets are measured at cost.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(p) 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 over its newly assessed remaining useful life. Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as plant and equipment and buildings. Land has an indefinite useful life and is therefore not depreciated.

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

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

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Buildings	Straight Line	10 - 100
Property Improvements	Straight Line	20 - 40
Roadways	Straight Line	10 - 20
Landscaping	Diminishing Value	10 - 20
Plant and Equipment	Diminishing Value	2 - 50
Motor Vehicles	Diminishing Value	8
Computer Software	Straight Line	4

The useful lives of all major assets are reassessed on an annual basis.

(q) Capital Works in Progress

Capital works in progress is initially recorded at cost. No depreciation/amortisation is recognised on the asset until it is fully installed and ready for use. At such a time the asset is no longer classified as capital works in progress, but as property, plant and equipment or intangible assets.

(r) Payables

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

Payables include Trade Payables, Accrued Expenses and Other Payables.

Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Authority.

Accrued Expenses represent goods and services provided by other parties during the reporting period that are unpaid at the end of the reporting period and where an invoice has not been received by period end.

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

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(s) Employee Benefits

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

Wages and Salaries

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

Annual and Long Service Leave

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

Annual and long service leave including applicable on-costs that do not fall due within the next 12 months are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting period end, the present value of future payments are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the future estimated cash flows. In 2012-13, the rate used to estimate the present value of these future payments is 101.3% (106.6% in 2011-12).

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 of 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 the applicable on-costs.

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

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

(t) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover the Authority's superannuation liability for the Public Sector Superannuation Scheme (PSS). This payment covers the PSS employer contribution but does not include the productivity component. The productivity component is paid directly to ComSuper by the Authority. The PSS is a defined benefit superannuation plan meaning that the defined benefits received by employees are based on the employee's years of service and average final salary.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(t) Superannuation – Continued

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of superannuation accumulation schemes. This includes schemes of employee choice.

Superannuation employer contribution payments, for the PSS, are calculated by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

A superannuation liability is not recognised in the Balance Sheet as the Superannuation Provision Account recognises the total Territory superannuation liability for the PSS, and ComSuper and the external schemes recognise the superannuation liability for other schemes respectively.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

(u) Insurance

The Authority insures all of its major risks through the ACT Insurance Authority. The excess payable under this arrangement varies depending on each class of insurance held by the Authority.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(v) Significant Accounting Judgements and Estimates

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

- a) *Fair Value of Property, Plant and Equipment*: Property, plant and equipment is initially recorded at cost. Subsequent recording of property, plant and equipment is at the market value of similar items or depreciated replacement cost as determined by an independent valuer. In some circumstances, buildings that are purpose built may in fact realise more or less in the market. The Authority utilises its understanding of current market conditions, as well as comparisons to the value of property, plant and equipment at similar organisations to estimate fair value.
- b) *Property, Plant and Equipment – Depreciation*: Note 2(p): 'Depreciation and amortisation of Non-Current Assets' discloses that infrastructure assets, buildings and plant and equipment are systematically depreciated over their estimated useful life. The estimated useful life of these assets is reassessed each year and adjusted when the condition and other factors affecting the useful life of these assets indicate an adjustment is warranted.
- c) *Property, Plant and Equipment – Impairment*: Note 2(h): 'Impairment of Assets' discloses that property, plant and equipment is annually assessed for impairment. The Authority utilises its understanding of current market conditions, as well as comparisons to the value of property, plant and equipment at similar organisations to assess whether an asset is impaired. If this assessment indicates an asset is impaired, then an assessment of the asset's recoverable amount is estimated to determine whether an impairment loss must be recognised.
- d) *Employee Benefits*: Significant judgements have been applied in estimating the liability for employee benefits. The estimated liability for employee benefits require a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will be payable. Further information on this estimate is provided in Note 2(s): 'Employee Benefits' and Note 3 'Change in Significant Accounting Policies and Accounting Estimates, and Correction of Prior Period Errors'.
- e) *Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts*: The Authority has based its calculation of the reimbursement on a combination of direct costs and 47% of indirect costs not including ground staff time costs. The 47% for indirect costs is the figure used in the Perpetual Care Trust model provided to the Authority by the ACT Government.
- f) *Land Under Roads*: The Authority has chosen to recognise land under roads acquired prior to 1 July 2008 at fair value, which is the market value as determined by an independent valuer. The Authority utilises the expertise of an independent valuer to estimate impairment. The value of land under roads is recognised in the total value of land held by the Authority.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(w) Impact of Accounting Standards Issued but yet to be Applied

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

- AASB 9 Financial Instruments (application date 1 January 2015);
- AASB 10 Consolidated Financial Statements (application date 1 January 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- AASB 127 Separate Financial Statements (application date 1 January 2013);
- 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, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 January 2015);
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (application date 1 January 2013);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013);
- AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132] (application date 1 January 2013);
- AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014);
- AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date AASB 9 and Transition Disclosures [AASB 9, AASB 2009-11, AASB 2010-7 & AASB 2011-8] (application date 1 January 2013); and
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12] (application date 1 January 2013).

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 3 CHANGE IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, AND CORRECTION OF PRIOR PERIOD ERRORS

Change in Accounting Estimate

Revision of the estimate of Employee Benefits

There has been no significant change in estimates in this reporting period.

Change in Significant Accounting Policies

The Authority made a change to the accounting policy in relation to inventories in the current reporting period. Inventories now include ground staff time costs incurred in making the interment land ready for sale. The current financial reporting period is the first period in which this accounting policy has been implemented.

The amounts included in inventory at 30 June 2013 are disclosed in Note 10 and Note 11.

Correction of Prior Period Errors

The Authority made a correction to the prior period for changes in the contributions and reimbursements from the Perpetual Care Trusts. The change was consistent with the method used by the Minister to determine the basis on which contributions are made and reimbursements are received from the Perpetual Care Trusts. The changes had no material impact on the financial statements.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 4 USER CHARGES NON–ACT GOVERNMENT

User charge revenue is derived by providing goods and services to the public. User charge revenue is not part of ACT Government appropriation and is paid for by the user of the goods or services. This revenue is driven by consumer demand and is commercial in nature.

	2013	2012
	\$	\$
Alotment and Reservation Fees ^a	936,084	931,195
Burial Fees ^a	685,158	581,311
Maintenance Fees ^a	932,855	781,120
Sales of Plaques, Monuments and Vaults ^a	498,771	400,440
Memorial Permit Fees	123,688	123,378
Total User Charges – Non-ACT Government	<u>3,176,556</u>	<u>2,817,444</u>

a. On 1 July 2012, burial and maintenance fees were increased by approximately 10%. In addition, the plaque, monument and vaults fees also increased. The price rises were required to assist with ongoing cemetery maintenance.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 5 INTEREST

	2013	2012
	\$	\$
Revenue from Non-ACT Government Entities		
Interest Revenue ^a	196,541	235,979
Total Interest Revenue from Non-ACT Government Entities	<u>196,541</u>	<u>235,979</u>
Revenue from ACT Government Entities		
Interest Revenue ^a	165,107	193,456
Total Interest Revenue from ACT Government Entities	<u>165,107</u>	<u>193,456</u>
Total Interest Revenue ^a	<u>361,648</u>	<u>429,435</u>
Total interest revenue from financial assets not at fair value through profit and loss.	361,648	429,435

a. Interest revenue decreased due to lower interest rates earned by the Authority on its investments

NOTE 6 DISTRIBUTIONS

	2013	2012
	\$	\$
Revenue from ACT Government Entities		
Distribution from Investments with the Territory Banking Account	59,723	59,688
Total Distribution from Investments with the Territory Banking Account	<u>59,723</u>	<u>59,688</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

**NOTE 7 REIMBURSEMENT OF MAINTENANCE AND RELATED EXPENDITURE
INCURRED ON BEHALF OF THE PERPETUAL CARE TRUSTS**

	2013 \$	2012 \$
Revenue from ACT Government Entities		
Woden Cemetery Perpetual Care Trust ^a	901,694	730,898
Woden Mausoleum Perpetual Care Trust ^b	4,324	3,108
Gungahlin Cemetery Perpetual Care Trust ^c	887,359	835,905
Hall Cemetery Perpetual Care Trust ^d	17,266	3,896
Total Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts	1,810,643	1,573,807

These amounts represent the reimbursement received by the Authority from each Perpetual Care Trust for maintenance and related expenditure paid by the Authority on behalf of each Perpetual Care Trust. These amounts are also recorded as expenditure in the financial statements of the relevant Perpetual Care Trust.

a. Woden Cemetery Perpetual Care Trust reimbursements increased due to the increased expenditure on water rates and ground maintenance during the reporting period.

b. The Woden Mausoleum Perpetual Care Trust reimbursements increased due to the increased expenditure on cleaning during the reporting period. The cleaning expenses incurred by The Authority were directly attributable to the Woden Mausoleum Perpetual Care Trust.

c. Gungahlin Cemetery Perpetual Care Trust reimbursements increased due to the increased expenditure incurred by the Authority for water rates and ground maintenance in the reporting year.

d. The Hall Cemetery accounted for a greater percentage of the Authority's income in the reporting period. As a result of this, direct and indirect expenditure attributable to the Hall Cemetery also increased. All of the direct expenditure and 47% of the indirect expenditure attributable to the Hall Cemetery is reimbursed to the Authority by the Hall Cemetery Perpetual Care Trust.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 8 OTHER REVENUE

Other revenue arises from the core activities of the Authority. Other revenue is distinct from Gains, as Gains are items that are not part of the core activities of the Authority.

	2013	2012
	\$	\$
Revenue from Non-ACT Government Entities		
Garden of Remembrance Maintenance ^a	36,315	46,220
Exhumations and Sundries ^b	61,924	22,247
Total Other Revenue from Non-ACT Government Entities	98,239	68,467
Total Other Revenue	98,239	68,467

a. Revenue from the Garden of Remembrance decreased due to a decrease in sales associated with Garden of Remembrance items.

b. Exhumation revenue increased this reporting period due to the increase in number of exhumations.

NOTE 9 GAINS

Other gains are transactions that are not part of the Authority's core activities. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Authority.

	2013	2012
	\$	\$
Unrealised Gain on Investments ^a	-	44,030
Reversal of the Impairment Loss from Receivables ^b	-	141,694
Reversal of Asset Revaluation Decrement Previously Expensed ^c	-	87,197
Total Other Gains	-	272,921

a. There were no gain on investments during the reporting period.

b. There were no reversal of impairments during the reporting period.

c. There were no reversals of Asset Revaluation decrements during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 10 EMPLOYEE EXPENSES

	2013	2012
	\$	\$
Wages and Salaries	1,052,530	808,238
Annual Leave	12,659	(698)
Long Service Leave	22,714	(4,887)
Fringe Benefits Tax	28,640	26,778
Workers' Compensation Insurance Premium	75,947	49,128
Temporary Staff	203,916	402,734
Other Employee Benefits and Other On-Costs	20,586	28,669
Total Employee Expenses ^a	<u>1,416,992</u>	<u>1,309,962</u>
Less Amounts Transferred to:		
Inventory	(53,890)	-
Cost of Sales	(133,686)	-
Ground Maintenance	(197,535)	-
Total Employee Expenses	<u>1,031,881</u>	<u>1,309,962</u>
	Number	Number
Full-time equivalent employees	17	15

a. Total employee expenses decreased this reporting year due to the allocation of employee timecosts to cost of sales (Note 14), ground maintenance (Note 12) and inventory (Note 22). Without this change in accounting policy, total employee expenses would have been \$1,416,992, which increased from last year due to an increase in employees.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 11 SUPERANNUATION EXPENSES

	2013	2012
	\$	\$
Superannuation Contributions to the Territory Banking Account	33,783	33,965
Superannuation Contributions to External Providers	86,736	59,224
Total Superannuation Expenses ^a	120,519	93,189
Less Amounts Transferred to:		
Inventory	(5,266)	-
Cost of Sales	(13,069)	-
Ground Maintenance	(19,311)	-
Total Employee Expenses	82,873	93,189

a. Total superannuation expenses varied this reporting year due to the allocation of employee time costs to cost of sales (Note 14), ground maintenance (Note 12) and inventory (Note 22). Without this change in accounting policy, total superannuation expenses would have been \$120,519, which increased from last year due to an increase in employees.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 12 SUPPLIES AND SERVICES

	2013	2012
	\$	\$
Grounds Maintenance ^a	431,697	213,638
Water Rates ^b	215,008	47,481
Repairs and Maintenance ^c	99,916	83,797
Handling Fees to Funeral Directors ^d	77,312	57,395
Insurance	15,713	15,795
Accounting ^e	64,320	105,050
Motor Vehicle Expenses ^f	33,618	22,644
Contractors and Consultants ^g	92,982	67,821
Security	33,758	32,976
Electricity	13,635	10,387
Audit Fees	43,102	37,780
Telephone	15,408	13,829
Bank Charges	13,012	13,294
Printing and Stationery	4,533	5,468
General Office Expenses	12,884	19,079
Other ^h	68,965	35,990
Total Supplies and Services	<u>1,235,863</u>	<u>782,424</u>

a. Ground maintenance increased due to the increase allotments taken up and the direct allocations of time costs to ground maintenance. Without the allocation of time costs ground maintenance would have been \$214,851.

b. Water rates increased due to increase water consumption associated with pipe line damage.

c. Repairs and maintenance increased due to repair expenditure required on ageing plant and equipment.

d. Handling fees increased due to Funeral Director fee increases.

e. Accounting fees decreased due to the reduction in the Authority's requirement to engage external assistance with financial matters.

f. Motor vehicle expenses increased due to significant repairs being made to an onsite vehicle.

g. Contractors and consultants were higher due to the increased consultant fees incurred in relation to the implementation of the accounting model to allocate employee timesheets to direct expenditure and inventory.

h. Other expenses were higher this reporting period due to additional maintenance fees for the new cemetery database software.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 13 DEPRECIATION AND AMORTISATION

	2013	2012
	\$	\$
Depreciation		
Buildings	68,518	68,518
Property Improvements	53,448	53,352
Roadways	42,936	42,936
Landscaping	81,559	81,252
Plant and Equipment ^a	118,130	102,513
Motor Vehicles	27,282	27,147
Total Depreciation	391,873	375,718
Amortisation		
Intangible Assets ^b	21,046	10,942
Total Amortisation	21,046	10,942
Total Depreciation and Amortisation	412,919	386,660

a. Depreciation on plant and equipment increased due to purchasing additional equipment.

b. Amortisation increased this year due to intangible assets such as software being amortised for a full reporting year.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 14 COST OF SALES

	2013	2012
	\$	\$
Interment Sites ^a	68,869	35,643
Plaques	98,464	93,637
Memorials ^b	69,162	27,954
Vaults ^c	64,587	48,873
Burial Costs ^d	151,511	7,121
Total Cost of Sales	<u>452,593</u>	<u>213,228</u>

a. Interment sites increased due to the higher number of burials in this reporting period.

b. Memorials increased due to the higher number of burials in this reporting period.

c. Vaults expenses increased due to the higher number of burials in this reporting period.

d. Burial costs increased due to the allocation of employee time costs to direct burial expenditure.
Without this allocation, burial costs would have been \$4,756.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 15 REVENUE TRANSFERRED TO THE PERPETUAL CARE TRUSTS

	2013	2012
	\$	\$
Woden Cemetery Perpetual Care Trust ^a	1,055,849	775,020
Woden Mausoleum Perpetual Care Trust ^b	271,777	341,313
Gungahlin Cemetery Perpetual Care Trust ^c	726,449	1,007,043
Hall Cemetery Perpetual Care Trust ^d	45,234	3,581
Total Revenue Transferred to the Perpetual Care Trusts	<u>2,099,309</u>	<u>2,126,957</u>

These amounts represent the percentage of revenue transferred to the Perpetual Care Trusts that the Authority is required to provide in accordance with the Ministerial Determination.

a. The revenue attributable to the Woden Cemetery, as a percentage of the Authority's total revenue, increased during the period. Therefore, the revenue transferred to the Woden Cemetery Perpetual Care Trust increased accordingly.

b. The revenue attributable to the Woden Mausoleum, as a percentage of the Authority's total revenue, decreased during the period. Therefore, the revenue transferred to the Woden Mausoleum Perpetual Care Trust decreased accordingly. The reduction in revenue attributable to the Woden Mausoleum, as a percentage of overall Authority revenue, is offset by increases in revenue attributable to the Woden Cemetery and the Hall Cemetery.

c. The revenue attributable to the Gungahlin Cemetery, as a percentage of the Authority's total revenue, decreased during the period. Therefore, the revenue transferred to the Gungahlin Cemetery Perpetual Care Trust decreased accordingly. The reduction in revenue attributable to the Gungahlin Cemetery, as a percentage of overall Authority revenue, is offset by increases in revenue attributable to the Woden Cemetery and the Hall Cemetery.

d. The revenue attributable to the Hall Cemetery, as a percentage of the Authority's total revenue, increased during the period. Therefore, the revenue transferred to the Hall Cemetery Perpetual Care Trust increased accordingly.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 16 OTHER EXPENSES

	2013	2012
	\$	\$
Losses from the Sale of Assets ^a	29,869	1,743
Other Expenses ^b	22,010	600
Unrealised Loss on Investments ^c	20,960	-
Total Other Expenses	<u>72,839</u>	<u>2,343</u>

a. Losses from the sale of assets were higher this reporting period as several cemetery-specific vehicles were sold at prices below their written down value.

b. Other expenses increased this year due to a public liability compensation payout.

c. Losses on investments were recorded this year due to a decrease in fair value associated with the movement in financial markets during the year.

NOTE 17 AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Authority by the ACT Auditor-General's Office.

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

	2013	2012
	\$	\$
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	43,102	37,780
Total Auditor's Remuneration	<u>43,102</u>	<u>37,780</u>

NOTE 18 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

A waiver is the relinquishment of a legal claim to a debt over which the Authority has control. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Authority to recover the amount. The write-off of debts may occur for reasons other than waivers.

There were no waivers, impairment losses or write-offs during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 19 CASH AND CASH EQUIVALENTS

The Authority holds a number of banks accounts with the Commonwealth Bank as part of the whole-of-government banking arrangements. As part of these arrangements, the Authority receives minimal interest on these accounts.

In addition to the funds invested with the Commonwealth Bank, the Authority also has a demand deposit held directly with St George Bank that earned an average fixed interest rate of 4.6% (5.95% in 2011-12).

The Authority also has funds invested in the Public Trustee of the Australian Capital Territory. These funds earned an average floating interest rate of 4.66% (5.90% in 2011-12).

	2013	2012
	\$	\$
Cash at Bank	2,315,990	1,690,972
Cash on Hand	200	200
Short-Term Deposits	3,102,265	2,919,725
Public Trustee for the ACT - Government Cash Trust Fund	3,637,354	3,472,247
Total Cash and Cash Equivalents	<u>9,055,809</u>	<u>8,083,144</u>

The main reason for the increase in cash and cash equivalents was the increase in sales revenue.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 20 RECEIVABLES

	2013	2012
	\$	\$
Current Receivables		
Trade Receivables	46,057	48,537
Goods and Services Tax Refundable	62,373	60,023
Accrued Interest	34,358	77,572
Total Current Receivables	142,788	186,132
Non-Current Receivables		
Perpetual Care Trust Amounts Receivable:		
Gungahlin Cemetery Perpetual Care Trust	658,960	661,684
Less: Allowance for Impairment Losses ^a	(303,267)	(303,267)
Sub – Total for Gungahlin Cemetery	355,693	358,417
Woden Cemetery Perpetual Care Trust	67,411	90,444
Hall Cemetery Perpetual Care Trust	-	19
Total Non-Current Receivables	423,104	448,880
Total Receivables	565,892	635,012

a. The Board is confident that the actuarial model by which the Trust receives revenue will enable the Trust to continue to operate and pay its debts in the long-term. The Authority will not require payment of any deficits until such time as the Trust is able to meet those payments.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 20 RECEIVABLES – CONTINUED

Ageing of Receivables

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$	\$	\$	\$	\$
2013					
Not Impaired ¹					
Receivables	565,892	-	-	-	565,892
Impaired					
Receivables	303,267	-	-	-	303,267
2012					
Not Impaired ¹					
Receivables	635,012	-	-	-	635,012
Impaired					
Receivables	303,267	-	-	-	303,267

1) 'Not Impaired' refers to Net Receivables (that is, Gross receivables less Impaired Receivables).

	2013	2012
	\$	\$
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	303,267	444,961
Additional Allowance Recognised	-	-
Reduction in Allowance from Amounts Recovered During the Year	-	(141,694)
Allowance for Impairment Losses at the End of the Reporting Period	303,267	303,267

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 20 RECEIVABLES – CONTINUED

	2013	2012
	\$	\$
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with ACT Government Entities		
Other Receivables	439,463	465,323
Total Receivables with ACT Government Entities	<u>439,463</u>	<u>465,323</u>
Receivables with Non-ACT Government Entities		
Trade Receivables	46,057	48,537
Other Receivables	80,372	121,152
Total Receivables with Non-ACT Government Entities	<u>126,429</u>	<u>169,689</u>
Total Receivables	<u><u>565,892</u></u>	<u><u>635,012</u></u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 21 INVESTMENTS

The purpose of the investments in the Cash Enhanced Portfolio and Fixed Interest Portfolio is to hold them for a period of longer than 12 months. The carrying amounts of the investments in the Cash Enhanced Portfolio and Fixed Interest Portfolio disclosed below have been measured at fair value which is the current market value of the investments.

	2013	2012
	\$	\$
Non-Current Investments		
Investments with the Territory Banking Account		
– Cash Enhanced Portfolio	301,050	298,980
Investments with the Territory Banking Account		
– Fixed Interest Portfolio	753,900	776,930
Total Non-Current Investments	<u>1,054,950</u>	<u>1,075,910</u>
Total Investments	<u><u>1,054,950</u></u>	<u><u>1,075,910</u></u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 22 INVENTORIES

	2013 \$	2012 \$
Current Inventories		
<i>Finished Goods</i>		
Land: Interment Purposes	25,741	35,250
Mausoleum Crypts and Wall Niches	2,714	8,508
<i>Total Finished Goods</i>	<u>28,455</u>	<u>43,759</u>
Total Current Inventories	<u>28,455</u>	<u>43,759</u>
Non-Current Inventories		
<i>Work In Progress/Undeveloped</i>		
Land: Interment Purposes	606,188	644,635
<i>Total Work In Progress/Undeveloped</i>	<u>606,188</u>	<u>644,635</u>
<i>Finished Goods</i>		
Land: Interment Purposes ^a	490,783	166,570
Mausoleum Crypts and Wall Niches	22,663	34,250
<i>Total Finished Goods</i>	<u>513,446</u>	<u>200,820</u>
Total Non-Current Inventories	<u>1,119,634</u>	<u>845,455</u>
Total Inventories	<u>1,148,089</u>	<u>889,214</u>

a. Non-current finished goods inventory increased due to the completion of Liquidambar Lane in the Woden Cemetery. Liquidambar Lane Provides a space where customers can purchase allotments for their ashes. An additional cause for the increase is due to the allocation of employee time costs to inventory in accordance with the change in significant accounting policies.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include the following classes of assets – land, buildings, property improvements, roadways, landscaping, plant and equipment and motor vehicles. Property, plant and equipment do not include assets held for sale.

- Land includes freehold land including land under roads held by the Authority.
- Buildings include office buildings.
- Infrastructure assets include roadways and landscaping.
- Property Improvements represent capital expenditure incurred in relation to land improvements.
- Plant and Equipment includes various gardening and power tools.
- Motor Vehicles include motor vehicles held by the Authority.

	2013	2012
	\$	\$
Land and Buildings		
Land at Fair Value	270,884	270,884
Total Land Assets	<u>270,884</u>	<u>270,884</u>
Buildings at Fair Value	685,175	685,175
Less: Accumulated Depreciation	137,036	68,518
Total Written Down Value of Buildings	<u>548,139</u>	<u>616,657</u>
Total Land and Written Down Value of Buildings	<u>819,023</u>	<u>887,541</u>
Property Improvements		
Property Improvements at Fair Value	250,714	246,117
Less: Accumulated Depreciation	106,800	53,352
Total Written Down Value of Property Improvements	<u>143,914</u>	<u>192,765</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	2013	2012
	\$	\$
Infrastructure		
Roadways at Fair Value	644,460	644,460
Less: Accumulated Depreciation	85,872	42,936
Total Written Down Value of Roadways	558,588	601,524
Landscaping at Fair Value	817,302	817,302
Less: Accumulated Depreciation	162,811	81,252
Total Written Down Value of Landscaping	654,491	736,050
Total Written Down Value of Infrastructure	1,213,079	1,337,574

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	2013	2012
	\$	\$
Plant and Equipment		
Plant and Equipment at Fair Value	699,361	670,579
Less: Accumulated Depreciation	216,911	132,810
Total Written Down Value of Plant and Equipment	<u>482,450</u>	<u>537,769</u>
 Motor Vehicles		
Motor Vehicle at Fair Value	119,894	119,894
Less: Accumulated Depreciation	45,552	18,270
Total Written Down Value of Motor Vehicles	<u>74,342</u>	<u>101,624</u>
 Total Written Down Value of Property, Plant and Equipment	<u>2,732,808</u>	<u>3,057,273</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2012-13.

	Land	Buildings	Property Improvements	Roadways	Landscaping	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	270,884	616,657	192,765	601,524	736,050	537,769	101,624	3,057,273
Additions	-	-	4,597	-	-	108,955	-	113,552
Depreciation	-	(68,518)	(53,448)	(42,936)	(81,559)	(118,130)	(27,282)	(391,873)
Disposals	-	-	-	-	-	(46,144)	-	(46,144)
Impairment Losses	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Revaluation (Decrement)/Increment	-	-	-	-	-	-	-	-
Carrying Amount at the End of the Reporting Period	270,884	548,139	143,914	558,588	654,491	482,450	74,342	2,732,808

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Reconciliation of Property, Plant and Equipment

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

	Land	Buildings	Property Improvements	Roadways	Landscaping	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	287,653	685,175	246,117	644,460	805,408	533,750	99,869	3,302,432
Additions	-	-	-	-	11,894	107,111	60,025	179,030
Depreciation	-	(68,518)	(53,352)	(42,936)	(81,252)	(102,513)	(27,147)	(375,718)
Disposals	-	-	-	-	-	(579)	(31,123)	(31,702)
Impairment Losses	-	-	-	-	-	-	-	-
Transfers	(16,769)	-	-	-	-	-	-	(16,769)
Revaluation (Decrement)/ Increment	-	-	-	-	-	-	-	-
Carrying Amount at the End of the Reporting Period	270,884	616,657	192,765	601,524	736,050	537,769	101,624	3,057,273

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 24 INTANGIBLES

The Authority has externally acquired software. This consists of a database mapping system, which records the sale of allotments and map burial areas.

	2013	2012
	\$	\$
Computer Software		
Computer Software at Cost	84,669	83,636
Less: Accumulated Amortisation	31,988	10,942
Total Intangibles	<u>52,681</u>	<u>72,694</u>

Reconciliation of Intangible Assets

The following table shows the movement of Intangible Assets from the beginning to the end of 2012-13.

	Externally Acquired Software \$	Total \$
Carrying Amount at the Beginning of the Reporting Period	72,694	72,694
Additions	1,033	1,033
Amortisation	(21,046)	(21,046)
Carrying Amount at the End of the Reporting Period	<u>52,681</u>	<u>52,681</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 25 CAPITAL WORKS IN PROGRESS

Capital Works in Progress are assets being constructed over periods of time in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment. Capital Works in Progress are not depreciated as the Authority is not currently deriving any economic benefits from them.

	2013	2012
	\$	\$
Building Works in Progress ^a	363,852	210,336
Total Capital Works in Progress	<u>363,852</u>	<u>210,336</u>

a. Building works in progress relate to the building of a new Southern Cemetery. The balance was assessed for impairment at 30 June 2013.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 25 CAPITAL WORKS IN PROGRESS – CONTINUED

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress during 2012-13.

Building Works in Progress	Total \$
Carrying Amount at the Beginning of the Reporting Period	210,336
Additions	153,516
Carrying Amount at the End of the Reporting Period	<u>363,852</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 25 CAPITAL WORKS IN PROGRESS – CONTINUED

Reconciliation of Capital Works in Progress

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

	Building Works in Progress	Infrastructure Works in Progress	Software Works in Progress	Total
	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	-	19,802	73,090	92,892
Additions	210,336	-	10,546	220,882
Capital Works in Progress Completed and Transferred to Inventory	-	(19,802)	-	(19,802)
Capital Works in Progress Completed and Transferred to Intangible Assets	-	-	(83,636)	(83,636)
Carrying Amount at the End of the Reporting Period	210,336	-	-	210,336

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 26 OTHER ASSETS

	2013	2012
	\$	\$
Current Other Assets		
Prepayments	16,703	16,594
Total Current Other Assets	<u>16,703</u>	<u>16,594</u>
Total Other Assets	<u>16,703</u>	<u>16,594</u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 27 PAYABLES

	2013	2012
	\$	\$
Current Payables		
Trade Payables ^a	-	69,981
Other Payables ^b	150,750	108,971
Goods and Services Tax Payables	130,322	105,629
Perpetual Care Trust Payables		
Hall Cemetery Perpetual Care Trust ^c	20,006	-
Woden Mausoleum Perpetual Care Trust ^d	497,551	338,205
Total Current Payables	798,629	622,786
Total Non-Current Payables	-	-
Total Payables	798,629	622,786

Payables are aged as follows:

Not Overdue	798,629	622,786
Overdue for Less than 30 Days	-	-
Overdue for 30 to 60 Days	-	-
Overdue for More than 60 Days	-	-
Total Payables	798,629	622,786

a. There were no trade payables at balance date as all outstanding invoices were settled prior to the end of the reporting period.

b. Other payables increased due the increase in accrued expenditure relating to burial costs recorded, but not yet invoiced at the end of the reporting period.

c. The amount payable to the Hall Cemetery Perpetual Care Trust increased due to the revenue attributable to the Hall Cemetery being more than the repayments made during the reporting period.

d. The amount payable to the Woden Mausoleum Perpetual Care Trust increased due to the revenue attributable to the Woden Mausoleum being more than the repayments made during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 27 PAYABLES – CONTINUED

	2013	2012
	\$	\$
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Trade Payables	670	864
Other Payables ^a	517,557	338,205
Accrued Expenses	44,454	38,440
Total Payables with ACT Government Entities	<u>562,681</u>	<u>377,509</u>
Payables with Non-ACT Government Entities		
Trade Payables	71,267	69,117
Other Payables	34,359	70,531
Goods and Services Tax Payable	130,322	105,629
Total Payables with Non-ACT Government Entities	<u>235,948</u>	<u>245,277</u>
Total Payables	<u><u>798,629</u></u>	<u><u>622,786</u></u>

a. Payables to the Perpetual Care Trusts are included as ACT Government Entities.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 28 EMPLOYEE BENEFITS

	2013	2012
	\$	\$
Current Employee Benefits		
Annual Leave	128,734	116,074
Long Service Leave	188,796	188,955
Accrued Salaries	29,106	34,580
Other Benefits	3,629	3,271
Total Current Employee Benefits	<u>350,265</u>	<u>342,881</u>
Non-Current Employee Benefits		
Long Service Leave	51,460	28,588
Total Non-Current Employee Benefits	<u>51,460</u>	<u>28,588</u>
Total Employee Benefits	<u><u>401,725</u></u>	<u><u>371,469</u></u>

For Disclosure Purposes Only
Estimate of when Leave is Payable

Estimated Amount Payable within 12 Months

Annual Leave	128,734	116,074
Long Service Leave	52,722	25,760
Accrued Salaries	29,106	34,580
Other Employee Benefits	3,629	3,271
Total Employee Benefits Payable within 12 Months	<u>214,191</u>	<u>179,685</u>

Estimated Amount Payable after 12 Months

Long Service Leave	187,534	191,784
Total Employee Benefits Payable after 12 Months	<u>187,534</u>	<u>191,784</u>
Total Employee Benefits	<u><u>401,725</u></u>	<u><u>371,469</u></u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 29 REVENUE RECEIVED IN ADVANCE

	2013 \$	2012 \$
Current Revenue Received in Advance		
Burial Fees Received in Advance ^a	4,216,834	3,729,199
Plaque Fees Received in Advance ^b	824,486	722,917
Mausoleum Fees Received in Advance ^c	41,684	211,328
Total Current Revenue Received in Advance	5,083,004	4,663,444
Total Revenue Received in Advance	5,083,004	4,663,444

a. Burial fees received in advanced was higher mainly due to the increases in prices and increase in reservations.

b. Plaque fees received in advanced was higher mainly due to the increases in prices and increase in reservations.

c. Mausoleum fees received in advance was lower due to construction of the majority of vaults being completed by 30 June 2013.

For Disclosure Purposes Only

Estimate of When Revenue Received in Advance is Recognised as Revenue

Estimated Revenue Recognised as Revenue within 12 Months

Burial Fees Received in Advance	21,084	18,646
Plaque Fees Received in Advance	824,486	722,917
Mausoleum Fees Received in Advance	41,684	211,328
Total Estimated Revenue Recognised as Revenue within 12 Months	887,254	952,891

Estimated Revenue Recognised as Revenue after 12 Months

Burial Fees Received in Advance	4,195,750	3,710,553
Total Estimated Revenue Recognised as Revenue after 12 Months	4,195,750	3,710,553
Total Revenue Received in Advance	5,083,004	4,663,444

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 30 EQUITY

Asset Revaluation Surplus

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

	2013	2012
	\$	\$
Balance at the Beginning of the Reporting Period	1,042,862	1,069,528
Decrease in Land due to Revaluation	-	(16,768)
Transfer (to) Accumulated Funds	-	(9,898)
Total (Decrease) in the Asset Revaluation Surplus	-	(26,666)
Balance at the End of the Reporting Period ^a	<u>1,042,862</u>	<u>1,042,862</u>

a. The next asset revaluation will occur in the 2013-14 reporting year.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS

Details of 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'.

Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

A significant portion of financial assets are held in floating interest rate arrangements and all financial liabilities are non-interest bearing. This means that the Authority is not exposed to movements in interest payable, however, it is exposed to movements in interest receivable. Interest rates decreased during the year ended 30 June 2013 and this affected the interest received as the Authority received lower interest revenue.

Interest rate risk for financial assets is managed by the Authority by only investing in floating interest rate investments that are low risk. Interest rate risk for financial liabilities is not actively managed by the Authority as there are no financial liabilities which are exposed to a floating interest rate. There have been no changes in risk exposure or processes for managing risk since the last financial reporting period.

Sensitivity Analysis

A sensitivity analysis has not been undertaken for the interest rate risk of the Authority as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

Credit Risk

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 Authority's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Authority expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Authority for investments by only investing surplus funds with the Territory Banking Account which is a low risk investment. The Territory Banking Account has set appropriate investment criteria for the external fund manager they have engaged to manage the surplus funds of agencies, resulting in an insignificant credit risk. The Authority holds its cash and cash equivalents with the Commonwealth Bank, St George Bank and Public Trustee for the ACT. The only funds held with St George Bank are demand deposits. There is insignificant credit risk for funds held with the Commonwealth Bank, St George and the Public Trustee of the ACT.

The Authority manages credit risks for receivables by undertaking an annual assessment of the credit worthiness of larger debtors. The Authority also manages credit risk for the Perpetual Care Trusts and is confident that the actuarial model by which each Perpetual Care Trust receives revenue will enable the trusts to continue to operate and pay its debts in the long term.

There have been no changes in credit risk exposure since the last reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity Risk

Liquidity risk is the risk that the Authority will encounter difficulties in meeting obligations associated with its liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Authority ensures that it does not have a large portion of its financial liabilities maturing in any one reporting period and that, at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities. This ensures that the Authority has enough liquidity to meet its emerging financial liabilities. See the maturity analysis for further details of when financial assets and liabilities mature.

The Authority's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

Price Risk

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 (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The only price risk which the Authority is exposed to results from its investment in the Fixed Interest Portfolio and Cash Enhanced Portfolio. The Authority has units in the Fixed Interest Portfolio and Cash Enhanced Portfolio that fluctuate in value. The price fluctuations in the units are caused by movements in the underlying investments of the portfolios. The underlying investments are managed by an external fund manager who invests in a variety of different bonds, including bonds issued by the Commonwealth Government, the State Government guaranteed treasury corporations and semi-government authorities, as well as investment-grade corporate issues. To limit price risk all the bonds that make up the underlying investments must have a long term credit rating of BBB- or greater. Anything rated BBB- or greater is considered 'investment grade'.

The aim of the external fund manager is to match the total return of the UBS Australian Composite Bond Index before taking into account fund fees and expenses. The Authority's exposure to price risk and the management of this risk has not changed since the last reporting period.

A sensitivity analysis has not been undertaken for the price risk of the Authority as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is immaterial.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount 2013 \$	Fair Value 2013 \$	Carrying Amount 2012 \$	Fair Value 2012 \$
Financial Assets				
Cash and Cash Equivalents	9,055,809	9,055,809	8,083,144	8,083,144
Receivables	565,892	565,892	635,012	635,012
Investments with the Territory Banking Account	1,054,950	1,054,950	1,075,910	1,075,910
Total Financial Assets	<u>10,676,651</u>	<u>10,676,651</u>	<u>9,794,066</u>	<u>9,794,066</u>
Financial Liabilities				
Payables	798,629	798,629	622,786	622,786
Total Financial Liabilities	<u>798,629</u>	<u>798,629</u>	<u>622,786</u>	<u>622,786</u>

Fair Value Hierarchy

The Authority is required to classify financial assets and liabilities 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;
- Level 2 – inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the following table. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the following table.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

2013

	Classification According to Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial Assets				
Financial Assets at Fair Value through Profit and Loss				
Investment with the Territory				
Banking Account – Fixed Interest Portfolio	-	753,900	-	753,900
Investment with the Territory				
Banking Account – Cash Enhanced Portfolio	-	301,050	-	301,050
	-	1,054,950	-	1,054,950

Transfer Between Categories

There have been no transfers of financial assets or liabilities between Level 1 and Level 2 during the reporting period.

2012

	Classification According to Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Financial Assets				
Financial Assets at Fair Value through Profit and Loss				
Investment with the Territory				
Banking Account – Fixed Interest Portfolio	-	776,930	-	776,930
Investment with the Territory				
Banking Account – Cash Enhanced Portfolio	-	298,980	-	298,980
	-	1,075,910	-	1,075,910

Transfer Between Categories

There have been no transfers of financial assets or liabilities between Level 1 and Level 2 during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Authority's maturity analysis for the financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2013. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

30 June 2013	Note No.	Weighted Average Interest Rate	Fixed Interest maturing in:				Non-Interest Bearing	Total
			1 Year or Less	Over 1 Year to 5 Years	Over 5 Years			
Financial Assets			\$	\$	\$		\$	\$
Cash and Cash Equivalents	19	4.6%	3,102,265	-	-		200	9,055,809
Receivables	20	-	-	-	-		565,892	565,892
Investments with the Territory Banking Account	21	-	-	-	-		1,054,950	1,054,950
Total Financial Assets			5,953,344	3,102,265	-		1,621,042	10,676,651
Financial Liabilities								
Payables	27	-	-	-	-		798,629	798,629
Total Financial Liabilities			-	-	-		798,629	798,629
Net Financial Assets			5,953,344	3,102,265	-		822,413	9,878,022

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Authority's maturity analysis for the financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2012. All financial assets and liabilities which have a floating interest rate or are non-bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

30 June 2012			Fixed Interest maturing in:					
		Weighted Average Interest Rate	Floating Interest Rate \$	1 Year or Less \$	Over 1 Year to 5 Years \$	Over 5 Years \$	Non- Interest Bearing \$	Total \$
Financial Assets	Note No.							
Cash and Cash Equivalents	19	5.9%	5,163,219	2,919,725	-	-	200	8,083,144
Receivables	20		-	-	-	-	635,012	635,012
Investments with the Territory Banking Account	21		-	-	-	-	1,075,910	1,075,910
Total Financial Assets			5,163,219	2,919,725	-	-	1,711,122	9,794,066
Financial Liabilities								
Payables	27		-	-	-	-	622,786	622,786
Total Financial Liabilities			-	-	-	-	622,786	622,786
Net Financial Assets			5,163,219	2,919,725	-	-	1,088,336	9,171,280

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

	2013	2012
	\$	\$
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Financial Assets at Fair Value through the Profit and Loss		
Designated upon Initial Recognition	1,054,950	1,075,910
Loans and Receivables Measured at Amortised Cost	565,892	635,012
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	798,629	622,786

The Authority does not have any financial liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category and, as such, this category is not included above.

(Losses) / Gains on Each Category of Financial Asset and Financial Liability

Financial Assets		
Financial Assets at Fair Value through the Profit and Loss		
Designated upon Initial Recognition	(20,960)	44,030
Loans and Receivables Measured at Amortised Cost	-	-
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	-	-

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 32 CASH FLOW RECONCILIATION

(a) Reconciliation of Cash and Cash Equivalents at the End of the Reporting Period in the Cash Flow Statement to the Equivalent items in the Balance Sheet

	2013	2012
	\$	\$
Total Cash and Cash Equivalents Recorded in the Balance Sheet	9,055,809	8,083,144
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	<u>9,055,809</u>	<u>8,083,144</u>

(b) Reconciliation of Net Cash Inflows from Operating Activities to Operating Surplus

Operating Surplus	118,532	306,999
Add Non-Cash Items		
Depreciation of Property, Plant and Equipment	391,873	375,718
Amortisation of Intangibles	21,046	10,942
Add/(Less) Items Classified as Investing or Financing		
Loss / (Gain) on Investments	20,960	(44,030)
Net Loss on Disposal of Non-Current Assets	29,869	1,742
Cash Before Changes in Operating Assets and Liabilities	<u>582,280</u>	<u>651,371</u>
Changes in Operating Assets and Liabilities		
Decrease / (Increase) in Receivables	69,120	(323,435)
(Increase) in Inventories	(258,875)	(74,274)
(Increase) in Other Assets	(109)	(1,387)
Increase in Payables	175,842	132,761
Increase in Employee Benefits	30,257	12,890
Increase in Revenue Received in Advance	419,560	484,245
Net Changes in Operating Assets and Liabilities	<u>435,795</u>	<u>230,800</u>
Net Cash Inflows from Operating Activities	<u><u>1,018,075</u></u>	<u><u>882,171</u></u>

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 33 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after the balance date, which would affect the financial statements as at 30 June 2013 or after the reporting period.

NOTE 34 COMMITMENTS

Other Commitments

Other Commitments contracted at reporting date that have not been recognised as liabilities, are payable as follows:

	2013	2012
	\$	\$
Within one year ^a	-	86,104
Total Other Commitments	<u>-</u>	<u>86,104</u>

a. Any commitments to complete the Southern Cemetery have been included in the accounts as the expense has been incurred.

NOTE 35 CONTINGENT LIABILITIES AND ASSETS

The Authority has a contingent liability as notified by the Australian Capital Territory Government Solicitor. The contingent liability as estimated is \$50,000; however the Authority maintains a relevant insurance policy that limits the exposure to \$5,000.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2013

NOTE 36 REMUNERATION OF BOARD MEMBERS

ACT Public Cemeteries Authority Board members were appointed by the Minister for Territory and Municipal Services in accordance with section 29A (1) and (2) of the *Cemeteries and Crematoria Act 2003*. The members of the Board in 2012-13 and the remuneration paid were:

			2013	2012
			\$	\$
Ms Diane Kargas	Chairperson	Reappointed August 2010	8,660	7,740
Ms Margaret Watt	Deputy Chair	Reappointed August 2010	1,560	-
Ms Jean Main	Member	Reappointed August 2010	4,580	4,745
Mr Derek Roylance	Member	Reappointed August 2010	-	-
Mr Angelo Cataldo	Member	Appointed August 2010	3,410	3,285
Ms Kathleen O'Sullivan	Member	Appointed August 2010	3,825	6,570
Ms Virginia Shaw	Member	Appointed August 2010	4,605	4,745
Mr Hamish Horne	Chief Executive Officer	Ongoing	N/A	N/A
Total Payments			26,640	27,085

Board Members (other than the Chief Executive Officer) are entitled to remuneration and allowances in accordance with Determination No. 4 of November 2012 of the ACT Remuneration Tribunal.

Key Management Personnel Compensation

Mr H Horne is not paid in his capacity as a board member.

Mr D Roylance voluntarily forgoes remuneration.



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Gungahlin Cemetery Perpetual Care Trust (the Trust) for the year ended 30 June 2013 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
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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 prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2013 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial audits
16 September 2013

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note No.	2013 \$	2012 \$
Income			
Interest		12,720	5,352
Funding Received from the ACT Public Cemeteries Authority in Accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	726,449	1,007,043
Total Income		739,169	1,012,395
Expenses			
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	887,359	835,905
Bank Charges		790	294
Losses on Investments		1,552	-
Total Expenses		889,701	836,199
Operating (Deficit) / Surplus		(150,532)	176,196
Total Comprehensive (Deficit) / Income		(150,532)	176,196

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 30 JUNE 2013

	Note No.	2013 \$	2012 \$
Current Assets			
Cash and Cash Equivalents	2	76,215	392,919
Total Current Assets		<u>76,215</u>	<u>392,919</u>
Non-Current Assets			
Investments	4	163,448	-
Total Non-Current Assets		<u>163,448</u>	<u>-</u>
Total Assets		<u>239,663</u>	<u>392,919</u>
Current Liabilities			
Payable – ACT Public Cemeteries Authority	5	658,960	661,684
Total Current Liabilities		<u>658,960</u>	<u>661,684</u>
Total Liabilities		<u>658,960</u>	<u>661,684</u>
Net (Liabilities)		<u>(419,297)</u>	<u>(268,765)</u>
Equity			
Reserve for Maintenance and Related Expenditure		497,627	298,970
Accumulated (Deficits)		(916,924)	(567,735)
Total Equity	1(c)	<u>(419,297)</u>	<u>(268,765)</u>

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Deficits 2013 \$	Maintenance Reserve 2013 \$
Balance at the Beginning of the Reporting Period	<u>(567,735)</u>	<u>298,970</u>
Comprehensive (Deficit)		
Operating (Deficit)	(150,532)	-
Total Comprehensive (Deficit)	<u>(150,532)</u>	<u>-</u>
Transfer to Reserve for Maintenance and Related Expenditure ^a	(198,657)	198,657
Balance at the End of the Reporting Period	<u>(916,924)</u>	<u>497,627</u>

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013**

	Accumulated Deficits 2012 \$	Maintenance Reserve 2012 \$
Balance at the Beginning of the Reporting Period	(552,822)	107,861
Comprehensive Income		
Operating Surplus	176,196	-
Total Comprehensive Income	176,196	-
Transfer to Reserve for Maintenance and Related Expenditure ^a	(191,109)	191,109
Balance at the End of the Reporting Period	(567,735)	298,970

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note No.	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts			
Cash Received from the ACT Public Cemeteries Authority		391,888	907,531
Interest Received		12,720	5,352
Total Receipts from Operating Activities		404,608	912,883
Payments			
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		555,521	627,531
Bank Charges		791	294
Total Payments from Operating Activities		556,312	627,825
Net Cash (Outflows) / Inflows from Operating Activities	3	(151,704)	285,058
Cash Flows from Investing Activities			
Payments			
Purchase of Investments		165,000	-
Total Payments from Investing Activities		165,000	-
Net Cash (Outflows) from Investing Activities		(165,000)	-
Net (Decrease) / Increase in Cash and Cash Equivalents		(316,704)	285,058
Cash and Cash Equivalents at the Beginning of the Reporting Period		392,919	107,861
Cash and Cash Equivalents at the End of the Reporting Period		76,215	392,919

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

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Summary of Significant Accounting Policies

(a) Basis of accounting and reporting

These financial statements consist of special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Gungahlin Cemetery Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Gungahlin Cemetery in accordance with section 9 of the Act. The Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the trustee of the Perpetual Care Trust, however, the Authority is responsible for its management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for Gungahlin Perpetual Care Trust were 44.9% (the Perpetual Care Trust amount) and 16.9% (the Perpetual Care Trust reserve amount). It is expected the percentages will be reviewed at least every five years.

For the year ended 30 June 2013, the total funding received from the Authority was \$726,449 (\$1,007,043 in 2011-12).

	2013	2012
	\$	\$
Contribution Income	527,792	815,934
Contribution Reserve Income	198,657	191,109
Total Funding Received ^a	<u>726,449</u>	<u>1,007,043</u>

a. Total funding received decreased from the prior year as less of the Authority's total income was attributable to the Gungahlin Cemetery.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Statement of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust percentage is to be determined, except in general terms. The Perpetual Care Trust percentage determined by the Minister, and used as the basis for the provision of funds for the maintenance of the Gungahlin Cemetery, has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust will allow for not only the 'direct' cemetery maintenance costs, but also the proportion of 'indirect' costs incurred by the Authority that are associated with the management of cemetery maintenance. The expenditure has been charged against the Trust on a basis that is consistent with the method used to determine the level of funding provided to the Trust.

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2013	2012
	\$	\$
Direct Maintenance Costs	569,447	397,374
Indirect Costs Related to the Management of Maintenance	317,912	438,531
Total Maintenance Costs	<u>887,359</u>	<u>835,905</u>

(c) Going Concern

The Authority believes the Trust is a going concern. At 30 June 2013, the Trust had a net liability of \$419,297 (\$268,765 in 2011-12). The Board is confident that the actuarial model by which the Trust receives revenue will enable the Trust to continue to operate and pay its debts in the long-term. The Authority will not require payment of any deficits until such time as the Trust is able to meet those payments.

GUNGALIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 Cash and Cash Equivalents

The Gungahlin Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Gungahlin Perpetual Care Trust and the Gungahlin Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2013	2012
	\$	\$
Perpetual Care Trust ^a	973	329,919
Perpetual Care Trust Reserve ^b	75,242	-
Total Cash and Cash Equivalents	<u>76,215</u>	<u>329,919</u>

a. The Perpetual Care Trust decreased due to reimbursements paid to the ACT Public Cemeteries Authority for maintenance and related expenditure.

b. This year the Perpetual Care Trust Reserve account was brought to account. This account is for long term maintenance when the Cemetery reaches capacity.

3 Cash Flow Reconciliation

	2013	2012
	\$	\$
Operating (Deficit) / Surplus	(150,531)	176,196
Add Items Classified as Investing or Financing		
Losses on Investments	1,552	-
Cash Before Changes in Operating Assets and Liabilities	<u>(148,979)</u>	<u>176,196</u>
Changes in Operating Assets and Liabilities		
(Decrease) / Increase in Payable	(2,725)	108,862
Net Changes in Operating Assets and Liabilities	<u>(151,704)</u>	<u>285,058</u>
Net Cash (Outflows) / Inflows from Operating Activities	<u>(151,704)</u>	<u>285,058</u>

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

4 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund below has been measured at fair value.

	2013	2012
	\$	\$
Non-Current Investments		
Growth Investment Fund ^a	163,448	-
Total Non-Current investments	<u>163,448</u>	<u>-</u>

a. Funds from the perpetual Care Trust Reserve account were used to purchase units in an investment fund.

5 Payable

	2013	2012
	\$	\$
Payable – ACT Public Cemeteries Authority	658,960	661,684
Total Payables	<u>658,960</u>	<u>661,684</u>

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Gungahlin Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
15 September 2013

**GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Gungahlin Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.

On behalf of the Board.



Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
15 September 2013



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

HALL CEMETERY PERPETUAL CARE TRUST

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Hall Cemetery Perpetual Care Trust (the Trust) for the year ended 30 June 2013 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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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 prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2013 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial audits
16 September 2013

HALL CEMETERY PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note No.	2013 \$	2012 \$
Income			
<i>Revenue</i>			
Interest		2,127	2,587
Funding Received from the ACT Public Cemeteries Authority in Accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	45,234	3,581
Gains on Investments		5,338	-
<i>Total Revenue</i>		<u>52,699</u>	<u>6,168</u>
Total Income		<u>52,699</u>	<u>6,168</u>
Expenses			
Bank Charges		92	142
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	17,266	3,897
Losses on Investments		-	1,824
Total Expenses		<u>17,358</u>	<u>5,863</u>
Operating Surplus		<u>35,341</u>	<u>305</u>
Total Comprehensive Income		<u>35,341</u>	<u>305</u>

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

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 30 JUNE 2013**

	Note No.	2013 \$	2012 \$
Current Assets			
Cash and Cash Equivalents	2	19,473	16,095
Receivable – ACT Public Cemeteries Authority		20,006	-
Total Current Assets		39,479	16,095
Non-Current Assets			
Investments	4	46,769	34,831
Total Non-Current Assets		46,769	34,831
Total Assets		86,248	50,926
Current Liabilities			
Payable – ACT Public Cemeteries Authority		-	19
Total Current Liabilities		-	19
Total Liabilities		-	19
Net Assets		86,248	50,907
Equity			
Reserve for Maintenance and Related Expenditure		91,763	52,371
Accumulated (Deficit)		(5,515)	(1,464)
Total Equity		86,248	50,907

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

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Accumulated Funds 2013 \$	Maintenance Reserve 2013 \$
Balance at the Beginning of the Reporting Period	(1,464)	52,371
Comprehensive Income		
Operating Surplus	35,341	-
Total Comprehensive Income	35,341	-
Transfer to Reserve for Maintenance and Related Expenditure ^a	(39,392)	39,392
Balance at the End of the Reporting Period	(5,515)	91,763

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013**

	Accumulated Funds 2012 \$	Maintenance Reserve 2012 \$
Balance at the Beginning of the Reporting Period	-	50,602
Comprehensive Income		
Operating Surplus	305	-
Total Comprehensive Income	305	-
Transfer to Reserve for Maintenance and Related Expenditure ^a	(1,769)	1,769
Balance at the End of the Reporting Period	(1,464)	52,371

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note No.	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts			
Interest Received		2,127	2,587
Funding Received from the ACT Public Cemeteries Authority		16,002	5,312
Total Receipts from Operating Activities		18,129	7,899
Payments			
Bank Charges		92	142
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		8,059	2,919
Total Payments from Operating Activities		8,151	3,061
Net Cash Inflows from Operating Activities	3	9,978	4,838
Cash Flows from Investing Activities:			
Payments			
Purchase of Investments		(6,600)	-
Total Payments from Investing Activities		(6,600)	-
Net Cash (Outflows) from Investing Activities		(6,600)	-
Net Increase in Cash and Cash Equivalents		3,378	4,838
Cash and Cash Equivalents at the Beginning of the Reporting Period		16,095	11,257
Cash and Cash Equivalents at the End of the Reporting Period		19,473	16,095

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

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Summary of Significant Accounting Policies

(a) Basis of accounting and reporting

These financial statements consist of special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Hall Cemetery Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis, except for investments that are measured at fair value.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Hall Cemetery in accordance with Section 9 of the Act. The Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the trustee of the Perpetual Care Trust, however, the Authority is responsible for its management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for Hall Perpetual Care Trust were 11.3% (the Perpetual Care Trust amount) and 76.2% (the Perpetual Care Trust Reserve amount). It is expected the percentages will be reviewed at least every five years.

For the year ended 30 June 2013, the total funding received from the Authority was \$45,234 (\$3,581 in 2011-12).

The breakdown of total funding received from the Authority is as follows:

	2013	2012
	\$	\$
Contribution Income	5,842	1,812
Contribution Reserve Income	39,392	1,769
Total Funding Received ^a	45,234	3,581

a. Total funding received increased from the prior year due to an increase in income received by the Authority which was attributable to the Hall Cemetery.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust percentage is to be determined, except in general terms. The Perpetual Care Trust percentage determined by the Minister, and used as the basis for the provision of funds for the maintenance of the Hall Cemetery, has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust will allow for not only the 'direct' cemetery maintenance costs, but also the proportion of 'indirect' costs incurred by the Authority that are associated with the management of cemetery maintenance. The expenditure has been charged against the Trust on a basis that is consistent with the method used to determine the level of funding provided to the Trust.

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2013	2012
	\$	\$
Direct Maintenance Costs ^a	3,285	1,410
Indirect Costs Related to the Management of Maintenance ^b	13,981	2,487
Total Maintenance Costs	<u>17,266</u>	<u>3,897</u>

a. Direct maintenance costs increased due to the allocation of staff time costs to ground maintenance. This accounting treatment was implemented in the current reporting period.

b. The Hall cemetery accounted for a greater percentage of the Authority's income in the reporting period. As a result of this, indirect expenditure attributable to the Hall Cemetery also increased. 47% of the indirect expenditure attributable to the Hall Cemetery is reimbursed to the Authority by the Hall Cemetery Perpetual Care Trust.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 Cash and Cash Equivalents

The Hall Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Hall Perpetual Care Trust and the Hall Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2013	2012
	\$	\$
Perpetual Care Trust	7,620	16,095
Perpetual Care Trust Reserve	11,853	-
Total Cash and Cash Equivalents	19,473	16,095

3 Cash Flow Reconciliation

	2013	2012
	\$	\$
Operating Surplus	35,341	305
Add/(Less) Items Classified as Investing or Financing		
(Gains) / Losses on Investments	(5,338)	1,824
Cash Before Changes in Operating Assets and Liabilities	30,003	2,129
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Receivable	(20,006)	2,709
(Decrease) in Payable	(19)	-
Net Changes in Operating Assets and Liabilities	(20,025)	2,709
Net Cash Inflows from Operating Activities	9,978	4,838

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

4 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund below has been measured at fair value.

	2013	2012
	\$	\$
Non-Current Investments		
Growth Investment Fund	46,769	34,831
Total Non-Current investments	<u>46,769</u>	<u>34,831</u>

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Hall Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
15 September 2013

**HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Hall Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.

On behalf of the Board.



Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
15 September 2013

INDEPENDENT AUDIT REPORT

WODEN MAUSOLEUM PERPETUAL CARE TRUST

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Woden Mausoleum Perpetual Care Trust (the Trust) for the year ended 30 June 2013 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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

The audit is not designed to provide assurance on the prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2013 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial audits
16 September 2013

WODEN MAUSOLEUM PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note No.	2013 \$	2012 \$
Income			
<i>Revenue</i>			
Interest		1,990	-
Funding Received from the ACT Public Cemeteries Authority in Accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	271,777	341,313
<i>Total Revenue</i>		<u>273,767</u>	<u>341,313</u>
Total Income		<u>273,767</u>	<u>341,313</u>
Expenses			
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	4,324	3,108
Bank Charges		228	-
Total Expenses		<u>4,552</u>	<u>3,108</u>
Operating Surplus		<u>269,215</u>	<u>338,205</u>
Total Comprehensive Income		<u>269,215</u>	<u>338,205</u>

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 30 JUNE 2013

	Note No.	2013 \$	2012 \$
Current Assets			
Cash and Cash Equivalents	2	125,525	-
Receivable – ACT Public Cemeteries Authority	3	497,551	338,205
Total Current Assets		623,076	338,205
Total Assets		623,076	338,205
Current Liabilities			
Payable – Woden Cemetery Perpetual Care Trust		15,657	-
Total Current Liabilities		15,657	-
Total Liabilities		15,657	-
Net Assets		607,419	338,205
Equity			
Reserve for Maintenance and Related Expenditure		501,619	279,256
Accumulated Surplus		105,800	58,949
Total Equity		607,419	338,205

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Funds 2013 \$	Maintenance Reserve 2013 \$
Balance at the Beginning of the Reporting Period	<u>58,949</u>	<u>279,256</u>
Comprehensive Income		
Operating Surplus	269,215	-
Total Comprehensive Income	<u>269,215</u>	<u>-</u>
Transfer to Reserve for Maintenance and Related Expenditure ^a	(222,364)	222,364
Balance at the End of the Reporting Period	<u>105,800</u>	<u>501,620</u>

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Funds 2012 \$	Maintenance Reserve 2012 \$
Balance at the Beginning of the Reporting Period	-	-
Comprehensive Income		
Operating Surplus	338,205	-
Total Comprehensive Income	338,205	-
Transfer to Reserve for Maintenance and Related Expenditure ^a	(279,256)	279,256
Balance at the End of the Reporting Period	58,949	279,256

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note No.	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts			
Interest Received		1,990	-
Funding Received from the ACT Public Cemeteries Authority		200,114	-
Total Receipts from Operating Activities		202,104	-
Payments			
Bank Charges		230	-
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		76,349	-
Total Payments from Operating Activities		76,579	-
Net Cash Inflows from Operating Activities	3	125,525	-
Net Increase in Cash and Cash Equivalents		125,525	-
Cash and Cash Equivalents at the Beginning of the Reporting Period		-	-
Cash and Cash Equivalents at the End of the Reporting Period		125,525	-

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

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Summary of Significant Accounting Policies

(a) Basis of accounting and reporting

These financial statements consist of special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Woden Mausoleum Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis, except for investments that are measured at fair value.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Woden Mausoleum in accordance with Section 9 of the Act. The Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the trustee of the Perpetual Care Trust, however, the Authority is responsible for its management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for Woden Mausoleum Perpetual Care Trust were 13.4% (the Perpetual Care Trust amount) and 60.3% (the Perpetual Care Trust reserve amount). It is expected the percentage will be reviewed at least every five years.

For the year ended 30 June 2013, the total funding received from the Authority was \$271,777 (\$341,313 in 2011-12).

The breakdown of total funding received from the Authority is as follows:

	2013	2012
	\$	\$
Contribution Income	49,414	62,057
Contribution Reserve Income	222,363	279,256
Total Funding Received^a	<u>271,777</u>	<u>341,313</u>

a. Total funding received decreased from the prior year as less of the Authority's total income was attributable to the Woden Mausoleum.

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Summary of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust maintenance percentage is to be determined, except in general terms. The Perpetual Care Trust percentage provided by the Minister for the Woden Mausoleum has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust could allow for 'direct' and 'indirect' cemetery maintenance costs incurred by the Authority that are associated with the management of cemetery maintenance. However, the Authority has determined that the application of 'indirect' costs on the basis of total revenue received by the Authority in relation to each cemetery would result in a disproportionate allocation of indirect expenditure that is not reasonably associated with the maintenance costs of the Woden Mausoleum. Therefore, the Authority believes it is appropriate that, in the short term, no 'indirect' costs should be allocated to the Woden Mausoleum in either the current or previous reporting periods.

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2013	2012
	\$	\$
Direct Maintenance Costs	4,324	3,108
Total Maintenance Costs	4,324	3,108

WODEN MAUSOLEUM PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 Cash and Cash Equivalents

The Woden Mausoleum Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Woden Mausoleum Perpetual Care Trust and the Woden Mausoleum Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2013	2012
	\$	\$
Perpetual Care Trust	4	-
Perpetual Care Trust Reserve	125,521	-
Total Cash and Cash Equivalents	<u>125,525</u>	<u>-</u>

3 Receivables

	2013	2012
	\$	\$
Receivable – ACT Public Cemeteries Authority	497,551	338,205
Total Receivables	<u>497,551</u>	<u>338,205</u>

4 Cash Flow Reconciliation

	2013	2012
	\$	\$
Operating Surplus	269,213	338,205
Cash Before Changes in Operating Assets and Liabilities	<u>269,213</u>	<u>338,205</u>
Changes in Operating Assets and Liabilities		
(Increase) in Receivable	(159,346)	(338,205)
Increase in Payable	15,658	-
Net Changes in Operating Assets and Liabilities	<u>(143,688)</u>	<u>(338,205)</u>
Net Cash Inflows from Operating Activities	<u>125,525</u>	<u>-</u>

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Mausoleum Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
15 September 2013

**WODEN MAUSOLEUM PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Mausoleum Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.

On behalf of the Board.



Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
15 September 2013



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT

WODEN CEMETERY PERPETUAL CARE TRUST

To the Members of the ACT Legislative Assembly

Report on the special purpose financial statements

The special purpose financial statements (financial statements) of the Woden Cemetery Perpetual Care Trust (the Trust) for the year ended 30 June 2013 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Governing Board of the ACT Public Cemeteries Authority (the Governing Board) is responsible for the preparation and fair presentation of the financial statements. The Governing Board has determined that the basis of preparation described in Note 1 of the financial statements is appropriate to meet the financial reporting requirements of the *Cemeteries and Crematoria Act 2003*.

The Governing Board is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Cemeteries and Crematoria Act 2003*, I am responsible for expressing an independent audit opinion on the financial statements.

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

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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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 prudence of decisions made by the Governing Board.

Electronic presentation of the audited financial statements

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

Independence

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

Audit opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at 30 June 2013 and the results of its operations and cash flows for the year then ended, in accordance with the financial reporting requirements of the *Cemeteries and Crematoria Act 2003* as described in Note 1 of the financial statements.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 1 of the financial statements which describes the basis of accounting. The special purpose financial statements have been prepared to fulfil financial reporting responsibilities under the *Cemeteries and Crematoria Act 2003*. As a result, the financial statements may not be suitable for another purpose.



Bernie Sheville
Director, Financial audits
16 September 2013

WODEN CEMETERY PERPETUAL CARE TRUST

**SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note No.	2013 \$	2012 \$
Income			
<i>Revenue</i>			
Interest		85,447	74,171
Funding Received from the ACT Public Cemeteries Authority in Accordance with the <i>Cemeteries and Crematoria Act 2003</i>	1(b)	1,055,849	775,020
Gains on Investments		142,025	-
<i>Total Revenue</i>		<u>1,283,321</u>	<u>849,191</u>
Total Income		<u>1,283,321</u>	<u>849,191</u>
Expenses			
Bank Charges		3,135	4,079
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	901,694	730,898
Losses on Investments		-	54,219
Total Expenses		<u>904,829</u>	<u>789,196</u>
Operating Surplus		<u>378,492</u>	<u>59,995</u>
Total Comprehensive Income		<u>378,492</u>	<u>59,995</u>

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

WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
BALANCE SHEET
AS AT 30 JUNE 2013

	Note No.	2013 \$	2012 \$
Current Assets			
Cash and Cash Equivalents	2	139,720	551,943
Receivable – Woden Mausoleum Perpetual Care Trust		15,656	-
Total Current Assets		155,376	551,943
Non-Current Assets			
Investments	5	1,787,514	1,035,488
Total Non-Current Assets		1,787,514	1,035,488
Total Assets		1,942,890	1,587,431
Current Liabilities			
Payable – ACT Public Cemeteries Authority	3	67,411	90,444
Total Current Liabilities		67,411	90,444
Total Liabilities		67,411	-
Net Assets		1,875,479	1,496,987
Equity			
Reserve for Maintenance and Related Expenditure		2,278,040	1,756,438
Accumulated (Deficit)		(402,561)	(259,451)
Total Equity		1,875,479	1,496,987

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

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Accumulated Funds 2013 \$	Maintenance Reserve 2013 \$
Balance at the Beginning of the Reporting Period	<u>(259,451)</u>	<u>1,756,438</u>
Comprehensive Income		
Operating Surplus	378,492	-
Total Comprehensive Income	<u>378,492</u>	<u>-</u>
Transfer to Reserve for Maintenance and Related Expenditure ^a	(521,602)	521,602
Balance at the End of the Reporting Period	<u>(402,561)</u>	<u>2,278,040</u>

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY – CONTINUED
FOR THE YEAR ENDED 30 JUNE 2013**

	Accumulated Funds 2012 \$	Maintenance Reserve 2012 \$
Balance at the Beginning of the Reporting Period	<u>-</u>	<u>1,436,992</u>
Comprehensive Income		
Operating Surplus	59,995	-
Total Comprehensive Income	<u>59,995</u>	<u>-</u>
Transfer to Reserve for Maintenance and Related Expenditure ^a	(319,446)	319,446
Balance at the End of the Reporting Period	<u>(259,451)</u>	<u>1,756,438</u>

a. On 30 June each year, the Trustee identifies the funding received for maintenance from the Authority and transfers the amount to the Maintenance Reserve. The amount in the Maintenance Reserve is set aside for the sole purpose of funding future maintenance requirements of the cemetery.

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

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013**

	Note No.	2013 \$	2012 \$
Cash Flows from Operating Activities			
Receipts			
Interest Received		85,447	74,171
Cash Received from the ACT Public Cemeteries Authority		759,900	1,131,046
Total Receipts from Operating Activities		845,347	1,205,217
Payments			
Bank Charges		3,135	4,079
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		644,435	798,486
Total Payments from Operating Activities		647,570	802,565
Net Cash Inflows from Operating Activities	4	197,777	402,652
Cash Flows from Investing Activities			
Payments			
Purchase of Investments		610,000	-
Total Payments from Investing Activities		610,000	-
Net Cash (Outflows) from Investing Activities		(610,000)	-
Net (Decrease) / Increase in Cash and Cash Equivalents		(412,223)	402,652
Cash and Cash Equivalents at the Beginning of the Reporting Period		551,943	149,291
Cash and Cash Equivalents at the End of the Reporting Period		139,720	551,943

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

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Statement of Significant Accounting Policies

(a) Basis of accounting and reporting

These financial statements consist of special purpose financial statements prepared in order to satisfy the requirements of Section 16B of the *Cemeteries and Crematoria Act 2003* (the Act). The ACT Public Cemeteries Authority (the Authority) has determined that the Woden Cemetery Perpetual Care Trust is not a reporting entity.

The financial statements have been prepared on an accruals and historical cost basis, except for investments that are measured at fair value.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Woden Cemetery in accordance with Section 9 of the Act. The Woden Cemetery Perpetual Care Trust is established for the long-term and short-term maintenance of the cemetery. The Public Trustee is the trustee of the Perpetual Care Trust, however, the Authority is responsible for their management.

The Authority is required to provide to the Trust a percentage of the revenue for each burial, interment of ashes or memorialisation at each cemetery (the Perpetual Care Trust percentage) in accordance with the Minister's determination. The Authority is also required to provide to the Trust a percentage of revenue to have as a reserve for future maintenance and related expenditure (the Perpetual Care Trust Reserve percentage).

In accordance with Section 11 of the Act, the Perpetual Care Trust percentages determined by the Minister for the Woden Perpetual Care Trust were 33.8% (the Perpetual Care Trust amount) and 33% (the Perpetual Care Trust Reserve amount). It is expected the percentage will be reviewed at least every five years.

For the year ended 30 June 2013, the total funding received from the Authority was \$1,055,849 (total funding received from the Authority was \$775,020 in 2011-12).

The breakdown of total funding received from the Authority is as follows:

	2013	2012
	\$	\$
Contribution Income	534,247	455,574
Contribution Reserve Income	521,602	319,446
Total Funding Received ^a	<u>1,055,849</u>	<u>775,020</u>

a. Total funding received increased from the prior year due to an increase in income received by the Authority that was attributable to the Woden Cemetery.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1 Statement of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

The Act does not prescribe how 'maintenance' is defined, and consequently does not prescribe how the Perpetual Care Trust percentages are to be determined, except in general terms. The Perpetual Care Trust percentages determined by the Minister, and used as the basis for the provision of funds for the maintenance of the Woden Cemetery, has been determined on a 'full cost' basis – i.e. the expenditure incurred against the Trust will allow for not only the 'direct' cemetery costs, but also the proportion of 'indirect' costs incurred by the Trustee that are associated with the management of cemetery maintenance. The expenditure has been charged against the Trust on a basis that is consistent with the method used to determine the level of funding provided to the Trust.

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2013	2012
	\$	\$
Direct Maintenance Costs ^a	474,215	284,700
Indirect Costs Related to the Management of Cemetery Maintenance	427,479	446,198
Total Maintenance Costs	901,694	730,898

a. Direct maintenance costs increased due to the allocation of staff time costs to ground maintenance.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2 Cash and Cash Equivalents

The Woden Perpetual Care Trust holds two bank accounts with the Public Trustee for the Australian Capital Territory. These accounts are for the Perpetual Care Trust and the Perpetual Care Trust Reserve. The breakdown for the two accounts is as follows:

	2013	2012
	\$	\$
Perpetual Care Trust ^a	11,870	551,943
Perpetual Care Trust Reserve ^b	127,850	-
Total Cash and Cash Equivalents	139,720	551,943

a. The Perpetual Care Trust account decreased significantly due the purchase of investments.

b. The Perpetual Care Trust Reserve account was opened this year. This account is for long term maintenance when the Cemetery reaches capacity.

3 Payables

	2013	2012
	\$	\$
ACT Public Cemeteries Authority	67,411	90,444
Total Payables	67,411	90,444

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

4	Cash Flow Reconciliation	2013	2012
		\$	\$
	Operating Surplus	378,492	59,996
	Add Items Classified as Investing or Financing		
	(Gains) / Losses on Investments	(142,025)	54,219
	Cash Before Changes in Operating Assets and Liabilities	236,467	114,215
	Changes in Operating Assets and Liabilities		
	(Increase) / Decrease in Receivable	(15,656)	197,993
	(Decrease) / Increase in Payable	(23,034)	90,444
	Net Changes in Operating Assets and Liabilities	(38,690)	288,437
	Net Cash Inflows from Operating Activities	197,777	402,652

5 Investments

The purpose of the investment in the Growth Investment Fund is to hold it for a period longer than 12 months. The total carrying amount of the Growth Investment Fund below has been measured at fair value.

	2013	2012
	\$	\$
Non-Current Investments		
Growth Investment Fund – Woden ^a	1,787,514	1,035,488
Total Non-Current investments	1,787,514	1,035,488

a. Investments held by the Woden Cemetery Perpetual Care Trust increased due to purchasing more units and an increase in the fair value of the units held.

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.



Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
15 September 2013

**WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

DECLARATION BY THE BOARD

I, the Chairperson of the ACT Public Cemeteries Authority, declare that:

- 1 the Woden Perpetual Care Trust is not a reporting entity and that these special purpose financial statements were prepared in accordance with the accounting policies outlined in Note 1 to the financial statements;
- 2 the financial statements and notes present fairly the Trust's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements; and
- 3 the method used for determining expenditure incurred by the Trust is consistent with the method used by the Minister to determine the basis on which income is received from the ACT Public Cemeteries Authority.

On behalf of the Board.



Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
15 September 2013

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ANNEXED REPORT

ACT PUBLIC CEMETERIES AUTHORITY

A7 ACT PUBLIC CEMETERIES AUTHORITY STATEMENT OF PERFORMANCE



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS ACT PUBLIC CEMETERIES AUTHORITY

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the ACT Public Cemeteries Authority (the Authority) for the year ended 30 June 2013 has been reviewed.

Responsibility for the statement of performance

The Governing Board of the Authority is responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures used to measure the results reported in the statement of performance.

The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, I am responsible for providing a report of factual findings on the statement of performance.

This review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the accountability indicators reported in the statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Authority, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets.

Level 4, 11 Moore Street, Canberra City, ACT 2601 | PO Box 275, Civic Square, ACT 2608
Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

Electronic presentation of the statement of performance

Those viewing an electronic presentation of this statement of performance should note that the review 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 this statement. If users of the statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

Independence

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

Review opinion

Based on the review procedures, no matters have come to my attention which indicates that the results of the accountability indicators, reported in the statement of performance of the Authority for the year ended 30 June 2013, are not fairly presented in accordance with the *Financial Management Act 1996*.

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



Bernie Sheville
Director, Financial Audits
16 September 2013

**Statement of Performance
For the Year Ended
30 June 2013**

ACT Public Cemeteries Authority

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2013**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Authority's records and fairly reflects the service performance of the Authority for the year ended 30 June 2013 and also fairly reflects the judgements exercised in preparing it.



Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
12 September 2013

ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2013

NON-FINANCIAL ACCOUNTABILITY INDICATORS

Statement of Intent Indicators	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
a) Number of clients choosing to do business with Canberra Cemeteries, proportional to the number of deaths annually (ACT)	35%	34%	(3%)	-
b) Level of client and stakeholder satisfaction with Canberra Cemeteries	98%	91%	(7%)	-
c) Level of unsatisfied clients and stakeholders matters resolved by Canberra Cemeteries operations	100%	98%	(2%)	-

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

Explanation of Accountability Indicators

- a) Death statistics are sourced and extrapolated from the Australian Bureau of Statistics (3101.0 Australian Demographic Statistics, Dec 2012-released June 2013). The number of deaths used for the current year is the average of the previous three years. Canberra Cemeteries data are actual numbers of burials for the year ending 30 June 2013.
- b) Level of client satisfaction is obtained by a survey of funeral directors who regularly access Canberra Cemeteries and supported by a post burial satisfaction survey provided to all willing customers.
- c) Details are extracted from a computerised customer service system which is used to manage and track the progress of action taken to remedy issues. This includes follow up with complainants where required.

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2013**

FINANCIAL ACCOUNTABILITY INDICATORS

	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
Profitability				
- Return on Assets	1.9%	0.8%	(58)	1
- Return on Equity	3.0%	1.4%	(53)	1
- Profit Margin	5.8%	2.3%	(60)	1
Liquidity				
- Current Ratio	1.7	1.4	(13)	2
- Cash Position	0.6	0.7	17	3
- Receivables Turnover	23.0	22.2	(3)	-
Financial Stability				
- Debt Ratio	0.4	0.4	-	-
- Capital Ratio	0.6	0.8	33	4

Explanation of Accountability Indicator

Return on Assets	=	Operating surplus/Total assets
Return on Equity	=	Operating surplus /Total equity
Profit Margin	=	Operating surplus /Total revenue (excluding interest distribution and gains on investments)
Current Ratio	=	Current assets/Current liabilities
Cash Position	=	Cash + current investments/Total assets
Receivables Turnover	=	Non-ACT Government user charges/Average receivables for the period
Debt Ratio	=	Total liabilities/Total assets
Capital Ratio	=	Total liabilities/Total equity capital

**ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2013**

Explanation of Variances

1. Return on Assets, Return on Equity and Profit Margin are lower than target due to the Authority's operating surplus being lower than budget. This resulted from changes in the Perpetual Care Trust (PCT) arrangements which required an increase in the overall percentage of income transferred to each trust (expense) and above budget expenses for water.
2. The current ratio of the Authority was below target due to the higher than expected transfers to PCT funds that had not been paid at 30 June 2013, therefore increasing the current liability.
3. The main reason for the increase in cash position was the increase in sales revenue.
4. The Capital Ratio was higher than the target due to an increase in income received in advance from a higher than expected number of reservation sales, which is a liability, and the higher amount payable to each Perpetual Care Trust.

KEY ACCOUNTABILITY INDICATORS

	Original Target 2012-13	Actual Result 2012-13	% Variance from Original Target	Explanation of Material Variances
Number of Reservations Sold	230	296	29	1
Number of Burials/Interments*	600	584	(3)	-

* *Burial* refers to normal earth burial and *Interment* refers to the interment of ashes.

Explanation of Variances (if Required)

1. Sales in June 2013 were significantly higher than expected, principally due to the opening of a new memorial garden at Woden Cemetery.

ACT PUBLIC CEMETERIES AUTHORITY LIST OF ACRONYMS AND ABBREVIATIONS

ACT	Australian Capital Territory
Authority	ACT Public Cemeteries Authority
CIT	Canberra Institute of Technology
CEO	Chief Executive Officer
EAP	Employee Assistance Program
EBA	Enterprise Bargaining Agreement
FOI	Freedom of information
FTE	Full Time Equivalent (number of staff)
HR	Human Resources
MDA	Management Discussion and Analysis
MOU	Memorandum of Understanding
NSW TAFE	New South Wales Technical and Further Education
WHS	Workplace Health and Safety
OSCAR	Online System for Comprehensive Activity Reporting
PCT	Perpetual Care Trust
RBN	Registered Business Name
SSP	Shared Services Procurement
TAMS	Territory and Municipal Services Directorate
TAMS HR	Territory and Municipal Services Human Resources
TRO	Territory Records Office
WiRC	Women's Information and Referral Centre

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