

ACT
Government

Territory and Municipal Services

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

ANNUAL REPORT

2010–2011

VOLUME 2



TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

ANNUAL REPORT

2010–2011

VOLUME 2

Enquiries about this publication should be directed to:

Director, Governance
Directorate Services Division
Territory and Municipal Services Directorate

Phone: (02) 6207 5040

General Contact Details

Produced by Publishing Services for:

ACTPS Shared Services
GPO Box 158
Canberra City ACT 2601

Website: www.tams.act.gov.au

Phone: Canberra Connect 13 22 81

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erra Connect cemeteries footpaths property management storm
ntion roads ACTION parks and reserves trees Namadgi National Park Tidbinbilla
animal services feral pest and weed management street and traffic lights
property management stormwater MyWay transport systems bus
bushfire prevention roads ACTION parks and reserves



ACT
Government

Territory and Municipal Services

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

Dear Minister

Transmittal Certificate

I present the 2010-11 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. The report has been prepared under section 5(1) of the *Annual Reports (Government Agencies) Act 2004*, and in accordance with the requirements of the Chief Minister's 2010-11 Annual Report Directions. It has been prepared by the Directorate in line with other legislation applicable to the preparation of annual reports.

I hereby certify that the attached annual report is an honest and accurate account and that all material information on TAMS' operations during the period 1 July 2010 to 30 June 2011 has been included.

I also hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standards 2006, Chapter 2, Division 2.1.3.

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

22 September 2011



ACT
Government

Territory and Municipal Services

Mr Simon Corbell, 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 2010-11 Territory and Municipal Services Directorate Annual Report complies with the directions set out by the Chief Minister and Cabinet Directorate. As part of this compliance, ACTION is subsumed within this report and the Animal Welfare Authority is 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

22 September 2011

SECTION A

PERFORMANCE AND FINANCIAL REPORTING

erra Connect cemeteries footpaths property management
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animal services feral pest and weed management street and traffic lights
property management stormwater MyWay transport systems cemeteri
bushfire prevention roads ACTION parks and reserves

A5 MANAGEMENT DISCUSSION AND ANALYSIS

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

erra Connect cemeteries footpaths property management storm
ntion roads ACTION parks and reserves trees Namadgi National Park Tidbinbilla
animal services feral pest and weed management street and traffic lights
property management stormwater MyWay transport systems bus
bushfire prevention roads ACTION parks and reserves

**Territory and Municipal Services Directorate
Management discussion and analysis
For the financial year ended 30 June 2011**

General overview

Objectives

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

The Directorate manages the ACT's environmental and recreational facilities, providing operational and strategic management of parks and reserves across the ACT including Tidbinbilla Nature Reserve, Namadgi National Park and Canberra Nature Park, in addition to urban open spaces.

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 Government's owned and leased property assets.

ACTION, Canberra's public transport provider, is also part of the Directorate and reports separate financial statements, including Management discussion and analysis within the Directorate's Annual Report

Changes in administrative structure

The Territory and Municipal Services Directorate (the Directorate) was established on 17 May 2011 following notifiable Instrument NI2011-244 *Administrative Arrangements 2011 (No 1)*.

Under these arrangements, a range of functions of the former Department of Territory and Municipal Services were transferred to other directorates as shown below:

Transfers to the Economic Development Directorate

- Sport and Recreation; and
- Territory Venues and Events

Transfers to the Environment and Sustainable Development Directorate

- Transport Planning; and
- Support to the Conservator of Flora and Fauna

Transfers to the Justice and Community Safety Directorate

- Transport Regulation and Licensing

- Road Safety and driver and vehicle licensing policy

Transfers to the Treasury Directorate

- Shared Services, and
- The Territory Records Office and Archives ACT.

The Territory and Municipal Services Directorate gained functions associated with the ACT Government's property and facilities management from the former Department of Land and Property Services.

Other responsibility changes in 2010-11 included:

- the Heritage unit transferred to the former Chief Minister's Department effective 1 July 2010 as a result of Notifiable Instrument NI2010—297 *Administrative Arrangements 2009 (No 1)*, effective 1 July 2010;
- Birrigai outdoor school located in the Tidbinbilla precinct transferred from the Department of Education and Training to the Directorate effective 1 July 2010; and
- The Events unit transferred from the Department of Territory and Municipal Services to the former Chief Minister's Department effective 1 February 2011.

Changes in output structure

The following outputs have been amended to reflect the revised Administrative Arrangements:

Output Class 1 – Municipal Services

- Output 1.2 - The Office of Transport,
- Output 1.4 – Land Management, and
- Output 1.6 – Sport and Recreation,

Output Class 2 – Government Services

- Output 2.1 – Government Services, and
- Output 2.2 – Events.

Risk management

The Risk Management Committee (RMC) and the Risk Management Working Group (RMWG) (previously the Risk Management Steering and Reference Groups respectively) continued to monitor the Directorate's risk environment. Regular risk presentations by business units to the RMC provided assurance that risks at all levels of the agency were identified and assessed.

Directorate level risks are reported at Internal Audit Committee meetings to maintain continual oversight and monitoring of risk identification, assessment and mitigation strategies.

During 2010–11 the RMC continued to be represented at the major ICT Project steering committee meetings. This meant that emerging risks in these areas could be communicated directly to the RMC for further assessment as necessary.

Major risks that have been identified are as follows:

- **Meeting ACT Government priorities**

This includes the inability to deliver the government's priorities and capital works program. Sources of the risk include an inability to undertake adequate planning in developing the budgets, timelines and a well defined scope; poorly executed contract and project management; overly bureaucratic processes and inadequate resourcing or funding.

Mitigation strategies include a focus on developing project management capability and a comprehensive reporting framework incorporating milestone performance. It also includes enhanced systems and processes for project management, such as the delivery of ACT Government priorities being monitored through senior executive oversight.

- **Rising costs of meeting the demands of a growing city and aging infrastructure**

The continuing growth of the city and its surrounds, coupled with aging infrastructure and increases in input prices, continues to pose significant challenges for the Directorate in meeting its service delivery obligations.

This risk is being addressed in consultation with Treasury. Directorate's Asset management strategies are being enhanced, and the funding for growth that is consistent with community need is being identified. In addition, a heightened focus on whole-of-life costs for gifted assets is assisting the Directorate to better assess future funding needs.

- **Loss or unacceptable deterioration of physical infrastructure within the portfolio**

This refers to the loss of integrity or amenity of the ACT's assets managed by the Directorate. Sources of risk can include deterioration due to accelerated climate variations, infrastructure maintenance programs not being adequately funded, infrastructure not being adequately monitored or secured and inadequate strategic asset management planning and frameworks.

Mitigation strategies for this risk include targeting funding requests at more appropriate levels, ensuring better condition auditing to ascertain maintenance requirements, and the development of Directorate and business unit level asset management plans.

Directorate financial performance

The following financial information is based on audited financial reports for the 2009–10 and 2010–11 financial years and the forward estimates contained in the 2011–12 Budget Papers.

The analysis provided below outlines the main trends and factors affecting the Directorate's financial performance and position for the year ended 30 June 2011.

The Directorate's original 2010-11 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 Attachments A and B.

Table 1 Net cost of services

| | Actual 2009–10 | Actual 2010-11 | Amended budget 2010-11 ¹ | Forward estimate 2011–12 | Forward estimate 2012–13 |
|--------------------------|-------------------|-------------------|---|--------------------------------|--------------------------------|
| | \$m | \$m | \$m | \$m | \$m |
| Total expenditure | 518.7 | 508.6 | 480.7 ¹ | 526.6 | 526.4 |
| Total own-source revenue | 148.0 | 104.2 | 121.8 ² | 191.4 | 244.0 |
| Net cost of services | 370.7 | 404.4 | 358.9 ² | 335.2 | 282.4 |
| | | | | | |

2010-11 Actual net cost of services comparison to the amended budget

The Directorate's net cost of services² for 2010-11 of \$404.4 million was \$45.5 million or 12.7 per cent higher than the amended 2010-11 budgeted cost of \$358.9 million. This reflected a combination of factors including:

- increased depreciation expense due to the flow-on impact of the 2009–10 infrastructure asset revaluation, (\$14 million)
- expensing completed works that did not meet the capitalisation criteria and asset write-offs (\$13.5 million); and
- lower than anticipated asset transfers from the Land Development Agency (\$24 million), and lower than expected Land Under Roads (\$5 million)

These were offset by an increase in:

- revenue from the acceptance of contaminated remediation material (\$3.5 million); and
- revenue from Commonwealth Government funded capital projects (\$5 million).

Comparison to 2009–10 actual expenditure

Total net cost of services was \$33.7 million higher than the 2009–10 actual cost due to the reasons outlined above, and the impact of the transfer of Tourism to the former Chief

¹ Refer to Attachment A.

² Refer to Attachment B

Minister's Department effective 9 November 2009, and transfer of Property Services to the former Department of Land and Property Services, effective 1 December 2009.

Future trend

Figure 1 Net cost of services

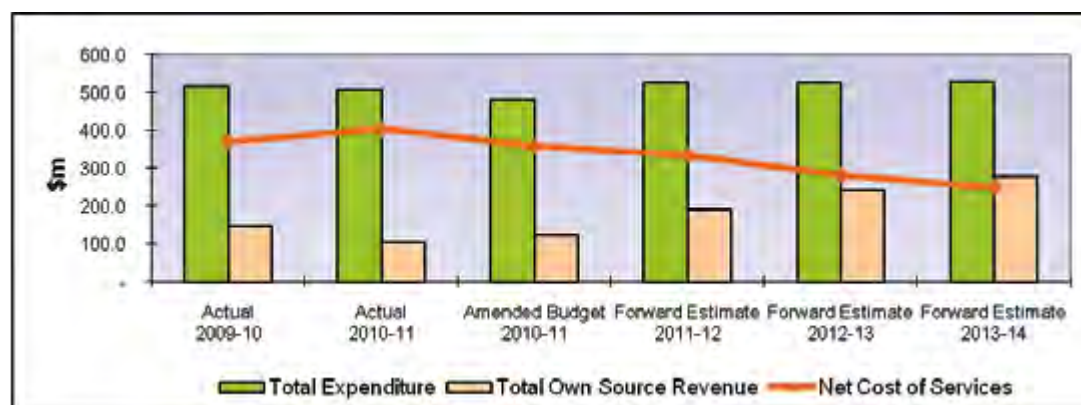


Figure 1 provides net cost of services information ranging from 2009–10 to the projected forward years. In 2011–12, the Directorate will continue its focus on maintaining expenditure levels within budget in an environment where pressures on the net cost of service delivery are significant.

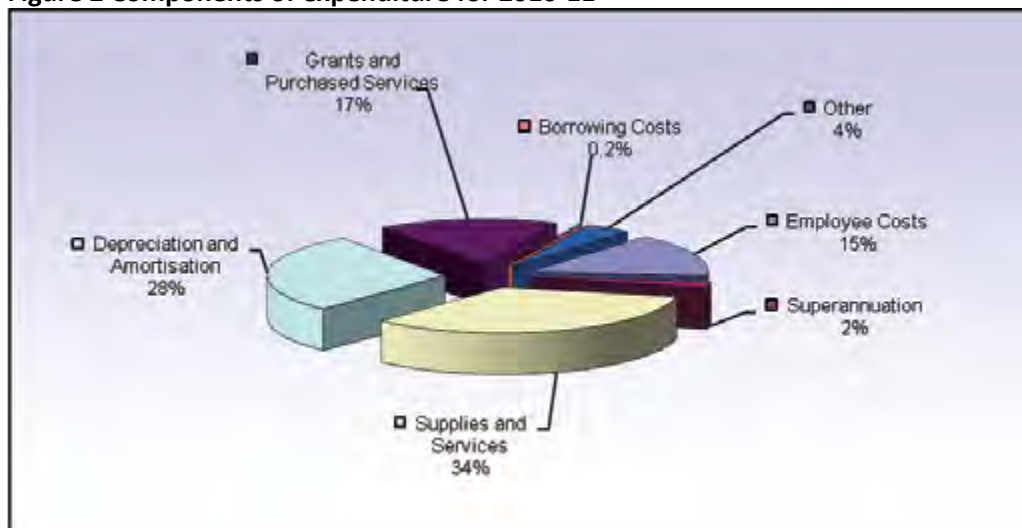
Total expenditure

Components of expenditure

Figure 2 shows a breakdown of the expenditure components in the 2010-11 financial year. Of the total Directorate expenditure, supplies and services account for 34 per cent, compared to employee costs of 15 per cent, while grants and purchased services contribute a further 17 per cent. Depreciation expense accounts for 28 per cent.

Supplies and services payments include payments for professional services of \$38.4 million, building and facilities operating costs of \$20.8 million, repairs and maintenance expenditure of \$60.6 million and IT & communication costs of \$14.1 million.

Figure 2 Components of expenditure for 2010-11



Total 2010-11 expenditure compared to the amended budget

Expenditure of \$508.6 million was \$28 million, or 6 per cent higher than the 2010-11 amended budgeted cost. This increase reflects:

- the expensing of completed capital works and asset write-offs of \$13.5 million,
- additional funding for municipal service delivery of \$1.268 million to assist with additional mowing requirements and the Night Rider trial;
- increased depreciation expense due to the impact of the 2009–10 infrastructure asset revaluation, (\$14 million).

Comparison to 2009–10 actual expenditure

Total expenditure was \$10 million or 2 per cent lower than the 2009–10 actual result. This variance is due to changes to the Government's Administrative Arrangements occurring in 2009-10, including the transfer of Tourism to the Chief Minister's Department effective 9 November 2009, and the transfer of Property Services to the former Department of Land and Property Services effective 1 December 2009. This is offset by increased depreciation expense attributable to the impact of the 2009–10 infrastructure asset revaluation (\$11.8 million).

Future trends

An efficiency dividend will be applied at a rate of 1 per cent in 2011–12, rising to 1.5 per cent in 2012–13, and 2 per cent in 2013–14.

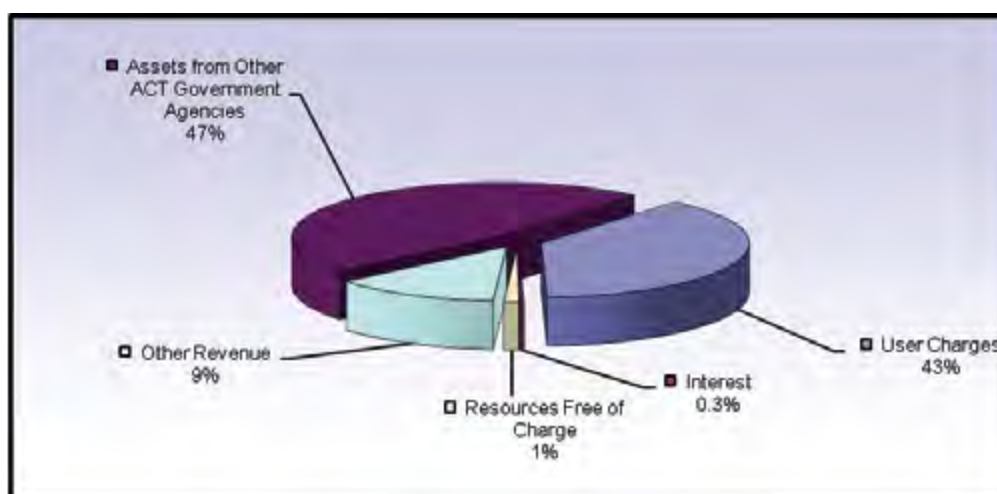
In addition, to enable the ACT Government to meet its overall budgetary objectives, the Directorate's 2011-12 Budget reflects additional savings to be achieved including a review of supplies and services and electricity costs. The Directorate will continue to pursue cost containment strategies and improved efficiencies to ensure core service delivery and community needs are maintained to a high standard.

Total own-source revenue

Components of own-source revenue

Figure 3 indicates that for the financial year ended 30 June 2011 the Directorate recorded own-source revenue (non-appropriated revenue) of \$104.2 million, of which \$49 million (47 per cent) represents gains including infrastructure assets transferred from the Land Development Agency and value of assets recognised for the first time relating to land under roads.

Figure 3 Components of own-source revenue for 2010-11



2010-11 own-source revenue comparison to amended budget

Own-source revenue for the year ended 30 June 2011 was \$17.6 million lower than the 2010-11 amended budget amount. This decrease is predominantly the result of the reduction to "Other Gains" of \$29 million compared to the amended budget offset by:

- an increase in revenue from the acceptance of contaminated remediation material (\$3.5 million);
- revenue for Commonwealth Government funded projects (\$5 million); and
- insurance receipts to fund remediation work relating to storm damage.

Comparison to 2009-10 actual income

Own-sourced revenue was \$43.8 million or 30 per cent lower than the 2009-10 actual result of \$148 million primarily due to reduced gains of \$18 million from asset transfers from other ACT Government Directorates, and the impact of Property Services included in the Directorate to 30 November 2009.

Future trends

Total own-source revenue for 2011-12 is budgeted to increase to \$191.4 million compared to the 2010-11 outcome of \$104.2 million. This increase is mainly due to projected

increased gains from assets transfers from other ACT Government Directorates and the inclusion of Property Services into the Directorate effective 17 May 2011.

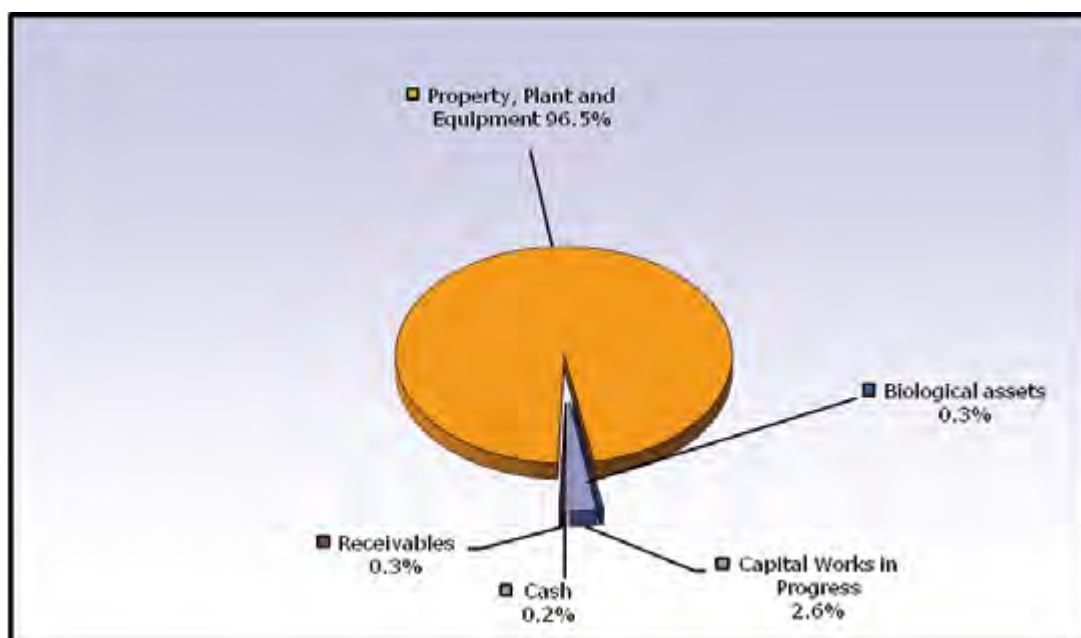
Directorate financial position

Total assets

Components of total assets

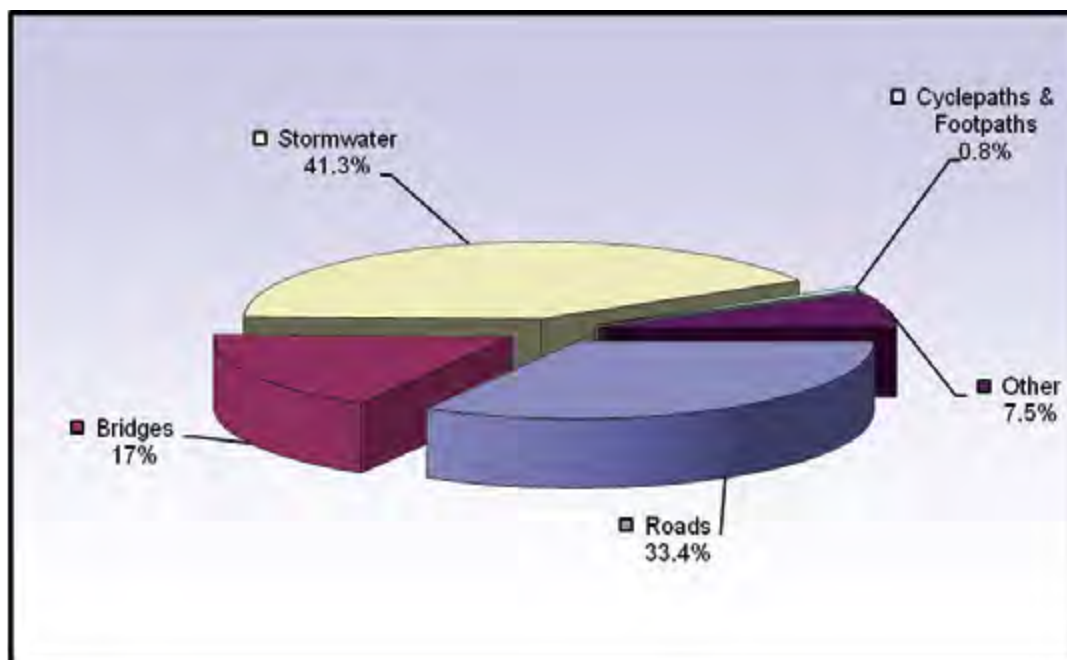
Figure 4 indicates that for the financial year ended 30 June 2011 the Directorate held 97 per cent of its assets in property, plant and equipment (\$8.42 billion).

Figure 4 Total assets as at 30 June 2011



The major component of property, plant and equipment is infrastructure assets (\$6.1 billion). Figure 5 indicates the components within the infrastructure asset class.

Figure 5 Infrastructure assets as at 30 June 2011



Comparison to budget

The total asset position as at 30 June 2011 is \$8.72 billion, which is \$570 million higher than the 2010-11 amended budgeted amount of \$8.15m billion. The increase is due mainly to a revaluation adjustment to infrastructure assets of \$590 million in 2009-10.

Comparison to 2009-10 actual

The Directorate's total asset position is \$360 million higher than the 2009-10 actual result of \$8.36 billion due to a combination of:

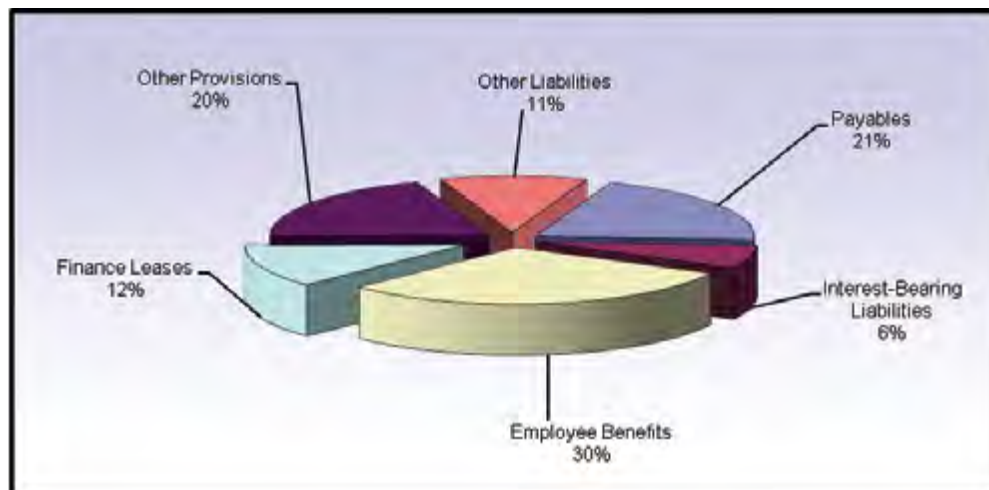
- an increase in assets due to transfers and changes to the Government's Administrative Arrangements effective 17 May 2011 of \$254m. The increase in assets was impacted by the transfer to the Directorate of Property Services from the former Department of Land and Property Services;
- asset revaluations of \$71m and additions mainly from the capital works program of \$152m offset by annual depreciation expenditure of \$144m

Total liabilities

Components of total liabilities

Figure 6 indicates that the major categories of the Directorate's liabilities are payables (21 per cent), employee benefits (30 per cent) and other provisions for the restoration of Waste Landfill Sites at Mugga Lane and Belconnen (20 per cent).

Figure 6 Total liabilities as at 30 June 2011



Comparison to budget

The Directorate's liabilities for the year ended 30 June 2011 of \$84.3 million are \$40.5 million lower than the 2010-11 revised budgeted amount due mainly to the impact of the timing of accounts payables which is indicating a reduction of \$19m, and a lowering of the provision for the restoration of landfill sites following the 2010-11 revaluation.

Comparison to 2009–10 actual

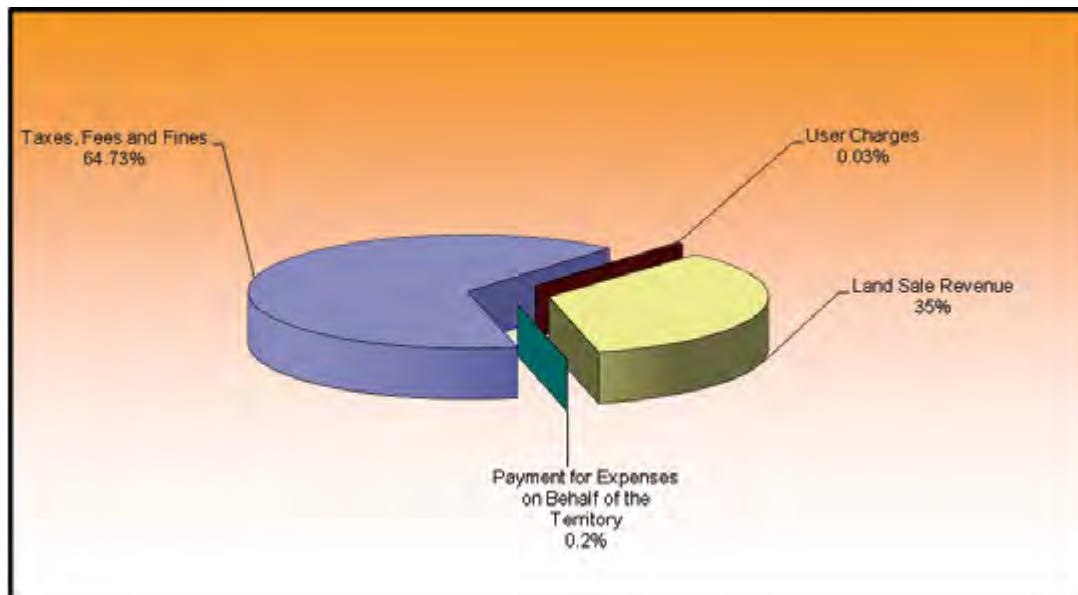
Total liabilities are \$31 million lower than the 2010-11 actual result of \$115.3 million primarily due to the above-mentioned factors, and changes to the Government's Administrative Arrangements effective 17 May 2011.

Territorial Statement of revenues and expenses

Total income

Figure 7 indicates that 64.7 per cent of territorial income is generated from taxes, fees and fines, particularly motor vehicle registrations. Land sale revenue accounts for a further 35 per cent of territorial revenue.

Figure 7 Sources of territorial revenue for 2010-11



Total territorial income for the year ended 30 June 2011 was \$191.65 million, a decrease of \$113 million from the 2010-11 budgeted amount. The decrease mainly relates to lower than anticipated land sale revenue from the Land Development Agency associated with the land release program (\$102.9 million).

Comparison to 2009-10 actual

Total income was \$23 million lower than the previous year due to a decrease in land sale revenue (\$19 million); and lower taxes, fees and fines (\$2 million).

Future trends

Land revenues for 2011-12 are anticipated to increase in line with the ACT Government's land release program, whilst Taxes, Fees and Fines is expected to reduce due to the transfer of the Transport Regulation and Licensing and Road Safety and driver and vehicle licensing policy functions to the Justice and Community Safety Directorate effective 17 May 2011.

Total expenditure

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

Attachment A

Reconciliation of Directorate original budget to amended budget

| | Original budget | Impact of Administrative Arrangement Orders | Amended budget |
|-------------------|-----------------|--|----------------|
| | \$m | \$m | \$m |
| Total income | 418.1 | 5.55 | 423.6 |
| Total expenditure | 476.1 | 4.63 | 480.7 |
| Total assets | 7,939.6 | 211.9 | 8,151.5 |
| Total liabilities | 119.3 | 5.5 | 124.8 |

Reconciliation of territorial original budget to amended budget

| | Original budget | Supplementary appropriation | Amended budget |
|-------------------|-----------------|--------------------------------|----------------|
| | \$m | \$m | \$m |
| Total income | 304.8 | - | 304.8 |
| Total expenditure | 304.8 | - | 304.8 |
| Total assets | 53.5 | - | 53.5 |
| Total liabilities | 53.5 | - | 53.5 |

Attachment B

Comparison of net cost of services to budget 2010-11

| | Original budget | Plus: AAO Transfers | Amended budget | | Less: actual | Variance explained | |
|-------------------------------------|--------------------|---------------------------|-------------------|--|-----------------|-----------------------|---------------|
| Description | \$'000 | \$'000 | \$'000 | | \$'000 | \$'000 | % |
| Expenditure | | | | | | | |
| Employee and superannuation | 93 878 | (1 718) | 92 160 | | 87 761 | 4 399 | 4.8% |
| Supplies and services | 164 681 | 6 626 | 171 307 | | 170 627 | 680 | 0.4% |
| Depreciation and amortisation | 129 725 | 387 | 130 112 | | 143 959 | (13 847) | (10.6%) |
| Grants and purchased services | 82 350 | (666) | 81 684 | | 83 354 | (1 670) | (2%) |
| Borrowing costs | 1 464 | - | 1 464 | | 1 228 | 236 | 16.1% |
| Other expenses | 4 009 | - | 4 009 | | 21 631 | (17 622) | (440%) |
| Total expenditure | 476 107 | 4 629 | 480 736 | | 508 560 | (27 824) | (5.8%) |
| Own-source revenue | | | | | | | |
| User charges, Taxes, Fees and Fines | 31 323 | 9 996 | 41 319 | | 44 604 | (3 285) | (7.9%) |
| Interest | 55 | - | 55 | | 285 | (230) | (418%) |
| Resources free of charge | 1 605 | - | 1 605 | | 1 231 | 374 | 23.3% |
| Other revenue | 817 | (4) | 813 | | 8 927 | (8 114) | (998%) |
| Total revenue | 33 800 | 9 992 | 43 792 | | 55 047 | (11 255) | (25.7%) |
| Add: gains | 78 060 | - | 78 060 | | 49 184 | 28 876 | 37% |
| Total own-source revenue | 111 860 | 9 992 | 121 852 | | 104 231 | 17 621 | 14.5% |
| | | | | | | | |
| Total net cost of services | 364 247 | - | 358 884 | | 404 329 | 45 445 | 12.7% |



ACT AUDITOR-GENERAL'S OFFICE



A11/24

Mr Gary Byles
Director-General
Territory and Municipal Services Directorate
Level 5, Macarthur House,
12 Wattle Street,
LYNEHAM ACT 2602

Dear Mr Byles

AUDIT REPORT – TERRITORY AND MUNICIPAL SERVICES DIRECTORATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Audit Office has completed the audit of the financial statements of the Territory and Municipal Services Directorate for the year ended 30 June 2011.

I have attached the audited financial statements and unqualified audit report.

I have provided a copy of the financial statements and audit report to the Minister for Territory and Municipal Services, Mr Simon Corbell MLA.

Yours sincerely

Dr Maxine Cooper
Auditor-General
13 September 2011

c.c. Mr Gordon Elliot, Acting Director, Strategic Finance
Mr Will Laurie, Chair, Internal Audit Committee
Mr Anthony Polinelli, Chief Internal Auditor



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Territory and Municipal Services Directorate (the Directorate) for the year ended 30 June 2011 have been audited. These comprise the following financial statements and accompanying notes:

- Directorate 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 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.

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

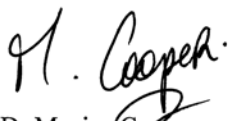
Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

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

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Directorate as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

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



Dr Maxine Cooper
Auditor-General
13 September 2011

**Territory and Municipal Services Directorate
Financial Statements
For the Year Ended 30 June 2011**

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 2011 and the financial position of the Directorate on that date.




Gary Byles
Director-General
Territory and Municipal Services
Directorate

13 September 2011

**Territory and Municipal Services Directorate
Financial Statements
For the Year Ended 30 June 2011**

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 2011 and the financial position of the Directorate on that date.


Gordon Elliott
Acting Chief Finance Officer
Territory and Municipal Services
Directorate

13 September 2011

**A6 DIRECTORATE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

**TERRITORY AND MUNICIPAL SERVICES
DIRECTORATE**

Territory and Municipal Services Directorate
Operating Statement
For the Year Ended 30 June 2011

| | | Actual | Original | |
|--|------|------------------|-----------------|-----------------|
| | Note | 2011 | Budget | Actual |
| | No. | \$'000 | 2011 | 2010 |
| | | | \$'000 | \$'000 |
| Income | | | | |
| <i>Revenue</i> | | | | |
| Government Payment for Outputs | 4 | 296,046 | 306,193 | 303,278 |
| User Charges - ACT Government | 5 | 17,809 | 8,682 | 36,374 |
| User Charges - Non-ACT Government | 5 | 22,272 | 18,991 | 26,776 |
| Interest | 6 | 285 | 55 | 191 |
| Resources Received Free of Charge | 7 | 1,231 | 1,605 | 1,408 |
| Taxes, Fees and Fines | 8 | 4,523 | 3,650 | 3,993 |
| Other Revenue | 9 | 8,927 | 817 | 12,256 |
| <i>Total Revenue</i> | | 351,093 | 339,993 | 384,276 |
| <i>Gains</i> | | | | |
| Other Gains | 10 | 49,184 | 78,060 | 67,008 |
| <i>Total Gains</i> | | 49,184 | 78,060 | 67,008 |
| Total Income | | 400,277 | 418,053 | 451,284 |
| Expenses | | | | |
| Employee Expenses | 11 | 76,461 | 80,939 | 83,194 |
| Superannuation Expenses | 12 | 11,300 | 12,939 | 12,057 |
| Supplies and Services | 13 | 170,627 | 164,681 | 187,241 |
| Depreciation and Amortisation | 14 | 143,959 | 129,725 | 132,106 |
| Grants and Purchased Services | 15 | 83,354 | 82,350 | 78,571 |
| Borrowing Costs | 16 | 1,228 | 1,464 | 2,639 |
| Other Expenses | 17 | 21,631 | 4,009 | 22,913 |
| Total Expenses | | 508,560 | 476,107 | 518,721 |
| Operating (Deficit) | | (108,283) | (58,054) | (67,437) |
| Other Comprehensive Income | | | | |
| Increase/(Decrease) in the Asset Revaluation Surplus | | 91,132 | - | 587,603 |
| Total Other Comprehensive Income/(Deficit) | | 91,132 | - | 587,603 |
| Total Comprehensive Income/(Deficit) | | (17,151) | (58,054) | 520,166 |

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

Territory and Municipal Services Directorate

Balance Sheet

As at 30 June 2011

| | Note | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|--------------------------------------|------|--------------------------|--------------------------------------|--------------------------|
| Current Assets | | | | |
| Cash and Cash Equivalents | 21 | 18,145 | 24,868 | 26,535 |
| Receivables | 22 | 20,891 | 12,477 | 19,153 |
| Inventories | 23 | 4,166 | 4,061 | 4,415 |
| Assets Held for Sale | 24 | 888 | - | 336 |
| Capital Works in Progress | 29 | - | 99 | - |
| Other Assets | 25 | 2,012 | 107 | 557 |
| Total Current Assets | | 46,102 | 41,612 | 50,996 |
| Non-Current Assets | | | | |
| Receivables | 22 | 4,930 | - | 5,980 |
| Property, Plant and Equipment | 26 | 8,421,533 | 7,460,524 | 8,096,353 |
| Intangible Assets | 27 | 1,528 | 4,302 | 528 |
| Biological Assets | 28 | 26,045 | 28,952 | 27,704 |
| Capital Works in Progress | 29 | 224,295 | 404,208 | 182,676 |
| Total Non-Current Assets | | 8,678,331 | 7,897,986 | 8,313,241 |
| Total Assets | | 8,724,433 | 7,939,598 | 8,364,237 |
| Current Liabilities | | | | |
| Payables | 30 | 17,385 | 32,707 | 36,613 |
| Interest-Bearing Liabilities | 31 | 4,147 | 704 | 648 |
| Finance Leases | 31 | 3,373 | 1,137 | 1,867 |
| Employee Benefits | 32 | 24,117 | 25,500 | 27,502 |
| Other Provisions | 33 | 61 | - | - |
| Other Liabilities | 34 | 6,739 | 20,094 | 7,566 |
| Total Current Liabilities | | 55,822 | 80,142 | 74,196 |
| Non-Current Liabilities | | | | |
| Payables | 30 | - | 191 | 142 |
| Interest-Bearing Liabilities | 31 | 1,227 | 1,164 | 1,928 |
| Finance Leases | 31 | 6,826 | 2,416 | 3,367 |
| Employee Benefits | 32 | 1,330 | 3,081 | 1,456 |
| Other Provisions | 33 | 16,696 | 30,289 | 33,551 |
| Other Liabilities | 34 | 2,424 | 2,058 | 639 |
| Total Non-Current Liabilities | | 28,503 | 39,199 | 41,083 |
| Total Liabilities | | 84,325 | 119,341 | 115,279 |
| Net Assets | | 8,640,109 | 7,820,257 | 8,248,958 |
| Equity | | | | |
| Accumulated Funds | 35 | 5,453,421 | 5,354,486 | 5,195,572 |
| Asset Revaluation Surplus | 35 | 3,186,688 | 2,465,771 | 3,053,386 |
| Total Equity | | 8,640,109 | 7,820,257 | 8,248,958 |

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 2011**

| | | Accumulated Funds Actual 2011 \$'000 | Asset Revaluation Surplus Actual 2011 \$'000 | Total Equity Actual 2011 \$'000 | Original Budget 2011 \$'000 |
|--|-------------|--|---|---|--------------------------------------|
| | Note No. | | | | |
| Balance at the Beginning of the 2010-11 Reporting Period | | 5,195,572 | 3,053,386 | 8,248,958 | 7,658,943 |
| <i>Comprehensive Income</i> | | | | | |
| Operating (Deficit) | | (108,283) | - | (108,283) | (58,054) |
| Increase in the Asset Revaluation Surplus | 35 | - | 91,132 | 91,132 | - |
| Total Comprehensive Income | | (108,283) | 91,132 | (17,151) | (58,054) |
| <i>Transactions Involving Owners Affecting Accumulated Funds and Asset Revaluation Surplus</i> | | | | | |
| Transfer of Asset Revaluation Surplus due to Administrative Restructure | | 75,940 | (75,940) | - | - |
| Capital Injections | | 224,835 | - | 224,835 | 235,181 |
| Capital Distributions (ACTION) | | (23,696) | - | (23,696) | - |
| Net Assets Transferred In as part of an Administrative Restructure | 37 | 303,730 | 118,110 | 421,840 | (15,813) |
| Net Assets Transferred Out as part of an Administrative Restructure | 37 | (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 |

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
For the Year Ended 30 June 2011**

| | Note No. | Accumulated Funds Actual 2010 \$'000 | Asset Revaluation Surplus Actual 2010 \$'000 | Total Equity Actual 2010 \$'000 |
|--|-------------|--|---|---|
| Balance at the Beginning of the 2009-10 Reporting Period | | 5,397,270 | 2,588,240 | 7,985,510 |
| <i>Comprehensive Income</i> | | | | |
| Operating (Deficit) | | (67,437) | - | (67,437) |
| (Decrease) in the Asset Revaluation Surplus | | - | 587,603 | 587,603 |
| Total Comprehensive (Deficit) | | (67,437) | 587,603 | 520,166 |
| <i>Transactions Involving Owners Affecting Accumulated Funds and Asset Revaluation Surplus</i> | | | | |
| Transfer of Asset Revaluation Surplus due to administrative restructure | | 122,457 | (122,457) | - |
| Capital Injections | | 206,968 | - | 206,968 |
| Capital Distributions (ACTION) | | (32,071) | - | (32,071) |
| Net Assets Transferred Out as part of an Administrative Restructure | 37 | (429,782) | - | (429,782) |
| Dividend Approved | | (1,833) | - | (1,833) |
| Total Transactions Involving Owners Affecting Accumulated Funds | | (134,261) | (122,457) | (256,718) |
| Balance at the End of the Reporting Period | | 5,195,572 | 3,053,386 | 8,248,958 |

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 2011**

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|--|-------------|--------------------------|--------------------------------------|--------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts | | | | |
| Government Payment for Outputs | | 218,699 | 236,071 | 230,626 |
| Government Payment for Community Service Obligations | | 77,347 | 70,122 | 72,652 |
| User Charges | | 33,624 | 33,609 | 57,872 |
| Interest Received | | 219 | 50 | 190 |
| Goods and Services Tax Input Tax Credits from the Australian Taxation Office | | 35,953 | 14,967 | 32,108 |
| Goods and Services Tax Collected from Customers | | 4,011 | 13,000 | 6,502 |
| Other | | 14,060 | 15,740 | 20,274 |
| Total Receipts from Operating Activities | | 383,913 | 383,559 | 420,224 |
| Payments | | | | |
| Employee | | 79,946 | 75,464 | 80,297 |
| Superannuation | | 11,300 | 12,940 | 12,057 |
| Supplies and Services | | 171,731 | 168,751 | 184,068 |
| Borrowing Costs | | 1,207 | - | 1,055 |
| Grants and Purchased Services | | 83,364 | 79,739 | 78,571 |
| Goods and Services Tax Paid to Suppliers | | 37,631 | 29,796 | 37,149 |
| Goods and Services Tax Paid to the Australian Taxation Office | | 1,680 | 231 | 2,843 |
| Other | | 5,986 | 6,502 | 6,164 |
| Total Payments from Operating Activities | | 392,845 | 373,423 | 402,204 |
| Net Cash (Outflows) / Inflows from Operating Activities | 41 | (8,932) | 10,136 | 18,020 |
| Cash Flows from Investing Activities | | | | |
| Receipts | | | | |
| Proceeds from Sale of Property, Plant and Equipment | | 1,399 | - | 1,757 |
| Total Receipts from Investing Activities | | 1,399 | - | 1,757 |
| Payments | | | | |
| Purchase of Property, Plant and Equipment | | 3,020 | 16,132 | 3,524 |
| Purchase of Intangible Assets | | - | 77 | 78 |
| Capital Payment to ACTION | | 23,696 | 25,920 | 32,071 |
| Purchase of Capital Works in Progress | | 196,482 | 224,798 | 182,433 |
| Total Payments from Investing Activities | | 223,198 | 266,927 | 218,106 |
| Net Cash (Outflows) from Investing Activities | | (221,799) | (266,927) | (216,349) |

**Territory and Municipal Services Directorate
Cash Flow Statement - Continued
For the Year Ended 30 June 2011**

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|---|-------------|--------------------------|--------------------------------------|--------------------------|
| Cash Flows from Financing Activities | | | | |
| Receipts | | | | |
| Capital Injections | | 224,835 | 261,101 | 206,968 |
| Receipt of Transferred Cash Balances | | 6,321 | - | - |
| Total Receipts from Financing Activities | | 231,156 | 261,101 | 206,968 |
| Payments | | | | |
| Repayment of Borrowings | | 648 | 1,264 | 785 |
| Repayment of Advances | | - | - | 2,757 |
| Transferred Cash Balances | | 4,351 | - | 4,479 |
| Dividends | | 916 | - | 1,833 |
| Repayment of Finance Leases | | 2,900 | 2,406 | 1,340 |
| Total Payments from Financing Activities | | 8,815 | 3,670 | 11,194 |
| Net Cash Inflows from Financing Activities | | 222,341 | 257,431 | 195,774 |
| Net (Decrease)/Increase in Cash and Cash Equivalents Held | | (8,390) | 640 | (2,555) |
| Cash and Cash Equivalents at the Beginning of the Reporting Period | | 26,535 | 24,228 | 29,090 |
| Cash and Cash Equivalents at the End of the Reporting Period | 41 | 18,145 | 24,868 | 26,535 |

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 2011

| | Output Class 1 Municipal Services | Output Class 2 Enterprise Services | Intra- Directorate Eliminations | Total |
|----------------------------|---|--|---------------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| 2011 | | | | |
| Total Income | 373,197 | 32,220 | (5,140) | 400,277 |
| Total Expenses | 477,041 | 36,659 | (5,140) | 508,560 |
| Operating (Deficit) | (103,844) | (4,439) | - | (108,283) |
| 2010 | | | | |
| Total Income | 390,374 | 74,136 | (13,226) | 451,284 |
| Total Expenses | 446,741 | 85,206 | (13,226) | 518,721 |
| Operating (Deficit) | (56,367) | (11,070) | - | (67,437) |

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 2011**

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. 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 | Original | |
|-----------------------------------|------------------|-----------------|-----------------|
| | 2011 | Budget | Actual |
| | \$'000 | 2011 | 2010 |
| | | \$'000 | \$'000 |
| Income | | | |
| <i>Revenue</i> | | | |
| Government Payment for Outputs | 293,167 | 302,449 | 291,597 |
| Taxes Fees and Fines | 4,523 | 3,650 | 3,993 |
| User Charges – ACT Government | 5,579 | 2,827 | 6,826 |
| User Charges – Non-ACT Government | 9,196 | 6,946 | 7,608 |
| Interest | 213 | 5 | 130 |
| Resources Received Free of Charge | 1,200 | 1,564 | 1,363 |
| Other Revenue | 10,807 | 749 | 11,864 |
| <i>Total Revenue</i> | 324,685 | 318,190 | 323,381 |
| <i>Gains</i> | | | |
| Other Gains | 48,512 | 78,060 | 66,993 |
| <i>Total Gains</i> | 48,512 | 78,060 | 66,993 |
| Total Income | 373,197 | 396,250 | 390,374 |
| Expenses | | | |
| Employee Expenses | 68,720 | 71,704 | 70,604 |
| Superannuation Expenses | 10,148 | 11,616 | 10,325 |
| Supplies and Services | 154,020 | 154,763 | 147,738 |
| Depreciation and Amortisation | 138,756 | 127,380 | 123,389 |
| Grants and Purchased Services | 83,359 | 82,183 | 77,760 |
| Borrowing Costs | 1,088 | 1,454 | 2,137 |
| Cost of Goods Sold | 124 | 82 | 111 |
| Other Expenses | 20,826 | 956 | 14,677 |
| Total Expenses | 477,041 | 450,138 | 446,741 |
| Operating (Deficit) | (103,844) | (53,888) | (56,367) |

Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, the Sport and Recreation function transferred from the Directorate to Economic Development Directorate; Transport Planning and Support to the Conservator functions transferred from the Directorate to the Environment and Sustainable Development Directorate; Road Safety and Transport Regulation functions transferred from the Directorate to the Justice and Community Safety Directorate; and Territory Records Office transferred from the Directorate to the Treasury Directorate.

**Territory and Municipal Services Directorate
Operating Statement for Output Class 2
Enterprise Services
For the Year Ended 30 June 2011**

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 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|-----------------------------------|-----------------------------------|--|-----------------------------------|
| Income | | | |
| <i>Revenue</i> | | | |
| Government Payment for Outputs | 2,879 | 3,744 | 11,681 |
| User Charges – ACT Government | 15,365 | 5,855 | 42,774 |
| User Charges – Non-ACT Government | 13,076 | 12,045 | 19,168 |
| Interest | 72 | 50 | 61 |
| Resources Received Free of Charge | 31 | 41 | 45 |
| Other Revenue | 125 | 68 | 407 |
| <i>Total Revenue</i> | 31,548 | 21,803 | 74,136 |
| <i>Gains</i> | | | |
| Other Gains | 672 | - | - |
| <i>Total Gains</i> | 672 | - | - |
| Total Income | 32,220 | 21,803 | 74,136 |
| Expenses | | | |
| Employee Expenses | 7,741 | 9,235 | 12,590 |
| Superannuation Expenses | 1,152 | 1,323 | 1,732 |
| Supplies and Services | 17,281 | 9,918 | 48,709 |
| Depreciation and Amortisation | 5,203 | 2,345 | 8,717 |
| Grants and Purchased Services | - | 167 | 811 |
| Borrowing Costs | 140 | 10 | 503 |
| Cost of Goods Sold | 4,342 | 2,602 | 3,909 |
| Other Expenses | 800 | 369 | 8,235 |
| Total Expenses | 36,659 | 25,969 | 85,206 |
| Operating (Deficit) | (4,439) | (4,166) | (11,070) |

Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, Territory Venues and Events transferred from the Directorate to the Economic Development Directorate; and ACT Property Group transferred from the former Department of Land and Property Services to the Directorate.

Territory and Municipal Services Directorate
Directorate Statement of Appropriation
For the Year Ended 30 June 2011

| | Original Budget 2011 \$'000 | Total Appropriated 2011 \$'000 | Appropriation Drawn 2011 \$'000 | Appropriation Drawn 2010 \$'000 |
|---|--------------------------------------|---|--|--|
| Directorate | | | | |
| Government Payment for Outputs (GPO), including Community Service Obligations (CSO) | 306,193 | 306,466 | 296,046 | 303,278 |
| Capital Injections | 261,101 | 234,666 | 224,835 | 206,968 |
| Total Directorate Appropriation | 567,294 | 541,132 | 520,881 | 510,246 |

The Directorate's Statement of Appropriation above 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 2010-11 Budget Papers (the Capital Injections Original Budget includes 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 2010-11

| | Government Payment for Outputs \$'000 | Capital Injections \$'000 |
|--|--|---------------------------------|
| Original Budget | 306,193 | 261,101 |
| s. 14 Transfer ^a | (51) | 51 |
| s.16 Transfers ^b | (4,437) | (50,799) |
| Treasurer's Advance ^c | 1,268 | - |
| Treasurer's Advance - ACTION ^d | 158 | - |
| s. 16B Rollovers ^e | 1,547 | 23,846 |
| s.17 Variation of Appropriation ^f | 71 | - |
| s.19B appropriation ^g | 1,697 | 467 |
| Total Appropriated | 306,446 | 234,666 |
| Undrawn Funds ^h | (10,400) | (9,831) |
| Appropriation Drawn | 296,046 | 224,835 |

a) Transfer of Appropriation from GPO to Capital.

b) Transfer of functions: The Heritage function transferred to the Chief Minister's Directorate effective 1 July 2010, city marketing transferred to the former Department of Land and Property Services, Territory Records Office transferred to the Treasury Directorate, Territory Venues and Events and Sport and Recreation transferred to the Economic Development Directorate, Transport Regulation and Road Safety transferred to the Justice and Community Safety Directorate, Transport Planning and Support to the Conservator transferred to the Environment and Sustainable Development Directorate and ACT Property Group transferred from the former Department of Land and Property Services.

c) \$1m relates to additional mowing requirements and \$0.3m to the night rider bus services trial.

d) This relates to a pre-ACTIA insurance settlement.

e) The GPO rollover includes 11 projects and the Capital Injection includes 101 projects.

f) Represents Commonwealth Government funding for Interstate Road Transport National Partnership.

g) The additional appropriation relates to funding received from the Commonwealth Government for a range of programs such as National Disaster and Bushfire mitigation, National Partnership Agreement to Support Local Government and Regional Development and Heavy Vehicle Safety and Productivity Program.

h) The majority of the recurrent funding relates to grants for sporting facilities and other projects that have been deferred to 2011-12.

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**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 1 OBJECTIVES OF THE TERRITORY AND MUNICIPAL SERVICES
DIRECTORATE**

Change of Name and Administrative Restructures

The Territory and Municipal Services Directorate (the Directorate) was established on 17 May 2011 through Notifiable Instrument NI 2011-244 *Administrative Arrangements 2011 (No 1)*. Under these arrangements, a range of functions of the former Department of Territory and Municipal Services were transferred to other directorates. 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. Shared Services (which provides services to other Government agencies for information and communication technology (ICT), procurement, publishing and records services, as well as selected human resource and finance services), 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 Directorate is a Department for the purposes of the *Financial Management Act 1996* and any references to a Directorate refers to a Department.

Operations and Principal Activities of the Territory and Municipal Services Directorate

The Directorate plays a key role in building Canberra's environmental, social and infrastructure capital as well as administering the majority of Canberra's municipal services and public transport functions. This includes providing and managing public libraries, collecting and recycling waste, managing and maintaining the Territory's 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 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

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;

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(a) Basis of Accounting - continued

- (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 be informative to the reader and 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 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 Directorate during the reporting period.

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) Directorate and Territorial Items

The Directorate produces Directorate and Territorial financial statements. The Directorate 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 Directorate 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 Directorate 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 2011 together with the financial position of the Directorate as at 30 June 2011.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**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 2010-11 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 2009-10 financial year 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 payment. Fees are either recognised as revenue at the time of payment or when the fee is incurred. Fines are recognised as revenue on the issue of the relevant infringement notice. Where the fine attracts a penalty for late payment, the penalty amount is recognised as revenue on issue of the late payment notice.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(f) Revenue Recognition - continued

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the significant risks and rewards of ownership of the goods have transferred to the buyer; the Directorate retains neither continuing managerial involvement nor effective control over the goods sold and the costs incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from the rendering of services is recognised when the stage of completion of the transaction at the reporting date can be measured reliably and the costs of rendering those services can be measured reliably.

Interest

Interest revenue is recognised using the effective interest rate method.

Land Sales Revenue

The Directorate recognises revenue from land sales to Economic Development Directorate (EDD) when all the significant risks and rewards of ownership of the land have transferred from the Directorate to the EDD. 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 - 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.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(h) Contributed Assets

Infrastructure assets received free of charge from EDD 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'.

(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 '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 Statements, as these assets are carried at cost. The carrying amount of the impaired asset is also reduced to its recoverable amount.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(m) Impairment of Assets - continued

An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 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.

(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 a discount if payment is received within 30 days.

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 where payment is not received within an agreed number of days after the amount falls due, until the whole debt is paid.

Accrued revenue is revenue that is due to the Directorate but has not been billed 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:

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(o) Receivables - continued

- (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 back against the receivables account when the Directorate ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

(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 from growth plot measurements, and applying the proportional split of the product mix, and the values of the individual products.

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

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(r) Inventories

Inventories are stated 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.

(s) Acquisition and Recognition of Property, Plant and Equipment

Property, plant and equipment are 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, are 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 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(u) Intangible Assets

The Directorate's Intangible Assets are comprised of internally developed software for internal use. Internally acquired 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 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 Restoration | Straight Line | 30 – 50 |
| Buildings | 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 |

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 2011

**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 asset's 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 2011**

**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 discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2010-11, the discount factor used to calculate the present value of these future payments is 92.2% (92.9% in 2009-10).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years 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.

(aa) Superannuation

Superannuation payments are made to the Territory Banking Account each year, 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

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(aa) Superannuation - continued

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 recognises 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 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.

(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:

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

(ad) Significant Accounting Judgements and Estimates - continued

- (1) *Assets received from ACT Government agencies:* Assets received from ACT Government agencies totalling \$40.1 million (2009-10 \$52.0 million) are disclosed in Note 10 'Other Gains' of the financial statements 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 \$6,070.3 million (2009-10 \$6,128.7 million) and Heritage and Community Assets totalling \$1,833 million (2009-10 \$1,779 million) are predominately valued based on depreciated replacement cost by writing-down gross replacement values to take account of the age of assets. 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 \$470.9 million (2009-10 \$136.9 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 valuation methodology applicable for land under roads. This guidance states that 'Statutory Land Value' is the most feasible and efficient base for valuing land under roads.

In applying this Statutory Land Value Methodology, the fair value for land under roads is measured on an unimproved rateable land valuation basis. 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. Further information on this estimate is provided in Note 2 (t) 'Measurement of Property, Plant and Equipment After Initial Recognition' and Note 3 'Change in Accounting Estimates'.

- (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.

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 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED

(ad) Significant Accounting Judgements and Estimates - continued

- (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 at estimated value on liquidation to the Directorate 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 to have been impaired 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, for the decommissioned Belconnen Landfill is the year 2017.
- (10) *Allowance for Impairment Losses:* The allowance for impairment losses on Territorial receivables principally relates to waste debtors. Objective analysis of waste 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, although other punitive measures can be used in the eventual recovery process.
- (11) *Contingent Liability – Contaminated Sites:* 232 contaminated sites have been identified on land owned by the Directorate. 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.

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

(ad) Significant Accounting Judgements and Estimates - continued

(12) *Accrued Land Sales Revenue:* The Directorate has accrued land sales revenue based on an estimate by the Economic Development Directorate (EDD). The Directorate makes englobo land sales to the EDD to enable the EDD to either develop and sell the land to the public itself or on-sell the land to private sector developers. The Directorate recognises revenue from land sales to the EDD when all the significant risks and rewards of ownership of the land have transferred from the Directorate to the EDD.

The Directorate assesses that the significant risks and rewards of ownership have transferred to the EDD 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 on 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. 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 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011);
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 Revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 July 2013);

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED

(ae) Impact of Accounting Standards Issued but yet to be Applied - continued

- AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 January 2013);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (application date 1 July 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 July 2011);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 [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 Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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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 estimated future payments are discounted back to present value using the government bond rate.

Last financial year, the discount rate was 92.9%, however, due to a change in the Commonwealth Government bond rate, the rate is now 92.2%.

As such the estimate of the long service leave has changed. This change has resulted in a decrease to the estimate of the long service leave liability and expense in the current reporting period of approximately \$0.088 million. The change in the discount rate has not resulted in a change to the estimate of annual leave liability and expense as the Directorate estimates all its annual leave to be taken in the next 12 months.

Revision of Provision for Restoration of Waste Landfill Sites

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

Territory and Municipal Services Directorate
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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.

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Revenue from the ACT Government | | |
| Government Payment for Outputs | 218,699 | 230,626 |
| Government Payment for Community Service Obligations ^a | 77,347 | 72,652 |
| Total Government Payment for Outputs | 296,046 | 303,278 |

a) The increase in the Community Service Obligations for 2010-11 includes funding provided by the Directorate to ACTION of \$9.6m to meet cost pressures associated with increased service delivery, insurance and comcare premiums; and decreased fare revenue. The CSO payment included \$74.9m for ACTION to operate network services; ACT Forests \$2.2m for the provision of public use areas within ACT Forests; and Yarralumla Nursery \$0.3m for the free plant issues 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 | 17,809 | 36,374 |
| Total User Charges – ACT Government | 17,809 | 36,374 |

User Charges – Non-ACT Government

| | | |
|--|---------------|---------------|
| Sales | 281 | 1,496 |
| Service Revenue (Non-ACT Government) | 21,262 | 22,740 |
| Rent from Tenants | 729 | 2,540 |
| Total User Charges - Non-ACT Government | 22,272 | 26,776 |
| Total User Charges for Goods and Services | 40,081 | 63,150 |

a) The 2009-10 user charges included revenue for ACT Property Group to 30 November 2010. The ACT Property Group transferred to the former Department of Land and Property Services on 1 December 2010. The 2010-11 user charges include ACT Property Group for the period from 17 May to 30 June 2011, following the Administrative restructuring of 17 May 2011.

NOTE 6 INTEREST

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Revenue from within the ACT Government | | |
| Interest Revenue from the Territory Banking Account | 139 | 133 |
| Total Interest Revenue from within ACT Government | 139 | 133 |

Revenue from Non-ACT Government Entities

| | | |
|--|------------|------------|
| Other Interest Revenue ^a | 146 | 57 |
| Interest Received from Australian Taxation Office | - | 1 |
| Total Interest Revenue from Non-ACT Government Entities | 146 | 58 |
| Total Interest Revenue | 285 | 191 |

a) Interest revenue in 2010-11 includes interest earned by the Tidbinbilla Precinct from 1 July 2010 when the function transferred to the Directorate from the Education and Training Directorate.

Territory and Municipal Services Directorate
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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

| | | |
|---|--------------|--------------|
| Justice and Community Safety Directorate - Legal Services | 968 | 1,145 |
| Emergency Services Agency - Support Charges | 263 | 263 |
| Total Resources Received Free of Charge | 1,231 | 1,408 |

NOTE 8 TAXES, FEES AND FINES

| | | |
|------------------------------------|--------------|--------------|
| Taxes, Fees and Fines ^a | 4,523 | 3,993 |
| Total Taxes, Fees and Fines | 4,523 | 3,993 |

a) Taxes, Fees and Fines primarily includes domestic landfill disposal fees

NOTE 9 OTHER REVENUE

Other Revenue arises from the core activities of the Directorate and is distinguished from 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 | 817 |
| Other | 3,132 | 1,049 |
| Total Revenue from ACT Government Entities | 4,254 | 1,866 |

Revenue from Non-ACT Government Entities

| | | |
|---|--------------|---------------|
| Commonwealth Government Grants | 226 | 222 |
| Other ^b | 4,447 | 10,168 |
| Total Revenue from Non-ACT Government Entities | 4,673 | 10,390 |
| Total Other Revenue | 8,927 | 12,256 |

a) Represents funding from the Whole of Government Capital Improvement Fund for seats at bus stops and a feasibility study for the Centenary Trail.

b) The decrease in 2010-11 is due to a reduction in the volume of contaminated remediation material.

Territory and Municipal Services Directorate
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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. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Directorate.

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Value of Assets Recognised for the First Time | 6,968 | 13,206 |
| Assets Received from ACT Government Agencies | 40,147 | 52,043 |
| Gains Arising from Forgiveness of Liabilities | 29 | - |
| Gain on Sale of Assets | 2,040 | 1,759 |
| Total Other Gains^a | 49,184 | 67,008 |

a) The 2010-11 result reflects gains from the transfer of assets from other ACT Government Directorates, mainly from the Economic Development Directorate. The decrease from the 2009-10 result is due to a reduction in infrastructure transfers from the Economic Development Directorate.

NOTE 11 EMPLOYEE EXPENSES

| | | |
|--|---------------|---------------|
| Wages and Salaries | 67,439 | 72,318 |
| Annual Leave Expense | 3,788 | 4,519 |
| Long Service Leave Expense | 244 | 1,683 |
| Comcare Costs | 2,726 | 2,768 |
| Termination Expense ^a | 1,795 | 600 |
| Other Employee Benefits and On-Costs | 469 | 1,306 |
| Total Employee Expenses^b | 76,461 | 83,194 |

a) Termination payments include leave balances paid out on termination and vary according to the mix of employees leaving the ACT Government.

b) The reduction in employee expenses in 2010-11 is primarily due to the inclusion of Tourism and ACT Property Group in the 2009-2010 result. Tourism transferred to the former Chief Minister's Department effective 10 November 2009, and the ACT Property Group transferred to the former Department of Land and Property Services on 1 December 2009.

NOTE 12 SUPERANNUATION EXPENSES

The Directorate receives 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 for its portion of the Territory's Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) superannuation liability. The productivity benefit for these schemes is paid directly to ComSuper.

Superannuation payments have been made direct to ComSuper to cover its superannuation liability for employees that are in the Public Sector Superannuation Scheme Accumulation Plan (PSSAP).

Superannuation payments are also made to external providers as part of the employee fund of choice arrangements, and to employment agencies for the superannuation contribution it is required to make for the contract staff it employs.

| | | |
|---|---------------|---------------|
| Superannuation Contributions to the Territory Banking Account | 7,569 | 8,205 |
| Productivity Benefit | 1,276 | 1,346 |
| Superannuation Payment to ComSuper (for the PSSAP) | 427 | 518 |
| Superannuation to External Providers | 2,028 | 1,988 |
| Total Superannuation Expenses | 11,300 | 12,057 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 13 SUPPLIES AND SERVICES

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Repairs and Maintenance (e.g. parks, roads and property) | 60,625 | 66,146 |
| Building and Facilities Operating Costs | 20,840 | 27,372 |
| Professional Services (e.g. contractors and consultants) | 38,394 | 36,320 |
| Information Technology and Communications | 14,086 | 13,518 |
| Consumables | 8,064 | 10,081 |
| Insurance | 7,217 | 7,110 |
| Communication, Printing and Publication | 3,110 | 4,111 |
| Operating Lease Costs | 3,450 | 5,394 |
| Finance, Procurement and Human Resources Charges | 5,034 | 5,254 |
| Cost of Goods Sold ^a | 4,466 | 4,020 |
| Legal Costs | 1,502 | 2,169 |
| Other Human Resource Costs | 1,185 | 1,445 |
| Staff Development and Training | 561 | 505 |
| Membership and Associations | 533 | 526 |
| Bank Fees and Charges | 443 | 393 |
| Travel Expenses | 291 | 539 |
| Other Supplies and Services | 826 | 2,338 |
| Total Supplies and Services^b | 170,627 | 187,241 |

a) Cost of goods sold is the cost of products and services sold by Yarralumla Nursery and Territory Venues and Events.

b) The reduction in supplies and services expenses in 2010-11 is primarily due to the inclusion of Tourism in 2009-10 until the transfer to the former Chief Minister's Department effective 10 November 2009, and the inclusion of ACT Property Group until the transfer to the former Department of Land and Planning Services effective 1 December 2009.

NOTE 14 DEPRECIATION AND AMORTISATION

| | | |
|--|----------------|----------------|
| Depreciation | | |
| Land Restoration | 2,515 | 3,014 |
| Buildings ^a | 5,444 | 8,872 |
| Infrastructure Assets ^b | 123,063 | 110,192 |
| Plant and Equipment | 9,898 | 8,233 |
| Heritage and Community Assets ^c | 2,316 | 1,090 |
| Leasehold Improvements | 329 | 225 |
| Total Depreciation | 143,565 | 131,626 |
| Amortisation | | |
| Intangible Assets | 394 | 480 |
| Total Amortisation | 394 | 480 |
| Total Depreciation and Amortisation | 143,959 | 132,106 |

a) The decrease in the buildings depreciation is due to the inclusion of ACT Property Group until the transfer to the former Department of Land and Planning Services effective 1 December 2009.

b) The increase in infrastructure assets depreciation is due to the impact of a revaluation of various asset categories undertaken in 2009-10.

c) The increase in heritage and community assets depreciation is a result of reduced useful lives of library materials following the 2009-10 revaluation.

Territory and Municipal Services Directorate
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NOTE 15 GRANTS AND PURCHASED SERVICES

Grants are amounts provided by the Directorate to ACT Government entities and non-ACT Government entities for general assistance or for a particular purpose. Grants may be for capital, current or recurrent purposes and the name or category reflects the use of the grant. The grants given are usually subject to terms and conditions set out in the contract, correspondence, or by legislation.

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

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Payments to Service Providers - ACTION ^a | 74,895 | 70,199 |
| Grants to Community Organisations | 8,459 | 8,372 |
| Total Grants and Purchased Services | 83,354 | 78,571 |

a) The increase in the payments to ACTION represents \$9.6 million additional funding provided by the Directorate to meet cost pressures associated with increased service delivery, insurance and comcare premiums; and the impact of decreased fare revenue. The variance between the two years is partially offset by the transfer of support functions to the Directorate effective 1 July 2010 (\$3.1m) and the amount of the Treasurer's Advance received by ACTION in 2009-10 of \$3.2m.

NOTE 16 BORROWING COSTS

| | | |
|--|--------------|--------------|
| Interest on Borrowings ^a | 336 | 713 |
| Finance Charges on Finance Leases ^b | 871 | 342 |
| Interest Costs for Land Restoration ^c | - | 1,584 |
| Other Borrowing Costs | 21 | - |
| Total Borrowing Costs | 1,228 | 2,639 |

a) The decrease in interest on borrowings reflects the transfer of ACT Property Group to the former Department of Land and Property Services for the period 1 December 2009 to 17 May 2011.

b) The increase in finance charges on finance leases follows the Directorate acquiring 163 vehicles under lease with Westpac from Rhodium Assets Solutions. From 1 July 2010 these vehicles were recorded in the Directorate's books as vehicles under a finance lease.

c) The decrease in the land restoration interest is due to the revaluation of the land restoration assets during 2010-11 and the corresponding change in cost estimates and timings. See Note 3 "Change in Accounting Estimates".

NOTE 17 OTHER EXPENSES

| | | |
|--|---------------|---------------|
| Capital Works in Progress ^a | 7,383 | 9,834 |
| Transfer of Assets to ACT Government Agencies | 311 | 7,537 |
| Impairment Losses and Write-Offs (see Note 18) | 300 | 961 |
| Loss on Disposal of Assets ^b | 6,445 | 1,566 |
| Loss on revaluation of plant and equipment | 4,198 | - |
| Loss on revaluation of biological assets | 1,659 | 1,248 |
| Other Expenses ^c | 1,335 | 1,767 |
| Total Other Expenses | 21,631 | 22,913 |

a) The 2010-11 result includes the expensing of completed works that don't meet the capitalisation requirements.

b) Includes the write-off of an obsolete bridge that was demolished following the upgrade of the Glenloch Interchange.

c) Due to a reduction in the valuation of several asset categories within the plant and equipment asset class.

Territory and Municipal Services Directorate
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NOTE 18 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 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.

| | 2011 | | 2010 |
|---|---------------|------------|---------------|
| | \$'000 | | \$'000 |
| Impairment Loss from Receivables | | | |
| Trade Receivables ^a | | 200 | 718 |
| Total Impairment Loss from Receivables | | 200 | 718 |
| Total Impairment Losses | | 200 | 718 |
| Write-offs | No. | No. | |
| Losses or Deficiencies in Public Monies | 5 | 2 | 14 |
| Irrecoverable debts ^a | 11 | 99 | 110 |
| Total Write-offs | 16 | 101 | 124 |
| Total Impairment Losses and Write-offs | 16 | 301 | 124 |
| | | | 961 |

a) The reduction in 2010-11 is due to improved debt collection practices.

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
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NOTE 20 AUDITOR'S REMUNERATION

The Auditor's remuneration consists of financial audit services provided to the Directorate by the ACT Auditor-General's Office to conduct the financial audit. No other services were provided by the ACT Auditor-General's Office.

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Audit Services | | |
| Audit Fees Paid to the ACT Auditor-General's Office | 242 | 237 |
| Total Audit Fees | 242 | 237 |
| Total Auditor's Remuneration | 242 | 237 |

NOTE 21 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. As part of these arrangements, the Directorate does not receive any interest on these accounts. Short-term investments were also held with the Territory Banking Account in the Cash Enhanced Portfolio throughout the year. The investment earned a floating interest rate of 6.71% (4.96% in 2010). These funds are able to be withdrawn upon request.

| | | |
|--|---------------|---------------|
| Cash on Hand | 342 | 453 |
| Cash at Bank | 17,802 | 26,001 |
| Investments with the Territory Banking Account - Cash Enhanced Portfolio | 1 | 81 |
| Total Cash and Cash Equivalents | 18,145 | 26,535 |

NOTE 22 RECEIVABLES

Current Receivables

| | | |
|---------------------------------------|--------------|--------------|
| Trade Receivables | 10,294 | 9,002 |
| Less: Allowance for Impairment Losses | (1,147) | (815) |
| | 9,147 | 8,187 |

| | | |
|---------------------------------------|--------------|--------------|
| Other Receivables ^a | 5,103 | 5,391 |
| Less: Allowance for Impairment Losses | - | - |
| | 5,103 | 5,391 |

| | | |
|---------------------------------------|--------------|--------------|
| Accrued Revenue | 2,376 | 654 |
| Net Goods and Services Tax Receivable | 4,265 | 4,921 |
| | 6,641 | 5,575 |

| | | |
|----------------------------------|---------------|---------------|
| Total Current Receivables | 20,891 | 19,153 |
|----------------------------------|---------------|---------------|

Non-Current Receivables

| | | |
|--------------------------------|--------------|--------------|
| Other Receivables ^a | 4,930 | 5,980 |
| | 4,930 | 5,980 |

| | | |
|--------------------------|---------------|---------------|
| Total Receivables | 25,821 | 25,133 |
|--------------------------|---------------|---------------|

a) This balance mainly relates to the ACTIA bushfire claim totalling \$8.3m, consisting of \$3.5m (current) and \$4.8m (non-current).

Territory and Municipal Services Directorate
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NOTE 22 RECEIVABLES - CONTINUED

Aging of Receivables

| | Not Overdue | Past Due | | | Total |
|---------------------------------|-------------|----------------------|---------------|-------------------------|--------|
| | | Less than 30 Days | 30 to 60 Days | Greater than 60 Days | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2011 | | | | | |
| Not Impaired^a | | | | | |
| Receivables | 20,931 | 3,017 | 816 | 1,057 | 25,821 |
| Impaired | | | | | |
| Receivables | - | - | - | 1,147 | 1,147 |
| 2010 | | | | | |
| Not Impaired^a | | | | | |
| Receivables | 22,985 | 1,454 | 231 | 463 | 25,133 |
| Impaired | | | | | |
| Receivables | 36 | - | - | 779 | 815 |

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

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Reconciliation of the Allowance for Impairment Losses | | |
| Allowance for Impairment Losses at the Beginning of the Reporting Period | (815) | (323) |
| Additional Allowance Recognised | (200) | (745) |
| Reduction in Allowance Resulting from a Write-back against the Receivables | - | 253 |
| Increase in Allowance Resulting from Administrative Restructures | (132) | - |
| Allowance for Impairment Losses at the End of the Reporting Period | (1,147) | (815) |

The carrying amount of financial assets that are past due or impaired, whose terms have been renegotiated is nil.

Classification of ACT Government/Non-ACT Government Receivables

Receivables from ACT Government Entities

| | | |
|---|---------------|---------------|
| Net Trade Receivables | 4,367 | 1,709 |
| Net Other Trade Receivables | 8,965 | 11,178 |
| Accrued Revenue | 2,051 | 329 |
| Total Receivables from ACT Government Entities | 15,383 | 13,216 |

Receivables from Non-ACT Government Entities

| | | |
|---|---------------|---------------|
| Net Trade Receivables | 4,192 | 6,489 |
| Net Other Trade Receivables | 1,656 | 182 |
| Accrued Revenue | 325 | 325 |
| Net Goods and Services Tax Receivable | 4,265 | 4,921 |
| Total Receivables with Non-ACT Government Entities | 10,438 | 11,917 |
| Total Receivables | 25,821 | 25,133 |

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NOTE 23 INVENTORIES

| | 2011 | 2010 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Current Inventories | | |
| Raw Materials - at Cost | 1,251 | 1,089 |
| Finished Goods - at Cost | 2,531 | 3,326 |
| Tickets - at Cost | 384 | - |
| Total Current Inventories^a | 4,166 | 4,415 |
| Total Inventories | 4,166 | 4,415 |

a) Inventories are held primarily by Yarralumla Nursery in the form of raw materials and finished goods held for sale. Other minor inventory items include raw materials held by Roads and ACT Property Group, and ACTION bus tickets held following the implementation of the new MYWAY ticketing system.

NOTE 24 ASSETS HELD FOR SALE

| | | |
|---|------------|------------|
| Plant and Equipment Held for sale | 888 | 336 |
| Total Assets Held for Sale | 888 | 336 |
| Reconciliation of Assets Held for Sale | | |
| Assets Held for Sale at the beginning of the Reporting Period | 336 | - |
| Transfers from Plant and Equipment | 1,423 | 1,664 |
| Sales | (811) | (1,328) |
| Acquisition/(Disposal) through Administrative Restructuring | (60) | - |
| Total Assets Held for Sale | 888 | 336 |

a) The Directorate has classified motor vehicles with expired leases as assets held for sale. The Directorate has approximately 40 vehicles in this category at 30 June 2011.

NOTE 25 OTHER ASSETS

| | | |
|--|--------------|------------|
| Prepaid Supplies and Services ^a | 2,012 | 548 |
| Other Assets | - | 9 |
| Total Other Assets | 2,012 | 557 |

a) The increase in prepayments is mainly due to the inclusion of ACT Property Group's prepaid building rentals in the 2010-11 closing balance. ACT Property Group transferred to the Directorate on 17 May 2011.

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NOTE 26 PROPERTY, PLANT AND EQUIPMENT

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

- *Land* includes leasehold land held by the Directorate but excludes land under infrastructure.
- *Buildings* include office buildings and warehouses.
- *Leasehold improvements* represent capital expenditure incurred in relation to leased assets. The Directorate has fit-outs in its leased buildings.
- *Plant and equipment* includes motor vehicles under a finance lease, mobile plant, air conditioning and heating systems, office and computer equipment, furniture and fittings, and other mechanical and electronic equipment.
- *Infrastructure* assets comprise public utilities that provide essential services and enhance the productive capacity of the economy. Infrastructure assets held by the Directorate include bridges, stormwater assets, carparks, streetlights, community paths, traffic signals, driveways, signs and barriers. Land under infrastructure is not included in infrastructure assets.
- *Heritage* assets are defined as those non-current assets that the 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 2011. This replacement cost estimate is shown below, however in no way does this represent the fair value of the trees, nor is this the value that is included in the fair value of urban open space.

| | 2011 | 2011 | 2010 | 2010 |
|----------------------------------|-----------------|----------------|-----------------|----------------|
| | Number | Actual | Number | Actual |
| | of Trees | Value | of Trees | Value |
| | '000 | \$'000 | '000 | \$'000 |
| Trees in Urban Open Space | | | | |
| Native Species | 297 | 80,201 | 264 | 47,543 |
| Exotic Species | 418 | 150,740 | 372 | 126,590 |
| | 715 | 230,941 | 636 | 174,133 |

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NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

| | 2011 | 2010 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| LAND AND BUILDINGS | | |
| Land at Fair Value ^a | 190,020 | 43,755 |
| Land Restoration at Fair Value (waste landfill sites) ^b | 16,696 | 30,063 |
| Less Accumulated Depreciation - Land Restoration (waste landfill sites) | (13,989) | (13,335) |
| Total Land at Fair Value | 192,727 | 60,483 |
| Total Written-Down Value of Land | 192,727 | 60,483 |
| Buildings at Fair Value ^a | 305,052 | 80,930 |
| Less Accumulated Depreciation | (26,850) | (4,518) |
| Less Accumulated Impairment (Losses) | (45) | (45) |
| Total Buildings at Fair Value | 278,157 | 76,367 |
| Total Written-Down Value of Buildings | 278,157 | 76,367 |
| Total Written-Down Value of Land and Buildings | 470,884 | 136,850 |
| LEASEHOLD IMPROVEMENTS | | |
| Leasehold Improvements at Fair Value | 1,481 | 2,009 |
| Less Accumulated Depreciation | (261) | (210) |
| Total Written-Down Value of Leasehold Improvements | 1,220 | 1,799 |
| PLANT AND EQUIPMENT | | |
| Assets Under a Finance Lease | | |
| Plant and Equipment Under a Finance Lease at cost | 13,201 | 6,691 |
| Accumulated Depreciation of Plant and Equipment under a Finance Lease | (3,274) | (1,477) |
| Total Plant and Equipment Under Finance Lease | 9,927 | 5,214 |
| Owned Assets | | |
| Plant and Equipment at Fair Value ^c | 39,136 | 61,420 |
| Less Accumulated Depreciation | (2,960) | (16,125) |
| Less Accumulated Impairment (Losses) | - | (86) |
| Total Plant and Equipment at Fair Value | 36,176 | 45,209 |
| Total Written-Down Value of Plant and Equipment | 46,103 | 50,423 |

a) Land and building assets were transferred to the Directorate from the former Department of Land and Property Services effective 17 May 2011 with the transfer of ACT Property Group

b) Land restoration assets were revalued as at 30 June 2011 by officers of the Directorate.

c) Plant and equipment assets were revalued as at 30 June 2011. The valuations were conducted by officers of the Directorate using industry standards, Mr Bob Cunningham (Certified Practising Valuer) from the Australian Valuation Office and Mr Cameron Dunsford (Certified Practising Valuer) from Rodney Hyman Asset Services Pty Ltd.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$'000 | \$'000 |
| INFRASTRUCTURE ASSETS | | |
| Roads | | |
| Roads at Fair Value | 2,100,017 | 2,020,235 |
| Less Accumulated Depreciation | (73,344) | (37,045) |
| Total Roads at Fair Value | 2,026,673 | 1,983,190 |
| Total Written-Down Value of Roads | 2,026,673 | 1,983,190 |
| Bridges | | |
| Bridges at Fair Value | 1,053,031 | 1,054,729 |
| Less Accumulated Depreciation | (14,612) | - |
| Less Accumulated Impairment (Losses) | (4,584) | - |
| Total Bridges at Fair Value | 1,033,835 | 1,054,729 |
| Total Written-Down Value of Bridges | 1,033,835 | 1,054,729 |
| Stormwater Assets | | |
| Stormwater Assets at Fair Value | 2,547,318 | 2,536,383 |
| Less Accumulated Depreciation | (39,438) | - |
| Total Stormwater Assets at Fair Value | 2,507,880 | 2,536,383 |
| Total Written-Down Value of Stormwater Assets | 2,507,880 | 2,536,383 |
| Cyclepaths and Footpaths | | |
| Cyclepaths and Footpaths at Fair Value | 53,333 | 50,461 |
| Less Accumulated Depreciation | (4,767) | - |
| Total Cyclepaths and Footpaths at Fair Value | 48,566 | 50,461 |
| Total Written-Down Value of Cyclepaths and Footpaths | 48,566 | 50,461 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

| | 2011 | 2010 |
|---|------------------|------------------|
| | \$'000 | \$'000 |
| Other Infrastructure at Fair Value ^a | 474,685 | 516,002 |
| Less Accumulated Depreciation | (17,883) | (8,662) |
| Less Accumulated Impairment (Losses) | (3,440) | (3,440) |
| Total Other Infrastructure at Fair Value | 453,362 | 503,900 |
| Total Written-Down Value of Other Infrastructure | 453,362 | 503,900 |
| Total Written-Down Value of Infrastructure | 6,070,316 | 6,128,663 |

a) Selected other infrastructure assets were revalued as at 30 June 2011. The valuations were conducted by a combination of officers of the Directorate and Mr Bob Cunningham (Certified Practising Valuer) from the Australian Valuation Office.

HERITAGE AND COMMUNITY ASSETS

| | | |
|---|------------------|------------------|
| Land (Heritage and Community Assets) at Fair Value ^a | 356,846 | 418,185 |
| Land Under Roads at Fair Value ^b | 1,435,978 | 1,350,525 |
| Less Accumulated Impairment (Losses) | - | (1,114) |
| Total Land (Heritage and Community Assets) at Fair Value | 1,792,824 | 1,767,596 |

Library Materials

| | | |
|--|--------------|--------------|
| Library Materials at Fair Value ^a | 2,312 | 3,105 |
| Less Accumulated Depreciation | - | - |
| Total Library Materials at Fair Value | 2,312 | 3,105 |

Other Heritage and Community Assets

| | | |
|--|---------------|--------------|
| Other Heritage and Community Assets at Fair Value ^{a,c} | 40,539 | 8,299 |
| Less Accumulated Depreciation | (2,665) | (382) |
| Total Other Heritage and Community Assets at Fair Value | 37,874 | 7,917 |

a) Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, a number of Land (heritage and community) assets were transferred out of the Directorate.

b) Land under roads, library materials and selected other heritage and community assets were revalued as at 30 June 2011. The land under roads valuations were conducted by officers internal to the Directorate using industry standards. The library materials valuations and the other heritage and community assets valuations were conducted by Mr Bob Cunningham (Certified Practising Valuer) from the Australian Valuation Office.

c) Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, a number of Heritage and Community assets were transferred to the Directorate from the former Department of Land and Property Services with the transfer of ACT Property Group.

Summary of Heritage and Community Assets at Fair Value

| | | |
|--|------------------|------------------|
| Heritage and Community Assets at Fair Value | 1,835,675 | 1,780,114 |
| Less Accumulated Depreciation | (2,665) | (382) |
| Less Accumulated Impairment (Losses) | - | (1,114) |
| Total Written-Down Value of Heritage and Community Assets at Fair Value | 1,833,010 | 1,778,618 |

Total Written-Down Value of Heritage and Community Assets

| | | |
|--|------------------|------------------|
| Total Written-Down Value of Heritage and Community Assets | 1,833,010 | 1,778,618 |
|--|------------------|------------------|

TOTAL WRITTEN-DOWN VALUE OF PROPERTY, PLANT AND EQUIPMENT

| | | |
|--|------------------|------------------|
| TOTAL WRITTEN-DOWN VALUE OF PROPERTY, PLANT AND EQUIPMENT | 8,421,533 | 8,096,353 |
|--|------------------|------------------|

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 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 | 6,128,663 | 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 Increment/(Decrement) 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 Restructuring | 138,025 | 193,155 | (1,788) | (5,554) | (79,651) | (30,400) | 213,787 |
| Acquisition/(Disposal) 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 | 6,070,316 | 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 2011

NOTE 26 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

The following table shows the movement of Property, Plant and Equipment during 2009-10.

| | 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 | 171,937 | 286,158 | 1,340 | 51,270 | 5,578,591 | 1,667,204 | 7,756,500 |
| Additions | - | 1,324 | 259 | 9,725 | 115,223 | 16,299 | 142,830 |
| Assets Classified as Held for Sale | - | - | - | (336) | - | - | (336) |
| Revaluation Increment | - | - | - | - | 490,659 | 98,744 | 589,403 |
| Impairment Losses Recognised in Other Comprehensive Income | - | (45) | - | (19) | (60) | - | (124) |
| Depreciation | (3,014) | (8,872) | (225) | (8,233) | (110,192) | (1,090) | (131,626) |
| Acquisition/(Disposal) through Administrative Restructuring | (106,530) | (196,571) | (96) | (904) | (513) | (1,338) | (305,952) |
| Acquisition/(Disposal) from Transfers | (1,910) | (5,517) | 521 | 488 | 54,955 | (1,202) | 47,335 |
| Other Movements | - | (110) | - | (1,568) | - | - | (1,678) |
| Carrying Amount at the End of the Reporting Period | 60,483 | 76,367 | 1,799 | 50,423 | 6,128,663 | 1,778,617 | 8,096,352 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 27 INTANGIBLE ASSETS

The Directorate has internally generated software including the Property Management System, Navision, Horizon Library Management System and ACT Government portal.

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Computer Software | | |
| <i>Internally Generated Software</i> | | |
| Computer Software at Cost ^a | 4,686 | 10,862 |
| Less Accumulated Amortisation | (3,158) | (10,334) |
| <i>Total Internally Generated Software</i> | 1,528 | 528 |
| Total Computer Software | 1,528 | 528 |
| Total Intangible Assets | 1,528 | 528 |

a) Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, Software with a written down value of zero (the Rego ACT system) was transferred to the Justice and Community Safety Directorate.

| | Internally Generated Software | Total |
|--|--|--------------|
| Reconciliation of Intangible Assets | | |
| The following table shows the movement of Intangible Assets from the beginning to the end of 2010-11 | | |
| Carrying Amount at the Beginning of the Reporting Period | 528 | 528 |
| Additions ^a | 1,394 | 1,394 |
| Amortisation | (394) | (394) |
| Other Changes | - | - |
| Carrying Amount at the End of the Reporting Period | 1,528 | 1,528 |

| | Internally Generated Software | Total |
|--|--|--------------|
| The following table shows the movement of Intangible Assets from the beginning to the end of 2009-10 | | |
| Carrying Amount at the Beginning of the Reporting Period | 951 | 951 |
| Additions | 78 | 78 |
| Amortisation | (480) | (480) |
| Other Changes | (21) | (21) |
| Carrying Amount at the End of the Reporting Period | 528 | 528 |

a) 2010-11 additions relate to the Libraries ACT radio frequency identification system.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 28 BIOLOGICAL ASSETS

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Non Current Plantation Growing Stock | | |
| Standing Timber - at Independent Valuation ^a | 26,045 | 27,704 |
| Total Non-Current Plantation Growing Stock | 26,045 | 27,704 |
| Represented by: | | |
| <i>Plantations</i> | | |
| Plantation Value at the Beginning of the Reporting Period | 27,704 | 28,952 |
| Pre-commercial Value at the Beginning of the Reporting Period | 15,459 | 17,137 |
| New Plantings | - | 380 |
| Loss of Plantation Area ^b | (986) | - |
| Loss (Movement to Commercial Plantations) | (897) | (2,058) |
| End Balance of Pre-commercial Plantations at the End of the Reporting Period | 13,576 | 15,459 |
| Commercial Plantations Start Value (1 July) | 12,226 | 11,796 |
| Increase (movement of 1996 age class from pre-commercial) | 296 | 349 |
| Decrease Due to Harvesting | (53) | (77) |
| Increase from Change in Product Pricing ^c | - | 158 |
| End Balance Commercial Plantations at the End of the Reporting Period | 12,469 | 12,226 |
| Commercial beyond Rotation Age Value at the Beginning of the Reporting Period | 19 | 19 |
| Loss from Change in Product Pricing ^c | (19) | - |
| End Balance of Commercial beyond Rotation Age Plantations at the End of the Reporting Period | - | 19 |
| Plantations Value at the End of the Reporting Period^d | 26,045 | 27,704 |

a) No commercial harvesting programs have been undertaken in the 2010-11 financial year and no harvesting plan has been developed for the 2011-12 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 2011. Biological assets are revalued on an annual basis.

b) Loss of plantation area relates to plantings in Stromlo Forest that now form part of the Stormlo Forest Park recreation facility.

c) Variation arises from an assessment of the product market price provided by Forsci Pty Ltd.

d) The number of trees across the total plantation is estimated at \$5.1 million

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 29 CAPITAL WORKS IN PROGRESS

Capital Works in Progress are assets under construction as at 30 June 2011. 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.

| | 2011 \$'000 | 2010 \$'000 |
|--|------------------------------|------------------------------|
| NON CURRENT | | |
| Heritage and Community ^a | 4,566 | 15,745 |
| Plant and Equipment | 3,519 | 3,547 |
| Infrastructure ^b | 211,310 | 154,107 |
| Buildings | 2,105 | 5,942 |
| Software | 2,795 | 3,335 |
| Total Capital Works in Progress | 224,295 | 182,676 |

a) Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, a number of Heritage and Community capital works in progress were transferred to the Economic Development Directorate.

b) The increase in infrastructure capital works in progress reflects the current capital works program that includes large projects that are funded across several financial years and are yet to be completed.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 29 CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of Capital Works in Progress

The following table shows the movement of Capital Works in Progress during 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 | Leasehold Improvement Works in progress \$'000 | Investment Property Works in progress \$'000 | Software Works in progress \$'000 | Total \$'000 |
|--|---|--|--|---|--|--|--|-----------------|
| Carrying Amount at the Beginning of the Reporting Period | | | | | | | | |
| Additions | 15,745 | 3,547 | 154,107 | 5,942 | - | - | 3,335 | 182,676 |
| Capital Works in Progress Completed and Transferred to Property, Plant and Equipment | 9,940 | 5,693 | 174,193 | 5,345 | - | - | 1,472 | 196,643 |
| Capital Works in Progress Completed and Transferred to Expenses | (10,098) | (3,337) | (112,997) | (6,107) | - | - | (2,041) | (134,580) |
| Administrative Arrangements Transfers | (2,611) | (534) | (2,687) | (1,551) | - | - | - | (7,383) |
| | (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 |

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

| | Heritage and Community Works In Progress \$'000 | Plant and Equipment Works in progress \$'000 | Infrastructure Works in progress \$'000 | Buildings Works in progress \$'000 | Leasehold Improvement Works in progress \$'000 | Investment Property Works in progress \$'000 | Software Works in progress \$'000 | Total \$'000 |
|--|---|--|--|---|--|--|--|-----------------|
| Carrying Amount at the Beginning of the Reporting Period | | | | | | | | |
| Additions | 12,431 | 2,874 | 108,549 | 11,557 | 32 | 201 | 1,182 | 136,826 |
| Capital Works in Progress Completed and Transferred to Property, Plant and Equipment | 12,165 | 5,421 | 157,731 | 7,521 | - | 95 | 2,153 | 185,086 |
| Capital Works in Progress Completed and Transferred to Expenses | (6,471) | (4,469) | (104,826) | (9,245) | (20) | (296) | - | (125,327) |
| Administrative Arrangements Transfers | (1,926) | (279) | (7,347) | (282) | - | - | - | (9,834) |
| | (454) | - | - | (3,609) | (12) | - | - | (4,075) |
| Carrying Amount at the End of the Reporting Period | 15,745 | 3,547 | 154,107 | 5,942 | - | - | 3,335 | 182,676 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 30 PAYABLES

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current Payables | | |
| Trade Payables | 3,469 | 24,279 |
| Other Payables | 2,937 | 6,113 |
| Accrued Expenses | 10,979 | 6,221 |
| Total Current Payables^a | 17,385 | 36,613 |
| Non-Current Payables | | |
| Trade Payables | - | 142 |
| Total Non-Current Payables | - | 142 |
| Total Payables | 17,385 | 36,755 |

Payables are aged as follows:

| | | |
|-------------------------------|---------------|---------------|
| Not Overdue | 15,608 | 21,917 |
| Overdue for Less than 30 Days | 1,243 | 14,690 |
| Overdue for 30 to 60 Days | 287 | 11 |
| Overdue for More than 60 Days | 247 | 137 |
| Total Payables | 17,385 | 36,755 |

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

| | | |
|--|--------------|---------------|
| Trade Payables | 1,542 | 17,724 |
| Other Payables | 212 | 36 |
| Accrued Expenses | 1,348 | 1,344 |
| Total Payables with ACT Government Entities | 3,102 | 19,104 |

Payables with Non-ACT Government Entities

| | | |
|--|---------------|---------------|
| Trade Payables | 1,927 | 6,697 |
| Other Payables | 2,725 | 6,077 |
| Accrued Expenses | 9,631 | 4,877 |
| Total Payables with Non-ACT Government Entities | 14,283 | 17,651 |
| Total Payables | 17,385 | 36,755 |

a) The significant reduction in the payables balance is due to the timing of payments, specifically the payment of capital works invoices in 2009-10.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 31 INTEREST-BEARING LIABILITIES AND FINANCE LEASES

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current Interest-Bearing Liabilities | | |
| Secured | | |
| Finance Leases | | |
| Finance Leases ^a | 3,373 | 1,867 |
| Total Current Finance Leases | 3,373 | 1,867 |
| Unsecured | | |
| Borrowings | | |
| Debt to ACT Treasury for the Construction of ACT Government Buildings | 3,446 | - |
| Debt to the Private Sector for Waste Management Facilities ^b | 701 | 648 |
| Total Current Borrowings^c | 4,147 | 648 |
| Total Current Interest-Bearing Liabilities | 7,520 | 2,515 |
| Non-Current Interest-Bearing Liabilities | | |
| Secured | | |
| Finance Leases | | |
| Finance Leases ^a | 6,826 | 3,367 |
| Total Non-Current Finance Leases | 6,826 | 3,367 |
| Unsecured | | |
| Borrowings | | |
| Debt to the Private Sector for Waste Management Facilities ^b | 1,227 | 1,928 |
| Total Non-Current Borrowings | 1,227 | 1,928 |
| Total Non-Current Interest-Bearing Liabilities | 8,053 | 5,295 |
| Total Interest-Bearing Liabilities | 15,573 | 7,810 |

a) The increase in finance leases follows the Directorate acquiring 163 vehicles previously under lease from Rhodium Assets Solutions. From 1 July 2010 these vehicles were recorded in the Directorate's books as vehicles under a finance lease.

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.

c) Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, ACT Property Group's loan from the ACT Government was transferred to the Directorate.

**Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

NOTE 31 INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Finance lease commitments are payable as follows: | | |
| Within one year | 4,042 | 2,182 |
| Later than one year but not later than five years | 7,339 | 3,629 |
| Minimum Lease Payments | 11,381 | 5,811 |

| | | |
|--|---------------|--------------|
| Less: Future Finance Lease Charges | (1,182) | (577) |
| Amount Recognised as a Liability | 10,199 | 5,234 |
| Total Present Value of Minimum Lease Payments | 10,199 | 5,234 |

The present value of the minimum lease payments are as follows:

| | | |
|--|---------------|--------------|
| Within one year | 3,373 | 1,867 |
| Later than one year but not later than five years | 6,826 | 3,367 |
| Total Present Value of Minimum Lease Payments | 10,199 | 5,234 |

Classification on the Balance Sheet

Interest-Bearing Liabilities

| | | |
|--|--------------|--------------|
| Current Interest-Bearing Liabilities | 4,147 | 648 |
| Non-Current Interest-Bearing Liabilities | 1,227 | 1,928 |
| | 5,374 | 2,576 |

Finance Leases

| | | |
|----------------------------|---------------|--------------|
| Current Finance Leases | 3,373 | 1,867 |
| Non-Current Finance Leases | 6,826 | 3,367 |
| | 10,199 | 5,234 |

| | | |
|---|---------------|--------------|
| Total Interest-Bearing Liabilities | 15,573 | 7,810 |
|---|---------------|--------------|

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's bank accounts did not go into overdraft throughout the 2010-11 year.

NOTE 32 EMPLOYEE BENEFITS

Current Employee Benefits

| | | |
|--|---------------|---------------|
| Annual Leave | 8,730 | 10,175 |
| Long Service Leave | 13,518 | 15,053 |
| Accrued Salaries | 1,588 | 1,381 |
| Other Benefits | 281 | 893 |
| Total Current Employee Benefits | 24,117 | 27,502 |

Non-Current Employee Benefits

| | | |
|--|---------------|---------------|
| Long Service Leave | 1,330 | 1,456 |
| Total Non-Current Employee Benefits | 1,330 | 1,456 |
| Total Employee Benefits | 25,447 | 28,958 |

For Disclosure Purposes Only

Estimation of when Leave is Payable

Estimated Amount Payable within 12 months

| | | |
|---|---------------|---------------|
| Annual Leave | 8,730 | 10,175 |
| Long Service Leave ^a | 1,860 | 2,348 |
| Accrued Salaries | 1,588 | 1,381 |
| Other Benefits | 281 | 893 |
| Total Employee Benefits Payable within 12 months | 12,459 | 14,797 |

Estimated Amount Payable after 12 months

| | | |
|--|---------------|---------------|
| Long Service Leave ^a | 12,988 | 14,161 |
| Total Employee Benefits Payable after 12 months | 12,988 | 14,161 |
| Total Employee Benefits | 25,447 | 28,958 |

As at 30 June 2011, the Directorate, employed 977 full-time equivalent staff and 1,053 full-time equivalent staff as at 30 June 2010.

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 discount factor used to calculate the present value of these future payments is 92.2% (92.9% in 2009-10).

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 33 OTHER PROVISIONS

| | 2011 \$'000 | 2010 \$'000 |
|---|----------------------|----------------------|
| Current Other Provisions | | |
| Provision for restoration of Hume waste recycling site | 61 | - |
| Total Current Other Provisions | <u>61</u> | <u>-</u> |
| Non-Current Other Provisions | | |
| Provision for Restoration of Waste Landfill Sites - Mugga Lane and Belconnen | 16,696 | 33,551 |
| Total Non-Current Other Provisions | <u>16,696</u> | <u>33,551</u> |
| Total Other Provisions | <u><u>16,757</u></u> | <u><u>33,551</u></u> |
| Reconciliation of the Provision for Restoration of Waste Landfill Sites - Mugga Lane, Belconnen & Hume | | |
| Provision for Restoration at the Beginning of the Reporting Period | 33,551 | 30,289 |
| Additional Provision Recognised | 61 | - |
| Increment / (Decrement) in the Provision due to a change in asset revaluation (see Note 3 'Change in Accounting Estimates') | (16,855) | 3,262 |
| Provision for Restoration at the End of the Reporting Period^a | <u><u>16,757</u></u> | <u><u>33,551</u></u> |

a) The land restoration asset was revalued during 2010-11 and the associated provision has been adjusted accordingly.

NOTE 34 OTHER LIABILITIES

| | | |
|--|---------------------|---------------------|
| Current Other Liabilities | | |
| Revenue Received in Advance | 806 | 3,091 |
| Project Funding Received in Advance | 112 | 347 |
| Rent Received in Advance | 2,281 | - |
| Cash Collected on Behalf of Other Entities | 2,888 | 2,593 |
| Lease Incentives | 298 | - |
| Other | 354 | 1,535 |
| Total Current Other Liabilities^a | <u>6,739</u> | <u>7,566</u> |
| Non-Current Other Liabilities | | |
| Lease Incentives | 2,380 | - |
| Revenue Received in Advance | 44 | 639 |
| Total Non Current Other Liabilities^b | <u>2,424</u> | <u>639</u> |
| Total Other Liabilities | <u><u>9,163</u></u> | <u><u>8,205</u></u> |

a) The major components of other current liabilities include rent received in advance by ACT Property Group (\$2.3m), monies in transit from revenues collected by Canberra Connect (\$2.9m), and revenues received in advance relating to Commonwealth Government funded capital works (\$1m).

b) Effective 17th May 2011, in accordance with changes to the government's administrative arrangements, ACT Property Group's lease incentives transferred to the Directorate. The lease incentives relate to the Nara Centre in Civic and the Reserve Bank building in Civic.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 35 EQUITY

| | 2011 | 2010 |
|--|------------------|------------------|
| | \$'000 | \$'000 |
| Total Equity at the End of the Reporting Period | | |
| Accumulated Funds | 5,453,421 | 5,195,572 |
| Asset Revaluation Surplus | 3,186,688 | 3,053,386 |
| Total Equity | 8,640,109 | 8,248,958 |

Movements in Asset Revaluation Reserve during the Reporting Period

Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of Property, Plant and Equipment.

Land Revaluation Surplus

| | | |
|---|---------------|---------------|
| Balance at the Beginning of the Reporting Period | 65,155 | 118,750 |
| Transfer In due to Administrative Arrangements | 25,614 | (51,918) |
| Increment on revaluation | 5,349 | (1,677) |
| Balance at the End of the Reporting Period | 96,118 | 65,155 |

Infrastructure Revaluation Surplus

| | | |
|---|------------------|------------------|
| Balance at the Beginning of the Reporting Period | 2,293,464 | 1,802,767 |
| Transfer In due to Administrative Arrangements | 6,874 | 97 |
| Increment on revaluation | 10,525 | 490,600 |
| Balance at the End of the Reporting Period | 2,310,863 | 2,293,464 |

Building Revaluation Surplus

| | | |
|---|---------------|---------------|
| Balance at the Beginning of the Reporting Period | 34,266 | 104,674 |
| Transfer In due to Administrative Arrangements | 52,960 | (70,363) |
| (Decrement)/ Increment on revaluation | - | (45) |
| Balance at the End of the Reporting Period | 87,226 | 34,266 |

Heritage and Community Assets Revaluation Surplus

| | | |
|---|----------------|----------------|
| Balance at the Beginning of the Reporting Period | 658,386 | 559,642 |
| Transfer Out due to Administrative Arrangements | (42,700) | |
| Increment on revaluation | 76,615 | 98,744 |
| Balance at the End of the Reporting Period | 692,301 | 658,386 |

Property Plant and Equipment Revaluation Surplus

| | | |
|---|----------|--------------|
| Balance at the Beginning of the Reporting Period | 2,115 | 2,213 |
| Transfer Out due to Administrative Arrangements | (759) | (79) |
| Decrement on revaluation | (1,356) | (19) |
| Balance at the End of the Reporting Period | - | 2,115 |

Leasehold Improvements Revaluation Surplus

| | | |
|---|------------|----------|
| Balance at the Beginning of the Reporting Period | - | 194 |
| Transfer In due to Administrative Arrangements | 180 | (194) |
| Increment on revaluation | - | - |
| Balance at the End of the Reporting Period | 180 | - |

Total Asset Revaluation Surplus

| | | |
|---|------------------|------------------|
| Balance at the Beginning of the Reporting Period | 3,053,386 | 2,588,240 |
| Transfer In due to Administrative Arrangements | 42,170 | (122,457) |
| Increment on revaluation | 91,132 | 587,603 |
| Total Increase in the Asset Revaluation Surplus | 133,302 | 465,146 |
| Balance at the End of the Reporting Period | 3,186,688 | 3,053,386 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 36 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year ended 30 June 2011

| | Output Class 1 | Output Class 2 | Total |
|--------------------------------------|--------------------|---------------------|------------------|
| | Municipal Services | Enterprise Services | |
| | \$'000 | \$'000 | \$'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 | 8,640,108 |

The increase in Output Class 2 - Enterprise Services' net assets is due to the transfer in of ACT Property Group to the Directorate from the former Department of Land and Property Services effective 17 May 2011.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 36 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year ended 30 June 2010

| | Output Class 1 | Output Class 2 | Total |
|--------------------------------------|--------------------|---------------------|------------------|
| | Municipal Services | Enterprise Services | |
| | \$'000 | \$'000 | \$'000 |
| Current Assets | | | |
| Cash and Cash Equivalents | 22,415 | 4,120 | 26,535 |
| Receivables | 16,672 | 2,481 | 19,153 |
| Inventories | 309 | 4,106 | 4,415 |
| Assets Held for Sale | 336 | - | 336 |
| Other Assets | 432 | 125 | 557 |
| Total Current Assets | 40,164 | 10,832 | 50,996 |
| Non-Current Assets | | | |
| Receivables | 5,980 | - | 5,980 |
| Property, Plant and Equipment | 8,053,424 | 42,929 | 8,096,353 |
| Intangible Assets | 432 | 96 | 528 |
| Biological Assets | 27,704 | - | 27,704 |
| Capital Works in Progress | 181,288 | 1,388 | 182,676 |
| Total Non-Current Assets | 8,268,828 | 44,413 | 8,313,241 |
| Total Assets | 8,308,992 | 55,245 | 8,364,237 |
| Current Liabilities | | | |
| Payables | 35,055 | 1,558 | 36,613 |
| Interest-Bearing Liabilities | 648 | - | 648 |
| Finance Leases | 1,854 | 13 | 1,867 |
| Employee Benefits | 25,079 | 2,423 | 27,502 |
| Other Liabilities | 5,793 | 1,773 | 7,566 |
| Total Current Liabilities | 68,429 | 5,767 | 74,196 |
| Non-Current Liabilities | | | |
| Payables | 102 | 40 | 142 |
| Interest-Bearing Liabilities | 1,928 | - | 1,928 |
| Finance Leases | 3,309 | 58 | 3,367 |
| Employee Benefits | 1,336 | 120 | 1,456 |
| Other Provisions | 33,551 | - | 33,551 |
| Other Liabilities | 639 | - | 639 |
| Total Non-Current Liabilities | 40,865 | 218 | 41,083 |
| Total Liabilities | 109,294 | 5,985 | 115,279 |
| Net Assets | 8,199,698 | 49,260 | 8,248,958 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 37 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

The following major administrative restructures occurred in 2010-11, which resulted in functions transferring into the Directorate.

- Effective 17 May 2011, functions and responsibilities relating to ACT Property Group transferred from the former Department of Land and Property Services to the Directorate.

Income and Expenses

The following table shows the income and expenses associated with the ACT Property Group recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses relating to when the ACT Property Group belonged to the former Department of Land and Property Services. These income and expense figures were supplied by the newly formed Economic Development Directorate and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses of the ACT Property Group for the whole financial year.

| | Amounts Relating to Function when held by Department of Land & Property Services 1 July 2010 to 16 May 2011 | Amounts Relating to Function when held by the Directorate 17 May 2011 to 30 June 2011 | Total 2011 |
|--------------------------------|--|---|---------------|
| | \$'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 Expenses | 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 of ACT Property Group transferred to the Directorate as part of the restructuring of administrative arrangements at the dates of transfer above were as follows:

| | Transferred Amounts 2010-11 \$'000 | Transferred Amounts 2009-10 \$'000 |
|--------------------------------------|--|--|
| Assets | | |
| Cash and Cash Equivalents | 6,321 | - |
| Receivables | 7,713 | - |
| Accrued Revenue | 2,502 | - |
| Prepayments | 981 | - |
| Inventories | 268 | - |
| Capital Works in Progress | 2,692 | - |
| Plant and Equipment | 1,220 | - |
| Heritage and Community Assets | 36,671 | - |
| Infrastructure | 1,374 | - |
| Buildings | 236,394 | - |
| Land | 140,539 | - |
| Total Assets Transferred | 436,674 | - |
| Liabilities | | |
| Payables | 4,307 | - |
| Revenue Received in Advance | 457 | - |
| ACT Government Borrowings | 3,390 | - |
| Employee Benefits | 2,516 | - |
| Lease Incentive | 2,702 | - |
| Motor Vehicle Leases | 913 | - |
| Provisions - General | 93 | - |
| Provision for Dividend | 458 | - |
| Total Liabilities Transferred | 14,835 | - |
| Total Net Assets Transferred | 421,839 | - |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 37 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

The following major administrative restructures transferring functions out of the Directorate occurred in 2010-11 which resulted in functions transferring out of the Directorate:

- Effective 1 December 2009, functions and responsibilities relating to ACT Property Group transferred from the Directorate to the then Department of Land and Property Services, whilst the majority of this transfer was completed in 2010, approval to transfer the capital projects was not received until the 2010-2011 year;
- Effective 1 July 2010, functions and responsibilities relating to the Heritage unit transferred from the Directorate to the Chief Minister's Directorate;
- Effective 1 February 2011, functions and responsibilities relating to the Events unit transferred from the Directorate to the Chief Minister's Directorate;
- Effective 17 May 2011, functions and responsibilities relating to Transport Planning; and Conservation, Planning and Research; transferred from the Directorate to the Environment and Sustainable Development Directorate;
- Effective 17 May 2011, functions and responsibilities relating to Transport Regulation and Road Safety, transferred from the Directorate to the Justice and Community Safety Directorate;
- Effective 17 May 2011, functions and responsibilities relating to the Territory Records Office and Archives ACT transferred from the Directorate to the Treasury Directorate; and
- Effective 17 May 2011, functions and responsibilities relating to Sport and Recreation, and Territory Venues and Events transferred from the Directorate to the Economic Development Directorate.

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

| | Transferred Amounts | Transferred Amounts |
|--------------------------------------|----------------------------|----------------------------|
| | 2010-11 | 2009-10 |
| | \$'000 | \$'000 |
| Cash and Cash Equivalents | (4,351) | (4,479) |
| Receivables | (1,604) | (24,392) |
| Prepayments | (35) | - |
| Inventories | - | (226) |
| Capital Works in Progress | (15,753) | (4,474) |
| Property, Plant and Equipment | (6,775) | (304,607) |
| Heritage and Community Assets | (67,071) | (1,339) |
| Investment Properties | - | (125,295) |
| Infrastructure | (81,024) | - |
| Buildings | (43,239) | - |
| Leasehold Improvements | (1,788) | - |
| Land | (2,514) | - |
| Total Assets Transferred | (224,154) | (464,812) |
| Liabilities | | |
| Payables | 254 | 31,607 |
| Revenue Received in Advance | 3,292 | - |
| Employee Benefits | 5,559 | 3,423 |
| Motor Vehicle Leases | 817 | - |
| Total Liabilities Transferred | 9,922 | 35,030 |
| Total Net Assets Transferred | (214,232) | (429,782) |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 38 FINANCIAL INSTRUMENTS

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Directorate has an insignificant exposure to interest rate risk. The only financial assets or liabilities that are subject to interest rates are borrowings and finance leases. The interest rate for the borrowings from the private sector and finance leases are at fixed rates for the entire period of the loans. As a result, the Directorate has a 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 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 past due or impaired.

The Directorate manages the credit risk of receivables by regular review and follow up of the Directorate's Aging Debtor Reports. Specific analysis of the debtor balances is carried out on a monthly basis and where necessary a provision 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.

Credit risk has been assessed as low as at 30 June 2011, mainly due to the majority of the Directorate's debtors being with Commonwealth or other ACT Government agencies. A breakdown of the Directorate's debtors is as follows:

| | 2011 |
|--|---------------|
| | \$'000 |
| GST Refund due from the Australian Taxation Office | 4,265 |
| Australian Capital Territory Insurance Authority | 8,339 |
| Debtors subject to critical review | 13,217 |
| | 25,821 |

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 relate to the payment of employee benefits, payment of grants and the purchase of supplies and services. Salaries are paid on a fortnightly basis, 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 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.

The Directorate has an aging workforce with significant levels of accumulated and unpaid leave. As staff resign or retire and these obligations fall due, the Directorate has been able to meet these obligations from current levels of appropriation. With anticipated higher levels of staff retiring in coming years, it is possible that in future years the Directorate may need additional appropriation from the ACT Government to be able to meet payment of these obligations.

The Directorate's exposure to liquidity risk is considered insignificant based on experience from prior years and the current assessment of risk.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 38 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 2011 \$'000 | Fair Value 2011 \$'000 | Carrying Amount 2010 \$'000 | Fair Value 2010 \$'000 |
|--|--------------------------------------|------------------------------|--------------------------------------|------------------------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 18,144 | 18,144 | 26,454 | 26,454 |
| Investments with the Territory Banking Account | 1 | 1 | 81 | 81 |
| Receivables | 25,821 | 25,821 | 25,133 | 25,133 |
| Total Financial Assets | 43,966 | 43,966 | 51,668 | 51,668 |
| | | | | |
| | Carrying Amount 2011 \$'000 | Fair Value 2011 \$'000 | Carrying Amount 2010 \$'000 | Fair Value 2010 \$'000 |
| Financial Liabilities | | | | |
| Payables | 17,385 | 17,385 | 36,755 | 36,755 |
| Borrowings - Government Buildings | 3,446 | 3,515 | - | - |
| Borrowings - Waste Management Facilities | 1,928 | 2,085 | 2,576 | 2,825 |
| Finance Leases | 10,199 | 10,199 | 5,234 | 5,234 |
| Total Financial Liabilities | 32,958 | 33,184 | 44,565 | 44,814 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 38 FINANCIAL INSTRUMENTS - CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 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 | Floating Interest Rate \$'000 | Fixed Interest Maturing In: | | | Non-Interest Bearing \$'000 | Total \$'000 |
|---|------|----------------------------------|-----------------------------|-----------------------------|------------------------|--------------------------------|-----------------|
| | | | 1 Year or Less \$'000 | Over 1 to 5 Years \$'000 | Over 5 Years \$'000 | | |
| Financial Assets | | | | | | | |
| Cash and Cash Equivalents | 21 | - | - | - | - | 18,144 | 18,144 |
| Investments Held with Territory Banking Account | 21 | 1 | - | - | - | - | 1 |
| Receivables | 22 | - | - | - | - | 25,821 | 25,821 |
| Total Financial Assets | | 1 | - | - | - | 43,965 | 43,966 |
| Weighted Average Interest Rate | | | | | | | |
| | | 6.71% | | | | | |
| Financial Liabilities | | | | | | | |
| Payables | 30 | - | - | - | - | 17,385 | 17,385 |
| Borrowings - Government Buildings | 31 | - | 3,446 | - | - | - | 3,446 |
| Borrowings - Waste Management Facilities | 31 | - | 701 | 1,227 | - | - | 1,928 |
| Finance Leases | 31 | - | 4,042 | 7,339 | - | - | 11,381 |
| Total Financial Liabilities | | - | 8,189 | 8,566 | - | 17,385 | 34,140 |
| Weighted Average Interest Rate | | | | | | | |
| | | | 5.44% | 7.73% | - | | |
| Net Financial Assets/(Liabilities) | | 1 | (8,189) | (8,566) | - | 26,580 | 9,826 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 38 FINANCIAL INSTRUMENTS - CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2010. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

| | Note | Floating Interest Rate | Fixed Interest Maturing In: | | | | Non-Interest Bearing | Total |
|---|------|------------------------|-----------------------------|-------------------|--------------|--|----------------------|---------------|
| | | | 1 Year or Less | Over 1 to 5 Years | Over 5 Years | | | |
| | | \$'000 | \$'000 | \$'000 | \$'000 | | \$'000 | \$'000 |
| Financial Instruments | | | | | | | | |
| Financial Assets | | | | | | | | |
| Cash and Cash Equivalents | 21 | - | - | - | - | | 26,454 | 26,454 |
| Investments Held with Territory Banking Account | 21 | 81 | - | - | - | | - | 81 |
| Receivables | 22 | - | - | - | - | | 25,133 | 25,133 |
| Total Financial Assets | | 81 | - | - | - | | 51,587 | 51,668 |
| Weighted Average Interest Rate | | 4.96% | | | | | | |
| Financial Liabilities | | | | | | | | |
| Payables | 31 | - | - | - | - | | 36,755 | 36,755 |
| Borrowings - Government Buildings | 31 | - | - | - | - | | - | - |
| Borrowings - Waste Management Facilities | 31 | - | 862 | 2,228 | - | | - | 3,090 |
| Finance Leases | 31 | - | 2,182 | 3,629 | - | | - | 5,811 |
| Total Financial Liabilities | | - | 3,044 | 5,857 | - | | 36,755 | 45,656 |
| Weighted Average Interest Rate | | | 7.09% | 7.19% | | | | |
| Net Financial Assets/(Liabilities) | | 81 | (3,044) | (5,857) | - | | 14,832 | 6,012 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 38 FINANCIAL INSTRUMENTS - CONTINUED

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying Amount of Each Category of Financial Asset and Financial Liability | | |
| Financial Assets | | |
| Fair value through profit or loss | 1 | 81 |
| Loans and Receivables | 25,821 | 25,133 |
| | <u>25,822</u> | <u>25,214</u> |

Financial Liabilities

| | | |
|--|--------|--------|
| Financial Liabilities measured at Amortised Cost | 32,958 | 44,565 |
|--|--------|--------|

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. Also, the Directorate 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.

NOTE 39 COMMITMENTS

Capital Commitments^a

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

Capital Commitments - Property, Plant and Equipment

Payable:

| | | |
|---|--------|--------|
| Within one year | 88,807 | 53,083 |
| Later than one year but not later than five years | 19,698 | 140 |
| Later than five years | - | 100 |

Total Capital Commitments - Property, Plant and Equipment

| | | |
|--|-----------------------|----------------------|
| | <u>108,505</u> | <u>53,323</u> |
|--|-----------------------|----------------------|

Total Capital Commitments

Other Commitments

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

| | | |
|---|--------|---------|
| Within one year | 53,433 | 62,456 |
| Later than one year but not later than five years | 40,429 | 107,944 |
| Later than five years | 85,450 | 10,542 |

Total Other Commitments

| | | |
|--|-----------------------|-----------------------|
| | <u>179,312</u> | <u>180,942</u> |
|--|-----------------------|-----------------------|

a) Capital commitments have increased due to major road projects, including the Gungahlin Drive Extension, Kings Highway and the North South Arterial Road for Molonglo.

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:

| | | |
|--|-----------------------|-------------------|
| Within one year | 25,886 | 52 |
| Later than one year but not later than five years | 24,696 | 51 |
| Later than five years | 127,905 | - |
| Total Operating Lease Commitments^a | <u>178,487</u> | <u>103</u> |

a) ACT Property Group transferred into the Directorate on 17 May 2011, and as at 30 June 2011 had \$178m in forward commitments relating to operating leases.

All amounts shown are inclusive of GST.

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

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 40 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

| | 2011 | 2010 |
|--|--------|--------|
| | \$'000 | \$'000 |

Contingent Liabilities

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

| | | |
|-------------------------------------|----------------|---------------|
| Legal Claims ^a | 16,683 | 16,102 |
| Contaminated Sites ^b | 91,130 | - |
| Total Contingent Liabilities | 107,813 | 16,102 |

a) The ACT Government Solicitor is acting for the Directorate in relation to 118 individual unresolved matters of public liability as at 30 June 2011. These claims mainly relate to personal injuries relating to roads and public infrastructure.

b) The Directorate is responsible for the management of 232 sites of 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 due in respect of above legal claims | 16,093 | 15,706 |
| Total Contingent Assets | 16,093 | 15,706 |

NOTE 41 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 | 18,145 | 26,535 |
| Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement | 18,145 | 26,535 |

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

| | | |
|---------------------|-----------|----------|
| Operating (Deficit) | (108,283) | (67,437) |
|---------------------|-----------|----------|

Add/(Less) Non-Cash Items

| | | |
|---|----------|----------|
| Depreciation of Property, Plant and Equipment | 143,566 | 131,626 |
| Amortisation of Intangibles | 394 | 480 |
| Expensing of Capital Works in Progress | 7,186 | 9,707 |
| Assets Transferred to Other ACT Government Entities | 311 | 7,537 |
| Assets Transferred from Other ACT Government Entities | (47,115) | (65,249) |

Other Non-Cash items

| | | |
|--|--------|---------|
| Revaluation and Assets Adjustments | 7,105 | 1,381 |
| Transfers as a Result of Administrative Arrangements | 11,775 | (9,303) |
| Assets Received Free of Charge | - | - |
| Liabilities Transferred to Other ACT Government Entities | - | - |

Add/(Less) Items Classified as Investing or Financing

| | | |
|--|---------------|--------------|
| Net (Gain)/Loss on Disposal of Non-Current Assets | (1,211) | (1,665) |
| Finance Lease Repayment | 811 | 1,340 |
| Borrowings Repayment | - | - |
| Cash Before Changes in Operating Assets and Liabilities | 14,539 | 8,417 |

Changes in Operating Assets and Liabilities

| | | |
|--|-----------------|---------------|
| Decrease in Receivables | (688) | 10,134 |
| (Increase) in Inventories | 249 | (405) |
| Decrease in Other Assets | (1,455) | 2,633 |
| (Decrease)/Increase in Payables | (19,370) | (165) |
| (Decrease)/Increase in Employee Benefits | (3,511) | (397) |
| (Decrease) in Other Liabilities | 1,304 | (2,197) |
| Net Changes in Operating Assets and Liabilities | (23,471) | 9,603 |
| Net Cash Inflows from Operating Activities | (8,932) | 18,020 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 42 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after balance date.

NOTE 43 THIRD PARTY MONIES

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| The Directorate held the following monies at 30 June 2011: | | |
| Road User Services Trust Account | | |
| Balance at the Beginning of the Reporting Period | 4,004 | 3,011 |
| Cash Receipts | 141,876 | 159,032 |
| Cash Payments | (140,922) | (158,039) |
| Administrative Arrangements transfers | (4,958) | - |
| Balance at the End of the Reporting Period | - | 4,004 |
| Total Third Party Monies held by the Directorate | | |
| | - | 4,004 |

Responsibility for the collection of Third Party Monies relating to Transport Regulation functions was transferred to the Justice and Community Safety Directorate under the Government's Administrative Arrangements effective from 17 May 2011.

**A6 TERRITORIAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

**TERRITORY AND MUNICIPAL SERVICES
DIRECTORATE**

Territory and Municipal Services Directorate
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2011

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|---|---------------------|-----------------------------------|--|-----------------------------------|
| Income | | | | |
| <i>Revenue</i> | | | | |
| Payment for Expenses on Behalf of the Territory | 45 | 39 | 685 | 1,292 |
| Taxes, Fees and Fines | 46 | 124,058 | 134,639 | 126,653 |
| User Charges | 47 | 53 | 64 | 62 |
| Commonwealth Government Grants | 48 | - | - | 177 |
| Land Sale Revenue | 49 | 66,611 | 169,458 | 85,676 |
| Other Revenue | 50 | 888 | - | 746 |
| <i>Total Revenue</i> | | 191,650 | 304,846 | 214,606 |
| Total Income | | 191,650 | 304,846 | 214,606 |
| Expenses | | | | |
| Supplies and Services | 51 | 40 | 100 | 95 |
| Grants and Purchased Services | 52 | - | 585 | 1,059 |
| Transfer to Government | 53 | 188,311 | 304,161 | 209,574 |
| Other Expenses | 54 | 3,298 | - | 3,878 |
| Total Expenses | | 191,650 | 304,846 | 214,606 |
| 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 2011

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|----------------------------------|---------------------|-----------------------------------|--|-----------------------------------|
| Current Assets | | | | |
| Cash and Cash Equivalents | 56 | 409 | 435 | 74 |
| Receivables | 57 | 4,133 | 53,042 | 32,557 |
| Total Current Assets | | 4,542 | 53,477 | 32,631 |
| Total Assets | | 4,542 | 53,477 | 32,631 |
| Current Liabilities | | | | |
| Payables | 58 | 4,542 | 53,457 | 32,631 |
| Other Liabilities | | | 20 | |
| Total Current Liabilities | | 4,542 | 53,477 | 32,631 |
| Total Liabilities | | 4,542 | 53,477 | 32,631 |
| Net Assets | | - | - | - |
| Equity | | | | |
| Accumulated Funds | | - | - | - |
| Total Equity | | - | - | - |

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

Territory and Municipal Services Directorate
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2011

| | Note No. | Accumulated Funds Actual 2011 \$'000 | Total Equity Actual 2011 \$'000 | Original Budget 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 | | - | - | - |

| | Note No. | Accumulated Funds Actual 2010 \$'000 | Total Equity Actual 2010 \$'000 |
|---|-------------|--|---|
| Balance at the Beginning of the Reporting Period | | - | - |
| Comprehensive Income | | | |
| Operating Surplus | | - | - |
| Total Comprehensive Income | | - | - |
| Balance at the End of the Reporting Period | | - | - |

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

**Territory and Municipal Services Directorate
Cash Flow Statement on Behalf of the Territory
For the Year Ended 30 June 2011**

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|--|---------------------|-----------------------------------|--|-----------------------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts | | | | |
| Cash from Government for Expenses on Behalf of the Territory | | 39 | 685 | 1,292 |
| Taxes, Fees and Fines | | 135,317 | 134,639 | 126,323 |
| User Charges | | - | 64 | - |
| Grants Received from the Commonwealth | | - | - | 177 |
| Goods and Services Tax Input Tax Credits from Australian Taxation Office | | - | - | 1,535 |
| Goods and Services Tax Collected from Customers | | 1,984 | - | 4 |
| Land Sales | | 92,828 | 188,524 | 103,194 |
| Other | | 1,245 | - | 376 |
| Total Receipts from Operating Activities | | 231,413 | 323,912 | 232,901 |
| Payments | | | | |
| Supplies and Services | | 163 | 100 | 254 |
| Grants and Purchased Services | | - | 585 | 1,060 |
| Transfer of Territory Receipts to the ACT Government | | 228,975 | 322,592 | 230,388 |
| Goods and Services Tax Remitted to the Australian Taxation Office | | 1,931 | - | 1,525 |
| Goods and Services Tax Paid to Suppliers | | 9 | - | 35 |
| Other | | - | 635 | - |
| Total Payments from Operating Activities | | 231,078 | 323,912 | 233,262 |
| Net Cash Inflows/Outflows from Operating Activities | 61 | 335 | - | (361) |
| Net Increase/Decrease in Cash and Cash Equivalents Held | | | | |
| Cash and Cash Equivalents at the Beginning of the Reporting Period | | 74 | 435 | 435 |
| Cash and Cash Equivalents at the End of the Reporting Period | 61 | 409 | 435 | 74 |

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 2011**

| | Original Budget 2011 \$'000 | Total Appropriated 2011 \$'000 | Appropriation Drawn 2011 \$'000 | Appropriation Drawn 2010 \$'000 |
|--|--------------------------------------|---|--|--|
| Expenses on Behalf of the Territory | 685 | 685 | 39 | 1,292 |
| Total Territorial Appropriation | 685 | 685 | 39 | 1,292 |

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. This amount also appears in the Cash Flow Statement on Behalf of the Territory.

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.

Reconciliation of Appropriation for 2010-11

| | |
|-----------------------------|------------|
| Original Budget | 685 |
| s.16 Transfers ^a | (646) |
| Total Appropriated | 39 |
| Appropriation Drawn | 39 |

a) Transfer of the Heritage function to the former Chief Minister's Department effective 1 July 2010, and Sport and Recreation to the Economic Development Directorate effective 17th May 2011.

TERRITORIAL NOTE INDEX

| | | |
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| Note 44 | | Summary of Significant Accounting Policies |
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| Note 46 | | Taxes, Fees and Fines |
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| Note 51 | | Supplies and Services |
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| Note 64 | | Events Occurring After the Balance Date |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 44 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 45 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. Payment for Expenses on Behalf of the Territory is provided by the ACT Government on a fortnightly basis, subject to need.

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Revenue from the ACT Government | | |
| Payment for Expenses on Behalf of the Territory ^a | 39 | 942 |
| Payment for Community Service Obligations ^b | - | 350 |
| Total Payment for Expenses on Behalf of the Territory | 39 | 1,292 |

a) The reduction in funding reflects the transfer of the Heritage function to the former Chief Minister's Department effective 1 July 2010.

b) The reduction in funding reflects that Exhibition Park Corporation received funding directly from Government for 2010-11.

NOTE 46 TAXES, FEES AND FINES

| | | |
|---|----------------|----------------|
| Taxes | | |
| Motor Vehicle Registrations | 80,447 | 87,006 |
| Drivers' Licenses | 7,940 | 8,566 |
| Total Taxes^a | 88,387 | 95,572 |
| Fees | | |
| Fees for Regulatory Services ^b | 19,313 | 14,309 |
| Total Fees | 19,313 | 14,309 |
| Fines | | |
| Traffic Fines ^a | 16,340 | 16,754 |
| Other Fines | 18 | 18 |
| Total Fines | 16,358 | 16,772 |
| Total Taxes, Fees and Fines | 124,058 | 126,653 |

a) The collection of taxes and traffic fines was impacted by the changes to the Government's administrative arrangements effective 17 May 2011. The responsibility for these items has been transferred to the Justice and Community Safety Directorate.

b) The increase in commercial waste disposal fees has been impacted by the growth in commercial and industrial waste to landfill.

NOTE 47 USER CHARGES

| | | |
|---------------------------|-----------|-----------|
| User Charges | | |
| Other | 53 | 62 |
| Total User Charges | 53 | 62 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| NOTE 48 COMMONWEALTH GOVERNMENT GRANTS | | |
| Non-Capital Commonwealth Grants Programs | | |
| Other Current Commonwealth Grants | - | 121 |
| Total Non-Capital Commonwealth Grants | - | 121 |
| Capital Commonwealth Grants | | |
| Black Spot Program | - | 56 |
| Total Capital Commonwealth Grants | - | 56 |
| Total Commonwealth Grants | - | 177 |

From 2009-10 Commonwealth Grants revenue is directly received by the Treasury Directorate as a result of a change in grants receipting arrangements.

NOTE 49 LAND SALES REVENUE

Land Sales Revenue

| | | |
|---------------------------------|---------------|---------------|
| Land Sales ^a | 66,611 | 85,676 |
| Total Land Sales Revenue | 66,611 | 85,676 |

a) The result shows a decrease in land sales revenue. The timing of receipts is determined by the Economic Development Directorate and is associated with the Government's land release program. (see Note 2 (ad) 'Significant Accounting Judgements and Estimates' (12)).

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

2011
\$'000

2010
\$'000

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.

| | | |
|----------------------------|------------|------------|
| Other Revenue ^a | 888 | 746 |
| Total Other Revenue | 888 | 746 |

a) Other revenue mainly relates to the recovery of traffic infringement debts that had previously been written off.

NOTE 51 SUPPLIES AND SERVICES

| | | |
|--|-----------|-----------|
| Other Supplies and Services | 40 | 95 |
| Total Supplies and Services^a | 40 | 95 |

a) The reduction is due to changes to the Government's administrative arrangements effective 17 May 2011. The responsibility for administering the repairs and maintenance funding associated with assets under crown lease was transferred to the Economic Development Directorate.

NOTE 52 GRANTS AND PURCHASED SERVICES

| | | |
|--|----------|--------------|
| Recurrent Grants to Community Organisations | - | 1,059 |
| Total Grants and Purchased Services^a | - | 1,059 |

a) The reduction is due to the transfer of the Heritage function to the former Chief Minister's Department effective 1 July 2010, and the changed funding arrangements for Exhibition Park Corporation which now receives direct funding from Government.

NOTE 53 TRANSFER TO GOVERNMENT

'Transfer to Government' represents the funds collected by the Directorate on behalf of the Territory, mainly Taxes, Fees and Fines, that is then transferred to the Territory Bank Account.

| | | |
|---|----------------|----------------|
| Transfers to the Territory Banking Account ^a | 188,311 | 209,574 |
| Total Transfer to Government | 188,311 | 209,574 |

a) The reduction is due to changes to the Government's administrative arrangements effective 17 May 2011. The responsibility for transport related taxes and fines has been transferred to the Justice and Community Safety Directorate.

NOTE 54 OTHER EXPENSES

Impairment Losses and write-offs from Trade Receivables^a (refer to Note 55
 "Impairment Losses, write-offs and Waivers")

| | | |
|-----------------------------|--------------|--------------|
| | 3,298 | 3,878 |
| Total Other Expenses | 3,298 | 3,878 |

a) The reduction is due to changes to the Government's administrative arrangements effective 17 May 2011. The responsibility for transport related taxes and Fines has been 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 2011

NOTE 55 IMPAIRMENT LOSSES, WRITE-OFFS AND WAIVERS

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 waivers and write-offs listed below have occurred during the reporting period for the Directorate.

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Impairment Loss from Receivables | | |
| Trade Receivables | 3,298 | 3,878 |
| Total Impairment Loss from Receivables | 3,298 | 3,878 |
| Total Impairment Losses | 3,298 | 3,878 |
| Total Waivers, Impairment Losses and Write-offs^a | 3,298 | 3,878 |

a) Impairments relate primarily to traffic infringement fines

NOTE 56 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.

| | | |
|--|------------|-----------|
| Cash at Bank | 409 | 74 |
| Total Cash and Cash Equivalents | 409 | 74 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

| | 2011 | 2010 |
|---------------------------------------|----------------------------|-----------------------------|
| | \$'000 | \$'000 |
| NOTE 57 RECEIVABLES | | |
| Current Receivables | | |
| Trade Receivables | 1,186 | 8,827 |
| Other Receivables | - | 354 |
| Less: Allowance for Impairment Losses | (203) | (4,006) |
| | <u>983</u> | <u>5,175</u> |
| Accrued Revenue ^a | 3,150 | 27,382 |
| Total Current Receivables | <u>4,133</u> | <u>32,557</u> |
| Total Receivables | <u><u>4,133</u></u> | <u><u>32,557</u></u> |

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

Aging of Receivables

| | Not Overdue | | Past Due | | Total |
|---------------------------------|--------------------|------------------------------|---------------------------------|---------------------------------|---------------|
| | | Less than 30 Days | | Greater than 60 Days | |
| | \$'000 | \$'000 | 30 to 60 Days \$'000 | \$'000 | \$'000 |
| 2011 | | | | | |
| Not Impaired^a | | | | | |
| Receivables | 3,156 | 756 | 98 | 123 | 4,133 |
| Impaired | | | | | |
| Receivables | - | - | - | 203 | 203 |
| 2010 | | | | | |
| Not Impaired | | | | | |
| Receivables | 31,715 | 521 | 320 | 1 | 32,557 |
| Impaired | | | | | |
| Receivables | - | - | - | 4,006 | 4,006 |

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

| | | |
|--|-------------------|---------------------|
| Allowance for Impairment Losses at the Beginning of the Reporting Period | 4,006 | 2,975 |
| Additional Allowance Recognised | 3,298 | 3,878 |
| Reduction in Allowance Resulting from a Write-back against the Receivables | (2,150) | (2,194) |
| Reduction in Allowance Resulting from Administrative Restructures | (4,951) | (653) |
| Allowance for Impairment Losses at the End of the Reporting Period | <u>203</u> | <u>4,006</u> |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| NOTE 57 RECEIVABLES - CONTINUED | | |
| Classification of ACT Government/Non-ACT Government Receivables | | |
| Receivables with ACT Government Entities | | |
| Net Receivables ^a | 1,367 | 27,736 |
| Total Receivables with ACT Government Entities | 1,367 | 27,736 |
| Receivables with Non-ACT Government Entities | | |
| Net Receivables ^b | 2,767 | 4,821 |
| Total Receivables with Non-ACT Government Entities | 2,767 | 4,821 |
| Total Receivables | 4,133 | 32,557 |

a) The balance relates to accrued land sales revenue

b) The balance relates to accrued commercial waste disposal fees

NOTE 58 PAYABLES

Current Payables

| | | |
|-------------------------------|--------------|---------------|
| Net GST Payables | 171 | 126 |
| Payables | 1,221 | 5,123 |
| Total GST and Payables | 1,392 | 5,249 |
| Accrued Expenses ^a | 3,150 | 27,382 |
| Total Current Payables | 4,542 | 32,631 |
| Total Payables | 4,542 | 32,631 |

a) Accrued expenses represent the anticipated payment to the Territory Banking Account of Territorial revenues collected as at June 2011.

Payables are Aged as Follows:

| | | |
|-----------------------|--------------|---------------|
| Not Overdue | 4,542 | 32,631 |
| Total Payables | 4,542 | 32,631 |

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

| | | |
|--|--------------|---------------|
| Payables | 1,221 | 4,681 |
| Accrued Expenses | 3,150 | 27,382 |
| Total Payables with ACT Government Entities | 4,371 | 32,063 |

Payables with Non-ACT Government Entities

| | | |
|--|--------------|---------------|
| GST Payable | 171 | 126 |
| Payables | 442 | 442 |
| Total Payables with Non-ACT Government Entities | 171 | 568 |
| Total Payables | 4,542 | 32,631 |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 59 FINANCIAL INSTRUMENTS

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

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

A sensitivity analysis has not been undertaken for the interest rate risk of the Directorate as it is not exposed to any movement 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 disposal. This risk is actively managed through approval of credit applications, debt aging reports, facility access restrictions and formal debt recovery processes.

There has been no change in the Directorate's credit risk exposure since the previous reporting period.

Liquidity Risk

Liquidity risk is the risk that the Directorate will be unable to meet its financial obligations as they fall due that are settled by delivering cash or another financial asset. The Directorate's main financial obligation relates to the transfer to ACT Government of Taxes, Fees and Fines revenue. Due to the transfer processes in place, no liquidity risk arises. The Directorate also makes payments for grants and the purchase of supplies and services directly funded primarily through Government appropriation. 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.

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 2011 \$'000 | Fair Value 2011 \$'000 | Carrying Amount 2010 \$'000 | Fair Value 2010 \$'000 |
|------------------------------------|-------------|--|---|--|---|
| Financial Assets | | | | | |
| Cash and Cash Equivalents | 56 | 409 | 409 | 74 | 74 |
| Receivables | 57 | 983 | 983 | 5,175 | 5,175 |
| Total Financial Assets | | 1,392 | 1,392 | 5,249 | 5,249 |
| Financial Liabilities | | | | | |
| Payables | 58 | 1,392 | 1,392 | 5,249 | 5,249 |
| Total Financial Liabilities | | 1,392 | 1,392 | 5,249 | 5,249 |

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 taken 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 2011

NOTE 59 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 2011. 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.

| 2011 | Note | Fixed Interest maturing in: | | | | Non-Interest Bearing \$'000 | Total \$'000 |
|-----------------------------|------|----------------------------------|--------------------------|-----------------------------|-----------------------------|--------------------------------|-----------------|
| | | Floating Interest Rate \$'000 | 1 Year or Less \$'000 | Over 1 to 5 Years \$'000 | More than 5 Years \$'000 | | |
| | | | | | | | |
| Financial Instruments | | | | | | | |
| Financial Assets | | | | | | | |
| Cash and Cash Equivalents | 56 | - | - | - | - | 409 | 409 |
| Receivables | 57 | - | - | - | - | 983 | 983 |
| Total Financial Assets | | - | - | - | - | 1,392 | 1,392 |
| | | | | | | | |
| Financial Liabilities | | | | | | | |
| Payables | 58 | - | - | - | - | 1,392 | 1,392 |
| Total Financial Liabilities | | - | - | - | - | 1,392 | 1,392 |
| Net Financial Assets | | - | - | - | - | (0) | (0) |

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 59 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 2010. 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.

| 2010 | Note | Fixed Interest maturing in: | | | | Non-Interest Bearing \$'000 | Total \$'000 |
|-----------------------------|------|----------------------------------|--------------------------|-----------------------------|-----------------------------|--------------------------------|-----------------|
| | | Floating Interest Rate \$'000 | 1 year or Less \$'000 | Over 1 to 5 Years \$'000 | More than 5 Years \$'000 | | |
| | | | | | | | |
| Financial Instruments | | | | | | | |
| Financial Assets | | | | | | | |
| Cash and Cash Equivalents | 56 | - | - | - | - | 74 | 74 |
| Receivables | 57 | - | - | - | - | 5,175 | 5,175 |
| Total Financial Assets | | - | - | - | - | 5,249 | 5,249 |
| | | | | | | | |
| Financial Liabilities | | | | | | | |
| Payables | 58 | | | | | 5,249 | 5,249 |
| Total Financial Liabilities | | - | - | - | - | 5,249 | 5,249 |
| Net Financial Assets | | - | - | - | - | - | - |

**Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011**

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| NOTE 59 FINANCIAL INSTRUMENTS - CONTINUED | | |
| Carrying Amount of Each Class of Financial Asset and Financial Liability | | |
| Financial Assets | | |
| Loans and Receivables | 983 | 5,175 |
| Financial Liabilities | | |
| Financial Liabilities Measured at Amortised Cost | 1,392 | 5,249 |

NOTE 60 ADMINISTRATIVE RESTRUCTURING

Effective 1 July 2010, Heritage transferred to the then Chief Minister's Department.

Effective 17 May 2011, functions and responsibilities relating to Transport Regulation, Road Safety transferred from the Directorate to the Justice and Community Safety Directorate.

Effective 17 May 2011, functions and responsibilities relating to Sport and Recreation transferred from the Directorate to the Economic Development Directorate.

Territory and Municipal Services Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 61 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 on Behalf of the Territory.

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Total Cash and Cash Equivalents Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory | 409 | 74 |
| Cash and Cash Equivalents at the end of the Reporting Period as Recorded on the Cash Flow Statement | 409 | 74 |

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

| | | |
|--|------------|--------------|
| Operating Surplus/(Deficit) | - | - |
| Cash Before Changes in Operating Assets and Liabilities | - | - |
| Changes in Operating Assets and Liabilities | | |
| Decrease/(Increase) in Receivables | 28,424 | 20,485 |
| (Decrease)/Increase in Payables | (28,089) | (20,825) |
| (Decrease) in Other Liabilities | - | (21) |
| Net Changes in Operating Assets and Liabilities | 335 | (361) |
| Net Cash (Outflows) from Operating Activities | 335 | (361) |

NOTE 62 COMMITMENTS

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

NOTE 63 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2011.

NOTE 64 EVENTS OCCURRING AFTER THE BALANCE DATE

There were no events occurring after balance date.



ACT AUDITOR-GENERAL'S OFFICE



A11/24

Mr Gary Byles
Director-General
Territory and Municipal Services Directorate
Level 5, Macarthur House
12 Wattle Street
LYNEHAM ACT 2602

Dear Mr Byles

**REPORT OF FACTUAL FINDINGS
TERRITORY AND MUNICIPAL SERVICES DIRECTORATE
STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011**

The Audit Office has completed the review of the Territory and Municipal Services Directorate's statement of performance for the year ended 30 June 2011.

I have attached the statement of performance and report of factual findings. Your attention is drawn to the negative findings included in the report of factual findings.

I have provided a copy of the statement of performance and report of factual findings to the Minister for Territory and Municipal Services, Mr Simon Corbell MLA.

Yours sincerely

Dr Maxine Cooper
Auditor-General
15 September 2011

c.c. Mr Gordon Elliot, Acting Chief Finance Officer
Mr Will Laurie, Chair, Internal Audit Committee
Mr Anthony Polinelli, Chief Internal Auditor



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the Territory and Municipal Services Directorate for the year ended 30 June 2011 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 performance 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 performance 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 Territory and Municipal Services 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 performance 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 findings

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

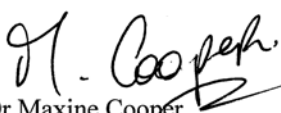
Output 1.4: 'Land Management' – Responses on development applications referred from ACTPLA completed within agreed timeframes.

Output 1.4: 'Land Management' – Respond to developers' submissions within adopted timeframes.

Review opinion

Based on the review procedures, except for the negative findings referred to above, no matters have come to my attention which indicate that the results of the performance indicators, reported in the statement of performance of the Territory and Municipal Services Directorate for the year ended 30 June 2011, are not fairly presented in accordance with the *Financial Management Act 1996*.

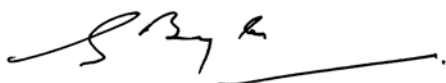
This review opinion should be read in conjunction with the other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
15 September 2011

**Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2011**

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 2011 and also fairly reflects the judgements exercised in preparing them.



Gary Byles
Director General
Territory and Municipal Services Directorate

/4 September 2011

A7 STATEMENT OF PERFORMANCE

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

| Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2011 | | | | | |
|---|----------------------------|--------------------------|------------------------------------|---|--|
| OUTPUT CLASS 1: MUNICIPAL SERVICES PRINCIPAL INDICATORS | | | | | |
| OUTPUT 1.1: Information Services | | | | | |
| Description: Provision of customer enquiry, information, bill payment and library services to the community through Canberra Connect's shopfronts, call centre 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 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances | |
| <i>Physical use</i> | | | | | |
| Library visits per capita | 5.50 | 4.29 | (22%) | 1 | |
| Items borrowed per capita | 7.50 | 7.64 | 2% | | |
| <i>Online use</i> | | | | | |
| Number of users accessing databases via the Library website | 212,000 | 215,105 | 1% | | |
| Number of pages downloaded from library databases on the website ^a | 300,000 | 140,034 | (53%) | 2 | |
| <i>Library members</i> | | | | | |
| Number of registered library users | 184,300 | 208,240 | 13% | 3 | |
| Percentage of population who are library members | 53% | 58% | 9% | 3 | |
| <i>Cost Effectiveness</i> | | | | | |
| Customer satisfaction with library services ^b | 85% | 96% | 13% | 4 | |
| Average direct cost of public library services per visit per branch ^c | \$5.85 | \$8.17 | (40%) | 5 | |
| Direct cost of public library services per capita | \$35.35 | \$34.97 | 1% | | |
| <i>Library collection</i> | | | | | |
| Percentage of library collection purchased in previous five years | 53% | 58.4% | 10% | 6 | |
| Number of ACT publications or items added to the heritage collection | 14,000 | 11,939 | (15%) | 7 | |
| <i>Canberra Connect</i> | | | | | |
| Customer satisfaction with Canberra Connect services | 90% | 90% | 0% | | |
| Call centre waiting times less than 20 seconds | 80% | 42% | (48%) | 8 | |
| Average queue time at the Canberra Connect shopfronts | < 12 min | 12:12 min | (100%) | 9 | |
| Average direct cost per transaction at shopfronts | \$8.92 | \$9.52 | 7% | 10 | |
| Average direct cost per transaction for contact centres | \$5.37 | \$4.73 | (12%) | 11 | |
| Average direct cost per transaction for web interactions ^d | \$0.45 | \$0.54 | 20% | 12 | |
| TOTAL COST (\$'000) | \$36,842 | \$37,086 | (1%) | | |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$31,610 | \$32,169 | 2% | | |

Explanation of Accountability Indicators

- a. Pages downloaded include full text items (e.g. magazine articles, journals, newspapers), ebooks downloaded and audio or video information streamed.
- b. The survey results include public libraries only and do not include the Virtual, Mobile and Heritage Libraries.
- c. The measure reports average cost per visit for all library branches.
- d. Web transactions included for the purpose of calculating this result are those deemed to be interaction between the customer and Canberra Connect similar to a counter or phone enquiry.

Explanation of Variances:

1. The decrease in visits is mainly due to an increase in the loan period for books from three to four weeks and from one week to two weeks for DVDs; and advances in technology where library users access information online to target material and reducing physical visits to the library. The positive aspect of this trend is that loans are increasing, as supported by the items borrowed per capita figure.
2. Library users downloaded less items. The result has been impacted by the increasing availability of resources through other external providers.
3. These results are well ahead of the target and are mainly due to the opening of new Gunghalin Library, the automated Personal Computer reservation system for internet use and the issue of Senior's MyWay cards at libraries all of which has given increased membership opportunities.
4. The results have been impacted by the opening of the new Gunghalin Library, introduction of the concierge model of customer service and launch of the automated internet booking system.
5. Result has been impacted by a combination of a decrease in visits as per Note 1 and the calculation of the Original Target which did not include all costs.
6. The result has been impacted by increased funding for library material purchases for the Kingston Library, new items purchased for the Gunghalin Library and a strong focus on the revitalisation of library collections and removal of old and out of date materials.
7. The variance is primarily due to less than anticipated donations received to the Heritage Collection. The ACT Heritage Library acquires items of community, historical and heritage value to the ACT, often by donations. The numbers of additions to the Heritage Collection are dependent on the timing of donations received. Numbers are also dependent on the amount of material published in the Heritage Library's area of collecting.
8. The result has been impacted by the introduction of MyWay ticketing system, unprecedented weather events and related municipal activities which have caused an increase in call handling times. The average wait time achieved was 102 seconds with 54% of calls answered within 40 seconds. Since the introduction of the MyWay service the result year to date to August 2011 is 57% of calls answered within 20 seconds.
9. The result has been impacted by the introduction of MyWay services in Shopfronts which has increased customer volumes.
10. The variance is due to lower than expected transaction volumes, impacted by the delay in implementing the MyWay service, which has increased the average cost per transaction.
11. The result has been impacted by expenses being lower than anticipated, which has decreased the average transaction cost.
12. The result has been impacted by less web interactions counted.

| Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2011 | | | | | |
|---|-------------------------|-----------------------|---------------------------------|-----------------------------------|--|
| OUTPUT CLASS 1: MUNICIPAL SERVICES PRINCIPAL INDICATORS | | | | | |
| OUTPUT 1.2: Office of Transport Description: Management of the ACT's road assets and regulation of public passenger transport, heavy vehicles, driver competency and vehicle registration. Also includes the promotion of road user safety, provision of strategic transport planning and public transport services. | | | | | |
| Accountability Indicators | Original Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances | |
| Infrastructure | | | | | |
| Annual percentage of territorial roads resurfaced | 5% | 5.7% | 13% | 1 | |
| Annual percentage of municipal roads resurfaced | 4% | 2% | (50%) | 2 | |
| Percentage of customers satisfied with the public road network | > 70% | > 70% | 0% | | |
| Percentage of territorial roads in good condition | > 88% | > 88% | 0% | | |
| Percentage of bridges that meet SM1600 standard on the B Double Network ^a | > 60% | > 60% | 0% | | |
| Sustainable Transport | | | | | |
| Increase in length (km) of on-road cycle lanes ^b | 50 | 38.31 | (23%) | 3 | |
| Increase in length (km) of bus priority/transit lanes | 1 | 3.7 | 270% | 4 | |
| Increase in length (km) of community paths | 35 | 54 | 54% | 5 | |
| Transport Planning and Regulation | | | | | |
| Taxi cab waiting times within required standard* | 100% | 100% | 0% | | |
| Taxi cab waiting times (wheelchair accessible taxis) within required standard* | 100% | 98% | (2%) | | |
| Number of random vehicle inspections per annum* | 56,000 | 47,708 | (15%) | 6 | |
| Number of audits of accredited driving instructors per annum* | 440 | 393 | (11%) | 7 | |
| Number of audits of authorised vehicle examiners per annum* | 600 | 510 | (15%) | 8 | |
| Percentage of 'in use' time of fixed speed cameras* | 95% | 95% | 0% | | |
| TOTAL COST (\$'000) | \$261,300 | \$277,712 | (6%) | | |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$149,608 | \$148,519 | (1%) | | |

* These performance indicators were transferred to the Justice and Community Safety Directorate on 17 May 2011 (notifiable instrument NI-2011-344)

Explanation of Accountability Indicators

- a. SM1600 standard is a theoretical loading designated by Australian Standards 5100 2004 Bridge Design which should ensure that bridges can carry future vehicle loadings.
- b. The Accountability Indicator refers to the length of compliant on-road cycle lanes in the network. The length of on-road cycle lanes relates to the length that meets the current standard width requirements. Sections of existing lanes that do not meet this standard are not included in the indicator, however, once these lanes are remarked as part of the maintenance program and become compliant with the standard width, these sections of lane are included in the indicator.

Explanation of Variances:

1. The result was impacted by unseasonal wet weather conditions which resulted in more focus placed on the territorial roads program.
2. The result was impacted by wet weather in late 2010, which delayed resurfacing works and the immediate priority given to resurfacing of territorial roads within the program.
3. The result has been impacted by wet weather in late 2010, which delayed the reseal program which contributes to on-road cycle lanes installed each year.
4. The variance is due to the earlier than anticipated completion of three major capital works projects which focussed on public transport and has allowed Roads ACT to deliver 3.65km of new bus lane to the network this calendar year.
5. The result has been impacted by greater than expected transfers of assets with the opening of new estates in suburbs such as Bonner, Casey and Grace.
6. The variance is due to the Directorate not amending the target for the period from 1 July 2010 to 16 May 2011. The target for this period should have been amended to 49,538. The actual result of 47,708 is 4% lower than this target.
7. The variance is due to the Directorate not amending the target for the period from 1 July 2010 to 16 May 2011. The target for this period should have been amended to 389. The actual result of 393 is 1% higher than this target.
8. The variance is due to the Directorate not amending the target for the period from 1 July 2010 to 16 May 2011. The target for this period should have been amended to 530. The actual result of 510 is 4% lower than this target.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2011

OUTPUT CLASS 1: MUNICIPAL SERVICES
PRINCIPAL INDICATORS

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

| Accountability Indicators | Original Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances |
|--|----------------------------|--------------------------|------------------------------------|---|
| Waste and Recycling | | | | |
| Annual tonnes of waste to landfill per head of population | 0.59 | 0.66 | 12% | 1 |
| Annual total resource recovery tonnage per head of population | 1.50 | 1.98 | 32% | 2 |
| Percentage of material recovered from the total waste stream | 75% | 75% | 0% | |
| Annual contractor cost of kerbside collection per household | \$68.80 | \$66.60 | 3% | |
| Cost of recyclables processing per tonne at Hume Materials Recovery Facility | \$20.60 | \$20.40 | 1% | |
| Percentage of customers satisfied with waste collection services | 98% | 92% | (6%) | |
| Contract cost of landfilling waste per tonne | \$16.40 | \$9.19 | 44% | 3 |
| TOTAL COST (\$'000) | \$28,700 | \$27,835 | 3% | |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$20,745 | \$19,694 | (5%) | |

Explanation of Variances:

1. The result has been impacted by an increase in deliveries of approved treated fill and construction and demolition material, as a result of increased building activity, especially the West Molonglo Ponds project. There was also an increase in commercial and industrial waste. Some allowance for the growth of commercial and industrial waste was included in the target, but the waste stream has grown faster than expected.
2. The 2010-11 financial year saw a large increase in total resource recovery. Factors impacting this increase included significant extra greenwaste generation due to wet conditions in spring and summer 2010 and additional tonnes of construction and demolition recycling as a new recycler started operations, major recyclers worked through stockpiles and there was an increase in construction activity.
3. Waste to landfill has been higher than predicted due to increased treated contaminated fill and commercial and industrial waste. This has caused a reduction in the cost of landfilling waste per tonne.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2011

| OUTPUT CLASS 1: MUNICIPAL SERVICES | |
|---|--|
| PRINCIPAL INDICATORS | |
| OUTPUT 1.4: Land Management | |
| Description: Planning and management of the ACT's parks, plantations, reserves and open space system. 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. | |

| Accountability Indicators | Original Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances |
|--|--------------------------------|------------------------------|--|--|
| Customer satisfaction with the management of Town and District Parks | 90% | 96% | 7% | 1 |
| Customer satisfaction with the maintenance and pruning of street trees | 80% | 73% | (9%) | |
| Customer satisfaction with the management of Nature Parks (Tidbinbilla Nature Reserve and Namadgi) | 90% | 99% | 10% | 2 |
| Implement activities identified under the Bushfire Operational Plan (BOP) | 100% | 95% | (5%) | 3 |
| Customer satisfaction with children's play equipment being well maintained | 90% | 97% | 8% | |
| Customer satisfaction with the general look and feel of local suburban shopping centres | 89% | 84% | (6%) | |
| Responses on Development Applications referred from ACTPLA completed within agreed timeframes ^a | 85% | not measured | (100%) | 4 |
| Respond to developers' submissions within adopted timeframes ^b | 85% | not measured | (100%) | 5 |
| TOTAL COST (\$'000) | \$83,628 | \$93,233 | (11%) | 6 |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$67,829 | \$68,502 | 1% | |

Explanation of Accountability Indicators

- Agreed timeframe is 15 working days.
- Adopted timeframe is 10 working days.

Explanation of Variances:

- The result is impacted by storms of September 2010 and February 2011 which affected the extent of the programmed pruning.
- The level of customer satisfaction is above the target and represents excellent feedback regarding the day to day management of nature parks in the ACT.
- The majority of the work not completed related to prescribed burning in forest areas which due to the above average rainfall were not able to be completed. These were considered to be of low risk. Additional tasks were undertaken relating to remediation works due to storm damage, and additional training, which were considered a higher priority due to risk factors.
- The 2010-11 result has not been measured however the indicative result is 99% of responses on Development Applications referred from ACTPLA completed within agreed timeframes. The result reflects improvements in the processing of Development Applications.
- The 2010-11 result has not been measured however the indicative result is 92% of responses to Development submissions within adopted timeframes.
- The result has been impacted by an unexpected expensing of completed capital works projects and the annual revaluation of assets.

| Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2011 | | | | | | |
|---|----------------------------|------------------------------|--------------------------|------------------------------------|---|--|
| OUTPUT CLASS 1: MUNICIPAL SERVICES PRINCIPAL 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, heritage places and objects, and significant tree preservation. The Heritage unit transferred to the former Chief Minister's Department as at 1 July 2010 following <i>Administrative Arrangements 2010 (No 1)</i> . | | | | | | |
| Accountability Indicators | Original Target 2010-11 | Amended Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances | |
| Assess development applications for their heritage impact and advise ACTPLA within 15 working days using "stop the clock" methodology | 100% | not applicable | not applicable | 0% | 1 | |
| Numbers of dogs processed by the Domestic Animal Shelter | 2,100 | | 1,519 | 28% | 2 | |
| Percentage of saleable stray and abandoned dogs re-homed | 95% | | 93% | (2%) | | |
| Remove abandoned vehicles on unleased land within seven working days | 100% | | 53% | (47%) | 3 | |
| Respond to complaints of public safety issues within 2 days | 100% | | 100% | 0% | | |
| Response & collection of "sharps" on unleased land within 4 hours | 100% | | 100% | 0% | | |
| Reports of attacking dogs responded to within 4 hours | 100% | | 100% | 0% | | |
| TOTAL COST (\$'000) | \$6,612 | | \$5,236 | 21% | 4 | |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$6,193 | | \$4,719 | (24%) | 4 | |

Explanation of Variances:

1. The Heritage unit transferred to the former Chief Minister's Department as at 1 July 2010 following *Administrative Arrangements 2010 (No 1)*.
2. The variance is due to less dogs roaming in the community as a result of increased enforcement practices at Domestic Animal Services - including enforcement of poundage fees for impounded dogs and fence inspections of properties where dogs are being returned to prevent repeated impoundments.
3. The target was inadvertently set to represent the timeframe from notification to inspection. However the actual result provided correctly reflects the timeframe spanning the initial notification date, including inspection through to removal of the vehicle. The target will be reviewed in 2011-12 for reporting purposes.
4. The original budget included the Heritage budget which was transferred to the former Chief Minister's Department as at 1 July 2010.

Territory and Municipal Services Directorate
Statement of Performance
For the Year Ended 30 June 2011

OUTPUT CLASS 1: MUNICIPAL SERVICES
PRINCIPAL INDICATORS

OUTPUT 1.6: Sport and Recreation
Description: Development of programs, policies and legislation, grant provision, and education and training opportunities to maintain and improve the capabilities of the sport and recreation sector. Also includes management and maintenance of sportsgrounds and facilities, and the provision of support services to high performance athletes in the ACT.

| Accountability Indicators | Original Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances |
|--|----------------------------|--------------------------|------------------------------------|---|
| Number of targeted programs delivered in accordance with the Australian Sports Commission agreement* | 9 | 8 | (11%) | 1 |
| Customer satisfaction survey of ACT Academy of Sport services* | 90% | 98% | 9% | 2 |
| Percentage of customers satisfied with the management of sportsgrounds* | 92% | 88% | (4%) | |
| Percentage of customers satisfied with the management of aquatic centres* | 93% | 92% | (1%) | |
| TOTAL COST (\$'000) | \$33,056 | \$29,867 | 10% | 3 |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$26,464 | \$18,861 | (29%) | 4 |

* These performance indicators were transferred to the Economic Development Directorate on 17 May 2011 (notifiable instrument NI-2011-345).

Explanation of Variances:

1. The (-11%) variance was due to the original target including the delivery of the Schools Network Program based on an assumption that the Australian Sports Commission would be reinstating a similar program in 2010. The program has not been funded or reinstated.
2. 62 survey responses were returned to the ACT Academy of Sport, 61 respondents were satisfied with the ACT Academy of Sport, 1 returned an unsatisfied response.
3. Total costs have been impacted by the revaluation of Other Infrastructure assets in July 2010 and the associated increased depreciation costs, offset by the rollover of the funds to ACT sporting organisations for capital projects due to delays pending completion of planning and design phases.
4. Total Government Payment for Outputs has been impacted by the requirement to rollover funds to ACT sporting organisations into 2011-12 as per Note 3.

| Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2011 | | | | | |
|--|----------------------------|---------------------------|--------------------------|---|--------------------------------------|
| OUTPUT CLASS 2: ENTERPRISE SERVICES PRINCIPAL INDICATORS | | | | | |
| OUTPUT 2.1: Government Services | | | | | |
| Description: Incorporates businesses that provide commercial services to ACT Government agencies and the private sector on a fee for service basis, including the Yarralumla Nursery, Capital Linen Services and ACT Property Group. Functions relating to ACT Property Group transferred from the former Department of Land and Property Services to the Directorate effective 17 May 2011 following <i>Administrative Arrangements 2011(No 1)</i> . | | | | | |
| Accountability Indicators | Original Target 2010-11 | Amended Target 2010-11 | Actual Result 2010-11 | % Variance from Original/Amended Target | Explanation of Material Variances |
| <i>Capital Linen Services</i> | | | | | |
| Total tonnes of laundry delivered | 5,000 | | 5,132 | 3% | |
| Retain certification of Quality Management System Standard AS/NZS ISO 9001:2000 | 100% | | 100% | 0% | |
| <i>Yarralumla Nursery</i> | | | | | |
| Plant spoilage within industry standard | < 10% | | < 10% | 0% | |
| <i>Property</i> | | | | | |
| Use of Greenpower | not applicable | 32.50% \$7,000 | 33% \$7,250 | 1% (4%) | 1 |
| Accommodation cost per employee | not applicable | | | | 1 |
| Occupancy rate for properties designated for use by non government tenants | not applicable | 96% | 95.7% | (0.3%) | 1 |
| TOTAL COST (\$'000) | \$15,035 | | \$27,868 | (85%) | 2 |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$580 | | \$703 | 21% | 2 |

Explanation of Variances:

- The accountability indicators were not formally transferred to the Directorate from the former Department of Land and Property Services following *Administrative Arrangements 2011 (No 1)* due to an administrative error in the transfer process. The accountability indicators will be reported from 1 July 2011. The indicative amended targets and actual results have been provided for information purposes only.
- The variation from the Original target is primarily due to the transfer into the Directorate of the ACT Property Group from the former Department of Land and Property Services following *Administrative Arrangements 2011 (No 1)*.

| Territory and Municipal Services Directorate Statement of Performance For the Year Ended 30 June 2011 | | | | | |
|---|----------------------------|--------------------------|------------------------------------|--------------------------------------|---|
| OUTPUT CLASS 2: ENTERPRISE SERVICES PRINCIPAL INDICATORS | | | | | |
| OUTPUT 2.2: Events | | | | | |
| Description: Management and promotion of sporting and recreational events at major sporting and recreational venues including the Canberra Stadium, Manuka Oval, and Stromlo Forest Park. | | | | | |
| Accountability Indicators | Original Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances | |
| <i>Territory Venues and Events</i> | | | | | |
| Number of major events at: | | | | | |
| - Canberra Stadium* | 23 | 22 | (4%) | | |
| - Manuka Oval* | 3 | 3 | 0% | | |
| - Stromlo Forest Park* | 6 | 11 | 83% | | 1 |
| Own Source revenue by venue: | | | | | |
| - Canberra Stadium* | \$3,142,722 | \$2,274,146 | (28%) | | 2 |
| - Manuka Oval* | \$284,010 | \$248,781 | (12%) | | 3 |
| TOTAL COST (\$'000) | \$10,934 | \$9,722 | (11%) | | |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$3,164 | \$2,879 | (9%) | | |

* These performance indicators were transferred to the Economic Development Directorate on 17 May 2011 (notifiable instrument NI-2011-345).

Explanation of Variances:

1. The (83%) variance was due to Stromlo Forest Park attracting additional events as it is the preferred venue for many sporting bodies.
2. The variance is due to the Directorate not amending the target for the period from 1 July 2010 to 16 May 2011. The target for this period should have been amended to \$1,919,243. The actual result of \$2,274,146 was 18% higher than this target mainly as a result of additional events such as the Raiders versus West Tigers Semi Final and the Nitro Circus Event which were not anticipated in the target.
3. The variance is due to the Directorate not amending the target for the period from 1 July 2010 to 16 May 2011. The target for this period should have been amended to \$252,940. The actual result of \$248,781 was 2% lower than this target.

erra Connect cemeteries footpaths property management storm
ntion roads ACTION parks and reserves trees Namadgi National Park Tidbinbilla
animal services feral pest and weed management street and traffic lights
property management stormwater MyWay transport systems bus
bushfire prevention roads ACTION parks and reserves

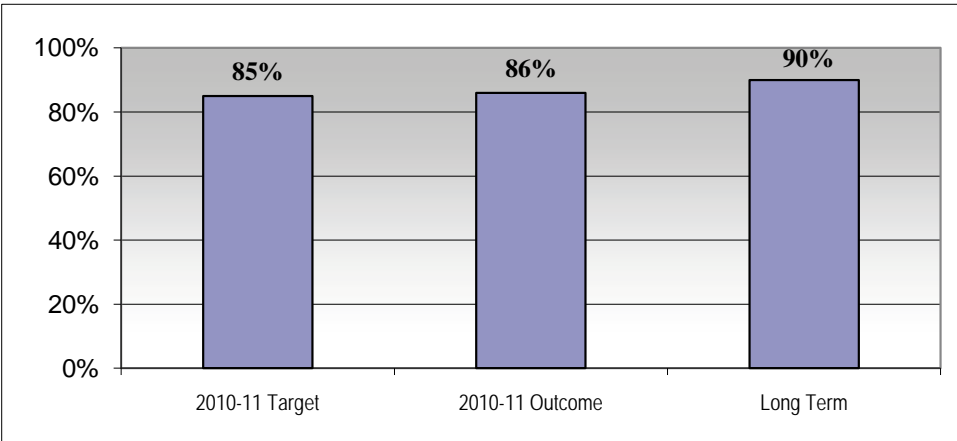
A8 STRATEGIC INDICATORS

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Strategic Indicators

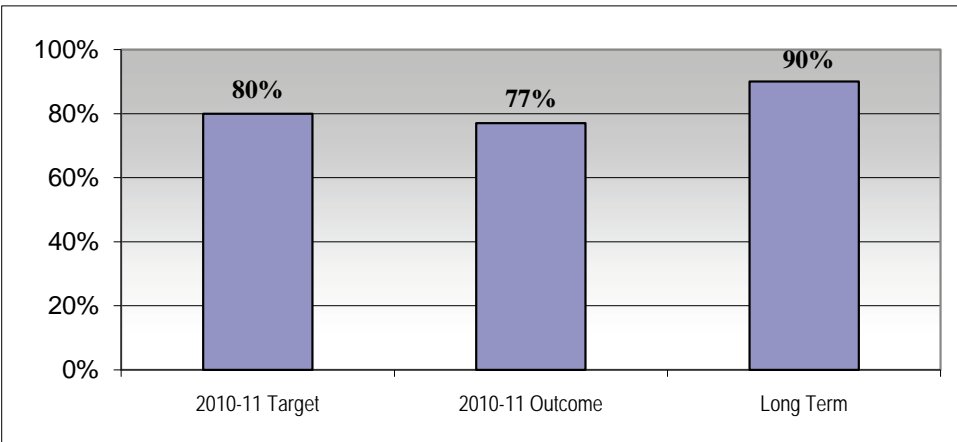
The Directorate's Strategic Indicators are aimed at measuring performance against longer-term and strategic outcomes. The indicators provide a strategic context for the delivery of services to the community and links to the Government's strategic direction along with the Directorate's Strategic Plan 2009-13 and Government Priorities.

Strategic Indicator 1
 Deliver Great Services
 Customer Satisfaction Continues to Demonstrate Improvement



Overall customer satisfaction 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 and street signs), waste and recycling collection, ACTION and parks and reserves.

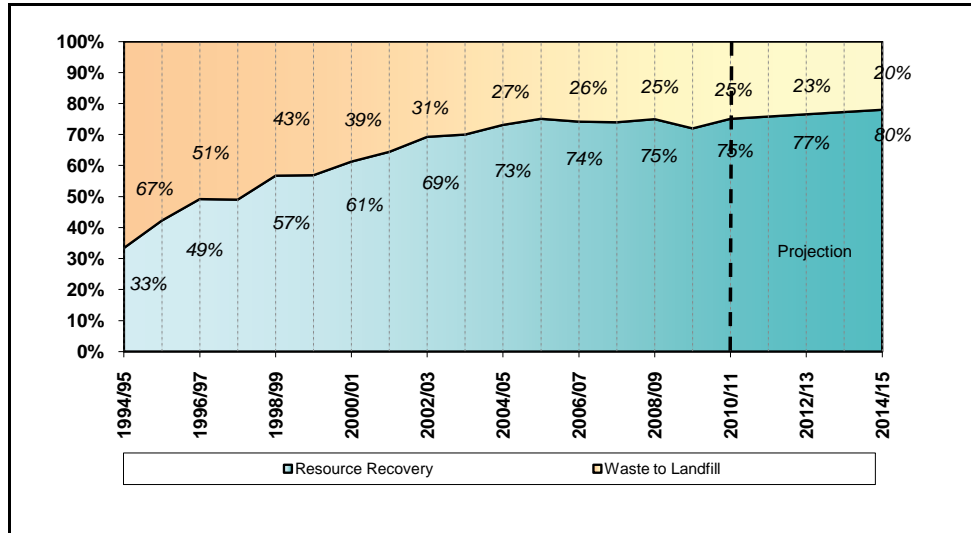
Strategic Indicator 2
 Relating Well with our Community
 Satisfaction with community engagement continues to demonstrate improvement



TAMS undertakes a wide range of community engagement activities. These include public meetings, forums, online and hardcopy surveys, discussion groups, focus groups, seminars, workshops and utilising the local media, websites and social media to provide information. In 2010-11 TAMS carried out 38 major consultation activities.

Strategic Indicator 3

Reduction in waste going to landfill as a proportion recovered from the waste stream.



This indicator shows resource recovery rates, as a proportion of total waste generated. Total waste generated is the total of waste to landfill and resource recovery.

Waste to landfill data is calculated using landfill weighbridge data, resource recovery data is provided by local resource recovery and recycling industries in the ACT.

Government initiatives will further increase levels of resource recovery and reduce the proportion of waste going to landfill, helping the ACT to continue to make progress towards the 80% target for 2014-15. These initiatives include the development of a Dry Commercial & Industrial Recycling Facility in Hume and a business recycling initiative coordinated jointly by ESDD and TAMS.

erra Connect cemeteries footpaths property management storm
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animal services feral pest and weed management street and traffic lights
property management stormwater MyWay transport systems bus
bushfire prevention roads ACTION parks and reserves

A5 MANAGEMENT DISCUSSION AND ANALYSIS

ACTION

MANAGEMENT DISCUSSION AND ANALYSIS FOR ACTION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

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 2009-2011 and Code of Conduct as well as having reviewed and tested its Business Continuity Plans. ACTION continues to respond to audit recommendations.

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

- a) **Budget and Cash Flow** – ACTION continued to deliver a greater number of services in 2010-11, including the Red Rapid and Blue Rapid, an expanded and improved service designed to encourage increased patronage in line with the proposed Public Transport Strategy. Analysis of network requirements and the available budget will continue in 2011-12 during which further growth in services will occur associated with the implementation of the *Transport for Canberra* program. ACTION will continue to make representations through the Territory and Municipal Services Directorate to the Treasury Directorate about its financial position and rising operational costs.
- b) **Fares Revenue** – ACTION replaced its ageing ticketing system in early April 2011 with a new Smartcard ticketing system, which will mitigate revenue losses caused by equipment failures. However, the new fare structure, which effectively offers cheaper fares to commuters, combined with a challenging target for fares revenue associated with the *Transport for Canberra* program, will compromise ACTION's ability to meet its fare revenue targets in 2011-12 and beyond. Further revenue analysis is being undertaken to test the forecasted revenue targets as the implementation of the new ticketing system progresses.

- c) **Occupational Health and Safety** – During 2010-11 ACTION undertook major initiatives to improve safety for both customers and staff at interchanges and depots. During 2011-12 safety initiatives will continue including those associated with infrastructure at depots and for plant and equipment. Staff training also contributes to safety, therefore ACTION uses a range of strategies to undertake driver training and education. This includes both self-directed as well as face-to-face training where resources permit, or where there is a demonstrated need. In the absence of specific funding for driver refresher training, ACTION has utilised additional marketing and promotions funding to improve its internal communication channels. This can be an effective way to convey information to staff about changes to processes and procedures, in lieu of training.
- d) **Asset Management Plan** – During 2010-11 ACTION, as a member of the Territory and Municipal Services Directorate's Strategic Asset Management working group, contributed to the development of the Strategic Asset Management framework and appointed a Capital Projects Manager to improve the management of depot, interchange and fleet assets and to deliver a large capital program in 2011-12 within tight timeframes. The improved framework will enable ACTION to develop a comprehensive Strategic Asset Management Plan to better manage strategic assets and will also ensure quality standards are met and legislative compliance is achieved where applicable.
- e) **Driver and Specialised Human Resources Retention** – ACTION is maintaining a vigorous driver recruitment and training regime to ensure a constant supply of high performing staff. However, ACTION is experiencing increasing attrition as a significant proportion of its workforce reach retirement age as well as difficulties in attracting blue collar workers in the ACT. ACTION is developing an ageing workforce strategy which will identify ameliorating strategies.
- f) **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 will assist 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 ameliorating this risk by providing timely advice to patrons about services.

Financial Performance

The following financial information is based on audited Financial Statements for 2009-10 and 2010-11, and the forward estimates contained in the Budget 2010-11 Paper No.4: Budget Estimates.

Operating Result

The operating result for ACTION was a deficit of \$12.2 million against a budget deficit of \$7.9 million, an unfavourable variance of \$4.3 million.

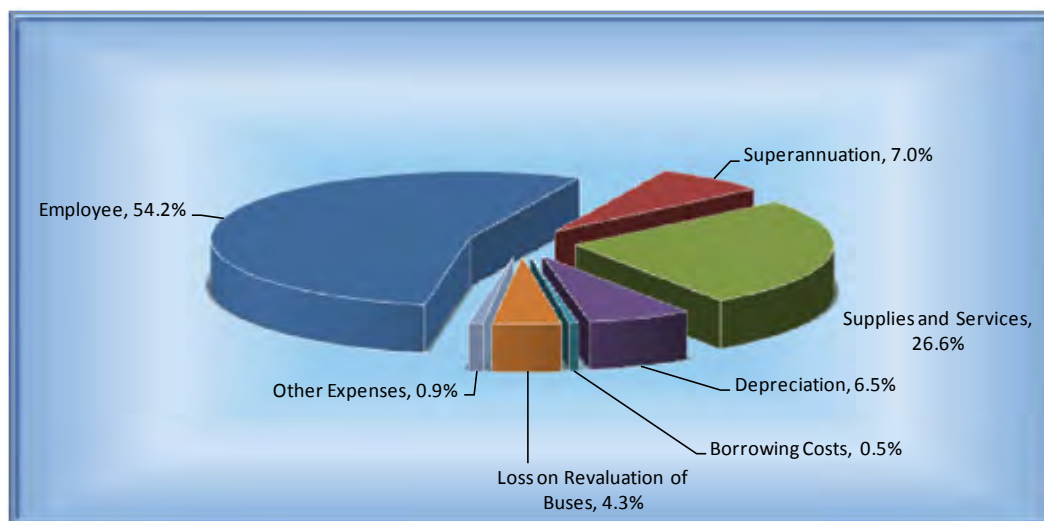
Total revenue was \$104.8 million which was \$0.8 million above the budget of \$104.0 million. Total expenses were \$117.0 million and were above the budget of \$111.8 million by \$5.2 million.

Total Expenditure

Components of Expenditure

Figure 1 illustrates the components of ACTION's expenditure for 2010-11 with the largest component of expenditure being employee expenses and superannuation representing 61.2% (or \$71.6 million).

Figure 1 - Components of Expenditure as at 30 June 2011



Comparison to Budget

Total expenditure of \$117.0 million was \$5.2 million, or 4.6% higher than the 2010-11 budget of \$111.8 million. This higher than budgeted expenditure was largely the result of:

- greater than budget employee expenses of \$2.3 million attributed to an increase in the number of full-time equivalent staff due to network enhancements and the recognition of a 2.5% pay increase as a result of an in principal enterprise bargaining agreement;
- less than budget supplies and services expenses of \$0.4 million as a result of savings in fuel expense (\$0.9 million) and the transfer of functions and associated supplies and services expenditure to the Territory and Municipal Services Directorate as at 1 July 2010 (\$2.1 million) including advertising, promotion, printing and agents commission; offset by greater than budget insurance premiums (\$0.9 million); bus maintenance expenses as a consequence of the ageing ticketing system (\$0.2 million); additional expenditure related to enterprise bargaining negotiations (\$0.8 million), increased costs of rural school services (\$0.2 million) and special needs transport service (\$0.5 million).
- less than budget in depreciation expense of \$2.2 million as a result of delays in the implementation of the new ticketing system;
- a loss on revaluation of the bus fleet of \$5.0 million which was not budgeted; and
- greater than budget other expenses of \$0.6 million due to greater impairment losses on receivables.

Comparison to Prior Year

Total expenditure was \$7.0 million, or 6.4% higher than the 2009-10 reported result. The increase was primarily due to:

- an increase in employee expenses by \$1.9 million, or 2.8%, as a result of an increase in the number of full-time equivalent staff due to network enhancements and the recognition of a 2.5% pay increase as a result of an in principal enterprise bargaining agreement;
- a decrease in supplies and services expenditure by \$1.4 million, or 4.2%, due primarily to the transfer of various functions to the Territory and Municipal Services Directorate (\$2.1 million) and reduced insurance settlement payments due to a major settlement payment made in 2009-10 (\$0.9 million); partly offset by increased cost of insurance (\$0.4 million) and fuel (\$1.2 million);
- an increase in depreciation expense by \$1.1 million due to the capitalisation of new buses and the new ticketing system;
- a loss on revaluation of the bus fleet in 2010-11 of \$5.0 million; and
- an increase in other expenses by \$0.3 million due to an increase in impairment loss on receivables.

Future Trends

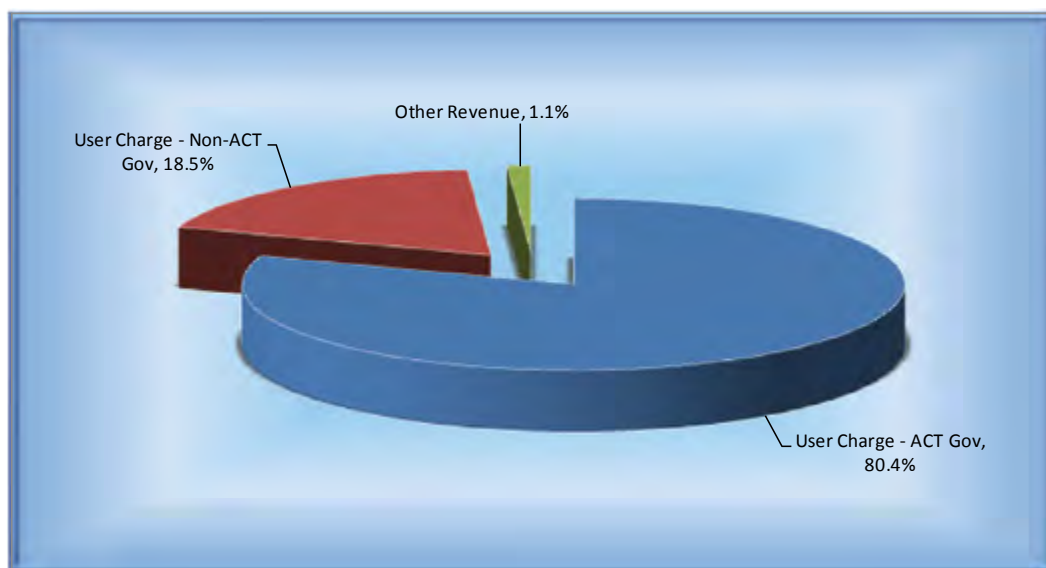
Expenditure is budgeted to increase in 2011-12 from the 2010-11 outcome by \$1.3 million, or 1.1% to accommodate additional services associated with new transport initiatives and increased service costs and insurance premiums.

Total Income

Components of Income

Figure 2 illustrates that for the financial year ended 30 June 2011, ACTION received 18.5% of its total income of \$104.8 million 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 2011



Comparison to Budget

Income for the year ended 30 June 2011 was \$104.8 million, which was \$0.8 million above the 2010-11 budget of \$104.0 million. This was largely due to:

- greater funding provided by the ACT Government of \$6.9 million primarily to cover cost pressures relating to fares revenue shortfall, increased employee expenses, and increases in Comcare and other insurance premiums; and
- greater revenue from special needs transport of \$0.4 million due to invoicing of the full cost of services provided to the Education and Training Directorate;

partly offset by:

- less than budget fares revenue of \$5.8 million due largely to equipment failures of the ageing ticketing system and the loss of patronage data in addition to a new pricing structure under the MyWay ticketing system; and
- less than budget concessions revenue of \$0.6 million due a decrease in the recording of patronage eligible for concession rebate from the Community Services Directorate – this was due to failures of the old ticketing system.

Comparison to Prior Year

Income in 2010-11 was \$1.2 million, or 1.2%, higher than the 2009-10 reported result. The increase was mainly due to:

- an increase in service payments from the ACT Government of \$4.7 million to address increased costs and service improvements; and
- an increase in special needs transport revenue of \$0.5 million due to invoicing of the full cost of service to the Education and Training Directorate;

partly offset by:

- a decrease in concession revenue of \$0.7 million due to a decrease in recording of patronage eligible for concession rebate from the Community Services Directorate (due to failures of the old ticketing system); and
- a decrease in fares revenue of \$2.7 million due to failures of the old ticketing system resulting in the inability to collect fares revenue.

Future Trends

Total income for 2011-12 is budgeted to increase by \$4.2 million from the 2010-11 outcome due to a budgeted increase in fare revenue associated with *Transport for Canberra* initiatives, as well as funding to cover the additional cost of services as well as Comcare and insurance premiums.

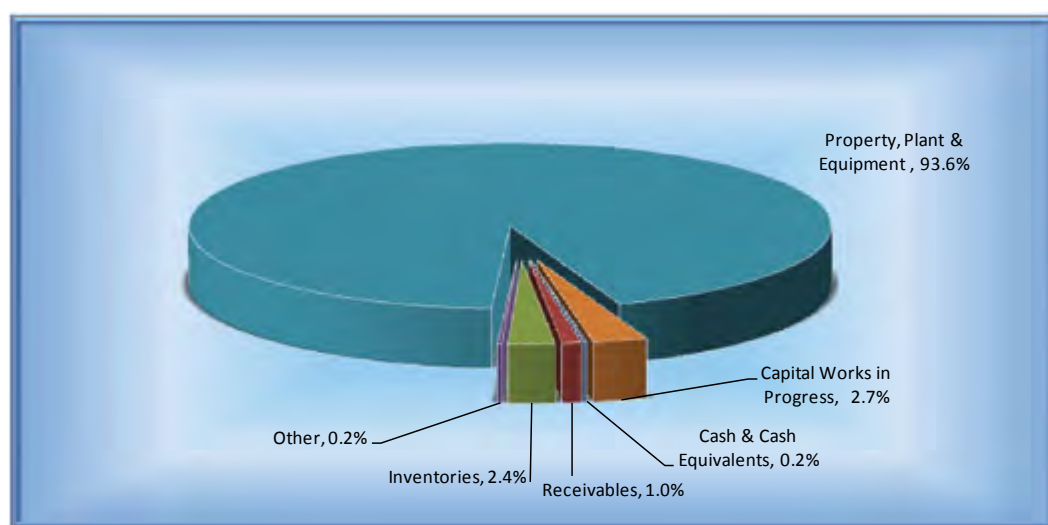
Financial Position

Total Assets

Components of Total Assets

Figure 3 illustrates that for the financial year ended 30 June 2011, property, plant and equipment accounted for 93.6% of ACTION's total asset base of \$142.4 million.

Figure 3 – Total Assets as at 30 June 2011



Comparison to Budget

Assets as at 30 June 2011 totalled \$142.4 million, \$7.0 million less than the 2010-11 budgets of \$149.4 million. The decrease is largely the result of:

- a decrease of \$4.3 million in property, plant and equipment and capital works in progress as a result of a decline in fair value of bus fleet upon revaluation of assets and works in progress yet to be capitalised;
- a decrease of \$1.8 million in cash and cash equivalents due to increased costs and reduced fares revenue; and
- a decrease of \$1.6 million in receivables due to new arrangements under the MyWay ticketing system whereby sales via MyWay recharge agents are direct debited on a weekly basis, removing the delay between invoicing and receipt of the payment;

partly offset by:

- an increase of \$0.5 million in inventories due to greater diversity in the types of bus in the fleet requiring a greater number of parts to sustain continuous bus availability.

Comparison to Prior Year

ACTION's total asset position is \$8.5 million more than the 2009-10 result of \$133.9 million primarily because of a net increase of \$10.5 million in non-current assets due to the continuation of the bus replacement program and the completion of the new ticketing system project, offset by decreased receivables of \$2.0 million due to new arrangements under the MyWay ticketing system which removes the delay between invoicing and receipt of payment.

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 2011

| | Prior Year Actual 2009-10 | Current Year Budget 2010-11 | Current Year Actual 2010-11 |
|---|--------------------------------------|--|--|
| Current Assets (\$'000) | 7,246 | 7,965 | 5,295 |
| Current Liabilities (\$'000) ¹ | 9,609 | 8,191 | 5,949 |
| Current Ratio | 0.75:1 | 0.97:1 | 0.89:1 |

¹ Excludes employee benefits which have been estimated will not be paid in the next 12 months.

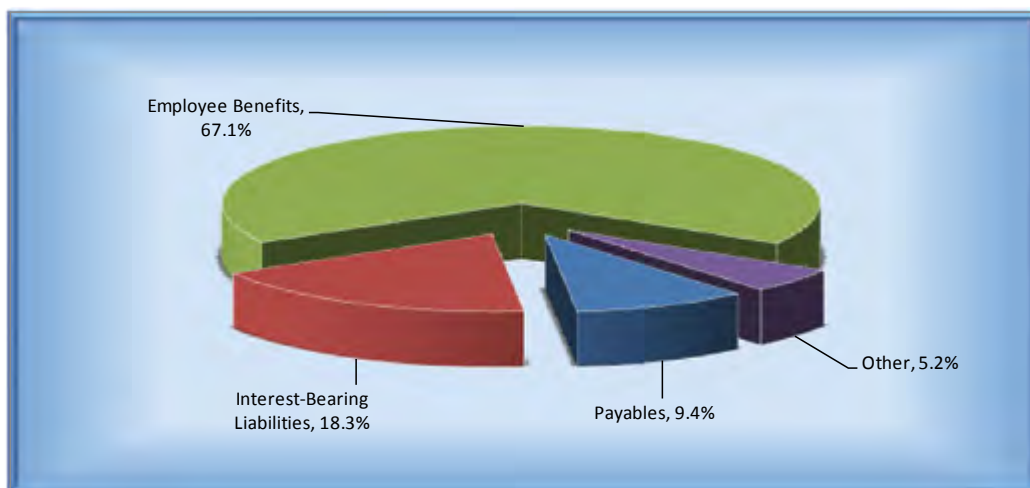
ACTION's current ratio for the financial year is 0.89 to 1, which is decreased by 8.0% compared to the budgeted current ratio of 0.97 to 1. The decrease is due to lower than budget receivables due to new arrangements under the MyWay ticketing system removing the delay between invoicing and receipt of payment. ACTION's liquidity is considered adequate to pay debts as they fall due.

Total Liabilities

Components of Total Liabilities

Figure 4 illustrates that the majority of ACTION's liabilities relate to employee benefits (67.1%), interest bearing liabilities (18.3%) and payables (9.4%).

Figure 4 – Total Liabilities as at 30 June 2011



Comparison to Budget

ACTION's liabilities for the year ended 30 June 2011 of \$29.0 million, is \$2.0 million less than the 2010-11 budget of \$31.0 million largely due to:

- lower than budget payables of \$1.1 million as resulting from completion of major capital works programs and the resultant payment of payables outstanding in 2009-10; and
- lower than budget other liabilities of \$0.9 million as a result of a reduction in the liability associated with prepaid bus tickets, which was unusually high due to higher prepaid ticket sales volumes prior to fare increase in 2009-10.

Comparison to Prior Year

Total liabilities of \$29.0 million are \$3.7 million less than the 2009-10 actual results of \$32.7 million. This is due to:

- a decrease of \$3.9 million in payables as a result of payment of major capital works projects outstanding in 2009-10; and
- a reduction of \$0.6 million in interest bearing liabilities due to loan repayments;

partly offset by:

- an increase of \$0.2 million in employee entitlements due to wage and salaries increases; and
- an increase of \$0.4 million in other liabilities for balances on MyWay cards due to a shift towards prepaid tickets due to the affordability of prepaid fares.



ACT AUDITOR-GENERAL'S OFFICE



A11/10

Mr Gary Byles
Director-General
Territory and Municipal Services Directorate
Level 5, Macarthur House,
12 Wattle Street,
LYNEHAM ACT 2602

Dear Mr Byles

AUDIT REPORT – ACTION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Audit Office has completed the audit of the financial statements of ACTION for the year ended 30 June 2011.

I have attached the audited financial statements and unqualified audit report.

I have provided a copy of the financial statements and audit report to the Minister for Territory and Municipal Services, Mr Simon Corbell MLA.

Yours sincerely

Dr Maxine Cooper
Auditor-General

14 September 2011

c.c. Mr Gordon Elliot, Acting Director, Strategic Finance
Mr Will Laurie, Chair, Internal Audit Committee
Mr Anthony Polinelli, Chief Internal Auditor



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT ACTION

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of ACTION for the year ended 30 June 2011 have been audited. The financial statements are comprised of 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.

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 2011:

- (i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of ACTION as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

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


Emphasis of matter

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

'It is not possible to quantify, with certainty, the amount of uncollected fares that resulted from failures in Wayfarer ticket machines. ACTION estimates that uncollected fares could be in the range of approximately \$3 million to \$5 million.'

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

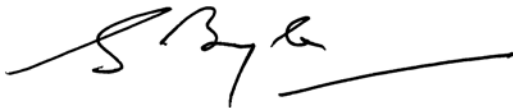
This audit opinion should be read in conjunction with the other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
14 September 2011

ACTION
Financial Statements
For the Year Ended 30 June 2011

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 2011 and the financial position of ACTION on that date.



Gary Byles
Director-General
Territory and Municipal Services Directorate

14 September 2011

ACTION
Financial Statements
For the Year Ended 30 June 2011

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 2011 and the financial position of ACTION on that date.



Gordon Elliott
Acting Chief Finance Officer
Territory and Municipal Services Directorate

14 September 2011

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ntion roads ACTION parks and reserves trees Namadgi National Park Tidbinbilla
animal services feral pest and weed management street and traffic lights
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bushfire prevention roads ACTION parks and reserves

**A6 FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011**

ACTION

ACTION
Operating Statement
For the Year Ended 30 June 2011

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|---|---------------------|-----------------------------------|--|-----------------------------------|
| Income | | | | |
| User Charges - ACT Government | 4 | 84,195 | 77,329 | 79,706 |
| User Charges - Non-ACT Government | 4 | 19,366 | 25,618 | 22,243 |
| Other Revenue | 5 | 1,196 | 1,012 | 1,551 |
| <i>Total Revenue</i> | | <u>104,757</u> | <u>103,959</u> | <u>103,500</u> |
| <i>Gains</i> | | | | |
| Other Gains | 6 | 4 | - | 23 |
| <i>Total Gains</i> | | <u>4</u> | <u>-</u> | <u>23</u> |
| Total Income | | <u>104,761</u> | <u>103,959</u> | <u>103,523</u> |
| Expenses | | | | |
| Employee Expenses | 7 | 63,421 | 61,581 | 61,504 |
| Superannuation Expenses | 8 | 8,226 | 7,806 | 8,208 |
| Supplies and Services | 9 | 31,068 | 31,466 | 32,426 |
| Depreciation | 10 | 7,594 | 9,778 | 6,474 |
| Borrowing Costs | 11 | 630 | 744 | 684 |
| Loss on Revaluation of Buses | 12 | 5,011 | - | - |
| Other Expenses | 13 | 1,050 | 437 | 708 |
| Total Expenses | | <u>117,000</u> | <u>111,812</u> | <u>110,004</u> |
| Income Tax Equivalents Expense | 32 | - | - | - |
| Operating (Deficit) | | <u>(12,239)</u> | <u>(7,853)</u> | <u>(6,481)</u> |
| Other Comprehensive Income | | | | |
| Increase in the Asset Revaluation Surplus | 28 | 790 | - | - |
| Total Comprehensive (Deficit) | | <u>(11,449)</u> | <u>(7,853)</u> | <u>(6,481)</u> |

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

ACTION
Balance Sheet
As at 30 June 2011

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|--------------------------------------|---------------------|-----------------------------------|--|-----------------------------------|
| Current Assets | | | | |
| Cash and Cash Equivalents | 17 | 243 | 2,024 | 340 |
| Receivables | 18 | 1,366 | 3,013 | 3,398 |
| Inventories | 19 | 3,347 | 2,806 | 3,379 |
| Assets Held for Sale | 20 | 179 | - | - |
| Other Assets | 21 | 160 | 122 | 129 |
| Total Current Assets | | 5,295 | 7,965 | 7,246 |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 22 | 133,227 | 141,435 | 117,816 |
| Capital Works in Progress | 23 | 3,889 | - | 8,849 |
| Total Non-Current Assets | | 137,116 | 141,435 | 126,665 |
| Total Assets | | 142,411 | 149,400 | 133,911 |
| Current Liabilities | | | | |
| Payables | 24 | 2,726 | 3,828 | 6,588 |
| Interest-Bearing Liabilities | 25 | 601 | 598 | 588 |
| Finance Leases | 25 | 142 | 220 | 140 |
| Employee Benefits | 26 | 18,622 | 17,764 | 17,739 |
| Other Liabilities | 27 | 1,503 | 2,356 | 1,104 |
| Total Current Liabilities | | 23,594 | 24,766 | 26,159 |
| Non-Current Liabilities | | | | |
| Interest-Bearing Liabilities | 25 | 4,315 | 4,356 | 4,916 |
| Finance Leases | 25 | 247 | 99 | 168 |
| Employee Benefits | 26 | 816 | 1,734 | 1,476 |
| Total Non-Current Liabilities | | 5,378 | 6,189 | 6,560 |
| Total Liabilities | | 28,972 | 30,955 | 32,719 |
| Net Assets | | 113,439 | 118,445 | 101,192 |
| Equity | | | | |
| Contributed Equity | | 147,842 | 146,930 | 124,146 |
| Accumulated (Deficits) | | (77,243) | (70,535) | (65,004) |
| Asset Revaluation Surplus | 28 | 42,840 | 42,050 | 42,050 |
| Total Equity | | 113,439 | 118,445 | 101,192 |

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 2011

| | 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 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
Statement of Changes in Equity
For the Year Ended 30 June 2011

| | Contributed Equity Actual 2010 \$'000 | Accumulated (Deficits) Actual 2010 \$'000 | Asset Revaluation Surplus Actual 2010 \$'000 | Total Equity Actual 2010 \$'000 | Original Budget 2010 \$'000 |
|---|---|---|---|---|--------------------------------------|
| Balance at the Beginning of the Reporting Period | 92,074 | (58,523) | 42,050 | 75,601 | 81,820 |
| Comprehensive Income | | | | | |
| Operating (Deficit) | - | (6,481) | - | (6,481) | (8,248) |
| Total Comprehensive Income | - | (6,481) | - | (6,481) | (8,248) |
| Transactions Involving Owners Affecting Accumulated Funds | | | | | |
| Capital Payments from the Department of Territory and Municipal Services | 32,072 | - | - | 32,072 | 25,863 |
| Total Transactions Involving Owners Affecting Accumulated Funds | 32,072 | - | - | 32,072 | 25,863 |
| Balance at the End of the Reporting Period | 124,146 | (65,004) | 42,050 | 101,192 | 99,435 |

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 2011

| | Note No. | Actual 2011 \$'000 | Original Budget 2011 \$'000 | Actual 2010 \$'000 |
|--|-------------|--------------------------|--------------------------------------|--------------------------|
| Cash Flows from Operating Activities | | | | |
| User Charges - ACT Government | | 84,218 | 77,329 | 79,811 |
| User Charges - Non-ACT Government | | 21,108 | 25,488 | 21,560 |
| Commonwealth Government Grants | | 1,201 | 1,142 | 1,342 |
| Goods and Services Tax Input Tax Credits from Australian Taxation Office | | 2,412 | 2,185 | 2,325 |
| Goods and Services Tax Collected from Customers | | 6,203 | 1,980 | 6,283 |
| Total Receipts from Operating Activities | | 115,142 | 108,124 | 111,321 |
| Payments | | | | |
| Employee | | 63,669 | 60,976 | 61,386 |
| Superannuation | | 7,774 | 7,806 | 8,183 |
| Supplies and Services | | 32,462 | 31,856 | 33,437 |
| Borrowing Costs | | 630 | 744 | 685 |
| Goods and Services Tax Paid to Suppliers | | 5,976 | 4,263 | 2,427 |
| Other | | 2,988 | - | 6,661 |
| Total Payments from Operating Activities | | 113,499 | 105,645 | 112,779 |
| Net Cash Inflows/(Outflows) from Operating Activities | 33 | 1,643 | 2,479 | (1,458) |
| Cash Flows from Investing Activities | | | | |
| Receipts | | | | |
| Proceeds from Sale of Property, Plant and Equipment | | 23 | - | 180 |
| Total Receipts from Investing Activities | | 23 | - | 180 |
| Payments | | | | |
| Purchase of Property, Plant and Equipment | | 24,734 | 25,920 | 29,387 |
| Total Payments from Investing Activities | | 24,734 | 25,920 | 29,387 |
| Net Cash (Outflows) from Investing Activities | | (24,711) | (25,920) | (29,207) |
| Cash Flows from Financing Activities | | | | |
| Receipts | | | | |
| Capital Payments from the Territory and Municipal Services Directorate | | 23,696 | 25,920 | 32,073 |
| Total Receipts from Financing Activities | | 23,696 | 25,920 | 32,073 |
| Payments | | | | |
| Repayment of Advances | | - | - | 510 |
| Repayment of Borrowings | | 587 | 562 | 574 |
| Repayment of Finance Leases | | 138 | - | 223 |
| Total Payments from Financing Activities | | 725 | 562 | 1,307 |
| Net Cash Inflows from Financing Activities | | 22,971 | 25,358 | 30,766 |
| Net (Decrease)/Increase in Cash Held | | (97) | 1,917 | 101 |
| Cash and Cash Equivalents at the Beginning of the Reporting Period | | 340 | 107 | 239 |
| Cash and Cash Equivalents at the End of the Reporting Period | 33 | 243 | 2,024 | 340 |

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

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ACTION

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

NOTE 1 OBJECTIVES OF ACTION

Legal Form and Principal Place of Business

The Australian Capital Territory Omnibus Network (ACTION) is a commercial operation under 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 people 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 the preparation of annual financial statements for ACT Government Agencies.

The FMA and the Financial Management *Guidelines* issued under the Act, requires an Agency'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 Agency 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 and Plant and Equipment which have been valued in accordance with ACTION's (re)valuation policies.

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 2011

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

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the *Financial Management Act 1996*, budget information for 2010-11 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 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; it is probable that the economic benefits associated with the transaction will flow to ACTION.

Prepaid tickets are initially recognised as revenue received in advance. Revenue for these prepaid tickets is recognised when ACTION has provided the bus service.

Revenue is not recognised in ACTION’s financial statements when 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 2011**

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 *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at Note 13: '*Waivers, Impairment Losses and Write-Offs*'.

(i) Current and Non-Current Items

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

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

(j) Impairment of Assets

ACTION assesses, at each reporting date, whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Any resulting impairment losses, for land and buildings, buses and plant and equipment, 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 (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 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

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 and are subject to an insignificant risk of change 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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

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 payable 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 payable 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 are written-back against the receivables account when ACTION ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

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 stated at cost and adjusted when applicable for any loss of service potential. Cost comprises the purchase price of inventories as well as transport 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 inventory cost is assigned using the weighted average method.

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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(n) 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.

Property, plant and equipment with a minimum value of \$5,000 is capitalised.

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

Land, buildings, buses and plant and equipment are 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 there being 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 secondary sales and therefore these buses have been valued using depreciated replacement cost method.

Land, buildings and buses 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.

Plant and Equipment is revalued every 3 years to market value in accordance with Australian Accounting Standards by independent valuers.

ACTION

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(p) 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 has an unlimited useful life and is 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.

(q) 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 ACTION.

Accrued Expenses represent the amounts owing for 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.

(r) 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 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(s) 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 reduction of 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.

(t) 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 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 estimated future payments are discounted using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2010-11, the discount factor used to calculate the present value of these future payments is 92.2% (92.9% in 2009-10).

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 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(t) 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, long service leave has been classified as a non-current liability in the Balance Sheet.

(u) 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 contributions 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 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, 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.

(v) 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.

(w) 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 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(x) 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 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.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(y) 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 and therefore these buses have been valued using the depreciated replacement cost method to assess fair value. Buses have been recorded at the fair value as determined by an independent valuer. ACTION has determined that the economic benefit associated with major mechanical parts (such as engines) would be consumed immediately when installed.

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.

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(t): '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 (p): 'Depreciation of Non-Current Assets'.

Contingent Liabilities: ACTION has made a significant judgement in disclosing the contingent liabilities amount based on an estimation provided by the ACT Government Solicitor. The ACT Government Solicitor's estimation of contingent liability is an estimate of the Territory's likely liability for legal claims against ACTION.

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.

ACTION **Notes to and Forming Part of the Financial Statements** **For the Year Ended 30 June 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(z) 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. 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 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011)
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 Revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 July 2013);
- AASB 1054 Australian Additional Disclosures (application date 1 January 2011)
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (application date 1 January 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 July 2011);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 January 2013);
- AASB 112 Income Taxes (application date 1 January 2011);
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132, 134 and Interpretations 2, 112 and 113] (application date 1 July 2011);
- AASB 2011-2 Amendments to Australian Accounting Standards from the Trans-Tasman Convergence Project — Reduced Disclosure Requirements [AASB 101 and 1054] (application date 1 July 2013);
- AASB 2011-3 Amendments to Australian Accounting Standards — Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049] (application date 1 July 2012);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011);
- AASB Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011);
- AASB Interpretation 112 Consolidation — Special Purpose Entities (application date 1 January 2011);
- AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (application date 1 January 2011); and
- AASB Interpretation 132 Intangible Assets — Web Site Costs (application date 1 January 2011).

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 3 CHANGE IN ACCOUNTING ESTIMATES

Revision of the Employee Benefit Discount Rate

As disclosed in Note 2 (t): '*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 estimated future payments are discounted back to present value using the government bond rate.

Last financial year the discount rate was 92.9%, however, due to a change in the government bond rate the rate is now 92.2%.

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

This change has resulted in a decrease to the estimate of the long service leave liability and expense in the current reporting period of \$76,000.

ACTION

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

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.

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| User Charges – ACT Government | | |
| Service Payments from the General Government Sector ^a | 74,894 | 70,199 |
| Concessional Travel Payments ^b | 7,201 | 7,859 |
| Special Needs Transport ^c | 2,047 | 1,587 |
| Recoveries from Other ACT Government Agencies | 53 | 61 |
| Total User Charges – ACT Government | 84,195 | 79,706 |

^aThe increase in service payments from the General Government Sector represents increased funding to meet cost pressures associated with increased service delivery, decreased fare revenue due to failures of the Wayfarer ticketing system (refer note d) and increased insurance and comcare premiums.

^bThe decline in revenue for concession payments is due to a decrease in the recording of patronage eligible for concession as a result of failures in the Wayfarer ticketing system (refer note d).

^cThe increase in special needs transport revenue is due to the recovery of the full cost of service in 2010-11.

User Charges – Non-ACT Government

| | | |
|--|----------------|----------------|
| Fares ^d | 18,579 | 21,248 |
| Charter | 532 | 593 |
| Advertising | 221 | 333 |
| Other | 34 | 69 |
| Total User Charges - Non-ACT Government | 19,366 | 22,243 |
| Total User Charges for Goods and Services | 103,561 | 101,949 |

^dACTION's fares revenue and patronage data was recorded using the Wayfarer ticketing system up until April 2011.

The Wayfarer ticketing system was replaced with the MyWay ticketing system through a progressive roll out, with full implementation occurring on 11 April 2011.

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 15 percent in 2010-11. Failures of the ticketing machines results in uncollected fares because passengers are unable to validate prepaid Wayfarer tickets.

It is not possible to quantify, with certainty, the amount of uncollected fares that resulted from the failures in the Wayfarer ticket machines. ACTION estimates that uncollected fares could be in the range of approximately \$3 million to \$5 million.

NOTE 5 OTHER REVENUE

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Revenue from Other Sources | | |
| Grants Received from the Commonwealth ^a | 1,196 | 1,276 |
| Other Receipts | - | 275 |
| Total Other Revenue | 1,196 | 1,551 |

^aCommonwealth Grants comprise Fuel Tax Credits and Training and Indigenous Employment Grants.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

| NOTE 6 GAINS | 2011 | 2010 |
|---------------------|---------------|---------------|
| | \$'000 | \$'000 |

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

Other Gains

| | | |
|-------------------------------|----------|-----------|
| Gains from the Sale of Assets | 4 | 23 |
| Total Gains | 4 | 23 |

| NOTE 7 EMPLOYEE EXPENSES | 2011 | 2010 |
|---------------------------------|---------------|---------------|
| | \$'000 | \$'000 |

| | | |
|--------------------------------------|---------------|---------------|
| Wages and Salaries ^a | 50,269 | 48,036 |
| Annual Leave Expense | 3,839 | 3,612 |
| Long Service Leave Expense | 1,350 | 1,281 |
| Comcare Premium | 4,280 | 4,135 |
| Payroll Tax ^b | 3,175 | 4,291 |
| Other Employee Benefits ^c | 508 | 149 |
| Total Employee Expenses | 63,421 | 61,504 |

^aThe increase in wages and salaries expense is due to greater labour costs arising from Enterprise Bargaining negotiations and increased full time equivalent employees to meet network enhancements.

^bThe decrease in payroll tax is due to the removal of payroll tax previously recognised in leave liabilities.

^cOther employee benefits consist of a sign on bonus resulting from a constructive obligation to pay ACTION industrial staff.

NOTE 8 SUPERANNUATION EXPENSES

ACTION makes payments on a fortnightly basis to the Territory Banking Account for its portion of the Territory's Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) superannuation liability. The productivity benefit for these schemes is paid directly to Comsuper.

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Superannuation Contributions to Territory Banking Account | 5,581 | 5,726 |
| Productivity Benefit | 922 | 976 |
| Superannuation Payment to ComSuper (for the PSSAP) | 204 | 230 |
| Superannuation to External Providers | 1,519 | 1,276 |
| Total Superannuation Expenses^a | 8,226 | 8,208 |

^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 2011

| NOTE 9 SUPPLIES AND SERVICES | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| (i) Administrative Expenses | | |
| Systems and Computing Costs ^a | 1,437 | 2,081 |
| Insurance ^b | 5,291 | 4,885 |
| Repairs and Maintenance | 741 | 824 |
| Rent and Utility Charges | 847 | 806 |
| Communications | 189 | 220 |
| Staff Development | 359 | 416 |
| Contractors and Consultants ^c | 2,169 | 2,803 |
| Support Vehicles and Fuel Charges | 264 | 143 |
| Security Expenses | 418 | 400 |
| Printing and Stationery | 84 | 102 |
| Rural School Services | 452 | 437 |
| Operating Lease Payments | 372 | 499 |
| Other | 366 | 291 |
| Total Administrative Expenses | 12,989 | 13,907 |
| (ii) Operating Expenses | | |
| Fuel ^a | 10,374 | 9,158 |
| Other Bus Running Expenses | 1,258 | 1,341 |
| Bus Maintenance Expenses ^b | 5,809 | 5,442 |
| Advertising, Promotions and Agents Commissions ^c | 103 | 775 |
| Accident Damage | 193 | 282 |
| Insurance Settlement ^d | 158 | 1,102 |
| Uniforms | 184 | 220 |
| Printing of Tickets and Timetables ^e | - | 199 |
| Total Operating Expenses | 18,079 | 18,519 |
| Total Supplies and Services | 31,068 | 32,426 |

^aThe increase in fuel expense is due to higher unit cost of diesel and gas and greater usage to meet network enhancement requirements.

^bThe increase in bus maintenance expense is a result of the aging bus fleet and the requirement to increase the resources dedicated to the Wayfarer ticketing system in the final months before the MyWay system was introduced. The rarity of spare parts available for older equipment increases the costs associated with sourcing maintenance components.

^cThe advertising, promotion and agent commission function was transferred to the Territory and Municipal Services Directorate on 1 July 2010. Advertising expense was incurred in the recruitment of staff and notification of service disruptions.

^dThis amount is for the payment of a claim that preceeds insurance coverage by present insurer. A greater portion of the claim was payable in 2009-10. This payment was subsequently reimbursed through a Treasurer's Advance and is included in the service payments from the General Government Sector in Note 4: User Charges - ACT Government.

^eThe responsibility for printing of tickets and timetables was transferred to the Territory and Municipal Services Directorate on 1 July 2010.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

| NOTE 10 DEPRECIATION | 2011 | 2010 |
|----------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Depreciation | | |
| Buildings | 1,340 | 1,340 |
| Buses ^a | 4,135 | 3,284 |
| Plant and Equipment ^b | 2,119 | 1,850 |
| Total Depreciation | 7,594 | 6,474 |

^aACTION is currently executing a 4 year program to replace 100 buses due to be completed in 2011-12 funded in the 2007-08 Budget with an additional provision of \$13 million for 2012-13. The capitalisation of new buses in 2010-11 has resulted in increased depreciation expense.

^bThe increase in depreciation expense for plant and equipment is a result of the capitalisation of the MyWay ticketing system.

| NOTE 11 BORROWING COSTS | 2011 | 2010 |
|-----------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Interest Expense on Borrowings | 611 | 666 |
| Finance Charges on Finance Leases | 19 | 18 |
| Total Borrowing Costs | 630 | 684 |

| NOTE 12 LOSS ON REVALUATION OF BUSES | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Loss on Revaluation of Buses ^a | 5,011 | - |
| Total Loss on Revaluation of Buses | 5,011 | - |

^aIn 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 | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Waivers, Impairment Losses and Write-offs (refer Note 14) | 467 | (20) |
| Other ACT Government Charges and Taxes | 178 | 200 |
| Other Expenses ^a | 405 | 528 |
| Total Other Expenses | 1,050 | 708 |

^aACTION undertook a number of capital projects which involved expenditure that could not be capitalised.

ACTION

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

NOTE 14 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 ACTION did not submit to the Treasurer any debt waivers.

A waiver is the relinquishment of a legal claim to a debt over which the ACTION 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 ACTION to recover the amount. The write-off of debts may occur for reasons other than waivers.

| Impairment Losses | No. | 2011 \$'000 | No. | 2010 \$'000 |
|---|-----------|----------------|-----------|----------------|
| <i>Impairment Loss from Receivables</i> | | | | |
| Trade Receivables ^a | 20 | 446 | 39 | - |
| Total Impairment Losses from Receivables | 20 | 446 | 39 | - |
| <i>Impairment Losses from Property, Plant and Equipment</i> | | | | |
| Plant and Equipment | - | - | - | - |
| Total Impairment Losses from Property, Plant and Equipment | - | - | - | - |
| Total Impairment Losses | 20 | 446 | 39 | - |
| Write-offs | | | | |
| Irrecoverable Debts | 22 | 21 | - | - |
| Total Write-offs | 22 | 21 | - | - |
| Total Impairment Losses and Write-offs | 42 | 467 | 39 | - |

^a Refer to Note 18 Receivables - assessment of debtors resulted in an increase in the provision for doubtful debts.

NOTE 15 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* (Nil in 2009-10).

NOTE 16 AUDITOR'S REMUNERATION

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

| Audit Services | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Audit Fees Paid to the ACT Auditor-General's Office ^a | 95 | 82 |
| Total Audit Fees | 95 | 82 |

^aThe increase in audit fees is due to additional testing of controls for the new ticketing system.

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 this arrangement ACTION does not receive any interest.

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Cash at Bank | 117 | 243 |
| Cash on Hand | 126 | 97 |
| Total Cash and Cash Equivalents | 243 | 340 |

ACTION

Notes to and Forming Part of the Financial Statements

For the Year Ended 30 June 2011

NOTE 18 RECEIVABLES

| | 2011 \$'000 | 2010 \$'000 |
|--|---------------------|---------------------|
| Current Receivables | | |
| Trade receivables arise from the sale of tickets to registered agents and the provision of charter and special needs transport services. | | |
| Trade Receivables ^a | 1,092 | 2,134 |
| Less: Allowance for Impairment Losses | (537) | (91) |
| | <u>555</u> | <u>2,043</u> |
| Other Receivables | 12 | 173 |
| Accrued Revenue | 561 | 749 |
| Net Goods and Services Tax Receivable | 238 | 433 |
| Total Current Receivables | <u>1,366</u> | <u>3,398</u> |

| 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 |
| 2011 | | | | | |
| Not Impaired | | | | | |
| Receivables | 939 | 47 | 37 | 343 | 1,366 |
| Impaired | | | | | |
| Receivables | - | - | - | 537 | 537 |
| 2010 | | | | | |
| Not Impaired | | | | | |
| Receivables | 3,049 | 233 | 48 | 68 | 3,398 |
| Impaired | | | | | |
| Receivables | - | - | - | 91 | 91 |

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

| | | |
|--|-------------------|------------------|
| Allowance for Impairment Losses at the Beginning of the Reporting Period | 91 | 111 |
| Additional Allowance Recognised | 446 | - |
| Reduction in Allowance Resulting from a Write Back against the Receivables | - | (20) |
| Allowance for Impairment Losses at the End of the Reporting Period | <u>537</u> | <u>91</u> |

The carrying amount of financial assets that are past due or impaired, whose terms have been renegotiated is \$0.

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

| | | |
|---|-------------------|-------------------|
| Net Trade Receivables | 152 | 75 |
| Net Other Receivables | 9 | 122 |
| Accrued Revenue | 456 | 583 |
| Total Receivables with ACT Government Entities | <u>617</u> | <u>780</u> |

Receivables with Non-ACT Government Entities

| | | |
|---|---------------------|---------------------|
| Net Trade Receivables | 403 | 1,968 |
| Net Other Receivables | 3 | 51 |
| Accrued Revenue | 105 | 166 |
| Net Goods and Services Tax Receivable | 238 | 433 |
| Total Receivables with Non-ACT Government Entities | <u>749</u> | <u>2,618</u> |
| Total Receivables | <u>1,366</u> | <u>3,398</u> |

^aThe decrease in trade receivables in 2010-11 is due to new arrangements under the MyWay ticketing system whereby sales by MyWay recharge agents are direct debited on a weekly basis removing the delay between invoicing and receipt of payment.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 19 INVENTORIES

| | 2011 | 2010 |
|--|---------------------|---------------------|
| | \$'000 | \$'000 |
| Current Inventories | | |
| Spare Parts | 2,999 | 3,228 |
| Inventory Work in Progress | 219 | 140 |
| Fuel | 372 | 260 |
| Less: Provision for Obsolete Inventories | (243) | (249) |
| Total Current Inventories | <u>3,347</u> | <u>3,379</u> |

NOTE 20 ASSETS HELD FOR SALE

ACTION has classified plant and equipment, and buses as 'assets held for sale'. ACTION has 20 buses which it is holding for sale that are expected to be sold in the next reporting period. ACTION has 3 finance leased motor vehicles which have been returned to SG Fleet and are expected to be sold in July 2011. The residual and all lease payments have been paid.

| | 2011 | 2010 |
|-----------------------------------|-------------------|-----------------|
| | \$'000 | \$'000 |
| Buses Held for Sale | 121 | - |
| Plant and Equipment Held for Sale | 58 | - |
| Total Assets Held for Sale | <u>179</u> | <u>-</u> |

NOTE 21 OTHER ASSETS

| | 2011 | 2010 |
|-----------------------------------|-------------------|-------------------|
| | \$'000 | \$'000 |
| Current Other Assets | | |
| Prepayments ^a | 160 | 129 |
| Total Current Other Assets | <u>160</u> | <u>129</u> |
| Total Other Assets | <u>160</u> | <u>129</u> |

^aRelates to the remaining portion of the annual license expense for support systems and bus registrations which cover part of 2011-12.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 22 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following classes of assets – land and buildings, buses and plant and equipment.

- *Land* includes leasehold land at Tuggeranong and Belconnen bus depots.
- *Buildings* includes bus depots.
- *Plant and Equipment* includes motor vehicles under a finance lease, other plant including furniture and fittings, forklifts, workshop plant and equipment, office equipment and smartcard ticketing equipment.

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Land and Buildings | | |
| Land at Fair Value | 28,975 | 21,585 |
| Total Land at Fair Value | 28,975 | 21,585 |
| Buildings at Fair Value | 18,690 | 28,882 |
| Less: Accumulated Depreciation | - | (2,681) |
| Total Written-Down Value of Buildings | 18,690 | 26,201 |
| Total Land and Written-Down Value of Buildings | 47,665 | 47,786 |
| Buses | | |
| Buses at Fair Value ^a | 70,483 | 67,553 |
| Less: Accumulated Depreciation | - | (6,387) |
| Total Written-Down Value of Buses | 70,483 | 61,166 |
| Plant and Equipment | | |
| Plant and Equipment at Fair Value ^b | 18,136 | 11,104 |
| Less: Accumulated Depreciation | (3,057) | (2,240) |
| Total Written-Down Value of Plant and Equipment | 15,079 | 8,864 |
| Total Written-Down Value of Property, Plant and Equipment | 133,227 | 117,816 |

Assets Under a Finance Lease

Assets under a finance lease are included in the asset class to which they relate in the above disclosure. Assets under a finance lease are also required to be separately disclosed as outlined below.

Carrying Amount of Assets under a Finance Lease

| | | |
|--|------------|------------|
| Plant and Equipment under a Finance Lease | 446 | 398 |
| Accumulated Depreciation of Plant and Equipment under a Finance Lease | (67) | (114) |
| Total Written-Down Value of Plant and Equipment under a Finance Lease | 379 | 284 |

^aThe increase in fair value of buses was a result of the acquisition of 32 MAN diesel and 8 Scania steer tag buses during 2010-11.

^bThe increase is due to the capitalisation of the new ticketing system in April 2011.

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 compressed natural gas plant located at Tuggeranong bus depot was included in the revaluation of land and buildings, this asset forms part of the plant and equipment asset class.

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

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 | Buildings | Buses | Plant and Equipment | Total |
|---|---------------|---------------|---------------|---------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying Amount at the Beginning 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 2011

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 2009-10

| | Land | Buildings | Buses | Plant and Equipment | Total |
|---|---------------|---------------|---------------|---------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Carrying Amount at the Beginning of the Reporting Period | 21,585 | 27,541 | 43,049 | 8,540 | 100,715 |
| Additions | - | - | 21,411 | 2,343 | 23,754 |
| Disposals | - | - | (10) | (169) | (179) |
| Depreciation | - | (1,340) | (3,284) | (1,850) | (6,474) |
| Carrying Amount at the End of the Reporting Period | 21,585 | 26,201 | 61,166 | 8,864 | 117,816 |

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

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.

| | 2011 | 2010 |
|---|---------------------|---------------------|
| | \$'000 | \$'000 |
| Buses ^a | 3,433 | 4,477 |
| Radio System Upgrade | 250 | - |
| Water Efficiency Improvements to Bus Washes | 206 | - |
| MyWay Smartcard Ticketing System | - | 4,372 |
| Total Capital Works in Progress | <u>3,889</u> | <u>8,849</u> |

^a This amount relates to progress payments for the acquisition of 5 MAN and 3 Scania steer tag buses.

Reconciliation of Capital Works in Progress

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

| | Plant and Equipment | Buses | Total |
|--|--------------------------------|---------------------|---------------------|
| | \$'000 | \$'000 | \$'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 | <u>456</u> | <u>3,433</u> | <u>3,889</u> |

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

| | Plant and Equipment | Buses | Total |
|--|--------------------------------|---------------------|---------------------|
| | \$'000 | \$'000 | \$'000 |
| Carrying Amount at the Beginning of the Reporting Period | 522 | - | 522 |
| Additions | 5,959 | 25,889 | 31,848 |
| Capital Works in Progress Completed and Transferred to Property, Plant and Equipment | (2,109) | (21,412) | (23,521) |
| Carrying Amount at the End of the Reporting Period | <u>4,372</u> | <u>4,477</u> | <u>8,849</u> |

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 24 PAYABLES

| | 2011 | 2010 |
|-------------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Current Payables | | |
| Trade Payables ^a | 1,500 | 5,525 |
| Other Payables | 11 | 13 |
| Accrued Expenses | 1,215 | 1,050 |
| Total Current Payables | 2,726 | 6,588 |
| Total Payables | 2,726 | 6,588 |

^aThe decrease in trade payables is attributable to a reduction in the number of outstanding payables relating to the bus replacement program.

Trade Payables are aged as follows:

| | | |
|-------------------------------|--------------|--------------|
| Not Overdue | 689 | 3,220 |
| Overdue for Less than 30 days | 810 | 1,974 |
| Overdue for 30 to 60 days | - | 331 |
| Overdue for More than 60 days | 1 | - |
| Total Trade Payables | 1,500 | 5,525 |

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

| | | |
|--|------------|--------------|
| Trade Payables | 40 | 1,278 |
| Accrued Expenses | 380 | 171 |
| Total Payables with Non-ACT Government Entities | 420 | 1,449 |

Payables with Non-ACT Government Entities

| | | |
|--|--------------|--------------|
| Trade Payables | 1,460 | 4,247 |
| Other Payables | 11 | 13 |
| Accrued Expenses | 835 | 879 |
| Total Payables with Non-ACT Government Entities | 2,306 | 5,139 |
| Total Payables | 2,726 | 6,588 |

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

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 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 2010), which have been taken up as finance lease liability and an asset under a finance lease. These are for motor vehicles. The interest rate implicit in these leases vary from 6.06% to 7.82% with terms up to three years.

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Current Interest-Bearing Liabilities | | |
| Secured | | |
| Finance Leases | 142 | 140 |
| Total Current Secured Interest-Bearing Liabilities | 142 | 140 |
| Unsecured | | |
| ACT Government Borrowings (Gas Facility Loan) | 260 | 247 |
| Commonwealth Borrowings (Land and Buildings Original Loan) | 341 | 341 |
| Total Current Unsecured Interest-Bearing Liabilities | 601 | 588 |
| Total Current Interest-Bearing Liabilities | 743 | 728 |
| Non-Current Finance Leases | | |
| Secured | | |
| Finance Leases | 247 | 168 |
| Total Non-Current Secured Interest-Bearing Liabilities | 247 | 168 |
| Unsecured | | |
| ACT Government Borrowings (Gas Facility Loan) | 566 | 826 |
| Commonwealth Borrowings (Land and Buildings Original Loan) | 3,749 | 4,090 |
| Total Non-Current Unsecured Interest-Bearing Liabilities | 4,315 | 4,916 |
| Total Non-Current Interest-Bearing Liabilities | 4,562 | 5,084 |
| Total Interest-Bearing Liabilities | 5,305 | 5,812 |

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 2011

NOTE 25 INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Finance lease commitments are payable as follows: | | |
| Within one year | 166 | 156 |
| Later than one year but not later than five years | 273 | 177 |
| Minimum Lease Payments | 439 | 333 |
| Less: Future Finance Lease Charges | 50 | 25 |
| Amount Recognised as a Liability | 389 | 308 |
| Total Present Value of Minimum Lease Payments | 389 | 308 |
| 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 | 601 | 588 |
| Non-Current Interest-Bearing Liabilities | 4,315 | 4,916 |
| Total Interest-Bearing Liabilities | 4,916 | 5,504 |
| Finance Lease | | |
| Current Finance Leases | 142 | 140 |
| Non-Current Finance Leases | 247 | 168 |
| Total Finance Leases | 389 | 308 |
| Total Interest-Bearing Liabilities | 5,305 | 5,812 |

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
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 26 EMPLOYEE BENEFITS

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Current Employee Benefits | | |
| Annual Leave ^a | 5,572 | 6,030 |
| Long Service Leave ^a | 10,114 | 10,820 |
| Accrued Wages and Salaries ^b | 2,410 | 726 |
| Other Employee Benefits ^c | 526 | 163 |
| Total Current Employee Benefits | 18,622 | 17,739 |
| Non-Current Employee Benefits | | |
| Long Service Leave ^a | 816 | 1,476 |
| Total Non-Current Employee Benefits | 816 | 1,476 |
| Total Employee Benefits | 19,438 | 19,215 |

^aThe decrease in annual and long service leave is a result of removal of Comcare premium and payroll tax provisions previously recognised as a liability.

^bThe increase in accrued wages and salaries is due to the recognition of the back payment liability to industrial staff arising from the 'in principal' enterprise bargaining agreement.

^cOther employee benefits include provision for payment to employees under enterprise bargaining agreement of a sign on bonus resulting from a constructive obligation to pay ACTION industrial staff.

For Disclosure Purposes Only

Estimate of when Leave is Payable

Estimated Amount Payable within 12 Months

| | | |
|---|---------------|---------------|
| Annual Leave | 5,572 | 6,030 |
| Long Service Leave | 977 | 1,189 |
| Accrued Wages and Salaries | 2,410 | 726 |
| Other Employee Benefits | 526 | 163 |
| Total Employee Benefits Payable within 12 Months | 9,485 | 8,108 |
| Long Service Leave | 9,953 | 11,107 |
| Total Employee Benefits Payable after 12 Months | 9,953 | 11,107 |
| Total Employee Benefits | 19,438 | 19,215 |

Employee Numbers

The Full-Time Equivalent staff at 30 June 2011 was 784 (30 June 2010, 775).

ACTION

Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2011

NOTE 27 OTHER LIABILITIES

| | 2011 \$'000 | 2010 \$'000 |
|--|----------------|----------------|
| Other Current Liabilities | | |
| Revenue Received in Advance ^a | 1,503 | 1,051 |
| Repayable Advance Received | - | 53 |
| Total Current Other Liabilities | <u>1,503</u> | <u>1,104</u> |
| Total Other Liabilities | <u>1,503</u> | <u>1,104</u> |

^aRepresents balance of MyWay cards yet to be used and not yet recognised as revenue. The increase is a result of the need for passengers to maintain sufficient balance on their MyWay card in order to travel.

NOTE 28 EQUITY

| 2011 \$'000 | 2010 \$'000 |
|----------------|----------------|
|----------------|----------------|

Asset Revaluation Surplus

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

Asset Revaluation Surplus at Beginning of the Reporting Period

| | | |
|---|---------------|---------------|
| Land | 17,385 | 17,385 |
| Buildings | 21,568 | 21,568 |
| Plant and Equipment | 3,097 | 3,097 |
| Total Asset Revaluation Surplus at Beginning of the Reporting Period | <u>42,050</u> | <u>42,050</u> |

Increase in the Asset Revaluation Surplus

| | | |
|---|---------------|---------------|
| Increment in Land due to Revaluation | 7,390 | - |
| (Decrement) in Buildings due to Revaluation | (6,170) | - |
| (Decrement) in Plant and Equipment due to Revaluation | (430) | - |
| Total Increase in the Asset Revaluation Surplus | <u>790</u> | <u>-</u> |
| Total Asset Revaluation Surplus at End of the Reporting Period | <u>42,840</u> | <u>42,050</u> |

ACTION **Notes to and Forming Part of the Financial Statements** **For the Year Ended 30 June 2011**

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 is considered to have insignificant exposure to interest rate risk. ACTION's interest rate risk is on liabilities is limited to interest in relation to finance lease commitments for motor vehicles which are fixed and immaterial. The interest rate for the ACT Government and Commonwealth borrowings is at a fixed rate 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, there would be a low level of credit risk associated with these financial assets.

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 with customers 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 payment of employee benefits, purchases of supplies and services and borrowing costs including interest and principal repayments. Salaries are paid on a fortnightly basis and purchases of supplies and services are paid within 30 days of receiving the goods or services.

ACTION has an aging workforce with significant levels of accumulated and unpaid annual and long service leave. As staff resign or retire and these leave obligations fall due, ACTION has been able to meet these obligations from the current levels of appropriation. With anticipated higher levels of staff retiring in coming years, it is possible that in future years ACTION may need additional funding from the ACT Government to be able to meet payment of these. Where necessary ACTION has the ability to request additional funding in order to meet its payables.

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.

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 only 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 2011

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 2011 \$'000 | Net Fair Value 2011 \$'000 | Carrying Amount 2010 \$'000 | Net Fair Value 2010 \$'000 |
|------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 243 | 243 | 340 | 340 |
| Receivables | 1,366 | 1,366 | 3,398 | 3,398 |
| Total Financial Assets | 1,609 | 1,609 | 3,738 | 3,738 |
| Financial Liabilities | | | | |
| Payables | 2,726 | 2,726 | 6,588 | 6,588 |
| ACT Government Borrowings | 826 | 834 | 1,073 | 1,080 |
| Commonwealth Borrowings | 4,090 | 5,156 | 4,431 | 5,682 |
| Finance Leases | 389 | 389 | 308 | 308 |
| Total Financial Liabilities | 8,031 | 9,105 | 12,400 | 13,658 |

ACTION

Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2011

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 | Notes | Floating Interest Rate \$'000 | Fixed Interest maturing in: | | | | | Non-Interest Bearing \$'000 | Total \$'000 |
|---|-------|----------------------------------|---------------------------------------|--|---|---|---|--------------------------------|-----------------|
| | | | 1 Year or Less to 1 Year \$'000 | Over 1 Year to 2 Years to 2 Years \$'000 | Over 2 Years to 3 Years to 3 Years \$'000 | Over 3 Years to 4 Years to 4 Years \$'000 | Over 4 Years to 5 Years to 5 Years \$'000 | More than 5 Years \$'000 | |
| Financial Assets | | | | | | | | | |
| Cash and Cash Equivalents | 17 | - | - | - | - | - | - | - | 243 |
| Receivables | 18 | - | - | - | - | - | - | - | 1,366 |
| Total Financial Assets | | - | - | - | - | - | - | - | 1,609 |
| Financial Liabilities | | | | | | | | | |
| Payables | 24 | - | - | - | - | - | - | - | 2,726 |
| ACT Government Borrowings (Gas Facility Loan) | 25 | - | 300 | 301 | 300 | - | - | - | 901 |
| Commonwealth Borrowings (Land and Buildings) | 25 | - | 855 | 812 | 769 | 726 | 684 | 3,680 | 7,526 |
| Finance Leases | 25 | - | 166 | 129 | 145 | - | - | - | 439 |
| Total Financial Liabilities | | - | 1,321 | 1,242 | 1,214 | 726 | 684 | 3,680 | 11,592 |
| Weighted Average Interest Rate | | - | 10.63% | 11.25% | 11.61% | 12.57% | 12.57% | 12.57% | |
| Net Financial (Liabilities) | | - | (1,321) | (1,242) | (1,214) | (726) | (684) | (3,680) | (9,983) |

ACTION **Notes to and Forming Part of the Financial Statements** **For the Year Ended 30 June 2011**

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 2010. 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 | Notes | Floating Interest Rate | Fixed Interest maturing in: | | | | | | Non-Interest Bearing | Total |
|---|-------|------------------------|-----------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------|----------------------|-----------------|
| | | | 1 Year or Less | Over 1 Year to 2 Years | Over 2 Years to 3 Years | Over 3 Years to 4 Years | Over 4 Years to 5 Years | More than 5 Years | | |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | | | | | | | |
| Cash and Cash Equivalents | 17 | - | - | - | - | - | - | - | 340 | 340 |
| Receivables | 18 | - | - | - | - | - | - | - | 3,398 | 3,398 |
| Total Financial Assets | | - | - | - | - | - | - | - | 3,746 | 3,746 |
| Financial Liabilities | | | | | | | | | | |
| Payables | 24 | - | - | - | - | - | - | - | 6,588 | 6,588 |
| ACT Government Borrowings (Gas Facility Loan) | 25 | - | 300 | 301 | 300 | 301 | - | - | - | 1,202 |
| Commonwealth Borrowings (Land and Buildings) | 25 | - | 898 | 855 | 812 | 769 | 726 | 4,270 | - | 8,330 |
| Finance Leases | 25 | - | 156 | 116 | 61 | - | - | - | - | 333 |
| Total Financial Liabilities | | - | 1,354 | 1,272 | 1,173 | 1,070 | 726 | 4,270 | 6,588 | 16,453 |
| Weighted Average Interest Rate | | - | 11.10% | 11.41% | 11.78% | 12.25% | 12.57% | 12.57% | | |
| Net Financial (Liabilities) | | - | (1,354) | (1,272) | (1,173) | (1,070) | (726) | (4,270) | (2,842) | (12,707) |

ACTION
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 29 FINANCIAL INSTRUMENTS - CONTINUED

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Carrying Amount of Each Category of Financial Asset and Financial Liability | | |
| Financial Assets | | |
| Loans and Receivables | 1,366 | 3,398 |
| Financial Liabilities | | |
| Financial Liabilities Measured at Amortised Cost | 8,031 | 12,400 |

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

| | 2011 | 2010 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Capital Commitments | | |
| Capital commitments contracted at reporting date that have not been recognised as liabilities are as follows: | | |
| Payable: | | |
| Within one year | 11,791 | 26,576 |
| Later than one year but not longer than five years | - | 3,556 |
| Total Capital Commitments | 11,791 | 30,132 |

Capital commitments relate to the long term capital project to replace 100 buses over 4 years. This project is due for completion in 2011-12 resulting in a reduction in capital commitments.

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 | 443 |
| Later than one year but not longer than five years | 517 | 1,003 |
| Total Operating Lease Commitments | 888 | 1,446 |

Operating lease commitments relate to special needs transport vehicle and community buses which were taken out in early 2009-10. The reduction is due to a reduction in the remaining life of these leases in 2010-11.

Other Commitments

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

| | | |
|--|-----------|-----------|
| Payable: | | |
| Within one year | 20 | 31 |
| Later than one year but not longer than five years | 27 | 34 |
| Total Other Commitments | 47 | 65 |

ACTION

Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2011

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 \$5.634m (\$5.319m, 2010). ACTION has contingent liabilities relating to third party accident claims. Due to the protracted nature of legal proceedings and the various discoveries that can be made over the period of these claims, it is not possible for ACTION to make an accurate assessment of such liabilities.

Contingent Assets

Although ACTION is subject to various claims as at the reporting date with the total estimated liability being \$5.634m (\$5.319m, 2010), ACTION has insurance coverage through ACT Insurance Authority for the majority of such legal claims. The contingent assets relating to these claims would be \$4.684m (\$4.469m, 2010).

NOTE 32 INCOME TAX EQUIVALENT EXPENSE

| | 2011 \$'000 | 2010 \$'000 |
|---|----------------|----------------|
| (a) Components of Income Tax Equivalents Expense/(Income) | | |
| Tax Equivalents Expense/(Income) comprises: | | |
| Current Tax Equivalents (Income) | (2,276) | (1,993) |
| Adjustments Recognised in Period for Current Tax of Prior Periods | (353) | - |
| Deferred Tax Equivalents (Income) Relating to the Origination and Reversal of Temporary Differences | (1,265) | (1,806) |
| Tax Effect of Tax Losses not Recognised | 2,276 | 1,993 |
| Tax Effect of Temporary Differences not Recognised | 1,265 | 1,806 |
| Tax Effect of Prior Year Tax Losses not Recognised | 353 | - |
| | <u>-</u> | <u>-</u> |

(b) Income Tax Equivalents Expense/(Income)

The prima facie income tax expense/(income) on pre-tax accounting profit from operations reconciles to the income tax expense/(income) in the financial statements as follows:

| | | |
|--|------------|----------|
| Loss from Operations | 12,239 | 6,755 |
| Income Tax Equivalents (Income) Calculated at 30% | (3,672) | (2,027) |
| Non-Deductible Expenses | <u>2</u> | <u>-</u> |
| | (3,670) | (2,027) |
| Tax Effect of Tax Losses not Recognised | 2,277 | 1,993 |
| Tax Effect of Temporary Differences not Recognised | 1,265 | 34 |
| Tax Effect of Reversal of Temporary Differences from Prior Years | (109) | - |
| Tax Effect of Temporary Differences in Equity | <u>237</u> | <u>-</u> |
| | <u>-</u> | <u>-</u> |

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate from the previous reporting period.

(c) Unrecognised Deferred Tax Balances

The following deferred tax assets have not been brought to account as assets:

| | | |
|--|---------------|--------------|
| Tax Losses - Revenue | 17,169 | 15,212 |
| Temporary Differences | 7,785 | 5,730 |
| Temporary Differences not Recognised in Equity | (12,610) | (12,615) |
| | <u>12,344</u> | <u>8,327</u> |

ACTION is exempt from federal income tax. However, ACTION is required to pay income tax equivalents to the ACT Government.

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 2011

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.

| | 2011 | 2010 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Cash at Bank | 117 | 243 |
| Cash on Hand | 126 | 97 |
| Cash and Cash Equivalents at the End of the Financial Year as Recorded in the Balance Sheet | 243 | 340 |

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

| | | |
|--|--------------|----------------|
| Operating (Deficit) | (12,239) | (6,481) |
| Add/(Less) Non-Cash Items | | |
| (Gain) on Disposal of Assets | (4) | (23) |
| Loss on Revaluation of Buses | 5,011 | - |
| Depreciation | 7,594 | 6,474 |
| Impairment of Receivables | 446 | (20) |
| Add/(Less) Item Classified as Investing or Financing | | |
| Advance Payable | - | 510 |
| Payable Relating to Capital Assets | (273) | (2,762) |
| Net Cash Before Changes in Operating Assets and Liabilities | 535 | (2,302) |
| Changes in Operating Assets and Liabilities | | |
| (Increase)/Decrease in Receivables | 1,586 | (450) |
| (Increase)/Decrease in Inventories | 32 | (699) |
| (Increase) in Other Assets | (31) | (10) |
| Increase/(Decrease) in Payables | (1,100) | 2,823 |
| Increase in Employee Benefits | 222 | 374 |
| Increase/(Decrease) in Other Liabilities | 399 | (1,194) |
| Net Changes in Operating Assets and Liabilities | 1,108 | 844 |
| Net Cash Inflows/(Outflows) from Operating Activities | 1,643 | (1,458) |
| (c) Non-Cash Financing and Investing Activities | | |
| Acquisition of Motor Vehicles by means of Finance Lease | 242 | 234 |

ACTION

Notes to and Forming Part of the Financial Statements For the Year Ended 30 June 2011

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.

| | 2011 \$'000 | 2010 \$'000 |
|---|------------------------|------------------------|
| Salary Packaging Monies | | |
| Balance at the Beginning of the Reporting Period | 8 | 10 |
| Cash Receipts | 104 | 234 |
| Cash Payments | -105 | -236 |
| Balance at the End of the Reporting Period | 7 | 8 |

NOTE 36 GUARANTEES

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



ACT AUDITOR-GENERAL'S OFFICE



A11/10

Mr Gary Byles
Director-General
Territory and Municipal Services Directorate
Level 5, Macarthur House
12 Wattle Street
LYNEHAM ACT 2602

Dear Mr Byles

REPORT OF FACTUAL FINDINGS – ACTION STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

The Audit Office has completed the review of ACTION's statement of performance for the year ended 30 June 2011.

I have attached the statement of performance and report of factual findings. Your attention is drawn to the negative findings included in the report of factual findings.

I have provided a copy of the statement of performance and report of factual findings to the Minister for Territory and Municipal Services, Mr Simon Corbell MLA.

Yours sincerely

Dr Maxine Cooper
Auditor-General

14 September 2011

c.c. Mr Gordon Elliot, Acting Chief Finance Officer
Mr Will Laurie, Chair, Internal Audit Committee
Mr Anthony Polinelli, Chief Internal Auditor



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

ACTION

To the Members of the ACT Legislative Assembly

Report on the statement of performance

ACTION's statement of performance for the year ended 30 June 2011 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 performance 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 performance 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 performance 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.

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 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 findings

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

Output 1: 'Public Transport' – Increase in modal share (adult work trips increase in accordance with the Sustainable Transport Plan).


Output 1: 'Public Transport' – Increase in total patronage.

Output 1: 'Public Transport' – Total cost per passenger boarding.

Review opinion

Based on the review procedures, except for the negative findings referred to above, no matters have come to my attention which indicate that the results of the performance indicators, reported in the statement of performance of ACTION for the year ended 30 June 2011, are not fairly presented in accordance with the *Financial Management Act 1996*.

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


Dr Maxine Cooper
Auditor-General
14 September 2011

ACTION
Statement of Performance
For the Year Ended 30 June 2011

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 2011 and also fairly reflects the judgements exercised in preparing them.



Gary Byles
Director General
ACTION

14 September 2011

erra Connect cemeteries footpaths property management storm
ntion roads ACTION parks and reserves trees Namadgi National Park Tidbinbilla
animal services feral pest and weed management street and traffic lights
property management stormwater MyWay transport systems bus
bushfire prevention roads ACTION parks and reserves

A7 STATEMENT OF PERFORMANCE ACTION

ACTION
Statement of Performance
For the Year Ended 30 June 2011

Output Class 1 - Public Transport
Description: Provision of a public bus network and school bus services, including a range of express and regular routes within Canberra suburbs. ACTION also provides Special Needs Transport and a bus charter service.

| Accountability Indicators | Original Target 2010-11 | Actual Result 2010-11 | % Variance from Original Target | Explanation of Material Variances |
|---|----------------------------|--------------------------|------------------------------------|---|
| Timeliness of ACTION services ^a | 83% | 75% | (10%) | 1 |
| Customer satisfaction with ACTION services as assessed by passenger surveys | 85% | 76% | (11%) | 1 |
| Increase in modal share (adult work trips increase in accordance with the Sustainable Transport Plan) ^b | 2.9% | Not measured | (100%) | 2 |
| Increase in total patronage | 1,330,000 | Not measured | (100%) | 2 |
| Percentage of fleet fully compliant with standards under the <i>Disability Discrimination Act 1992</i> ^c | 48.9% | 43.7% | (11%) | 3 |
| Percentage of fleet Euro 3 or better Emission Standard compliant ^d | 31.8% | 33.8% | 6% | 3 |
| Total cost per vehicle kilometre | \$4.27 | \$4.44 | (4%) | |
| Total cost per passenger boarding | \$6.18 | Not measured | (100%) | 2 |
| Farebox recovery as a percentage of total cost | 21.8% | 15.9% | (27%) | 4 |
| TOTAL COST (\$'000) | \$111,812 | \$117,000 | (5%) | 5 |
| GOVERNMENT PAYMENT FOR OUTPUTS (\$'000) | \$67,939 | \$74,894 | 10% | 5 |

- Explanation of Accountability Indicators
- Timeliness of ACTION services is measured through a survey of customer satisfaction with the timely delivery of ACTION services.
 - Modal share measures the percentage of journey to work trips made using public transport. The purpose of this indicator is to record the incremental increase achieved from the previous years modal share.
 - The *Disability Discrimination Act 1992* details the accessibility specifications of a bus required to achieve compliance. The Act requires a full fleet compliance by 2022 and ACTION has developed a bus replacement plan to achieve this target.
 - Euro emission standards define the acceptable limits for exhaust emissions of vehicles. The published target inadvertently contained a transposition error. The published target should have been 38.1% resulting in an unfavourable variance of 11.2%.

Explanation of Variances:

1. The unfavourable variance is due to the increased number of service failures during 2010-11 (4,891) compared to 2009-10 (2,135), as a result of driver and bus availability. In addition, increased roadworks also disrupted service delivery. Driver availability has been impacted by increasing retirements as a result of the ageing workforce and increased number of drivers required to implement the new network. ACTION has implemented a continuous driver recruitment and training program to reduce instances of driver shortages.
2. A result has not been measured due to a significant number of validator failures which has affected the reliability of patronage data.
3. The unfavourable variance is a result of the retention of non-compliant buses to meet service delivery requirements and delays in finalising the purchase of 5 compliant buses.
4. ACTION experienced loss of fares as a result of its faulty ticketing system. In addition, the new MyWay ticketing system was fully implemented in April 2011 with a lower average fare structure, resulting in a decrease in fares revenue.
5. The variance is a result of expenses and required funding higher than budget due to decreased fares revenue, increased driver costs and the revaluation decrement on the bus fleet.

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A8 STRATEGIC INDICATORS

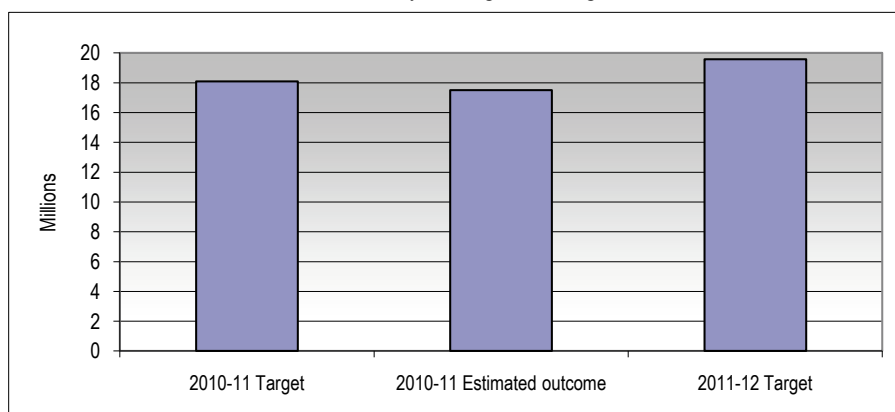
ACTION

Strategic Indicators

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 is measured by the ticketing system and represents the number of individual trips. 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 ABBREVIATIONS AND ACRONYMS

| | | | |
|--------|---|------|---|
| AA | Administrative Arrangements | EAP | Employee Assistance Program |
| ABC | Australian Broadcasting Corporation | EDD | Economic Development Directorate |
| ACAT | ACT Civil and Administrative Tribunal | EDs | Executive Directors |
| ACC | Agency Consultative Committee | EEO | Equal Employment Opportunity |
| ACT | Australian Capital Territory | ELT | Executive Leadership Team |
| ACTEW | ACT Electricity and Water | EPA | Environment Protection Authority |
| ACTGS | ACT Government Solicitor's office | EPIC | Exhibition Park in Canberra |
| ACTIA | ACT Insurance Authority | EREC | Expenditure Review and Evaluation Committee |
| ACTION | ACT Internal Omnibus Network | ESA | Emergency Services Authority |
| ACTHL | ACT Heritage Library | ESDD | Environment and Sustainable Development Directorate |
| ACTPLA | ACT Planning and Land Authority | ESL | English as a second language |
| ACTPG | ACT Property Group | ETD | Education and Training Directorate |
| ACTPS | ACT Public Service | FBT | Fringe Benefits Tax |
| AFP | Australian Federal Police | FOI | Freedom of information |
| AGIMO | Australian Government Information Management Office | FTE | Full-time equivalent |
| APZs | Asset Protection Zones | GDE | Gungahlin Drive Extension |
| ANU | Australian National University | GM | General Managers |
| ASBA | Australian School-Based Apprenticeships | GPG | Government Property Group |
| AS/NZS | Australian/New Zealand Standard | GPO | Government Payment for Outputs |
| ATO | Australian Tax Office | GSO | General Service Officer |
| AWAs | Australian Workplace Agreements | GST | Goods and Services Tax |
| AWAC | Animal Welfare Advisory Committee | HR | Human Resources |
| BCP | Business Continuity Plan | HR21 | Automated human resource management system |
| BOP | Bushfire Operational Plan | HRRE | Hume Resource Recovery Centre |
| BPay® | Bill Pay | IAC | Internal Audit Committee |
| CALD | Culturally and Linguistically Diverse | IAMS | Integrated Asset Management System |
| CBD | Central Business District | ICS | Integrated Customer Service |
| CCTV | Closed circuit television | ICT | Information and communications technology |
| CFO | Chief Finance Officer | IM | Information management |
| CIT | Canberra Institute of Technology | IT | Information technology |
| CLS | Capital Linen Service | IWD | International Women's Day |
| CMCD | Chief Minister and Cabinet Directorate | JACS | Justice and Community Safety Directorate |
| CMP | Conservation management plan | km | kilometres |
| CNG | Compressed natural gas | LED | Light emitting diode |
| CO2 | Carbon dioxide | LMAs | Land management agreements |
| COAG | Council of Australian Governments | LOTE | Languages other than English |
| COTA | Council on the Ageing | LPG | Liquefied petroleum gas |
| CSD | Community Services Directorate | m2 | metres squared |
| CSE | Commissioner for Sustainability and the Environment | MBA | Master Builders Association |
| CVA | Conservation Volunteers Australia | MLA | Member of the Legislative Assembly |
| DAs | Development applications | | |
| DAS | Domestic Animal Services | | |
| DDG | Deputy Director-General | | |
| DG | Director-General | | |

| | | | |
|---------|--|-------|---|
| MLRMC | Mugga Lane Resource Management Centre | TVE | Territory Venues and Events |
| MOU | Memorandum of Understanding | TWU | Transport Workers Union |
| NAIDOC | National Aboriginal Islander Day of Observance Committee | U3A | University of the Third Age |
| NCA | National Capital Authority | UC | University of Canberra |
| NLTP | National League Team Program | URL | Uniform Resource Locator |
| NRAWG | Namadgi Rock Art Working Group | WBRMC | West Belconnen Resource Management Centre |
| NRMA | National Roads and Motorists' Association | WCU | Worker Consultation Unit |
| NSW | New South Wales | WESP | Work Experience and Support Program |
| OHS | Occupational Health and Safety | WHS | Workplace Health and Safety |
| OSCAR | Online System for Comprehensive Activity Reporting | WIP | Work in progress |
| PAC | Public Accounts Committee | WISE | Working in Safe Environments |
| PCS | Parks and City Services | WSRs | Work Safety Representatives |
| PID | Public Interest Disclosure | VIP | Volunteer Interpreter Program |
| PPP | Productivity Placement Program | YPN | Young Professionals' Network |
| Pty Ltd | Proprietary Limited | YMCA | Young Men's Christian Association |
| RAFT | Remote Area Fire Team | | |
| RAOs | Representative Aboriginal Organisations | | |
| RAPS | Whole-of-government payment and receipting system | | |
| RED | Respect, Equity and Diversity | | |
| REDEX | Rapid Express Direct Service | | |
| RFID | Radio Frequency Identification | | |
| RMC | Risk Management Committee | | |
| RMIA | Risk Management Institution of Australasia | | |
| RMWG | Risk Management Working Group | | |
| RSPCA | Royal Society for the Prevention of Cruelty to Animals | | |
| RSS | Really Simple Syndication | | |
| RTA | Roads and Traffic Authority | | |
| RTPIS | Real Time Passenger Information Service | | |
| SBMP V2 | Strategic Bushfire Management Plan Version 2 | | |
| SEA | Special employment arrangement | | |
| SES | ACT State Emergency Service | | |
| SAMC | Strategic Asset Management Committee | | |
| SAMF | Strategic Asset Management Framework | | |
| SERBIR | Senior Executive Responsible for Business Integrity Risk | | |
| SLISS | Sport Loan Industry Subsidy Scheme | | |
| SOG | Senior Officer Grade | | |
| TAMS | Territory and Municipal Services Directorate | | |
| TCAA | Tuggeranong Community Arts Association | | |
| TRO | Territory Records Office | | |

OTHER SOURCES OF INFORMATION ABOUT TAMS

WEBSITES

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

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