ACT Government

TERRITORY AND MUNICIPAL SERVICES

ANNUAL REPORT 2011-2012

Volume Two

TERRITORY AND MUNICIPAL SERVICES **ANNUAL REPORT 2011-2012** Volume Two

TERRITORY AND MUNICIPAL SERVICES

ANNUAL REPORT 2011-2012

Volume Two

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ACT Government
Territory and Municipal Services

Ms Katy Gallagher MLA
Minister for Territory and Municipal Services
ACT Legislative Assembly
London Circuit
Canberra City ACT 2601

Dear Minister

Transmittal Certificate

I present the 2011-12 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 Chief Minister's 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 2011 to 30 June 2012 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.

Yours sincerely

Gary Byles
Director-General

24 September 2012

GPO Box 158 Canberra ACT 2601 | phone: 132281 | www.act.gov.au

ACT Government
Territory and Municipal Services

Ms Katy Gallagher 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 2011-12 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

24 September 2012

GPO Box 158 Canberra ACT 2601 | phone: 132281 | www.act.gov.au

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 Directorate (TAMS) acknowledges and respects the Aboriginal and Torres Strait Islander peoples, their continuing culture and the contribution they make to the life of this City and this region.

ABOUT THIS REPORT

The TAMS 2011-12 Annual Report is the organisation's primary accountability document to the ACT Government and the Canberra community.

The report is divided into two volumes:

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

The Animal Welfare Authority and the ACT Public Cemeteries Authority Annual Reports are an annexure 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 the requirements referred to in the Chief Minister's Annual Report Directions and other relevant legislation.

A change to administrative arrangements in 2011-12 resulted in the transfer of the National Arboretum Canberra (the Arboretum) from the Economic Development Directorate (EDD) to TAMS on 23 November 2011.

PERFORMANCE AND FINANCIAL REPORTING

A5 Management discussion and analysis
TERRITORY AND MUNICIPAL SERVICES

MANAGEMENT DISCUSSION AND ANALYSIS
Territory and Municipal Services Directorate
for the financial year ended 30 June 2012

General overview

Objectives

The Territory and Municipal Services Directorate (TAMS) 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.

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

TAMS contributes to the enforcement and compliance with Territory and national standards in animal welfare. TAMS 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 and Canberra Nature Park, in addition to the National Arboretum Canberra and urban open spaces.

Other services provided by TAMS 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.

Changes in administrative structure

On 23 November 2011 the National Arboretum Canberra was transferred to the Directorate from Economic Development Directorate through Notifiable Instrument NI 2011-712 Administrative Arrangements 2011 (No. 3).

Changes in output structure

There have been no changes to output structure in 2011-12.

Risk Management

The responsibility for risk management within TAMS rests with the Director-General. The Director-General is supported in this responsibility by the ELT and the TAMS Risk Management Committee.

Tams' current risk management framework, based on the Australian Standard AS/NZS 4360:2004, is being reviewed to conform to the new Standard AS/NZS ISO 31000:2009. TAMS' Internal Audit Committee and the Executive Leadership Team (ELT) are overseeing the review. 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.

The Risk Management Committee is supported by the Risk Management Working Group, which meets bimonthly and is represented by staff from all TAMS business units as well as the ACT Insurance Authority (ACTIA). Business units report on emerging risks at the bimonthly meetings and refer significant identified risks to the Risk Management Committee to determine whether they should be included in the Directorate's risk register.

Under the ACT Government's risk management policy, ACTIA is responsible to assist Directorates with implementation of risk management policies and procedures across 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 also provides access to training and professional development opportunities.

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

Inadequate workforce capability and capacity

This risk is associated with the ability of TAMS 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 is associated with the ability to administer and maintain the significant asset base of TAMS. This risk recognises the need to:

- ensure robust asset management plans are in place across TAMS 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 is associated with ensuring the health, safety and well being of all TAMS staff. This risk has been identified as the number one organisational 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 TAMS's risk assessment is the availability of resources to meet growing service level demands. The cost pressures faced by TAMS necessitate an ongoing evaluation of service priorities in line with the TAMS' capacity to effectively mitigate risk.

Directorate financial performance

The following financial information is based on audited financial statements for the 2010-11 and 2011-12 financial years and the forward estimates contained in the 2012-13 Budget Papers.

The analysis provided below outlines the main trends and factors affecting TAM'S financial performance and position for the year ended 30 June 2012.

TAMS' 2011-12 budget has been adjusted to incorporate the impacts from the previously mentioned changes to the Government's Administrative Arrangements. The adjustments to the original budget can be found at Attachment A.

Table 1 Net cost of services

	Actual 2010-11	Actual 2011-12	Amended budget 2011-12	Forward estimate 2012-13	Forward estimate 2013-14
	$m	$m	$m	$m	$m
Total expenditure	508.6	546.6	527.9	540.0	543.5
Total own-source revenue	55.0	120.1	120.2	113.5	116.5
Net cost of services	453.6	426.5	407.7	426.5	426.8

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

2011-12 Actual net cost of services comparison to the amended budget

TAMS' net cost of services for 2011-12 of $426.5 million was $18.8 million or 5 percent higher than the amended 2011-12 budgeted cost of $407.7 million. This reflected a combination of factors including:

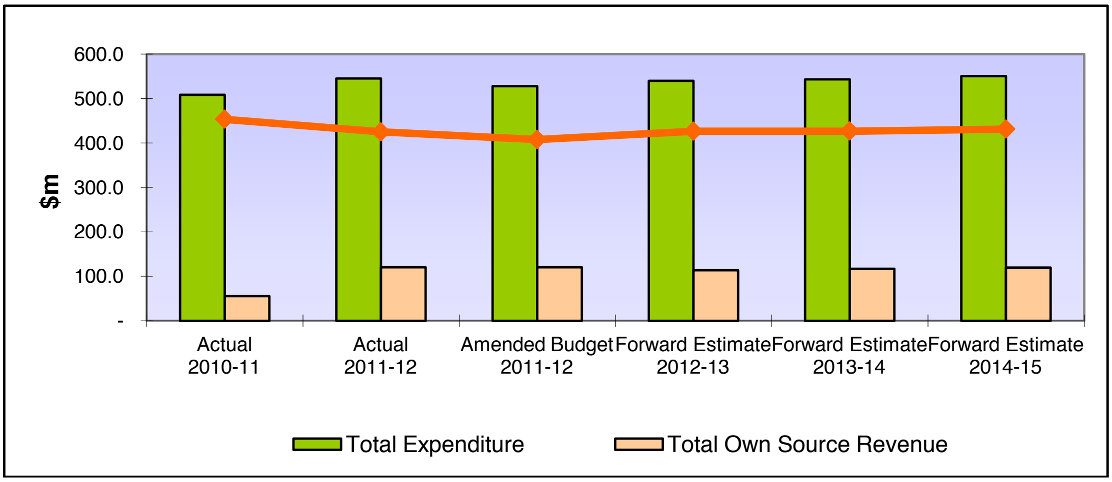
- the expensing of completed works associated with capital projects, that did not meet the definition of an asset (mainly earthworks, landscaping, weed control and waterways restoration); and asset write-offs ($12.6 million);
- the impact of asset transfers, mainly Arscott House to the Land Development Agency ($5.9 million).

Comparison to 2010-11 actual expenditure

Total net cost of services was $27.1 million lower than the 2010-11 actual cost largely due to the full year impact of changes to the Government's administrative arrangements.

Future trend

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 2010-11 to the projected forward years. In 2012-13, TAMS will continue its focus on maintaining expenditure levels within budget in an environment where pressures on the net cost of service delivery are significant.

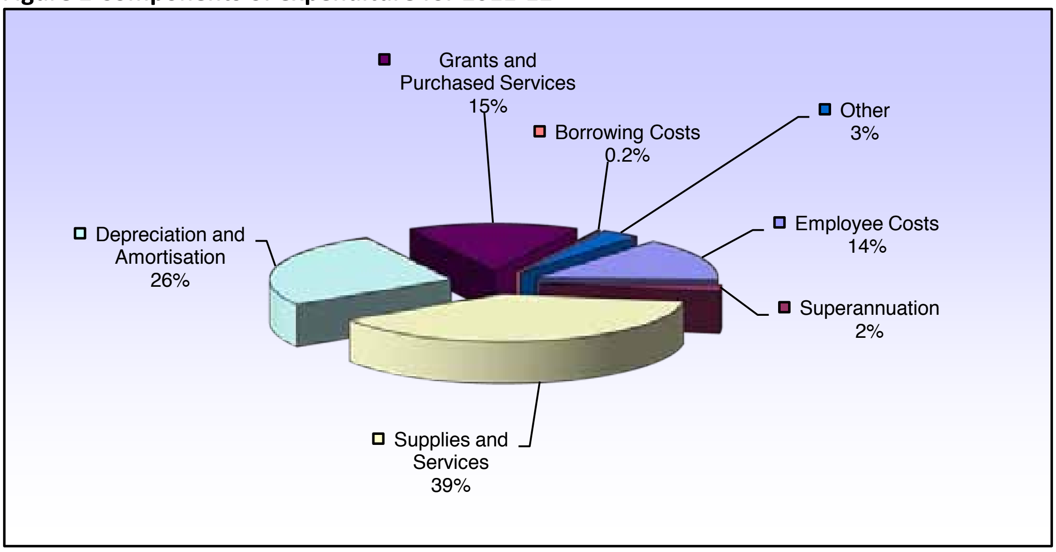
Total expenditure

Components of expenditure

Figure 2 shows a breakdown of the expenditure components in the 2011-12 financial year. Of the Directorate's total expenditure, supplies and services account for 39 percent, employee costs contribute 14 percent, while grants and purchased services contribute a further 15 percent. Depreciation expense accounts for 26 percent.

Supplies and services payments include payments for professional services of $38.0 million, building and facilities operating costs of $44.0 million, repairs and maintenance expenditure of $85.7 million and IT and communication costs of $11.6 million.

Figure 2 Components of expenditure for 2011-12



Total 2011-12 expenditure compared to the amended budget

Expenditure of $546.6 million was $18.6 million, or 3 percent higher than the 2011-12 amended budgeted cost. This was mainly due to:

- the expensing of completed works associated with capital projects, that did not meet the definition of an asset (mainly earthworks, landscaping, weed control and waterways restoration); and asset write-offs ($12.6 million);

- the impact of asset transfers, mainly Arscott House to the Land Development Agency ($5.9 million).

Comparison to 2010-11 actual expenditure

Total expenditure was $38.0 million or 7 percent higher than the 2010-11 actual result. This variance is mainly due to changes to the ACT Government's Administrative Arrangements occurring in 2010-11. Under these arrangements; functions associated with sport, recreation and Territory Venues and Events were transferred to the Economic Development Directorate, others related to transport planning and environmental conservation planning and research were transferred to the Environment and Sustainable Development Directorate, whilst transport regulation and road safety were transferred to the Justice and Community Safety Directorate, the Territory Records Office and Archives ACT were transferred to the Treasury Directorate. Along with these changes, the Directorate gained functions associated with the Government's property and facilities management from the former Department of Land and Property Services.

The net effect of the changes to Administrative Arrangements was an increase in expenditure on suppliers and services of $51.1 million (largely related to rent and building maintenance), a decrease in employee expenses of $6.9 million (due to the net reduction in staffing levels) and a decrease in grants to community organisations of $6.4 million (mainly due to the transfer of sport and recreation to the Economic Development Directorate).

Future trends

To enable the ACT Government to meet its overall budgetary objectives, the Directorate's 2012-13 Budget reflects additional savings to be achieved, including a review of employee expenses and supplies and services. Specific supplies and services expenses include: travel and accommodation; printing, publications and stationery; contractors and consultants, staff training, recruitment and development.

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

2011-12 own-source revenue comparison to amended budget

Own-source revenue for the year ended 30 June 2012 was $0.1 million lower than the 2011-12 amended budget amount.

Comparison to 2010-11 actual income

Own-sourced revenue was $65.1 million or 118 percent higher than the 2010-11 actual result of $55.0 million primarily due to the impact of changes to the ACT Government's Administrative Arrangements.

The net effect of the changes to Administrative Arrangements was an increase in rent revenue of $46.7 million and an increase of $27.2 million in building maintenance related revenue, and a decrease in user charges revenue of $8.8 million relating to Territory Venues and Events, sport and recreation and Road User Services.

Future trends

Total own-source revenue for 2012-13 is budgeted at approximately $113.5 million which is marginally lower than the 2011-12 outcome of $120.1 million. The 2011-12 outcome was increased by unbudgeted insurance revenue from the ACT Insurance Authority as a result of extreme weather events.

Directorate financial position

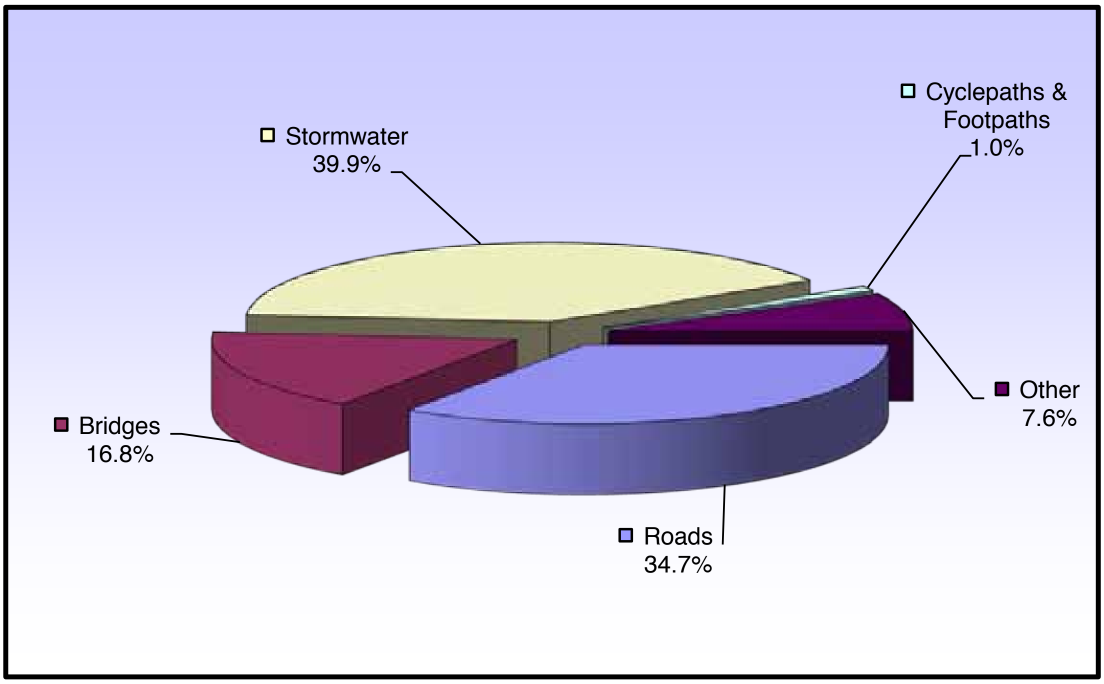
Total assets

Components of total assets

For the financial year ended 30 June 2012 the Directorate held 97 percent of its total assets ($9.3 billion) in property, plant and equipment ($9.0 billion).

The major component of property, plant and equipment is infrastructure assets ($6.3 billion). Figure 3 indicates the components within the infrastructure asset class.

Figure 3 Infrastructure assets as at 30 June 2012



Comparison to budget

The total asset position as at 30 June 2012 is $9.3 billion, which is $388.3 million higher than the 2011-12 amended budgeted amount of $8.9 billion. The increase is mainly due revaluation adjustments to Heritage and Community assets ($344.6 million, largely related to urban open space), and to infrastructure assets ($82.6 million) offset by lower than anticipated cash and receivables at year end.

Comparison to 2010-11 actual

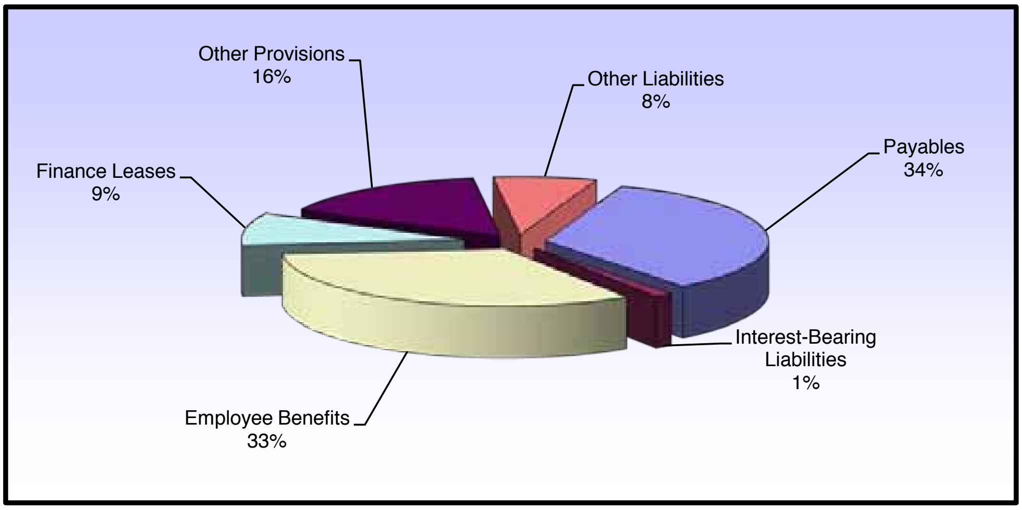
The Directorate's total asset position is $583.6 million higher than the 2010-11 actual result of $8.7 billion due to the impact of asset revaluations of $443.2 million and additions of $282.5 million (mainly from the capital works program) offset by annual depreciation expenditure of $142.5 million.

Total liabilities

Components of total liabilities

Figure 4 indicates that the major categories of the Directorate's liabilities are payables (34 percent), employee benefits (33 percent) and other provisions for the restoration of Waste Landfill Sites at Mugga Lane and Belconnen (16 percent).

Figure 4 Total liabilities as at 30 June 2012



Comparison to budget

The Directorate's liabilities for the year ended 30 June 2012 of $92.1 million are $31.4 million lower than the 2011-12 amended budgeted amounts. The total liabilities were impacted by the end of financial year close off and a reduction to the provision for the restoration of landfill sites (in line with the 2010-11 revaluation of the landfill assets).

Comparison to 2010–11 actual

Total liabilities are $8.3 million higher than the 2010-11 actual result of $84.3 million primarily due to the impact of the timing of accounts payables.

Territorial Statement of revenues and expenses

Total income

Land sales revenue accounts for 88 percent of territorial revenue; the remaining 12 percent is generated from commercial and industrial waste acceptance fees.

Comparison to 2011-12 budget

Total Territorial income for the year ended 30 June 2012 was $146.5 million, which was $147.2 million lower than the 2011-12 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 ($139.8 million).

Comparison to 2010-11 actual

Total income was $45.1 million lower than the previous year due to a decrease in taxes and fines due to the transfer of the Road User Service function to the Justice and Community Safety Directorate in May 2011 ($104.7 million), offset by an increase in land sale revenue of $62.0 million.

Future trends

Total Revenue

Land sale revenue for 2012-13 is budgeted at $120.4 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

Reconciliation of TAMS original 2011-12 budget to amended budget

	Original budget	Impact of Administrative Arrangement Orders	Amended budget
	$m	$m	$m
Total income	462.4	1.34	463.74
Total expenditure	526.6	1.34	527.94
Total assets	8,882.7	37.0	8,919.70
Total liabilities	123.4	0.1	123.5

Attachment B

Comparison of net cost of services to budget 2011-12

Description	Original budget	Plus: Administrative Arrangement Transfers	Amended Budget	Less: Actual	Variance explained	
	$'000	$'000	$'000	$'000	$'000	%
Expenditure						
Employee and superannuation	79,894	110	80,004	89,378	9,374	12%
Supplies and services	226,147	1,231	227,378	210,450	(16,928)	(7)%
Depreciation and amortisation	145,606	3	145,609	142,511	(3,098)	(2)%
Grants and purchased services	72,514	-	72,514	83,021	10,507	14%
Borrowing costs	1,974	-	1,974	937	(1,037)	(53)%
Other expenses	461	-	461	20,320	19,859	- 4308%
Total expenditure	**526,596**	**1,344**	**527,940**	**546,617**	**18,677**	**3%**
Own-source revenue						
User charges, Taxes, Fees and Fines	117,357	-	117,357	104,788	(12,569)	(11)%
Resources free of charge	1,671	-	1,671	650	(1,021)	(61)%
Other revenue	1,171	-	1,171	14,676	13,505	1153%
Total own-source revenue	**120,199**	**-**	**120,199**	**120,114**	**(85)**	0%
Total net cost of services	**406,397**	**1,344**	**407,741**	**426,503**	**18,762**	**5%**

PERFORMANCE AND FINANCIAL REPORTING

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TERRITORY AND MUNICIPAL SERVICES

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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 2012 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.

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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 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 2012:

(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 2012 and the results of its operations and cash flows for the year then ended.

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

M. Cooper.

Dr Maxine Cooper
Auditor-General
7 September 2012

Territory and Municipal Services Directorate
Financial Statements
For the Year Ended 30 June 2012

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 2012 and the financial position of the Directorate on that date.

Gary Byles
Director-General
Territory and Municipal Services
Directorate

6 September 2012

Territory and Municipal Services Directorate
Financial Statements
For the Year Ended 30 June 2012

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 2012 and the financial position of the Directorate on that date.

G Elliott
Gordon Elliott
Chief Finance Officer
Territory and Municipal
Services Directorate

6 September 2012

Territory and Municipal Services Directorate

CONTROLLED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2012

Territory and Municipal Services Directorate
Operating Statement
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Income				
Revenue				
Government Payment for Outputs	4	280,652	270,991	296,046
User Charges - ACT Government	5	85,225	94,473	17,809
User Charges - Non-ACT Government	5	14,933	19,179	19,404
Interest	6	24	-	285
Resources Received Free of Charge	7	650	1,671	1,231
Taxes, Fees and Fines	8	4,630	3,705	4,523
Other Revenue	9	14,652	1,171	11,716
Total Revenue		400,766	391,190	351,014
Gains				
Other Gains	10	94,615	71,201	49,263
Total Gains		94,615	71,201	49,263
Total Income		**495,381**	**462,391**	**400,277**
Expenses				
Employee Expenses	11	78,712	68,160	76,461
Superannuation Expenses	12	10,666	11,734	11,300
Supplies and Services	13	210,450	226,147	169,828
Depreciation and Amortisation	14	142,511	145,606	143,959
Grants and Purchased Services	15	83,021	72,514	83,354
Borrowing Costs	16	937	1,974	1,228
Other Expenses	17	20,320	461	22,429
Total Expenses		**546,617**	**526,596**	**508,559**
Operating (Deficit)		**(51,236)**	**(64,205)**	**(108,282)**
Other Comprehensive Income				
Increase in the Asset Revaluation Surplus	36	442,495	113,398	91,133
Total Other Comprehensive Income		**442,495**	**113,398**	**91,133**
Total Comprehensive Income/(Deficit)		**391,259**	**49,193**	**(17,149)**

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

Territory and Municipal Services Directorate
Balance Sheet
As at 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Current Assets				
Cash and Cash Equivalents	21	22,584	43,417	18,144
Receivables	22	17,459	28,399	20,891
Investment	23	-	-	1
Inventories	24	2,230	4,826	4,166
Assets Held for Sale	25	619	375	888
Other Assets	26	2,210	2,364	2,012
Total Current Assets		**45,102**	**79,381**	**46,102**
Non-Current Assets				
Receivables	22	3,176	2,363	4,930
Property, Plant and Equipment[a]	27	9,000,381	8,579,872	8,421,533
Intangible Assets	28	3,655	351	1,528
Biological Assets	29	28,429	27,704	26,045
Capital Works in Progress	30	227,271	193,017	224,295
Total Non-Current Assets		**9,262,912**	**8,803,307**	**8,678,331**
Total Assets		**9,308,014**	**8,882,688**	**8,724,433**
Current Liabilities				
Payables	31	31,107	46,795	17,385
Interest-Bearing Liabilities	32	757	757	4,147
Finance Leases	32	4,319	2,308	3,373
Employee Benefits	33	28,780	22,113	24,117
Other Provisions	34	-	-	61
Other Liabilities	35	4,064	8,826	6,739
Total Current Liabilities		**69,027**	**80,799**	**55,822**
Non-Current Liabilities				
Payables	31	72	142	-
Interest-Bearing Liabilities	32	470	471	1,227
Finance Leases	32	4,035	6,760	6,826
Employee Benefits	33	1,457	1,686	1,330
Other Provisions	34	14,442	33,551	16,696
Other Liabilities	35	2,630	-	2,424
Total Non-Current Liabilities		**23,106**	**42,610**	**28,503**
Total Liabilities		**92,133**	**123,409**	**84,325**
Net Assets		**9,215,882**	**8,759,279**	**8,640,109**
Equity				
Accumulated Funds	36	5,588,624	5,592,496	5,453,421
Asset Revaluation Surplus	36	3,627,258	3,166,783	3,186,688
Total Equity		**9,215,882**	**8,759,279**	**8,640,109**

a) The budgeted amount for Property, Plant and Equipment includes properties previously classified as investments.

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 2012

	Note No.	Accumulated Funds Actual 2012 $'000	Asset Revaluation Surplus Actual 2012 $'000	Total Equity Actual 2012 $'000	Original Budget 2012 $'000
Balance at the Beginning of the 2011-12 Reporting Period		**5,453,421**	**3,186,688**	**8,640,109**	**8,384,230**
Comprehensive Income					
Operating (Deficit)		(51,236)	-	(51,236)	(64,205)
Increase in the Asset Revaluation Surplus	36	-	442,495	442,495	113,398
Decrease in the Asset Revaluation reserve from transfers to other agencies	36	-	(164)	(164)	-
Total Comprehensive Income		**(51,236)**	**442,331**	**391,095**	**49,193**
Transactions Involving Owners Affecting Accumulated Funds and the Asset Revaluation Surplus					
Transfer of the Asset Revaluation Surplus to Accumulated Funds on derecognition of assets	36	1,761	(1,761)	-	-
Capital Injections		179,138	-	179,138	198,303
Capital Distributions[a]		(23,509)	-	(23,509)	-
Net Assets transferred in as part of an Administrative Restructure	38	37,114	-	37,114	135,404
Net Liabilities transferred in as part of an Administrative Restructure	38	(114)	-	(114)	-
Net Assets transferred out as part of an Administrative Restructure		(100)	-	(100)	-
Dividend Approved and Paid		(7,851)	-	(7,851)	(7,851)
Total Transactions Involving Owners Affecting Accumulated Funds		**186,439**	**(1,761)**	**184,678**	**325,856**
Balance at the End of the Reporting Period		**5,588,624**	**3,627,258**	**9,215,882**	**8,759,279**

a) Capital Distributions consists of capital payments to ACTION of $23.4m and capital returns to the Treasury Directorate of $0.09m.

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 2011

	Note No.	Accumulated Funds Actual 2011 $'000	Asset Revaluation Surplus Actual 2011 $'000	Total Equity Actual 2011 $'000	Original Budget 2011 $'000
Balance at the Beginning of the 2010-11 Reporting Period		**5,195,572**	**3,053,386**	**8,248,958**	**7,658,943**
Comprehensive Income					
Operating (Deficit)		(108,283)	-	(108,283)	(58,054)
Increase in the Asset Revaluation Surplus		-	91,132	91,132	-
Total Comprehensive (Deficit)		**(108,283)**	**91,132**	**(17,151)**	**(58,054)**
Transactions Involving Owners Affecting Accumulated Funds and the Asset Revaluation Surplus					
Transfer of Asset Revaluation Surplus due to Administrative Restructure		75,940	(75,940)	-	-
Capital Injections		224,835	-	224,835	235,181
Capital Distributions[a]		(23,696)	-	(23,696)	-
Net Assets transferred in as part of an Administrative Restructure	38	303,730	118,110	421,840	(15,813)
Net Assets transferred out as part of an Administrative Restructure	38	(214,233)	-	(214,233)	-
Dividend Approved and Paid		(458)	-	(458)	-
Other Adjustments		14	-	14	-
Total Transactions Involving Owners Affecting Accumulated Funds		**366,132**	**42,170**	**408,302**	**219,368**
Balance at the End of the Reporting Period		**5,453,421**	**3,186,688**	**8,640,109**	**7,820,257**

a) Capital Distributions consists of capital payments to ACTION.

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

Territory and Municipal Services Directorate
Cash Flow Statement
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Cash Flows from Operating Activities				
Receipts				
Government Payment for Outputs		195,704	197,161	218,699
Government Payment for Community Service Obligations		84,948	73,830	77,347
User Charges, Fees and Fines		98,458	113,935	33,624
Interest Received		24	-	219
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		30,887	35,612	35,953
Goods and Services Tax Collected from Customers		10,640	6,956	4,011
Other		21,852	2,012	14,060
Total Receipts from Operating Activities		**442,513**	**429,506**	**383,913**
Payments				
Employee		73,921	65,535	79,946
Superannuation		10,666	11,950	11,300
Supplies and Services		204,564	216,630	171,731
Borrowing Costs		937	211	1,207
Grants and Purchased Services		83,021	72,513	83,364
Goods and Services Tax Paid to Suppliers		37,257	35,358	37,631
Goods and Services Tax Paid to the Australian Taxation Office		3,707	3,441	1,680
Other		2,230	3,683	5,986
Total Payments from Operating Activities		**416,303**	**409,321**	**392,845**
Net Cash Inflows / (Outflows) from Operating Activities	42	**26,210**	**20,185**	**(8,932)**
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property, Plant and Equipment		2,491	-	1,399
Total Receipts from Investing Activities		**2,491**	**-**	**1,399**
Payments				
Purchase of Property, Plant and Equipment		7,007	10,898	3,020
Purchase of Intangible Assets		955	-	-
Capital Distribution to ACTION		23,416	37,523	23,696
Capital Distribution to the Treasury Directorate		93	-	-
Purchase of Capital Works in Progress		154,765	188,137	196,482
Total Payments from Investing Activities		**186,236**	**236,558**	**223,198**
Net Cash (Outflows) from Investing Activities		**(183,745)**	**(236,558)**	**(221,799)**

Territory and Municipal Services Directorate
Cash Flow Statement - Continued
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Cash Flows from Financing Activities				
Receipts				
Capital Injections		179,138	235,826	224,835
Proceeds from Borrowings		116	-	-
Receipt of Transferred Cash Balances		1,099	11,964	6,321
Total Receipts from Financing Activities		**180,353**	**247,790**	**231,156**
Payments				
Repayment of Borrowings		701	701	648
Repayment of Advances		3,446	3,446	-
Transferred Cash Balances		2,128	2,528	4,351
Capital Payment		-	-	-
Dividends		7,851	7,851	916
Repayment of Finance Leases		4,253	2,129	2,900
Total Payments from Financing Activities		**18,379**	**16,655**	**8,815**
Net Cash Inflows from Financing Activities		**161,974**	**231,135**	**222,341**
Net Increase / (Decrease) in Cash and Cash Equivalents		**4,439**	**14,762**	**(8,390)**
Cash and Cash Equivalents at the Beginning of the Reporting Period		18,145	28,655	26,535
Cash and Cash Equivalents at the End of the Reporting Period	42	**22,584**	**43,417**	**18,145**

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 2012

	Output Class 1 Municipal Services $'000	Output Class 2 Enterprise Services $'000	Intra-Directorate Eliminations $'000	Total $'000
2012				
Total Income	405,393	105,241	(15,253)	495,381
Total Expenses	448,791	113,079	(15,253)	546,617
Operating (Deficit)	**(43,398)**	**(7,838)**	**-**	**(51,236)**
2011				
Total Income	373,197	32,220	(5,140)	400,277
Total Expenses	477,041	36,658	(5,140)	508,559
Operating (Deficit)	**(103,844)**	**(4,438)**	**-**	**(108,282)**

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 2012

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 service, 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.

Environmental Regulation – 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 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Income			
Revenue			
Government Payment for Outputs	278,344	269,044	293,167
Taxes Fees and Fines	4,630	3,705	4,523
User Charges – ACT Government	6,931	2,185	5,579
User Charges – Non-ACT Government	3,644	4,290	9,196
Interest	24	-	213
Resources Received Free of Charge	650	1,671	1,200
Other Revenue	15,641	1,171	10,807
Total Revenue	**309,864**	**282,066**	**324,685**
Gains			
Other Gains	95,529	71,201	48,512
Total Gains	**95,529**	**71,201**	**48,512**
Total Income	**405,393**	**353,267**	**373,197**
Expenses			
Employee Expenses	66,234	55,179	68,720
Superannuation Expenses	8,966	9,806	10,148
Supplies and Services	147,915	147,531	154,144
Depreciation and Amortisation	128,270	130,627	138,756
Grants and Purchased Services	83,021	72,514	83,359
Borrowing Costs	827	1,872	1,088
Other Expenses	13,558	371	20,826
Total Expenses	**448,791**	**417,900**	**477,041**
Operating (Deficit)/Surplus	**(43,398)**	**(64,633)**	**(103,844)**

Effective 23 November 2011, in accordance with changes to the ACT Government's administrative arrangements, the National Arboretum Canberra was transferred to the Directorate from the Economic Development Directorate.

Territory and Municipal Services Directorate
Operating Statement for Output Class 2
Enterprise Services
For the Year Ended 30 June 2012

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 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Income			
Revenue			
Government Payment for Outputs	2,308	1,946	2,879
User Charges – ACT Government	89,386	92,288	15,365
User Charges – Non-ACT Government	11,289	14,889	13,076
Interest	-	-	72
Resources Received Free of Charge	-	-	31
Other Revenue	681	-	125
Total Revenue	**103,664**	**109,123**	**31,548**
Gains			
Other Gains	1,577	-	672
Total Gains	**1,577**	**-**	**672**
Total Income	**105,241**	**109,123**	**32,220**
Expenses			
Employee Expenses	12,478	12,981	7,741
Superannuation Expenses	1,700	1,928	1,152
Supplies and Services	75,297	78,615	21,622
Depreciation and Amortisation	14,241	14,979	5,203
Borrowing Costs	110	102	140
Other Expenses	9,253	90	800
Total Expenses	**113,079**	**108,695**	**36,658**
Operating (Deficit)/Surplus	**(7,838)**	**428**	**(4,438)**

Territory and Municipal Services Directorate
Controlled Statement of Appropriation
For the Year Ended 30 June 2012

	Original Budget 2012 $'000	Total Appropriated 2012 $'000	Appropriation Drawn 2012 $'000	Appropriation Drawn 2011 $'000
Controlled				
Government Payment for Outputs (GPO), including Community Service Obligations (CSO)	270,991	283,386	280,652	296,046
Capital Injections	235,826	248,711	179,138	224,835
Total Controlled Appropriation	**506,817**	**532,097**	**459,790**	**520,881**

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 2011-12 Budget Papers.

Capital Injections include capital payments to ACTION, 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 Directorate during the year. This amount appears in the Cash Flow Statement.

Reconciliation of Appropriation for 2011-12

	Government Payment for Outputs $'000	Capital Injections $'000
Original Budget	**270,991**	**235,826**
2nd Appropriation[a]	334	-
2nd Appropriation (ACTION)[a]	1,221	-
s.14 Transfer[b]	479	(479)
s.14 Transfer[c]	-	450
s.16 Transfers[d]	(1,361)	10,416
s.16B Rollovers[e]	1,866	2,455
s.17 Variation of Appropriation[f]	110	-
s.Treasurer's Advance[g]	953	-
s.Treasurer's Advance - ACTION[h]	7,085	-
s.19B Appropriation[i]	1,708	43
Total Appropriated	**283,386**	**248,711**
Undrawn Funds[j]	(2,734)	(69,573)
Appropriation Drawn	**280,652**	**179,138**

a) Second Appropriation for wage increases.

b) Transfers between Appropriations; $0.479m was transferred from Capital Injection to Government Payment for Outputs in relation to Commonwealth Government grants.

c) Transfers between Appropriations; $0.450m of capital injection was transferred from Economic Development Directorate (EDD) in relation to works at the Gold Creek Homestead.

d) Appropriation transfers following the transfer of functions between Directorates: transfer of functions to EDD for Sport and Recreation (($19k) GPO); from EDD for ACT Property Group ($702k GPO) and the National Arboretum Canberra ($1,341k GPO and $14,216 Capital Injection); to Environment & Sustainable Development Directorate (ESDD) for the Conservator (($421k) GPO),Transport Planning (($622k) GPO and ($3,800k) Capital Injection) and Strategic Planning studies (($485k) GPO); and to Justice and Community Safety Directorate (JACSD) for Transport Regulation (($1,857k) GPO).

e) Due to delays and deferrals, funding was carried forward to next year for 7 projects funded by Government Payment for Output and 68 projects funded by Capital Injection.

f) Represents Commonwealth Government funding for the Interstate Road Transport and Local Government Reform Fund National Partnerships.

g) Treasurer's Advance funding relates to the Mitchell fire ($0.683m), Queen Elizabeth II visit ($0.030m), the President of the USA visit ($0.086m), the Convoy of No Confidence ($0.032m) and Nightrider Bus Services ($0.122m).

h) Treasurer's Advance relates to funding for ACTION cost pressures and a pre-ACT Insurance Authority claim.

i) The additional Appropriation is for funding received from the Commonwealth Government for Centenary of Canberra upgrade of Constitution Avenue, Local Government Reform Fund and Heavy Vehicle Safety Program National Partnerships.

j) The majority of undrawn funds relate to recurrent funding for projects that have been deferred to 2012-13, and Capital Injection for projects which have been delayed or deferred.

CONTROLLED NOTE INDEX

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 1 OBJECTIVES OF THE TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Administrative Restructures

On 23 November 2011, the National Arboretum Canberra was transferred to the Directorate from Economic Development Directorate through Notifiable Instrument NI 2011-712 Administrative Arrangements 2011 (No. 3).

Operations and Principal Activities

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 streetlights, roads, footpaths and cycling paths. As a regulator, the Directorate also ensures compliance with 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 the Yarralumla Plant Nursery 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's financial statements 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 2012

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 2012, 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 agency 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. ACTION is a separate financial reporting entity and prepares its own financial statements which are included in the Directorate's Annual Report.

(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 paragraph (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 ending 30 June 2012 together with the financial position of the Directorate as at 30 June 2012.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2011-12 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:

Taxes, Fees and Fines

Taxes are recognised as revenue at the time of receipt. 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(f) Revenue Recognition - Continued

Interest

Interest revenue is recognised using the effective interest rate method.

Land Sales Revenue

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

User Charges- ACT Government

User charges – ACT Government revenue is derived by providing goods and services to other ACT Government agencies. 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.

User Charges - Non-ACT Government

User charges – Non-ACT Government is revenue directly related to the sale of goods or provision of services to non-ACT Government entities. They are generated by consumer demand and are non-regulatory in nature. 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 Land Development Agency and Environment and Sustainable Development Directorate 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'.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(i) 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.

(j) Borrowing Costs

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

(k) 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'.

(l) 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.

(m) 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, 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(n) 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.

(o) 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 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 from outside the normal course of selling goods and services to other 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 (ad) 'Significant Accounting Judgements and Estimates' for further information on objective evidence of impairment for Territorial receivables.

The amount of the impairment loss allowance is the difference between the asset's carrying amount and 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 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(p) 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.

(q) Biological Assets

The Directorate has recognised the 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.

(r) Inventories

Inventories held for sale are valued at the lower of cost and net realisable value. Cost comprises the purchase price of inventories as well as 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(s) 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.

(t) 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.

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' methodology. Under this methodology, 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, management 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(u) Intangible Assets

The Directorate's Intangible Assets comprise of internally developed software for internal use. Internally developed 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, consistent with ACT Government policy. Intangible Assets are measured at cost.

(v) 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	5 – 100
Leasehold Improvements	Straight Line	2 – 10
Plant and Equipment	Straight Line	2 – 50
Infrastructure	Straight Line	5 – 100
Internally Generated Intangibles	Straight Line	2 – 5
Heritage and Community Assets	Straight Line	3 –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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(w) 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. 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.

(x) Interest Bearing Liabilities

Interest-bearing liabilities are a financial liability 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. The associated interest expense is recognised in the reporting period in which it occurs.

(y) 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(z) Employee Benefits

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

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.

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 estimated future payments are calculated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2011-12, the rate used to calculate the present value of these future payments is 106.6% (92.2% in 2010-11).

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 leave and long service leave have been classified as a non-current liability in the Balance Sheet.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(aa) 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.

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 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.

(ab) 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.

(ac) Insurance

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

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ad) 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 $34.7 million (2010-11 $40.1 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 based on advice from the transferring agencies.

(2) *Infrastructure and Heritage and Community Assets*: Infrastructure assets totalling $6,263.6 million (2010-11 $6,070.3 million) and Heritage and Community Assets totalling $2,227.2 million (2010-11 $1,833.0 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 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 $461.1 million (2010-11 $470.9 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 Methodology, 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 (t) 'Measurement of Property, Plant and Equipment After Initial Recognition'.

Further disclosure concerning an asset's useful life can be found at Note 2 (v) 'Depreciation and Amortisation of Non-Current Assets'.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(ad) Significant Accounting Judgements and Estimates - Continued

(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 (z) '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

(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 Territorial receivables principally relates to ACT NoWaste debtors. Objective analysis of ACT NoWaste 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(ad) Significant Accounting Judgements and Estimates - Continued

(11) *Contingent Liability – Contaminated Sites*: The Directorate owns 222 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 valuation.

(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.

(ae) 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 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- 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 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 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012);

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(ae) Impact of Accounting Standards Issued but yet to be Applied – Continued

- 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);
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (application date 1 January 2014); and
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (application date 1 January 2013).

NOTE 3 CHANGE IN ACCOUNTING ESTIMATES

Change in Accounting Estimates

Revision of the Employee Benefit Discount Rate

As disclosed in Note 2 (z) '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 are estimated using the Commonwealth Government bond rate.

Last financial year, the rate used to estimate the present value was 92.2%, however, due to a change in the Commonwealth Government bond rate, the rate is now 106.6%.

As such the estimate of the long service leave has changed. This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of approximately $2.12 million. The change in the rate 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 2012

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.

	2012 $'000	2011 $'000
Revenue from the ACT Government		
Government Payment for Outputs	195,704	218,699
Government Payment for Community Service Obligations[a]	84,948	77,347
Total Government Payment for Outputs	**280,652**	**296,046**

a) The increase in the Community Service Obligations for 2011-12 includes funding provided by the Directorate to ACTION of $7.085m to meet cost pressures associated with increased service delivery, insurance and workers' compensation premiums. The CSO payment includes payments to ACTION of $82.45m to operate network services; payments to ACT Forests of $2.2m for the provision of public use areas within ACT Forests; and payments to Yarralumla Nursery of $0.27m for the free plant issue scheme.

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.

User Charges – ACT Government		
User Charges - ACT Government[a]	85,225	17,809
Total User Charges – ACT Government	**85,225**	**17,809**
User Charges – Non-ACT Government		
Sales	191	281
Service Revenue (Non-ACT Government)[b]	10,559	18,394
Rent from Tenants[c]	4,183	729
Total User Charges - Non-ACT Government	**14,933**	**19,404**
Total User Charges for Goods and Services	**100,158**	**37,213**

a) Following changes to administrative arrangements in May 2011, the ACT Property Group was transferred to the Directorate. The increase in User Charges - ACT Government largely relates to the effects of this transfer on rental and operational revenue from ACT Government entities.

b) Following changes to administrative arrangements in May 2011, the reponsibility for Territory Venues and Events, Sport and Recreaction and Transport Regulation transferred from the Directorate. The decrease in Service Revenue - Non ACT Government largely relates to the effects of this transfer. The comparatives have been decreased by $2,868k to reflect that Capital Commonwealth Government Grants are now reported in Note 9 'Other Revenue'. The comparatives have also been decreased by $79k to reflect the value of assets located through the stocktake process, this amount is reported at Note 10 Other Gains.

c) Following changes to administrative arrangements in May 2011, ACT Property Group transferred to the Directorate. The increase in rent from Non-ACT Government tenants relates to the effects of this transfer.

NOTE 6 INTEREST

Revenue from Non-ACT Government Entities		
Other Interest Revenue from Non-ACT Government Entities[a]	21	285
Interest from the Public Trustee	3	-
Total Interest Revenue	**24**	**285**

a) Following changes to administrative arrangements in May 2011 the Road User Trust Account transferred to the Justice and Community Safety Directorate and the Territory Venues and Events Account transferred to the Economic Development Directorate. The decrease in interest revenue is largely due to these transfers. In 2011-12, interest was 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
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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.

Revenue from ACT Government Entities	2012	2011
	$'000	$'000
Justice and Community Safety Directorate - Legal Services[a]	387	968
Emergency Services Agency - Support Charges	263	263
Total Resources Received Free of Charge	**650**	**1,231**

a) Following changes to administrative arrangements in May 2011, there has been a significant reduction in both number of hours and cases provided to the Government Solicitor this year.

NOTE 8 TAXES, FEES AND FINES

Taxes, Fees and Fines[a]	4,630	4,523
Total Taxes, Fees and Fines	**4,630**	**4,523**

a) Taxes, Fees and Fines largely consist of fees related to waste acceptance.

NOTE 9 OTHER REVENUE

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

Revenue from ACT Government Entities		
Capital Improvement Fund[a]	-	1,122
Insurance Recoveries[b]	9,252	3,132
Sponsorship[c]	300	-
Other[d]	588	-
Total Revenue from ACT Government Entities	**10,140**	**4,254**
Revenue from Non-ACT Government Entities		
Commonwealth Government Grants[e]	218	226
Capital Commonwealth Government Grants[f]	1,471	2,868
Other[g]	2,623	4,368
Sponsorship[c]	200	-
Total Revenue from Non-ACT Government Entities	**4,512**	**7,462**
Total Other Revenue	**14,652**	**11,716**

a) In 2010-11 the Directorate received funding through tthe Whole of Government Capital Improvement fund for bus stops and a feasibility study for the Centenary Trail. No funding under this program was received in 2011-12.

b) Insurance recoveries were recieved from ACT Insurance Authority (ACTIA) relating to storm damage this year and last year.

c) The National Arboretum Canberra received sponsorship from ACTEW Corporation in relation to the 'Waterwise Community Education Garden', and the Village Building Company in relation to the visitors' centre.

d) Other revenue from ACT government entities mainly relates to recoveries of expenses.

e) Libraries ACT have received funding from the National Broadband Network for a digital hub at Gungahlin Library. Following changes to administrative arrangements in May 2011, the Conservator function transferred to Environment and Sustainable Development Directorate, the Commonwealth Government Grants of 2010-11 related to this function.

f) In 2011-12 the Directorate received $1,471k from the Commonwealth under the Regional and Local Community Infrastructure Program. The comparatives have been increased by $2,868k (comparatives have been decreased at Note 5 'User Charges').

g) 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 2012

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.

	2012	2011
	$'000	$'000
Assets Received from ACT Government Agencies[a]	36,068	40,147
Assets Received from Land Developers[b]	54,403	-
Value of Assets Recognised for the First Time[c]	1,679	6,968
Gains Arising from Forgiveness of Liabilities	-	29
Net Gain on Sale of Assets	-	2,040
Gains arising from revaluation of biological assets	2,384	-
Donations[d]	65	-
Other[e]	16	79
Total Other Gains	**94,615**	**49,263**

a) This item reflects the value of infrastructure assets transferred to the Directorate from the Land Development Agency, Environment and Sustainable Development Directorate and Justice and Community Safety Directorate.
b) The value of infrastructure assets transferred in 2011-12 was provided at the time of transfer from private developers. These assets include roads, bridges, stormwater, footpaths, carparks, streetlights and paving.
c) Assets recognised for the first time reflect Land Under Roads related to roads opened in 2011-12.

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

e) The comparatives have been increased by $79k to reflect the value of assets located through the stocktake process. This amount was reported at Note 5 User Charges in 2010-11.

NOTE 11 EMPLOYEE EXPENSES

Wages and Salaries[a]	67,314	67,503
Annual Leave Expense[b]	4,629	4,355
Long Service Leave Expense[c]	3,598	957
Workers' Compensation Insurance Premium	2,465	2,726
Termination Expense[d]	-	451
Other Employee Benefits and On-Costs	706	469
Total Employee Expenses	**78,712**	**76,461**

a) Wages and salaries have decreased slightly from the prior year, largely due to the impact of the changes to administrative arrangements of May 2011, there was a corresponding decrease in average staffing levels (ASL) between the years.

b) Annual Leave (AL) expense comparatives have been increased to report the amounts of AL paid out on termination (reported as Termination Expenses in 2010-11).

c) Long Service Leave (LSL) expense was affected by a change in the rate used to calculate the present value of the LSL provision. The rate was 106.6% at 30 June 2012, compared to 92.2% at 30 June 2011. This increase resulted in a $2.12m increased LSL expenses. LSL expense comparatives have been increased to report the amounts of LSL paid out on termination (reported as Termination Expenses in 2010-11).

d) Termination Expense comparatives have been reduced by the amounts of AL and LSL paid out on termination, these have been reported against the respective leave expenses.

NOTE 12 SUPERANNUATION EXPENSES

Superannuation Contributions to the Territory Banking Account	6,686	7,569
Productivity Benefit	1,083	1,276
Superannuation Payment to ComSuper (for the PSSAP)	340	427
Superannuation to External Providers	2,557	2,028
Total Superannuation Expenses	**10,666**	**11,300**

Territory and Municipal Services Directorate
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NOTE 13 SUPPLIES AND SERVICES

	2012 $'000	2011 $'000
Repairs and Maintenance (e.g. parks, roads and property)[a]	85,679	60,625
Building and Facilities Operating Costs[a]	43,994	20,840
Professional Services (e.g. contractors and consultants)	38,015	38,394
Information Technology and Communications	11,635	14,086
Consumables	7,499	8,064
Insurance	7,290	7,217
Communication, Printing and Publication	1,394	3,110
Operating Lease Costs	2,998	3,450
Finance, Procurement and Human Resources Charges	4,418	5,034
Cost of Goods Sold[b]	1,184	3,668
Legal Costs	1,216	1,502
Other Human Resource Costs	1,098	846
Staff Development and Training	1,057	899
Membership and Associations	364	533
Bank Fees and Charges	496	443
Travel Expenses	155	291
Other Supplies and Services[c]	1,958	826
Total Supplies and Services[d]	**210,450**	**169,828**

a) Following changes to administrative arrangements in May 2011, ACT Property Group transferred to the Directorate. The increase in repairs and maintenance is primarily due to this transfer and additional expenses relating to storm events. The increase in Building and Facilities Operating Costs are also associated with the transfer in of ACT Property Group.

b) The decrease in cost of goods sold is largely due to the transfer of Territory Venues and Events to the Economic Development Directorate. The comparatives have been decreased by $798k relating to stock write-offs at Yarralumla Nursery in 2010-11. The stock losses are reported at Note 17 Other Expenses in 2011-12

c) Other supplies and services includes $980k in Green Power payments by ACT Property Group to other ACT Government Directorates.

d) The increase in total expenditure in 2011-12 reflects the net effect of the changes to administrative arrangements of May 2011.

NOTE 14 DEPRECIATION AND AMORTISATION

	2012 $'000	2011 $'000
Depreciation		
Land Restoration[a]	424	2,515
Buildings[b]	12,863	5,444
Infrastructure Assets	117,570	123,063
Plant and Equipment[c]	7,801	9,898
Heritage and Community Assets[d]	3,317	2,316
Leasehold Improvements[e]	128	329
Total Depreciation	**142,103**	**143,565**
Amortisation		
Intangible Assets	407	394
Total Amortisation	**407**	**394**
Total Depreciation and Amortisation	**142,511**	**143,959**

a) The decrease in land restoration assets depreciation is due to a decrease in asset value as a result of the 30 June 2011 revaluations.
b) Following changes to administrative arrangements in May 2011, ACT Property Group transferred to the Directorate. The increase in buildings depreciation is largely due to this transfer.
c) The decrease in plant and equipment assets depreciation is due to a decrease in asset value as a result of the 30 June 2011 revaluations.
d) The increase in heritage and community assets depreciation is due to the transfer of assets from the buildings class.
e) The decrease in leasehold improvement assets depreciation is due to the disposal of several assets.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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.

	2012 $'000	2011 $'000
Payments to Service Providers - ACTION[a]	82,451	74,895
Grants to Community Organisations[b]	570	8,459
Total Grants and Purchased Services	**83,021**	**83,354**

a) The increase in the payments to ACTION represents additional funding to meet cost pressures associated with increased service delivery, insurance and workers' compensation insurance premiums.

b) This item represents payments to the RSPCA ($570k). Following changes to administrative arrangements in May 2011, Sport and Recreation transferred to the Economic Development Directorate. In 2010-11 Sport and Recreation made $8.0m in grants to community organisations.

NOTE 16 BORROWING COSTS

	2012 $'000	2011 $'000
Interest on Borrowings[a]	191	336
Finance Charges on Finance Leases[b]	746	871
Other Borrowing Costs	-	21
Total Borrowing Costs	**937**	**1,228**

a) The decrease in interest on borrowings is due to the ACT Property Group loan from Treasury Directorate for the Magistrates Court and the Dame Pattie Menzies House being fully repaid in 2011-12.

b) The Directorate acquires motor vehicles under finance leases.

NOTE 17 OTHER EXPENSES

	2012 $'000	2011 $'000
Capital Works in Progress[a]	11,110	7,383
Transfer of Assets to ACT Government Agencies[b]	5,869	311
Net Loss on Disposal of Assets	1,440	6,445
Inventory Write Downs and Stock Losses[c]	1,534	798
Impairment Losses and Write-Offs (see Note 18)	237	300
Loss on Revaluation of Property Plant and Equipment	36	4,198
Loss on Revaluation of Biological Assets	-	1,659
Other Expenses[d]	94	1,335
Total Other Expenses	**20,320**	**22,429**

a) This item includes the expensing of completed works that don't meet the capitalisation requirements (mainly landscaping costs).

b) In 2011-12 ACT Property Group transfered Land and Buildings to Land Development Agency (including Arscott House and Macarthur Pre-School).

c) These losses largely relate to plant write offs at Yarralumla Nursery ($1.5m). The comparatives have been increased by $798k relating to stock write-offs at Yarralumla Nursery in 2010-11. The stock losses were reported at Note 13 Supplies and Services in 2010-11.

d) Following changes to administrative arrangements in May 2011, the Sport and Recreation function transferred out of the Directorate. Other expenses in 2010-11 mainly consisted of payments relating to this function.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2010-11 and 2011-12 the Directorate did not submit to the Treasurer any debt waivers for loans owing by third parties.

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

	2012 $'000	2011 $'000
Impairment Loss from Receivables		
Trade Receivables[a]	96	200
Total Impairment Loss from Receivables	**96**	**200**
Total Impairment Losses	**96**	**200**

	No.	$'000	No.	$'000
Write-offs				
Losses or Deficiencies in Public Monies	39	2	5	2
Irrecoverable debts[a]	75	139	11	98
Total Write-offs	**114**	**141**	**16**	**100**
Total Impairment Losses and Write-offs	**114**	**237**	**16**	**300**

a) During 2011-12, 75 debts totalling $139k which were considered irrecoverable (and for which there was no existing provision) were written off. A further 201 debts totalling $392k (for which a provision existed) were also written off.

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 2012

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.

	2012 $'000	2011 $'000
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	237	242
Other Services Provided by the ACT Auditor-General's Office	14	18
Total Audit Fees	**251**	**260**
Total Auditor's Remuneration	**251**	**260**

NOTE 21 CASH AND CASH EQUIVALENTS

Cash on Hand	395	342
Cash at Bank	22,189	17,802
Total Cash and Cash Equivalents	**22,584**	**18,144**

NOTE 22 RECEIVABLES

Current Receivables		
Trade Receivables	9,057	10,294
Less: Allowance for Impairment Losses	(829)	(1,147)
	8,228	**9,147**
Other Receivables[a]	2,746	5,103
Less: Allowance for Impairment Losses	-	-
	2,746	**5,103**
Accrued Revenue	2,786	2,376
Net Goods and Services Tax Receivable	3,699	4,265
	6,485	**6,641**
Total Current Receivables	**17,459**	**20,891**
Non-Current Receivables		
Other Receivables[a]	3,176	4,930
Total Non-Current Receivables	**3,176**	**4,930**
Total Non-Current Receivables	**3,176**	**4,930**
Total Receivables	**20,635**	**25,821**

a) This balance relates to the ACT Insurance Authority bushfire claim totalling $5.8m, consisting of $2.7m (current) and $3.1m (non-current).

Territory and Municipal Services Directorate
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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
2012					
Not Impaired[a]					
Receivables	16,506	2,580	569	980	20,635
Impaired					
Receivables	-	-	-	829	829
2011					
Not Impaired[a]					
Receivables	20,931	3,017	816	1,057	25,821
Impaired					
Receivables	-	-	-	1,147	1,147

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.

	2012	2011
Reconciliation of the Allowance for Impairment Losses	**$'000**	**$'000**
Allowance for Impairment Losses at the Beginning of the Reporting Period	(1,147)	(815)
Additional Allowance Recognised	(91)	(200)
Reduction in Allowance from Amounts Recovered During the Year	17	-
Reduction in Allowance from Debts Written Off	392	-
Increase in Allowance Resulting from Administrative Restructures	-	(132)
Allowance for Impairment Losses at the End of the Reporting Period	**(829)**	**(1,147)**

Classification of ACT Government/Non-ACT Government Receivables

Receivables from ACT Government Entities		
Net Trade Receivables	4,357	4,367
Net Other Trade Receivables	5,885	8,965
Accrued Revenue	1,915	2,051
Total Receivables from ACT Government Entities	**12,157**	**15,383**
Receivables from Non-ACT Government Entities		
Net Trade Receivables	3,871	4,192
Net Other Trade Receivables	37	1,656
Accrued Revenue	871	325
Net Goods and Services Tax Receivable	3,699	4,265
Total Receivables with Non-ACT Government Entities	**8,478**	**10,438**
Total Receivables	**20,635**	**25,821**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 23 INVESTMENTS

	2012 $'000	2011 $'000
Current Investments		
Investments with the Territory Banking Account - Cash Enhanced Portfolio[a]	-	1
Total Current Investments	**-**	**1**
Total Investments	**-**	**1**

a) The Directorate no longer has short-term investments with the Territory Banking Account in the Cash Enhanced Portfolio.

NOTE 24 INVENTORIES

	2012 $'000	2011 $'000
Current Inventories		
Raw Materials - at Cost	620	1,251
Finished Goods - at Cost	1,610	2,531
Tickets - at Cost[a]	-	384
Total Current Inventories[b]	**2,230**	**4,166**
Total Inventories	**2,230**	**4,166**

a) ACTION tickets are no longer classified as inventory as stock holdings are not material due to the re-usable nature of My Way cards.

b) Inventories are primarily held by Yarralumla Nursery, other minor inventory items are held by Roads ACT and ACT Property Group. The reduction in inventory from 2010-11 largely relates to stock write offs and write downs at Yarralumla Nursery ($1.5m).

NOTE 25 ASSETS HELD FOR SALE

	2012 $'000	2011 $'000
Plant and Equipment Held for Sale	619	888
Total Assets Held for Sale	**619**	**888**
Reconciliation of Assets Held for Sale		
Assets Held for Sale at the Beginning of the Reporting Period	888	336
Transfers from Plant and Equipment	1,057	1,423
Sales	(1,326)	(811)
Disposal through Administrative Restructuring	-	(60)
Total Assets Held for Sale	**619**	**888**

a) The Directorate has classified motor vehicles with expired leases as assets held for sale. The Directorate has 44 vehicles in this category at 30 June 2012.

NOTE 26 OTHER ASSETS

	2012 $'000	2011 $'000
Prepaid rent[a]	2,210	2,012
Total Other Assets	**2,210**	**2,012**

Territory and Municipal Services Directorate
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NOTE 27 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 does not include assets held for sale or investment property.

- *Land* includes leasehold land held by the Directorate but excludes land under infrastructure.
- *Buildings* includes 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 redeployment. Heritage assets held by the Directorate include art, museum and library collections, historical buildings and memorials.
- *Community* assets are those assets that are provided essentially for 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 methodologies 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 2012. This replacement cost estimate is shown below, however in no way does this represent the fair value of the trees, nor is this the value that is included in the fair value of urban open space.

	2012 Number of Trees ’000	2012 Actual Value $’000	2011 Number of Trees ’000	2011 Actual Value $’000
Trees in Urban Open Space				
Native Species	304	81,958	297	80,201
Exotic Species	428	154,041	418	150,740
	732	**235,999**	**715**	**230,941**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2012 $'000	2011 $'000
LAND AND BUILDINGS		
Land at Fair Value[a,b]	204,698	190,020
Land Restoration at Fair Value (waste landfill sites)	16,696	16,696
Less Accumulated Depreciation - Land Restoration (waste landfill sites)	(14,413)	(13,989)
Total Written-Down Value of Land	**206,981**	**192,727**
Buildings at Fair Value[a,c]	258,520	305,052
Less: Accumulated Depreciation	(831)	(26,850)
Less: Accumulated Impairment (Losses)	(305)	(45)
Total Written-Down Value of Buildings	**257,384**	**278,157**
Total Written-Down Value of Land and Buildings	**464,365**	**470,884**
LEASEHOLD IMPROVEMENTS		
Leasehold Improvements at Fair Value[a]	1,381	1,481
Less: Accumulated Depreciation	-	(261)
Total Written-Down Value of Leasehold Improvements	**1,381**	**1,220**
PLANT AND EQUIPMENT		
Plant and Equipment Under a Finance Lease		
Plant and Equipment Under a Finance Lease at Fair Value[a]	8,738	13,201
Less: Accumulated Depreciation	(60)	(3,274)
Total Written-Down Value of Plant and Equipment Under Finance Lease	**8,678**	**9,927**
Owned Assets		
Plant and Equipment at Fair Value	43,528	39,136
Less: Accumulated Depreciation	(7,966)	(2,960)
Less: Accumulated Impairment (Losses)	(261)	-
Total Written-Down Value of Owned Plant and Equipment	**35,301**	**36,176**
Total Written-Down Value of Plant and Equipment	**43,979**	**46,103**

a) Land, buildings, leasehold improvements and plant and equipment under finance lease were revalued as at 30 June 2012. The valuations were conducted by Mr Ian Robertson (Certified Practising Valuer) from the Australian Valuation Office.

b) The value of land increased as a result of the 30 June 2012 revaluations.

c) The value of buildings decreased primarily due to depreciation expense ($12m), the transfer of bus shelters to the infrastructure class ($5m) and a revalution decrement ($3m).

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2012 $'000	2011 $'000
INFRASTRUCTURE ASSETS		
Roads		
Roads at Fair Value[a,d]	2,170,656	2,100,017
Less Accumulated Depreciation	-	(73,344)
Total Written-Down Value of Roads	**2,170,656**	**2,026,673**
Bridges		
Bridges at Fair Value	1,079,062	1,053,031
Less: Accumulated Depreciation	(29,285)	(14,612)
Less: Accumulated Impairment (Losses)	-	(4,584)
Total Written-Down Value of Bridges	**1,049,777**	**1,033,835**
Stormwater Assets		
Stormwater Assets at Fair Value	2,577,571	2,547,318
Less Accumulated Depreciation	(78,995)	(39,438)
Total Written-Down Value of Stormwater Assets	**2,498,576**	**2,507,880**
Cyclepaths and Footpaths		
Cyclepaths and Footpaths at Fair Value[b]	72,079	53,333
Less Accumulated Depreciation	(9,637)	(4,767)
Total Written-Down Value of Cyclepaths and Footpaths	**62,442**	**48,566**
Other Infrastructure at Fair Value[c,e]	514,741	474,685
Less: Accumulated Depreciation	(29,183)	(17,883)
Less: Accumulated Impairment (Losses)	(3,440)	(3,440)
Total Written-Down Value of Other Infrastructure	**482,118**	**453,362**
Total Written-Down Value of Infrastructure	**6,263,569**	**6,070,316**

a) Roads were revalued as at 30 June 2012. The valuations were conducted by officers of the Directorate using industry standards.
b) Increase in cycle paths and footpaths is mainly due to asset transfers from the Land Development Agency and private developers.
c) Selected other infrastructure assets were revalued as at 30 June 2012. The valuations were conducted by officers of the Directorate using industry standards.
d) The increase in the value of roads is primarily due to an asset revaluation increment ($75m) and completed works transferred from works in progress ($70m).
e) The increase in value of other infrastructure is primarily due to an asset revaluation increment ($7m), bus shelters transferred from the buildings class ($5m) and completed works transferred from works in progress ($16m).

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2012 $'000	2011 $'000
HERITAGE AND COMMUNITY ASSETS		
Land (Heritage and Community Assets) at Fair Value[a,c]	726,844	356,846
Land Under Roads at Fair Value[a]	1,434,007	1,435,978
Total Land (Heritage and Community Assets) at Fair Value	**2,160,851**	**1,792,824**
Library Materials		
Library Materials at Fair Value[b,d]	6,454	2,312
Total Written-Down Value of Library Materials	**6,454**	**2,312**
Other Heritage and Community Assets		
Other Heritage and Community Assets at Fair Value[b,e]	60,583	40,539
Less: Accumulated Depreciation	(649)	(2,665)
Less: Accumulated Impairment (Losses)	(152)	
Total Written-Down Value of Other Heritage and Community Assets	**59,782**	**37,874**

a) Land under roads, library materials and selected other heritage and community assets were revalued as at 30 June 2012. The land under roads valuations were conducted by officers internal to the Directorate using the method adopted by the Australian Valuers-General.

b) The valuation of library materials and other heritage and community assets valuations were conducted by Mr Kim Adams (Certified Practising Valuer) and Mr Ian Robertson (Certified Practising Valuer) from the Australian Valuation Office.

c) The increase in the value of heritage and community land is primarily a result of a revalution increment ($330m).

d) The increase in the value of library materials is primarily a result of a revalution increment ($3.3m).

e) The increase in the value of other heritage and community assets is primarily a result of the transfer of the Tharwa bridge ($24m) from works in progress .

	2012 $'000	2011 $'000
Total Written-Down Value of Heritage and Community Assets	**2,227,087**	**1,833,010**
TOTAL WRITTEN-DOWN VALUE OF PROPERTY, PLANT AND EQUIPMENT	**9,000,381**	**8,421,533**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 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	Heritage and Community 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	15,828	(2,744)	(9)	611	82,591	344,597	**440,874**
Revaluation Decrement Recognised in 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 through Administrative Arrangements		-	-	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	**206,981**	**257,384**	**1,381**	**43,979**	**6,263,569**	**2,227,087**	**9,000,381**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2010-11.

	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	60,483	76,367	1,799	50,423	6,128,664	1,778,617	**8,096,353**
Additions	175	2,719	1,124	19,362	118,615	10,027	**152,022**
Assets Classified as Held for Sale	-	-	-	(888)	-	-	**(888)**
Revaluation (Decrement)/Increment Recognised in Other Comprehensive Income	(11,506)	-	-	(1,357)	11,669	76,616	**75,422**
Revaluation (Decrement) Recognised in Operating Deficit	-	-	-	(4,198)	-	-	**(4,198)**
Impairment Losses Recognised in Other Comprehensive Income	-	-	-	-	(1,144)	-	**(1,144)**
Depreciation	(2,515)	(5,444)	(329)	(9,898)	(123,063)	(2,316)	**(143,565)**
Acquisition/(Disposal) through Administrative Arrangements	138,025	193,155	(1,788)	(5,554)	(79,651)	(30,400)	**213,787**
Acquisition from Transfers	8,065	11,317	-	107	19,968	-	**39,457**
Other Movements	-	42	414	(1,894)	(4,741)	466	**(5,713)**
Carrying Amount at the End of the Reporting Period	**192,727**	**278,156**	**1,220**	**46,103**	**6,070,317**	**1,833,010**	**8,421,533**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 28 INTANGIBLE ASSETS

The Directorate has internally developed 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.

	2012 $'000	2011 $'000
Computer Software		
Internally Developed Software		
Computer Software at Cost	7,219	4,686
Less: Accumulated Amortisation	(3,564)	(3,158)
Total Internally Developed Software	**3,655**	**1,528**
Total Computer Software	**3,655**	**1,528**
Total Intangible Assets	**3,655**	**1,528**

Reconciliation of Intangible Assets
The following table shows the movement of Intangible Assets.

	2012	2011
Carrying Amount at the Beginning of the Reporting Period	**1,528**	**528**
Additions[a]	2,533	1,394
Amortisation	(406)	(394)
Carrying Amount at the End of the Reporting Period	**3,655**	**1,528**

a) Additions relate to the 'Cashlink' system used by Canberra Connect which was capitalised in 2011-12.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 29 BIOLOGICAL ASSETS

	2012 $'000	2011 $'000
Standing Timber - at Independent Valuation[a]	28,429	26,045
Total Non-Current Plantation	**28,429**	**26,045**
Represented by:		
Plantations		
Plantation Value at the Beginning of the Reporting Period	**26,045**	**27,704**
Pre-Commercial Value at the Beginning of the Reporting Period	13,576	15,459
Add: Increase due to tree growth	1,481	-
Add: Increase due to plantings	250	
Less: Loss of Plantation Area	-	(986)
Less: Transfer to Commercial Plantations	-	(897)
Pre-Commercial Plantations Value at the End of the Reporting Period	**15,307**	**13,576**
Commercial Plantations Value at the Beginning of the Reporting Period	12,469	12,226
Add: Transfer from Pre-Commercial Plantations	-	296
Less: Plantations Harvested	(509)	(53)
Add: Increase due to tree growth	1,162	-
Commercial Plantations Value at the End of the Reporting Period	**13,122**	**12,469**
Commercial Plantations Beyond Rotation Age Value at the Beginning of the Reporting Period	-	19
Less: Loss from Change in Product Pricing	-	(19)
Commercial Beyond Rotation Age Plantations at the End of the Reporting Period	**-**	**-**
Plantation Value at the End of the Reporting Period[b]	**28,429**	**26,045**

a) No commercial harvesting programs have been undertaken in the 2011-12 financial year and no harvesting plan has been developed for the 2012-13 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) from Forsci Pty Ltd as at 30 June 2012. Biological assets are revalued on an annual basis.

b) The number of trees across the total plantation is estimated at 4.96 million.

NOTE 30 CAPITAL WORKS IN PROGRESS

Capital Works in Progress are assets under construction as at 30 June 2012. 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.

	2012 $'000	2011 $'000
Non-Current		
Heritage and Community	10,566	4,566
Plant and Equipment	2,312	3,519
Infrastructure	206,229	211,310
Buildings	5,720	2,105
Software	1,252	2,795
Total Capital Works in Progress	**227,271**	**224,295**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 30 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.

	Heritage and Works In Progress $'000	Plant and Equipment Works 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	**4,566**	**3,519**	**211,310**	**2,105**	**2,795**	**224,295**
Additions	23,848	2,644	136,244	9,770	956	173,462
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(22,471)	(3,661)	(161,457)	(4,643)	(2,499)	(194,731)
Capital Works in Progress Completed and Transferred to Expenses	(1,478)	(190)	(7,930)	(1,512)	-	(11,110)
Administrative Arrangements Transfers	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**

The following table shows the movement of Capital Works in Progress during 2010-11.

	Heritage and Community Works In Progress $'000	Plant and Equipment Works 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	**15,745**	**3,547**	**154,107**	**5,942**	**3,335**	**182,676**
Additions	9,940	5,693	174,193	5,345	1,472	196,643
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(10,098)	(3,337)	(112,997)	(6,107)	(2,041)	(134,580)
Capital Works in Progress Completed and Transferred to Expenses	(2,611)	(534)	(2,687)	(1,551)	-	(7,383)
Administrative Arrangements Transfers	(8,410)	(1,850)	(1,306)	(1,524)	29	(13,061)
Carrying Amount at the End of the Reporting Period	**4,566**	**3,519**	**211,310**	**2,105**	**2,795**	**224,295**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 31 PAYABLES

	2012 $'000	2011 $'000
Current Payables		
Trade Payables	9,111	3,469
Other Payables	12	2,937
Accrued Expenses[a]	21,984	10,979
Total Current Payables	**31,107**	**17,385**
Non-Current Payables		
Other Payables	72	-
Total Non-Current Payables	**72**	**-**
Total Payables	**31,179**	**17,385**
Payables are aged as follows:		
Not Overdue	30,647	15,608
Overdue for Less than 30 Days	267	1,243
Overdue for 30 to 60 Days	125	287
Overdue for More than 60 Days	68	247
Not Overdue - Non-Current	72	-
Total Payables	**31,179**	**17,385**
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Trade Payables	3,228	1,542
Other Payables	84	212
Accrued Expenses	1,945	1,348
Total Payables with ACT Government Entities	**5,257**	**3,102**
Payables with Non-ACT Government Entities		
Trade Payables	4,781	1,927
Other Payables	-	2,725
Accrued Expenses[a]	21,141	9,631
Total Payables with Non-ACT Government Entities	**25,922**	**14,283**
Total Payables	**31,179**	**17,385**

a) The significant increase in the accrued expenses balance from 2010-11 is due to the timing of receipt of supplier invoices, largely in relation to capital works.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 32 INTEREST-BEARING LIABILITIES AND FINANCE LEASES

	2012 $'000	2011 $'000
Current Interest-Bearing Liabilities		
Secured		
Finance Leases		
Finance Leases	4,319	3,373
Total Current Finance Leases	**4,319**	**3,373**
Unsecured		
Borrowings		
Debt to the Treasury Directorate relating to ACT Government Buildings[a]	-	3,446
Debt to the Private Sector for Waste Management Facilities[b]	757	701
Total Current Borrowings	**757**	**4,147**
Total Current Interest-Bearing Liabilities	**5,076**	**7,520**
Non-Current Interest-Bearing Liabilities		
Secured		
Finance Leases		
Finance Leases	4,035	6,826
Total Non-Current Finance Leases	**4,035**	**6,826**
Unsecured		
Borrowings		
Debt to the Private Sector for Waste Management Facilities[b]	470	1,227
Total Non-Current Borrowings	**470**	**1,227**
Total Non-Current Interest-Bearing Liabilities	**4,505**	**8,053**
Total Interest-Bearing Liabilities	**9,581**	**15,573**

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 borrowings from the Treasury Directorate relate to Dame Pattie Menzies House and the Magistrates Court. These borrowings were fully repaid on 24 October 2011.
b) 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 2012

NOTE 32 INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

	2012 $'000	2011 $'000
Finance lease commitments are payable as follows:		
Within one year	4,868	4,042
Later than one year but not later than five years	4,188	7,339
Minimum Lease Payments	**9,056**	**11,381**
Less: Future Finance Lease Charges	(702)	(1,182)
Amount Recognised as a Liability	**8,354**	**10,199**
Total Present Value of Minimum Lease Payments	**8,354**	**10,199**
The present value of the minimum lease payments are as follows:		
Within one year	4,315	3,373
Later than one year but not later than five years	4,039	6,826
Total Present Value of Minimum Lease Payments	**8,354**	**10,199**
Classification on the Balance Sheet		
Interest-Bearing Liabilities		
Current Interest-Bearing Liabilities	757	4,147
Non-Current Interest-Bearing Liabilities	470	1,227
	1,227	**5,374**
Finance Leases		
Current Finance Leases	4,315	3,373
Non-Current Finance Leases	4,039	6,826
	8,354	**10,199**
Total Interest-Bearing Liabilities	**9,581**	**15,573**

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, 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 2012

NOTE 33 EMPLOYEE BENEFITS

	2012 $'000	2011 $'000
Current Employee Benefits		
Annual Leave	9,355	8,730
Long Service Leave	16,480	13,518
Accrued Salaries	2,659	1,588
Other Benefits	286	281
Total Current Employee Benefits	**28,780**	**24,117**
Non-Current Employee Benefits		
Long Service Leave	1,457	1,330
Total Non-Current Employee Benefits	**1,457**	**1,330**
Total Employee Benefits	**30,237**	**25,447**
Estimation of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	9,355	8,730
Long Service Leave[a]	2,248	1,860
Accrued Salaries	2,659	1,588
Other Benefits	286	281
Total Employee Benefits Payable within 12 months	**14,548**	**12,459**
Estimated Amount Payable after 12 months		
Long Service Leave[a]	15,689	12,988
Total Employee Benefits Payable after 12 months	**15,689**	**12,988**
Total Employee Benefits	**30,237**	**25,447**

As at 30 June 2012, the Directorate employed 1012 full-time equivalent (FTE) staff (965 FTE staff as at 30 June 2011). The increase in FTEs is due to the movement of staff from contractors to FTE in areas (including Canberra Connect and Libraries ACT), the transfer of staff from Economic Development Directorate and the filling of funded vacant positions.

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 calculate the present value of these future payments is 106.6% (92.2% in 2010-11). This increase in the rate resulted in an increase to the provision of $2.12m.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 34 OTHER PROVISIONS

	2012 $'000	2011 $'000
Current Other Provisions		
Provision for Restoration of Hume Waste Recycling site[a]	-	61
Total Current Other Provisions	**-**	**61**
Non-Current Other Provisions		
Provision for Restoration of Waste Landfill Sites - Mugga Lane and Belconnen	14,442	16,696
Total Non-Current Other Provisions	**14,442**	**16,696**
Total Other Provisions	**14,442**	**16,757**

a) The Hume waste recycling site was restored to acceptable condition in 2011-12.

Reconciliation of the Provision for Restoration of Waste Landfill Sites - Mugga Lane, Belconnen and Hume		
Provision for Restoration at the Beginning of the Reporting Period	16,757	33,551
Additional Provision Recognised	-	61
Provision derecognised	(61)	-
Decrement in the Provision due to a Change in Estimate	(2,254)	(16,855)
Provision for Restoration at the End of the Reporting Period[b]	**14,442**	**16,757**

b) The land restoration asset was revalued at 30 June 2011 and the associated provision was adjusted accordingly. The decrement to the provision in 2011-12 reflects a reduction in estimated future costs to restore the landfill sites.

NOTE 35 OTHER LIABILITIES

Current Other Liabilities		
Revenue Received in Advance	417	806
Project Funding Received in Advance	124	112
Rent Received in Advance	41	2,281
Cash in Transit[a]	3,147	2,888
Lease Incentives[b]	335	298
Other	-	354
Total Current Other Liabilities	**4,064**	**6,739**
Non-Current Other Liabilities		
Lease Incentives[b]	2,226	2,380
Revenue Received in Advance	404	44
Total Non Current Other Liabilities	**2,630**	**2,424**
Total Other Liabilities	**6,694**	**9,163**

a) Cash in Transit monies are revenues collected by Canberra Connect which will be distributed to agencies.

b) The lease incentives relate to ACT Property Group's leases at Nara Centre, Reserve Bank building and 221 London Circuit.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 36 EQUITY

	2012 $'000	2011 $'000
Total Equity at the End of the Reporting Period		
Accumulated Funds	5,588,624	5,453,421
Asset Revaluation Surplus	3,627,258	3,186,688
Total Equity	**9,215,882**	**8,640,109**

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.

	2012 $'000	2011 $'000
Land Revaluation Surplus		
Balance at the Beginning of the Reporting Period	96,118	65,155
Transfer in due to Administrative Arrangements	-	25,614
Transfer between Revaluation Surplus Classes	(1,573)	-
Increment on Revaluation	18,082	5,349
Balance at the End of the Reporting Period	**112,627**	**96,118**
Infrastructure Revaluation Surplus		
Balance at the Beginning of the Reporting Period	2,310,863	2,293,464
Transfer in due to Administrative Arrangements	-	6,874
Increment on Revaluation	82,591	10,525
Balance at the End of the Reporting Period	**2,393,454**	**2,310,863**
Building Revaluation Surplus		
Balance at the Beginning of the Reporting Period	87,226	34,266
Transfer in due to Administrative Arrangements	-	52,960
Transfer to Other Agencies	(164)	-
Transfer between Revaluation Surplus Classes	(7,382)	-
(Decrement) on Revaluation	(2,964)	-
Transfer to Accumulated Funds on Derecognition of Asset	(1,590)	-
Balance at the End of the Reporting Period	**75,126**	**87,226**
Heritage and Community Asset Revaluation Surplus		
Balance at the Beginning of the Reporting Period	692,301	658,386
Transfer out due to Administrative Arrangements	-	(42,700)
Transfer between Revaluation Surplus Classes	8,955	-
Increment on Revaluation	344,445	76,615
Balance at the End of the Reporting Period	**1,045,701**	**692,301**
Property Plant and Equipment Revaluation Surplus		
Balance at the Beginning of the Reporting Period	-	2,115
Transfer out due to Administrative Arrangements	-	(759)
Increment / (Decrement) on Revaluation	350	(1,356)
Balance at the End of the Reporting Period	**350**	**-**
Leasehold Improvements Revaluation Surplus		
Balance at the Beginning of the Reporting Period	180	-
Transfer in due to Administrative Arrangements	-	180
(Decrement) on revaluation	(9)	-
Transfer to Accumulated Funds on Derecognition of Asset	(171)	-
Balance at the End of the Reporting Period	**-**	**180**

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NOTE 36 EQUITY- CONTINUED

	2012 $'000	2011 $'000
Total Asset Revaluation Surplus		
Balance at the Beginning of the Reporting Period	3,186,688	3,053,386
Transfer in due to Administrative Arrangements	-	42,169
Increment on Revaluation	442,495	91,133
Transfer to Other Agencies through the Operating Statement	(164)	-
Transfer to Accumulated Funds on Derecognition of Assets	(1,761)	-
Total Increase in the Asset Revaluation Surplus	**440,570**	**133,302**
Balance at the End of the Reporting Period	**3,627,258**	**3,186,688**

Territory and Municipal Services Directorate
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NOTE 37 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

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	12,350	10,234	22,584
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	**24,269**	**20,833**	**45,102**
Non-Current Assets			
Receivables	3,176	-	3,176
Property, Plant and Equipment	8,576,749	423,632	9,000,381
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	**8,839,220**	**423,692**	**9,262,912**
Total Assets	**8,863,489**	**444,525**	**9,308,014**
Current Liabilities			
Payables	26,052	5,055	31,107
Interest-Bearing Liabilities	757	-	757
Finance Leases	4,062	257	4,319
Employee Benefits	24,051	4,729	28,780
Other Provisions	-	-	-
Other Liabilities	3,502	562	4,064
Total Current Liabilities	**58,424**	**10,603**	**69,027**
Non-Current Liabilities			
Payables	-	72	72
Interest-Bearing Liabilities	470	-	470
Finance Leases	3,343	692	4,035
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**	**3,160**	**23,106**
Total Liabilities	**78,370**	**13,763**	**92,133**
Net Assets	**8,785,119**	**430,762**	**9,215,882**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 37 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year ended 30 June 2011

	Output Class 1 Municipal Services $'000	Output Class 2 Enterprise Services $'000	Total $'000
Current Assets			
Cash and Cash Equivalents	7,910	10,235	18,145
Receivables	11,435	9,455	20,891
Inventories	743	3,423	4,166
Assets Held for Sale	846	42	888
Other Assets	-	2,012	2,012
Total Current Assets	**20,934**	**25,167**	**46,102**
Non-Current Assets			
Receivables	4,930	-	4,930
Property, Plant and Equipment	7,994,091	427,442	8,421,533
Intangible Assets	1,456	72	1,528
Biological Assets	26,045	-	26,045
Capital Works in Progress	224,265	30	224,295
Total Non-Current Assets	**8,250,787**	**427,544**	**8,678,331**
Total Assets	**8,271,721**	**452,711**	**8,724,433**
Current Liabilities			
Payables	12,194	5,191	17,385
Interest-Bearing Liabilities	701	3,446	4,147
Finance Leases	2,808	565	3,373
Employee Benefits	19,798	4,319	24,117
Other Provisions	61	-	61
Other Liabilities	3,738	3,001	6,739
Total Current Liabilities	**39,300**	**16,522**	**55,822**
Non-Current Liabilities			
Interest-Bearing Liabilities	1,227	-	1,227
Finance Leases	3,588	3,238	6,826
Employee Benefits	1,162	168	1,330
Other Provisions	16,696	-	16,696
Other Liabilities	2,424	-	2,424
Total Non-Current Liabilities	**25,097**	**3,406**	**28,503**
Total Liabilities	**64,397**	**19,928**	**84,325**
Net Assets	**8,207,324**	**432,783**	**8,640,109**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 38 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

Restructure of Administrative Arrangements 2011-12

On 23 November 2011, a restructuring of administrative arrangements ocurred 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
Interest	-	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[a]	1	5,053	5,054
Total Expenses	**778**	**6,584**	**7,362**
Operating deficit	**(16)**	**(4,675)**	**(4,691)**

a) This item includes the expensing of completed works that did not meet the definition of an asset (mainly earthworks, landscaping and weed control).

Details of the Assets and Liabilities transferred are presented on the next page.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 38 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Restructure of Administrative Arrangements 2010-11

On 17 May 2011, a restructuring of administrative arrangements ocurred between the former Department of Land and Property Services and Territory and Municipal Services Directorate involving ACT Property Group. The ACT Property Group is responsible for Government property and facilities management.

	Amounts Relating to Function when held by Department of Land and Property Services 1 July '10 to 16 May '11	Amounts Relating to Function when held by the Directorate 17 May '11 to 30 June '11	Total 2012
	$'000	$'000	$'000
Revenue			
User Charges	50,497	6,805	57,302
Government Payment for Outputs	1,270	100	1,370
Other	19,740	3,023	22,763
Total Revenue	**71,507**	**9,928**	**81,435**
Gains	13,553	659	14,212
Total Income	**85,060**	**10,587**	**95,647**
Expenses			
Employee Expenses	5,644	681	6,325
Superannuation Expneses	749	118	867
Supplies and Services	52,889	8,998	61,887
Depreciation and Amortisation	12,751	1,542	14,293
Other	4,697	252	4,949
Total Expenses	**76,730**	**11,591**	**88,321**

Assets and Liabilities

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

	Transferred 2011-12 $'000	Transferred 2010-11 $'000
Assets		
Cash and Cash Equivalents	1,099	6,321
Receivables	-	11,196
Inventories	-	268
Property, Plant and Equipment	660	416,198
Capital Works in Progress	35,355	2,692
Total Assets Transferred	**37,114**	**436,674**
Liabilities		
Payables	-	4,764
Interest-Bearing Liabilities	21	4,302
Employee Benefits	93	2,516
Other Provisions	-	551
Other Liabilities	-	2,702
Total Liabilities Transferred	**114**	**14,835**
Total Net Assets Transferred	**37,000**	**421,839**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 39 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. Grants are paid on a quarterly basis, and purchases of supplies and services are paid within 30 days of the date of invoice, 30 days from receiving the goods or services, or within agreed payment terms.

The main source of cash to pay these obligations is appropriation 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.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 39 FINANCIAL INSTRUMENTS - CONTINUED

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.

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 2012 $'000	Fair Value 2012 $'000	Carrying Amount 2011 $'000	Fair Value 2011 $'000
Financial Assets				
Cash and Cash Equivalents	22,584	22,584	18,144	18,144
Investments with the Territory Banking Account	-	-	1	1
Receivables	20,635	20,635	25,821	25,821
Total Financial Assets	**43,219**	**43,219**	**43,966**	**43,966**

	Carrying Amount 2012 $'000	Fair Value 2012 $'000	Carrying Amount 2011 $'000	Fair Value 2011 $'000
Financial Liabilities				
Payables	31,179	31,179	17,385	17,385
Borrowings - Government Buildings	-	-	3,446	3,515
Borrowings - Waste Management Facilities	1,227	986	1,928	2,085
Finance Leases	8,354	8,354	10,199	10,199
Total Financial Liabilities	**40,760**	**40,519**	**32,958**	**33,184**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 39 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.

Financial Instruments	Note	Weighted Average Interest	Floating Interest Rate $'000	Fixed Interest Maturing In: 1 Year or Less $'000	Fixed Interest Maturing In: Over 1 to 5 Years $'000	Fixed Interest Maturing In: Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets								
Cash and Cash Equivalents	21	4.51%	117	-	-	-	22,467	22,584
Receivables	22	-	-	-	-	-	20,635	20,635
Total Financial Assets			**117**	**-**	**-**	**-**	**43,102**	**43,219**
Financial Liabilities								
Payables (Including Interest Free Loan)	31	-	-	-	-	-	31,179	31,179
Borrowings - Waste Management Facilities	32	7.82%	-	757	470	-	-	1,227
Finance Leases	32	7.00%	-	4,868	4,188	-	-	9,056
Total Financial Liabilities			**-**	**5,625**	**4,658**	**-**	**31,179**	**41,462**
Net Financial Assets/(Liabilities)			**117**	**(5,625)**	**(4,658)**	**-**	**11,923**	**1,757**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 39 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 2011. 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.

Financial Instruments	Note	Weighted Average Interest	Floating Interest Rate $'000	Fixed Interest Maturing In: 1 Year or Less $'000	Fixed Interest Maturing In: Over 1 to 5 Years $'000	Fixed Interest Maturing In: Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets								
Cash and Cash Equivalents	21		-	-	-	-	18,144	18,144
Investments with the Territory Banking Account	23	6.71%	-	-	-	-	1	1
Receivables	22		-	-	-	-	25,821	25,821
Total Financial Assets			**-**	**-**	**-**	**-**	**43,966**	**43,966**
Financial Liabilities								
Payables	31		-	-	-	-	17,385	17,385
Borrowings - Government Buildings	32	5.44%	-	3,446	-	-	-	3,446
Borrowings - Waste Management Facilities	32	7.82%	-	701	1,227	-	-	1,928
Finance Leases	32	7.73%	-	4,042	7,339	-	-	11,381
Total Financial Liabilities			**-**	**8,189**	**8,566**	**-**	**17,385**	**34,140**
Net Financial (Liabilities)/Assets			**-**	**(8,189)**	**(8,566)**	**-**	**26,581**	**9,826**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 39 FINANCIAL INSTRUMENTS - CONTINUED

	2012 $'000	2011 $'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Fair Value through Profit and Loss	-	1
Loans and Receivables	20,635	25,821
	20,635	**25,822**
Financial Liabilities		
Financial Liabilities measured at Amortised Cost	40,760	32,958
	40,760	**32,958**

The Directorate does not have any financial assets in the 'Available for Sale' or the 'Held to Maturity' categories and as such these categories are not included above.

NOTE 40 COMMITMENTS

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

	2012 $'000	2011 $'000
Capital Commitments - Property, Plant and Equipment		
Payable:		
Within one year	73,607	88,807
Later than one year but not later than five years	-	19,698
Total Capital Commitments - Property, Plant and Equipment	**73,607**	**108,505**
Total Capital Commitments	**73,607**	**108,505**

Other Commitments

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

	2012 $'000	2011 $'000
Payable:		
Within one year	47,854	53,433
Later than one year but not later than five years	87,961	85,275
Later than five years	51,192	40,604
Total Other Commitments[a]	**187,007**	**179,312**

a) Other commitments include maintenance contracts for streetlighting, stormwater, road resurfacing, waste management, mowing, graffiti removal, public place cleaning and general horticultural maintenance.

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 lease terms occur on renewal of the leases.

Non-Cancellable Operating Lease Commitments
Non-cancellable operating lease commitments are committed as follows:

	2012 $'000	2011 $'000
Payable:		
Within one year	26,396	25,886
Later than one year but not later than five years	74,954	82,676
Later than five years	62,068	69,926
Total Operating Lease Commitments[b]	**163,418**	**178,488**

All amounts shown are inclusive of Goods and Services Tax.

b) Finance Lease commitments are disclosed in Note 32 '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 2012

NOTE 41 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:

	2012	2011
	$'000	$'000
Legal Claims[a]	18,069	16,683
Contaminated Sites[b]	103,200	91,130
Total Contingent Liabilities	**121,269**	**107,813**

a) The ACT Government Solicitor is acting for the Directorate in relation to 101 individual unresolved matters of public liability as at 30 June 2012.

b) The Directorate owns 222 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 (ad) 'Significant Accounting Judgements and Estimates (11)'.

Contingent Assets

Insurance Refunds[a]	18,044	16,093
Total Contingent Assets	**18,044**	**16,093**

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

NOTE 42 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.

Total Cash and Cash Equivalents Disclosed in the Balance Sheet	22,584	18,144
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	**22,584**	**18,144**

(b) Reconciliation of Net Cash Inflows from Operating Activities to the Operating (Deficit)

Operating (Deficit)	(51,236)	(108,282)
Add/(Less) Non-Cash Items		
Depreciation of Property, Plant and Equipment	142,104	143,566
Amortisation of Intangibles	407	394
Write-off / loss on disposal of Assets	5,466	-
Expensing of Capital Works in Progress	11,110	7,186
Assets Transferred to Other ACT Government Entities	5,869	311
Assets Transferred from Other ACT Government Entities	(92,166)	(47,115)
Impairment Losses on Debts	237	-
Other Non-Cash items		
Revaluation and Assets Adjustments	(2,348)	7,105
Impairment Losses on Assets	632	-
Transfers as a Result of Administrative Arrangements	-	11,775
Add/(Less) Items Classified as Investing or Financing		
Net (Gain) on Disposal of Non-Current Assets	(2,491)	(400)
Interest free loan payable to ESDD	(116)	-
Cash Before Changes in Operating Assets and Liabilities	**17,468**	**14,540**
Changes in Operating Assets and Liabilities		
(Increase) / Decrease in Receivables	5,186	(688)
(Increase) / Decrease in Inventories	1,936	249
(Increase) / Decrease in Other Assets	71	(1,455)
Increase / (Decrease) in Payables	(772)	(19,370)
Increase / (Decrease) in Employee Benefits	4,790	(3,511)
Increase / (Decrease) in Other Liabilities	(2,469)	1,304
Net Changes in Operating Assets and Liabilities	**8,742**	**(23,471)**
Net Cash Inflows/(Outflows) from Operating Activities	**26,210**	**(8,931)**

All new motor vehicle leases entered into by the Directorate are under a finance lease rather than under an operating lease.

Acquisition of Motor Vehicles by means of Finance Lease	1,481	9,191

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 43 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after balance date.

NOTE 44 THIRD PARTY MONIES

	2012 $'000	2011 $'000
The Directorate held the following monies at 30 June 2012:		
Road User Services Trust Account		
Balance at the Beginning of the Reporting Period	-	4,004
Cash Receipts	-	141,876
Cash Payments	-	(140,922)
Administrative Arrangements Transfers	-	(4,958)
Balance at the End of the Reporting Period	-	-
Total Third Party Monies held by the Directorate	-	-

Following administrative arrangements in May 2011, responsibility for the collection of Third Party Monies relating to Transport Regulation functions was transferred to the Justice and Community Safety Directorate.

Territory and Municipal Services Directorate

TERRITORIAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2012

Territory and Municipal Services Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Income				
Revenue				
Payment for Expenses on Behalf of the Territory	46	-	-	39
Taxes, Fees and Fines	47	17,935	19,670	124,058
User Charges	48	-	-	53
Land Sale Revenue	49	128,599	268,416	66,611
Other Revenue	50	-	5,640	888
Total Revenue		**146,534**	**293,726**	**191,650**
Total Income		**146,534**	**293,726**	**191,650**
Expenses				
Supplies and Services	51	17	-	40
Transfer to Government	52	145,976	293,726	188,311
Other Expenses	53	541	-	3,298
Total Expenses		**146,534**	**293,726**	**191,650**
Operating Surplus		-	-	-
Other Comprehensive Income		-	-	-
Total Comprehensive Income		-	-	-

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

Territory and Municipal Services Directorate
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Current Assets				
Cash and Cash Equivalents	55	263	428	409
Receivables	56	11,140	134,194	4,133
Total Current Assets		**11,403**	**134,622**	**4,542**
Total Assets		**11,403**	**134,622**	**4,542**
Current Liabilities				
Payables	57	11,403	133,095	4,542
Other Liabilities		-	162	-
Total Current Liabilities		**11,403**	**133,257**	**4,542**
Total Liabilities		**11,403**	**133,257**	**4,542**
Net Assets		**-**	**1,365**	**-**
Equity				
Accumulated Funds		-	1,365	-
Total Equity		**-**	**1,365**	**-**

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

Territory and Municipal Services Directorate
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2012

	Accumulated Funds Actual 2012 $'000	Total Equity Actual 2012 $'000	Original Budget 2012 $'000
Balance at the Beginning of the Reporting Period	-	-	-
Comprehensive Income			
Operating Surplus	-	-	-
Total Comprehensive Income	-	-	-
Transactions Involving Owners Affecting Accumulated Funds			
Increase in Net Assets due to Administrative Restructure	-	-	1,365
Total Transactions Involving Owners Affecting Accumulated Funds	-	-	1,365
Balance at the End of the Reporting Period	-	-	1,365

	Accumulated Funds Actual 2011 $'000	Total Equity Actual 2011 $'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

Territory and Municipal Services Directorate
Cash Flow Statement on Behalf of the Territory
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Cash Flows from Operating Activities				
Receipts				
Cash from Government for Expenses on Behalf of the Territory		-	-	39
Taxes, Fees and Fines		17,413	19,670	135,317
Goods and Services Tax Collected from Customers		1,672	-	1,984
Goods and Services Tax Received from ATO		2	-	-
Land Sales		121,604	267,525	92,828
Other		-	5,640	1,245
Total Receipts from Operating Activities		**140,691**	**292,835**	**231,413**
Payments				
Supplies and Services		17	-	163
Transfer of Territory Receipts to the ACT Government		138,944	292,200	228,975
Goods and Services Tax Remitted to the Australian Taxation Office		1,874	-	1,931
Goods and Services Tax Paid to Suppliers		2	-	9
Other		-	635	-
Total Payments from Operating Activities		**140,837**	**292,835**	**231,078**
Net Cash (Outflows)/Inflows from Operating Activities	59	**(146)**	**-**	**335**
Net (Decrease)/Increase in Cash and Cash Equivalents Held		**(146)**	**-**	**335**
Cash and Cash Equivalents at the Beginning of the Reporting Period		409	428	74
Cash and Cash Equivalents at the End of the Reporting Period	59	**263**	**428**	**409**

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

Territory and Municipal Services Directorate
Territorial Statement of Appropriation
For the Year Ended 30 June 2012

	Original Budget 2012 $'000	Total Appropriated 2012 $'000	Appropriation Drawn 2012 $'000	Appropriation Drawn 2011 $'000
Territorial				
Expenses on Behalf of the Territory	-	-	-	39
Total Territorial Appropriation	**-**	**-**	**-**	**39**

The above Territorial 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.
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 during the year. This amount also appears in the Cash Flow Statement on Behalf of the Territory.

TERRITORIAL NOTE INDEX

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 45 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 46 PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY

Payment for Expenses on behalf of the Territory is revenue received from the ACT Government to fund the costs of delivering administered functions on behalf of the ACT Government. This funding is provided by the ACT Government on a fortnightly basis, subject to need.

	2012 $'000	2011 $'000
Revenue from the ACT Government		
Payment for Expenses on Behalf of the Territory[a]	-	39
Total Payment for Expenses on Behalf of the Territory	**-**	**39**

a) Following changes to administrative arrangements in May 2011, the Sport and Recreation function transferred to the Economic Development Directorate. Funding in 2010-11 related to repairs and maintenance associated with assets under a crown lease.

NOTE 47 TAXES, FEES AND FINES

	2012 $'000	2011 $'000
Taxes		
Motor Vehicle Registrations	-	80,447
Drivers' Licenses	-	7,940
Total Taxes[a]	**-**	**88,387**
Fees		
Fees for Regulatory Services[b]	17,922	19,313
Total Fees	**17,922**	**19,313**
Fines		
Traffic Fines[a]	-	16,340
Other Fines	13	18
Total Fines	**13**	**16,358**
Total Taxes, Fees and Fines	**17,935**	**124,058**

a) Following the changes to administrative arrangements in May 2011, responsibility for the collection of taxes and traffic fines was transferred to the Justice and Community Safety Directorate.

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

NOTE 48 USER CHARGES

	2012 $'000	2011 $'000
User Charges		
Other	-	53
Total User Charges	**-**	**53**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 49 LAND SALES REVENUE

	2012 $'000	2011 $'000
Land Sales Revenue		
Land Sales[a]	128,599	66,611
Total Land Sales Revenue	**128,599**	**66,611**

a) The result shows an increase in land sales revenue compared to last year. Land is sold to the Land Development Agency in accordance with the ACT Government's land release program (see Note 2 (ad) 'Significant Accounting Judgements and Estimates' (12)). 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.
In 2010-11, land sales largely related to: greenfields residential land in Bonner, Franklin, Flemington Road and Dunlop; direct sales in Watson; and commercial auctions in Belconnen, Farrer and Forrest.

NOTE 50 OTHER REVENUE

Other Revenue

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

	2012 $'000	2011 $'000
Other Revenue[a]	-	888
Total Other Revenue	**-**	**888**

a) Following the changes to administrative arrangements in May 2011, responsibility for the collection of taxes and traffic fines was transferred to the Justice and Community Safety Directorate. The revenue in 2010-11 related to the recovery of debts previously written off.

NOTE 51 SUPPLIES AND SERVICES

	2012 $'000	2011 $'000
Other Supplies and Services[a]	17	40
Total Supplies and Services	**17**	**40**

a) Following the changes to administrative arrangements in May 2011 the responsibility for administering the repairs and maintenance funding associated with assets under a crown lease were transferred to the Economic Development Directorate. In 2011-12 Other Supplies and Services mainly relate to fees paid to debt collection services.

NOTE 52 TRANSFER TO GOVERNMENT

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

	2012 $'000	2011 $'000
Transfers to the Territory Banking Account[a]	145,976	188,311
Total Transfer to Government	**145,976**	**188,311**

a) Following the changes to administrative arrangements in May 2011, the responsibility for collecting transport related taxes and fines was transferred to the Justice and Community Safety Directorate.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 53 OTHER EXPENSES

	2012 $'000	2011 $'000
Impairment Losses and Write-offs from Trade Receivables[a] (refer to Note 54 'Waivers, Impairment Losses and Write-offs')	541	3,298
Total Other Expenses	**541**	**3,298**

a) The decrease is due to the transfer of traffic infringement fines to the Justice and Community Safety Directorate in 2010-11. In 2011-12, this amount relates only to commercial waste acceptance fees.

NOTE 54 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

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

	2012 $'000	2011 $'000
Impairment Loss from Receivables		
Trade Receivables	327	3,298
Total Impairment Loss from Receivables	**327**	**3,298**
Total Impairment Losses	**327**	**3,298**
Write-Offs		
Irrecoverable Debts[a]	214	-
Total Write-Offs	**214**	**-**
Total Waivers, Impairment Losses and Write-offs	**541**	**3,298**

a) During 2011-12, 36 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.

NOTE 55 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.

	2012 $'000	2011 $'000
Cash at Bank	263	409
Total Cash and Cash Equivalents	**263**	**409**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 56 RECEIVABLES

	2012 $'000	2011 $'000
Current Receivables		
Net Goods and Services Tax Receivable	31	-
Trade Receivables	1,990	1,186
Less: Allowance for Impairment Losses	(530)	(203)
	1,490	**983**
Accrued Revenue[a]	9,649	3,150
Total Current Receivables	**11,140**	**4,133**
Total Receivables	**11,140**	**4,133**

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
2012					
Not Impaired[a]					
Receivables	9,680	1,162	227	71	11,140
Impaired					
Receivables	-	-	-	530	530
2011					
Not Impaired					
Receivables	3,156	756	98	123	4,133
Impaired					
Receivables	-	-	-	203	203

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.

Reconciliation of the Allowance for Impairment Losses

	2012 $'000	2011 $'000
Allowance for Impairment Losses at the Beginning of the Reporting Period	**203**	**4,006**
Additional Allowance Recognised	327	3,298
Reduction in Allowance from Amounts Recovered During the Reporting Period	-	(2,150)
Reduction in Allowance from Administrative Arrangements	-	(4,951)
Allowance for Impairment Losses at the End of the Reporting Period	**530**	**203**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 56 RECEIVABLES - CONTINUED

	2012 $'000	2011 $'000
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with ACT Government Entities		
Net Receivables[a]	8,362	1,367
Total Receivables with ACT Government Entities	**8,362**	**1,367**
Receivables with Non-ACT Government Entities		
Net Receivables[b]	2,778	2,767
Total Receivables with Non-ACT Government Entities	**2,778**	**2,767**
Total Receivables	**11,140**	**4,133**

a) The balance relates to land sales revenue.

b) The balance relates to accrued commercial waste acceptance fees.

NOTE 57 PAYABLES

	2012 $'000	2011 $'000
Current Payables		
Net Goods and Service Tax Payable	-	171
Payables	-	1,221
Total Payables	**-**	**1,392**
Accrued Expenses[a]	11,403	3,150
Total Current Payables	**11,403**	**4,542**
Total Payables	**11,403**	**4,542**

a) Accrued expenses represent the anticipated payment to the Territory Banking Account of Territorial revenues collected and receivables as at 30 June 2012.

	2012 $'000	2011 $'000
Payables are Aged as Follows:		
Not Overdue	11,403	4,542
Total Payables	**11,403**	**4,542**
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Payables	-	1,221
Accrued Expenses	11,403	3,150
Total Payables with ACT Government Entities	**11,403**	**4,371**
Payables with Non-ACT Government Entities		
Goods and Service Tax Payable	-	171
Total Payables with Non-ACT Government Entities	**-**	**171**
Total Payables	**11,403**	**4,542**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 58 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 holds all of its financial assets and financial liabilities in non-interest bearing arrangements. This means that the Directorate is not exposed to 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 provision for 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 aging reports, facility access restrictions and formal debt recovery processes.

There has been a reduction to the Directorate's credit risk exposure in relation to Territorial receivables since the previous reporting period. The transfer of the Road User Services function to the Justice and Community Safety Directorate in May 2011 has reduced the number and type of debts.

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 relates 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 obligations.

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 2012

NOTE 58 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 2012 $'000	Fair Value 2012 $'000	Carrying Amount 2011 $'000	Fair Value 2011 $'000
Financial Assets					
Cash and Cash Equivalents	55	263	263	409	409
Receivables	56	1,490	1,490	983	983
Total Financial Assets		**1,753**	**1,753**	**1,392**	**1,392**
Financial Liabilities					
Payables	57	-	-	1,392	1,392
Total Financial Liabilities		**-**	**-**	**1,392**	**1,392**

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

Fair Value Hierarchy

The Directorate does not have any financial assets at fair value through the profit and loss. Therefore, fair value hierarchy disclosures are not required.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 58 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 2012. All financial assets and liabilities which 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.

2012				Fixed Interest maturing in:				
	Note	Weighted Average Interest Rate	Floating Interest Rate $'000	1 Year or Less $'000	Over 1 to 5 Years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	55	-	-	-	-	-	263	263
Receivables	56	-	-	-	-	-	11,140	11,140
Total Financial Assets			**-**	**-**	**-**	**-**	**11,403**	**11,403**
Financial Liabilities								
Payables	57	-	-	-	-	-	-	-
Total Financial Liabilities			**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Assets			**-**	**-**	**-**	**-**	**-**	**-**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 58 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 2011. 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.

2011				Fixed Interest maturing in:				
	Note	Weighted Average Interest Rate	Floating Interest Rate $'000	1 year or Less $'000	Over 1 to 5 Years $'000	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	55	-	-	-	-	-	409	409
Receivables	56	-	-	-	-	-	983	983
Total Financial Assets			**-**	**-**	**-**	**-**	**1,392**	**1,392**
Financial Liabilities								
Payables	57	-					1,392	1,392
Total Financial Liabilities			**-**	**-**	**-**	**-**	**1,392**	**1,392**
Net Financial Assets			**-**	**-**	**-**	**-**	**-**	**-**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 58 FINANCIAL INSTRUMENTS - CONTINUED

	2012 $'000	2011 $'000
Carrying Amount of Each Class of Financial Asset and Financial Liability		
Financial Assets		
Loans and Receivables	11,140	983
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	-	1,392

NOTE 59 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.

	2012 $'000	2011 $'000
Total Cash and Cash Equivalents Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	263	409
Cash at the end of the Reporting Period as Recorded in the Cash Flow Statement on Behalf of the Territory	**263**	**409**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(7,007)	28,424
Increase/(Decrease) in Payables	6,861	(28,089)
Net Changes in Operating Assets and Liabilities	**(146)**	**335**
Net Cash (Outflows)/Inflows from Operating Activities	**(146)**	**335**

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 60 DISAGGREGATED DISCLOSURE OF INCOME AND EXPENSE

The following table sets out the Directorate's Territorial Income and Expense disaggregated on an output basis:

	Output Class 1		Output Class 2		Total	
	Actual 2012 $'000	Actual 2011 $'000	Actual 2012 $'000	Actual 2011 $'000	Actual 2012 $'000	Actual 2011 $'000
Territorial Income						
Payment for Expenses on Behalf of the Territory	-	39	-	-	**-**	**39**
Taxes, Fees and Fines	146,534	191,610	-	-	**146,534**	**191,610**
Total Territorial Income	**146,534**	**191,650**	**-**	**-**	**146,534**	**191,650**
Territorial Expenses						
Transfer to Government	145,976	188,311	-	-	**145,976**	**188,311**
Other Expenses	558	3,338			**558**	**3,338**
Total Territorial Expenses	**146,534**	**191,650**	**-**	**-**	**146,534**	**191,650**

NOTE 61 COMMITMENTS

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

NOTE 62 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2012.

NOTE 63 EVENTS OCCURRING AFTER THE BALANCE DATE

There were no events occuring after balance date.

PERFORMANCE AND FINANCIAL REPORTING

A7 Statement of Performance
TERRITORY AND MUNICIPAL SERVICES

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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 the Territory and Municipal Services Directorate (the Directorate) for the year ended 30 June 2012 has been reviewed.

Responsibility for the statement of performance

The Director-General of the 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 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 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.

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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 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.

Negative finding

As disclosed in the statement of performance, a result for the following accountability indicator was not measured as required by the *Financial Management Act 1996*.

> Output 1.5: 'Environment Regulation' – Reports of attacking dogs responded to within 4 hours

Review opinion

Based on the review procedures, except for the negative finding referred to above, 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 2012, 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.

M. Cooper

Dr Maxine Cooper
Auditor-General
14 September 2012

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

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 2012 and also fairly reflects the judgements exercised in preparing them.

Gary Byles
Director General
Territory and Municipal Services Directorate

14 September 2012

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 1: MUNICIPAL SERVICES
ACCOUNTABILITY INDICATORS

OUTPUT 1.1: Information Services

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

Accountability Indicators	Original Target 2011-12	Actual Result 2011-12	% Variance from Original	Explanation of Material Variances
ACT Library Service				
Library visits per capita[a]	5.50	5.30	(4%)	
Items borrowed per capita	7.50	8.30	11%	1
Number of users accessing databases via the Library website	200,000	261,353	31%	2
Number of pages downloaded from library databases on the website[b]	200,000	198,529	(1%)	
Number of registered library users	205,000	229,271	12%	3
Percentage of population who are library members	55%	62%	13%	3
Customer satisfaction with library services[c]				
- including somewhat satisfied responses	85%	97%	14%	4
- excluding somewhat satisfied responses	85%	90%	6%	4
Direct cost of public library services per capita	$35.35	$36.32	3%	
Percentage of library collection purchased in previous five years	57%	60%	5%	
Number of ACT publications or items added to the heritage collection	14,000	12,942	(8%)	5
Canberra Connect				
Customer satisfaction with Canberra Connect services	90%	90%	0%	
Contact centre waiting times less than 20 seconds	80%	43%	(46%)	6
Average queue time at the Canberra Connect shopfronts	< 12 min	< 12 min	0%	
Average direct cost per transaction at shopfronts	$9.47	$9.82	4%	
Average direct cost per transaction for contact centres	$4.50	$5.26	17%	7
Average direct cost per transaction for web interactions[d]	$0.54	$0.54	0%	
TOTAL COST ($'000)	**$34,326**	**$33,550**	**(2%)**	
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)	**$31,410**	**$30,650**	**(2%)**	

Explanation of Accountability Indicators

a. The number of visitors for the mobile library are based on manual counts.

b. Pages downloaded also includes files downloaded. Downloaded items include full text items (e.g. magazine articles, journals, newspapers), ebooks downloaded and audio or video information streamed.

c. The survey result includes public libraries only and does not include the Virtual, Mobile and Heritage Libraries.

d. Web transactions included for the purpose of calculating this result are those deemed to be interactions between the customer and Canberra Connect similar to a counter or phone enquiry.

Explanation of Variances:

1. The full year result is higher than anticipated due to improved collections and the establishment of the new Gunghalin Library.
2. The number of users accessing the databases is higher than expected and reflects a positive response to databases available.
3. The result is higher than anticipated and reflects a continuing positive response to library services and programs, membership drive, establishment of the new Gunghalin Library, improvements to the customer service model and revitalisation of the collection.
4. The result reflects the impact of the establishment of the new Gunghalin Library, introduction of a proactive model of customer services, National Year of Reading activities and the launch of the new website. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
5. The result is slightly below anticipated and is due to the concentration of adding original materials to the collection which takes significantly longer to process than publications or items of ephemera, such as notices, posters or tickets.
6. The result has been impacted by an increase in the average call handling time due to new services being offered such as MyWay, which has resulted in higher customer wait times.
7. The result is above anticipated due to lower than expected transaction numbers with extra staffing allocated to the Mitchell fire and flood events.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 1: MUNICIPAL SERVICES
ACCOUNTABILITY INDICATORS

OUTPUT 1.2: Office of Transport

Description: Management of the ACT's road assets including stormwater infrastructure, roads, community paths, bridges, streetlights and carparks. Also includes the provision of public transport services.

Accountability Indicators	Original Target 2011-12	Actual Result 2011-12	% Variance from Original	Explanation of Material Variances
Infrastructure				
Annual percentage of territorial roads resurfaced	5%	3.1%	(38%)	1
Annual percentage of municipal roads resurfaced	4%	2.2%	(45%)	2
Percentage of customers satisfied with the public road network				
- including somewhat satisfied responses	> 70%	85%	21%	3
- excluding somewhat satisfied responses	> 70%	68%	(3%)	3
Percentage of territorial roads in good condition[a]	> 88%	> 88%	0%	
Percentage of bridges that meet SM1600 standard on the B Double Network[b]	> 70%	> 70%	0%	
Sustainable Transport				
Increase in length (km) of on-road cycle lanes[c]	50	19	(62%)	4
Increase in length (km) of bus priority/transit lanes	0.2	0.2	0%	
Increase in length (km) of community paths	35	61.9	77%	5
TOTAL COST ($'000)	**$264,396**	**$276,318**	**5%**	
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)	**$147,871**	**$155,259**	**5%**	

Explanation of Accountability Indicators

a. The accountability indicator measures the road roughness. Road roughness is considered to be in "good condition" if the International Roughness Index is less than or equal to 4.2m/km as defined by Austroads - Australian and New Zealand road transport and traffic authorities.

b. SM1600 standard is a theoretical loading designated by Australian Standards 5100 2004 Bridge Design which should ensure that bridges can carry future vehicle loadings.

c. The Accountability Indicator refers to the length of compliant on-road cycle lanes in the network that meets the current standard width requirements. Sections of existing lanes that do not meet this standard are not included, however, once they become compliant these sections of lane are included in the indicator.

Explanation of Variances:

1. The result is below target due to this year's program containing proportionally more asphalt resurfacing and less resealing. Asphalt resurfacing is typically used in high volume intersections and while the higher cost results in smaller total areas treated, the impact on safety and serviceability is greater at major intersections.
2. The result is below target due to prolonged periods of wet weather which has focussed resources towards pavement patching and storm water maintenance activity.
3. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
4. The result is below target due to prolonged wet weather conditions. The result does not include approximately 13 kilometres of road that have been completed to the current standard width requirement however do not have specific cycle road markings.
5. The result exceeded the target due to the handover of completed assets at new developments such as Wright, Crace, Harrison and Bonner.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 1: MUNICIPAL SERVICES
ACCOUNTABILITY 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 2011-12	Amended Target 2011-12	Actual Result 2011-12	% Variance from Original / Amended Target	Explanation of Material Variances
Waste and Recycling					
Annual tonnes of waste to landfill per head of population	0.70		0.78	11%	1
Annual total resource recovery tonnage per head of population	1.44		1.84	28%	2
Percentage of material recovered from the total waste stream[a]	67%	73%	70%	(4%)	
Annual contractor cost of kerbside collection per household[b]	$69.46		$68.22	(2%)	
Cost of recyclables processing per tonne at Hume Materials Recovery Facility	$20.87		$20.72	(1%)	
Percentage of customers satisfied with waste collection services[c]					
- including somewhat satisfied responses	98%	> 90%	93%	3%	3
- excluding somewhat satisfied responses	98%	> 90%	82%	(9%)	3
Contract cost of landfilling waste per tonne	$12.70		$10.52	(17%)	4
TOTAL COST ($'000)	**$30,768**		**$27,484**	**(11%)**	5
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)	**$22,523**		**$22,337**	**(1%)**	

Explanation of Accountability Indicators

a. Target amended as the Original Target was inadvertently published with a typographical error.
b. 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.
c. Target amended to reflect a more realistic expectation.

Explanation of Variances:

1. The variance from the Original target is due to additional waste sent to landfill from the cleanup of a commercial waste recycling facility at Parkwood.
2. The result exceeds the target due to continued high garden waste recycling and construction and demolition recycling activity.
3. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
4. The variance is due to higher tonnage to landfill as a result of the cleanup of a commercial waste recycling facility at Parkwood. This has caused a reduction in the cost of landfilling waste per tonne.
5. The cost is lower than the Original target mainly due to the revaluation of waste infrastructure and land restoration assets and the associated reduction in depreciation costs.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 1: MUNICIPAL SERVICES
ACCOUNTABILITY 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 2011-12	Amended Target 2011-12	Actual Result 2011-12	% Variance from Original	Explanation of Material Variances
Customer satisfaction with the management of Town and District Parks	90%		97%	8%	1
Customer satisfaction with the maintenance and pruning of street trees					
- including somewhat satisfied responses	80%		55%	(31%)	2
- excluding somewhat satisfied responses	80%		37%	(54%)	2
Customer satisfaction with the management of Nature Parks (Tidbinbilla Nature Reserve and Namadgi)					
- including somewhat satisfied responses	90%		99%	10%	3
- excluding somewhat satisfied responses	90%		89%	(1%)	3
Implement activities identified under the Bushfire Operational Plan (BOP)	100%		94%	(6%)	4
Customer satisfaction with children's play equipment being well maintained					
- including somewhat satisfied responses	90%		89%	(1%)	5
- excluding somewhat satisfied responses	90%		89%	(1%)	5
Customer satisfaction with the general look and feel of local suburban shopping centres					
- including somewhat satisfied responses	89%		65%	(27%)	6
- excluding somewhat satisfied responses	89%		44%	(51%)	6
Responses on Development Applications referred from ACTPLA completed within agreed timeframes[a]	85%		82%	(3%)	
Respond to developers' submissions within adopted timeframes[b]	85%		87%	2%	
Number of Forests Planted at the National Arboretum Canberra[*c]	n/a	8	7	(13%)	7
TOTAL COST ($'000)	**$84,284**	**$85,628**	**$91,488**	**7%**	8
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)	**$63,348**	**$64,689**	**$65,945**	**2%**	

* This accountability indicator was transferred to the Directorate from the Ecomonic Development Directorate on 22nd November 2011 (notifiable instrument NI-2012-331)

Explanation of Accountability Indicators

a. Agreed timeframe is 15 working days.
b. Adopted timeframe is 10 working days.
c. A forest is a planting of rare, iconic or endangered trees ranging from 200 to 1,000 trees.

Explanation of Variances:

1. The overall measure indicates a strong positive result.
2. The result is measured through a public survey and has been impacted by storm events which placed significant demand on available tree management resources with delayed responses as a result of storm damage and clean up activities. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
3. The level of satisfaction is above the original target and represents positive feedback regarding the day to day management of Tidbinbilla and Namadgi. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
4. The result is slightly below target due to the unseasonably wet conditions preventing burns and severe storm damage impacting road maintenance.
5. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
6. The result is measured through a public survey and reflects the importance the community places on this service. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
7. The result is impacted by extended periods of wet weather delaying clearing and planting. Forest planting works remain in progress.
8. The result is higher than target mainly due to the expensing of completed works that do not meet the capitalisation requirements.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 1: MUNICIPAL SERVICES
ACCOUNTABILITY INDICATORS

OUTPUT 1.5: Environment Regulation

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 2011-12	Actual Result 2011-12	% Variance from Original	Explanation of Material Variances
Numbers of dogs processed by the Domestic Animal Shelter	1,700	1,454	(14%)	1
Percentage of saleable stray and abandoned dogs re-homed	95%	94%	(1%)	
Remove abandoned vehicles on unleased land within seven working days	100%	97%	(3%)	
Respond to complaints of public safety issues within 2 days[a]	100%	96%	(4%)	
Response and collection of "sharps" on unleased land within 4 hours	100%	100%	0%	
Reports of attacking dogs responded to within 4 hours	100%	not measured	100%	2
TOTAL COST ($'000)	**$4,126**	**$4,698**	**14%**	3
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)	**$3,892**	**$4,152**	**7%**	3

Explanation of Accountability Indicators

a. Issues include line of sight, overhanging foliage, obstructions on nature strips and signs that pose an immediate safety hazard.

Explanation of Variances:

1. The variance is due to improved enforcement practices, including enforcement of poundage fees and fence inspection of properties.
2. The 2011-12 result has not been measured however the indicative result based on internal reports and records is 98% of reports of attacking dogs were responded to within 4 hours.
3. The result reflects a reallocation of resources from Output 1.4 to assist with the delivery of the Environment Regulation Services.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 2: ENTERPRISE SERVICES
ACCOUNTABILITY INDICATORS

OUTPUT 2.1: Government Services

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 Property and Facilities Management.

Accountability Indicators	Original Target 2011-12	Amended Target 2011-12	Actual Result 2011-12	% Variance from Original / Amended Target	Explanation of Material Variances
Capital Linen Services					
Total tonnes of laundry delivered	5,000		4,948	(1%)	
Retain certification of Quality Management System Standard AS/NZS ISO 9001:2000	100%		100%	0%	
Yarralumla Nursery					
Plant spoilage within industry standard	< 10%		20%	99%	1
Property					
Use of Renewable Energy[a]	35%	37.5%	37.7%	1%	
Accommodation cost per employee[b]	$7,000	$7,400	$6,965	(6%)	2
Occupancy rate for properties designated for use by non government tenants	96%		96%	(0%)	
TOTAL COST ($'000)	**$108,695**		**$113,079**	**4%**	
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)	**$1,946**		**$2,308**	**19%**	3

Explanation of Accountability Indicators

a. Target amended as the Original Target was inadvertently published with a typographical error.

b. Target amended to reflect the impact of the implementation of the Subleasing renewal strategy which relates to leased office accommodation by ACT government.

Explanation of Variances:

1. The result reflects the review of stock levels and product lines, including dead, diseased and sub-standard stock lines and has been significantly impacted by previous drought conditions including reduced plant sales in line with changing market demand.
2. The improved performance reflects an increase in staffing numbers being accommodated in existing office accommodation.
3. The variance from the Original target is mainly due to additional funds from Economic Development Directorate relating to the transfer of Property functions.

PERFORMANCE AND FINANCIAL REPORTING

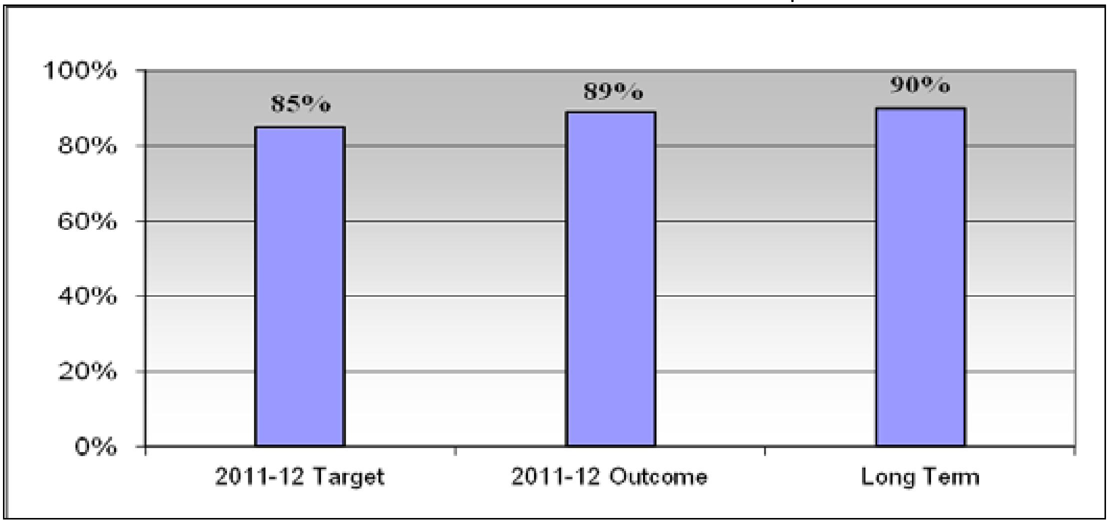
A8 Strategic Indicators
TERRITORY AND MUNICIPAL SERVICES

STRATEGIC INDICATORS
Territory and Municipal Services Directorate

The Directorate's Strategic Indicators are aimed at measuring performance against longer-term and strategic outcomes. The indicators provide a strategic context for the delivery of services to the community.

Strategic Indicator 1

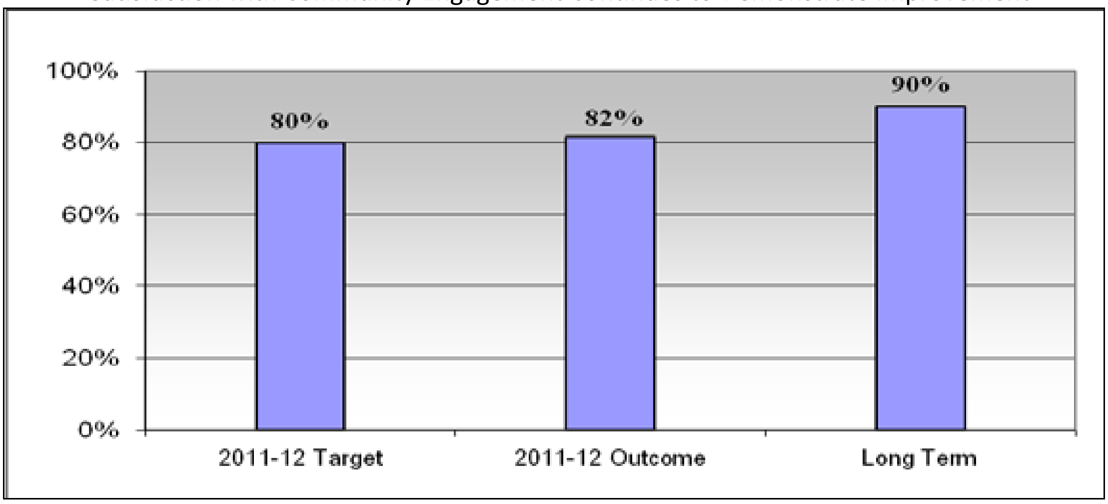
Customer Satisfaction Continues to Demonstrate Improvement



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

Strategic Indicator 2

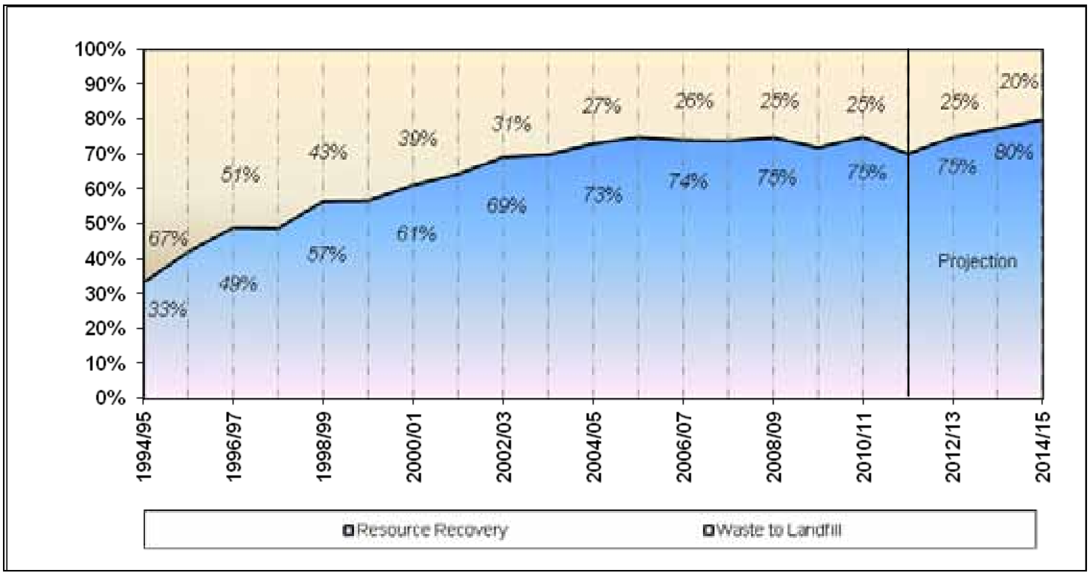
Satisfaction with Community Engagement Continues to Demonstrate Improvement



The Directorate undertakes a wide range of community engagement activities. These include public meetings, forums, online and hardcopy surveys, telephone surveys, discussion groups, focus groups, seminars, workshops and utilising the local 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 Indicator 3

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 ESDD and TAMS, 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.

PERFORMANCE AND FINANCIAL REPORTING

A5 Management Discussion and Analysis ACTION

MANAGEMENT DISCUSSION AND ANALYSIS
ACTION
for the financial year ended 30 June 2012

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 developed and maintained an up-to-date risk register in the context of the Territory and Municipal Services Directorate's (the Directorate's) Risk Management Framework. It has committed to the Directorate's Fraud and Corruption Prevention Plan 2011-2013 and Code of Conduct as well as having reviewed and tested its Business Continuity Plans.

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. To assist it in managing this risk, ACTION will continue to monitor and refine its financial management and operational costing in 2012-13, to enable it to more clearly articulate the cost drivers for its operations and opportunities to deliver efficiencies.

b) **Occupational Health and Safety –** During 2011-12, ACTION continued to improve safety for both customers and staff at bus stations and depots. ACTION will improve safety for both its customers and staff through continuing staff education and training, and improvements in assisting staff who may have been involved in occupational health and safety incidents. ACTION uses a range of strategies to undertake staff training and education. These include both self-directed and face-to-face training, where resources permit, and there is a demonstrated need. ACTION uses its internal communication channels to emphasise the importance of health and safety in its workplace.

c) **Asset Management Plan –** During 2011-12, ACTION participated in the Territory and Municipal Services Directorate's Strategic Asset Management working group for the development of a Strategic Asset Management Framework. ACTION will continue to develop its comprehensive 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 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 developing an ageing workforce strategy which will enable it to implement 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 ageing workforce (see above) and reducing bus shortages through better deployment of workshop staff. Better trip and travel data from the new ticketing system has assisted in improving the way services are planned and scheduled, leading to increases in reliability and timeliness. The Real Time Passenger Information System (currently in development) will also contribute to help manage this risk by providing timely advice to patrons about services.

Financial Performance

The following financial information is based on audited Financial Statements for 2010-11 and 2011-12, and the forward estimates contained in the Budget 2011-12 Paper No.4: Budget Estimates.

Operating Result

The operating result for ACTION was a deficit of $8.7million against a budget deficit of $9.3million, a favourable variance of $0.7million.

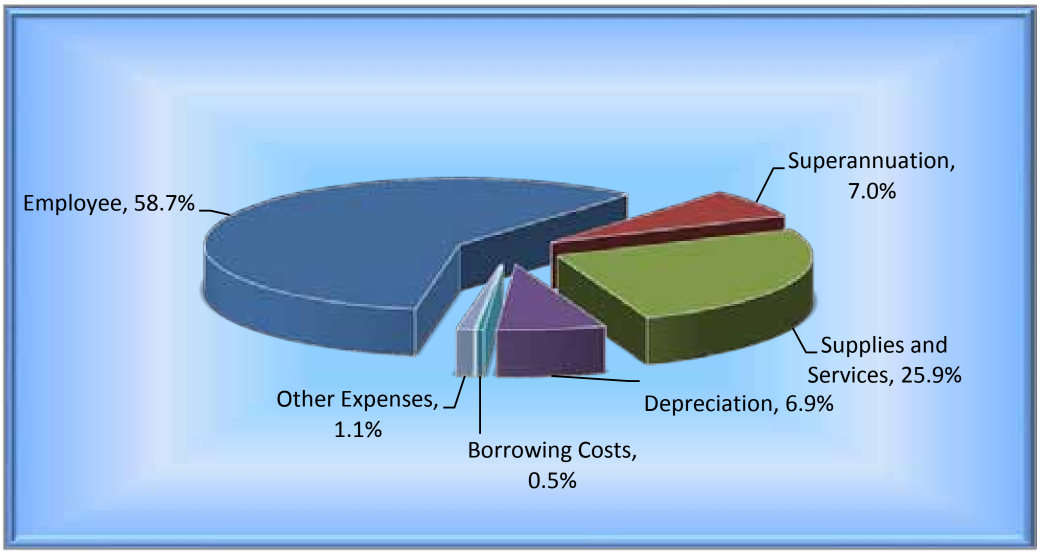
Total revenue was $114.8million, which is $5.9million higher than budgeted revenue of $108.9million. Total expenses were $123.5million, which is $5.2million higher than budgeted expenditure of $118.3million.

Total Expenditure

Components of Expenditure

Figure 1 illustrates the components of ACTION's expenditure for 2011-12 with the largest component of expenditure being employee expenses and superannuation representing 65.7% (or $81.0million).

Figure 1 - Components of Expenditure as at 30 June 2012



Comparison to Budget

Total expenditure of $123.5million was $5.2million, or 4.4% higher than the 2011-12 budget of $118.3million. This higher than budgeted expenditure was largely the result of:

- greater than budgeted employee expenses (including superannuation) of $5.7million, attributed to an increase in the number of full-time equivalent staff due to network enhancements, a 3.5% pay increase for staff arising from ACTION's Enterprise Agreement and an increased workers' compensation premium;
- supplies and services expenses in excess of budget of $0.9 million as a result of greater fuel expense ($0.3million), other bus running expenses including registration, tyres and oils ($0.2million) and insurance settlement costs for claims incurred pre-ACT Insurance Authority ($0.6million), offset by reduced cost of bus maintenance expenses ($0.2million). The reduction in bus maintenance expenses reflects the change in the age profile of the bus fleet, due to the ACT Government's ongoing fleet replacement program;
- lower than budgeted depreciation expense of $2.2million, as a result of delays in capital works associated with the implementation of the Radio System Replacement and Fuel Facility projects; and
- an increase in other expenses of $0.9million which is due to the loss on sale of assets ($0.3million) and write-off of capital expenditure which did not qualify for recognition ($0.6million), which were not budgeted for.

Comparison to Prior Year

Total expenditure was $6.5million, or 5.5% higher than the 2010-11 reported result. This was primarily due to:

- an increase in employee expenses (including superannuation) by $9.4million, or 13.2%. This was due to increases in the number of full-time equivalent staff required to meet ACTION's operational needs, a 3.5% pay increase for staff, arising from ACTION's recent Enterprise Agreement and increased costs of workers' compensation insurance;
- an increase in supplies and services expenditure by $0.9million, or 2.9%, due primarily to increased fuel costs ($1.3million), advertising and promotional work, primarily related to

the introduction of the new bus network, Network 12, ($0.3million), and insurance settlement costs arising from pre-ACT Insurance Authority claims ($0.2million). These increased costs were partially offset by reduced systems and computing costs, due to the transfer of various Information Technology functions to the Territory and Municipal Services Directorate ($0.2million), and reduced contractors expenses ($0.4million) due to a change in arrangements for provision of driver training; and reduced maintenance expenses for buses due to the reduced age profile of the fleet ($0.5million);

- an increase in depreciation expense by $0.9million due to the capitalisation of new buses and the full year impact of depreciation for the new MyWay ticketing system;
- an increase in other expenses by $0.3million due to an increase in the impairment loss for receivables and inventory; and
- *offset* by a loss on revaluation of buses ($5.0million) which occurred in 2010-11 only.

Future Trends

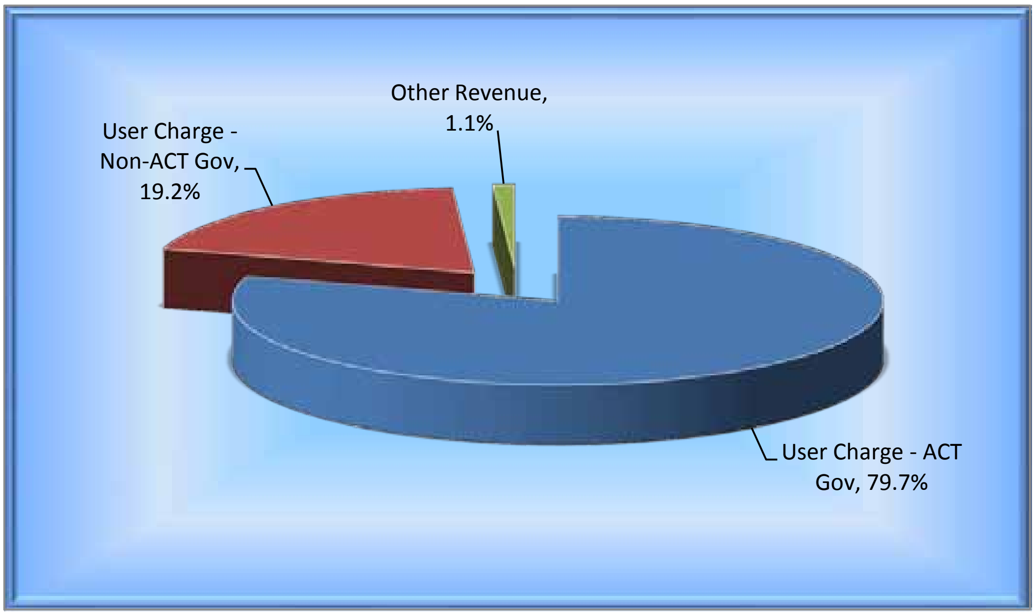
Expenditure in 2012-13 is budgeted to remain consistent with the 2011-12 outcome. Increasing costs of workers compensation insurance pose a significant risk to ACTION in terms of it being able to meet its budgeted expenditure. However ACTION will be working closely with the Injury Prevention Management Team in Shared Services during 2012-13 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 2012, ACTION received 19.2% of its total income of $114.8million 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 and other grant revenue relating to fuel tax credits, training and employment grants and sundry gains.

Figure 2 - Components of Income as at 30 June 2012



Comparison to Budget

Income for the year ended 30 June 2012 was $114.8million, which was $5.9million above the 2011-12 budget of $108.9million. This was largely due to:

- additional funding provided by the ACT Government of $10.8million to assist with ACTION's costs of operations; and
- a higher than budgeted rebate for fuel usage of $0.5million.

offset by:

- lower than budgeted fares revenue of $5.4million due to a new pricing structure under the MyWay ticketing system and slightly lower than anticipated patronage numbers.

Comparison to Prior Year

Income in 2011-12 was $10.0million, or 9.5%, higher than the 2010-11 reported result. The increase was mainly due to:

- an increase in service payments from the ACT Government of $7.5million to address increased costs and service improvements;
- an increase in payment for concessional travellers as a result of increased patronage on ACTION buses ($0.2million);
- an increase in fares revenue as a result of the new MyWay ticketing system, ($2.0million);
- increased revenue from provision of chartered bus services ($0.1million);
- improved revenues from bus advertising as a result of a change in the monthly contract rate ($0.6million); and
- increased other revenue due to timing issues associated with reimbursement of insurance claims.

partly offset by:

- an decrease in special needs transport revenue of $0.4million reflecting an adjustment to the amount of revenue receivable for this service in 2011-12.

Future Trends

Total income for 2012-13 is budgeted to increase only marginally from the 2011-12 outcome.

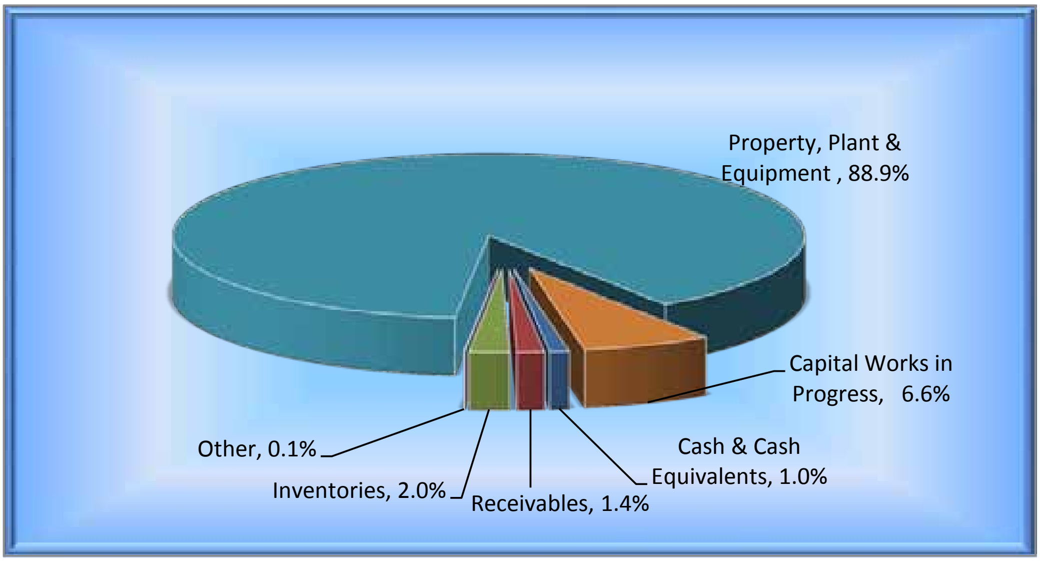
Financial Position

Total Assets

Components of Total Assets

Figure 3 illustrates that for the financial year ended 30 June 2012, property, plant and equipment and capital works in progress accounted for 95.5% of ACTION's total asset base of $158.9million.

Figure 3 – Total Assets as at 30 June 2012



Comparison to Budget

Assets as at 30 June 2012 totalled $158.9million, $15.9million less than the 2011-12 budgets of $174.8million. The decrease is largely the result of:

- property, plant and equipment and capital works in progress were $15.1million lower than budget predominantly due the revaluation of ACTION's bus fleet in June 2010 and the disposal of assets which had not been budgeted for;
- receivables lower than budget by $1.3million, due to new arrangements under the MyWay ticketing system for payment by MyWay recharge agents and the write off, in 2011-12, of unrecoverable debts;
- inventory on hand lower than budget by $0.3million, reflecting timing differences associated with the delivery of stock.

partly offset by:

- higher than budgeted cash and cash equivalents ($1.0million) due to increases in payments for prepaid MyWay ticket revenues, and changes in the expected requirements for cash held to pay employee and supplier expenses;

Comparison to Prior Year

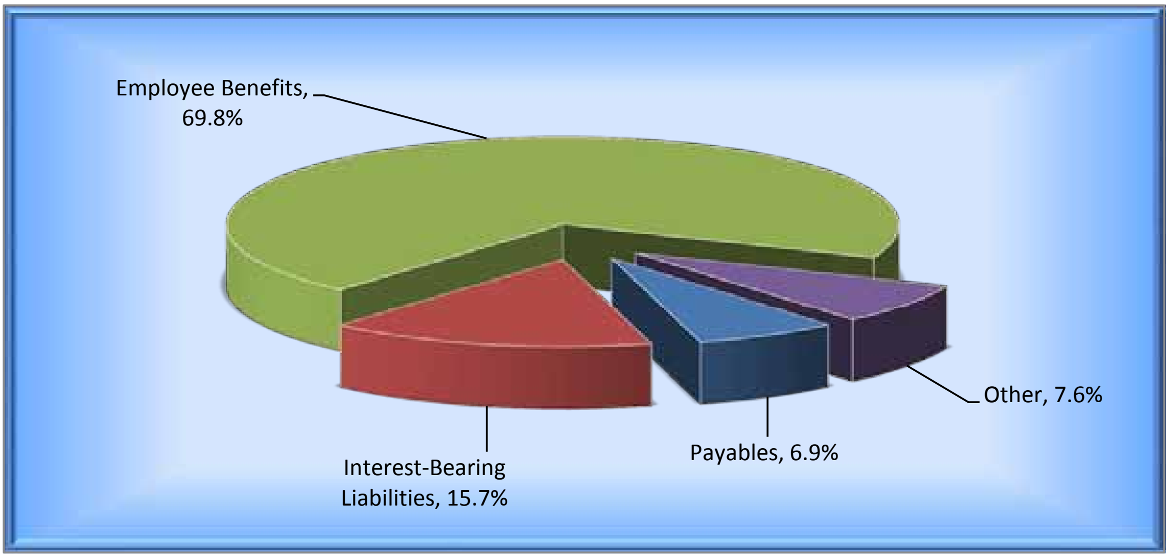
ACTION's total asset position is $16.5million more than the 2010-11 result of $142.4million primarily because of a net increase of $14.6million in non-current assets due to the continuation of the bus replacement program, the completion of the new ticketing system project, and capital works in progress for replacement of the existing radio communication system and new fuel facilities, increased cash holdings due to an increase in prepaid ticket revenue, increased receivables, offset by decreased inventory holdings and prepayments.

Total Liabilities

Components of Total Liabilities

Figure 4 illustrates that the majority of ACTION's liabilities relate to employee benefits (69.8%), interest bearing liabilities (15.7%) and payables (6.9%).

Figure 4 – Total Liabilities as at 30 June 2012



Comparison to Budget

ACTION's liabilities for the year ended 30 June 2012 of $29.8million is $9.2million less than the 2011-12 budget of $39.0million largely due to:

- lower than budgeted payables of $12.1million as a result of additional funding provided by Government used to reduce amounts owing to creditors

offset by

- higher than budgeted employee benefits of $1.8million, reflecting a change in the rate used to calculate the present value of future cash flows for employee leave entitlements and an increase in the nominal value of leave payable; and
- higher than budgeted revenue in advance, when compared to budget, of $1.0million due to increased payments for pre-paid travel on Myway cards.

Comparison to Prior Year

Total liabilities of $29.8million are $0.8million more than the 2010-11 actual results of $29.0million. This is due to:

- a decrease of $0.7million in payables as a result of timing issues associated with creditor payments;
- a reduction of $0.6million in interest bearing liabilities due to loan repayments;

partly offset by:

- an increase of $1.4million in employee benefits due to wage and salaries increases and changes in the rate used to calculate the present value of long service leave entitlements; and
- an increase of $0.7million 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, and prepaid revenue associated with bus advertising.

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 2012

	Prior Year Actual 2010-11	Current Year Budget 2011-12	Current Year Actual 2011-12
Current Assets ($'000)	5,295	7,842	7,113
Current Liabilities ($'000)	4,972	16,113	5,043
Current Ratio	1.06:1	0.49:1	1.41:1

ACTION's current ratio for the financial year is 1.41 to 1, which is higher than the budgeted current ratio of 0.49 to 1. This increase reflects the additional funding provided by ACT Government and a resultant decrease in payables at year end.

PERFORMANCE AND FINANCIAL REPORTING

A6 Financial Report
ACTION

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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 2012 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 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.

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

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 2012:

(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 2012 and the results of its operations and cash flows for the year then ended.

Emphasis of matter

Note 4: 'User Charges' of the financial statements discloses that:

> It was not possible to quantify, with certainty, the amount of uncollected fares that resulted from the failures in the Wayfarer ticket machines. However, ACTION estimated that uncollected fares in 2010-11 could have been in the range of approximately $3 million to $5 million.

The audit opinion is not qualified in respect of this matter.

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

M. Cooper.

Dr Maxine Cooper
Auditor-General
7 September 2012

ACTION
Financial Statements
For the Year Ended 30 June 2012

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 2012 and the financial position of ACTION on that date.

Gary Byles
Director-General
Territory and Municipal Services Directorate

6 September 2012

ACTION
Financial Statements
For the Year Ended 30 June 2012

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 2012 and the financial position of ACTION on that date.

G Elliott
Gordon Elliott
Chief Finance Officer
Territory and Municipal Services Directorate

6 September 2012

ACTION
Operating Statement
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Income				
Revenue				
User Charges - ACT Government	4	91,493	80,909	84,195
User Charges - Non-ACT Government	4	22,066	28,005	19,366
Other Revenue	5	1,228	-	1,196
Total Revenue		114,787	108,914	104,757
Gains				
Other Gains	6	17	-	4
Total Gains		17	-	4
Total Income		**114,804**	**108,914**	**104,761**
Expenses				
Employee Expenses	7	72,479	67,050	63,421
Superannuation Expenses	8	8,591	8,273	8,226
Supplies and Services	9	31,980	31,050	31,068
Depreciation	10	8,520	10,706	7,594
Borrowing Costs	11	583	744	630
Loss on Revaluation of Buses	12	-	-	5,011
Other Expenses	13	1,326	439	1,050
Total Expenses		**123,479**	**118,262**	**117,000**
Income Tax Equivalents Expense	32	-	-	-
Operating (Deficit)		**(8,675)**	**(9,348)**	**(12,239)**
Other Comprehensive Income				
Net Increase in the Asset Revaluation Surplus	28	884	-	790
Total Other Comprehensive Income		**884**	**-**	**790**
Total Comprehensive (Deficit)		**(7,791)**	**(9,348)**	**(11,449)**

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

ACTION
Balance Sheet
As at 30 June 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Current Assets				
Cash and Cash Equivalents	17	1,588	555	243
Receivables	18	2,222	3,559	1,366
Inventories	19	3,254	3,592	3,347
Assets Held for Sale	20	10	-	179
Other Assets	21	39	136	160
Total Current Assets		**7,113**	**7,842**	**5,295**
Non-Current Assets				
Property, Plant and Equipment	22	141,246	158,114	133,227
Capital Works in Progress	23	10,525	8,849	3,889
Total Non-Current Assets		**151,771**	**166,963**	**137,116**
Total Assets		**158,884**	**174,805**	**142,411**
Current Liabilities				
Payables	24	2,045	14,154	2,726
Interest-Bearing Liabilities	25	616	612	601
Finance Leases	25	120	140	142
Employee Benefits	26	19,554	17,499	18,622
Other Liabilities	27	2,263	1,207	1,503
Total Current Liabilities		**24,598**	**33,612**	**23,594**
Non-Current Liabilities				
Interest-Bearing Liabilities	25	3,700	3,698	4,315
Finance Leases	25	238	168	247
Employee Benefits	26	1,284	1,539	816
Total Non-Current Liabilities		**5,222**	**5,405**	**5,378**
Total Liabilities		**29,820**	**39,017**	**28,972**
Net Assets		**129,064**	**135,788**	**113,439**
Equity				
Contributed Equity		171,258	173,621	147,842
Accumulated (Deficits)		(85,918)	(79,883)	(77,243)
Asset Revaluation Surplus	28	43,724	42,050	42,840
Total Equity		**129,064**	**135,788**	**113,439**

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 2012

	Contributed Equity Actual 2012 $'000	Accumulated (Deficits) Actual 2012 $'000	Asset Revaluation Surplus Actual 2012 $'000	Total Equity Actual 2012 $'000	Original Budget 2012 $'000
Balance at the Beginning of the Reporting Period	**147,842**	**(77,243)**	**42,840**	**113,439**	**107,613**
Comprehensive Income					
Operating (Deficit)	-	(8,675)	-	(8,675)	(9,348)
Net Increase in the Asset Revaluation Surplus	-	-	884	884	-
Total Comprehensive Income	**-**	**(8,675)**	**884**	**(7,791)**	**(9,348)**
Transactions Involving Owners Affecting Accumulated Funds					
Capital Payments from the Territory and Municipal Services Directorate	23,416	-	-	23,416	37,523
Total Transactions Involving Owners Affecting Accumulated Funds	**23,416**	**-**	**-**	**23,416**	**37,523**
Balance at the End of the Reporting Period	**171,258**	**(85,918)**	**43,724**	**129,064**	**135,788**

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 2012

	Contributed Equity Actual 2011 $'000	Accumulated (Deficits) Actual 2011 $'000	Asset Revaluation Surplus Actual 2011 $'000	Total Equity Actual 2011 $'000	Original Budget 2011 $'000
Balance at the Beginning of the Reporting Period	**124,146**	**(65,004)**	**42,050**	**101,192**	**100,378**
Comprehensive Income					
Operating (Deficit)	-	(12,239)	-	(12,239)	(7,853)
Increase in the Asset Revaluation Surplus	-	-	790	790	-
Total Comprehensive Income	**-**	**(12,239)**	**790**	**(11,449)**	**(7,853)**
Transactions Involving Owners Affecting Accumulated Funds					
Capital Payments from the Territory and Municipal Services Directorate	23,696	-	-	23,696	25,920
Total Transactions Involving Owners Affecting Accumulated Funds	**23,696**	**-**	**-**	**23,696**	**25,920**
Balance at the End of the Reporting Period	**147,842**	**(77,243)**	**42,840**	**113,439**	**118,445**

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 2012

	Note No.	Actual 2012 $'000	Original Budget 2012 $'000	Actual 2011 $'000
Cash Flows from Operating Activities				
User Charges - ACT Government		90,677	80,909	84,218
User Charges - Non-ACT Government		22,918	26,863	21,108
Commonwealth Government Grants		1,225	1,142	1,201
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		2,445	2,185	2,412
Goods and Services Tax Collected from Customers		5,730	1,980	6,203
Total Receipts from Operating Activities		**122,995**	**113,079**	**115,142**
Payments				
Employee		70,588	66,623	63,240
Superannuation		8,545	8,273	8,203
Supplies and Services		33,470	32,499	32,462
Borrowing Costs		584	744	630
Goods and Services Tax Paid to Suppliers		5,933	4,265	5,976
Other		2,639	-	2,988
Total Payments from Operating Activities		**121,759**	**112,404**	**113,499**
Net Cash Inflows from Operating Activities	33	**1,236**	**675**	**1,643**
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property, Plant and Equipment		234	-	23
Total Receipts from Investing Activities		**234**	**-**	**23**
Payments				
Purchase of Property, Plant and Equipment		22,817	37,523	24,734
Total Payments from Investing Activities		**22,817**	**37,523**	**24,734**
Net Cash (Outflows) from Investing Activities		**(22,583)**	**(37,523)**	**(24,711)**
Cash Flows from Financing Activities				
Receipts				
Capital Payments from the Territory and Municipal Services Directorate		23,416	37,523	23,696
Total Receipts from Financing Activities		**23,416**	**37,523**	**23,696**
Payments				
Repayment of Borrowings		601	601	587
Repayment of Finance Lease Liabilities		123	31	138
Total Payments from Financing Activities		**724**	**632**	**725**
Net Cash Inflows from Financing Activities		**22,692**	**36,891**	**22,971**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**1,345**	**43**	**(97)**
Cash and Cash Equivalents at the Beginning of the Reporting Period		243	512	340
Cash and Cash Equivalents at the End of the Reporting Period	33	**1,588**	**555**	**243**

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

ACTION
NOTE INDEX

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 1 OBJECTIVES OF ACTION

Legal Form and Principal Place of Business

The Australian Capital Territory 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 and strategic and accountability measures.

ACTION's principal place of business is the North Building, London Circuit, 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 the directorate 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 (re)valuation policies.

As at 30 June 2012, 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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 2012 together with the financial position of ACTION as at 30 June 2012.

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2011-12 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the 2011-12 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. This revenue is therefore recognised when the cash is received by ACTION.

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 on to 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*.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 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 14: *'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.

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 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 action 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.

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 arm's 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.

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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	1-20
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 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 amount owing for goods and services received prior to the end of the reporting period for which an invoice has been received 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 has not been received by period end.

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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, 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. 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 estimated 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 2011-12, the rate used to calculate the present value of these future payments is 106.6% (92.2% in 2010-11).

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(u) Employee Benefits - Continued

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.

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.

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(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 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 utilised.

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.

(z) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed on 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. Land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. In some circumstances, buildings that are purpose built may in fact realise more or less in the market.

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 very new buses and CNG buses. In this situation, as there was an absence of evidence of secondary sales data these buses have been valued using the depreciated replacement cost method. 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. Plant and equipment has been recorded at the market value of similar items as determined by an independent valuer.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(z) Significant Accounting Judgements and Estimates - Continued

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*'.

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 recognises 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 Assets: ACTION has made a significant judgement regarding its impairment of 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. This process has revealed that no likely impairment factors exist in ACTION.

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's new bus network, 'Network 12', requires 403 'in service' buses compared with 428 'in service' buses for the old bus network 'Network 10'. The 25 buses held by ACTION which are not required to deliver services as part of the 'in service' fleet have not been impaired as these buses continue to be used to deliver services on a rotational basis.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2013);
· AASB 13 Fair Value Measurement (application date 1 January 2013);
· AASB 119 Employee Benefits (application date 1 January 2013);
· 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 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 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012); and
· 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).

NOTE 3 CHANGE IN ACCOUNTING ESTIMATES

Revision of the Employee Benefit Discount Rate

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.

Last financial year the rate used to estimate the present value was 92.2%, however, due to a change in the government bond rate the rate is now 106.6%.

As such the estimate of the long service leave liabilities has changed. This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of $1,627,468.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 4 USER CHARGES

User Charges - ACT Government revenue is derived from the provision of a bus service 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 and special needs transport payments through the Education and Training Directorate.

User Charges - Non-ACT Government revenue is derived from sources including fare revenue, charter services, advertising and other commercial arrangements.

User Charges – ACT Government	2012 $'000	2011 $'000
Service Payments from the General Government Sector[a]	82,451	74,894
Concessional Travel Payments	7,399	7,201
Special Needs Transport[b]	1,568	2,047
Recoveries from Other ACT Government Agencies	75	53
Total User Charges – ACT Government	**91,493**	**84,195**

[a]The increase in service payments from the General Government Sector reflects increased funding to meet salary increases negotiated as part of ACTION's Enterprise Agreement, and to meet cost pressures associated with increased service delivery, decreased fare revenues as a result of a revised pricing structure for Myway fares, and an increased workers' compensation insurance.

[b]The decrease in revenue for Special Needs Transport reflects a lower amount of revenue recoverable in 2011-12 for delivery of this service.

User Charges – Non-ACT Government	2012 $'000	2011 $'000
Fares[a]	20,428	18,579
Charter	619	532
Advertising	786	221
Other[b]	233	34
Total User Charges - Non-ACT Government	**22,066**	**19,366**
Total User Charges for Goods and Services	**113,559**	**103,561**

[a]In the 2010-11 financial year, ACTION's fares revenue and patronage data was recorded using the Wayfarer ticketing system until April 2011.

During this period, the Wayfarer ticket machines experienced failures due to their age and lack of available spare parts. Estimated patronage data lost due to failure increased from around five percent in the previous financial year to an average of up to fifteen percent in 2010-11. Failures of the ticketing machines resulted in uncollected fares because passengers were unable to validate prepaid Wayfarer tickets.

It was not possible to quantify, with certainty, the amount of uncollected fares that resulted from the failures in the Wayfarer ticket machines. However, ACTION estimated that uncollected fares in 2010-11 could have been in the range of approximately $3 million to $5 million.

ACTION implemented the new MyWay ticketing system from April 2011 to resolve the issues associated with the failures of the Wayfarer ticketing system. This system has been operating on ACTION buses for the whole of the 2011-12 financial year, which has resulted in improved recording of fares revenue and patronage data.

[b]Other revenue includes insurance recoveries related to accident damage.

NOTE 5 OTHER REVENUE	2012 $'000	2011 $'000
Revenue from Other Sources		
Grants Received from the Commonwealth[a]	1,228	1,196
Total Other Revenue	**1,228**	**1,196**

[a]Commonwealth grants comprise Fuel Tax Credits.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 6 GAINS

Gains arise from transactions that are not core activities of ACTION.

	2012 $'000	2011 $'000
Gains from the Sale of Assets	-	4
Gains from First Time Recognition of Assets[a]	17	-
Total Gains	**17**	**4**

[a]This relates to the first time recognition of one heritage bus and one historic bus which are held by ACTION and utilised for special events and charters.

NOTE 7 EMPLOYEE EXPENSES

	2012 $'000	2011 $'000
Wages and Salaries[a]	54,270	50,269
Annual Leave Expense	4,175	3,839
Long Service Leave Expense[b]	3,255	1,350
Workers' Compensation Insurance[c]	6,076	4,280
Payroll Tax[d]	4,703	3,175
Other Employee Benefits [e]	-	508
Total Employee Expenses	**72,479**	**63,421**

[a]The increase in wages and salaries expense is due to greater labour costs arising from Enterprise Agreement negotiations and an increase in the number of full time equivalent employees to meet network enhancements.

[b]Long service leave expense for 2011-12 is higher than that for the previous financial year due to a change in the rate used in calculating the present value of future payments of accrued leave, and recognition of a one-off increase in the value of accrued leave entitlements to account for higher salary costs, negotiated as part of ACTION's Enterprise Agreement.

[c]ACTION's workers' compensation insurance premium has increased in 2011-12, reflecting an increase in wages and salary costs and an increased contribution rate.

[d]Payroll tax has increased in 2011-12, reflecting an increase in wages and salary costs arising from Enterprise Agreement negotiations.

[e]The decrease in other employee benefits relates to a 2010-11 sign-on bonus for employees negotiated as part of ACTION's Enterprise Agreement, which was paid in 2011-12.

NOTE 8 SUPERANNUATION EXPENSES

	2012 $'000	2011 $'000
Superannuation Contributions to Territory Banking Account	5,450	5,581
Productivity Benefit	906	922
Superannuation Payment to ComSuper (for the PSSAP)	206	204
Superannuation to External Providers	2,029	1,519
Total Superannuation Expenses[a]	**8,591**	**8,226**

[a] Superannuation 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 2012

NOTE 9 SUPPLIES AND SERVICES

	2012 $'000	2011 $'000
(i) Administrative Expenses		
Systems and Computing Costs	1,221	1,437
Insurance	5,251	5,291
Repairs and Maintenance	711	741
Rent and Utility Charges	1,062	847
Communications	111	189
Staff Development	312	359
Contractors and Consultants	1,775	2,169
Security Expenses	446	418
Printing and Stationery	41	84
Other	439	366
Total Administrative Expenses	**11,369**	**11,901**
(ii) Operating Expenses		
Fuel[a]	11,715	10,374
Other Bus Running Expenses	1,379	1,258
Bus Maintenance Expenses[b]	5,290	5,809
Support Vehicles and Fuel Charges	261	264
Rural School Services	456	452
Operating Lease Payments	352	372
Advertising, Promotions and Agents Commissions	368	103
Accident Damage[c]	-	193
Insurance Settlement	593	158
Uniforms	197	184
Total Operating Expenses	**20,611**	**19,167**
Total Supplies and Services	**31,980**	**31,068**

[a]The increase in fuel costs reflects increased kilometres travelled as a result of additional bus charters, increased provision of the Nightrider service and the implementation of the new bus network 'Network 12', combined with higher fuel usage arising from a change in the range of buses utilised as part of ACTION's 'in service' fleet.

[b]The reduction in bus maintenance expenses reflects the change in the age of the ACTION bus fleet as a result of the Government's bus replacement program.

[c]Accident damage expense shows a reduction in 2011-12 due to timing differences associated with cost recoveries in this year, resulting in a net revenue impact for the period, which is shown in Note 4 Other Revenue

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 10 DEPRECIATION

	2012 $'000	2011 $'000
Buildings	1,019	1,340
Buses[a]	4,764	4,135
Plant and Equipment[b]	2,737	2,119
Total Depreciation	**8,520**	**7,594**

[a]ACTION is currently executing a 4 year program to replace 135 buses which was funded in the 2007-08 Budget. The capitalisation of new buses in 2010-11 has resulted in increased depreciation expense.

[b]The increase in depreciation expense for plant and equipment reflects the full year depreciation impact of the capitalisation of the MyWay ticketing system.

NOTE 11 BORROWING COSTS

	2012 $'000	2011 $'000
Interest Expense on Borrowings	554	611
Finance Charges on Finance Leases	29	19
Total Borrowing Costs	**583**	**630**

NOTE 12 LOSS ON REVALUATION OF BUSES

	2012 $'000	2011 $'000
Loss on Revaluation of Buses[a]	-	5,011
Total Loss on Revaluation of Buses	**-**	**5,011**

[a]In 2010-11 ACTION performed a revaluation of the bus fleet, this process resulted in a decrement to the overall value of the bus fleet.

NOTE 13 OTHER EXPENSES

	2012 $'000	2011 $'000
Loss on Sale of Assets	297	-
Waivers, Impairment Losses and Write-offs (refer Note 14)	194	467
Other ACT Government Charges and Taxes	207	178
Capital Works Written Off[a]	628	405
Total Other Expenses	**1,326**	**1,050**

[a]Reflects expenditure on completed capital works which did not meet ACTION's asset recognition criteria.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 14 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 over which ACTION has control. ACTION did not request the Treasurer's approval to waive any debts in 2011-12 (Nil in 2010-11). There were no waivers and impairment losses from property, plant and equipment during the reporting period.

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.

Impairment Losses		**2012**		**2011**
	No.	**$'000**	**No.**	**$'000**
Impairment Loss from Receivables				
Trade Receivables[a]	64	65	20	446
Total Impairment Losses from Receivables	**64**	**65**	**20**	**446**
Impairment Loss from Inventory				
Inventory		44		-
Total Impairment Losses from Inventory	**-**	**44**	**-**	**-**
Total Impairment Losses	**64**	**109**	**20**	**446**
Write-offs				
Losses or Deficiencies in Public Monies[b]	2	22	-	-
Irrecoverable Debts	7	63	22	21
Total Write-offs	**9**	**85**	**22**	**21**
Total Impairment Losses and Write-offs	**73**	**194**	**42**	**467**

[a] The decrease in the allowance for doubtful debts is the result of the write-back of a receivable which had been incorrectly raised in 2010-11.

[b]ACTION experienced a shortfall in revenue transferred from the Myway centres, which it has subsequently written off. In addition ACTION has undertaken a review of outstanding cash floats which has resulted in the write off of a number of small amounts which date back several years.

NOTE 15 ACT OF GRACE PAYMENTS

There were no Act of Grace payments made during the reporting period pursuant to Section 130 of the FMA (Nil in 2010-11).

NOTE 16 AUDITOR'S REMUNERATION

Auditor's remuneration consists of payment for financial statements audit services provided to ACTION by the ACT Auditor-General's Office. No other services were provided by the ACT Auditor-General's Office.

	2012	**2011**
	$'000	**$'000**
Audit Fees Paid to the ACT Auditor-General's Office	98	95
Total Audit Fees	**98**	**95**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 17 CASH AND CASH EQUIVALENTS

ACTION holds a number of bank accounts with the Commonwealth Bank as part of the whole-of-government banking arrangements. As part of these arrangements ACTION does not receive any interest on these accounts.

	2012 $'000	2011 $'000
Cash at Bank[a]	1,446	117
Cash on Hand	142	126
Total Cash and Cash Equivalents	**1,588**	**243**

[a] The increase in Cash at Bank reflects cash held at year end to pay supplier and employee expenses. The difference between the years is the result of timing differences associated with cash requirements, as these requirements vary between periods.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 18 RECEIVABLES

Trade receivables arise from the sale of tickets to registered agents and the provision of charter and special needs transport services.

	2012 $'000	2011 $'000
Current Receivables		
Trade Receivables	1,486	1,092
Less: Allowance for Impairment Losses	(137)	(537)
	1,349	555
Other Receivables	225	12
Accrued Revenue	153	561
Net Goods and Services Tax Receivable	495	238
Total Current Receivables	**2,222**	**1,366**

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**
2012					
Not Impaired					
Receivables	1,491	689	11	31	2,222
Impaired					
Receivables	-	-	-	137	137
2011					
Not Impaired					
Receivables	939	47	37	343	1,366
Impaired					
Receivables	-	-	-	537	537

'Not Impaired' refers to net receivables (that is gross receivables less impaired receivables)

	2012 $'000	2011 $'000
Reconciliation of Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	537	91
Additional Allowance Recognised	64	446
Reduction in Allowance Resulting from a Write-Back against Receivables	(464)	-
Allowance for Impairment Losses at the End of the Reporting Period	**137**	**537**

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

	2012 $'000	2011 $'000
Receivables with ACT Government Entities		
Net Trade Receivables	1,264	152
Net Other Receivables	225	9
Accrued Revenue	-	456
Total Receivables with ACT Government Entities	**1,489**	**617**
Receivables with Non-ACT Government Entities		
Net Trade Receivables	85	403
Net Other Receivables	-	3
Accrued Revenue	153	105
Net Goods and Services Tax Receivable	495	238
Total Receivables with Non-ACT Government Entities	**733**	**749**
Total Receivables	**2,222**	**1,366**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 19 INVENTORIES

	2012	2011
	$'000	$'000
Current Inventories		
Spare Parts	2,989	2,999
Inventory Work in Progress	120	219
Fuel	431	372
Less: Allowance for Obsolete Inventories	(286)	(243)
Total Current Inventories	**3,254**	**3,347**

NOTE 20 ASSETS HELD FOR SALE

ACTION has classified some plant and equipment as 'Assets Held for Sale'. At 30 June 2012 ACTION is holding communication hardware which it expects to sell in the next financial year.

	2012	2011
	$'000	$'000
Plant and Equipment Held for Sale	10	58
Buses Held for Sale	-	121
Total Assets Held for Sale	**10**	**179**

NOTE 21 OTHER ASSETS

	2012	2011
	$'000	$'000
Current Other Assets		
Prepayments[a]	39	160
Total Current Other Assets	**39**	**160**

[a]The decrease in prepayments between years reflects a reduction in prepaid software licences as the result of a change in the allocation of responsibility beween ACTION and Public Transport Systems for computer systems. Public Transport Systems is accounted for within the Territory and Municipal Services Directorate financial statements.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 22 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* includes bus depots.
- *Buses*
- *Plant and Equipment* includes motor vehicles under a finance lease, furniture and fittings, workshop plant and equipment, office equipment 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.

	2012 $'000	2011 $'000
Land and Buildings		
Land at Fair Value	28,975	28,975
Total Land at Fair Value	**28,975**	**28,975**
Buildings at Fair Value	18,715	18,690
Less: Accumulated Depreciation	(1,019)	-
Total Written-Down Value of Buildings	**17,696**	**18,690**
Total Land and Written-Down Value of Buildings	**46,671**	**47,665**
Buses		
Buses at Fair Value[a]	84,672	70,483
Less: Accumulated Depreciation	(4,729)	-
Total Written-Down Value of Buses	**79,943**	**70,483**
Plant and Equipment		
Plant and Equipment at Fair Value	14,699	18,136
Less: Accumulated Depreciation	(77)	(3,057)
Total Written-Down Value of Plant and Equipment	**14,622**	**15,079**
Community and Heritage Asset		
Heritage Asset at Fair Value	10	-
Total Heritage Asset at Fair Value	**10**	**-**
Total Written-Down Value of Property, Plant and Equipment	**141,246**	**133,227**

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.

	2012 $'000	2011 $'000
Carrying Amount of Assets under a Finance Lease		
Plant and Equipment under a Finance Lease	374	446
Accumulated Depreciation of Plant and Equipment under a Finance Lease	(2)	(67)
Total Written-Down Value of Plant and Equipment under a Finance Lease	**372**	**379**

[a]The increase in buses at fair value was a result of the acquisition of 20 MAN diesel and 10 Scania steer tag buses during 2011-12.

Valuation of Non-Current Assets

Rodney Hyman Asset Services Pty Ltd (RHAS), Chartered Valuers, performed an independent valuation of buses as at 30 June 2011. The Australian Valuation Office performed an independent valuation of land and buildings as at 30 June 2011. The Australian Valuation Office performed an independent valuation of plant and equipment and heritage and community assets as at 30 June 2012.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 22 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	Buses $'000	Plant and Equipment $'000	Community and Heritage Asset $'000	Total $'000
Carrying Amount at the Beginnning of the Reporting Period	28,975	18,690	70,483	15,079	-	133,227
Additions	-	25	14,514	1,469	10	16,018
Assets Held for Sale	-	-	-	(10)	-	(10)
Impairment Loss on Asset Held for Sale	-	-	-	(445)	-	(445)
Revaluation Increment	-	-	-	1,329	-	1,329
Disposals	-	-	(290)	(63)	-	(353)
Depreciation	-	(1,019)	(4,764)	(2,737)	-	(8,520)
Carrying Amount at the End of the Reporting Period	**28,975**	**17,696**	**79,943**	**14,622**	**10**	**141,246**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 22 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2010-11.

	Land $'000	Buildings $'000	Buses $'000	Plant and Equipment $'000	Total $'000
Carrying Amount at the Beginnning of the Reporting Period	21,585	26,201	61,166	8,864	117,816
Additions	-	-	18,583	8,857	27,440
Assets Held for Sale	-	-	(121)	(58)	(179)
Revaluation Increment / (Decrement)	7,390	(6,170)	(5,011)	(430)	(4,221)
Disposals	-	-	-	(35)	(35)
Depreciation	-	(1,341)	(4,134)	(2,119)	(7,594)
Carrying Amount at the End of the Reporting Period	**28,975**	**18,690**	**70,483**	**15,079**	**133,227**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 23 CAPITAL WORKS IN PROGRESS

Capital works in progress are assets being constructed over periods of time in excess of the present reporting period. Capital works in progress are not depreciated as ACTION is not currently deriving any economic benefits from them.

	2012 $'000	2011 $'000
Buses[a]	5,930	3,433
Fuel Facilities	242	-
Woden Bus Depot Upgrade	340	-
CCTV Connection to Winchester Centre	138	-
Radio System Upgrade	3,670	250
Water Efficiency Improvements to Bus Washes	-	206
Major Bus Components Held	205	-
Total Capital Works in Progress	**10,525**	**3,889**

[a]This amount relates to progress payments for the acquisition of 14 Scania articulated buses.

Reconciliation of Capital Works in Progress

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

	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	(1,629)	(14,279)	(15,908)
Carrying Amount at the End of the Reporting Period	**4,360**	**6,165**	**10,525**

The following table shows the movement of Capital Works in Progress during 2010-11.

	Plant and Equipment $'000	Buses $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	4,372	4,477	8,849
Additions	4,941	17,539	22,480
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(8,857)	(18,583)	(27,440)
Carrying Amount at the End of the Reporting Period	**456**	**3,433**	**3,889**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 24 PAYABLES

	2012 $'000	2011 $'000
Current Payables		
Trade Payables[a]	1	1,500
Other Payables	370	11
Accrued Expenses	1,674	1,215
Total Current Payables	**2,045**	**2,726**
Trade payables are aged as follows:		
Not Overdue	1	689
Overdue for Less than 30 days	-	810
Overdue for 30 to 60 days	-	-
Overdue for More than 60 days	-	1
Total Trade Payables	**1**	**1,500**
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Trade Payables	-	40
Accrued Expenses	705	380
Other Payables	359	-
Total Payables with ACT Government Entities	**1,064**	**420**
Payables with Non-ACT Government Entities		
Trade Payables	1	1,460
Other Payables	12	11
Accrued Expenses	968	835
Total Payables with Non-ACT Government Entities	**981**	**2,306**
Total Payables	**2,045**	**2,726**

[a]The decrease in Trade Payables between years reflects timing differences associated with the acquistion of supplies and services and the associated supplier terms of trade.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 25 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 to be 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 14 finance leases (14 in 2011), which have been taken up as finance lease liability and an asset under a finance lease. These are for motor vehicles. The interest rates implicit in these leases vary from 6.06% to 7.82% with terms up to three years.

	2012 $'000	2011 $'000
Current Interest-Bearing Liabilities		
Secured		
Finance Leases	120	142
Total Current Secured Interest-Bearing Liabilities	**120**	**142**
Unsecured		
ACT Government Borrowings (Gas Facility Loan)	275	260
Commonwealth Borrowings (Land and Buildings Original Loan)	341	341
Total Current Unsecured Interest-Bearing Liabilities	**616**	**601**
Total Current Interest-Bearing Liabilities	**736**	**743**
Non-Current Finance Leases		
Secured		
Finance Leases	238	247
Total Non-Current Secured Interest-Bearing Liabilities	**238**	**247**
Unsecured		
ACT Government Borrowings (Gas Facility Loan)	291	566
Commonwealth Borrowings (Land and Buildings Original Loan)	3,409	3,749
Total Non-Current Unsecured Interest-Bearing Liabilities	**3,700**	**4,315**
Total Non-Current Interest-Bearing Liabilities	**3,938**	**4,562**
Total Interest-Bearing Liabilities	**4,674**	**5,305**

Secured Liability

ACTION's finance lease liability is effectively secured because if the agency 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 2012

NOTE 25 INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

	2012 $'000	2011 $'000
Finance Leases		
Finance lease commitments are payable as follows:		
Within one year	142	166
Later than one year but not later than five years	253	273
Minimum Lease Payments	**395**	**439**
Less: Future Finance Lease Charges	37	50
Amount Recognised as a Liability	**358**	**389**
Total Present Value of Minimum Lease Payments	**358**	**389**
The future minimum lease payments for non-cancellable financing sub-leases expected to be received.	-	-
Classification on the Balance Sheet		
Interest-Bearing Liabilities		
Current Interest-Bearing Liabilities	616	601
Non-Current Interest-Bearing Liabilities	3,700	4,315
Total Interest-Bearing Liabilities	**4,316**	**4,916**
Finance Lease		
Current Finance Leases	120	142
Non-Current Finance Leases	238	247
Total Finance Leases	**358**	**389**
Total Interest-Bearing Liabilities	**4,674**	**5,305**

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 2011-12 year.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 26 EMPLOYEE BENEFITS

	2012 $'000	2011 $'000
Current Employee Benefits		
Annual Leave	6,101	5,572
Long Service Leave [a]	11,851	10,114
Accrued Wages and Salaries[b]	1,602	2,410
Other Employee Benefits[b]	-	526
Total Current Employee Benefits	**19,554**	**18,622**
Non-Current Employee Benefits		
Long Service Leave	1,284	816
Total Non-Current Employee Benefits	**1,284**	**816**
Total Employee Benefits	**20,838**	**19,438**

[a]The increase in long service leave liability reflects a change in the rate used to calculate the present value of future payments of accrued leave, and an increase in the nominal value of leave entitlements. The nominal value of employee leave entitlements has increased to reflect increased salaries in accordance with ACTION's Enterprise Agreement.

[b]The reduction in accrued wages and salaries and other employee benefits reflects the payment, in 2011-12, of amounts owing to industrial staff for the 2010-11 sign on bonus and salary increases negotiated as part of ACTION's Enterprise Agreement, which was formalised in 2011-12.

Estimate of when Leave is Payable		
Estimated Amount Payable within 12 Months		
Annual Leave	6,101	5,572
Long Service Leave	1,149	977
Accrued Wages and Salaries	1,602	2,410
Other Employee Benefits	-	526
Total Employee Benefits Payable within 12 Months	**8,852**	**9,485**
Estimated Amount Payable after 12 Months		
Long Service Leave	11,986	9,953
Total Employee Benefits Payable after 12 Months	**11,986**	**9,953**
Total Employee Benefits	**20,838**	**19,438**

Employee Numbers

The full-time equivalent staff at 30 June 2012 was 799 (30 June 2011, 784).

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 OTHER LIABILITIES

	2012 $'000	2011 $'000
Current Other Liabilities		
Revenue Received in Advance[a]	2,263	1,503
Total Current Other Liabilities	**2,263**	**1,503**

[a]Represents credit balances on MyWay cards which are yet to be used and recognised as revenue, and revenue for bus advertising received in advance. The increase in credit balances on MyWay cards is a result of the higher take up of MyWay cards and passengers maintaining cash balance on cards to ensure sufficient funds are available on the MyWay card to pay the relevant fare when using ACTION services.

NOTE 28 EQUITY

	2012 $'000	2011 $'000

Asset Revaluation Surplus

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

	2012 $'000	2011 $'000
Asset Revaluation Surplus at Beginning of the Reporting Period		
Land	24,775	17,385
Buildings	15,398	21,568
Plant and Equipment	2,667	3,097
Total Asset Revaluation Surplus at Beginning of the Reporting Period	**42,840**	**42,050**
Increase in the Asset Revaluation Surplus		
Increment in Land due to Revaluation	-	7,390
(Decrement) in Buildings due to Revaluation	-	(6,170)
(Decrement) due to Impairment of Plant and Equipment Held for Sale	(445)	-
Increment/(Decrement) in Plant and Equipment due to Revaluation	1,329	(430)
Total Increase in the Asset Revaluation Surplus	**884**	**790**
Total Asset Revaluation Surplus at End of the Reporting Period	**43,724**	**42,840**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 29 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.

ACTION holds cash and cash equivalents with the Commonwealth Bank 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, cash equivalents 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 2012

NOTE 29 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 2012 $'000	Net Fair Value 2012 $'000	Carrying Amount 2011 $'000	Net Fair Value 2011 $'000
Financial Assets				
Cash and Cash Equivalents	1,588	1,588	243	243
Receivables	2,222	2,222	1,366	1,366
Total Financial Assets	**3,810**	**3,810**	**1,609**	**1,609**
Financial Liabilities				
Payables	2,045	2,045	2,726	2,726
ACT Government Borrowings	566	521	826	834
Commonwealth Borrowings[a]	3,749	5,633	4,090	5,156
Finance Leases	358	358	389	389
Total Financial Liabilities	**6,718**	**8,557**	**8,031**	**9,105**

[a]The 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 principle 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 2012

NOTE 29 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 one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

Financial Instruments				Fixed interest Maturing in:							
	Notes	Weighted Average Interest Rate	Floating Interest Rate $'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	More than 5 Years $'000	Non-Interest Bearing $'000	Total $'000
Financial Assets											
Cash and Cash Equivalents	17		-	-	-	-	-	-	-	1,588	1,588
Receivables	18		-	-	-	-	-	-	-	2,222	2,222
Total Financial Assets			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,810**	**3,810**
Financial Liabilities											
Payables	24		-	-	-	-	-	-	-	2,045	2,045
ACT Government Borrowings (Gas Facility Loan)	25	5.50%	-	301	300		-	-	-	-	601
Commonwealth Borrowings (Land and Buildings)	25	12.57%	-	812	769	726	684	641	2,946	-	6,578
Finance Leases	25	7.33%	-	142	196	57	-	-	-	-	395
Total Financial Liabilities			**-**	**1,255**	**1,265**	**783**	**684**	**641**	**2,946**	**2,045**	**9,619**
Net Financial (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 2012

NOTE 29 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 2011. 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.

Financial Instruments				**Fixed interest maturing in:**							
	Notes	**Weighted Average Interest Rate**	**Floating Interest Rate $'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**	**More than 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial Assets											
Cash and Cash Equivalents	17		-	-	-	-	-	-	-	243	243
Receivables	18		-	-	-	-	-	-	-	1,366	1,366
Total Financial Assets			**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,609**	**1,609**
Financial Liabilities											
Payables	24		-	-	-	-	-	-	-	2,726	2,726
ACT Government Borrowings (Gas Facility Loan)	25	5.50%	-	300	301	300	-	-	-	-	901
Commonwealth Borrowings (Land and Buildings)	25	12.57%	-	855	812	769	726	684	3,680	-	7,526
Finance Leases	25	7.42%	-	166	129	145	-	-	-	-	439
Total Financial Liabilities			**-**	**1,321**	**1,242**	**1,214**	**726**	**684**	**3,680**	**2,726**	**11,592**
Net Financial (Liabilities)			**-**	**(1,321)**	**(1,242)**	**(1,214)**	**(726)**	**(684)**	**(3,680)**	**(1,117)**	**(9,983)**

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 29 FINANCIAL INSTRUMENTS - CONTINUED

	2012 $'000	2011 $'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Loans and Receivables	2,222	1,366
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	6,718	8,031

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.

NOTE 30 COMMITMENTS

Capital Commitments	2012 $'000	2011 $'000

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

Payable:		
Within one year	8,673	11,791
Later than one year but not longer than five years	-	-
Total Capital Commitments	**8,673**	**11,791**

Capital commitments for 2012 relate to the balance of amounts owing for 20 Scania articulated buses which ACTION expects to take delivery of in 2012-13.

Operating Lease Commitments

Operating lease commitments contracted at reporting date that have not been recognised as liabilities are as follows:

Payable:		
Within one year	371	371
Later than one year but not longer than five years	172	517
Total Operating Lease Commitments	**543**	**888**

Operating lease commitments relate to leases on special needs transport vehicles and community buses, which were taken out in early 2009-10. The reduction in this liability reflects payments made and the progressive reduction of amounts owing as the term of the lease reduces.

Other Commitments

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

Payable:		
Within one year	3,402	3,357
Later than one year but not longer than five years[a]	10,510	9,041
Total Other Commitments	**13,912**	**12,398**

[a]ACTION has restated its comparative 2010-11 figures for other commitments. ACTION has changed the way it identifies other commitments at reporting date to include commitments where a contract or service level agreement exists and it is likely that ACTION will be required to pay amounts in line with these arrangements. Prior to this change ACTION did not recognise payments due under service level agreements in its other commitments.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 31 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

ACTION is subject to various claims as at the reporting date with the total estimated liability being $4.842m ($5.634m, 2011). 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 $4.842m ($5.634m, 2011), ACTION has insurance coverage through the ACT Insurance Authority for the majority of such legal claims. The contingent assets relating to these claims would be $4.342m ($4.684m, 2011).

NOTE 32 INCOME TAX EQUIVALENT EXPENSE	**2012 $'000**	**2011 $'000**
(a) Components of Income Tax Equivalents Expense/(Income)		
Current Tax Equivalents (Income)	(1,247)	(2,276)
Adjustments Recognised in Period for Current Tax of Prior Periods	-	(353)
Deferred Tax Equivalents (Income) Relating to the Origination and Reversal of Temporary Differences	444	(1,265)
Tax Effect of Tax Losses not Recognised	1,247	2,276
Tax Effect of Temporary Differences not Recognised	(444)	1,265
Tax Effect of Prior Year Tax Losses not Recognised	-	353
	-	-

(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	8,675	12,239
Income Tax Equivalents (Income) Calculated at 30%	(2,602)	(3,672)
Non-Deductible Expenses	-	2
	(2,602)	(3,670)
Tax Effect of Tax Losses not Recognised	1,247	2,277
Tax Effect of Temporary Differences not Recognised	444	1,265
Tax Effect of Reversal of Temporary Differences from Prior Years	911	(109)
Tax Effect of Temporary Differences in Equity	-	237
	-	-

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	21,284	17,169
Temporary Differences	8,113	7,785
Temporary Differences not Recognised in Equity	(12,494)	(12,610)
	16,903	**12,344**

ACTION is exempt from 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 2012

NOTE 33 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.

	2012 $'000	2011 $'000
Cash at Bank	1,446	117
Cash on Hand	142	126
Cash and Cash Equivalents at the End of the Financial Year as Recorded in the Balance Sheet	**1,588**	**243**

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

	2012 $'000	2011 $'000
Operating (Deficit)	(8,675)	(12,239)
Add/(Less) Non-Cash Items		
Loss/(Gain) on Disposal of Assets	297	(4)
Loss on Revaluation of Buses	-	5,011
Gains on First Time Recognition of Assets	(17)	-
Depreciation	8,520	7,594
Impairment of Receivables	64	446
Add/(Less) Item Classified as Investing or Financing		
Payable Relating to Capital Assets	-	(273)
Net Cash Before Changes in Operating Assets and Liabilities	**189**	**535**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	(920)	1,586
Decrease in Inventories	93	32
Decrease/(Increase) in Other Assets	120	(31)
(Decrease) in Payables	(406)	(1,100)
Increase in Employee Benefits	1,401	222
Increase in Other Liabilities	759	399
Net Changes in Operating Assets and Liabilities	**1,047**	**1,108**
Net Cash Inflows from Operating Activities	**1,236**	**1,643**

(c) Non-Cash Financing and Investing Activities

	2012 $'000	2011 $'000
Acquisition of Motor Vehicles by means of Finance Lease	122	242

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 34 EVENTS OCCURRING AFTER BALANCE DATE

There were no events that occurred after the balance date to record.

NOTE 35 THIRD PARTY MONIES

ACTION holds salary packaging money for ACT Government employees who have elected to salary package with external salary packaging providers.

Salary Packaging Monies	2012 $'000	2011 $'000
Balance at the Beginning of the Reporting Period	7	8
Cash Receipts	77	104
Cash Payments	(82)	(105)
Balance at the End of the Reporting Period	**2**	**7**

NOTE 36 GUARANTEES

There were no guarantees or undertakings by ACTION that are not disclosed within the financial statement or the accompanying notes.

PERFORMANCE AND FINANCIAL REPORTING

A7 Statement of Performance
ACTION

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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 2012 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 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 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.

Negative finding

In the statement of performance, ACTION has disclosed that the result of 70 percent for accountability indicator Output 1: Public Transport – percentage of services operating on scheduled time 'does not include buses that have broken down'.

The reported result for this accountability indicator is overstated by the exclusion of bus services that were not provided on time because the bus has broken down.

As also disclosed in the statement of performance, ACTION is unable to quantify the effect that bus break downs would have had on the reported result for the 'percentage of services operating on scheduled time'.

Review opinion

Based on the review procedures, except for the negative finding referred to above, 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 2012, 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.

M. Cooper

Dr Maxine Cooper
Auditor-General
14 September 2012

ACTION
Statement of Performance
For the Year Ended 30 June 2012

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 2012 and also fairly reflects the judgements exercised in preparing them.

Gary Byles
Director General
Territory and Municipal Services Directorate

14 September 2012

ACTION
Statement of Performance
For the Year Ended 30 June 2012

OUTPUT CLASS 1: PUBLIC TRANSPORT
ACCOUNTABILITY INDICATORS

OUTPUT 1.1: 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 2011-12	Actual Result 2011-12	% Variance from Original / Amended Target	Explanation of Material Variances
Customer satisfaction with ACTION services as assessed by passenger surveys				
- including somewhat satisfied responses	85%	78%	(8%)	1
- excluding somewhat satisfied responses	85%	53%	(38%)	1
Percentage of in service fleet fully compliant with standards under the *Disability Discrimination Act 1992* [a]	51%	54.3%	7%	2
Percentage of in service fleet Euro 3 or better Emission Standard compliant[b]	40%	46%	15%	2
Total cost per vehicle kilometre	$4.52	$4.52	0%	
Total cost per passenger boarding	$6.00	$6.75	13%	3
Farebox recovery as a percentage of total cost	22%	16.55%	(25%)	4
Percentage of services operating on scheduled time[c]	85%	70%	(18%)	5
TOTAL COST ($'000)	**$118,262**	**$123,438**	**4%**	
SERVICE PAYMENTS FROM THE GOVERNMENT SECTOR ($'000)	**$71,469**	**$82,451**	**15%**	6

Explanation of Accountability Indicators

a. 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.

b. Euro emission standards define the acceptable limits for exhaust emissions of vehicles.

c. On scheduled time describes a bus service that departs a timing point stop between 1 minute earlier and 4 minutes later than the scheduled time.

Explanation of Variances:

1. 2011-12 was the first full year of operation for the MyWay ticketing system. The result reflects patrons transitioning to the new system. The survey includes a "somewhat satisfied" response in the rating scale. For clarity, the result has been shown including and excluding "somewhat satisfied" responses.
2. The result exceeds the target due to the commissioning of new buses that meet *Disability Discrimination Act 1992* specifications and Emission standard requirements.
3. The result is higher than target due to lower than budgeted passenger numbers and higher costs relating to workers compensation insurance, employee wages and a change in the rate used to calculate the present value of employee benefits.
4. The result reflects lower than budgeted revenue due to revised fare structures and higher than budgeted costs relating to workers compensation insurance and employee costs.
5. This is the first time that Global Positioning System (GPS) data has been used to capture operational performance in comparision to scheduling information. These results will assist in future scheduling improvements. This result does not include buses that have broken down. ACTION has been unable to quantify the effect of the buses that did not arrive due to breakdowns, however ACTION operates on a benchmark for service delivery of 99.5%.
6. The result reflects additional funding provided to meet employee wages and pressures associated with increased service delivery, higher workers compensation insurance and lower fare revenues as a result of a revised pricing structure for MyWay fares and lower than budgeted passenger numbers.

PERFORMANCE AND FINANCIAL REPORTING

A8 Strategic Indicators ACTION

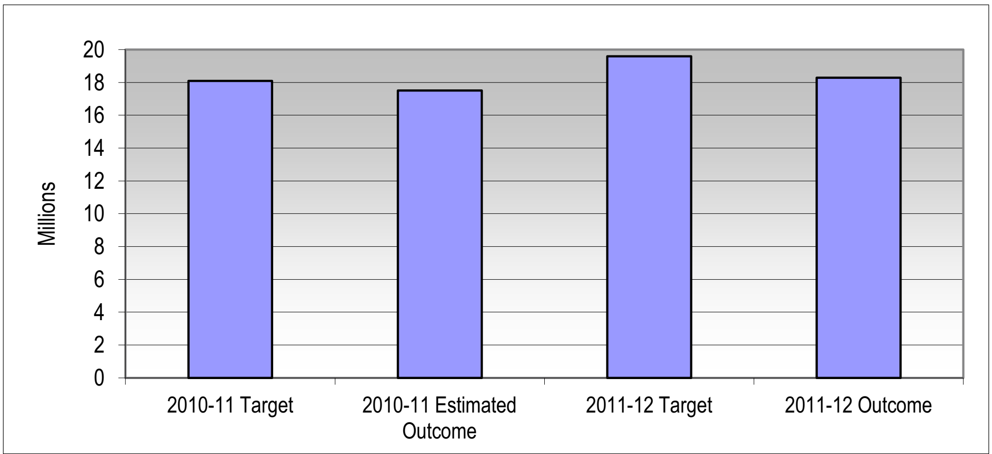
STRATEGIC INDICATOR ACTION

Public transport initiatives play an important role in the Sustainable Transport Plan. Factors that contribute to increasing patronage and modal share relating to the proportion of people choosing public transport as their preferred method, as opposed to alternative modes such as private vehicles, include:

- the availability and reliability of network services to the community; and
- the quality of the bus fleet supporting those services, as reflected in the number of vehicles that run on environmentally friendly fuels to minimise environmental degradation and vehicles that meet the standards specified under the Disability Discrimination Act 1992.

Strategic Indicator 1

Total Yearly Passenger Boardings



Total yearly passenger boardings for 2011-12 is measured by the MyWay ticketing system and represents the number of individual trips. The number of passenger trips undertaken on ACTION buses increased in 2011-12, when compared with the estimated number of passenger trips for the previous financial year. However, despite this ACTION was not able to achieve its target for passenger boardings. ACTION expects that passenger numbers will continue to improve in 2012-13, as a result of continuous improvements in service frequency and delivery. The Wayfarer ticketing system was replaced in April 2011 and experienced increasing failure rates throughout the year due to its age and lack of available spare parts. These failures resulted in an incomplete record of passenger boardings for the 2010-11 outcome. A conservative estimate of total passenger boardings for the year has been reported above.

LIST OF ABREVIATIONS AND ACRONYMS

ACT	Australian Capital Territory
ACTEW	ACT Electricity and Water
ACTGS	ACT Government Solicitor's office
ACTIA	ACT Insurance Authority
ACTION	ACT Internal Omnibus Network
ACTHL	ACT Heritage Library
ACTPG	ACT Property Group
ACTPS	ACT Public Service
ALIA	Australian Library and Information Association
ANU	Australian National University
APZs	Asset Protection Zones
ASBA	Australian School-Based Apprenticeships
AS/NZS	Australian/New Zealand Standard
ATSI	Aboriginal and Torres Strait Islander
AWAs	Australian Workplace Agreements
AWAC	Animal Welfare Advisory Committee
BA	Building Applications
BE	Business Enterprises Division
BOP	Bushfire Operational Plan
BPay®	Bill Pay
CCTV	Closed circuit television
CFLs	Compact Fluorescent Lightbulbs
CFO	Chief Finance Officer
CIT	Canberra Institute of Technology
CLS	Capital Linen Service
CMCD	Chief Minister and Cabinet Directorate
CMP	Conservation management plan
CNG	Compressed natural gas
CO2	Carbon dioxide
COTA	Council on the Ageing
CSE	Commissioner for Sustainability and the Environment
DAS	Domestic Animal Services
DAISY	Digital Accessible Information System
DCC	Directorate Consultative Committee
DDA	Disability Discrimination Act 1992
DS	Directorate Services Division
EDP	Estate Development Plans
DDG	Deputy Director-General
DG	Director-General
EDD	Economic Development Directorate
EDs	Executive Directors
ELT	Executive Leadership Team
EPIC	Exhibition Park in Canberra
ESDD	Environment and Sustainable Development Directorate
ETD	Education and Training Directorate
FOI	Freedom of Information
FTE	Full-time equivalent
GDE	Gungahlin Drive Extension
GM	General Managers
HR	Human Resources
HR21	Automated human resource management system
HSRs	Health and Safety Representatives
IAC	Internal Audit Committee
IAMS	Integrated Asset Management System
ICT	Information and communications technology
JACSD	Justice and Community Safety Directorate
Km	Kilometres
LDA	Land Development Agency
LED	Light emitting diode
LOTE	Languages other than English
LPG	Liquefied petroleum gas
m^2	metres squared
MLA	Member of the Legislative Assembly
MLRMC	Mugga Lane Resource Management Centre
MOU	Memorandum of Understanding
MRF	Material Recycling Facility

NAIDOC	National Aboriginal Islander Day of Observance Committee
NRAWG	Namadgi Rock Art Working Group
NSW	New South Wales
OSCAR	Online System for Comprehensive Activity Reporting
PAC	Public Accounts Committee
PCS	Parks and City Services Division
PID	Public Interest Disclosure
PMCoP	Project Management Community of Practice
Pty Ltd	Proprietary Limited
RED	Respect, Equity and Diversity
RFID	Radio Frequency Identification
RFS	ACT Rural Fire Service
RMC	Risk Management Committee
RMIA	Risk Management Institution of Australasia
RMWG	Risk Management Working Group
RPT	Roads and Public Transport Division
RSPCA	Royal Society for the Prevention of Cruelty to Animals
RTA	Road Traffic Authority
RTPIS	Real Time Passenger Information Service
SAMC	Strategic Asset Management Committee
SAMP	Strategic Asset Management Plan
SBMP V2	Strategic Bushfire Management Plan Version 2
SEA	Special employment arrangement
SAMC	Strategic Asset Management Committee
SERBIR	Senior Executive Responsible for Business Integrity Risk
SOG	Senior Officer Grade
TAMS	Territory and Municipal Services Directorate
U3A	University of the Third Age
UFRP	Urban Forest Renewal Program
VBC	Village Building Company
WCU	Worker Consultation Unit
WHS	Workplace Health and Safety
WHSSC	Workplace Health and Safety Steering Committee
YPN	Young Professionals' Network

OTHER SOURCES OF INFORMATION ABOUT TAMS

WEBSITES

www.tams.act.gov.au
www.act.gov.au
www.action.act.gov.au
www.archives.act.gov.au
www.bookings.act.gov.au
www.canberracemeteries.com.au
www.canberraconnect.act.gov.au
www.contact.act.gov.au
www.directory.act.gov.au
www.gde.act.gov.au
www.library.act.gov.au
www.librarycatalogue.act.gov.au
www.majuraparkway.act.gov.au
www.nationalarboretum.act.gov.au
www.territoryrecords.act.gov.au
www.tidbinbilla.com.au
www.transport.act.gov.au

PUBLICATIONS

A range of hard copy publications about TAMS programs, services and facilities is available from Canberra Connect shopfronts.

PHONE

Phone Canberra Connect on 13 22 81 to contact any area in TAMS or other ACT Government directorate.

IN PERSON

Visit any Canberra Connect Shopfront at Tuggeranong, Woden, Dickson or Belconnen.

ANNEXED REPORTS

ACT Government

TRANSMITTAL CERTIFICATE

We are pleased to present the 2011-2012 annual management report and financial statements of the ACT Public Cemeteries Authority (the Authority) including statements for Perpetual Care Trust funds for Woden, Gungahlin and Hall cemeteries.

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 by 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 2011-2012 has been included and that it complies with the Chief Minister's Annual Report Directions.

We also hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standard 2, Part 2.4.

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.

D. L. Kargas	[signature]
Diane Kargas AM	Hamish Horne
Chair	Chief Executive Officer
19 September 2012	19 September 2012

PERFORMANCE AND FINANCIAL REPORTING

A5 Management Discussion and Analysis ACT PUBLIC CEMETERIES AUTHORITY

Management Discussion and Analysis
for ACT Public Cemeteries Authority
for the year ended 30 June 2012

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. The Perpetual Care Trusts are to provide for maintenance for each site in perpetuity. The Minister has set a percentage of income that must be paid into each fund. Amendments to the *Cemeteries and Crematoria Act 2003* that came into force in July 2006 made some changes to the arrangements for the percentage. These changes include the *Reserve Percentage* (the minimum balance that is required for each fund on the Review Date*)* and the *Review Date (*the date on which the percentages will be reviewed). Following a review of the Perpetual Care Trust (PCT) fund arrangements, the *Reserve Percentage* and *Review Date* were set in 2011 giving the Authority a clear 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. In 2010-11 and 2011-12 the Authority made “above-model” contributions to the Gungahlin PCT fund in order to offset some of the shortfall. 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

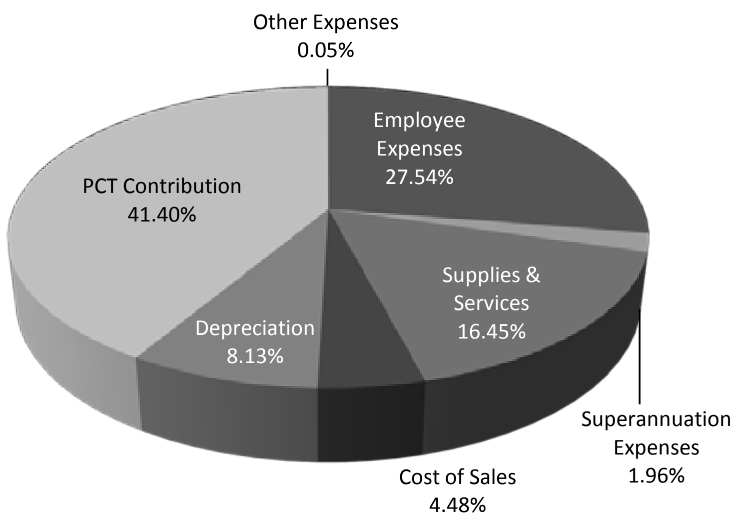
The following financial information is based on the forward estimates contained in the 2011-12 Statement of Intent and internal reports for 2011-12.
Note: *These figures contain adjustments for prior period errors found in the 2010-11 end of year audit. These relate to a change in the treatment of allotments from Property, Plant and Equipment (PPE) to Inventory and the reclassification of revenue received in advance from non-current liabilities to current liabilities.*

Expenditure

1. Components of Expenditure

Figure 1 indicates the components of the Authority's expenditure to June 2012 with the largest component of expenditure, not including Perpetual Care Trust (PCT) fund contributions, being employee expenses which represents **28 percent** of ordinary activities or **$1.310 million**. While a larger actual proportion ($1.969 million), PCT Contributions are, in effect, netted against PCT Drawdowns (see *Income* below). PCT Contributions are calculated as a percentage of burial related income.
Due to the change in accounting practice in June 2011 an additional line has been added to the operating statement- Cost of Sales, which was not included in the original budget. This expense relates to the direct costs for burial including interment sites, plaques and memorials which were previously capitalised and includes some expenses reallocated from Supplies and Services. While less significant than other items they are none the less important at a total of $0.213m.

Figure 1 - Components of Expenditure 30 June 2012



2. Comparison to Budget

Total expenditure of **$4.757 million** was **$0.683 million**, or **16.8 percent** above the 2011-12 Budget. This principally reflects higher than budgeted voluntary PCT contributions, additional employee expenses from new positions, backfilling for staff on leave and Cost of Sales as described above. These were offset by lower than budgeted superannuation payments, supplies and services.

3. Comparison to 2010-11 Actual Expenditure

Total expenditure was **$0.822 million**, or **20.9 percent** higher than the 2010-11 actual result. This was principally due to additional PCT contributions, higher employee expenses and cost of sales to PCT funds as described above.

4. Future Trends

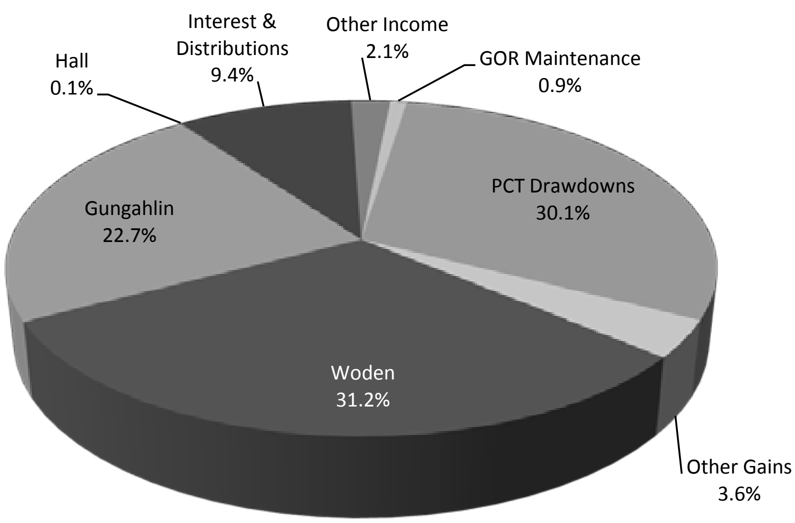
It is expected that expenses will continue to rise annually in the short term, by approximately the CPI. The Authority plans to move surplus funds to PCT accounts wherever possible to reduce the long term liability.

Income

1. Components of Income

Figure 2 below indicates that for the period to 30 June 2012 the Authority received **87.1 percent** of its total income of **$5.220 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 (57 percent) and drawdowns from Perpetual Care Trust Funds which represent user charges indirectly (32 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 2012



2. Comparison to Budget

Total income for the period ending 30 June 2012 was **$5.220 million**, which including PCT Drawdowns, was **$0. 839 million** higher than the 2011-12 Budget of **$4.381million.** Revenue from User Charges non-ACT Government was above budget by **17 percent** principally due to higher than anticipated Mausoleum income. Other Revenue for the period ending 30 June 2012 including drawdown from Perpetual Care Trusts was above budget by **16.1 percent** due to above budget expenses on which this income is based.

3. Comparison to 2010-11 Actual Income

Total income to 30 June 2012 was **$1.005 million**, or **21.8 percent** higher than the 2010-11 actual result. This represented an increase of **23.9 percent** in User Charges income and a **20.4 percent** increase in PCT fund drawdown income for reasons described above.

4. Future Trends

Total income for 2012-13 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.

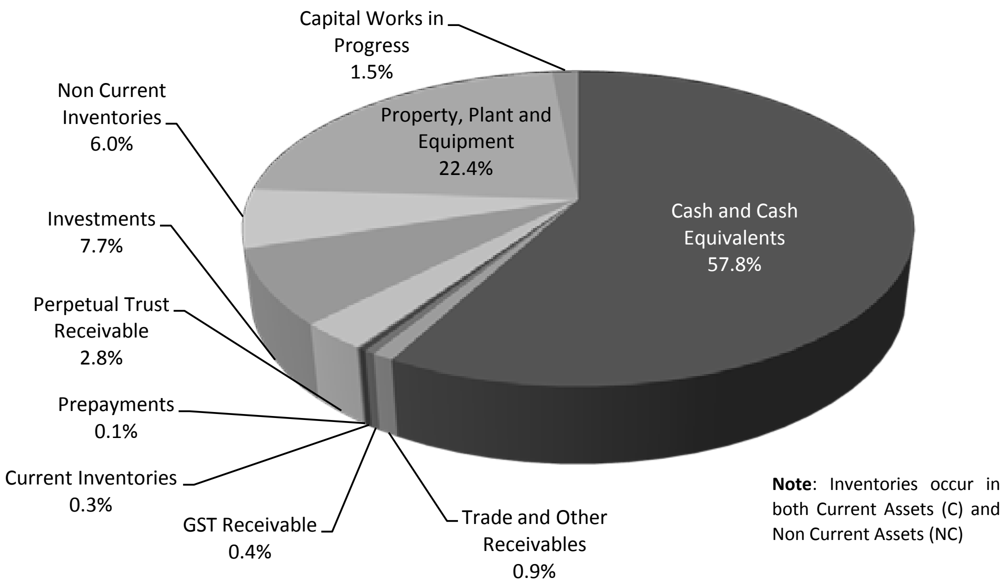
Financial Position

Total Assets

1. Components of Total Assets

Figure 3 below indicates that for the financial period ended 30 June 2012, the Authority held **22.4 percent** of its assets in Property, Plant and Equipment and **57.8 percent** in Cash and Cash Equivalents. This is a change from the budget with the introduction of Inventories due to a change in accounting practice relating to prior year errors.

Figure 3 – Total Assets breakdown as at 30 June 2012



2. Comparison to Budget

The total asset position as at 30 June 2012 is **$13.984 million**, which is **15.7 percent** below the 30 June 2012 Budgeted position of **$16.587 million**. This is principally due to an adjusted 30 June 2010 Actual position to reflect the prior year error under the changed accounting practice noted previously which caused much lower starting position than budgeted for 2011-12.

3. Comparison to 2010-11 Actuals

The Authority's total asset position is **$1.075 million** higher than the adjusted 2010-11 actual result of **$12.909 million** due to an increase in Cash and Cash Equivalents 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 2010-11 (adjusted)	Current Year Budget $'000s 2011-12	Current Year Actual $'000s 2011-12	Forward Year Budget $'000s 2012-13	Forward Year Budget $'000s 2012-13	Forward Year Budget $'000s 2013-14
Current Assets	7,616	7,619	8,330	8,795	9,326	9,811
Current Liabilities	4,593	1,333	5,417	5,328	5,480	5,663
Current Ratio	1.7	5.7	1.5	1.7	1.7	1.7

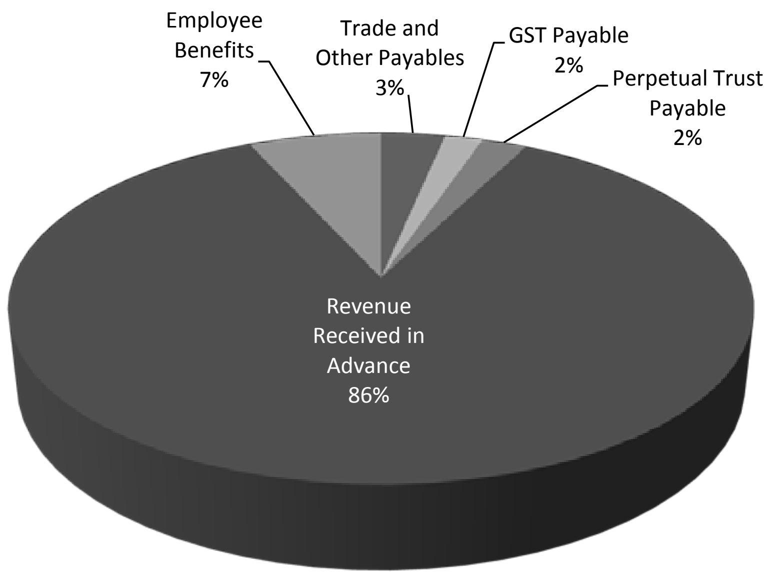
The Authority's current ratio for the financial year to 30 June 2012 is **1.7:1**, which is below budget. This is due as discussed to a reclassification of revenue received in advance from non-current to current.

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 (**86 percent**).

Figure 4 – Total Liabilities breakdown as at 30 June 2012



The Authority's liabilities for the period ended 30 June 2012 of **$5.445 million** is above budget by **18.4 percent**, which principally reflects higher than expected reservation sales, particularly Mausoleum.

Total liabilities are **$0.473 million** higher than the 2010-11 actual results of **$4.972 million** which reflects normal inflationary growth and higher than expected reservation sales described above.

PERFORMANCE AND FINANCIAL REPORTING

A6 Financial Reports
ACT PUBLIC CEMETERIES AUTHORITY

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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) 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.

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 2012:

(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 2012 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
4 September 2012

ACT Public Cemeteries Authority
Financial Statements
For the Year Ended 30 June 2012

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 2012 and the financial position of the Authority on that date.

MSWatt

Margaret Watt
Acting Chairperson
ACT Public Cemeteries Authority
16 July 2012

ACT Public Cemeteries Authority
Financial Statements
For the Year Ended 30 June 2012

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 2012 and the financial position of the Authority on that date.

H. Horne.

Hamish Horne
Chief Executive Officer
ACT Public Cemeteries Authority
16 July 2012

ACT Public Cemeteries Authority

Financial Statements For the Year Ended 30 June 2012

ACT Public Cemeteries Authority
Operating Statement
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $	Original Budget 2012 $	Actual 2011 $
Income				
Revenue				
User Charges - Non-ACT Government	4	2,817,444	2,409,000	2,351,296
Interest	5	429,435	414,000	410,291
Distribution from Investments with Territory Banking Account	6	59,688	70,000	69,651
Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts	7	1,572,299	1,413,000	1,306,049
Other Revenue	8	68,467	35,000	35,404
Total Revenue		4,947,333	4,341,000	4,172,691
Gains				
Other Gains	9	272,921	40,000	42,185
Total Gains		272,921	40,000	42,185
Total Income		**5,220,254**	**4,381,000**	**4,214,876**
Expenses				
Employee Expenses	10	1,309,962	1,142,000	1,148,386
Superannuation Expenses	11	93,189	122,000	107,929
Supplies and Services	12	782,424	797,000	641,513
Depreciation and Amortisation	13	386,660	385,000	292,462
Cost of Sales	14	213,228	-	209,555
Revenue Transferred to the Perpetual Care Trusts	15	1,969,161	-	1,511,358
Other Expenses	16	2,343	1,628,000	23,649
Total Expenses		**4,756,967**	**4,074,000**	**3,934,852**
Operating Surplus		**463,287**	**307,000**	**280,025**
Other Comprehensive Income				
(Decrease)/increase in the Asset Revaluation Surplus		(16,769)	-	200,245
Total Other Comprehensive Income		**(16,769)**	**-**	**200,245**
Total Comprehensive Income		**446,518**	**307,000**	**480,270**

ACT Public Cemeteries Authority
Balance Sheet
As at 30 June 2012

	Note No.	Actual 2012 $	Original Budget 2012 $	Actual 2011 $
Current Assets				
Cash and Cash Equivalents	19	8,083,144	7,415,000	7,360,590
Receivables	20	186,132	190,000	203,716
Inventories	22	43,759	-	36,611
Other Assets	26	16,594	14,000	15,207
Total Current Assets		**8,329,629**	**7,619,000**	**7,616,124**
Non-Current Assets				
Receivables	20	392,919	561,000	107,861
Investments	21	1,075,910	760,000	1,031,880
Inventories	22	845,455	-	758,526
Property, Plant and Equipment	23	3,057,273	6,920,000	3,302,432
Intangibles	24	72,694	-	-
Capital Works in Progress	25	210,336	727,000	92,892
Total Non-Current Assets		**5,654,587**	**8,968,000**	**5,293,591**
Total Assets		**13,984,216**	**16,587,000**	**12,909,716**
Current Liabilities				
Payables	27	410,537	215,000	434,639
Employee Benefits	28	342,881	402,000	340,112
Revenue Received in Advance	29	4,663,444	716,000	4,179,199
Total Current Liabilities		**5,416,862**	**1,333,000**	**4,953,950**
Non-Current Liabilities				
Employee Benefits	28	28,588	24,000	18,467
Other		-	3,241,000[1]	-
Total Non-Current Liabilities		**28,588**	**3,265,000**	**18,467**
Total Liabilities		**5,445,450**	**4,598,000**	**4,972,417**
Net Assets		**8,538,766**	**11,989,000**	**7,937,298**

1. Other liabilities is non-current revenue received in advance which was reclassified as current after the Statement of Intent was released.

ACT Public Cemeteries Authority
Balance Sheet – Continued
As at 30 June 2012

	Note No.	Actual 2012 $	Original Budget 2012 $	Actual 2011 $
Equity				
Accumulated Funds		7,495,904	9,513,000	6,867,770
Asset Revaluation Surplus	29	1,042,862	2,476,000	1,069,528
Total Equity		**8,538,766**	**11,989,000**	**7,937,298**

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 2012

	Note No.	Accumulated Funds Actual 2012 $	Asset Revaluation Surplus Actual 2012 $	Total Equity Actual 2012 $	Original Budget 2012 $
Balance at the Beginning of the Reporting Period		**6,867,770**	**1,069,528**	**7,937,298**	**10,955,000**
Comprehensive Income					
Operating Surplus		463,287	-	463,287	307,000
(Decrease) in the Asset Revaluation Surplus	29	-	(16,769)	(16,769)	-
Total Comprehensive Income		**463,287**	**(16,769)**	**446,518**	**307,000**
Transfers to/(from) reserves	29	9,898	(9,898)	-	-
Total Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections		154,949	-	154,949	727,000
Total Transactions Involving Owners Affecting Accumulated Funds		-	-	-	**727,000**
Balance at the End of the Reporting Period		**7,495,904**	**1,042,862**	**8,538,766**	**11,989,000**

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 2012

	Note No.	Accumulated Funds Actual 2011 $	Asset Revaluation Surplus Actual 2011 $	Total Equity Actual 2011 $
Balance at the Beginning of the Reporting Period		**6,531,948**	**925,080**	**7,457,028**
Comprehensive Income				
Operating Surplus		280,025	-	280,025
Increase in the Asset Revaluation Surplus	30	-	200,245	200,245
Total Comprehensive Income		**280,025**	**200,245**	**480,270**
Transfers to/(from) Reserves	30	55,797	(55,797)	-
Balance at the End of the Reporting Period		**6,867,770**	**1,069,528**	**7,937,298**

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 2012

	Note No.	Actual 2012 $	Original Budget 2012 $	Actual 2011 $
Cash Flows from Operating Activities				
Receipts				
User Charges – Non-ACT Government		3,281,023	2,569,000	2,769,548
Reimbursement of Maintenance and Related Expenditure from Perpetual Care Trusts		1,354,207	1,434,000	1,242,205
Interest and Distributions Received		529,371	485,000	468,291
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		167,450	-	144,351
Goods and Services Tax Collected from Customers		345,528	-	274,377
Other		68,468	268,000	35,405
Total Receipts from Operating Activities		**5,746,047**	**4,756,000**	**4,934,177**
Payments				
Cash Transferred to Perpetual Care Trusts		1,969,161	1,909,000	1,469,534
Employee		1,298,332	906,000	1,143,430
Superannuation		91,930	111,000	108,154
Supplies and Services		792,492	1,019,000	597,093
Cost of Sales		201,806	-	135,706
Goods and Services Tax Remitted to the Australian Taxation Office		330,041	-	158,743
Goods and Services Tax Paid to Suppliers		179,514	-	252,254
Other		600	-	600
Total Payments from Operating Activities		**4,863,876**	**3,945,000**	**3,865,514**
Net Cash Inflows from Operating Activities	32	**882,171**	**811,000**	**1,068,662**
Cash Flows from Investing Activities				
Receipts				
Proceeds from the Sale of Property, Plant and Equipment		29,960	-	26,727
Total Receipts from Investing Activities		**29,960**	**-**	**26,727**
Payments				
Purchase of Property, Plant and Equipment		179,031	907,000	329,408
Payments for Capital Works in Progress		165,495	-	98,614
Total Payments from Investing Activities		**344,526**	**907,000**	**428,022**
Net Cash (Outflows) from Investing Activities		**(314,566)**	**(907,000)**	**(401,295)**

ACT Public Cemeteries Authority
Cash Flow Statement Continued
For the Year Ended 30 June 2012

	Note No.	Actual 2012 $	Original Budget 2012 $	Actual 2011 $
Cash Flows from Financing Activities				
Receipts				
Capital Injections		154,949	727,000	-
Total Receipts from Financing Activities		**154,949**	**727,000**	**-**
Net Increase in Cash and Cash Equivalents Held		**722,554**	**631,000**	**667,367**
Cash and Cash Equivalents at the Beginning of the Reporting Period		7,360,590	6,784,000	6,693,223
Cash and Cash Equivalents at the End of the Reporting Period	32	**8,083,144**	**7,415,000**	**7,360,590**

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 2012

	Original Budget 2012 $	Total Appropriated 2012 $	Appropriation Drawn 2012 $	Appropriation Drawn 2011 $
Capital Injections	727,000	727,000	154,949	-
Total Appropriation	**727,000**	**727,000**	**154,949**	-

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

Capital Injections

The difference between the Total Appropriated and the Appropriation Drawn down is largely due to design delays associated with the new Southern Cemetery project. Appropriation that was not drawn down for this project and has been rolled over to the following reporting period.

ACT Public Cemeteries Authority
NOTE INDEX

ACT Public Cemeteries Authority
NOTE INDEX - CONTINUED

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 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.

In accordance with section 11 of the Act, the perpetual care trust percentages determined by the Minister for the three Trusts are: Gungahlin 53%; Woden 65%; and Hall 63%.

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. To set aside funds for the reserves, further revenue contributions are made at the discretion of the Board. These contributions are additional to contributions made based on the Perpetual Care Trust percentages.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2012 together with the financial position of the Authority as at 30 June 2012.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2012

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. However, intangible assets that are not yet available for use are tested for impairment regardless of whether there is an indication of impairment, or more frequently if events or circumstances indicate they might be impaired.

Any resulting impairment losses for 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 2012

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 price of units in the unit trust fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust 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 trust (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 are classified as either works in progress or finished goods. Works in progress includes 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 2012

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 $1,000 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. 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 Agency'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 Agency;

(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 2012

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/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 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	1 - 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 are 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 2012

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 2011-12, the rate used to estimate the present value of these future payments is 106.6% (92.2% in 2010-11).

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 2012

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.

(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.

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. If this assessment indicates an asset is impaired, then an assessment of the asset's recoverable amount must be estimated to determine whether an impairment loss must be recognised.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(v) Significant Accounting Judgements and Estimates – Continued

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. 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 or depreciated replacement cost as determined by an independent valuer. The value of land under roads is recognised in the total value of land held by the Authority.

(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 2013);
- 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 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 2013);
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138,139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (application date 1 January 2013);

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(w) Impact of Accounting Standards Issued but yet to be Applied – Continued

- 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 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012); and
- 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).

NOTE 3 CHANGE IN SIGNFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES, AND CORRECTION OF PRIOR PERIOD ERRORS

Change in Accounting Estimate

Revision of the estimate of Employee Benefits

As disclosed in Note 2(s): '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. Last financial year, the rate used to estimate the present value of these payments was 92.2%, however due to a change in the government bond rate the rate is now 106.6%.

As such the estimate of the long service leave liability has changed.

This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of $25,907.

Change in Significant Accounting Policies

There were no changes to significant accounting policies in the current reporting period.

Correction of Material Prior Period Errors

The Authority had no correction of material prior period errors during the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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.

	2012 $	2011 $
User Charges – Non-ACT Government		
Allotment and Reservation Fees [a]	931,195	735,835
Burial Fees [b]	581,311	630,604
Maintenance Fees [c]	781,120	539,414
Sales of Plaques, Monuments and Vaults [d]	400,440	351,885
Memorial Permit Fees	123,378	93,558
Total User Charges – Non-ACT Government	**2,817,444**	**2,351,296**

a. The increase in Allotment and Reservation Fees was due to above estimated sales on Mausoleum and price rises.
b. Burial Fees decreased due to the decrease in the number of burials performed.
c. The increase in Sales of Plaques, Monuments and Vaults was due to above estimated sales on Mausoleum and price rises.
d. The increase in Memorial Permit Fees were due to the increase sales of vaults and price rises.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 5 INTEREST

	2012 $	2011 $
Revenue from Non-ACT Government Entities		
Interest Revenue	235,979	410,291
Total Interest Revenue from Non-ACT Government Entities	**235,979**	**410,291**
Revenue from ACT Government Entities		
Interest Revenue	193,456	
Total Interest Revenue from ACT Government Entities	**193,456**	**-**
Total Interest Revenue	**429,435**	**410,291**
Total interest revenue from financial assets not at fair value through profit and loss.	429,435	410,291

NOTE 6 DISTRIBUTIONS

	2012 $	2011 $
Revenue from ACT Government Entities		
Distribution from Investments with the Territory Banking Account	59,688	69,651
Total Distribution from Investments with the Territory Banking Account	**59,688**	**69,651**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 7 REIMBURSEMENT OF MAINTENANCE AND RELATED EXPENDITURE INCURRED ON BEHALF OF THE PERPETUAL CARE TRUSTS

	2012 $	2011 $
Revenue from ACT Government Entities		
Woden Cemetery Perpetual Care Trust [a]	798,485	684,889
Gungahlin Cemetery Perpetual Care Trust [b]	770,895	612,772
Hall Cemetery Perpetual Care Trust [c]	2,919	8,388
Total Reimbursement of Maintenance and Related Expenditure Incurred on Behalf of the Perpetual Care Trusts	**1,572,299**	**1,306,049**

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 increase expenditure for the reporting period.
b. Gungahlin Cemetery Perpetual Care Trust reimbursement increased due to the increase expenditure for the reporting year.
c. Hall Cemetery Perpetual Care Trust reimbursements decreased due to the decrease in related expenditure for the reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 8 OTHER REVENUE

Other Revenue arises from the core activities of the Authority. Other revenue is distinct from Gains, as Gains tend to be items that are not part of the core activities of the Authority.

	2012 $	2011 $
Revenue from Non-ACT Government Entities		
Garden of Remembrance Maintenance [a]	46,220	34,646
Exhumations and Sundries [b]	22,247	758
Total Other Revenue from Non-ACT Government Entities	**68,467**	**35,404**
Total Other Revenue	**68,467**	**35,404**

a. Revenue from the Garden of Remembrance increase due to the increase in contract fees.
b. Exhumation revenue increased this reporting period due to the increase in number of exhumations.

NOTE 9 GAINS

Other gains tend to be 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.

	2012 $	2011 $
Gain on Investments [a]	44,030	1,710
Reversal of the Impairment Loss from Receivables [b]	141,694	40,475
Reversal of Asset Revaluation Decrement Previously Expensed [c]	87,197	-
Total Other Gains	**272,921**	**42,185**

a. Gain on Investments increased this reporting period due to the increased in funds held in investments.
b. The reversal made on the allowances for impairment loss relating to the Gungahlin Perpetual Care Trust is due to an improvement in the Trust's financial position as a result of higher than ministerially determined Perpetual Care Trust contributions made at the discretion of the Board.
c. The reversal made relates to an asset revaluation adjustment in relation to land that was valued as inventory.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 10 EMPLOYEE EXPENSES

	2012 $	2011 $
Wages and Salaries	808,238	773,584
Annual Leave	(698)	5,779
Long Service Leave	(4,887)	(13,046)
Fringe Benefits Tax	26,778	26,207
Workers' Compensation Insurance Premium [a]	49,128	27,834
Temporary Staff [b]	402,734	309,333
Other Employee Benefits and Other On-Costs	28,669	18,695
Total Employee Expenses	**1,309,962**	**1,148,386**
	Number	**Number**
Full-time equivalent employees	**15**	**13**

a. Workers' Compensation Insurance Premium increased this year due to the higher cost of the premium.

b. Temporary staff expenses increased due to the creation of a new employment position and the costs of a replacement for a staff member on long service leave.

NOTE 11 SUPERANNUATION EXPENSES

	2012 $	2011 $
Superannuation Contributions to the Territory Banking Account [a]	33,965	60,319
Superannuation Contributions to External Providers	59,224	47,610
Total Superannuation Expenses	**93,189**	**107,929**

a. Superannuation Contributions to the Territory Banking Account decrease due to the increase in staff using fund of choice.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 12 SUPPLIES AND SERVICES

	2012 $	2011 $
Grounds Maintenance [a]	213,638	155,201
Water Rates [b]	47,481	34,982
Repairs and Maintenance	83,797	81,926
Handling Fees to Funeral Directors	57,395	68,475
Insurance	15,795	16,740
Accounting [c]	105,050	45,500
Motor Vehicle Expenses	22,644	17,096
Contractors and Consultants [d]	67,821	41,528
Security	32,976	41,234
Electricity	10,387	11,026
Audit Fees	37,780	36,608
Telephone	13,829	14,801
Bank Charges	13,294	12,007
Printing and Stationery	5,468	11,105
General Office Expenses	19,079	18,260
Other	35,990	34,824
Total Supplies and Services	**782,424**	**641,513**

a. Ground maintenance increased due to the increase allotments taken up.
b. Water rates increased due to the changes in weather conditions.
c. Accounting fees for the period were higher due to the changes of accounting policies for land and inventory.
d. Contractors and consultants were higher this reporting period due to the increased consultant fees relating to the revaluations taken place last reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 13 DEPRECIATION AND AMORTISATION

	2012 $	2011 $
Depreciation		
Buildings [a]	68,518	38,689
Property Improvements [b]	53,352	19,653
Roadways	42,936	48,750
Landscaping	81,252	86,143
Sheds and Carports	-	3,074
Plant and Equipment [c]	102,513	77,079
Motor Vehicles [d]	27,147	19,074
Total Depreciation	**375,718**	**292,462**
Amortisation		
Intangible Assets [e]	10,942	-
Total Amortisation	**10,942**	**-**
Total Depreciation and Amortisation	**386,660**	**292,462**

a. Depreciation on buildings increased this reporting period due to the revaluation increase.
b. Depreciation on property improvements increased due to the revaluation increase.
c. Depreciation on plant and equipment increased due to the increase in purchases of plant and equipment.
d. Depreciation on motor vehicles increase due to the addition of new vehicles.
e. Amortisation was recognised this year due to the completion of the software upgrade.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 14 COST OF SALES

Cost of Sales	**2012 $**	**2011 $**
Interment Sites [a]	35,643	73,849
Plaques	93,637	81,545
Memorials [b]	27,954	44,938
Vaults [c]	48,873	-
Other	7,121	9,223
Total Cost of Sales	**213,228**	**209,555**

a. Interment sites decreased due to the lower number of burials in this reporting period.
b. Memorials decreased due to the lower number of burials in this reporting period.
c. Vaults expenses increased this reporting period due to increase in sales.

NOTE 15 REVENUE TRANSFERRED TO THE PERPETUAL CARE TRUSTS

Revenue Transferred to the Perpetual Care Trusts	**2012 $**	**2011 $**
Woden Cemetery Perpetual Care Trust [a]	1,058,618	843,198
Gungahlin Cemetery Perpetual Care Trust [b]	907,530	652,386
Hall Cemetery Perpetual Care Trust [c]	3,013	15,774
Total Revenue Transferred to the Perpetual Care Trusts	**1,969,161**	**1,511,358**

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.

During the reporting period, revenue contributions were made to the Gungahlin Perpetual Care Trust in addition to contributions made based on the Perpetual Care Trust percentages. These contributions were to set aside funds for the reserve that the Gungahlin Perpetual Care Trust is required to maintain for future maintenance and related expenditure.

a. Woden Cemetery Perpetual Care Trust transfers increased due to the increase in sales and above model contributions $446,512.
b. Gungahlin Cemetery Perpetual Care Trust transfers increased due to the increase in sales and above model contributions of $371,596.
c. Hall Cemetery Perpetual Care Trust transfers decreased due to the decrease in sales at the Hall Cemetery. However, there were above model contributions made of $1,201.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 16 OTHER EXPENSES

Other Expenses	2012 $	2011 $
Losses from the Sale of Assets [a]	1,743	23,049
Other Expenses	600	600
Total Other Expenses	**2,343**	**23,649**

a. Losses from the sale of assets were lower this reporting period due to the decreased number of assets that were sold.

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.

	2012 $	2011 $
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	37,780	36,608
Total Auditor's Remuneration	**37,780**	**36,608**

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 2012

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 5.95% (6.47% in 2010-11).

The Authority also has funds invested in the Public Trustee of the Australian Capital Territory. These funds earned an average floating interest rate of 5.90% (5.98% in 2010-11).

	2012 $	2011 $
Cash at Bank	1,690,972	1,373,766
Cash on Hand	200	200
Short-Term Deposits	2,919,725	2,707,833
Public Trustee of the ACT - Government Cash Trust Fund	3,472,247	3,278,791
Total Cash and Cash Equivalents	**8,083,144**	**7,360,590**

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 2012

NOTE 20 RECEIVABLES

	2012 $	2011 $
Current Receivables		
Trade Receivables	48,537	32,283
Goods and Services Tax Refundable	60,023	53,614
Accrued Interest	77,572	117,819
Total Current Receivables	**186,132**	**203,716**
Non-Current Receivables		
Perpetual Care Trust Amounts Receivable:		
Gungahlin Cemetery Perpetual Care Trust [a]	696,186	552,822
Less: Allowance for Impairment Losses [b]	(303,267)	(444,961)
Total Non-Current Receivables	**392,919**	**107,861**
Total Receivables	**579,051**	**311,577**

a. The increase in Receivables is mainly due to the increase in the amount owed by the Gungahlin Cemetery Perpetual Care Trust. That increase was due to maintenance expenditure exceeding the Perpetual Care Trust distributions.

b. Allowance for impairment losses decrease this reporting period due to increased funds in the Gungahlin Cemetery Perpetual Care Trust.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 20 RECEIVABLES – CONTINUED

Ageing of Receivables

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$	$	$	$	$
2012					
Not Impaired [1]					
Receivables	575,399	3,652	-	-	579,051
Impaired					
Receivables	-	-	-	303,267	303,267
2011					
Not Impaired [1]					
Receivables	200,415	-	-	111,142	311,577
Impaired					
Receivables	-	-	-	444,961	444,961

1) 'Not Impaired' refers to Net Receivables (that is, Gross receivables less Impaired Receivables).

	2012 $	2011 $
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	444,961	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**	**444,961**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 20 RECEIVABLES – CONTINUED

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities		
Other Receivables	409,362	121,012
Total Receivables with ACT Government Entities	**409,362**	**121,012**
Receivables with Non-ACT Government Entities		
Trade Receivables	48,537	32,283
Other Receivables	121,152	158,282
Total Receivables with Non-ACT Government Entities	**169,689**	**190,565**
Total Receivables	**579,051**	**311,577**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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.

	2012 $	2011 $
Non-Current Investments		
Investments with the Territory Banking Account – Cash Enhanced Portfolio	298,980	301,290
Investments with the Territory Banking Account – Fixed Interest Portfolio	776,930	730,590
Total Non-Current Investments	**1,075,910**	**1,031,880**
Total Investments	**1,075,910**	**1,031,880**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 22 INVENTORIES

	2012 $	2011 $
Current Inventories		
Finished Goods		
Land: Interment Purposes	35,250	19,595
Mausoleum Crypts and Wall Niches	8,508	17,016
Total Finished Goods	**43,759**	**36,611**
Total Current Inventories	**43,759**	**36,611**
Non-Current Inventories		
Work In Progress/Undeveloped		
Land: Interment Purposes	644,635	656,716
Total Work In Progress/Undeveloped	644,635	569,517
Finished Goods		
Land: Interment Purposes	166,570	146,349
Mausoleum Crypts and Wall Niches	34,250	42,660
Total Finished Goods	200,820	189,009
Total Non-Current Inventories	**845,455**	**758,526**
Total Inventories	**889,214**	**795,137**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 23 PROPERTY, PLANT AND EQUIPMENT

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

- 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.

	2012 $	2011 $
Land and Buildings		
Land at Fair Value	270,884	287,653
Total Land Assets	**270,884**	**287,653**
Building at Fair Value	685,175	685,175
Less: Accumulated Depreciation	68,518	-
Total Written Down Value of Buildings	**616,657**	**685,175**
Total Land and Written Down Value of Buildings	**887,541**	**956,059**
Property Improvements		
Property Improvements at Fair Value	246,117	246,117
Less: Accumulated Depreciation	53,352	-
Total Written Down Value of Property Improvements	**192,765**	**246,117**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	2012 $	2011 $
Infrastructure		
Roadways at Fair Value	644,460	644,460
Less: Accumulated Depreciation	42,936	-
Total Written Down Value of Roadways	**601,524**	**644,460**
Landscaping at Fair Value	817,302	805,408
Less: Accumulated Depreciation	81,252	-
Total Written Down Value of Landscaping	**736,050**	**805,408**
Total Written Down Value of Infrastructure	**1,337,574**	**1,449,868**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 23 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	2012 $	2011 $
Plant and Equipment		
Plant and Equipment at Fair Value	670,579	533,750
Less: Accumulated Depreciation	132,810	-
Total Written Down Value of Plant and Equipment	**537,769**	**533,750**
Motor Vehicles		
Motor Vehicle at Fair Value	119,894	99,869
Less: Accumulated Depreciation	18,270	-
Total Written Down Value of Motor Vehicles	**101,624**	**99,869**
Total Written Down Value of Property, Plant and Equipment	**3,057,273**	**3,302,432**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2012

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 2010-11.

	Land	Buildings	Property Improvements	Roadways	Landscaping	Sheds and Carports	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Total
	$	$	$	$	$	$	$	$	$	$
Carrying Amount at the Beginning of the Reporting Period	294,856	449,861	194,016	632,380	700,675	55,338	476,543	74,984	43,317	2,921,970
Additions	-	-	77,299	-	16,039	-	205,849	30,221	-	329,408
Depreciation	-	(38,689)	(19,653)	(48,750)	(86,143)	(3,074)	(77,079)	(19,074)	-	(292,462)
Disposals	-	-	-	-	-	-	(48,064)	(1,712)	-	(49,776)
Impairment Losses	-	-	-	-	-	-	-	-	-	-
Transfers	-	39,743	162,267	-	4,815	(39,743)	69,284	-	(43,317)	193,047
Revaluation (Decrement)/ Increment	(7,204)	234,260	(167,811)	60,829	170,023	(12,521)	(92,782)	15,450	-	200,244
Carrying Amount at the End of the Reporting Period	**287,653**	**685,175**	**246,117**	**644,460**	**805,408**	**-**	**533,750**	**99,869**	**-**	**3,302,432**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 24 INTANGIBLE ASSETS

The Authority has externally purchased software. This consists of a database mapping system, which records the sale of allotments and map burial areas.

	2012 $	2011 $
Computer Software		
Computer Software at Cost	83,636	-
Less: Accumulated Amortisation	(10,942)	-
Total Capital Works in Progress	**72,694**	**-**

Reconciliation of Intangible Assets
The following table shows the movement of Intangible Assets from the beginning to the end of 2011-12

	Externally Purchased Software $	Total $
Carrying Amount at the Beginning of the Reporting Period	-	-
Additions	83,636	83,636
Amortisation	(10,942)	(10,942)
Disposals	-	-
Impairment Losses	-	-
Transfers	-	-
Revaluation (Decrement)/ Increment	-	-
Carrying Amount at the End of the Reporting Period	**72,694**	**72,694**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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.

	2012 $	2011 $
Building Works in Progress [a]	210,336	-
Infrastructure Works in Progress	-	19,802
Software Works in Progress [b]	-	73,090
Total Capital Works in Progress	**210,336**	**92,892**

a. Building works in progress relate to the building of a new Southern Cemetery.
b. The installation of computer databases and mapping systems were completed in the 2011-12 reporting period.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 Property, Plant and Equipment	-	-	-	**-**
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 2012

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 2010-11.

	Infrastructure Works in Progress $	Software Works in Progress $	Total $
Carrying Amount at the Beginning of the Reporting Period	111,548	75,777	**187,325**
Additions	88,615	10,000	**98,615**
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	(180,361)	-	**(180,361)**
Capital Works in Progress Completed and Transferred to Intangible Assets	-	(12,686)	**(12,686)**
Carrying Amount at the End of the Reporting Period	**19,802**	**73,090**	**92,892**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 26 OTHER ASSETS

	2012 $	2011 $
Current Other Assets		
Prepayments	16,594	15,207
Total Current Other Assets	**16,594**	**15,207**
Total Other Assets	**16,594**	**15,207**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 PAYABLES

	2012 $	2011 $
Current Payables		
Trade Payables	69,981	62,124
Other Payables	108,971	77,277
Goods and Services Tax Payables	105,629	94,554
Perpetual Care Trust Payables		
Woden Cemetery Perpetual Care Trust	125,566	197,994
Hall Cemetery Perpetual Care Trust	390	2,690
Total Current Payables	**410,537**	**434,639**
Total Non-Current Payables	**-**	**-**
Total Payables	**410,537**	**434,639**

Payables are aged as follows:

	2012 $	2011 $
Not Overdue	410,537	434,639
Overdue for Less than 30 Days	-	-
Overdue for 30 to 60 Days	-	-
Overdue for More than 60 Days	-	-
Total Payables	**410,537**	**434,639**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 27 PAYABLES – CONTINUED

	2012 $	2011 $
Classification of ACT Government/Non-ACT Government Payables		
Payables with ACT Government Entities		
Trade Payables	864	878
Other Payables	125,956	200,684
Accrued Expenses	38,440	52,651
Total Payables with ACT Government Entities	**165,260**	**254,213**
Payables with Non-ACT Government Entities		
Trade Payables	69,117	61,246
Other Payables	70,531	24,626
Goods and Services Tax Payable	105,629	94,554
Total Payables with Non-ACT Government Entities	**245,277**	**180,426**
Total Payables	**410,537**	**434,639**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 28 EMPLOYEE BENEFITS

	2012 $	2011 $
Current Employee Benefits		
Annual Leave	116,074	116,772
Long Service Leave	188,955	203,963
Accrued Salaries	34,580	17,365
Other Benefits	3,271	2,012
Total Current Employee Benefits	**342,881**	**340,112**
Non-Current Employee Benefits		
Long Service Leave	28,588	18,467
Total Non-Current Employee Benefits	**28,588**	**18,467**
Total Employee Benefits	**371,469**	**358,579**

For Disclosure Purposes Only
Estimate of when Leave is Payable

	2012 $	2011 $
Estimated Amount Payable within 12 Months		
Annual Leave	116,074	116,772
Long Service Leave	25,760	9,483
Accrued Salaries	34,580	17,365
Other Employee Benefits	3,271	2,012
Total Employee Benefits Payable within 12 Months	**179,685**	**145,632**
Estimated Amount Payable after 12 Months		
Long Service Leave	191,784	212,947
Total Employee Benefits Payable after 12 Months	**191,784**	**212,947**
Total Employee Benefits	**371,469**	**358,579**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 29 REVENUE RECEIVED IN ADVANCE

	2012 $	2011 $
Current Revenue Received in Advance		
Burial Fees Received in Advance [a]	3,729,199	3,285,094
Plaque Fees Received in Advance [b]	722,917	635,201
Mausoleum Fees Received in Advance [c]	211,328	258,904
Total Current Revenue Received in Advance	**4,663,444**	**4,179,199**
Total Revenue Received in Advance	**4,663,444**	**4,179,199**

a. Burial fees received in advanced was higher this reporting period due to the increases in prices.
b. Plaque fees received in advanced was higher this reporting period due to the increases in prices.
c. Mausoleum fees received in advance deceased due to completion of Mausoleum payment plan.

For Disclosure Purposes Only
Estimate of When Revenue Received in Advance is Recognised as Revenue

	2012	2011
Estimated Revenue Recognised as Revenue within 12 Months		
Burial Fees Received in Advance	18,646	16,425
Plaque Fees Received in Advance	722,917	635,201
Mausoleum Fees Received in Advance	211,328	258,904
Total Estimated Revenue Recognised as Revenue within 12 Months	**952,891**	**910,530**
Estimated Revenue Recognised as Revenue after 12 Months		
Burial Fees Received in Advance	3,710,553	3,268,669
Total Estimated Revenue Recognised as Revenue after 12 Months	**3,710,553**	**3,268,669**
Total Revenue Received in Advance	**4,663,444**	**4,179,199**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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.

	2012 $	2011 $
Balance at the Beginning of the Reporting Period	**1,069,528**	**925,080**
Decrease in Land due to Revaluation	(16,768)	(7,204)
Increase in Buildings due to Revaluation	-	221,739
Increase in Roadways due to Revaluation	-	60,829
Increase in Landscaping due to Revaluation	-	2,212
Decrease in Plant & Equipment due to Revaluation	-	(92,781)
Increase in Motor Vehicles due to Revaluation	-	15,450
Transfer (to) Accumulated Funds	(9,898)	(55,797)
Total (Decrease)/Increase in the Asset Revaluation Surplus	**(26,666)**	**144,448**
Balance at the End of the Reporting Period	**1,042,862**	**1,069,528**

The changes in the asset revaluation surplus were mostly due to the regular revaluation of assets on 30 June that occurs every three years, with the next revaluation being scheduled for 2014.

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2012, however this did not affect the interest received as the Authority had more funds held compared to last year in these arrangements.

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 and St George Bank Ltd which are low risk investments. 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 only funds held with St George Bank are demand deposits. There is insignificant credit risk for funds held with the Commonwealth Bank and the Public Trustee of the ACT.

The Authority also manages credit risks for receivables by undertaking an annual assessment of the credit worthiness of larger debtors as well as an analysis of the concentration of credit risk to ensure that it is minimal.

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 2012

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 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 2012

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 2012 $	Fair Value 2012 $	Carrying Amount 2011 $	Fair Value 2011 $
Financial Assets				
Cash and Cash Equivalents	8,083,144	8,083,144	7,360,590	7,360,590
Receivables	579,051	579,051	311,577	311,577
Investments with the Territory Banking Account	1,075,910	1,075,910	1,031,880	1,031,880
Total Financial Assets	**9,738,105**	**9,738,105**	**8,704,047**	**8,704,047**
Financial Liabilities				
Payables	410,537	410,537	434,639	434,639
Total Financial Liabilities	**410,537**	**410,537**	**434,639**	**434,639**

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 2012

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

2012

	Classification According to Fair Value Hierarchy			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Financial Assets at Fair Value through the 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.

2011

	Classification According to Fair Value Hierarchy			
	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Financial Assets at Fair Value through the Profit and Loss				
Investment with the Territory Banking Account – Fixed Interest Portfolio	-	730,590	-	730,590
Investment with the Territory Banking Account – Cash Enhanced Portfolio	-	301,290	-	301,290
	-	**1,031,880**	**-**	**1,031,880**

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 2012

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-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 2012	Note	Floating Interest Rate $	Fixed Interest maturing in: 1 Year or Less $	Over 1 Year to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets							
Cash and Cash Equivalents	19	5,163,419	2,919,725	-	-	-	8,083,144
Receivables	20	-	-	-	-	579,051	579,051
Investments with the Territory Banking Account	21	-	-	-	-	1,075,910	1,075,910
Total Financial Assets		**5,163,419**	**2,919,725**	**-**	**-**	**1,654,961**	**9,738,105**
Weighted Average Interest Rate		5.9%	5.7%	-			
Financial Liabilities							
Payables	26	-		-		410,537	410,537
Total Financial Liabilities		**-**		**-**		**410,537**	**410,537**
Weighted Average Interest Rate							
Net Financial Assets		**5,163,419**	**2,919,725**	**-**		**1,244,424**	**9,327,568**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2011. 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 2010	Note	Floating Interest Rate $	Fixed Interest maturing in: 1 Year or Less $	Over 1 Year to 5 Years $	Over 5 Years $	Non-Interest Bearing $	Total $
Financial Assets							
Cash and Cash Equivalents	19	4,652,757	2,707,833	-	-	-	7,360,590
Receivables	20	-	-	-		311,577	311,577
Investments with the Territory Banking Account	21	-	-	-	-	1,031,880	1,031,880
Total Financial Assets		**4,652,757**	**2,707,833**	**-**	**-**	**1,343,457**	**8,704,047**
Weighted Average Interest Rate		6.6%	6.5%				
Financial Liabilities							
Payables	26	-	-	-	-	434,639	434,639
Total Financial Liabilities		**-**	**-**	**-**	**-**	**434,639**	**434,639**
Weighted Average Interest Rate							
Net Financial Assets		**4,652,757**	**2,707,833**	**-**	**-**	**908,818**	**8,269,408**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

NOTE 31 FINANCIAL INSTRUMENTS – CONTINUED

	2012 $	2011 $
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	1,075,910	1,031,880
Loans and Receivables	579,051	311,577
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	410,537	434,639

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.

	2012 $	2011 $
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	44,030	1,710
Loans and Receivables	-	-
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 2012

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

	2012 $	2011 $
Total Cash and Cash Equivalents Recorded in the Balance Sheet	8,083,144	7,360,590
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	**8,083,144**	**7,360,590**

(b) Reconciliation of Net Cash Inflows from Operating Activities to Operating Surplus

	2012 $	2011 $
Operating Surplus	463,287	280,025
Add/(Less) Non-Cash Items		
Depreciation of Property, Plant and Equipment	375,718	292,462
Amortisation of Intangibles	10,942	-
Add/(Less) Items Classified as Investing or Financing		
(Gain) on Investments	(44,030)	(1,710)
Net Loss on Disposal of Non-Current Assets	1,742	23,049
Cash Before Changes in Operating Assets and Liabilities	**807,659**	**593,826**
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(267,474)	(133,213)
(Increase)/Decrease in Inventories	(74,274)	73,849
(Increase) in Other Assets	(1,387)	(2,948)
(Decrease)/Increase in Payables	(79,488)	121,834
Increase/(Decrease) in Employee Benefits	12,890	(13,962)
Increase in Revenue Received in Advance	484,245	429,277
Net Changes in Operating Assets and Liabilities	**74,512**	**474,837**
Net Cash Inflows from Operating Activities	**882,171**	**1,068,662**

ACT Public Cemeteries Authority
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2012

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 2012 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:

	2012 $	2011 $
Within one year [a]	86,104	-
Total Other Commitments	**86,104**	**-**

a. The commitment is the remaining amount per the contract for the Southern Cemetery, which is set to finish within the next reporting period.

NOTE 35 CONTINGENT LIABILITIES

The Authority has a contingent liability as notified by the Australian Capital Territory Government Solicitor. The contingent liability as notified is $30,000; 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 2012

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 as at 30 June 2012 and the remuneration paid were:

			2012 $	2011 $
Mr Robert Smeaton	Former Chairperson	Resigned August 2010	-	208
Ms Diane Kargas	Chairperson/Former Deputy Chair	Reappointed August 2010	7,740	7,385
Ms Margaret Watt	Deputy Chair/Former Member	Reappointed August 2010	-	2,890
Ms Jean Main	Member	Reappointed August 2010	4,745	4,115
Mr Clem Lusso	Member	Resigned August 2010	-	525
Mr Derek Roylance	Member	Reappointed August 2010	-	-
Mr Angelo Cataldo	Member	Appointed August 2010	3,285	2,860
Ms Kathleen O'Sullivan	Member	Appointed August 2010	6,570	4,320
Ms Virginia Shaw	Member	Appointed August 2010	4,745	3,955
Mr Hamish Horne	Chief Executive Officer	Ongoing	*	*
Total Payments			**27,085**	**26,258**

Board Members (other than the Chief Executive Officer) are entitled to remuneration and allowances in accordance with Determination No. 14 of November 2010 of the ACT Remuneration Tribunal.

Key Management Personnel Compensation

* Mr H Horne is the Chief Executive Officer of the Authority and is appointed and paid as an ACT Government public servant under the *Public Sector Management Act 1994*. He is also an appointed voting member of the Board. His salary is set per the ACT Public Service Territory and Municipal Services Directorate Enterprise Agreement 2011-2013.

Mr D Roylance voluntary forgoes remuneration.

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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) 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 2012 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
4 September 2012

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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
23 August 2012

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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.

D. T. Kargas

Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
29 August 2012

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Income			
Interest Received		5,352	911
Funding Received from the ACT Public Cemeteries Authority in Accordance with the *Cemeteries and Crematoria Act 2003*	1(b)	907,531	652,386
Total Income		**912,883**	**653,297**
Expenses			
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	770,895	612,772
Bank Charges		294	50
Total Expenses		**771,189**	**612,822**
Operating Surplus		**141,694**	**40,475**
Total Comprehensive Income		**141,694**	**40,475**

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 2012

	Note	2012 $	2011 $
Current Assets			
Cash and Cash Equivalents		392,919	107,861
Total Current Assets		**392,919**	**107,861**
Total Assets		**392,919**	**107,861**
Current Liabilities			
Payable – ACT Public Cemeteries Authority		696,186	552,822
Total Current Liabilities		**696,186**	**552,822**
Total Liabilities		**696,186**	**552,822**
Net (Liabilities)		**(303,267)**	**(444,961)**
Equity			
Reserve for Maintenance and Related Expenditure		392,919	107,861
Accumulated (Deficits)		(696,186)	(522,822)
Total Equity	1(c)	**(303,267)**	**(444,961)**

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 2012

	Accumulated Deficits 2012 $	Maintenance Reserve 2012 $
Balance at the Beginning of the Reporting Period	**(552,822)**	**107,861**
Comprehensive Income		
Operating Surplus	141,694	-
Total Comprehensive Income	**141,694**	**-**
Transfer to Reserve for Maintenance and Related Expenditure	(285,058)	285,058
Balance at the End of the Reporting Period	**(696,186)**	**392,919**

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
FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated Deficits 2011 $	Maintenance Reserve 2011 $
Balance at the Beginning of the Reporting Period	**(485,436)**	**-**
Comprehensive Income		
Operating Surplus	40,475	-
Total Comprehensive Income	**40,475**	**-**
Transfer to Reserve for Maintenance and Related Expenditure	(107,861)	107,861
Balance at the End of the Reporting Period	**(552,822)**	**107,861**

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 2012

	Note	2012 $	2011 $
Cash Flows from Operating Activities			
Receipts			
Cash Received from the ACT Public Cemeteries Authority		907,531	652,386
Interest Received		5,352	911
Total Receipts from Operating Activities		**912,883**	**653,297**
Payments			
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		627,531	545,386
Bank Charges		294	50
Total Payments from Operating Activities		**627,825**	**545,436**
Net Cash Inflows from Operating Activities	2	**285,058**	**107,861**
Net Increase in Cash and Cash Equivalents Held		**285,058**	**107,861**
Cash and Cash Equivalents at the Beginning of the Reporting Period		107,861	-
Cash and Cash Equivalents at the End of the Reporting Period		**392,919**	**107,861**

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 2012

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 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.

In 2006, a change was made to the Perpetual Care Trust arrangements that required the Trust to have a reserve for future maintenance and related expenditure. However, the minimum required balance of the reserve has yet to be determined and will not be until a review at a future date. To set aside funds for the reserves, further revenue contributions are made at the discretion of the board of the Authority. These contributions are additional to contributions made based on the Perpetual Care Trust percentage. For the year ended 30 June 2012, the funds received from the Authority were $907,531 ($652,386 in 2010-11).

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

In accordance with Section 11 of the Act, the Perpetual Care Trust percentage determined by the Minister for Gungahlin Perpetual Care Trust was 53%. It is expected the percentage will be reviewed at least every five years.

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 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.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2012 $	2011 $
Direct Maintenance Costs	397,374	276,584
Indirect Costs Related to the Management of Maintenance	373,521	336,188
Total Maintenance Costs	**770,895**	**612,772**

(c) Going Concern

The ACT Public Cemeteries Authority believes the Trust is a going concern. At 30 June 2012, the Trust had a net deficiency of $303,267 ($444,961 in 2010-11). This deficiency is represented by a payable to the ACT Public Cemeteries Authority net of funds held by the Trust. 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.

GUNGAHLIN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2	Cash Flow Reconciliation	2012 $	2011 $
	Operating Surplus	141,694	40,475
	Changes in Operating Assets and Liabilities		
	Increase in Payable	143,364	67,386
	Net Changes in Operating Assets and Liabilities	**285,058**	**107,861**
	Net Cash Inflows from Operating Activities	**285,058**	**107,861**

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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) 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 2012 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
4 September 2012

HALL CEMETERY PERPETUAL CARE TRUST

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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
23 August 2012

HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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.

D. Y Kargas

Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
29 August 2012

HALL CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Income			
Revenue			
Interest Received		2,587	2,021
Funding Received from the ACT Public Cemeteries Authority in Accordance with the *Cemeteries and Crematoria Act 2003*	1(b)	3,012	15,774
Total Revenue		5,599	17,795
Gains			
Gain on Investments		-	1,474
Total Gains		-	1,474
Total Income		**5,599**	**19,268**
Expenses			
Bank Charges		142	111
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	2,919	8,388
Losses on Investments		1,824	-
Total Expenses		**4,885**	**8,499**
Operating Surplus		**714**	**10,769**
Total Comprehensive Income		**714**	**10,769**

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 2012

	Note	2012 $	2011 $
Current Assets			
Cash and Cash Equivalents		16,095	11,257
Receivable – ACT Public Cemeteries Authority		390	2,690
Total Current Assets		**16,485**	**13,947**
Non-Current Assets			
Investments	3	34,831	36,655
Total Non-Current Assets		**34,831**	**36,655**
Total Assets		**51,316**	**50,602**
Current Liabilities			
Payable – ACT Public Cemeteries Authority		-	-
Total Current Liabilities		-	-
Total Liabilities		-	-
Net Assets		**51,316**	**50,602**
Equity			
Reserve for Maintenance and Related Expenditure		51,316	50,602
Total Equity		**51,316**	**50,602**

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 2012

	Accumulated Funds 2012 $	Maintenance Reserve 2012 $
Balance at the Beginning of the Reporting Period	**-**	**50,602**
Comprehensive Income		
Operating Surplus	714	-
Total Comprehensive Income	**714**	**-**
Transfer to Reserve for Maintenance and Related Expenditure	(714)	714
Balance at the End of the Reporting Period	**-**	**51,316**

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 2012

	Accumulated Funds 2011 $	Maintenance Reserve 2011 $
Balance at the Beginning of the Reporting Period	**-**	**39,833**
Comprehensive Income		
Operating Surplus	10,769	-
Total Comprehensive Income	**10,769**	**-**
Transfer to Reserve for Maintenance and Related Expenditure	(10,769)	10,769
Balance at the End of the Reporting Period	**-**	**50,602**

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 2012

	Note	2012 $	2011 $
Cash Flows from Operating Activities			
Receipts			
Interest Received		2,587	2,021
Cash Received from the ACT Public Cemeteries Authority		5,312	13,084
Total Receipts from Operating Activities		**7,899**	**15,105**
Payments			
Bank Charges		142	111
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		2,919	11,930
Total Payments from Operating Activities		**3,061**	**12,041**
Net Cash Inflows from Operating Activities	2	**4,838**	**3,064**
Cash Flows from Investing Activities:			
Payments			
Purchase of Investments		-	13,000
Total Payments from Investing Activities		**-**	**13,000**
Net Cash (Outflows) from Investing Activities		**-**	**(13,000)**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**4,838**	**(9,936)**
Cash and Cash Equivalents at the Beginning of the Reporting Period		11,257	21,193
Cash and Cash Equivalents at the End of the Reporting Period		**16,095**	**11,257**

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 2012

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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 Hall 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 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. For the year ended 30 June 2012, the funds received from the Authority were $3,012 ($15,774 in 2010-11).

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

In accordance with Section 11 of the Act, the Perpetual Care Trust percentage determined by the Minister for Hall Perpetual Care Trust was 63%. It is expected the percentage will be reviewed at least every five years.

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 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.

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2012 $	2011 $
Direct Maintenance Costs	1,410	208
Indirect Costs Related to the Management of Maintenance	1,509	8,180
Total Maintenance Costs	**2,919**	**8,388**

2 Cash Flow Reconciliation

	2012 $	2011 $
Operating Surplus	714	10,769
Add/(Less) Items Classified as Investing or Financing		
Losses/(Gains) on Investments	1,824	(1,473)
Cash Before Changes in Operating Assets and Liabilities	**2,538**	**9,296**
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in Receivable	2,300	(2,690)
(Decrease)/Increase in Payable	-	(3,542)
Net Changes in Operating Assets and Liabilities	**2,300**	**(6,232)**
Net Cash Inflows from Operating Activities	**4,838**	**3,064**

HALL CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

3 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.

	2012	2011
	$	$
Non-Current Investments		
Growth Investment Fund	34,831	36,655
Total Non-Current investments	**34,831**	**36,655**

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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) 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 2012 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
4 September 2012

WODEN CEMETERY PERPETUAL CARE TRUST

SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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
23 August 2012

WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 2012 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.

D. T. Kargas

Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
29 August 2012

WODEN CEMETERY PERPETUAL CARE TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $	2011 $
Income			
Revenue			
Interest Received		74,171	56,225
Funding Received from the ACT Public Cemeteries Authority in Accordance with the *Cemeteries and Crematoria Act 2003*	1(b)	1,058,617	843,198
Total Revenue		1,132,788	899,423
Gains			
Gains on Investments		-	61,563
Total Gains		-	61,563
Total Income		**1,132,788**	**960,985**
Expenses			
Bank Charges		4,079	3,092
Reimbursement of Maintenance and Related Expenditure Incurred by the ACT Public Cemeteries Authority	1(b)	798,485	684,889
Losses on Investments		54,219	-
Total Expenses		**856,783**	**687,981**
Operating Surplus		**276,005**	**273,004**
Total Comprehensive Income		**276,005**	**273,004**

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 2012

	Note	2012 $	2011 $
Current Assets			
Cash and Cash Equivalents		551,943	149,291
Receivable – ACT Public Cemeteries Authority		125,566	197,994
Total Current Assets		**677,509**	**347,285**
Non-Current Assets			
Investments	3	1,035,488	1,089,707
Total Non-Current Assets		**1,035,488**	**1,089,707**
Total Assets		**1,712,997**	**1,436,992**
Total Liabilities		**-**	**-**
Net Assets		**1,712,997**	**1,436,992**
Equity			
Reserve for Maintenance and Related Expenditure		1,712,997	1,436,992
Total Equity		**1,712,997**	**1,436,992**

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 2012

	Accumulated Funds 2012 $	Maintenance Reserve 2012 $
Balance at the Beginning of the Reporting Period	**-**	**1,436,992**
Comprehensive Income		
Operating Surplus	276,005	-
Total Comprehensive Income	**276,005**	**-**
Transfer to Reserve for Maintenance and Related Expenditure	(276,005)	276,005
Balance at the End of the Reporting Period	**-**	**1,712,997**

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 2012

	Accumulated Funds 2011 $	Maintenance Reserve 2011 $
Balance at the Beginning of the Reporting Period	**-**	**1,163,988**
Comprehensive Income		
Operating Surplus	273,004	-
Total Comprehensive Income	**273,004**	**-**
Transfer to Reserve for Maintenance and Related Expenditure	(273,004)	273,004
Balance at the End of the Reporting Period	**-**	**1,436,992**

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 2012

	Note	2012 $	2011 $
Cash Flows from Operating Activities			
Receipts			
Interest Received		74,171	56,225
Cash Received from the ACT Public Cemeteries Authority		1,131,046	804,064
Total Receipts from Operating Activities		**1,205,217**	**860,289**
Payments			
Bank Charges		4,079	3,092
Reimbursement to the ACT Public Cemeteries Authority for Maintenance and Related Expenditure		798,486	684,889
Total Payments from Operating Activities		**802,565**	**687,981**
Net Cash Inflows from Operating Activities	2	**402,652**	**172,307**
Cash Flows from Investing Activities			
Payments			
Purchase of Investments		-	154,000
Total Payments from Investing Activities		**-**	**154,000**
Net Cash (Outflows) from Investing Activities		**-**	**(154,000)**
Net Increase in Cash and Cash Equivalents Held		**402,652**	**18,307**
Cash and Cash Equivalents at the Beginning of the Reporting Period		149,291	130,984
Cash and Cash Equivalents at the End of the Reporting Period		**551,943**	**149,291**

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 2012

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.

(b) Perpetual Trust Arrangements

A Perpetual Care Trust has been established for the Woden 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. For the year ended 30 June 2012, the funds received from the Authority were $1,058,617 ($843,198 in 2010-11).

The Authority is also required to spend perpetual care funds of each Trust for maintenance of each cemetery in accordance with the Act.

In accordance with Section 11 of the Act, the Perpetual Care Trust percentage determined by the Minister for Woden Perpetual Care Trust was 65%. It is expected the percentage will be reviewed at least every five years.

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 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 maintenance 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.

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1 Statement of Significant Accounting Policies – Continued

(b) Perpetual Trust Arrangements – Continued

The amount of cemetery maintenance expenditure of the Trust is as follows:

	2012 $	2011 $
Direct Maintenance Costs	284,700	261,081
Indirect Costs Related to the Management of Maintenance	513,785	423,808
Total Maintenance Costs	**798,485**	**684,889**

WODEN CEMETERY PERPETUAL CARE TRUST
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2 Cash Flow Reconciliation

	2012 $	2011 $
Operating Surplus	276,005	273,004
Add/(Less) Items Classified as Investing or Financing		
Losses/(Gains) on Investments	54,219	(61,563)
Cash Before Changes in Operating Assets and Liabilities	**330,224**	**211,441**
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivable	72,428	(39,134)
Net Changes in Operating Assets and Liabilities	**72,428**	**(39,134)**
Net Cash Inflows from Operating Activities	**402,652**	**172,307**

3 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.

	2012 $	2011 $
Non-Current Investments		
Growth Investment Fund	1,035,488	1,089,708
Total Non-Current investments	**1,035,488**	**1,089,708**

PERFORMANCE AND FINANCIAL REPORTING

A7 Statement of Performance
ACT PUBLIC CEMETERIES AUTHORITY

ACT AUDITOR-GENERAL'S OFFICE

ACT Government

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 2012 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.

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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 2012, 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
7 September 2012

ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2012

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 2012 and also fairly reflects the judgements exercised in preparing it.

D. J. Kargas

Diane Kargas AM
Chairperson
ACT Public Cemeteries Authority
6th September 2012

ACT Public Cemeteries Authority
Statement of Performance
For the Year Ended 30 June 2012

NON-FINANCIAL ACCOUNTABILITY INDICATORS

Statement of Intent Indicators	Original Target 2011-12	Actual Result 2011-12	% 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%	98%	-	-
c) Level of unsatisfied clients and stakeholders matters resolved by Canberra Cemeteries operations	100%	97%	3%	-

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

Explanation of Accountability Indicators

a) Death statistics are sourced from the Australian Bureau of Statistics (3101.0 Australian Demographic Statistics, Dec 2011- released 26 June 2012)

b) Level of client and stakeholder satisfaction is obtained by a survey of funeral directors who regularly access Canberra Cemeteries.

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.

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FINANCIAL ACCOUNTABILITY INDICATORS

	Original Target 2011-12	Actual Result 2011-12	% Variance from Original Target	Explanation of Material Variances
Profitability				
- Return on Assets	1.9%	3.3%	74.4%	1
- Return on Equity	2.6%	5.4%	108.7%	1
- Profit Margin	7.9%	4.7%	-40.5%	2
Liquidity				
- Current Ratio	5.8	1.5	-73.5%	3
- Cash Position	0.4	0.6	48.9%	4
- Receivables Turnover	12.9	14.5	12.0%	5
Financial Stability				
- Debt Ratio	0.3	0.4	29.8%	6
- Capital Ratio	0.4	0.6	59.4%	6

Explanation of Accountability Indicator

Return on Assets	=	Operating surplus/Total assets
Return on Equity	=	Operating surplus /Total equity
Profit Margin **Target**	=	Operating surplus /Total revenue (excluding interest distribution and gains on investments)
Profit Margin **Actual**	=	Operating surplus (excluding impairment loss reversal and asset revaluation decrement reversal) /Total revenue (excluding interest distribution and gains on investments and asset revaluation decrement reversal)
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

* User charges included in this calculation refer to gross Non-ACT Government user charges before allocation to the Perpetual Care Trust funds. The average receivables figure used does not include amounts receivable in relation to Perpetual Care Trusts.

Explanation of Variances

1. Return on Assets/Equity is higher mostly due to the reduction in total assets as a result of the correction of prior period errors which saw the reclassification of burial land as inventory.
2. Profit margin was lower than target due to higher employee costs as a result of additional staff employed to maintain the Gungahlin and Woden cemeteries and the use of temporary staff to replace staff on extended leave and staff vacancies created through the retirement and resignation of full time staff

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3. Due to reclassification of non-current revenue received in advance as current.
4. Higher than expected sales and change in asset base due to reclassification of land as inventory.
5. Higher than expected sales and a reduction in the average receivables for the period relating to maturity date for a term deposit (timing).
6. Reduction in assets due to reclassification of Land to Inventory.

KEY ACCOUNTABILTY INDICATORS

	Original Target 2011-12	Actual Result 2011-12	% Variance from Original Target
Number of Reservations Sold	237	235	(1)
Number of Burial/interments *	592	560	(5.4)

* Burial refers to normal earth burial and Interment refers to the interment of ashes.

PERFORMANCE AND FINANCIAL REPORTING

A8 Strategic Indicators
ACT PUBLIC CEMETERIES AUTHORITY

STRATEGIC INDICATOR
ACT Public Cemeteries Authority

Only ‘prescribed’ Territory authorities are required to provide this report.

The ACT Public Cemeteries Authority does not fall into this category.

ATTACHMENT 3. ABBREVIATIONS AND ACRONYMS

ACT	Australian Capital Territory
Authority	ACT Public Cemeteries Authority
CIT	Institute of Technology (ACT)
CEO	Chief Executive Officer (Authority)
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
PCT	Perpetual Care Trust (funds)
RBN	Registered Business Name
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