

ANNUAL REPORT 2010–11

CHIEF MINISTER AND CABINET
DIRECTORATE

VOLUME 2



ACT
Government

Chief Minister and Cabinet

ANNUAL REPORT 2010–11

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ACT
Government

Chief Minister and Cabinet

Ms Katy Gallagher MLA
Chief Minister
Minister for Industrial Relations
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Chief Minister

I hereby provide the audited Financial Statements and Statements of Performance of the ACT Executive; the Chief Minister and Cabinet Directorate and the Default Insurance Fund for the year ended 30 June 2011 for inclusion in the Chief Minister and Cabinet Directorate 2010-11 Annual Report.

Yours sincerely

Andrew Cappie-Wood
Director-General

19th September 2011

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ACT EXECUTIVE

TERRITORIAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Management Discussion and Analysis

ACT Executive

For the Financial Year Ended 30 June 2011

General Overview

Objectives

For the purpose of this reporting entity, the ACT Executive consists of Ministers and their staff. Ministers govern the Territory in accordance with the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)*, and are supported by staff in this function. Certain expenditure incurred by the ACT Executive is subject to regulation by an independent body; for example, salaries for Ministers are determined by the ACT Remuneration Tribunal.

Risk Management

The ACT Executive has minimal risks in relation to its operations and has adopted risk management practices to mitigate these risks. All administrative operations are managed by the Chief Minister and Cabinet Directorate and are subject to the same controls as the Chief Minister and Cabinet Directorate, for example, the Director-General's Financial Instructions and audit committee.

Territorial Statement of Income and Expenses

The following financial information is based on the audited Financial Statements for 2009-10 and 2010-11, and the forward estimates contained in the 2010-11 Budget Papers.

Table 1 - Total Net Cost of Services

	Actual 2009-10 \$m	Original Budget 2010-11 \$m	Actual 2010-11 \$m	Forward Estimate 2011-12 \$m	Forward Estimate 2012-13 \$m	Forward Estimate 2013-14 \$m
Total Expenditure	5.781	6.545	6.003	6.616	6.726	6.826
Total Own Source Revenue	0.157	0.180	0.237	0.180	0.180	0.180
Net Cost of Services	5.624	6.365	5.766	6.436	6.546	6.646

Comparison to Original Budget

The ACT Executive's net cost of services for 2010-11 of **\$5.766m** was **\$0.599m** or **9.4%** lower than the original 2010-11 Budget, reflecting a lower than budgeted staffing complement, lower travel expenses than budgeted, and reduced administrative expenditure associated with a change in Ministerial appointments.

Operating Result

The operating result for the 2010-11 financial year is an operating surplus from ordinary activities of **\$0.154m**. This result is largely due to lower than forecast employee expenses.

Total Income

In 2010-11, the ACT Executive derived **96.2%** of its income from Government Payment for Expenses on Behalf of the Territory. The remaining income relates to Resources Received Free of Charge from the ACT Legislative Assembly, the Chief Minister and Cabinet Directorate and the Justice and Community Safety Directorate (JCSD).

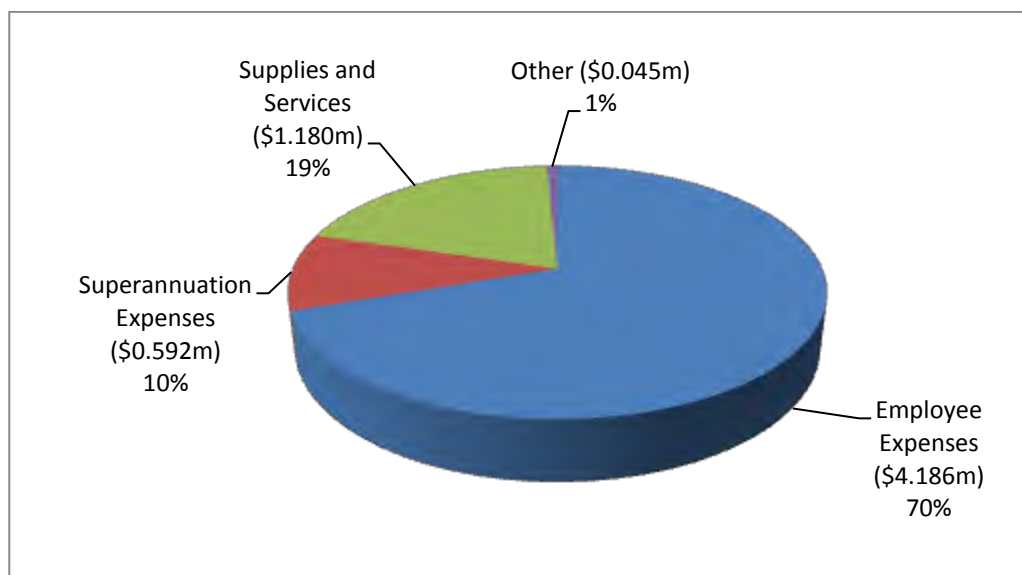
Total income of **\$6.157m** in 2010-11 was less than the original budget of **\$6.525m**. Total income increased by **\$0.397m (6.9%)** from the prior year income due to the increase in appropriation drawn in 2010-11 to meet employee expenses, and increased administrative expenditure associated with recognising the Resources Received Free of Charge from JCSD.

Total income is forecast to marginally increase each year to 2013-14 due to indexation of Government funding.

Total Expenditure

As indicated by **Figure 1**, the ACT Executive spends **80%** of its total expenditure on employee related expenditure, including superannuation.

Figure 1 - Components of Expenditure 2010-11



Total expenditure for the 2010-11 financial year was **\$6.003m**, **\$0.542m (8.3%)** less than the original budget of **\$6.545m** mainly due to lower than budgeted expenditure for employee related expenses, including superannuation (**\$0.601m**).

The total expenditure increased by **\$0.222m (3.8%)** from the previous year. This is primarily due to the increase in employee related expenses including superannuation (**\$0.097m**), and supplies and services expenses (**\$0.125m**). The increase in employee expenses including superannuation expenses is due to a salary increase in 2010-11.

As indicated in **Figure 2**, total expenditure is budgeted to increase in the forward years due to indexation.

Figure 2 - Statement of Revenue and Expenses Trend

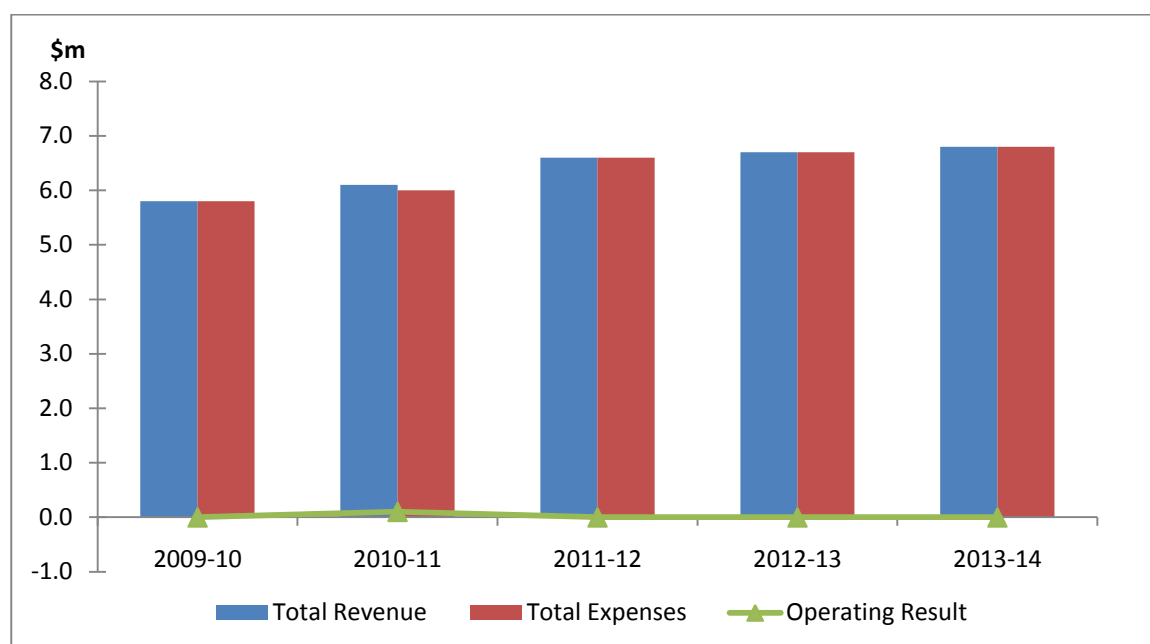


Figure 2 illustrates, the ACT Executive forecasts minor operating deficits across the forward estimates, with forecast additional expenditure being fully funded.

Statement of Assets and Liabilities on Behalf of the Territory

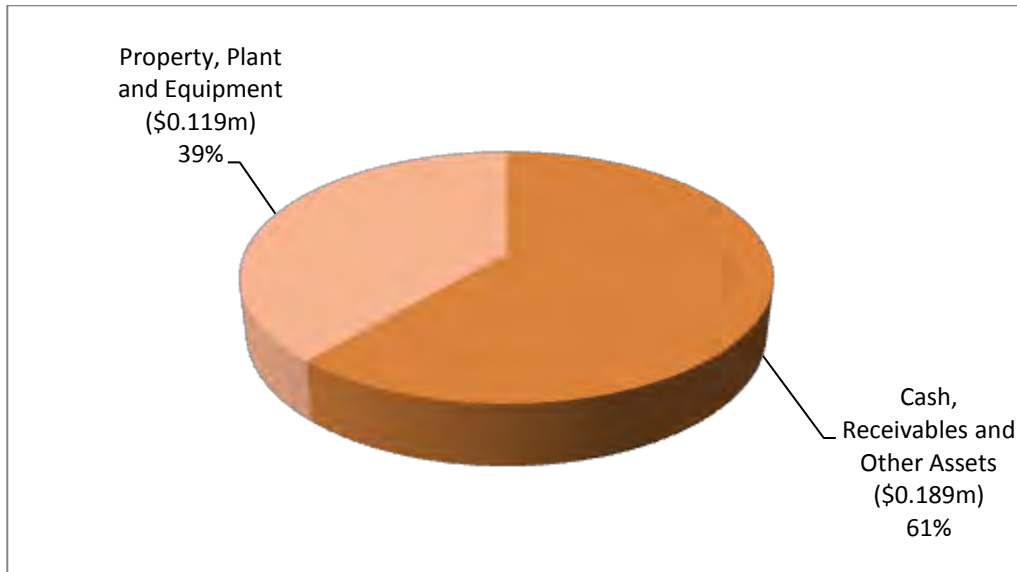
Key indicators of the health of the ACT Executive's financial position are its ability to pay debts falling due in the short term, and maintain prudent levels of longer term liabilities.

As at 30 June 2011, the ACT Executive's current assets are insufficient to meet its current liabilities but this is not considered a liquidity risk as its cash needs are funded through appropriation from Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

Total Assets

As detailed in **Figure 3**, **61%** of total assets are held as cash, receivables and other assets and **39%** are held as non-current assets.

Figure 3 - Total Assets as at 30 June 2011



Total assets of **\$0.308m** at 30 June 2011 was **\$0.227m (42.4%)** lower than the original budget due largely to lower cash balances than forecast in the 2010-11 Budget. Total assets are **\$0.039m (11.2%)** lower than the prior year's position due to lower cash holdings for payment of accrued expenses as at 30 June 2011.

Total Liabilities

A total of **81%** of the ACT Executive's liabilities relate to employee benefits, with the balance relating to payables and finance leases. The employee benefits liability relates to accumulated leave and salaries benefits.

Total liabilities of **\$0.829m** at 30 June 2011 was **\$0.402m (32.7%)** lower than the original budget mainly due to lower than budgeted payables and employee benefits. Total liabilities are lower by **\$0.193m (18.9%)** than the prior year's position mainly due to decreased in payables and employee benefits as at 30 June 2011. Employee benefits are lower due to ACT Executive staff numbers fluctuating throughout the year, which has resulted in employee entitlements being adjusted each time new staff are employed by, or existing staff leave, the ACT Executive. The lower payables as at 30 June 2011 relates to miscellaneous accruals and is associated with the timing of payments.

Figure 4 - Summary Statement of Assets and Liabilities

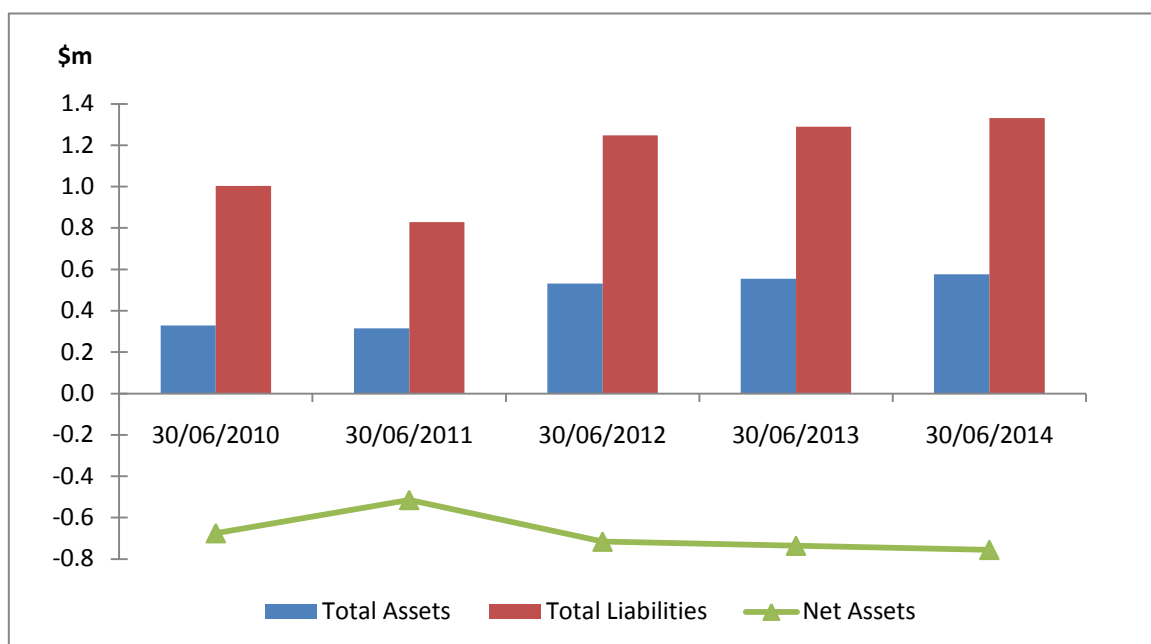
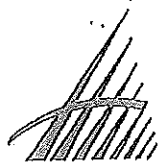


Table 2 - Comparison of Net Cost of Services to the 2010-11 Budget

Description	Original Budget \$m	Plus AA Transfers \$m	Total Funding \$m		Less Actual \$m	Variance to be Explained	
						\$m	%
Expenditure							
Employee and Superannuation	5.379	-	5.379		4.778	-0.601	-11.2%
Supplies and Services	1.112	-	1.112		1.180	0.068	6.1%
Borrowing Costs	0.010	-	0.010		0.007	-0.003	-30.0%
Depreciation	0.044	-	0.044		0.031	-0.013	-29.6%
Other Expenses	-	-	-		0.007	0.007	100.0%
Total Expenditure	6.545	-	6.545		6.003	-0.542	-8.3%
Own Source Revenue							
Resources Free of Charge	0.180	-	0.180		0.237	0.057	31.7%
Other	-	-	-		-	-	-
Total Own Source Revenue	0.180	-	0.180		0.237	0.057	31.7%
Total Net Cost of Services	6.365	-	6.365		5.766	-0.599	-9.4%



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT ACT EXECUTIVE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the ACT Executive for the year ended 30 June 2011 have been audited. These comprise the 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, Territorial statement of appropriation and accompanying notes.

Responsibility for the financial statements

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

The auditor's responsibility

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

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 ACT Executive.

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

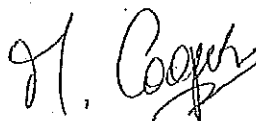
Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the ACT Executive 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 ACT Executive 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.



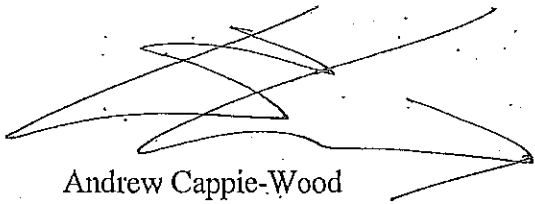
Dr Maxine Cooper
Auditor-General

26 August 2011

**ACT Executive
Financial Statements
For the Year Ended 30 June 2011**

STATEMENT OF RESPONSIBILITY

In my opinion, the financial statements are in agreement with the ACT Executive's accounts and records and fairly reflect the financial operations of the ACT Executive for the year ended 30 June 2011 and the financial position of the ACT Executive on that date.



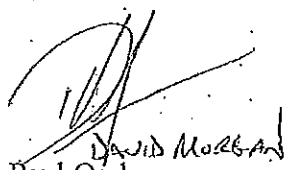
Andrew Cappie-Wood
Director-General
Chief Minister and Cabinet Directorate

15th July 2011

**ACT Executive
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 ACT Executive's accounts and records and fairly reflect the financial operations of the ACT Executive for the year ended 30 June 2011 and the financial position of the ACT Executive on that date.


for Paul Ogden
Chief Finance Officer
Chief Minister and Cabinet Directorate
15 July 2011

ACT Executive
Statement of Income and Expenses on Behalf of the Territory
For the Year Ended 30 June 2011

	Note	Actual	Original	Actual
	No.	2011	Budget	2010
		\$'000	\$'000	\$'000
Income				
<i>Revenue</i>				
Payment for Expenses on Behalf of the Territory	4	5,919	6,345	5,597
Resources Received Free of Charge	5	237	180	157
<i>Total Revenue</i>		6,156	6,525	5,754
<i>Gains</i>				
Other Gains	6	1	-	6
<i>Total Gains</i>		1	-	6
Total Income		6,157	6,525	5,760
Expenses				
Employee Expenses	7	4,186	4,739	4,044
Superannuation Expenses	8	592	640	637
Supplies and Services	9	1,180	1,112	1,055
Borrowing Costs	10	7	10	7
Depreciation	11	31	44	38
Other Expenses	12	7	-	-
Total Expenses		6,003	6,545	5,781
Operating Surplus/(Deficit)		154	(20)	(21)
Other Comprehensive Income				
Increase in Asset Revaluation Surplus	27	-	-	5
Total Other Comprehensive Income		-	-	5
Total Comprehensive Income/(Deficit)		154	(20)	(16)

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

ACT Executive
Statement of Assets and Liabilities on Behalf of the Territory
As at 30 June 2011

	Note	Actual	Original	Actual
	No.	2011	Budget	2010
		\$'000	\$'000	\$'000
Current Assets				
Cash	14	115	424	164
Receivables	15	54	-	35
Other Assets	16	20	-	-
Total Current Assets		189	424	199
Non-Current Assets				
Property, Plant and Equipment	17	119	111	148
Total Non-Current Assets		119	111	148
Total Assets		308	535	347
Current Liabilities				
Payables	18	46	269	102
Finance Leases	19	82	80	60
Employee Benefits	20	628	734	712
Total Current Liabilities		756	1,083	874
Non-Current Liabilities				
Finance Leases	19	26	70	77
Employee Benefits	20	47	78	71
Total Non-Current Liabilities		73	148	148
Total Liabilities		829	1,231	1,022
Net (Liabilities)		(521)	(696)	(675)
Equity				
Accumulated (Deficits)		(526)	(696)	(680)
Asset Revaluation Surplus	27	5	-	5
Total Equity		(521)	(696)	(675)

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

ACT Executive
Statement of Changes in Equity on Behalf of the Territory
For the Year Ended 30 June 2011

	Accumulated	Asset Revaluation	Total	Original
	Funds	Surplus	Equity	Budget
	Actual	Actual	Actual	Budget
	2011	2011	2011	2011
	\$'000	\$'000	\$'000	\$'000
Balance at the Beginning of the Reporting Period	(680)	5	(675)	(676)
Comprehensive Income				
Operating Surplus/(Deficit)	154	-	154	(20)
Increase in Asset Revaluation Surplus	-	-	-	-
Total Comprehensive Income/(Deficit)	154	-	154	(20)
Balance at the End of the Reporting Period	(526)	5	(521)	(696)

	Accumulated	Asset Revaluation	Total
	Funds	Surplus	Equity
	Actual	Actual	Actual
	2010	2010	2010
	\$'000	\$'000	\$'000
Balance at the Beginning of the Reporting Period	(659)	-	(659)
Comprehensive Income			
Operating (Deficit)	(21)	-	(21)
Increase in Asset Revaluation Surplus	-	5	5
Total Comprehensive (Deficit)/Income	(21)	5	(16)
Balance at the End of the Reporting Period	(680)	5	(675)

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

ACT Executive
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		5,919	6,345	5,597
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		56	102	18
Total Receipts from Operating Activities		5,975	6,447	5,615
Payments				
Employee		4,300	4,739	4,048
Superannuation		581	640	625
Supplies and Services		1,020	882	1,056
Borrowing Costs		7	10	7
Goods and Services Tax Paid to Suppliers		80	102	43
Total Payments from Operating Activities		5,988	6,373	5,779
Net Cash (Outflows)/Inflows from Operating Activities	21	(13)	74	(164)
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property, Plant and Equipment		1	-	6
Total Receipts from Investing Activities		1	-	6
Payments				
Loss from Sale of Property, Plant and Equipment		7	-	-
Total Payments from Investing Activities		7	-	-
Net Cash (Outflows)/Inflows from Investing Activities		(6)	-	6

ACT Executive
Cash Flow Statement on Behalf of the Territory
For the Year Ended 30 June 2011

	Note	Actual	Original	Actual
	No.	2011	Budget	2010
		\$'000	\$'000	\$'000
Cash Flows from Financing Activities				
Payments				
Repayment of Finance Leases		30	53	34
Total Payments from Financing Activities		30	53	34
Net Cash (Outflows) from Financing Activities		(30)	(53)	(34)
Net (Decrease)/Increase in Cash and Cash Equivalents Held		(49)	21	(192)
Cash and Cash Equivalents at the Beginning of the Reporting Period		164	403	356
Cash and Cash Equivalents at the End of the Reporting Period	21	115	424	164

Non-cash financing activities are disclosed in Note 21: 'Cash Flow Reconciliation'.

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

**ACT Executive
Territorial Statement of Appropriation
For the Year Ended 30 June 2011**

	2011 Original Budget \$'000	2011 Total Appropriated \$'000	2011 Appropriation Drawn \$'000	2010 Appropriation Drawn \$'000
Territorial				
Expenses on Behalf of the Territory	6,345	6,345	5,919	5,597
Total Territorial Appropriation	6,345	6,345	5,919	5,597

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 on Behalf of the Territory in the Budget Papers. This amount also appears in these financial statements, in the Cash Flow Statement on Behalf of the Territory of the ACT Executive.

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 ACT Executive during the year. This amount appears in these financial statements, in the Cash Flow Statement on Behalf of the Territory of the ACT Executive.

Variances between 'Total Appropriated' and 'Appropriation Drawn'

The amount of *Appropriation Drawn* differs from the *Total Appropriated* due to a reduced staffing complement, lower travel expenses than estimated in the budget, and lower administrative expenditure associated with a change in Ministerial appointments.

ACT EXECUTIVE TERRITORIAL NOTE INDEX

Note 1	Objectives of the ACT Executive
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Note 3	Change in Accounting Policy and Accounting Estimates

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

NOTE 1 OBJECTIVES OF THE ACT EXECUTIVE

Operations and Principal Activities

For the purpose of this reporting entity, the ACT Executive consists of Ministers and their staff. Ministers govern the Territory in accordance with the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)*, and are supported by staff in this function. As independent bodies regulate the expenditure incurred by the ACT Executive, the levels of expenditure incurred are largely beyond the control of the ACT Executive. As a result, the financial activities of the ACT Executive are treated as being on behalf of the Territory.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The *Financial Management Act 1996* (FMA) requires the preparation of financial statements for ACT Government agencies. Under the *Financial Management (Departments) Guidelines 2007*, the ACT Executive has been prescribed as a separate reporting entity.

The FMA and the Financial Management Guidelines issued under the Act, requires that the financial statements include:

- (i) a Statement of Income and Expenses on Behalf of the Territory for the year;
- (ii) a Statement of Assets and Liabilities on Behalf of the Territory at the end of the year;
- (iii) a Statement of Changes in Equity on Behalf of the Territory for the year;
- (iv) a Cash Flow Statement on Behalf of the Territory for the year;
- (v) a Territorial Statement of Appropriation for the year;
- (vi) a summary of the significant accounting policies adopted for the year; and
- (vii) such other statements as are necessary to fairly reflect the financial operations of the ACT Executive 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' 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 ACT Executive during the reporting period.

As at 30 June 2011, the ACT Executive's current assets are insufficient to meet its current liabilities, but this is not considered a liquidity risk as its operations are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

These financial statements are presented in Australian dollars, which is the ACT Executive's functional currency. The ACT Executive is an individual reporting entity.

ACT Executive
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) Territorial Items

The ACT Executive only produces Territorial financial statements. The Territorial financial statements include income, expenses, assets and liabilities that the ACT Executive administers on behalf of the ACT Government, but does not control.

(c) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the ACT Executive for the year ended 30 June 2011 together with the financial position of the ACT Executive as at 30 June 2011.

(d) 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 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 amounts rounded down to zero. Some totals throughout this report may not add due to rounding.

(f) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Statement of Income and Expenses on Behalf of the Territory. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the ACT Executive and the revenue can be reliably measured. This generally occurs when the ACT Executive receives revenue on behalf of the Territory, that can be used for the achievement of the ACT Executive’s objectives on behalf of the Territory.

(g) Borrowing Costs

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

ACT Executive
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) Resources Received Free of Charge

Resources Received Free of Charge are recorded as a revenue and expense in the Statement of Income and Expenses on Behalf of the Territory 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 ACT Government entities 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 Statement of Income and Expenses on Behalf of the Territory if they can be reliably measured and would have been purchased if not provided to the ACT Executive free of charge.

(i) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Statement of Assets and Liabilities on Behalf of the Territory and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the ACT Executive 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

The ACT Executive 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.

Impairment losses for plant and equipment assets are recognised in the Statement of Income and Expenses on Behalf of the Territory, as plant and equipment is carried at cost and no revaluation surplus exists for this asset class. The carrying amount of the asset is reduced to its recoverable amount.

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

For the purposes of the Cash Flow Statement on Behalf of the Territory and the Statement of Assets and Liabilities on Behalf of the Territory, cash includes cash at bank and cash on hand. Any bank overdrafts are included in cash as per the Cash Flow Statement but not in the cash line on the Statement of Assets and Liabilities on Behalf of the Territory.

ACT Executive
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) 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 a Restructuring of Administrative Arrangements is measured at the transferor's book value.

Property, plant and equipment with a minimum value of \$2,000 is capitalised.

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

Property, plant and equipment is valued using the cost or revaluation model of valuation. Community and heritage assets are measured at fair value using an independent qualified valuer and revalued every 3 years. Plant and equipment is measured at cost.

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 a 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.

The cost of plant and equipment comprises the purchase price, any directly attributable costs, and the initial estimate of the costs of dismantling and removing the plant and equipment and restoring the site on which it is located.

(n) 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 the asset is ready for use. When an asset is revalued, it is depreciated over its newly assessed remaining useful life. Community and Heritage assets have an unlimited useful life and are therefore not depreciated.

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

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

Depreciation for non-current assets is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Plant and Equipment	Straight Line	2-20
Community and Heritage Assets	Community and Heritage assets are not depreciated	-

ACT Executive
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) 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 Statement of Income and Expenses on Behalf of the Territory. All amounts are normally settled within 30 days after the invoice date.

Payables include Trade Payables, Accrued Expenses and Other.

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 which relate to the normal operations of the ACT Executive.

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 ACT Executive.

(p) Employee Benefits

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

Wages and Salaries

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

Annual and Long Service Leave

Annual leave and long service leave that falls due wholly within the next 12 months are measured based on the estimated amount of remuneration payable when the leave is taken. Annual and long service leave including applicable on-costs that do not fall due wholly 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 reporting date. 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 estimate 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.

ACT Executive
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) 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 Statement of Assets and Liabilities on Behalf of the Territory 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 Statement of Assets and Liabilities on Behalf of the Territory.

(q) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover the ACT Executive's superannuation liability for the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and a defined benefit superannuation arrangement for eligible Ministers. 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 ACT Executive. The CSS, PSS and Legislative Assembly Members superannuation arrangements 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.

Prior to the ACT Government election in 2008, Members of the ACT Legislative Assembly assumed membership of an unfunded defined benefit superannuation arrangement, prescribed under the *Legislative Assembly (Members' Superannuation) Act 1991*. As membership of this scheme is now closed, all newly elected Members of the ACT Legislative Assembly are required to access employee fund of choice arrangements.

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. Members of the Legislative Assembly have their own superannuation arrangements.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(q) Superannuation - Continued

A superannuation liability is not recognised in the Statement of Assets and Liabilities on Behalf of the Territory as the Superannuation Provision Account recognises the total Territory superannuation liability for the CSS, PSS and Members of the Legislative Assembly and Comsuper and the external schemes carries 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.

(r) Insurance

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

(s) Leases

The ACT Executive has entered into finance leases and operating leases.

Operating Leases

Operating leases do not effectively transfer to the ACT Executive substantially all the risks and rewards incidental to ownership of the asset under an operating lease. Operating lease payments are recorded as an expense in the Statement of Income and Expenses on Behalf of the Territory on a straight-line basis over the term of the lease.

Finance Leases

Finance leases effectively transfer to the ACT Executive substantially all the 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 property and the present value of the minimum lease payments each being determined at the inception of the lease. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets under a finance lease are depreciated over the shorter of the assets' useful life and lease term. 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. Each lease payment is allocated between interest expense and reduction of the lease liability. Lease liabilities are classified as current and non-current.

ACT Executive
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) Significant Accounting Judgements and Estimates

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

- (i) *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(p) 'Employee Benefits' and Note 3 'Change in Accounting Policy and Accounting Estimates'.
- (ii) *Impairment of Assets*: The ACT Executive has made a judgement regarding its impairment of assets by undertaking a process of reviewing any likely impairment factors. The ACT Executive made an assessment of any indication of impairment by completing an impairment checklist. This process has revealed that no likely impairment factors exist in the ACT Executive.
- (iii) *Estimation of Useful Lives of Property, Plant and Equipment*: The ACT Executive has estimated the useful lives of its assets which are depreciated. This estimation has been based on the historical experience of similar assets. The useful lives are 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(n) 'Depreciation of Non-Current Assets'.

(u) 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 ACT Executive does not intend to adopt these standards and interpretations early. It is estimated that the effect of adopting the below pronouncements:

- 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 July 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);

**ACT Executive
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) Impact of Accounting Standards Issued but yet to be Applied – Continued

- 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 140 Investment Property (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 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 115 Operating Leases – Incentives (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).

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

NOTE 3 CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

Change in Accounting Estimate

Revision of the Employee Benefit Discount Rate

The ACT Executive uses a discount rate (refer Note 2(p) 'Employee Benefits') to calculate the present value of long service leave and annual leave liabilities classified as long-term. The method takes into account future wage increases 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 percentage is now 92.2%.

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

This change has resulted in a decrease of \$1,914 to the estimate of the long service leave liability and expense in the current reporting period. The change has no impact on the estimate of the annual leave liability and expense.

Change in Accounting Policy

The ACT Executive had no changes in Accounting Policy during the reporting period.

Correction of Prior Period Errors

The ACT Executive had no correction of prior period errors during the reporting period.

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

NOTE 4 PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY

Under the *Financial Management Act 1996*, funds can be appropriated for expenses incurred on behalf of the Territory. The ACT Executive receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of employee related expenses. The ACT Executive incurs these expenses in provision of executive services and information to enable Ministers and their staff to undertake their duties effectively and efficiently.

	2011	2010
	\$'000	\$'000
Payment for Expenses on Behalf of the Territory	5,919	5,597
Total Payment for Expenses on Behalf of the Territory¹	5,919	5,597

¹ The increase in appropriation drawn in 2010-11 is due largely increases in employee and supplies and services expenses.

NOTE 5 RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge relate to services being provided free of charge from other agencies within the ACT Government.

Revenue from ACT Government Entities

Accounting services from the Chief Minister and Cabinet Directorate	14	16
Building maintenance services provided by the ACT Legislative Assembly Secretariat	142	122
Legal services provided by the Justice and Community Safety Directorate	81	19
Total Resources Received Free of Charge	237	157

NOTE 6 OTHER GAINS

Other gains tend to be one off, more unusual transactions that are not part of the ACT Executive's core activities. Other gains are distinct from other revenue, as other revenue arises from the core activities of the ACT Executive.

Gains from the Sale of Motor Vehicles	1	6
Total Other Gains	1	6

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

NOTE 7 EMPLOYEE EXPENSES

	2011	2010
	\$'000	\$'000
Salaries and Wages	4,082	3,929
Annual Leave ¹	31	76
Long Service Leave ²	7	(53)
Fringe Benefits Tax	66	74
Other Employee Benefits ³	-	18
Total Employee Expenses	4,186	4,044

¹ The decrease in the Annual Leave expense is mainly related to changes in employee entitlement balances as new staff are employed by, or existing staff leave, the ACT Executive.

² The increase in Long Service Leave expense also reflects changes in employee entitlement balances as new staff are employed by, or existing staff leave, the ACT Executive.

³ The decrease in Other Employee Benefits is mainly due to a one-off payment of the sign-on bonus, as part of the 2009-10 Enterprise Agreement.

NOTE 8 SUPERANNUATION EXPENSES

The ACT Executive receives funding for superannuation payments as part of the Payment for Expenses on Behalf of the Territory. The ACT Executive then makes payments on a fortnightly basis to the Territory Banking Account for its portion of the Territory's Commonwealth Superannuation Scheme (CSS), Public Sector Superannuation Scheme (PSS) superannuation liability, and for the superannuation liability for Ministers elected prior to the 2008 ACT Government election. The productivity benefit for these schemes is paid directly to Comsuper.

Superannuation payments are also made to external providers as part of the employee fund of choice arrangements.

Ministers' Superannuation	181	205
Superannuation Contributions to the Territory Banking Account	225	269
Productivity Benefit	29	34
Superannuation to External Providers	157	129
Total Superannuation Expenses ¹	592	637

¹ The decrease largely reflects a gradual take up of superannuation fund of choice arrangements (Superannuation to External funds) as staff who are members of the defined benefit superannuation schemes leave and are replaced by employees who are not existing members of those schemes (see also Note 2(q): 'Summary of Significant Accounting Policies: Superannuation').

ACT Executive
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
Furniture and Fittings	30	19
Repairs and Maintenance	28	15
Hospitality	65	87
Professional Services ¹	298	168
Office Supplies	74	68
Staff Related Expenses	29	47
IT Modernisation, Licensing and Support ²	367	285
Parking	67	49
Subscriptions, Publications, Memberships	-	5
Payroll and Payslip Services	5	4
Travel ³	119	251
Vehicle Expenses	56	17
Insurance Premium	13	14
Other	29	26
Total Supplies and Services	<u>1,180</u>	<u>1,055</u>

¹ The increase in Professional Services from the prior year is mainly due to the increase in Resources Received Free of Charge for legislative drafting and legal services provided by the Justice and Community Safety Directorate.

² The increase in IT Modernisation, Licensing and Support reflects the reversal of a 2008-09 accrual in 2009-10 relating to estimated expenditure for the establishment of Telepresence VideoConferencing. The actual payment made during 2009-10 was lower than originally accrued.

³ The decrease in Travel in 2010-11 is due to minimal overseas travel being undertaken and a reduction in claims for travel entitlements for the ACT Executive.

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

NOTE 10 BORROWING COSTS

	2011 \$'000	2010 \$'000
Finance Charges on Finance Leases	7	7
Total Borrowing Costs	<u><u>7</u></u>	<u><u>7</u></u>

NOTE 11 DEPRECIATION

Depreciation

Plant and Equipment	31	38
Total Depreciation	<u><u>31</u></u>	<u><u>38</u></u>

NOTE 12 OTHER EXPENSES

Loss on Sale of Motor Vehicles	7	-
Total Other Expenses	<u><u>7</u></u>	<u><u>-</u></u>

NOTE 13 AUDITOR'S REMUNERATION

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

Audit Services

Audit Fees Paid to the ACT Auditor-General's Office	13	11
Total Audit Fees	<u><u>13</u></u>	<u><u>11</u></u>

NOTE 14 CASH

The ACT Executive holds two bank accounts with the Commonwealth Bank as part of the whole-of-government banking arrangements. As part of these arrangements, ACT Executive does not receive any interest on these accounts.

Cash at Bank	114	163
Cash on Hand	1	1
Total Cash ¹	<u><u>115</u></u>	<u><u>164</u></u>

¹ The decrease in Cash held is due to lower amounts held for payment of accrued expenses at year end.

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

NOTE 15 RECEIVABLES

	2011 \$'000	2010 \$'000
Current Receivables		
Trade Receivables	-	5
Less: Allowance for Impairment Losses	-	-
	<u>-</u>	<u>5</u>
Other Trade Receivables	24	24
Less: Allowance for Impairment Losses	-	-
	<u>24</u>	<u>24</u>
Net GST Receivables	30	6
	<u>30</u>	<u>6</u>
Total Current Receivables	<u>54</u>	<u>35</u>
Total Receivables	<u>54</u>	<u>35</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 Impaired¹					
Receivables	54	-	-	-	54
2010					
Not Impaired¹					
Receivables	35	-	-	-	35

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

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

Net Trade Receivables	-	5
Total Receivables with ACT Government Entities	<u>-</u>	<u>5</u>

Receivables with Non-ACT Government Entities

Net Other Trade Receivables	24	24
Net GST Receivables	30	6
Total Receivables with Non-ACT Government Entities	<u>54</u>	<u>30</u>
Total Receivables	<u>54</u>	<u>35</u>

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

NOTE 16 OTHER ASSETS

	2011	2010
	\$'000	\$'000
Current Assets		
Other	20	-
Total Current Assets	<u>20</u>	<u>-</u>
Total Other Assets ¹	<u>20</u>	<u>-</u>

¹ The increase in Total Other Assets is due to prepaid residual and termination payments for finance lease vehicles.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the class of assets - plant and equipment. Property, plant and equipment excludes assets held for sale and investment property.

Plant and Equipment includes motor vehicles under a finance lease, furniture, fittings and office equipment.

Heritage assets are defined as those non-current assets that the ACT Government intends to preserve indefinitely because of their unique historical, cultural or environmental attributes. A common feature of heritage assets is that they cannot be replaced and they are not usually available for sale or for redeployment. Heritage assets held by the Executive consists solely of a painting.

Plant and Equipment

Plant and Equipment at Cost	156	178
Less Accumulated Depreciation	(50)	(43)
Total Written-Down Value of Plant and Equipment	<u>106</u>	<u>135</u>

Community and Heritage Assets

Community and Heritage Assets at Fair Value	13	13
Total Written-Down Value of Community and Heritage Assets	<u>13</u>	<u>13</u>
Total Written-Down Value of Property, Plant and Equipment	<u>119</u>	<u>148</u>

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

NOTE 17 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Assets Under a Finance Lease

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

	2011	2010
	\$'000	\$'000
Carrying Amount of Assets under a Finance Lease		
Plant and Equipment under a Finance Lease	143	165
Less: Accumulated Depreciation of Plant and Equipment under a Finance Lease	(37)	(30)
Total Written-Down Value of Plant and Equipment under a Finance Lease	106	135
Total Written-Down Value of Assets under a Finance Lease	106	135

Reconciliation of Property, Plant and Equipment

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

	Plant and Equipment	Community and Heritage	Total
	\$'000	\$'000	\$'000
Carrying Amount at the Beginning of the Reporting Period	135	13	148
Additions	65	-	65
Disposal / Transfer	(63)	-	(63)
Depreciation	(31)	-	(31)
Carrying Amount at the End of the Reporting Period	106	13	119

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

Carrying Amount at the Beginning of the Reporting Period	144	-	144
Additions	105	-	105
Revaluation Increment	-	5	5
Assets classified as Community and Heritage Assets	(8)	8	-
Disposal / Transfer	(68)	-	(68)
Depreciation	(38)	-	(38)
Carrying Amount at the End of the Reporting Period	135	13	148

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

NOTE 18 PAYABLES

	2011	2010
	\$'000	\$'000
Current Payables		
Trade Payables	-	8
Accrued Expenses	46	94
Total Current Payables	<u>46</u>	<u>102</u>
Total Payables	<u>46</u>	<u>102</u>

Payables are Aged as Follows:

Not Overdue	46	102
Total Payables	<u>46</u>	<u>102</u>

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Accrued Expenses	22	59
Total Payables with ACT Government Entities	<u>22</u>	<u>59</u>

Payables with Non-ACT Government Entities

Trade Payables	-	8
Accrued Expenses	24	35
Total Payables with Non-ACT Government Entities	<u>24</u>	<u>43</u>
Total Payables	<u>46</u>	<u>102</u>

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

NOTE 19 FINANCE LEASES

The ACT Executive holds four finance leases (five finance leases in 2009-10), all of which have been taken up as a finance lease liability and an asset under a finance lease. These leases are for motor vehicles. The interest rates implicit in these leases vary from 3.4% to 7.7% and the terms are two years. These leases have no terms of renewal or purchase options, nor escalation clauses.

	2011	2010
	\$'000	\$'000
Current Finance Leases		
Secured		
Finance Leases	82	60
Total Current Secured Finance Leases	<u>82</u>	<u>60</u>
Non-Current Finance Leases		
Secured		
Finance Leases	26	77
Total Non-Current Secured Finance Leases	<u>26</u>	<u>77</u>
Total Finance Leases	<u><u>108</u></u>	<u><u>137</u></u>

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

NOTE 19 FINANCE LEASES - CONTINUED

Secured Liability

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

	2011	2010
	\$'000	\$'000
Finance Leases		
Finance lease commitments are payable as follows:		
Within one year	86	88
Later than one year but not later than five years	28	57
Later than five years	-	-
Minimum Lease Payments	114	145
Less: Future Finance Lease Charges	(6)	(8)
Amount Recognised as a Liability	108	137
Total Present Value of Minimum Lease Payments	108	137

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

Within one year	82	60
Later than one year but not later than five years	26	77
Later than five years	-	-
Total Present Value of Minimum Lease Payments	108	137

Classification on the Statement of Assets and Liabilities on Behalf of the Territory

Finance Leases

Current Finance Leases	82	60
Non-Current Finance Leases	26	77
Total Finance Leases	108	137

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

NOTE 20 EMPLOYEE BENEFITS

	2011	2010
	\$'000	\$'000
Current Employee Benefits		
Accrued Salaries and Wages	81	79
Accrued Superannuation	8	9
Annual Leave	313	407
Long Service Leave	208	176
Other Benefits	18	41
Total Current Employee Benefits	628	712
Non-Current Employee Benefits		
Long Service Leave	47	71
Total Non-Current Employee Benefits	47	71
Total Employee Benefits	675	783

For Disclosure Purposes Only

Estimate of when Leave is Payable

Estimated Amount Payable within 12 Months

Annual Leave	313	407
Long Service Leave	3	9
Accrued Salaries and Wages	81	79
Accrued Superannuation	8	9
Other Benefits	18	41
Total Employee Benefits Payable within 12 Months	423	545

Estimated Amount Payable after 12 Months

Long Service Leave	252	238
Total Employee Benefits Payable after 12 Months	252	238
Total Employee Benefits	675	783

At the end of the 2010-11 financial year the ACT Executive had 31 full-time equivalent staff employed (36.1 full-time equivalent staff employed in 2009-10). Staff numbers have fluctuated during the year, but on average have remained lower than the 30 June 2010 staffing level. In addition, ACT Executive staffing has been temporarily reduced towards the end of 2010-11 reflecting recent Ministerial appointments.

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

NOTE 21 CASH FLOW RECONCILIATION

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

	2011 \$'000	2010 \$'000
Total Cash Recorded on the Statement of Assets and Liabilities on Behalf of the Territory	115	164
Cash at the End of the Reporting Period as Recorded in the Cash Flow Statement on Behalf of the Territory	115	164

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

Operating Surplus/(Deficit)	154	(21)
Add/(Less) Non-Cash Items		
Depreciation	31	38
Add/(Less) Items Classified as Investing or Financing		
Net (Gain)/Loss on Disposal of Non-Current Assets	6	(6)
Cash Before Changes in Operating Assets and Liabilities	191	11
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(19)	(35)
(Increase) in Other Assets	(20)	-
(Decrease) in Payables	(56)	(163)
(Decrease)/Increase in Employee Benefits	(109)	23
Net Changes in Operating Assets and Liabilities	(204)	(175)
Net Cash (Outflows) from Operating Activities	(13)	(164)
(c) Non-Cash Financing and Investing Activities		
Acquisition of Motor Vehicles by means of Finance Leases	65	105
Total Non-Cash Financing and Investing Activities	65	105

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

NOTE 22 FINANCIAL INSTRUMENTS

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

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 ACT Executive is considered to have no exposure to interest rate risk because cash is held in non-interest bearing accounts. Interest rates for motor vehicle finance leases are fixed. Therefore, the ACT Executive's liabilities are not exposed to fluctuations in market interest rates. Accordingly, a sensitivity analysis has not been undertaken.

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 ACT Executive's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment loss. The ACT Executive manages credit risk for receivables by regularly monitoring its receivables and issuing monthly statements to overdue accounts where required. The ACT Executive expects to collect all financial assets that are not past due or impaired. There have been no changes in credit risk exposure since the previous reporting period. As cash is held at bank and there are no material receivables, there is no significant concentration of credit risk that has been identified by the ACT Executive for Territorial financial assets.

Liquidity Risk

Liquidity risk is the risk that the ACT Executive will be unable to meet its financial obligations as they fall due. The ACT Executive's main financial obligations relate to the payment of employee benefits and the purchase of supplies and services. Salaries are paid on a fortnightly basis and purchases of supplies and services are paid within 30 days of receiving the goods or services.

The main source of cash to pay these obligations is appropriation from ACT Government which is paid on a fortnightly basis during the year. The ACT Executive manages its liquidity risk through forecasting appropriation drawdown requirements to enable payment of anticipated obligations.

The ACT Executive workforce has significant levels of accumulated and unpaid leave. As staff resign or retire and where these obligations fall due, the ACT Executive has been able to meet these obligations from current levels of appropriation.

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

NOTE 22 FINANCIAL INSTRUMENTS – CONTINUED

Liquidity Risk - Continued

The ACT Executive's exposure to liquidity risk is considered insignificant based on experience from prior years and the current assessment of risk. Although the ACT Executive shows a negative equity position, this is not considered to pose a liquidity risk as its operations are funded through appropriation from ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The only financial asset held by the ACT Executive is cash and an insignificant amount of receivables, and as a result, it is not considered to have any price risk. Accordingly, a sensitivity analysis has not been undertaken.

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	115	115	164	164
Receivables	54	54	35	35
Total Financial Assets	169	169	199	199
Financial Liabilities				
Payables	46	46	102	102
Finance Leases	108	108	137	137
Total Financial Liabilities	154	154	239	239

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

NOTE 22 FINANCIAL INSTRUMENTS – CONTINUED

The following tables set out the ACT Executive'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 and 30 June 2011. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

2011

	Note	Floating Interest Rate \$'000	Fixed Interest maturing in:			Non- Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash	14	-	-	-	-	115	115
Receivables	15	-	-	-	-	54	54
Total Financial Assets		-	-	-	-	169	169
Financial Liabilities							
Payables	18	-	-	-	-	46	46
Finance Leases	19	-	86	28	-	-	114
Total Financial Liabilities		-	86	28	-	46	160
Weighted Average Interest Rate			6.70%	6.70%			
Net Financial (Liabilities)/Assets		-	(86)	(28)	-	123	9

2010

	Note	Floating Interest Rate \$'000	Fixed Interest maturing in:			Non- Interest Bearing \$'000	Total \$'000
			1 year or Less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash	14	-	-	-	-	164	164
Receivables	15	-	-	-	-	35	35
Total Financial Assets		-	-	-	-	199	199
Financial Liabilities							
Payables	18	-	-	-	-	102	102
Finance Leases	19	-	88	57	-	-	145
Total Financial Liabilities		-	88	57	-	102	247
Weighted Average Interest Rate			6.12%	6.12%			
Net Financial (Liabilities)/Assets		-	(88)	(57)	-	97	(48)

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

NOTE 22 FINANCIAL INSTRUMENTS – CONTINUED

	2011	2010
	\$'000	\$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Loans and Receivables	54	35
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	154	239

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

Fair Value Hierarchy

The ACT Executive does not have any financial assets or financial liabilities at fair value. As such no fair value hierarchy disclosures have been made.

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

NOTE 23 COMMITMENTS

	2011 \$'000	2010 \$'000
Operating Lease Commitments		
Operating lease agreements give the ACT Executive the right to renew the lease. This will result in the terms of the lease becoming renegotiable towards the end of the lease term.		
Non-Cancellable Operating Lease Commitments are Payable as follows:		
Within one year	24	35
Later than 1 Year and not later than 5 Years	40	15
Total Operating Lease Commitments	64	50

The ACT Executive has operating leases for InTACT assets.

Finance Lease Commitments

Finance Lease Commitments are disclosed in Note 19: 'Finance Leases'.

NOTE 24 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 June 2011 (Nil at 30 June 2010).

There were no indemnities as at 30 June 2011 (Nil at 30 June 2010).

NOTE 25 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after balance date that would have a material impact on amounts included in the 2010-11 financial statements.

NOTE 26 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

There were no Waivers, Impairment Losses and Write-offs for ACT Executive as at 30 June 2011 (Nil at 30 June 2010).

NOTE 27 EQUITY

Asset Revaluation Surplus

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

Balance at the Beginning of the Reporting Period	5	-
Increment in Community and Heritage Assets due to Revaluation	-	5
Total Increase in the Asset Revaluation Surplus	-	5
Balance at the end of the Reporting Period	5	5

CHIEF MINISTER AND CABINET DIRECTORATE

DIRECTORATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Management Discussion and Analysis Chief Minister and Cabinet Directorate for the Financial Year Ended 30 June 2011

General Overview

Changes in Administrative Structure

Several Administrative Arrangement changes impacted the Chief Minister and Cabinet Directorate (CMCD) during 2010-11. On 1 July 2011, the Heritage Unit was transferred from the then Department of Territory and Municipal Services (TAMS). On 1 February 2011, the TAMS Special Events Unit was also transferred from TAMS, under Section 16 of the *Financial Management Act 1996*. Following the appointment of the new Chief Minister, on 17 May 2011 further Administrative Arrangements were announced, which resulted in bringing forward the transfers identified for CMCD in the 2011-12 Budget Papers to 17 May 2011. The transfers out of the Directorate on 17 May 2011 were:

- to Community Services Directorate (CSD) – artsACT;
- to the Environment and Sustainable Development Directorate (ESDD) – the Heritage Unit and the Government Architect; and
- to the Economic Development Directorate (EDD) – Business and Industry Development, ACT Tourism, the Special Events Unit (including the TAMS Events Unit transferred from TAMS earlier in the year), the Canberra Business and Events Centre, and *Live in Canberra*.

Objectives

As a key central agency of the ACT Government, the Chief Minister and Cabinet Directorate (the Directorate) provides strategic advice to the ACT Government on policy development, service delivery and whole of government issues.

During 2010-11, the Directorate's objectives included:

- providing strategic policy advice and support to the Chief Minister and the ACT Government;
- providing leadership and direction in policy development, facilitating implementation of government priorities and delivering key whole of government projects;
- providing executive support to the Chief Minister and Cabinet to ensure the effective operation, and clear communication, of ACT Government decisions, policies, commitments and initiatives;
- reviewing, developing and implementing whole of government employment policies and capacity building initiatives for the Public Service;
- coordinating the planning for the Centenary of Canberra;
- developing and implementing enterprise and industry sector strategies and programs (transferred to Economic Development Directorate (EDD) 17 May 2011);
- developing and implementing arts policies and programs (transferred to Community Services Directorate (CSD) 17 May 2011);
- leading the ACT and capital region tourism industry to create and implement a range of marketing and development programs (transferred to EDD 17 May 2011);

- improving the management of heritage assets and delivering the Heritage Grants Program (transferred to Environment and Sustainable Development Directorate (ESDD) 17 May 2011); and
- coordinating and delivering key government events for the Community (transferred to EDD 17 May 2011).

Risk Management

The Directorate has adopted Enterprise-wide Risk Management (ERM), as required by the ACT Insurance Authority's model risk management framework. The Directorate also has in place a Fraud and Anti-Corruption Plan and Fraud Risk Register.

The Audit Committee and its Three-Year Strategic Internal Audit Program are integral parts of the Directorate's governance, risk management and strategic planning processes.

The Directorate mitigates the risks associated with running government grant programs through application of rigorous accountability processes and by undertaking and responding to internal audits.

Risks associated with running major projects are mitigated through the use of appropriate governance structures, application of risk based management practices and financial reporting processes.

Directorate Financial Performance

The following financial information is based on audited Financial Reports for 2009-10 and 2010-11, and the original budget and forward estimates contained in the 2011-12 Supplementary Budget Papers.

Operating Result

The operating result for the 2010-11 financial year is an operating deficit from ordinary activities of **\$0.6 million**, is an improvement of **\$0.6 million** or **52 per cent** from the original budget of **\$1.2 million**.

Total Net Cost of Services

	Actual 2009-10 \$m	Original Budget 2010-11 \$m	Actual 2010-11 \$m	Forward Estimate 2011-12 \$m	Forward Estimate 2012-13 \$m	Forward Estimate 2013-14 \$m
Total Expenditure	62.2	62.4	62.9	28.2	32.9	23.9
Total Own Source Revenue	9.0	3.4	6.3	0.8	0.8	0.9
Net Cost of Services	53.2	59.0	56.6	27.4	32.1	23.0

1. Comparison to Original Budget

The Directorate's net cost of services for 2010-11 of **\$56.6 million** was **\$2.4 million** or **4 per cent** lower than the original 2010-11 Budget, reflecting a combination of factors including increases in:

- employee and superannuation expenses (**\$1.4 million**) mainly due to the net impact of transfers to and from the Directorate during the year and costs associated with the remuneration case for the Social and Community Sector, preparation work for the current round of Enterprise Bargaining negotiations and the ACT Public Sector Review;
- other revenue (**\$2 million**) due to higher than anticipated sponsorship revenue received in association with festivals and events and an increase in recoveries from other ACT Government entities for expenses incurred on their behalf; and
- resources received free of charge (**\$0.4 million**) due to support received from the Justice and Community Safety Directorate (JCSD) for legislative drafting and legal services;

partially offset by decreases in:

- user-charges (**\$0.8million**) due primarily to revenue received in association with the delivery of the autumn event "Enlighten", which was not budgeted for; and
- supplies and services (**\$0.6 million**).

2. Comparison to 2009-10 Actual Expenditure

Total net cost of services of **\$56.6 million** was **\$3.4 million** or **6 per cent** higher than the prior year mainly due to:

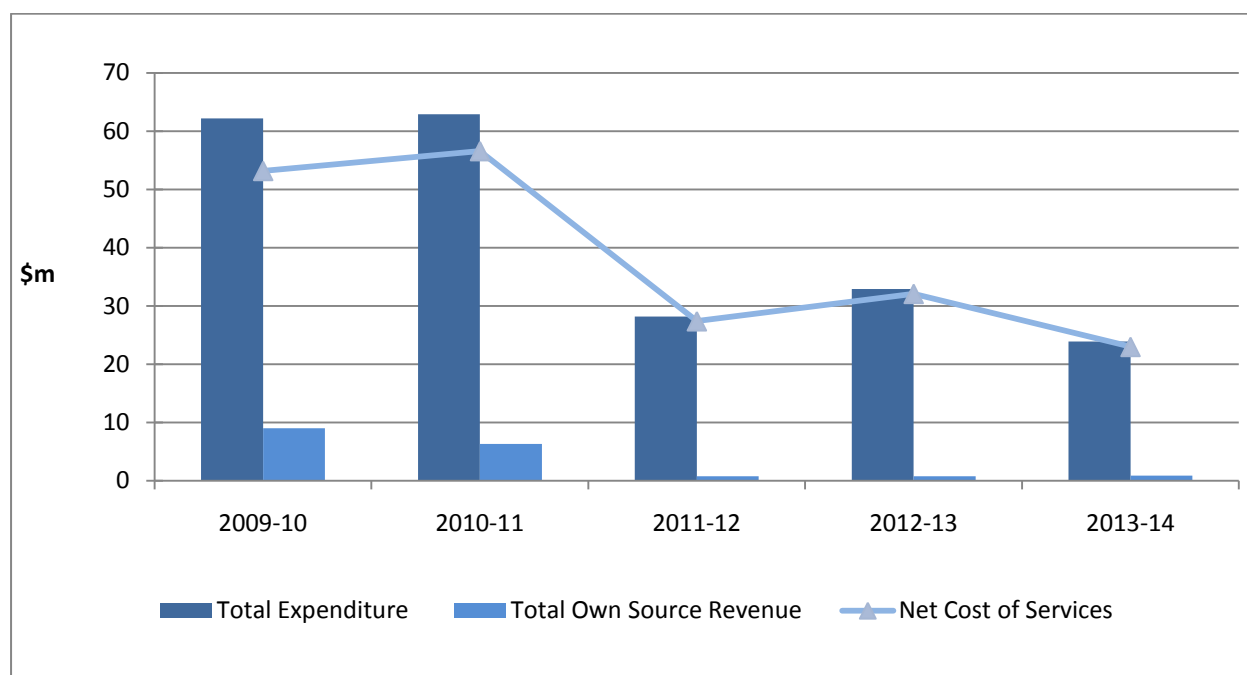
- an increased in supplies and services (**\$4.1 million**), reflecting the full year impact of the transfer of Australian Capital Tourism from TAMS during 2009-10; and
- an increase in grants (**\$0.7 million**);
- a decrease in user-charges ACT Government (**\$0.5 million**) due mainly to one-off revenue received for the *Nation Building and Jobs Plan* Taskforce in 2009-10; and
- a decrease in other gains (**\$0.6 million**), reflecting a donation of Public Artwork in 2009-10;

offset by increases in:

- user-charges non ACT Government (**\$1.5 million**) mainly related to revenues generated from the delivery of the autumn event "Enlighten";
- resources received free of charge (**\$0.3 million**) mainly related to support received from the JCSD for legislative drafting and legal services; and
- other revenue (**\$0.8 million**) due largely to sponsorships received in association with festivals and events, partially offset by a decrease in recoveries from other ACT Government entities for expenses incurred on their behalf.

3. Future Trends

Figure 1: Net Cost of Services



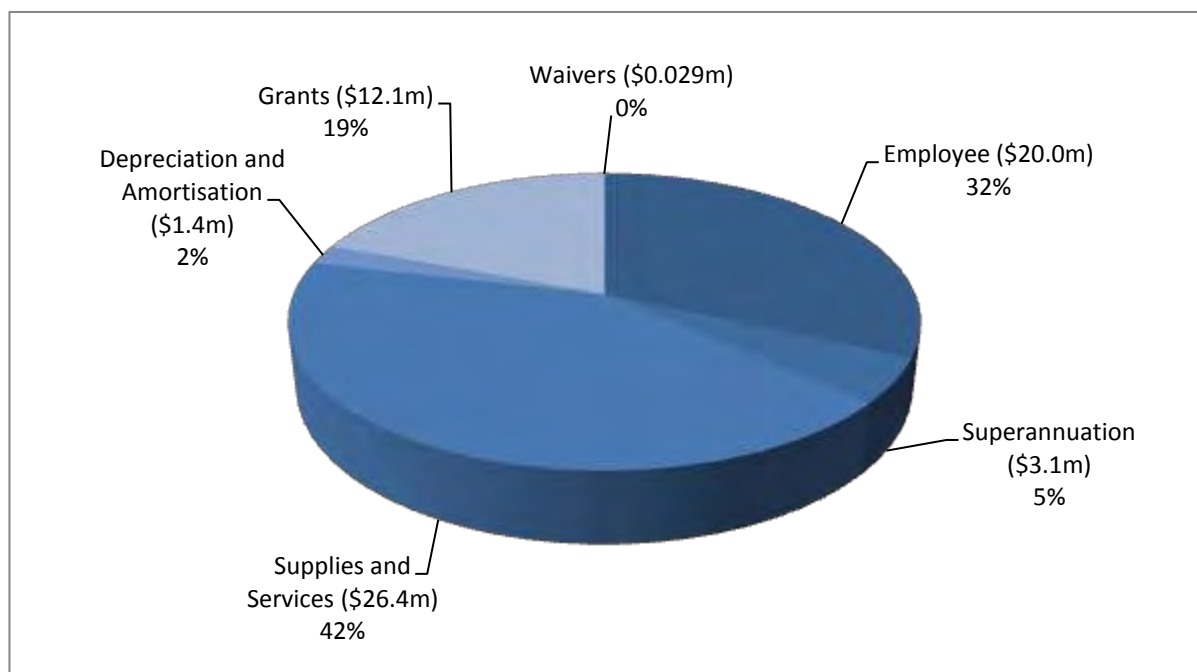
The Directorate forecasts a decrease in net cost of services in 2012 and across the forward estimates mainly reflecting the impact of the net transfers out of the Directorate during 2010-11. The upwards spike in net costs of services in 2012-13 mostly relates to expenditure associated with the Centenary of Canberra as the event culminates around the Territory's 100th birthday. Excluding the impact of the 2012-13 spike, a net decrease in expenditure is forecast to 2012-13 as a result of the cessation and decrease of funding for initiatives and the impact of savings measures.

Total Expenditure

1. Components of Expenditure

Figure 2 below indicates the components of the Directorate's expenditure for 2010-11 with the largest components of expenditure being Supplies and Services representing **42 per cent** of ordinary activities (**\$26.4 million**), Employee and Superannuation Expenses representing **37 per cent** (**\$23 million**) and Grants representing **19 per cent** of ordinary activities (**\$12.1 million**).

Figure 2 – Components of Expenditure



2. Comparison to the Original Budget

Total expenditure of **\$62.9 million** was in line with budgeted expenditure, and was **\$0.5 million**, or **1 per cent** higher than the 2010-11 original budget of **\$62.4 million**. The increase is the net result of:

- an increase in employee and superannuation expenses (**\$1.4 million**) mainly due to the net impact of transfers to and from the Directorate during the year and costs associated with the remuneration case for the Social and Community Sector, preparation work for the current round of Enterprise Bargaining negotiations and the ACT Public Sector Review;

partially offset by decreases in:

- waivers (**\$0.4 million**), reflecting the transfer of responsibility for administering the payroll tax waiver agreement with National ICT Australia (NICTA) to EDD following the Administrative Arrangements of 17 May 2011.

3. Comparison to 2009-10 Actual Expenditure

Total expenditure for 2010-11 was in line with the 2009-10 outcome, and was **\$0.8 million** or **1 per cent** higher than the 2009-10 result. The increase is primarily due to increases in:

- supplies and services (**\$4.1 million**), reflecting the full year impact of the transfer of Australian Capital Tourism from TAMS during 2009-10; and
- grants (**\$0.7 million**);

offset by:

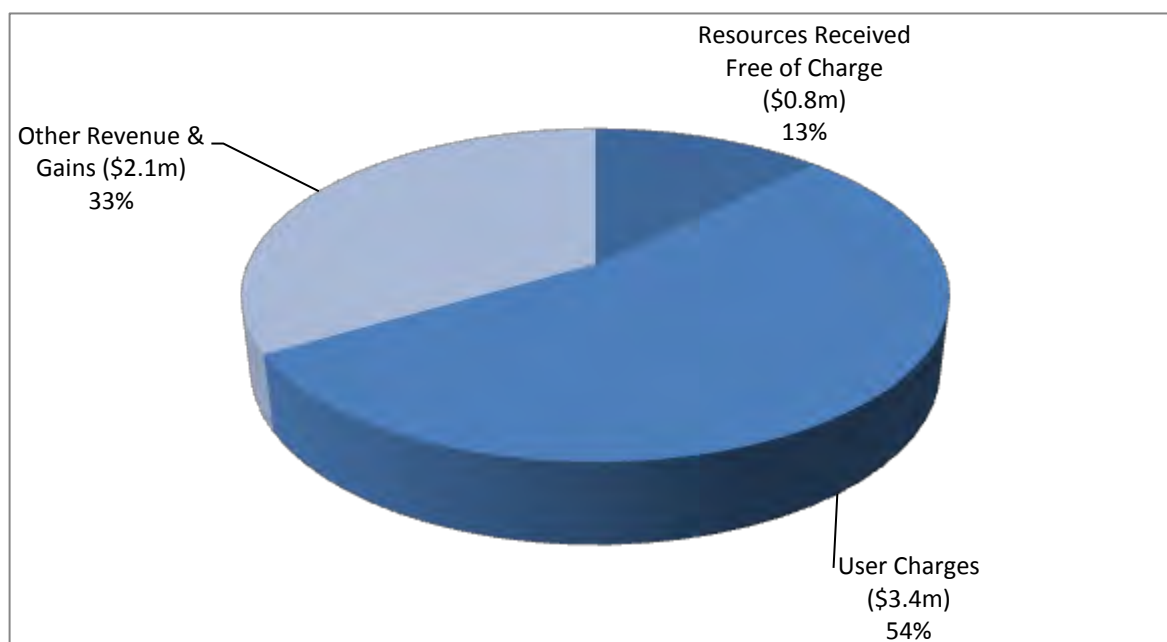
- a decrease in waivers **(\$4.2 million)** due to the discontinuation of the ACT Business Incentive Fund (ACTBIF) program on 30 June 2010, a decrease in Non ACTBIF NICTA related Payroll Tax Waivers due to a reduction in the payroll tax waivers approved for NICTA in 2010-11 (\$0.4m), and the transfer of responsibility for administering this program to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011 (\$0.4m).

Total Own Source Revenue

1. Components of Own Source Revenue

Figure 3 below indicates that for the financial year ended 30 June 2011, the Directorate's own source revenue was made up of user charges **(\$3.4 million)**, resources received free of charge **(\$0.8 million)** and other revenue and gains **(\$2.1 million)**.

Figure 3 – Components of Own Source Revenue



2. Comparison to the Original Budget

Non-appropriated revenue for the year ending 30 June 2011 was **\$2.9 million** or **85 per cent** higher than the original 2010-11 Budget of **\$3.4 million**, resulting from increases in:

- other revenue **(\$2 million)** due to higher than anticipated sponsorship revenue received in association with festivals and events and an increase in recoveries from other ACT Government entities for expenses incurred on their behalf;
- resources received free of charge **(\$0.4 million)** due to support received from the Justice and Community Safety Directorate (JCSO) for legislative drafting and legal services; and
- user-charges **(\$0.8million)** due primarily to revenue received in association with the delivery of the autumn event "Enlighten", which was not budgeted for;

offset by:

- a decrease in resources received free of charge – ACTBIF/Non ACTBIF **(\$0.4 million)** due to transferring responsibility for administering payroll tax waiver grants for the National ICT Australian program to EDD following the Administrative Arrangements of 17 May 2011.

3. Comparison to 2009-10 Actual Income

Non-appropriated revenue for the year ending 30 June 2011 was **\$2.7 million** lower than the 2009-10 result of **\$9 million** due to decreases in:

- waivers (**\$4.3 million**) due to the discontinuation of the ACT Business Incentive Fund (ACTBIF) program on 30 June 2010 (**\$3.5 million**), a decrease in Non ACTBIF (National ICT Australia (NICTA)) related Payroll Tax Waivers due to a reduction in the payroll tax waivers approved for NICTA in 2010-11 (**\$0.4m**), and the transfer of responsibility for administering this program to EDD following the Administrative Arrangements of 17 May 2011 (**\$0.4m**);
- a decrease in user-charges ACT Government (**\$0.5 million**) due mainly to one-off revenue received for the *Nation Building and Jobs Plan* Taskforce in 2009-10; and
- a decrease in other gains (**\$0.6 million**), reflecting a donation of Public Artwork in 2009-10;

offset by increases in:

- user-charges non ACT Government (**\$1.5 million**) mainly related to revenues generated from the delivery of the autumn event “Enlighten”;
- resources received free of charge (**\$0.3 million**) mainly related to support received from the JCSD for legislative drafting and legal services; and
- other revenue (**\$0.8 million**) due largely to sponsorships received in association with festivals and events, partially offset by a decrease in recoveries from other ACT Government entities for expenses incurred on their behalf.

4. Future Trends

The total own source revenue (**\$0.8 million**) for 2011-12 and 2012-13 (included in the 2011-12 Supplementary Budget Papers) mainly relates to resources received free of charge (**\$0.4 million**) and user charges (**\$0.5 million**). The **\$5.4 million** decrease from 2010-11 is mainly due to decreases in:

- user charges (**\$2.9 million**) resulting from the transfer of Australian Capital Tourism, Business Industry Development, the Special Events Unit and *Live in Canberra* out of the Directorate following the Administrative Arrangements of 17 May 2011, which largely relate to revenue collected in association with running events;
- other revenue (**\$2.1 million**) due primarily to a reduction relating to festival and event sponsorship resulting from the transfer of Australian Capital Tourism, the Special Events Unit and *Live in Canberra* out of the Directorate; and
- resources received free of charge (**\$0.4 million**) reflecting a return to more usual levels of support received from the Justice and Community Safety Directorate for legislative drafting and legal services.

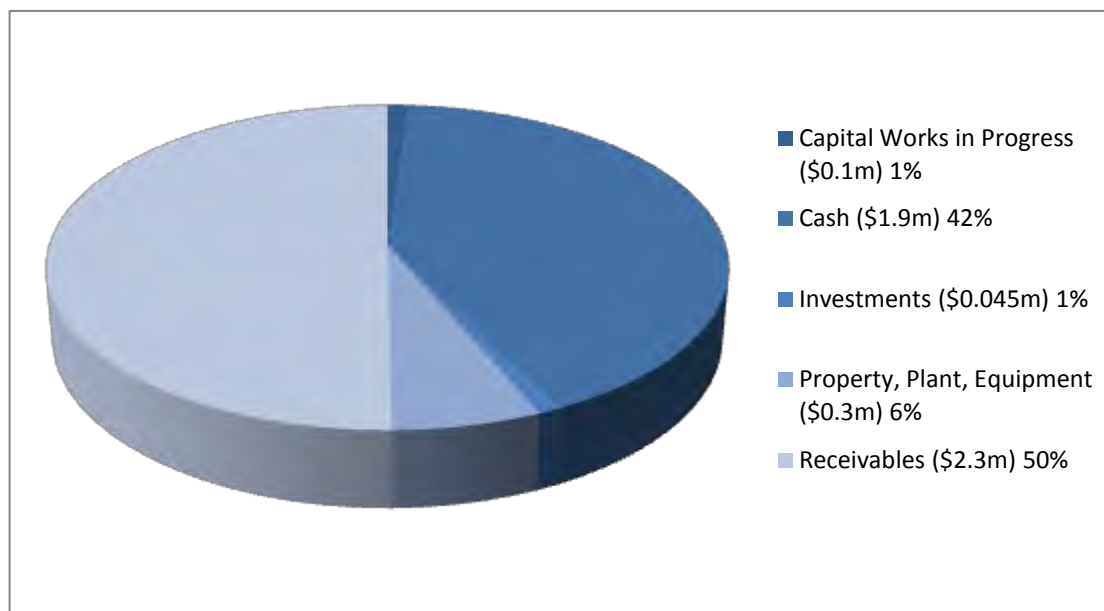
Directorate's Financial Position

Total Assets

1. Components of Total Assets

Figure 4 below indicates that for the financial year ended 30 June 2011, the Directorate held **50 per cent** of its assets in Receivables and **42 per cent** in Cash.

Figure 4 – Total Assets as at 30 June 2011



2. Comparison to Original Budget

The total asset position as at 30 June 2011 is **\$4.7 million**, **\$84.3 million** lower than the original 2010-11 Budget of **\$88.9 million**.

	2010-11 \$m
Original Budget - Total Assets	88.9
Plus: Impacts of Structural Changes	
Add: Transfers of assets from the Department of Territory and Municipal Services	0.3
Less: Transfer of assets to the Environment and Sustainable Development Directorate	(0.5)
Less: Transfer of assets to the Economic Development Directorate	(6.7)
Less: Transfer of assets to the Environment and Sustainable Development Directorate	(54.9)
Total Impacts from Structural Changes	(61.8)
Less: Actual – Total Assets	5.0
Variance to be Explained	(22.1)

Excluding the impact of transfer, the variance is a result of:

- a net decrease in capital works in progress, property, plant and equipment and intangible assets **(\$5.4 million)** due mainly to the delay in completion of capital works projects; including the commissioning process for the Public Art Program, Heritage Capital Upgrades and Watson Arts Centre – Additional Studios and Residence and works at the Strathnairn Homestead, partially offset by depreciation;
- a decrease in receivables **(\$13.4 million)** due mainly to a revision of Australian Capital Tourism receivables estimates;
- a decrease in cash and cash equivalents **(\$2.6 million)** due primarily to a return to a more usual cash balance following a one-off increase included in the original budget.

3. *Comparison to 2009-10 Actual*

The Directorate's total asset position is **\$60 million** lower than the 2009-10 result of **\$64.7 million** due to:

- the net transfer of assets to and from the Directorate following the Administrative Arrangement variations during 2010-11, as indicated above **(\$62.3 million)**; and
- a decrease in cash and cash equivalent **(\$1.1 million)**;

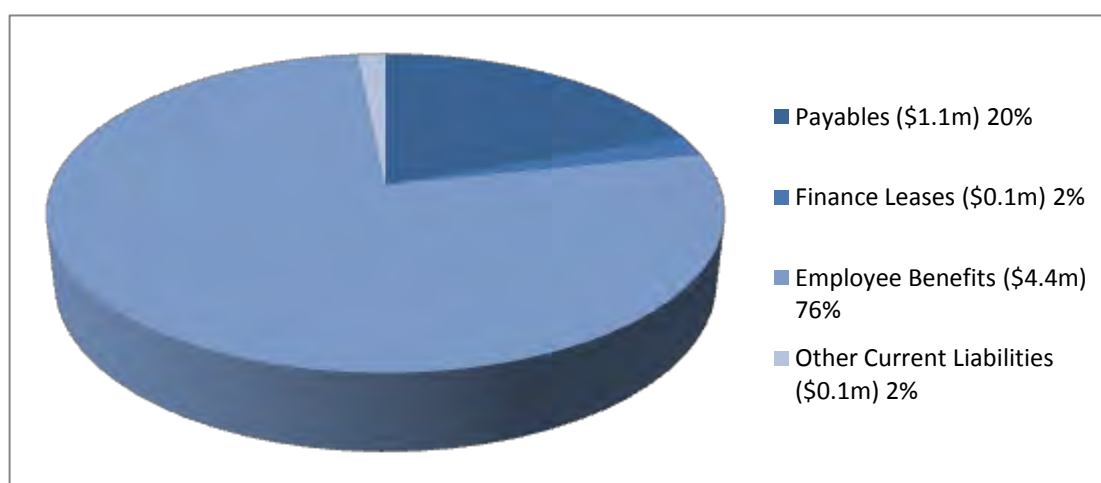
partially offset by:

- works in progress additions throughout the year **(\$2.9 million)**; and
- an increase in receivables **(\$1.2 million)** largely associated with pending recoveries from recipient Directorates resulting from CMCD paying invoices on their behalf until 30 June 2011.

Total Liabilities

Figure 5 below indicates that the majority of the Directorate's liabilities relate to employee benefits (69 per cent) and payables (18 per cent).

Figure 5 – Total Liabilities as at 30 June 2011



The Directorate's total liabilities for the year ended 30 June 2011 of **\$5.7 million** is **\$6.3 million** lower than the 2010-11 original budget of **\$12 million**. This is mainly reflects the net transfer of liabilities to and from other Directorates following the Administrative Arrangement variations during 2010-11, and decreases in payables resulting from no longer recognising revenues received in advance for Floriade due to the transfer of Australian Capital Tourism to EDD and part of the Administrative Arrangements of 17 May 2011.

Total liabilities are **\$3.5 million** lower than the 2009-10 result of **\$9.2 million** mainly due to the net transfer of liabilities to and from other directorates following the Administrative Arrangement variations during 2009-10, partially offset by the natural growth in employee entitlements during the year.

Territorial Statement of Revenues and Expenses

The Territorial financial statements include revenue, expenses, assets and liabilities, which the Directorate administers on behalf of the ACT Government but does not control. Until 17 May 2011, this statement reflected the value of the investment held by the Directorate in the Canberra Business Development Fund (CBDF), and recorded the value of heritage grants administered by the Heritage Unit. The CBDF is a unit trust whose principle activity is to invest in the equity of early stage businesses carrying out activities providing potential benefits to the Canberra Region. The balance of the Fund was transferred to EDD as part of the Administrative Arrangements of 17 May 2011, and the Heritage Unit was transferred to ESDD on the same date.

Total Income

Total income for 2010-11 was **\$0.259 million**, and solely comprised Expenses on Behalf of the Territory received for the payment of heritage grants. There is neither a prior year actual nor an original budget to facilitate a meaningful comparison, as the Heritage Unit was transferred from TAMS as a result of to the Administrative Arrangements of 1 July 2010.

Total Expenditure

Total expenditure was **\$0.407 million**. This amount relates to the payment of heritage grants (**\$0.254 million**), and other expenses recognising the decrease in value of the investment in the Canberra Business Development Fund to 16 May 2011 (**\$0.153 million**).

1. Comparison to Original Budget

There was no original budget for the CMCD Territorial Operating Statement.

2. Comparison to 2009-10 Actual Outcome

There were no 2009-10 transactions relating to heritage grants, as the Heritage Unit was transferred from TAMS following the Administrative Arrangements of 1 July 2010.

Incorporating EDD's portion of the 2010-11 decrease in the value of the CBDF of **\$0.560 million**, the CBDF decreased in value a further **\$0.218 million**, or **44 per cent**, during 2010-11, reflecting a net fall in the market value of the investments held by the Fund.

Territorial Financial Position

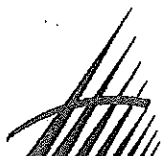
Total Assets

Due to the transfer of the CBDF to EDD, as indicated above, the Assets and Liabilities reported in the CMCD Territorial financial statements as at 30 June 2011, solely related to minor receivables and payables that could not be settled before the end of the financial year.

The total asset position as at 30 June 2011 is **zero**.

Comparison of Directorate Government Payment for Outputs Appropriation to the 2010-11 Budget

	2010-11 \$m
Original Budget - Total Government Payment for Outputs Appropriation	57.8
Plus: Impacts of Structural Changes	
Add: Transfer of functions from the Department of Territory and Municipal Services	1.6
Less: Transfer of functions to the Environment and Sustainable Development Directorate	(0.2)
Less: Transfer of functions to the Economic Development Directorate	(3.4)
Less: Transfer of functions to the Environment and Sustainable Development Directorate	(1.0)
Total Impacts from Structural Changes	(3.0)
Less: Actual – Government Payment for Outputs Appropriation	56.1
Variance in Government Payment for Outputs Appropriation not attributed to function transfers	1.3



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT CHIEF MINISTER AND CABINET DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Chief Minister and Cabinet Directorate (the Directorate) for the year ended 30 June 2011 have been audited. The financial statements are comprised of the following financial statements and accompanying notes:

- Directorate financial statements – operating statement, balance sheet, statement of changes in equity, cash flow statement and statement of appropriation.
- Territorial financial 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 Territorial statement of appropriation.

Responsibility for the financial statements

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

The auditor's responsibility

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

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

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

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.

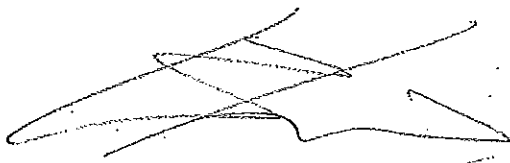
This audit opinion should be read in conjunction with the other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
6 September 2011

**Chief Minister and Cabinet 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.




Andrew Cappie-Wood
Director-General
Chief Minister and Cabinet Directorate
28 July 2011

**Chief Minister and Cabinet 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.



Paul Ogden
Chief Finance Officer
Chief Minister and Cabinet Directorate
26 July 2011

Chief Minister and Cabinet Directorate
Operating Statement
For the Year Ended 30 June 2011

	Note No.	Actual 2011 \$'000	Original Budget 2011 \$'000	Actual 2010 \$'000
Income				
<i>Revenue</i>				
Government Payment for Outputs	4	56,092	57,771	52,110
User Charges - ACT Government	5	315	76	817
User Charges - Non-ACT Government	5	3,058	2,489	1,524
Resources Received Free of Charge	6(a)	789	377	497
Resources Received Free of Charge - ACTBIF/Non ACTBIF	6(b)	-	400	4,258
Other Revenue	7	2,069	50	1,250
<i>Total Revenue</i>		62,323	61,163	60,456
<i>Gains</i>				
Other Gains	8	26	-	607
<i>Total Gains</i>		26	-	607
Total Income		62,349	61,163	61,063
Expenses				
Employee Expenses	9	19,958	18,868	19,748
Superannuation Expenses	10	3,073	2,727	3,104
Supplies and Services	11	26,437	27,006	22,312
Depreciation and Amortisation	12	1,370	1,021	1,390
Grants	13	12,052	11,807	11,347
Waivers and Write-offs	15	29	400	4,258
Borrowing Costs	14	17	44	18
Other Expenses ¹		-	521	-
Total Expenses		62,935	62,394	62,177
Operating (Deficit)		(586)	(1,231)	(1,114)
Other Comprehensive Income				
Increase in Asset Revaluation Surplus	31	-	-	535
Total Other Comprehensive Income		-	-	535
Total Comprehensive (Deficit)		(586)	(1,231)	(579)

This table may not add due to rounding.

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

¹ The budgeted figure mostly represents expenditure relating to resources received free of charge, all of which is more appropriately recognised as supplies and services.

Chief Minister and Cabinet Directorate
Balance Sheet
As at 30 June 2011

	Note	Actual	Original	Actual
	No.	2011	Budget	2010
		\$'000	\$'000	\$'000
Current Assets				
Cash and Cash Equivalents	18	1,937	5,059	3,014
Investments	19	45	-	45
Receivables	20	2,343	15,755	1,123
Inventories	21	-	57	62
Other Assets	22	-	1,034	755
Total Current Assets		4,325	21,905	4,999
Non-Current Assets				
Investments	19	-	400	-
Property, Plant and Equipment	23	292	63,991	55,761
Intangible Assets	24	-	904	520
Capital Works in Progress	25	53	1,738	3,435
Total Non-Current Assets		345	67,033	59,716
Total Assets		4,670	88,938	64,715
Current Liabilities				
Payables	26	1,127	4,264	1,430
Finance Leases	27	80	251	189
Employee Benefits	28	4,051	5,420	6,075
Other Provisions	29	-	-	-
Other Liabilities	30	89	1,163	820
Total Current Liabilities		5,346	11,098	8,514
Non-Current Liabilities				
Finance Leases	27	37	145	191
Employee Benefits	28	325	724	494
Total Non-Current Liabilities		362	869	685
Total Liabilities		5,708	11,967	9,199
Net (Liabilities)/Assets		(1,038)	76,971	55,516
Equity				
Accumulated (Deficit)/Funds		(1,039)	56,630	37,192
Asset Revaluation Surplus	31	-	20,341	18,324
Total Equity		(1,039)	76,971	55,516

This table may not add due to rounding.

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

**Chief Minister and Cabinet Directorate
Statement of Changes in Equity
For the Year Ended 30 June 2011**

		Accumulated	Asset Revaluation	Total	
	Note	Funds	Surplus	Equity	Original
	No.	Actual	Actual	Actual	Budget
		2011	2011	2011	2011
		\$'000	\$'000	\$'000	\$'000
Balance at the Beginning of the Reporting Period		37,192	18,324	55,516	56,893
Comprehensive Income					
Operating (Deficit)		(586)	-	(586)	(1,231)
Increase in Asset Revaluation Surplus	31	-	-	-	-
Total Comprehensive (Deficit)		(586)	-	(586)	(1,231)
Transfers to/(from) Reserves		18,324	(18,324)	-	-
Transactions Involving Owners Affecting Accumulated Funds					
Capital Injections		3,042	-	3,042	8,443
Net Assets transferred in as part of an Administrative Restructure ¹	33	(46)	-	(46)	12,866
Net Assets transferred out as part of an Administrative Restructure	33	(58,964)	-	(58,964)	-
Total Transactions Involving Owners Affecting Accumulated Funds		(55,968)	-	(55,968)	21,309
Balance at the End of the Reporting Period		(1,039)	-	(1,039)	76,971

This table may not add due to rounding.

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

¹ The difference of \$126,547 compared to Note 33 is liabilities associated with the transfer of Events from the then Department of Territory and Municipal Services, which was transferred as a result of the mutual agreement between directorates rather than through Administrative Arrangements.

**Chief Minister and Cabinet Directorate
Statement of Changes in Equity
For the Year Ended 30 June 2011**

	Note	Accumulated Funds	Asset Revaluation Surplus	Total Equity
	No.	Actual 2010 \$'000	Actual 2010 \$'000	Actual 2010 \$'000
Balance at the Beginning of the Reporting Period		39,361	17,789	57,150
Comprehensive Income				
Operating (Deficit)		(1,114)	-	(1,114)
Increase in Asset Revaluation Surplus		-	535	535
Total Comprehensive (Deficit)/Income		(1,114)	535	(579)
<i>Transactions Involving Owners Affecting Accumulated Funds</i>				
Capital Injections		5,832	-	5,832
Net Assets transferred in as part of an Administrative Restructure	33	4,976	-	4,976
Net Assets transferred out as part of an Administrative Restructure	33	(11,863)	-	(11,863)
Total Transactions Involving Owners Affecting Accumulated Funds		(1,055)	-	(1,055)
Balance at the End of the Reporting Period		37,192	18,324	55,516

This table may not add due to rounding.

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

Chief Minister and Cabinet 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		56,092	57,771	52,110
User Charges - ACT Government		293	76	817
User Charges - Non-ACT Government		2,607	2,489	2,148
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		3,683	4,690	3,701
Goods and Services Tax Collected from Customers		843	721	772
Other		2,007	50	1,227
Total Receipts from Operating Activities		65,525	65,797	60,775
Payments				
Employee		19,680	18,376	19,535
Superannuation		3,019	2,727	3,043
Supplies and Services		27,002	27,703	24,008
Grants		12,124	11,806	11,274
Borrowing Costs		17	44	18
Goods and Services Tax Paid to Suppliers		4,508	4,881	4,151
Other		-	144	-
Total Payments from Operating Activities		66,350	65,681	62,029
Net Cash (Outflows)/Inflows from Operating Activities	37	(825)	116	(1,254)
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property, Plant and Equipment		26	-	14
Total Receipts from Investing Activities		26	-	14
Payments				
Purchase of Property, Plant and Equipment		-	7,434	834
Purchase of Land and Intangibles		-	450	-
Purchase of Investments		-	400	-
Capital Works in Progress		3,033	150	5,031
Total Payments from Investing Activities		3,033	8,434	5,865
Net Cash (Outflows) from Investing Activities		(3,007)	(8,434)	(5,851)

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

Chief Minister and Cabinet 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		3,042	8,443	5,832
Total Receipts from Financing Activities		3,042	8,443	5,832
Payments				
Repayment of Finance Lease Liabilities		142	160	119
Transfer of Cash Balances		-	-	682
Total Payments from Financing Activities		142	160	801
Net Cash Inflows from Financing Activities		2,900	8,283	5,031
Net (Decrease) in Cash and Cash Equivalents Held		(932)	(35)	(2,074)
Cash and Cash Equivalents at the Beginning of the Reporting Period		3,014	5,094	5,088
Cash and Cash Equivalents at the End of the Reporting Period	37	2,082	5,059	3,014

This table may not add due to rounding.

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

**Chief Minister and Cabinet Directorate
Summary of Output Classes
For the Year Ended 30 June 2011**

	Output Class 1 ¹ Government Strategy \$'000	Output Class 2 ² Business and Industry Development \$'000	Output Class 3 ³ Tourism \$'000	Total \$'000
2011				
Total Income	37,925	7,203	17,221	62,349
Total Expenses	38,320	7,610	17,005	62,935
Operating (Deficit)/Surplus	(395)	(407)	216	(586)
2010				
Total Income	38,722	11,464	10,877	61,063
Total Expenses	38,793	13,204	10,180	62,177
Operating (Deficit)/Surplus	(71)	(1,740)	697	(1,114)

¹ The Heritage Unit was transferred into the Directorate from the Territory and Municipal Services Directorate (TAMSD) (then named the Department of Territory and Municipal Services (TAMS)) by Administrative Arrangements on 1 July 2010. The Special Events Unit, *Live in Canberra*, and the Heritage Unit were transferred out of Output Class 1 - 'Government Strategy' to the Economic Development Directorate (EDD) by the Administrative Arrangements of 17 May 2011.

² Output Class 2 - 'Business and Industry Development' was transferred to EDD by Administrative Arrangements on 17 May 2011.

³ Output Class 3 - 'Tourism' was transferred from TAMS by Administrative Arrangements on 10 November 2009, and transferred to EDD by Administrative Arrangements on 17 May 2011.

**Chief Minister and Cabinet Directorate
Operating Statement for Output Class 1
Government Strategy
For the Year Ended 30 June 2011**

Description

During 2010-11, Output Class 1: 'Government Strategy' included:

1. Provision of advice and support to the Chief Minister and the Director-General on strategic policy and the effective delivery of government policies and priorities.
2. Provision of an employment and policy framework to support a professional, skilled and accountable public service that is responsive to the Government and the community, and management of whole of government capacity-building programs.
3. Provision of advice to the ACT Government that concentrates on the relationship between employers and workers in the ACT, including workplace safety, dangerous substances, the rights of injured workers, the rights of contractors to be paid, public holidays and the costs of workers' compensation to business.
4. Provision of communications support, events and centenary management, protocol services and Executive support to the ACT Government and the community.
5. Implementation of government policies and priorities and facilitation of development of, and community participation in, the arts.
6. Promotion of heritage activities, and managing and administering heritage legislation and resources.

	Actual	Original	
	2011	Budget	
	\$'000	2011	Actual
		\$'000	2010
			\$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	34,612	32,646	35,116
User Charges – ACT Government	315	76	817
User Charges – Non-ACT Government	402	495	483
Resources Received Free of Charge	773	377	471
Other Revenue	1,808	50	1,239
<i>Total Revenue</i>	37,910	33,644	38,126
<i>Gains</i>			
Other Gains	15	-	596
<i>Total Gains</i>	15	-	596
Total Income	37,925	33,644	38,722
Expense			
Employee Expenses	14,640	13,024	15,025
Superannuation Expenses	2,326	1,915	2,425
Supplies and Services	11,793	10,767	11,743
Depreciation and Amortisation	1,137	791	1,218
Grants	8,394	7,420	8,370
Waivers and Write-offs	22	-	-
Borrowing Costs	8	25	12
Other Expenses	-	521	-
Total Expenses	38,320	34,463	38,793
Operating (Deficit)	(395)	(819)	(71)

The Heritage Unit was transferred into the Directorate from TAMS by Administrative Arrangements on 1 July 2010. The Special Events Unit, *Live in Canberra*, and the Heritage Unit were transferred out of Output Class 1 - 'Government Strategy' to EDD by the Administrative Arrangements on 17 May 2011.

**Chief Minister and Cabinet Directorate
Operating Statement for Output Class 2
Business and Industry Development
For the Year Ended 30 June 2011**

Description

During 2010-11, Output Class 2: 'Business and Industry Development' included:

1. Delivery of business programs and services.
2. Management of relationships with key stakeholders in the ACT innovation system including universities, research organisations, commercialisation entities, business organisations and other government agencies.
3. Delivery of the Skilled and Business Migration Program.
4. Supporting of activities that promote the economic development of the broader capital region.
5. Participating actively in business and innovation policy forums, including ministerial councils and other national business, innovation and science infrastructure forums.

	Actual	Original	
	2011	Budget	Actual
	\$'000	2011	2010
		\$'000	\$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	7,033	9,228	7,035
User Charges – Non-ACT Government	165	84	144
Resources Received Free of Charge	-	-	26
Resources Received Free of Charge - ACTBIF/Non ACTBIF	-	400	4,258
Other Revenue	5	-	-
<i>Total Revenue</i>	7,203	9,712	11,463
<i>Gains</i>			
Other Gains	-	-	1
<i>Total Gains</i>	-	-	1
Total Income	7,203	9,712	11,464
Expense			
Employee Expenses	2,152	2,024	2,546
Superannuation Expenses	360	255	401
Supplies and Services	3,129	4,589	4,055
Depreciation and Amortisation	4	4	5
Grants	1,957	2,601	1,938
Waivers and Write-offs	7	400	4,258
Borrowing Costs	1	1	1
Total Expenses	7,610	9,874	13,204
Operating (Deficit)	(407)	(162)	(1,740)

Output Class 2 - 'Business and Industry Development' was transferred to EDD by Administrative Arrangements on 17 May 2011.

Chief Minister and Cabinet Directorate
Operating Statement for Output Class 3
Tourism
For the Year Ended 30 June 2011

Description

During 2010-11, Output Class 3 : 'Tourism' included the creation and implementation of a range of marketing and development programs and activities to promote tourism and major events held in the ACT. This included promotion of the ACT as a tourism destination and the management and delivery of significant events such as Floriade and Floriade NightFest.

	Actual	Original	Actual
	2011	Budget	
	\$'000	2011	2010
		\$'000	\$'000
Income			
<i>Revenue</i>			
Government Payment for Outputs	14,447	15,897	9,959
User Charges – Non-ACT Government	2,491	1,910	897
Resources Received Free of Charge	16	-	-
Other Revenue	256	-	11
<i>Total Revenue</i>	17,210	17,807	10,867
<i>Gains</i>			
Other Gains	11	-	10
<i>Total Gains</i>	11	-	10
Total Income	17,221	17,807	10,877
Expense			
Employee Expenses	3,166	3,820	2,177
Superannuation Expenses	387	557	278
Supplies and Services	11,514	11,650	6,514
Depreciation and Amortisation	229	226	167
Grants	1,701	1,786	1,039
Borrowing Costs	8	18	5
Total Expenses	17,005	18,057	10,180
Operating Surplus/(Deficit)	216	(250)	697

Output Class 3 - 'Tourism' was transferred from TAMS by Administrative Arrangements on 10 November 2009, and transferred to EDD by Administrative Arrangements on 17 May 2011.

**Chief Minister and Cabinet 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	57,771	56,911	56,092	52,110
Capital Injections	8,443	3,443	3,042	5,832
Total Directorate Appropriation	66,214	60,354	59,134	57,942

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

Column Heading Explanations

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Budget Papers. This amount also appears in the Cash Flow Statement.

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

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

Variances between 'Original Budget' and 'Total Appropriated'

Government Payment for Outputs

The difference between the Original Budget for the Directorate and the Total Appropriated results from approved *Financial Management Act 1996* (FMA) variations as follows:

Section 16 'Transfer of functions after Appropriation Act passed'

- The Administrative Arrangements of 1 July 2010 transferred the Heritage Unit into the Directorate from the Territory and Municipal Services Directorate (TAMSD) (then named the Department of Territory and Municipal Services (TAMS)) (\$1.438m).
- The TAMSD Events Unit was transferred into the Directorate from TAMSD (\$0.195m) on 1 February 2011.
- The Administrative Arrangements of 17 May 2011 resulted in the following transfers out of the Directorate (\$4.672m):
 - various functions to the Economic Development Directorate (EDD) (\$3.434m);
 - the Heritage Unit to the Environment and Sustainable Development Directorate (ESDD)
 - artsACT to the Community Services Directorate (CSD) (\$1.010m).

Section 16B 'Rollover of undispersed appropriation'

- The following FMA rollovers from 2009-10 to 2010-11 (\$1.111m): artsACT additional Repairs and Maintenance (\$0.440m); Reaching Out to the Community (\$0.249m); Public Art (\$0.163m); Supporting Business Innovation in the ACT (\$0.138m); Arts Canberra Action Statement (\$0.065m); Accountability in Government (\$0.016m); and the Community Support Fund (\$0.040m).

**Chief Minister and Cabinet Directorate
Statement of Appropriation
For the Year Ended 30 June 2011**

Section 18 'Treasurer's Advance'

- The following Treasurer's Advances were issued to the Directorate during 2010-11 (\$1.068m): Pakistan Flood Relief (\$0.1m); Queensland Flood Relief (\$0.250m); Project Team to assess and prepare for the likely impact of a anticipated decision by Fair Work Australia on an equal remuneration case for the Social and Community Sector (\$0.160m); Preparatory Work for the current round of Enterprise Bargaining negotiations (\$0.243m); the ACT Public Sector Review (\$0.285m); and Sponsorship for the 2011 Canberra Marathon (\$0.030m).

Capital Injections

The difference between the Original Budget for the Directorate and the Total Appropriated results from approved *Financial Management Act 1996* (FMA) variations as follows:

Section 16 'Transfer of functions after Appropriation Act passed'

- The Administrative Arrangements of 1 July 2010 transferred the Heritage Unit into the Directorate from TAMSD (\$0.978m).
- The Administrative Arrangements of 17 May 2011 resulted in the following transfers out of the Directorate (\$7.187m):
 - Business and Industry Development to EDD (\$0.4m);
 - the Heritage Unit to ESDD (\$0.810m); and
 - artsACT to CSD (\$5.977m).

Section 16B 'Rollover of undispersed appropriation'

- The following FMA rollovers from 2009-10 to 2010-11 (\$1.209m): the Public Arts Scheme (\$0.249m); Manuka Arts Centre - Landscape Works (\$0.243m); Belconnen Arts and Cultural Centre (\$0.234m); Capital Upgrades - artsACT (\$0.189m); Watson Arts Centre - Five Studios Forward Design (\$0.108m); Strathnairn Arts Centre (\$0.1m); Strathnairn Arts Centre - Landscaping (\$0.050m); Kingston Foreshore Arts Precinct - Cafe Enclosure (\$0.028m); and Kingston Arts Precinct - Tower (\$0.008m).

Variances between 'Total Appropriated' and 'Appropriation Drawn'

Government Payment for Outputs

The difference between Total Appropriated and Appropriation Drawn is due to rollovers of funding for the Centenary of Canberra - ACT Celebratory Program (\$0.779m) and the Community Support Fund (\$0.030m), and an underspend against the Community Support Fund (\$0.010m).

Capital Injections

The difference between Total Appropriated and Appropriation Drawn is due mainly to a rollover of funding for the Injury Prevention and Management Information System (\$0.401m).

Chief Minister and Cabinet Directorate

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Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 1 OBJECTIVES OF THE CHIEF MINISTER AND CABINET DIRECTORATE

1.1 Change of Names

On 17 May 2011, as a result of Administrative Arrangement 2011 (No.1), the agency changed its name from the Chief Minister's Department to the Chief Minister and Cabinet Directorate.

The Chief Minister and Cabinet Directorate is a Department for the purpose of the *Financial Management Act 1996* (FMA) and any references to a Directorate refers to a Department.

The Department of Territory and Municipal Services (TAMS) and the Department of Disability, Housing and Community Services (DDHCS) were also renamed to the Territory and Municipal Services Directorate (TAMSD) and the Community Services Directorate (CSD), respectively. Throughout this Report, any references made to TAMSD or CSD for transactions that occurred prior to 17 May 2011, should be read as transactions occurring with TAMS or DDHCS, respectively.

1.2 Operations and Principal Activities

As a key central agency of the ACT Government, the Chief Minister and Cabinet Directorate (the Directorate) provides strategic advice to the ACT Government on policy development, service delivery and whole of government issues.

During 2010-11, the Directorate's objectives included:

- providing strategic policy advice and support to the Chief Minister and the ACT Government;
- providing leadership and direction in policy development, facilitating implementation of government priorities and delivering key whole of government projects;
- providing executive support to the Chief Minister and Cabinet to ensure the effective operation, and clear communication, of ACT Government decisions, policies, commitments and initiatives;
- reviewing, developing and implementing whole of government employment policies and capacity building initiatives for the Public Service;
- coordinating the planning for the Centenary of Canberra;
- developing and implementing enterprise and industry sector strategies and programs (transferred to the Economic Development Directorate (EDD) 17 May 2011);
- developing and implementing arts policies and programs (transferred to CSD 17 May 2011);
- leading the ACT and capital region tourism industry to create and implement a range of marketing and development programs (transferred to EDD 17 May 2011);
- improving the management of heritage assets and delivering the Heritage Grants Program (transferred to the Environment and Sustainable Development Directorate (ESDD) 17 May 2011); and
- coordinating and delivering key government events for the Community (transferred to EDD 17 May 2011).

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 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 FMA, requires a Directorate'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 Statement of Appropriation for the year;
- (vi) an Operating Statement for each class of output for the year;
- (vii) a summary of the significant accounting policies adopted for the year; and
- (viii) such other statements as are necessary to fairly reflect the financial operations of the Directorate during the year and its financial position at the end of the year.

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.

As at 30 June 2011, the Directorate's current assets are insufficient to meet its current liabilities. However, this is not considered a liquidity risk as its cash needs are funded through appropriation from the ACT Government on a cash-needs basis. This is consistent with the whole-of-government cash management regime which requires excess cash balances to be held centrally rather than within individual agency bank accounts.

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

The Directorate is an individual reporting entity.

Chief Minister and Cabinet 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

2.2 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 Note 2.1 – 'Basis of Accounting' above applies to both Directorate and Territorial financial statements except where specified otherwise.

2.3 The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Directorate for the year ended 30 June 2011 together with the financial position of the Directorate as at 30 June 2011.

2.4 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 the reclassification is provided.

In 2010-11, investments in the cash enhanced portfolio were reclassified from cash and cash equivalents to investments in the Balance Sheet and Cash Flow Statement. The prior year comparatives were also reclassified for presentational purposes.

Chief Minister and Cabinet 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

2.5 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000). Use of the “-” symbol represents amounts rounded up or down to zero. Some totals throughout this report may not add due to rounding.

2.6 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:

Sale of Goods

Revenue from the sale of goods is recognised as revenue when the significant risks and rewards of ownership of the goods has 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.

2.7 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 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.

Resources provided free of charge are recorded at their fair value in the expense line items to which they relate.

2.8 Borrowing Costs

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

2.9 Administrative Restructures

Amounts recognised as an increase or decrease in net assets from administrative restructures are recognised directly in equity, where control over assets and liabilities is transferred to or from the Directorate as a result of a Government restructuring of administrative arrangements.

Chief Minister and Cabinet 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

2.10 Current and Non-Current Items

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

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

2.11 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 which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in the cash and cash equivalents line on the Balance Sheet.

2.12 Receivables

Accounts receivable (including trade receivables and other trade receivables) are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Trade receivables arise in the normal course of selling goods and services to 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.

Other trade receivables arise outside the normal course of selling goods and services to other agencies and to the public. Other trade receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement. In some cases the Directorate has entered into contractual arrangements with some customers allowing it to charge interest at commercial rates where payment is not received within 60 days after the amount falls due, until the whole of the debt is paid.

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

Chief Minister and Cabinet 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

2.12 Receivables - Continued

The amount of the allowance is the difference between the receivables carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the allowance is recognised in the Operating Statement.

The allowance for impairment losses are 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.

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

2.13 Investments

Short-term investments are held in the Cash Enhanced Portfolio with the Territory Banking Account. Investments in the Cash Enhanced Portfolio are measured at fair value with any adjustments to the carrying value recorded in the operating statement.

Long-term investments are held with the Territory Banking Account in a unit trust called the Fixed Interest Portfolio. The price of units in the unit trust fluctuates in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust between the end of last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trust (the profit being the difference between the price at the end of last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

Long-term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date.

The Directorate holds an equal investment with Australian Capital Ventures Limited (ACVL) in the Canberra Business Development Fund (CBDF). The fund is a unit trust whose principal activity is to invest in the equity of early stage businesses carrying out activities providing potential benefits to the Canberra Region. This investment is accounted for as a Territorial investment (See Note 2.2 – ‘Directorate and Territorial Items’).

The investment has been designated as a ‘Financial Asset at Fair Value through Profit and Loss’. ‘Financial Assets at Fair Value through Profit and Loss’ are measured at fair value with any adjustments to the carrying amount going to the Statement of Income and Expenses on Behalf of the Territory. Fair value is based upon current share market price for investments in publicly listed entities. Fair value of investments in unlisted entities is determined by recent arm’s length transactions for a reasonable quantity of securities (e.g. security issue or transfer) or by valuation provided by the directors of CBDF if the book value of the entity is deemed inappropriate. The CBDF was transferred to the Economic Development Directorate (EDD) on 17 May 2011.

Chief Minister and Cabinet 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

2.14 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 costs of inventories are 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.

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

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

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

2.16 Measurement of Property, Plant and Equipment After Initial Recognition

Property, plant and equipment is valued using the cost or revaluation model of valuation. Land, buildings and community and heritage assets are measured at fair value. Plant and equipment and leasehold improvements are measured at cost.

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 a 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.

Land and buildings are revalued every 3 years. Community and heritage assets are revalued on a rolling basis. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings 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.

**Chief Minister and Cabinet 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

2.16 Measurement of Property, Plant and Equipment After Initial Recognition - Continued

The cost of plant and equipment comprises the purchase price, any directly attributable costs, and the initial estimate of the costs of dismantling and removing the plant and equipment and restoring the site on which it is located.

2.17 Intangible Assets

The Directorate's Intangible Assets are comprised of externally acquired software for internal use and externally purchased other intangible assets.

Externally acquired software and externally purchased intangible assets are recognised and capitalised when:

- (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Directorate;
- (b) the cost of the asset 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, over a period not exceeding 5 years.

Externally purchased other intangible assets in relation to the licence agreement to occupy the Canberra Business and Events Centre (CBEC) is amortised on a straight-line basis over a period of 20 years. CBEC was transferred to EDD on 17 May 2011.

Intangible Assets are measured at cost.

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

Any resulting impairment losses for land, buildings, and community and heritage assets are recognised as a decrease in the Asset Revaluation Surplus relating to these classes of assets. This is because these asset classes are measured at fair value and have an Asset Revaluation Surplus attached to them. 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 plant and equipment and intangible assets are recognised in the Operating Statement as plant and equipment and intangibles are carried at cost but do not have an Asset Revaluation Surplus attached to it. Also, the carrying amount of the asset is reduced to its recoverable amount.

Chief Minister and Cabinet 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

2.18 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.

2.19 Depreciation and Amortisation of Non-Current Assets

Non-current assets, with a limited useful life, are systematically depreciated / amortised over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued it is depreciated / amortised over its newly assessed remaining useful life. Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, and plant and equipment. Land and community and heritage 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 / amortisation for non-current assets is determined as follows:

Class of Asset	Depreciation/Amortisation Method	Useful Life (Years)
Land	Land is not depreciated	-
Buildings	Straight Line	5-100
Leasehold Improvements	Straight Line	2-10
Plant and Equipment	Straight Line	2-20
Infrastructure	Straight Line	5-100
Externally Purchased Software Intangibles	Straight Line	2-5
Externally Purchased Other Intangibles	Straight Line	2-20
Community and Heritage Assets	Community and Heritage assets are not depreciated.	-

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

Chief Minister and Cabinet 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

2.20 Payables

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

Payables include Trade Payables, Accrued Expenses and Other Payables.

Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the 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.

2.21 Interest-Bearing Liabilities

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

2.22 Leases

The Directorate has entered into finance and operating leases.

Operating Leases

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

Finance Leases

Finance leases effectively transfer to the Directorate 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 property 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 reduction of the lease liability. Lease liabilities are classified as current and non-current.

Chief Minister and Cabinet 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

2.23 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 are measured based on the estimated amount of remuneration payable when the leave is taken. Annual and long service leave including applicable on-costs that do not fall due within the next 12 months is measured at present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the 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.

Chief Minister and Cabinet 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

2.24 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 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 expense payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for the PSSap are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the appropriate employer contribution rate.

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

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

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

2.25 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.

Increases or decreases in net assets as a result of Administrative Restructures are also recognised in equity.

2.26 Insurance

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

Chief Minister and Cabinet 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

2.27 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:

- (a) *Fair Value of Assets:* The Directorate has made a significant judgement regarding the fair value of its assets. Land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. Community and heritage assets have been recorded at the art market value with reflection on the replacement value of the works as determined by an independent valuer. Any public art purchased during the year is listed at cost which is the best representation available for fair value due to the unique nature of the asset. All assets were transferred out of the Directorate to EDD, the Environment and Sustainable Development Directorate and the Community Services Directorate on 17 May 2011, following the revision to Administrative Arrangements.
- (b) *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 2.23 – ‘Employee Benefits’ and Note 3 – ‘Change in Accounting Policy and Accounting Estimates, and Correction of a Prior Period Error’.
- (c) *Impairment of Assets:* The Directorate has made a judgement regarding its impairment of assets by undertaking a process of reviewing any likely impairment factors. Business Units across the Directorate were required to make an assessment of any indication of impairment. The Directorate assessed \$28,787 of receivables as being impaired due to the age of the debt.
- (d) *Estimation of Useful Lives of Property, Plant and Equipment:* The Directorate has made a significant estimate in the lengths of useful lives over which its assets are depreciated. This estimation is the period in which utility will be gained from the use of the asset, based on either estimates from officers of the Directorate or independent valuers.
- (e) *Contingent Liabilities:* The Directorate 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 the Directorate.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2.28 Impact of Accounting Standards Issued but yet to be Applied - Continued

- 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 115 Operating Leases – Incentives (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).

NOTE 3 CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD

3.1 Change in Accounting Estimates

Revision of the Employee Benefit Discount Rate

As disclosed in Note 2.23 - '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 percentage is now 92.2%.

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

This change has resulted in a decrease of approximately \$17,137 to the estimate of the long service leave liability and expense in the current reporting period. The change has no impact on the estimate of the annual leave liability and expense.

3.2 Correction of Prior Period Error

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

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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 pays GPO appropriation on a fortnightly basis.

	2011 \$'000	2010 \$'000
Revenue from the ACT Government		
Government Payment for Outputs	56,092	52,110
Government Payment for Outputs ¹	56,092	52,110

¹ The increase of \$4m in 2010-11 from 2009-10 is mainly due to the net full year impact of the 2009-10 transfers to and from the Directorate as a result of revised Administrative Arrangements, partially offset by the net effect of transfers to and from the Directorate as a result of revised 2010-11 Administrative Arrangement variations.

NOTE 5 USER CHARGES FOR GOODS AND SERVICES

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.

User Charges – ACT Government

Other	315	817
Total User Charges – ACT Government ¹	315	817

User Charges – Non-ACT Government

Other	3,058	1,524
Total User Charges - Non-ACT Government ²	3,058	1,524
Total User Charges for Goods and Services	3,373	2,341

¹ The decrease in ACT Government User Charges is mainly due to the impact of a one-off revenue received for the *Nation Building and Jobs Plan* Taskforce in 2009-10.

² The increase in Non-ACT Government User Charges results mainly from the delivery of the autumn event "Enlighten".

Chief Minister and Cabinet Directorate
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NOTE 6 RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge relate to services being provided free of charge from other agencies within the ACT Government.

	2011 \$'000	2010 \$'000
Revenue from ACT Government Entities		
(a) Justice and Community Safety Directorate		
Legislative Drafting Services	325	204
Legal Services	464	290
Land Titles	-	3
Total Resources Received Free of Charge - Except ACTBIF/ Non ACTBIF	789	497

(b) Payroll Tax Waivers - Treasury Directorate

Prior to 17 May 2011, the Directorate provided Payroll Tax Waivers to various organisation that met milestones as specified in individual contracts.

ACT Business Incentive Fund (ACTBIF) ¹	-	3,458
Non ACTBIF Waivers ²	-	800
Total Resources Received Free of Charge - ACTBIF/Non ACTBIF	-	4,258

¹ The decrease in ACTBIF related Payroll Tax Waivers is due to the cessation of the ACTBIF program on 30 June 2010.

² The decrease in Non ACTBIF (National ICT Australia (NICTA)) related Payroll Tax Waivers is due to a reduction in the payroll tax waivers approved for NICTA in 2010-11 (\$0.4m) and the transfer of responsibility for administering this program to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011.

Chief Minister and Cabinet Directorate
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NOTE 7 OTHER REVENUE

Other Revenue arises from the core activities of the Directorate. Other Revenue is distinct from Other Gains, as Other Gains tend to be one off unusual items that are not part of the core activities of the Directorate.

	2011	2010
	\$'000	\$'000
Revenue from ACT Government Entities		
Miscellaneous Revenue	534	908
Total Other Revenue from ACT Government Entities ¹	534	908
Revenue from Non-ACT Government Entities		
Other	1,535	342
Total Other Revenue from Non-ACT Government Entities ²	1,535	342
Total Other Revenue	2,069	1,250

¹ The decrease in revenue from ACT Government entities is mainly due to the recovery of expenses incurred on behalf of other ACT Government agencies.

² The increase in revenue from other sources mainly relate to festivals and events sponsorships.

NOTE 8 OTHER GAINS

Other gains tend to be one off, more unusual transactions that are not part of the Directorate's core activities. Other gains are distinct from other revenue, as other revenue arises from the core activities of the Directorate.

Donations of Property, Plant and Equipment ¹	-	593
Gains from the Sale of Motor Vehicles	26	14
Total Other Gains	26	607

¹ The decrease reflects a donation of Public Artwork in 2009-10.

Chief Minister and Cabinet Directorate
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NOTE 9 EMPLOYEE EXPENSES

	2011	2010
	\$'000	\$'000
Wages and Salaries	18,856	18,555
Long Service Leave Expenses ¹	533	172
Annual Leave Expenses ²	276	439
Comcare Premium ³	125	91
Termination Expenses	102	265
Other Employee Benefits and On-Costs ⁴	67	226
Total Employee Expenses	<u>19,958</u>	<u>19,748</u>

¹ The increase in Long Service Leave Expenses mainly reflects net transfers to and from the Directorate as a result of revised Administrative Arrangements.

² The decrease in Annual Leave Expenses is due to the net transfer of entitlements to and from other Directorates as a result of revised Administrative Arrangements.

³ The increase in Comcare Premium largely reflects a premium increase due to the full year impact of the transfer of Australian Capital Tourism from the then Department of Territory and Municipal Services during 2009-10.

⁴ The decrease in Other Employee Benefits and On-Costs is mainly due to the sign-on bonus agreed as part of the 2010-11 Clerical Enterprise Agreement, which was recognised as an expense in 2009-10.

Chief Minister and Cabinet Directorate
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NOTE 10 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 by the Directorate directly to Comsuper.

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

In addition, superannuation payments are made to external providers as part of the employee Fund of Choice arrangements, and to employment agencies for the superannuation contribution the Directorate is required to make for the contract staff it employs.

As staff leave the Directorate and are replaced, there is a gradual transition from the now closed CSS, PSS and PSSap to Fund of Choice arrangements (Superannuation to External Providers).

	2011	2010
	\$'000	\$'000
Superannuation Contributions to the Territory Banking Account	2,051	2,158
Productivity Benefit	277	281
Superannuation Payment to Comsuper (for the PSSap) ¹	153	139
Superannuation to External Providers	594	526
Total Superannuation Expenses ²	3,073	3,104

¹ The increase in Superannuation Payment to Comsuper (for the PSSap) mainly results from the transfer of the Heritage Unit from the Territory and Municipal Services Directorate due to the Administrative Arrangements of 1 July 2010.

² The decrease in Total Superannuation Expenses reflects the transition between superannuation funds mentioned above (which results in a lower net expense for the Directorate due to the way these funds are administered) and the net effect of transfers to and from the Directorate as a result of 2010-11 Administrative Arrangements changes, partially offset by the full year impact of 2009-10 Administrative Arrangements changes.

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NOTE 11 SUPPLIES AND SERVICES

	2011	2010
	\$'000	\$'000
Accommodation ¹	2,832	2,187
ACT Registry Services ¹	679	476
Advertising	2,389	2,663
Audit Services (refer Note 17 'Auditor's Remuneration')	105	95
Consultants and Contractors ²	10,140	7,120
Donations, Sponsorship and Contributions	755	1,270
IT and Office Equipment ³	942	1,122
IT Costs ⁴	734	929
Insurance	149	157
Marketing Expenses ⁵	1,040	687
Plant and Equipment Hire ⁵	864	444
Postage, Printing and Stationery	683	636
Staff Related Expenses	174	157
Repairs and Maintenance ⁶	853	635
Resources Received Free of Charge - Legal Services ⁷	789	497
Resources Provided Free of Charge - Corporate / Accounting Services	14	16
Service Level Agreements - Shared Services Centre ³	1,226	1,421
Subscriptions, Publications, Videos and Memberships	94	104
Telecommunications	186	208
Training and Development	296	271
Travel (and associated accommodation)	393	377
Vehicle Expenses ⁸	42	81
Other ⁵	1,060	759
Total Supplies and Services	26,437	22,312

¹ The increase in Accommodation and ACT Registry Services expenses largely reflects the full year impact of the transfer of Australian Capital Tourism from the then Department of Territory and Municipal Services (TAMS) during 2009-10 and the transfer of the Heritage Unit to the Directorate from TAMS on 1 July 2010.

² The increase in Consultants and Contractors is mainly due to the full year impact of the transfer of Australian Capital Tourism from TAMS during 2009-10, and is associated with the delivery of tourism related events, and the delivery of the autumn event "Enlighten" during 2010-11.

³ The decrease in IT related expenses and Service Level Agreements with the Shared Services Centre reflects the full year impact of the transfer of Strategic Projects Facilitation to the then Department of Land and Property Services during 2009-10, and the transfer of artsACT and Business and Industry Development to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011.

⁴ The decrease in IT Costs is due to one-off costs associated with the redevelopment of the Australian Capital Tourism's websites, including 'Visit Canberra', in 2009-10.

⁵ These increases are due largely to the full year impact of the transfer of Australian Capital Tourism from TAMS during 2009-10.

⁶ Expenditure on Repairs and Maintenance has increased due to a rollover of repairs and maintenance funding for artsACT from 2009-10 to 2010-11.

⁷ The increase in expenses associated with Resources Received Free of Charge - Legal Services is due to an increased use of legislative drafting services during 2010-11.

⁸ The decrease in vehicle expenses is due largely to a number of senior executives opting not to have a vehicle as part of their employment packages.

Chief Minister and Cabinet Directorate
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NOTE 12 DEPRECIATION AND AMORTISATION

Depreciation

	2011	2010
	\$'000	\$'000
Buildings	1,139	1,194
Plant and Equipment	38	36
Leasehold Improvements	74	38
Assets under a Finance Lease	73	72
Total Depreciation	1,324	1,340

Amortisation

Intangible Assets	46	50
Total Amortisation	46	50
Total Depreciation and Amortisation	1,370	1,390

Chief Minister and Cabinet Directorate
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NOTE 13 GRANTS

Grants are amounts provided by the Directorate, to ACT Government agencies and non-ACT Government agencies 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.

	2011	2010
	\$'000	\$'000
Australian National University Faculty of Arts	1,558	1,600
ACT Arts Fund	5,946	6,181
National ICT Australia (NICTA)	800	800
University of Canberra	429	532
ACT Festival Fund	181	204
Community Initiatives Fund ¹	36	-
Community Support Fund ²	190	117
Supporting Innovation	373	422
Regional Development	263	181
Facilitating Business Investment ³	78	-
Tourism Events Assistance Program	255	345
Canberra Convention Bureau ⁴	1,000	250
Science Festival	246	250
National Capital Education Tourism Project ⁴	200	100
Kingston Mini Railway ⁵	-	95
Samoa Disaster Relief ⁶	-	100
Haiti Earthquake Disaster Relief ⁶	-	50
Pakistan Flood Relief ⁷	100	-
Queensland Flood Relief ⁷	250	-
Others	147	120
Total Grants	12,052	11,347

¹ This increase results from using the Community Initiatives Fund to provide grants to community groups organising one-off events or initiatives that will benefit the community. No funding from the Community Initiatives Fund was provided in 2009-10.

² This reflects an increase use of the Community Support Fund to provide grant funding to worthy charitable organisations, and partly reflects a rollover of funds from 2009-10.

³ The 2010-11 value of this grant comprised a component of ACT Government funding towards involvement in the Australian Pavilion at the 2010 Shanghai World Expo.

⁴ The increase in these grant items results from the transfer of Australian Capital Tourism from the Department of Territory and Municipal Services following the Administrative Arrangements of 10 November 2009, and is due to the timing of payments.

⁵ The decrease in this grant reflects the transfer of Australian Capital Tourism to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011, and is due to the timing of payments.

⁶ These decreases relate to the payment of Treasurer's Advance funds to contribute to disaster relief efforts in Samoa and Haiti during 2009-10.

⁷ These increases relate to the payment of Treasurer's Advance funds for the support of flood relief efforts in Pakistan and Queensland.

Chief Minister and Cabinet Directorate
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NOTE 14 BORROWING COSTS

	2011 \$'000	2010 \$'000
Finance Charges on Finance Leases	17	18
Total Borrowing Costs	17	18

NOTE 15 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

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

A waiver is the relinquishment of a legal claim to a debt 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 impairment losses listed below have occurred during the reporting period for the Directorate.

There were no write-offs for 30 June 2011 (nil for 2009-10).

Waivers

ACTBIF / Non ACTBIF	-	4,258
Total Waivers ¹	-	4,258

Impairment Losses

Impairment Losses from Receivables

Trade Receivables	29	-
<i>Total Impairment Losses from Receivables</i>	29	-
Total Impairment Losses	29	-

Total Waivers and Impairment Losses	29	4,258
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¹ The decrease in waivers is due to the discontinuation of the ACT Business Incentive Fund (ACTBIF) program on 30 June 2010, a decrease in Non ACTBIF (National ICT Australia (NICTA)) related Payroll Tax Waivers due to a reduction in the payroll tax waivers approved for NICTA in 2010-11 (\$0.4m), and the transfer of responsibility for administering this program to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011 (\$0.4m).

NOTE 16 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 for 2009-10).

Chief Minister and Cabinet Directorate
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NOTE 17 AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Directorate by the ACT Auditor-General's Office. 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	105	95
Total Audit Fees	<u><u>105</u></u>	<u><u>95</u></u>

NOTE 18 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.

Cash on Hand	10	8
Cash at Bank	1,927	3,006
Total Cash and Cash Equivalents ¹	<u><u>1,937</u></u>	<u><u>3,014</u></u>

¹ The decrease in Cash and Cash Equivalents relates largely to recoveries sought from other Directorates for payments made by CMCD on their behalf due to the Administrative Arrangements of 17 May 2011, but not yet received, partially offset by paying down liabilities during 2010-11.

NOTE 19 INVESTMENTS

The purpose of the investment in the Fixed Interest Portfolio is to hold it for a period of longer than 12 months. The total carrying amount of the Fixed Interest Portfolio investment below has been measured at fair value.

A short-term investment was also held with the Territory Banking Account (TBA) in the Cash Enhanced Portfolio throughout the year. The fund is able to be withdrawn upon request.

Current Investments

Investment with Territory Banking Account - Cash Enhanced Portfolio	45	45
Total Current Investments	<u><u>45</u></u>	<u><u>45</u></u>

Non-Current Investments

Investments	-	-
Total Non-Current Investments	<u><u>-</u></u>	<u><u>-</u></u>
Total Investments	<u><u>45</u></u>	<u><u>45</u></u>

There is no non-current investments in 2010-11 as Business Industry Development was transferred to the Economic Development Directorate from 17 May 2011. A total of \$0.4m was budgeted for ACT Film Investment Fund in 2010-11, which was transferred before the fund was accessed.

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NOTE 20 RECEIVABLES

	2011	2010
	\$'000	\$'000
Current Receivables		
Trade Receivables	1,988	834
Less: Allowance for Impairment Losses	(29)	-
	<u>1,959</u>	<u>834</u>
Other Trade Receivables	9	25
Less: Allowance for Impairment Losses	-	-
	<u>9</u>	<u>25</u>
Accrued Revenue	165	23
Net GST Receivable from the Australian Taxation Office	210	241
Total Current Receivables	<u>2,343</u>	<u>1,123</u>
Total Receivables	<u>2,343</u>	<u>1,123</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 Impaired¹					
Receivables	2,079	31	20	213	2,343
Impaired					
Receivables				29	29
2010					
Not Impaired¹					
Receivables	659	364	12	88	1,123

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

The Directorate holds collateral as security for the loans receivable that it holds which are overdue or determined to be impaired, however does not hold any collateral for all other receivables that are overdue or determined to be impaired.

	2011	2010
	\$'000	\$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	-	-
Additional Allowance Recognised	29	-
Reduction in Allowance Resulting from a Write Back against the Receivables	-	-
Allowance for Impairment Losses at the End of the Reporting Period	<u>29</u>	<u>-</u>

Chief Minister and Cabinet Directorate
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NOTE 20 RECEIVABLES - CONTINUED

Classification of ACT Government/Non-ACT Government Receivables

	2011	2010
	\$'000	\$'000
Receivables with ACT Government Entities		
Net Trade Receivables	1,265	102
Accrued Revenue	165	3
Total Receivables with ACT Government Entities ¹	1,430	105
Receivables with Non-ACT Government Entities		
Net Trade Receivables	695	732
Net Other Trade Receivables	9	25
Accrued Revenue	-	20
Net GST Receivable from the Australian Taxation Office	210	241
Total Receivables with Non-ACT Government Entities ²	914	1,018
Total Receivables	2,343	1,123

¹ The increase in Total Receivables with ACT Government Entities relates largely to recoveries sought from other Directorates for payments made by CMCD on their behalf due to the Administrative Arrangements of 17 May 2011, but not yet received, partially offset by decreases associated with the transfer of service delivery functions to other Directorates as part of the Administrative Arrangements of 17 May 2011.

² The decrease in Total Receivables with Non-ACT Government Entities is primarily due to the transfer of service delivery functions to other Directorates as part of the Administrative Arrangements of 17 May 2011.

NOTE 21 INVENTORIES

Current Inventories

Purchased Items – Cost	-	62
Total Current Inventories	-	62
Total Inventories ¹	-	62

¹ The decrease in Inventories reflects a transfer of Australian Capital Tourism to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011.

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NOTE 22 OTHER ASSETS

	2011	2010
	\$'000	\$'000
Current Assets		
Other	-	755
Total Current Other Assets ¹	<u>-</u>	<u>755</u>
Total Other Assets	<u>-</u>	<u>755</u>

¹ The decrease in Total Other Assets due primarily to the transfer of Australian Capital Tourism to the Economic Development Directorate following the Administrative Arrangements of 17 May 2011. The 2009-10 value reflected prepayments associated with tourism related events.

Chief Minister and Cabinet Directorate
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NOTE 23 PROPERTY, PLANT AND EQUIPMENT

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

Land includes leasehold land held by the Directorate.

Buildings includes Arts facilities and the Canberra Visitor and Information Centre.

Leasehold improvements represent capital expenditure incurred in relation to leased assets. These include fitouts of leased buildings used for administrative purposes.

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.

Heritage assets are defined as those non-current assets that the ACT Government intends to preserve indefinitely because of their unique historical, cultural or environmental attributes. A common feature of heritage assets is that they cannot be replaced and they are not usually available for sale or for redeployment. Heritage assets held by the Directorate prior to 17 May 2011 consisted solely of public art and memorials.

	2011	2010
	\$'000	\$'000
Land and Buildings		
Land at Fair Value	-	15,505
Total Land Assets	<u>-</u>	<u>15,505</u>
Buildings at Fair Value	-	35,277
Less: Accumulated Depreciation	-	(2,229)
Total Written-Down Value of Buildings	<u>-</u>	<u>33,048</u>
Total Land and Written-Down Value of Buildings	<u>-</u>	<u>48,553</u>
Leasehold Improvements		
Leasehold Improvements at Cost	994	1,082
Less: Accumulated Depreciation	(806)	(1,025)
Total Leasehold Improvements at Cost	<u>188</u>	<u>57</u>
Total Written-Down Value of Leasehold Improvements	<u>188</u>	<u>57</u>

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NOTE 23 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

	2011	2010
	\$'000	\$'000
Plant and Equipment		
Plant and Equipment at Cost	164	1,185
Less: Accumulated Depreciation	(60)	(584)
Total Written-Down Value of Plant and Equipment	104	601
Community and Heritage Assets		
Community and Heritage Assets at Fair Value	-	6,550
Total Written-Down Value of Community and Heritage Assets	-	6,550
Total Written-Down Value of Property, Plant and Equipment	292	55,761

The decrease in Property, Plant and Equipment is largely due to the transfer of assets to the Economic Development Directorate, the Environment and Sustainable Development Directorate and the Community Services Directorate as a result of the 17 May 2011 Administrative Arrangements.

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.

	2011	2010
	\$'000	\$'000
Carrying Amount of Assets under a Finance Lease		
Plant and Equipment under a Finance Lease	156	373
Less: Accumulated Depreciation	(52)	(72)
Total Written-Down Value of Plant and Equipment under a Finance Lease	104	301
Total Written-Down Value of Assets under a Finance Lease	104	301

The decrease in the value of Finance Leases is largely due to transfers out of the Directorate as a result of the 17 May 2011 Administrative Arrangements.

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NOTE 23 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of Property, Plant and Equipment

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

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Plant and Equipment \$'000	Infrastructure \$'000	Community and Heritage \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	15,505	33,048	57	601	-	6,550	55,761
Additions	-	-	208	88	-	-	296
Acquisition / (Disposal) through Administrative Restructuring	(15,505)	(31,909)	(4)	(375)	1	(6,550)	(54,342)
Disposals	-	-	-	(100)	-	-	(100)
Depreciation	-	(1,139)	(74)	(110)	(1)	-	(1,324)
Carrying Amount at the End of the Reporting Period	-	-	188	104	-	-	291

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

Carrying Amount at the Beginning of the Reporting Period	11,905	32,448	-	221	-	12,016	56,590
Additions	-	25	-	449	-	5,985	6,459
Revaluation Increment/(Decrement)	-	-	-	-	-	535	535
Acquisition / (Disposal) through Administrative Restructuring	3,600	1,770	95	141	-	(11,986)	(6,380)
Disposals	-	-	-	(103)	-	-	(103)
Depreciation	-	(1,195)	(38)	(107)	-	-	(1,340)
Carrying Amount at the End of the Reporting Period	15,505	33,048	57	601	-	6,550	55,761

Chief Minister and Cabinet Directorate
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NOTE 24 INTANGIBLE ASSETS

Other Intangible Assets relates to a licence held with the Commonwealth that grants usage of the Canberra Business and Events Centre (CBEC).

	2011	2010
	\$'000	\$'000
Computer Software		
<i>Externally Purchased Software</i>		
Computer Software at Cost	-	1,000
Less: Accumulated Amortisation	-	(1,000)
<i>Total Externally Purchased Software</i>	<u>-</u>	<u>-</u>
Total Computer Software	<u>-</u>	<u>-</u>
Other Intangibles		
<i>Externally Purchased Other Intangibles</i>		
Other Intangible Assets at Cost	-	1,000
Less: Accumulated Amortisation	-	(480)
<i>Total Externally Purchased Other Intangibles</i>	<u>-</u>	<u>520</u>
Total Other Intangibles	<u>-</u>	<u>520</u>
Total Intangible Assets	<u><u>-</u></u>	<u><u>520</u></u>

The decrease in Intangible Assets results from the transfer of CBEC to the Economic Development Directorate as a result of the 17 May 2011 Administrative Arrangements.

Reconciliation of Intangible Assets

The following table shows the movement of each class of intangible assets distinguishing between internally generated and externally purchased intangibles from the beginning to the end of 2010-11.

	Externally Purchased Software \$'000	Externally Purchased Other Intangibles \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	-	520	520
(Disposal) through Administrative Restructuring	-	(474)	(474)
Amortisation	-	(46)	(46)
Carrying Amount at the End of the Reporting Period	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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NOTE 24 INTANGIBLE ASSETS - CONTINUED

Reconciliation of Intangible Assets

The following table shows the movement of each class of intangible assets distinguishing between internally generated and externally purchased intangibles from the beginning to the end of 2009-10.

	Externally Purchased Software \$'000	Externally Purchased Other Intangibles \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	-	570	570
Transfer	-	-	-
Amortisation	-	(50)	(50)
Carrying Amount at the End of the Reporting Period	<u>-</u>	<u>520</u>	<u>520</u>

Chief Minister and Cabinet Directorate
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For the Year Ended 30 June 2011

NOTE 25 CAPITAL WORKS IN PROGRESS

Capital Works in Progress are assets being constructed over periods of time in excess of the present reporting period. These assets often require extensive installation work or integration with other assets, and contrast with simpler assets that are ready for use when acquired, such as motor vehicles and equipment. Capital Works in Progress are not depreciated as the Directorate is not currently deriving any economic benefits from them.

Assets which the Directorate had under development during 2010-11 include buildings and arts facilities.

	2011	2010
	\$'000	\$'000
Arts Facilities ¹	-	640
Belconnen Arts Centre ¹	-	1,256
Other Capital Works in Progress ¹	-	172
Public Art - Acquisition ¹	-	273
Public Art - Percent for Art Scheme ¹	-	303
Manuka Arts Centre Landscape Works ¹	-	55
Glassworks Access & Café ¹	-	351
Public Art Glassworks Tower Project ¹	-	385
Injury Prevention and Management System	53	-
Total Capital Works in Progress	53	3,435

¹ These Works in Progress were transferred to the Community Services Directorate as part of the Administrative Arrangements of 17 May 2011.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 25 CAPITAL WORKS IN PROGRESS - CONTINUED

Reconciliation of Capital Works in Progress

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

	Building Works in Progress \$'000	Plant and Community and Equipment Works in Progress \$'000	Heritage Assets Works in Progress \$'000	Infrastructure Works in Progress \$'000	Software Works in Progress \$'000	Total \$'000
Carrying Amount at the Beginning of the Reporting Period	2,268	119	1,048	-	-	3,435
Additions	671	90	1,849	214	53	2,877
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	-	(208)	-	-	-	(208)
Capital Works Expensed	-	-	-	-	-	-
Acquisition/(Disposal) through Administration Restructuring	(2,939)	-	(2,897)	(214)	-	(6,050)
Disposal	-	(1)	-	-	-	(1)
Carrying Amount at the End of the Reporting Period	-	-	-	-	53	53

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

Carrying Amount at the Beginning of the Reporting Period	779	73	2,677	-	-	3,529
Additions	1,489	46	3,134	-	-	4,669
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment	-	-	(4,763)	-	-	(4,763)
Capital Works Expensed	-	-	-	-	-	-
Carrying Amount at the End of the Reporting Period	2,268	119	1,048	-	-	3,435

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 26 PAYABLES

	2011	2010
	\$'000	\$'000
Current Payables		
Trade Payables	-	48
Accrued Expenses ¹	613	1,382
Other Payables ²	514	-
Total Current Payables	1,127	1,430
Total Payables	1,127	1,430

Payables are aged as follows:

Not Overdue	1,127	1,430
Overdue for more than 60 days	-	-
Total Payables	1,127	1,430

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Accrued Expenses	346	713
Other Payables	514	-
Total Payables with ACT Government Entities	860	713

Payables with Non-ACT Government Entities

Trade Payables	-	48
Accrued Expenses	267	669
Total Payables with Non-ACT Government Entities	267	717
Total Payables	1,127	1,430

¹ The decrease in Accrued Expenses is largely due to the transfer of Australian Capital Tourism to the Economic Development Directorate as a result of the 17 May 2011 Administrative Arrangements. Australian Capital Tourism typically has accrued payables at 30 June each year associated with event preparation.

² The increase in Other Payables is due to the expected transfer of cash to the Economic Development Directorate and the Community Services Directorate as a result of the 17 May 2011 Administrative Arrangements.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 27 FINANCE LEASES

The Directorate holds 5 finance leases for motor vehicles as at 30 June 2011, all of which have been taken up as a finance lease liability and an asset under a finance lease. The interest rates implicit in these leases vary from 6.90% to 7.41% and the terms vary from 2 years to 3 years. These leases have no terms of renewal or purchase options, nor escalation clauses.

The Directorate had 1 lease associated with the original fit-out of Australian Capital Tourism's premises at Brindabella Park. The lease term was for 10 years and expired in April 2011.

	2011	2010
	\$'000	\$'000
Current Finance Lease Liabilities		
Secured		
Finance Leases	80	189
Total Current Secured Finance Lease Liabilities	<u>80</u>	<u>189</u>
Non-Current Finance Lease Liabilities		
Secured		
Finance Leases	37	191
Total Non-Current Secured Finance Lease Liabilities	<u>37</u>	<u>191</u>
Total Finance Lease Liabilities ¹	<u>117</u>	<u>380</u>

¹ The decrease in Total Finance Lease Liabilities results largely from the expiration of the lease for the fit-out of Brindabella Park and transfers out of the Directorate following the Administrative Arrangements of 17 May 2011.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 27 FINANCE LEASES - CONTINUED

Secured Liability

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

	2011	2010
	\$'000	\$'000
Finance Leases		
Finance lease commitments are payable as follows:		
Within one year	104	222
Later than one year but not later than five years	19	186
Minimum Lease Payments	123	408
Less: Future Finance Lease Charges	(5)	(28)
Amount Recognised as a Liability	117	380
Add: Lease incentive involved with non-cancellable operating lease	-	-
Total Present Value of Minimum Lease Payments	117	380
The present value of the minimum lease payments are as follows:		
Within one year	80	189
Later than one year but not later than five years	37	191
Total Present Value of Minimum Lease Payments	117	380
The future minimum lease payments for non-cancellable financing sub-leases expected to be received	-	-

Classification on the Balance Sheet

Finance Leases

Current Finance Leases	80	189
Non-Current Finance Leases	37	191
Total Finance Lease Liabilities	117	380

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 28 EMPLOYEE BENEFITS

	2011	2010
	\$'000	\$'000
Current Employee Benefits		
Annual Leave	1,543	2,487
Long Service Leave	2,168	2,993
Accrued Wages and Salaries	278	381
Accrued Superannuation	47	62
Other Employee Benefits ¹	15	152
Total Current Employee Benefits	4,051	6,075
Non-Current Employee Benefits		
Long Service Leave	325	494
Total Non-Current Employee Benefits	325	494
Total Employee Benefits ²	4,376	6,569

¹ The decrease in Other Employee Benefits is due mainly to the payment of sign-on bonus as part of the 2010-11 Clerical Enterprise Agreement, which was recognised as an expense in 2009-10.

² The decrease in Total Employee Benefits is due to the net transfers to and from the Directorate as a result of the Administrative Arrangements of 1 July 2010 and 17 May 2011.

At the end of the 2011 financial year the Chief Minister and Cabinet Directorate had 119 full time equivalent (FTE) staff (including 0.5 FTE staff for the Default Insurance Fund (DIF)) employed (209.15 FTE as at 30 June 2010 (including 1.95 FTE staff for DIF)). This decrease is mainly the result of the net transfers to and from the Directorate as a result of the Administrative Arrangements of 1 July 2010 and 17 May 2011.

For Disclosure Purposes Only

Estimate of when Leave is Payable

Estimated Amount Payable within 12 Months

Annual Leave	1,543	2,487
Long Service Leave	236	211
Accrued Wages and Salaries	278	381
Accrued Superannuation	47	62
Other Benefits	15	152
Total Employee Benefits Payable within 12 Months	2,119	3,293

Estimated Amount Payable after 12 Months

Long Service Leave	2,257	3,276
Total Employee Benefits Payable after 12 Months	2,257	3,276
Total Employee Benefits	4,376	6,569

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
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NOTE 29 OTHER PROVISIONS

There is no Provision for Make Good for the Canberra Nara Centre in 2010-11 (nil in 2009-10).

NOTE 30 OTHER LIABILITIES

	Note	2011 \$'000	2010 \$'000
Current Other Liabilities			
Revenue Received in Advance		89	820
Total Current Other Liabilities		<u>89</u>	<u>820</u>
Total Other Liabilities ¹		<u><u>89</u></u>	<u><u>820</u></u>

¹ The decrease in Total Other Liabilities is due mainly to the transfer of Australian Capital Tourism to the Economic Development Directorate as part of the Administrative Arrangements of 17 May 2011. Australian Capital Tourism generally has Revenue Received in Advance at the end of each financial year relating to Floriade.

NOTE 31 EQUITY

Asset Revaluation Surplus

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

Balance at the Beginning of the Reporting Period		18,324	17,789
Increment in Community and Heritage Assets due to Revaluation	23	-	535
Transfer (from) Reserves	23	(18,324)	-
Total (Decrease)/Increase in the Asset Revaluation Surplus		<u>(18,324)</u>	<u>535</u>
Balance at the End of the Reporting Period ¹		<u><u>-</u></u>	<u><u>18,324</u></u>

¹ The decrease in the Balance of the Asset Revaluation Surplus at the End of the Reporting Period reflects the transfer of artsACT to the Community Services Directorate as a result of the Administrative Arrangements of 17 May 2011.

Chief Minister and Cabinet Directorate
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NOTE 32 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES

Year Ended 30 June 2011

	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Unallocated \$'000	Total \$'000
Current Assets					
Cash and Cash Equivalents ¹	1,422	-	-	515	1,937
Investment	-	-	-	45	45
Receivables	2,343	-	-	-	2,343
Total Current Assets	3,765	-	-	560	4,325
Non-Current Assets					
Property, Plant and Equipment	292	-	-	-	292
Capital Works in Progress	53	-	-	-	53
Total Non-Current Assets	345	-	-	-	345
Total Assets	4,110	-	-	560	4,670
Current Liabilities					
Payables	1,127	-	-	-	1,127
Finance Leases	80	-	-	-	80
Employee Benefits	4,051	-	-	-	4,051
Other Liabilities	89	-	-	-	89
Total Current Liabilities	5,346	-	-	-	5,346
Non-Current Liabilities					
Finance Leases	37	-	-	-	37
Employee Benefits	325	-	-	-	325
Total Non-Current Liabilities	362	-	-	-	362
Total Liabilities	5,708	-	-	-	5,708
Net (Liabilities)/Assets	(1,598)	-	-	560	(1,038)

Output Class 2 - 'Business and Industry Development' and Output Class 3 - 'Tourism' were transferred to the Economic Development Directorate (EDD) by Administrative Arrangements on 17 May 2011.

¹ Unallocated cash and cash equivalents held by the Directorate as at 30 June 2011 represents amounts payable to EDD and the Community Services Directorate relating to the transfer of functions associated with the Administrative Arrangements of 17 May 2011.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 32 DISAGGREGATED DISCLOSURE OF ASSETS AND LIABILITIES - CONTINUED

Year Ended 30 June 2010

	Output Class 1 \$'000	Output Class 2 \$'000	Output Class 3 \$'000	Unallocated \$'000	Total \$'000
Current Assets					
Cash and Cash Equivalents ¹	1,056	123	251	1,629	3,059
Receivables ²	437	7	413	266	1,123
Inventories	-	-	62	-	62
Other Assets	-	-	755	-	755
Total Current Assets	1,493	130	1,481	1,895	4,999
Non-Current Assets					
Property, Plant and Equipment	50,220	17	5,524	-	55,761
Intangible Assets	520	-	-	-	520
Capital Works in Progress	3,435	-	-	-	3,435
Total Non-Current Assets	54,175	17	5,524	-	59,716
Total Assets	55,668	147	7,005	1,895	64,715
Current Liabilities					
Payables	1,056	123	251	-	1,430
Finance Leases	88	5	96	-	189
Employee Benefits	4,700	524	851	-	6,075
Other Liabilities	198	5	617	-	820
Total Current Liabilities	6,042	657	1,815	-	8,514
Non-Current Liabilities					
Finance Leases	93	13	85	-	191
Employee Benefits	389	43	62	-	494
Total Non-Current Liabilities	482	56	147	-	685
Total Liabilities	6,524	713	1,962	-	9,199
Net (Liabilities)/Assets	49,144	(566)	5,043	1,895	55,516

Output Class 3 - 'Tourism' was transferred from the then Department of Territory and Municipal Services by Administrative Arrangements on 10 November 2009.

¹ Unallocated cash and cash equivalents held by the Directorate is comprised of a number of disparate components, for which no single allocation driver can be used to 'reliably attribute' the value to specific output classes. Working capital, for example, is held for unforeseen operational expenditures and is not assigned to any specific output class.

² Unallocated receivables is mainly due to GST receivable from the Australian Taxation Office.

Chief Minister and Cabinet Directorate
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NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS

Restructures of Administrative Arrangements 2010-11

On 1 July 2010, a restructuring of administrative arrangements occurred between the Territory and Municipal Services Directorate (TAMSD) (then named the Department of Territory and Municipal Services) and the Chief Minister and Cabinet Directorate (CMCD) involving the ACT Heritage Unit. The Unit is responsible for the administration of the heritage provisions of the *Heritage Act 2004* and assisting in the conservation of the ACT's heritage assets to ensure their identification, preservation, protection, maintenance and enhancement (where appropriate) for present and future generations.

On 17 May 2011, a further restructuring of administrative arrangements occurred involving the ACT Heritage Unit; this time between CMCD and the Environment and Sustainable Development Directorate (ESDD).

Income and Expenses

The following table shows the income and expense items associated with the ACT Heritage Unit recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses relating to when the Unit belonged to ESDD. The ESDD income and expense figures were developed in conjunction with ESDD and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses of the ACT Heritage Unit for the whole financial year.

	Amounts Relating to when the Function was held by CMCD 1 July 2010 to 16 May 2011 \$'000	Amounts Relating to when the Function was held by ESDD 17 May 2011 to 30 June 2011 \$'000	Total 2011 \$'000
Revenue			
Government Payment for Outputs	1,210	229	1,439
Total Revenue	1,210	229	1,439
Expenses			
Employee Expenses	897	139	1,036
Superannuation Expenses	106	61	167
Supplies and Services	198	9	207
Grants	-	20	20
Total Expenses	1,201	229	1,430

Chief Minister and Cabinet Directorate
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NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Restructures of Administrative Arrangements 2010-11

On 17 May 2011, a restructuring of administrative arrangements occurred between CMCD and ESDD involving the Government Architect. The Government Architect is responsible for the provision of strategic advice to the Government on architectural and urban design issues, aimed at promoting Canberra as a city of design.

Income and Expenses

The following table shows the income and expense items associated with the Government Architect recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses relating to when the Architect belonged to ESDD. The ESDD income and expense figures were developed in conjunction with ESDD and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses of the Government Architect for the whole financial year.

	Amounts Relating to when the Function was held by CMCD 1 July 2010 to 16 May 2011 \$'000	Amounts Relating to when the Function was held by ESDD 17 May 2011 to 30 June 2011 \$'000	Total 2011 \$'000
Expenses			
Employee Expenses	8	-	8
Superannuation Expenses	1	-	1
Supplies and Services	6	-	6
Total Expenses	16	-	16

Chief Minister and Cabinet Directorate
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NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Restructures of Administrative Arrangements 2010-11

On 17 May 2011, a restructuring of administrative arrangements occurred between CMCD and EDD involving Business and Industry Development, the Special Events Unit, Live in Canberra, the Canberra Business and Events Centre and Australian Capital Tourism functions. The Business and Industry Development function is responsible for the provision of programs, initiatives and business policy advice to support strategic business and industry development in the ACT. The Special Events Unit is responsible for the management and promotion of recreational events. The Live in Canberra Program is responsible for undertaking the promotion of Canberra as a place to live and work. The Canberra and Events Centre is a venue responsible for showcasing the ACT and region's strengths to international and interstate delegations and business visitors. The Australian Capital Tourism function is responsible for the creation and implementation of a range of marketing and development programs and activities to promote tourism and major events held in the ACT.

Income and Expenses

The following table shows the income and expense items associated with Business and Industry Development, the Special Events Unit, *Live in Canberra*, the Canberra Business and Events Centre and Australian Capital Tourism recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses relating to when the Unit belonged to EDD. The EDD income and expense figures were developed in conjunction with EDD and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses of the Business and Industry Development, the Special Events Unit, *Live in Canberra*, the Canberra Business and Events Centre and Australian Capital Tourism functions for the whole financial year.

	Amounts Relating to when the Function was held by CMCD 1 July 2010 to 16 May 2011 \$'000	Amounts Relating to when the Function was held by EDD 17 May 2011 to 30 June 2011 \$'000	Total 2011 \$'000
Revenue			
Government Payment for Outputs	21,676	3,434	25,110
Other Revenue	3,649	11	3,660
Total Revenue	25,325	3,445	28,770
Expenses			
Employee Expenses	5,280	762	6,042
Superannuation Expenses	732	109	841
Supplies and Services	15,178	1,681	16,859
Depreciation and Amortisation	280	25	305
Grants	3,809	439	4,248
Borrowing Costs	13	-	13
Other Expenses	-	159	159
Total Expenses	25,292	3,175	28,467

Chief Minister and Cabinet Directorate
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NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Restructures of Administrative Arrangements 2010-11

On 17 May 2011, a restructuring of administrative arrangements occurred between CMCD and the Community Services Directorate (CSD) involving artsACT. artsACT is responsible for the implementation of Government policies and facilitation of development of, and community participation in, the arts. In particular, artsACT delivers a range of arts programs, projects and initiatives, develops and implements arts policy, manages and maintains a range of arts facilities and provides support to and participates in advisory mechanisms in the arts.

Income and Expenses

The following table shows the income and expense items associated with artsACT recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses relating to when the Unit belonged to CSD. The CSD income and expense figures were developed in conjunction with CSD and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses of artsACT for the whole financial year.

	Amounts Relating to when the Function was held by CMCD 1 July 2010 to 16 May 2011 \$'000	Amounts Relating to when the Function was held by CSD 17 May 2011 to 30 June 2011 \$'000	Total 2011 \$'000
Revenue			
Government Payment for Outputs	9,867	847	10,714
Other Revenue	239	30	269
Total Revenue	10,106	877	10,983
Expenses			
Employee Expenses	1,559	195	1,754
Superannuation Expenses	210	31	241
Supplies and Services	1,205	261	1,466
Depreciation and Amortisation	1,022	-	1,022
Grants	7,789	378	8,167
Other Expenses	-	5	5
Total Expenses	11,785	870	12,655

Chief Minister and Cabinet Directorate
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NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Restructures of Administrative Arrangements 2009-10

The restructuring of administrative arrangements occurred for the Chief Minister's Department (CMD) in 2009-10 as part of the Administrative Arrangements announced on 10 November 2009. The responsibility for the Tourism function was transferred from the then Department of Territory and Municipal Services (TAMS) to CMD.

Income and Expenses

The following table shows the income and expense items associated with the Australian Capital Tourism function recognised by CMD for the year ended 30 June 2010.

	Amounts Relating to when Function was held by TAMS July 2009 to November 2009 \$'000	Amounts Relating to when Function was held by the Department November 2009 to June 2010 \$'000	Total 2010 \$'000
Revenue			
Government Payment for Outputs	5,308	9,959	15,267
Other Revenue	1,527	918	2,445
Total Revenue	6,835	10,877	17,712
Expenses			
Employee Expenses	1,358	2,177	3,535
Superannuation Expenses	167	278	445
Supplies and Services	5,052	6,518	11,570
Depreciation and Amortisation	85	167	252
Grants	778	1,040	1,818
Total Expenses	7,440	10,180	17,620

Chief Minister and Cabinet Directorate
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NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Restructures of Administrative Arrangements 2009-10

The restructuring of administrative arrangements occurred for CMD in 2009-10 as part of the Administrative

Income and Expenses

The following table shows the income and expense items associated with Strategic Project Facilitation recognised

	Amounts Relating to when Function was held by the Department July 2009 to November 2009 \$'000	Amounts Relating to when Function was held by DLAPS December 2009 to June 2010 \$'000	Total 2010 \$'000
Revenue			
Government Payment for Outputs	1,555	4,911	6,466
Other Revenue	19	297	316
Total Revenue	1,574	5,208	6,782
Expenses			
Employee Expenses	996	1,877	2,873
Superannuation Expenses	135	281	416
Supplies and Services	513	2,633	3,146
Other Expenses	-	319	319
Depreciation and Amortisation	6	15	21
Total Expenses	1,650	5,125	6,775

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Assets and Liabilities

The assets and liabilities transferred during 2010-11 with the ACT Heritage Unit from TAMSD as part of the restructuring of administrative arrangements of 1 July 2010 were as follows:

	Transferred Amounts
	2011
	\$'000
Assets	
Cash and Cash Equivalents	12
Infrastructure Assets	172
Capital Works in Progress	152
Total Assets Transferred	336
Liabilities	
Payables	10
Employee Benefits	246
Total Liabilities Transferred	256
Total Net Assets Transferred	80

Assets and Liabilities

The assets and liabilities transferred during 2010-11 with the ACT Heritage function to ESDD as part of the revised administrative arrangements of 17 May 2011 were as follows:

	Transferred Amounts
	2011
	\$'000
Assets	
Cash and Cash Equivalents	-
Infrastructure Assets	(171)
Capital Works in Progress	(366)
Total Assets Transferred	(538)
Liabilities	
Employee Benefits	(309)
Total Liabilities Transferred	(309)
Total Net Assets Transferred	(229)

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Assets and Liabilities

The assets and liabilities transferred during 2010-11 with the Business and Industry Development, the Special Events Unit, *Live in Canberra*, the Canberra Business and Events Centre and Australian Capital Tourism functions to EDD as part of the revised administrative arrangements of 17 May 2011 were as follows:

	Transferred Amounts
	2011
	\$'000
Assets	
Cash and Cash Equivalents	(432)
Inventory	(62)
Other Assets	(873)
Capital Works in Progress	-
Land	(3,600)
Buildings	(1,543)
Leasehold Improvements	(5)
Plant and Equipment	(181)
Computer Software	(474)
Total Assets Transferred	(7,171)
Liabilities	
Employee Benefits	(1,977)
Finance Leases	(118)
Other Liabilities	(766)
Total Liabilities Transferred	(2,861)
Total Net Assets Transferred	(4,309)

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Assets and Liabilities

The assets and liabilities transferred during 2010-11 with artsACT to CSD as part of the revised administrative arrangements of 17 May 2011 were as follows:

	Transferred Amounts
	2011
	\$'000
Assets	
Cash and Cash Equivalents	(83)
Capital Works in Progress	(5,836)
Land	(11,905)
Buildings	(30,365)
Plant and Equipment	(194)
Heritage and Community Assets	(6,550)
Total Assets Transferred	(54,934)
Liabilities	
Employee Benefits	(508)
Total Liabilities Transferred	(508)
Total Net Assets Transferred	(54,426)
Total Net Liabilities Transferred during 2010-11 by Administrative Arrangements	(58,884)
Total Impact of Administrative Arrangement Transfers during 2010-11	
Total Net Assets Transferred in during 2010-11 by Administrative Arrangements	80
Total Net Assets Transferred out during 2010-11 by Administrative Arrangements	(58,964)
Total Net Assets Transferred during 2010-11 by Administrative Arrangements	(58,884)

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Assets and Liabilities

Assets and liabilities transferred in during 2009-10 with Australian Capital Tourism from the then Department of Territory and Municipal Services as part of the revised Administrative Arrangements of 10 November 2009 were as follows:

	Transferred Amounts
	2010
	\$'000
Assets	
Cash and Cash Equivalents	156
Receivables	49
Other Assets	19
Inventories	60
Land	3,600
Buildings	1,769
Leasehold Improvements	96
Plant and Equipment	207
Total Assets Transferred	5,956
Liabilities	
Employee Benefits	759
Finance Leases	224
Other Liabilities	(3)
Total Liabilities Transferred	980
Total Net Assets Transferred	4,976

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 33 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - CONTINUED

Assets and Liabilities

Assets and liabilities transferred out during 2009-10 with Strategic Projects Facilitation to the then Department of Land and Property Services as part of the revised Administrative Arrangements of 1 December 2009 were as follows:

	Transferred Amounts
	2010
	\$'000
Assets	
Cash and Cash Equivalents	(833)
Plant and Equipment	(36)
Community and Heritage Assets	(11,986)
Total Assets Transferred	(12,855)
Liabilities	
Employee Benefits	(975)
Finance Leases	(17)
Total Liabilities Transferred	(992)
Total Net Assets Transferred	(11,863)
Total Net Liabilities Transferred during 2009-10	(6,887)
Total Impact of Administrative Arrangement Transfers during 2009-10	
Total Net Assets Transferred in during 2009-10 by Administrative Arrangements	-
Total Net Assets Transferred out during 2009-10 by Administrative Arrangements	(6,887)
Total Net Assets Transferred during 2009-10 by Administrative Arrangements	(6,887)

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

NOTE 34 FINANCIAL INSTRUMENTS

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

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's exposure to interest rate risk is considered immaterial as a small amount of financial assets are held in Cash Enhanced Portfolio. There have been no changes in risk exposure or processes for managing risk since last financial year.

Sensitivity Analysis

A sensitivity analysis has not been undertaken as it is considered that the Directorate'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. The Directorate's credit risk is limited to the amount of the financial assets it holds net of any provision for impairment loss. The Directorate expects to collect all financial assets that are not past due or impaired.

Cash and cash equivalents are held with the Commonwealth Bank, in accordance with whole of ACT Government banking arrangements.

The Directorate manages the credit risk for receivables by regularly monitoring its receivables and issuing monthly statements to overdue accounts where required. There is no significant concentration of credit risk that has been identified in this analysis.

Liquidity Risk

Liquidity risk is the risk that the Directorate will be unable to meet its financial obligations as they fall due. 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 and purchases of supplies and services are paid within 30 days of receiving the goods or services.

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 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.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 34 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 only price risk which the Directorate is exposed to results from its investment in the Cash Enhanced Portfolio. The Directorate has units in the Portfolio that fluctuate in value. The price fluctuations in the units of the cash enhanced portfolio are caused by movements in the underlying investments of the portfolio. The underlying investments are managed by an external fund manager who invests in a variety of different bonds, including bonds issued by the Commonwealth Government, the State Government guaranteed treasury corporations and semi-government authorities, as well as investment-grade corporate issues.

Sensitivity Analysis

A sensitivity analysis has not been undertaken as it is considered that the Directorate's exposure to this risk is insignificant and would have an immaterial impact on its financial results.

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	1,937	1,937	3,014	3,014
Investments with the Territory Banking Accour	45	45	45	45
Receivables	2,343	2,343	1,123	1,123
Total Financial Assets	4,325	4,325	4,182	4,182
Financial Liabilities				
Payables	1,127	1,127	1,430	1,430
Finance Leases	117	117	380	380
Total Financial Liabilities	1,244	1,244	1,810	1,810

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 34 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.

			Fixed Interest maturing in:				
	Notes	Floating Interest Rate	1 Year or Less	Over 1 Year to 5 Years	More than 5 Years	Non-Interest Bearing	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Cash and Cash Equivalents	18	-	-	-	-	1,937	1,937
Investment with the Territory Banking Account - Cash Enhanced Portfolio	19	-	-	-	-	45	45
Receivables	20	-	-	-	-	2,343	2,343
Total Financial Assets		-	-	-	-	4,325	4,325
Weighted Average Interest Rate		-	-	-	-		
Financial Liabilities							
Payables	26	-	-	-	-	1,127	1,127
Finance Leases	27	-	104	19	-	-	123
Total Financial Liabilities		-	104	19	-	1,127	1,249
Weighted Average Interest Rate		-	7.2%	7.2%	-		
Net Financial (Liabilities)/Assets		-	(104)	(19)	-	3,198	3,076

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 34 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 and will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Notes	Floating Interest Rate \$'000	Fixed Interest maturing in:			Non-Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash and Cash Equivalents	18	-	-	-	-	3,014	3,014
Investment with the Territory							
Banking Account - Cash							
Enhanced Portfolio	19	-	-	-	-	45	45
Receivables	20	-	-	-	-	1,123	1,123
Total Financial Assets		-	-	-	-	4,182	4,182
Weighted Average Interest Rate		-	-	-	-		
Financial Liabilities							
Payables	26	-	-	-	-	1,430	1,430
Finance Leases	27	-	222	186	-	-	408
Total Financial Liabilities		-	222	186	-	1,430	1,838
Weighted Average Interest Rate		-	6.8%	6.8%	-		
Net Financial (Liabilities)/Assets		-	(222)	(186)	-	2,752	2,344

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 34 FINANCIAL INSTRUMENTS – CONTINUED

	Note	2011 \$'000	2010 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability			
Financial Assets			
Financial Assets at Fair Value through the Profit and Loss			
Designated upon Initial Recognition	19	45	45
Loans and Receivables	20	2,343	1,123
Financial Liabilities			
Financial Liabilities Measured at Amortised Cost	26,27	1,244	1,810

The Directorate 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. 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.

Fair Value Hierarchy

The Directorate does not have any financial liabilities at fair value and the value of financial assets is immaterial. As such, no fair value hierarchy disclosures have been made.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 35 COMMITMENTS

	2011	2010
	\$'000	\$'000

Capital Commitments

Capital Commitments relate to expenditures entered into by the Directorate for various artsACT projects.

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	-	126
Later than one year but not longer than five years	-	-
<i>Total Capital Commitments - Property, Plant and Equipment</i>	<u>-</u>	<u>126</u>
Total Capital Commitments ¹	<u>-</u>	<u>126</u>

¹ The decrease in commitments from 30 June 2011 reflects the transfer of artsACT to the Community Services Directorate (CSD) due to the Administrative Arrangements of 17 May 2011.

Other Commitments

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

Within one year	701	3,298
Later than one year but not longer than five years	649	836
Total Other Commitments ¹	<u>1,350</u>	<u>4,134</u>

¹ The decrease in Other Commitments relates largely to the transfers of Business and Industry Development and Australian Capital Tourism to the Economic Development Directorate (EDD) and artsACT to CSD to reflect the Administrative Arrangements of 17 May 2011. The majority of the commitments in 2009-10 were related to the Australian Capital Tourism activities, and included commitments for Horticultural Services and a funding agreement with the Canberra Convention Bureau.

Operating Lease Commitments

Non-cancellable operating lease commitments are payable as follows:

Within one year	3,476	3,895
Later than one year and not later than five years	15,398	219
Later than five years	17,742	-
Total Operating Lease Commitments ¹	<u>36,616</u>	<u>4,114</u>

¹ The increase in Operating Lease Commitments is mainly due to recognising operating lease commitments to the Department Land and Property Services (now part of EDD) for Canberra Nara Centre rent until 30 June 2020, partially offset by the transfer of Australian Capital Tourism operating lease commitments to EDD following the Administrative Arrangements of 17 May 2011.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 36 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2011	2010
	\$'000	\$'000

This Schedule of Contingencies is to be read in conjunction with the following notes.

Contingent Assets

Contingent Assets represent the estimated payroll tax value which could be claimed from the then Department of Treasury for agreements entered into by CMCD with external organisations outside of the ACT Business Incentive Fund (ACTBIF) for the granting of payroll tax waivers in lieu of grant funding.

Resources received free of charge - Non ACTBIF ¹	-	2,400
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Contingent Liabilities

Contingent Liabilities mainly represent the estimated value of payroll tax waivers that could be claimed from external organisations subject to delivery of agreed milestones, possible legal claims for damages and or costs and potential obligations under the Bushfire Business Assistance Loan Subsidy.

Non ACTBIF Waivers Agreement ¹	-	2,400
Claims for damages / costs	-	143
Bushfire Business Assistance Loan Subsidy ¹	-	3
Net Contingent Liabilities	-	(146)

¹ The decrease Resources Received Free of Charge - Non-ACTBIF, Non ACTBIF Waivers Agreement, and Others results from the transfer of Business and Industry Development to the Economic Development Directorate (EDD) as part of the Administrative Arrangements of 17 May 2011.

Guarantee

Pursuant to an Agreement with the National Capital Authority regarding the use of Commonwealth Park for the 2011 Floriade, Australian Capital Tourism gave a guarantee to meet the cost of repair of any damage to the Park that may be caused by contractors engaged by Australian Capital Tourism to perform work at the site for an amount of \$27,290 in 2010. Australian Capital Tourism was transferred to EDD as part of the Administrative Arrangements of 17 May 2011, so the Directorate no longer has any outstanding Guarantees.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 37 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
Total Cash and Cash Equivalents Recorded in the Balance Sheet	1,937	3,059
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	1,937	3,059

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

Operating (Deficit)	(586)	(1,114)
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Add Non-Cash Items

Depreciation of Property, Plant and Equipment	1,324	1,340
Amortisation of Intangibles	46	50
Donated Assets	-	(593)
Assets Transferred or Contributed	2,288	356

Add Items Classified as Financing

Net (Gain)/Loss on Disposal of Non-Current Assets	(26)	(14)
Waived Finance Lease Payments	8	-

Cash Before Changes in Operating Assets and Liabilities	3,053	25
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Changes in Operating Assets and Liabilities

(Increase)/Decrease in Receivables	(1,249)	106
Decrease/(Increase) in Inventories	62	(61)
Decrease/(Increase) in Other Assets	755	(741)
(Decrease) in Payables	(521)	(1,123)
(Decrease)/Increase in Employee Benefits	(2,194)	175
(Decrease)/Increase in Other Liabilities	(731)	365

Net Changes in Operating Assets and Liabilities	(3,878)	(1,279)
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Net Cash (Outflows) from Operating Activities	(825)	(1,254)
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(c) Non-Cash Financing and Investing Activities

Acquisition of Motor Vehicles by means of Finance Lease	88	230
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Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 38 EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after the balance date, which would affect the financial report as at 30 June 2011.

NOTE 39 THIRD PARTY MONIES

During 2010-11, the Directorate held security deposits for the Tourism Trust account.

	2011	2010
	\$'000	\$'000
Security Deposits Held for the Australian Capital Tourism Trust Account		
Balance at the Beginning of the Reporting Period	168	301
Cash Receipts	1,458	1,873
Cash Payments	(1,491)	(2,006)
Transfer of Trust Account ¹	(135)	-
Balance at the End of the Reporting Period	-	168

¹ The Australian Capital Tourism Trust Account was transferred to the Economic Development Directorate as a result of the Administrative Arrangements of 17 May 2011.

CHIEF MINISTER AND CABINET DIRECTORATE

TERRITORIAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

Chief Minister and Cabinet 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	41	259	-	-
<i>Total Revenue</i>		259	-	-
Total Income		259	-	-
Expenses				
Grants	42	254	-	-
Other Expenses	43	153	-	496
Total Expenses		407	-	496
Operating (Deficit)		(148)	-	(496)

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

Chief Minister and Cabinet 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	44	28	-	-
Receivables	45	7	-	-
Total Current Assets		35	-	-
Non Current Assets				
Investments	46	-	2,857	2,352
Total Non-Current Assets		-	2,857	2,352
Total Assets		35	2,857	2,352
Current Liabilities				
Payables	47	35	-	-
Total Current Liabilities		35	-	-
Total Current Liabilities		-	-	-
Non Current Liabilities				
Total Non Current Liabilities		-	-	-
Total Liabilities		35	-	-
Net Assets		-	2,857	2,352
Equity				
Accumulated Funds		-	2,857	2,352
Total Equity		-	2,857	2,352

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

Chief Minister and Cabinet Directorate
Statement of Changes in Equity on Behalf of the Territory
As at 30 June 2011

		Accumulated Funds Actual	Total Equity Actual	Original Budget
		2011 \$'000	2011 \$'000	2011 \$'000
Balance at the Beginning of the Reporting Period		<u>2,352</u>	<u>2,352</u>	<u>2,857</u>
Comprehensive Income				
Operating (Deficit)		(148)	(148)	-
Total Comprehensive (Deficit)		<u>(148)</u>	<u>(148)</u>	<u>-</u>
<i>Transactions Involving Owners Affecting Accumulated Funds</i>				
Net Assets transferred out as part of an Administrative Restructure	51	(2,204)	(2,204)	-
Total Transactions Involving Owners Affecting Accumulated Funds		<u>(2,204)</u>	<u>(2,204)</u>	<u>-</u>
Balance at the End of the Reporting Period		<u>-</u>	<u>-</u>	<u>2,857</u>

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

Chief Minister and Cabinet Directorate
Statement of Changes in Equity on Behalf of the Territory
As at 30 June 2011

	Accumulated Funds Actual	Total Equity Actual
	2010 \$'000	2010 \$'000
Balance at the Beginning of the Reporting Period	2,348	2,348
Comprehensive Income		
Operating (Deficit)	(496)	(496)
Total Comprehensive (Deficit)	(496)	(496)
<i>Transactions Involving Owners Affecting Accumulated Funds</i>		
Capital Injections	500	500
Total Transactions Involving Owners Affecting Accumulated Funds	500	500
Balance at the End of the Reporting Period	2,352	2,352

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

Chief Minister and Cabinet 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		259	-	-
Goods and Services Tax Input Tax Credits from the Australian Taxation Office		13	-	-
Total Receipts from Operating Activities		272	-	-
Payments				
Grants		226	-	-
Goods and Services Tax Paid to Suppliers		18	-	-
Total Payments from Operating Activities		244	-	-
Net Cash Outflows from Operating Activities	48	28	-	-
Net Cash Flows from Investing Activities		-	-	-
Cash Flows from Investing Activities				
Payments				
Purchase of Investments		-	-	500
Total Payments from Investing Activities		-	-	500
Net Cash (Outflows) from Investing Activities		-	-	(500)
Cash Flows from Financing Activities				
Receipts				
Capital Injections		-	-	500
Total Receipts from Financing Activities		-	-	500
Net Cash Inflows from Financing Activities		-	-	500

**Chief Minister and Cabinet 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
Net Increase/(Decrease) in Cash and Cash Equivalents Held		28	-	-
Cash and Cash Equivalents at the Beginning of the Reporting Period		-	-	-
Cash and Cash Equivalents at the End of the Reporting Period	48	28	-	-

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

**Chief Minister and Cabinet Directorate
Territorial Statement of Appropriation
For the Year Ended 30 June 2011**

	2011 Original Budget \$'000	2011 Total Appropriated \$'000	2011 Appropriation Drawn \$'000	2010 Appropriation Drawn \$'000
Territorial				
Expenses on Behalf of the Territory	-	259	259	-
Capital Injections	-	-	-	500
Total Territorial Appropriation	-	259	259	500

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 on Behalf of the Territory 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 by the Directorate during the year. This amount appears in the Cash Flow Statement on Behalf of the Territory.

Variances between 'Original Budget' and 'Total Appropriated'

Expenses on Behalf of the Territory

The difference between the Original Budget for the Directorate and the Total Appropriated results from approved *Financial Management Act 1996* (FMA) variations as follows:

Section 16 'Transfer of functions after Appropriation Act passed'

- The Administrative Arrangements of 1 July 2010 transferred the Heritage Unit into the Directorate from the Territory and Municipal Services Directorate (TAMSD) (then the Department of Territory and Municipal Services) (\$0.585m).
- The Administrative Arrangements of 17 May 2011 then transferred the Heritage Unit from the Directorate to the Environment and Sustainable Development Directorate (ESDD) (\$0.326m).

Variances between 'Total Appropriated' and 'Total Drawn'

Expenses on Behalf of the Territory

There is no variance between the Total Appropriated and the Total Drawn for 2010-11.

Chief Minister and Cabinet Directorate

Territorial Note Index

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Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 40 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - TERRITORIAL

All of the Directorate's accounting policies are contained in Note 2 - 'Summary of Significant Accounting Policies'. The policies outlined in Note 2 apply to the Directorate and Territorial Financial statements.

NOTE 41 PAYMENT FOR EXPENSES ON BEHALF OF THE TERRITORY – TERRITORIAL

Under the *Financial Management Act 1996*, funds can be appropriated for expenses incurred on behalf of the Territory. The Directorate receives this appropriation to fund a number of expenses incurred on behalf of the Territory, the main one being the payment of grants to various non-government organisations (See Note 42 - Grants - Territorial).

	2011 \$'000	2010 \$'000
Payment for Expenses on Behalf of the Territory	259	-
Total Payment for Expenses on Behalf of the Territory ¹	259	-

¹ The increase results from the transfer of the Heritage Unit from the Territory and Municipal Services Directorate (TAMSD) (then named the Department of Territory and Municipal Services) on 1 July 2010, and relates to the payment of heritage grants.

NOTE 42 GRANTS – TERRITORIAL

Grants	254	-
Total Grants ¹	254	-

¹ The increase results from the transfer of the Heritage Unit from the Territory and Municipal Services Directorate (TAMSD) (then named the Department of Territory and Municipal Services) on 1 July 2010, and relates to the payment of heritage grants.

NOTE 43 OTHER EXPENSES – TERRITORIAL

Other Expenses	153	496
Total Other Expenses ¹	153	496

¹ The decrease reflects improved (although still negative) performance of investments within the Canberra Business Development Fund (CBDF). The investment in the CBDF was transferred to the Economic Development Fund as a result of the 17 May 2011 Administrative Arrangements.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 44 CASH AND CASH EQUIVALENTS - TERRITORIAL

	2011	2010
	\$'000	\$'000
Cash at Bank	28	-
Total Cash and Cash Equivalents ¹	28	-

¹ The increase in Cash and Cash Equivalents is related to payments that could not be settled prior the end of the financial year.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 45 RECEIVABLES – TERRITORIAL

	2011	2010
	\$'000	\$'000
Current Receivables		
Trade Receivables	3	-
Less: Allowance for Impairment Losses	-	-
	<u>3</u>	<u>-</u>
Other Trade Receivables	4	-
Less: Allowance for Impairment Losses	-	-
	<u>4</u>	<u>-</u>
Total Current Receivables	<u>7</u>	<u>-</u>
Total Receivables	<u>7</u>	<u>-</u>

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 Impaired¹					
Receivables	7	-	-	-	7
2010					
Not Impaired¹					
Receivables	-	-	-	-	-

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

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

Net Trade Receivables	3	-
Total Receivables with ACT Government Entities	<u>3</u>	<u>-</u>

Receivables with Non-ACT Government Entities

Net GST Receivable from the Australian Taxation Office	4	-
Total Receivables with Non-ACT Government Entities	<u>4</u>	<u>-</u>
Total Receivables	<u>7</u>	<u>-</u>

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 46 INVESTMENTS - TERRITORIAL

	2011	2010
	\$'000	\$'000
Non-Current Investments		
Investment in the Canberra Business Development Fund	-	2,352
Total Non-Current Investments	<u>-</u>	<u>2,352</u>
Total Investments ¹	<u>-</u>	<u>2,352</u>

¹ The investment in the Canberra Business Development Fund was transferred to the Economic Development Directorate as a result of the 17 May 2011 Administrative Arrangements.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 47 PAYABLES – TERRITORIAL

	2011	2010
	\$'000	\$'000
Current Payables		
Trade Payables	35	-
Total Current Payables	<u>35</u>	<u>-</u>
Total Payables	<u><u>35</u></u>	<u><u>-</u></u>

Payables are aged as follows:

Not Overdue	35	-
Overdue for more than 60 days	-	-
Total Payables	<u><u>35</u></u>	<u><u>-</u></u>

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Trade Payables	-	-
Total Payables with ACT Government Entities	<u>-</u>	<u>-</u>

Payables with Non-ACT Government Entities

Trade Payables	35	-
Total Payables with Non-ACT Government Entities	<u>35</u>	<u>-</u>
Total Payables	<u><u>35</u></u>	<u><u>-</u></u>

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 48 CASH FLOW RECONCILIATION - TERRITORIAL

Reconciliation of Cash and Cash Equivalents at the end of the Reporting Period in the Cash Flow Statement on Behalf of the Territory to the related Items in the Statement of Assets and Liabilities on Behalf of the Territory.

	2011	2010
	\$'000	\$'000
Total Cash Disclosed on the Statement of Assets and Liabilities on Behalf of the Territory	28	-
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement on Behalf of the Territory	28	-
Reconciliation of Net Cash Inflows from Operating Activities to the Operating Surplus/(Deficit)		
Operating Surplus/(Deficit)	(148)	(496)
Decrease in valuation of the investment in the Canberra Business Development Fund	153	496
Liability Transferred/Recovered	(5)	-
Cash Before Changes in Operating Assets and Liabilities	0	-
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(7)	-
Increase in Payables	35	-
Net Changes in Operating Assets and Liabilities	28	-
Net Cash Inflows/(Outflows) from Operating Activities	28	-

NOTE 49 COMMITMENTS - TERRITORIAL

There were no commitments as at 30 June 2011.

NOTE 50 CONTINGENT LIABILITIES, CONTINGENT ASSETS AND INDEMNITIES - TERRITORIAL

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

There were no indemnities as at 30 June 2011.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 51 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - TERRITORIAL

Restructures of Administrative Arrangements 2010-11

On 1 July 2010, a restructuring of administrative arrangements occurred between the Territory and Municipal Services Directorate (TAMSD) and the Chief Minister and Cabinet Directorate (CMCD) involving the ACT Heritage Unit. The Unit is responsible for the administration of the heritage provisions of the *Heritage Act 2004* and assisting in the conservation of the ACT's heritage assets to ensure their identification, preservation, protection, maintenance and enhancement (where appropriate) for present and future generations. The grants program administered on behalf of the Territory in association with this function was transferred from TAMSD as part of this restructuring of administrative arrangements.

On 17 May 2011, a further restructuring of administrative arrangements occurred involving the ACT Heritage Unit; this time between CMCD and the Environment and Sustainable Development Directorate (ESDD). The grants program administered on behalf of the Territory in association with this function was transferred to ESDD as part of this administrative arrangement.

Income and Expenses on Behalf of the Territory

The following table shows the income and expenses on behalf of the Territory associated with the ACT Heritage Unit recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses on behalf of the Territory relating to when the Unit belonged to ESDD. The ESDD income and expense on behalf of the Territory figures were developed in conjunction with ESDD and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses on behalf of the Territory for the ACT Heritage Unit for the whole financial year.

	Amounts Relating to when the Function was held by the Directorate 1 July 2010 to 16 May 2011 \$'000	Amounts Relating to when the Function was held by the ESDD 17 May 2010 to 30 June 2011 \$'000	Total 2011 \$'000
Revenue			
Expenses on Behalf of the Territory	259	30	289
Total Revenue	259	30	289
Expenses			
Grants	257	32	289
Total Expenses	257	32	289

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 51 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - TERRITORIAL - CONTINUED

Restructures of Administrative Arrangements 2010-11

On 17 May 2011, a restructuring of administrative arrangements occurred between CMCD and the Economic Development Directorate (EDD) involving Business and Industry Development (BID). The BID function is responsible for the provision of programs, initiatives and business policy advice to support strategic business and industry development in the ACT. The responsibility for managing the Territory's interest in the Canberra Business Development Fund (CBDF) in association with this function was transferred to EDD as part of this administrative arrangement.

Income and Expenses on Behalf of the Territory

The following table shows expenses on behalf of the Territory associated with the CBDF recognised by the Directorate for the year ended 30 June 2011. It also shows the income and expenses on behalf of the Territory relating to when the CBDF belonged to EDD. The EDD income and expense on behalf of the Territory figures were developed in conjunction with EDD and as such have been relied upon by the Directorate. Finally, the table shows the total income and expenses on behalf of the Territory for the CBDF for the whole financial year.

	Amounts Relating to when the Function was held by the Directorate 1 July 2010 to 16 May 2011 \$'000	Amounts Relating to when the Function was held by the EDD 17 May 2010 to 30 June 2011 \$'000	Total 2011 \$'000
Expenses			
Other Expenses	153	561	714
Total Expenses	153	561	714

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

NOTE 51 RESTRUCTURE OF ADMINISTRATIVE ARRANGEMENTS - TERRITORIAL - CONTINUED

Assets and Liabilities on Behalf of the Territory

On 1 July 2010, a restructuring of administrative arrangements occurred between the Territory and Municipal Services Directorate (TAMSD) and the Chief Minister and Cabinet Directorate (CMCD) involving the ACT Heritage Unit. The Unit is responsible for the administration of the heritage provisions of the Heritage Act 2004 and assisting in the conservation of the ACT's heritage assets to ensure their identification, preservation, protection, maintenance and enhancement (where appropriate) for present and future generations. The grants program administered on behalf of the Territory in association with this function was transferred from TAMSD as part of this restructuring of administrative arrangements.

On 17 May 2011, a further restructuring of administrative arrangements occurred involving the ACT Heritage Unit; this time between CMCD and the Environment and Sustainable Development Directorate (ESDD). The grants program administered on behalf of the Territory in association with this function was transferred to ESDD as part of this administrative arrangement. Given the timing of the transfer, \$1,648.09 of cash was on hand for the payment of grants. This cash was transferred to ESDD as part of the transfer.

	Transferred Amounts
	2011
	\$'000
Assets	
Cash	(5)
Total Assets Transferred	<u>(5)</u>
Total Net Assets Transferred	<u><u>(5)</u></u>

Assets and Liabilities

On 17 May 2011, a restructuring of administrative arrangements occurred between CMCD and the Economic Development Directorate (EDD) involving the Business and Industry Development (BID). The BID is responsible for the provision of programs, initiatives and business policy advice to support strategic business and industry development in the ACT. In particular, BID is responsible for managing the Territory's interest in the Canberra Business Development Fund (CBDF). The assets and liabilities on behalf of the Territory attached to this function were transferred to EDD as part of this administrative arrangement as follows:

Assets

Investments	(2,199)
Total Assets Transferred	<u>(2,199)</u>
Total Net Assets Transferred	<u><u>(2,199)</u></u>

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

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL

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

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 is considered to have no exposure to interest rate risk because cash and cash equivalents are held in non-interest bearing accounts. There have been no changes in risk exposure or processes for managing risk since the last financial reporting period.

Sensitivity Analysis

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

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Directorate's credit risk is limited to the amount of the financial assets held less any provision for losses. The Directorate expects to collect all financial assets that are not past due or impaired.

Cash and cash equivalents are held with the Commonwealth Bank, in accordance with whole of ACT Government banking arrangements.

During 2010-11 the Directorate held an equal investment with Australian Capital Ventures Limited (ACVL) in the Canberra Business Development Fund (CBDF). The Fund is a unit trust whose principal activity is to invest in the equity of early stage businesses carrying out activities providing potential benefits to the Canberra Region. ACVL was engaged to manage the fund in October 2001. CBDF manages this risk, as comprehensively as possible, by engaging ACVL to select and oversee the investments of the Fund, and maintaining a representative as a Director of the CBDF. See Note 2.13 for more information. Prior to 17 May 2011, there has been no change in the Directorate's credit risk exposure since the previous reporting period. On 17 May 2011, the balance of the CBDF was transferred to the Economic Development Directorate (EDD), reflecting the revised Administrative Arrangements announced on that date.

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.

Canberra Business Development Fund (CBDF) invests in early stage companies that are commercialising research and development. As a result, there is an inherent risk that investments will not realise any returns for the Fund. CBDF manages this risk, as comprehensively as possible, by engaging ACVL to select and oversee the investments of the Fund.

The Directorate's exposure to price risk and the management of this risk has not changed since last reporting period. On 17 May 2011, the balance of the CBDF was transferred to EDD, reflecting the revised Administrative Arrangements announced on that date.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL - CONTINUED

Fair Value of Financial Assets and Liabilities

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

	2011	2011	2010	2010
	Carrying	Fair	Carrying	Fair
	Amount	Value	Amount	Value
	\$'000	\$'000	\$'000	\$'000
Financial Assets				
Cash and Cash Equivalents	28	28	-	-
Receivables	7	7	-	-
Investments	-	-	2,352	2,352
Total Financial Assets	35	35	2,352	2,352
Financial Liabilities				
Payables	35	35	-	-
Total Financial Liabilities	35	35	-	-

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL - CONTINUED

The following table sets out the Directorate's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2011. All financial assets and liabilities which are non-interest bearing will mature in one year or less.

All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note	Floating Interest Rate \$'000	Fixed Interest maturing in:			Non-Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash and Cash Equivalents	44	-	-	-	-	28	28
Receivables	45	-	-	-	-	7	7
Investments	46	-	-	-	-	-	-
Total Financial Assets							
		-	-	-	-	35	35
Weighted Average Interest Rate							
		-	-	-	-	-	
Financial Liabilities							
Payables	47	-	-	-	-	35	35
Total Financial Liabilities							
		-	-	-	-	35	35
Weighted Average Interest Rate							
		-	-	-	-	-	
Net Financial Assets							
		-	-	-	-	-	-

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL - 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 one year or less.

All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note	Floating Interest Rate \$'000	Fixed Interest maturing in:			Non-Interest Bearing \$'000	\$'000
			1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
Financial Assets							
Cash and Cash Equivalents	44	-	-	-	-	-	-
Receivables	45	-	-	-	-	-	-
Investments	46	-	-	-	-	2,352	2,352
Total Financial Assets		-	-	-	-	2,352	2,352
Weighted Average Interest Rate		-	-	-	-	-	-
Financial Liabilities							
Payables	47	-	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-	-
Weighted Average Interest Rate		-	-	-	-	-	-
Net Financial Assets		-	-	-	-	2,352	2,352

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL - CONTINUED

Fair Value Hierarchy

The Directorate is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

2011

	Classification According to Fair Value Hierarchy		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets			
Financial Assets at Fair Value through the profit and Loss	-	-	-
Investment with the Canberra Business Development Fund	-	-	-
	-	-	-
	-	-	-

Transfer Between Categories

These have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL - CONTINUED

Fair Value Hierarchy

The Directorate is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

2010

	Classification According to Fair Value Hierarchy		
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Financial Assets			
Financial Assets at Fair Value through the profit and Loss	-	-	-
Investment with the Canberra Business Development Fund	-	-	2,352
	-	-	2,352
			2,352

Transfer Between Categories

These have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

Chief Minister and Cabinet Directorate
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 52 FINANCIAL INSTRUMENTS - TERRITORIAL - CONTINUED

	Note	2011 \$'000	2010 \$'000
Carrying Amount of Each Category of Financial Asset and Financial Liability			
Financial Assets			
Loans and Receivables	45	7	-
Financial Assets at Fair Value through the Profit and Loss			
Designated upon Initial Recognition ¹	46	-	2,352
Financial Liabilities			
Financial Liabilities Measured at Amortised Cost	47	35	-

¹ The balance of the Canberra Business Development Fund was transferred to the Economic Development Directorate as a result of the 17 May 2011 Administrative Arrangements.

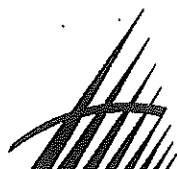
NOTE 53 EVENTS OCCURRING AFTER BALANCE DATE - TERRITORIAL

There were no events occurring after the balance date, which would affect the financial report as at 30 June 2011.

CHIEF MINISTER AND CABINET DIRECTORATE

STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2011



ACT AUDITOR-GENERAL'S OFFICE



REPORT OF FACTUAL FINDINGS

CHIEF MINISTER AND CABINET DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the Chief Minister and Cabinet Directorate (the Directorate) for the year ended 30 June 2011 has been reviewed.

Responsibility for the statement of performance

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

Review opinion

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

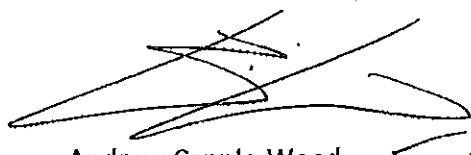
This review opinion should be read in conjunction with the other information disclosed in this report.


Dr Maxine Cooper
Auditor-General
14 September 2011

**Chief Minister and Cabinet 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.



Andrew Capple-Wood
Director-General
Chief Minister and Cabinet Directorate
14th September 2011

CHIEF MINISTER AND CABINET DIRECTORATE
STATEMENT OF PERFORMANCE ¹
FOR THE YEAR ENDING 30 JUNE 2011

Output Class 1:	GOVERNMENT STRATEGY
Output 1.1:	GOVERNMENT POLICY AND STRATEGY
Description:	<p>Provision of advice and support to the Chief Minister and the Director-General on strategic policy and the effective delivery of government policies and priorities.</p> <p>Government Policy and Strategy will:</p> <ul style="list-style-type: none"> • provide ongoing advice to the Chief Minister and the Government in relation to whole of government policy development and priorities, and the implementation of key Government decisions; • lead, coordinate and monitor policy and project initiatives to promote across-government outcomes and delivery; • lead and coordinate the Government's participation in the COAG reform agenda; and • provide advice and support for the operation and processes of Cabinet, Legislative Assembly business and relationships with other governments and the region.

Accountability Indicator	Original Target 2010-11	Actual Result 2010-11	% Variance from Original Target 2010-11	Explanation of Material Variances
a. Whole of government policy and project initiatives	4	6	50%	Additional projects were delivered during the reporting period.
b. Regional Leadership Provision of briefs to the Chief Minister in advance of the Regional Leaders Forum meetings	2	1	(50%)	Only one Regional Leaders' Forum meeting was held in 2010-11 due to the timing of the NSW election.
c. Support Council of Australian Governments (COAG) and Council for the Australian Federation (CAF) meetings Provision of briefs to the Chief Minister in advance of COAG and CAF meetings	6	2	(67%)	Only one COAG meeting and one CAF meeting were held in 2010-11.
d. Annual Report on The Canberra Plan Provision of an annual report on the Canberra Plan to the Chief Minister	1	1	0%	
e. Infrastructure Plan Provision of an Infrastructure Plan	1	0	(100%)	The Infrastructure Plan was completed before 30 June 2011. Public release in mid-July meant the project completion date (based on public release by 30 June 2011) was not met.
f. Demographic Update Updates to the population projections	2	2	0%	
TOTAL COST (\$'000)	\$5,725	\$5,962	4%	
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$5,567	\$5,860	5%	The higher than target Government Payment for Outputs is mainly due to the reallocation of corporate overheads.

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

CHIEF MINISTER AND CABINET DIRECTORATE
STATEMENT OF PERFORMANCE¹
FOR THE YEAR ENDING 30 JUNE 2011

Notes

- a. This accountability indicator incorporates key policy and project initiatives delivered by the Chief Minister and Cabinet Directorate in 2010-11. It includes the preparation and delivery of:
 - Performance and Accountability Framework.
 - Evaluation Framework.
 - Social Plan Update.
 - Triple Bottomline assessment discussion paper.
 Additional projects undertaken during the year were the COAG Reform Council Capital Cities Strategic Planning Assessment and the Ecological Carrying Capacity Inquiry Submission.
- b. This accountability indicator incorporates the planning and delivery of Regional Leaders' Forums by the Chief Minister and Cabinet Directorate (in conjunction with NSW Department of Premier and Cabinet) in 2010-11. The role of the Forum is to promote the economic, business, environmental and community development of the Australian Capital Region (ACR). Membership includes the ACT Government; NSW Government; mayors and general managers of the 17 local councils in the ACR; Capital Region Development Board; and Federal and State MPs with electorates in the ACR.
- c. This accountability indicator covers briefing and support to the Chief Minister for meetings of Council for the Australian Federation (CAF) and Council of Australian Governments (COAG). CAF was established in 2006 as a body that would enable States and Territories to share policy learning and further the debate on Commonwealth/State relations. COAG is a forum for decisions on key national issues and for fostering unified commitments to support Australians.
- d. This accountability indicator covers the preparation of an annual Achievement Report on progress in implementing *The Canberra Plan - Towards Our Second Century*. *The Canberra Plan - Towards our Second Century* sets out future directions in health care, strengthening the community, education and skills development, economic development, planning and urban amenity, sustainability and service delivery.
- e. This accountability indicator covers the preparation of an the *Infrastructure Plan 2011*, an update of the *ACT Government Infrastructure Plan 2010*. The Plan considered matters such as local demographics, cross-border development and growth, environmental considerations and maintenance and infrastructure renewal, and sets longer-term priorities for the coming decade.
- f. This accountability indicator covers updates to the:
 - *ACT Population Projections: 2007 to 2056*, which presents the ACT Government's official 50 year ACT population projections, by age and by sex; and
 - *ACT Population Projections for Suburbs and Districts: 2007 to 2019*.

¹ The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

Note: Further information on achievements against the above accountability indicators is provided in *Section A.9 Analysis of Agency Performance* in Volume 1 of the Annual Report.

CHIEF MINISTER AND CABINET DIRECTORATE
STATEMENT OF PERFORMANCE ¹
FOR THE YEAR ENDING 30 JUNE 2011

Output Class 1:	GOVERNMENT STRATEGY
Output 1.2:	PUBLIC SECTOR MANAGEMENT
Description:	<p>Provision of an employment and policy framework to support a professional, skilled and accountable public service that is responsive to the Government and the community, and management of whole of government capacity-building programs.</p> <p>Public Sector Management will:</p> <ul style="list-style-type: none"> • develop and review whole of government employment policies, regulations and standards and provide industrial relations services to support this framework; • support and coordinate workforce planning and change management across the service, including through service-wide development programs; • develop and implement whole of government capacity-building programs; and • support the Commissioner for Public Administration and the Remuneration Tribunal.

Accountability Indicator	Original Target 2010-11	Actual Result 2010-11	% Variance from Original Target 2010-11	Explanation of Material Variances
a. Publish ACT Public Sector Workforce Profile Report	March 2011	March 2011	0%	
b. Conduct the annual whole of government Graduate Program	1	1	0%	
c. Deliver public sector employment framework harmonisation project.	1	1	0%	
d. Coordinate the implementation of the Attraction and Retention Strategy, including the Commissioner for Public Administration priorities of: (i) an Aboriginal and Torres Strait Islander Employment Strategy (ii) a Disability Employment Strategy (iii) the revision of Equity and Diversity Framework	1 1 1	1 1 1	0% 0% 0%	
e. Implement the new enterprise agreement	1	1	0%	
f. Finalise public interest disclosure legislation	June 2011	Not completed	(100%)	Work is still in progress pending progress at the federal level on Commonwealth whistleblower legislation which may impact or influence the development of the ACT's provisions.
TOTAL COST (\$'000)	\$4,720	\$5,958	26%	The variance is mainly due to the higher usage of legal and legislative drafting services provided by the Justice and Community Safety Directorate and a reallocation of corporate overheads.
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$4,585	\$4,992	9%	The higher than target Government Payment for Outputs is mainly due to a reallocation of corporate overheads.

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

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Notes	
a.	This accountability indicator covers the publication of the 2009-10 ACT Public Sector Workforce Profile Report. The Workforce Profile Report provides a comprehensive, quantitative picture of the ACT Public Service (ACTPS). Data for the Profile is analysed against more than 40 employee and human resource related variables. As well as basic workforce statistical data, the document will provide broader workforce trends that are likely to impact upon the ACTPS in coming years. The Report was published in March 2011.
b.	This accountability indicator covers all activities associated with delivery of the annual ACTPS whole of Government Graduate Program. It includes participation in road shows and expos, coordination, liaison, training etc. Approximately 20 graduates a year are recruited to the Program and upon successful completion, including study towards a Graduate Diploma in Government, they are permanently appointed to the ACTPS. In February 2011, 26 graduates began the program, representing a wide range of degree specialisations.
c.	This accountability indicator covers the delivery of a simplified and improved framework for public sector employment. The intention is to simplify, and to wherever possible, eradicate duplication in enterprise agreements, the <i>Public Sector Management Act 1994</i> and the <i>Public Sector Management Standards 2006</i> over a series of bargaining rounds. As a result of the harmonisation project, on the 15 February 2011 the ACT Legislative Assembly passed the <i>Public Sector Management Amendment Act 2011</i> and on 8 April 2011 the Commissioner for Public Administration amended the Public Sector Management Standards with commencement of the <i>Public Sector Management Amendment Standards 2011 (No. 3)</i> .
d.	<p>This accountability indicator covers the development of targeted attraction, retention and capacity building initiatives for the ACTPS, particularly:</p> <ul style="list-style-type: none"> - the development of a whole of Government Aboriginal and Torres Strait Islander Employment Strategy aiming to increase the Aboriginal and Torres Strait Islander workforce in the ACTPS workforce; to focus on attracting, retaining and improving the capability of Aboriginal and Torres Strait Islander peoples; and ensure that appropriate cultural competency and induction training programs are available across the ACTPS. In consultation with the ACT Indigenous Elected Body and ACTPS Aboriginal and Torres Strait Islander Staff Network, the strategy was launched by the Chief Minister and the Commissioner for Public Administration on 12 April 2011. - the development of a whole of Government Disability Employment Strategy, which will aim to enhance both the availability of employment opportunities and the quality of the employment experience for people with a disability in the ACTPS. This strategy was developed in consultation with external stakeholders and ACTPS Directorates, and was launched by the Chief Minister and the Commissioner for Public Administration on 20 April 2011. - the revision of the ACTPS Equity and Diversity Framework, highlighting that the ACTPS aims to create a positive work environment for all staff through the promotion of a respectful culture. This led to the implementation of the ACT Public Service Respect, Equity and Diversity (RED) Framework, developed in consultation with ACTPS Directorates and underpinned by best practice research. The RED Framework was launched by the Chief Minister and the Commissioner for Public Administration on 2 December 2010. <p>As part of the launch of these attraction and retention strategies, the following have been implemented:</p> <ul style="list-style-type: none"> - Funding for 20 learning and development places for Aboriginal and Torres Strait Islander employees and employees with disability. - Amendments to the <i>Public Sector Management Act 1994</i> to enable the creation of identified positions for Aboriginal and Torres Strait Islander people and people with disabilities. - Provision of RED Framework and supporting information to 3,000 executives, managers and supervisors across the Service, to ensure that they are fully cognisant of their roles and responsibilities under the RED Framework. - Implementation of the 'Open Door' protocol and the Respect at Work Policy. - Development of whole-of-government Preventing Work Bullying Guidelines. - Appointment of Respect, Equity and Diversity Executive Sponsors in each Directorate. - An Executive Sponsor information session. - RED Training has been established for Directorates that can be accessed through the ACTPS Training Calendar including: RED Contact Officer Training; General RED Training and Manager/Supervisor specific training.
e.	This accountability indicator covers the implementation of the 2010-11 enterprise agreement across ACTPS agencies. During the reporting period agreements were voted up by staff and made by
f.	This accountability indicator covers finalising the reform of Public Interest Disclosure law in the ACT.

¹The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

Note: Further information on achievements against the above accountability indicators is provided in Section A.9 Analysis of Agency Performance in Volume 1 of the Annual Report.

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Output Class 1:	GOVERNMENT STRATEGY
Output 1.3:	INDUSTRIAL RELATIONS POLICY ²
Description:	<p>Provision of advice to Government that concentrates on the relationship between employers and workers in the ACT. The service spans, but is not limited to, workplace safety, dangerous substances, the rights of injured workers, the rights of contractors to be paid, public holidays and the costs of workers' compensation to business.</p> <p>Industrial Relations Policy will:</p> <ul style="list-style-type: none"> • advise the Government on the national workplace safety agenda and continue to participate in the development of harmonised workplace safety laws; • continue to implement enhancements to the ACT's existing Occupational Health and Safety regime, taking account of directions in the a national workplace safety agenda; • advise the Government on the performance of the ACT workers' compensation scheme and of issues arising within the scheme; • continue to make changes to the ACT's workers' compensation scheme where agreed by the Government; • advise the Government in relation to the National Workplace Relations System; • contribute, where relevant, to consultation with the Commonwealth and the States and Territories in relation to the National Workplace Relations System in accordance with the terms of the Inter-Governmental Agreement on a National Workplace Relations System; and • coordinate the Territory's consultative bodies for workers' compensation and work safety.

Accountability Indicator	Original Target 2010 - 11	Actual Result 2010-11	% Variance from Original Target 2010-11	Explanation of Material Variances
a. Provide advice to Government on developments in the national workplace safety agenda	4	4	0%	
b. Represent the ACT on Safe Work Australia and its various sub-committees and working groups, and coordinate input to and activities arising from the national initiatives to harmonise occupational health and safety laws	12	19	58%	Additional meetings were called by Safe Work Australia during the reporting period to finalise harmonised occupational health and safety legislation.
c. Amend the ACT's existing Work Safety scheme to meet the objectives of the Government and the needs of stakeholders	1	4	300%	Additional amendments were made to various pieces of work safety legislation during the reporting period.
d. Conduct an actuarial review of the ACT Workers' Compensation Scheme	June 2011	April 2011	(17%)	Government briefing on the actuarial review was provided earlier than target.
e. In accordance with Government directions, make changes to the <i>Workers' Compensation Act 1951</i>	June 2011	June 2011	0%	
f. Provide advice to Government regarding issues arising from the National Workplace Relations System	4	3	(25%)	The Commonwealth convened only three meetings for 2010-11 due to the 2010 federal election.
g. Coordinate input to and activities arising from the Inter-Governmental Agreement on a National Workplace Relations System	4	4	0%	
h. Maintain consultative fora within the ACT on workplace safety and on workers' compensation	4	4	0%	
TOTAL COST (\$'000)	\$2,929	\$3,160	8%	The variance is mainly due to additional costs associated with work undertaken in anticipation of a decision by Fair Work Australia on an equal remuneration case for the Social and Community Sector.
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$2,852	\$3,044	7%	The higher than target Government Payment for Outputs is mainly due to additional costs associated with work undertaken in anticipation of a decision by Fair Work Australia on an equal remuneration case for the Social and Community Sector.

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

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- a. This accountability indicator covers the preparation of submissions to Government advising on developments in respect of the national harmonisation of workplace safety and other aspects that impact on the ACT. Draft and final submissions were prepared to seek Government approval for drafting harmonised work safety laws. Draft and final submissions were also prepared on the Assembly Business Paper to introduce the bill.
- b. Safe Work Australia is an Australian Government statutory agency established in 2009, with the primary responsibility of improving work health and safety and workers' compensation arrangements across Australia. The agency is jointly funded by the Commonwealth, state and territory governments facilitated through an intergovernmental agreement signed in July 2008. This accountability indicator covers the preparation for, and attendance at, meetings of Safe Work Australia, and meetings of the Strategic Issues Group (SIG-OHS) established to harmonise occupational health and safety legislation. During the reporting period a total of 19 meetings were attended.
- c. This accountability indicator covers amendments to Work Safety legislation. During the reporting period there was an omnibus re-enactment of previously made Codes of Practice under the Work Safety Act 2008 in September 2010; minor amendments were made to the Work Safety Act 2008 and Work Safety Regulation 2009 in September 2010; and the Dangerous Substances Amendment Bill 2010 was presented in the Assembly in December 2010. A new Code of Practice on Formwork was also developed.
- d. This accountability indicator covers the completion of an actuarial review of the ACT Workers' Compensation Scheme and a report to Government. Following completion of the review process, the Government was briefed on the performance of the scheme in 2009-10 and the actuary's assessment of suggested reasonable premium rates for 2011-12.
- e. This accountability indicator covers legislative amendments to the Workers' Compensation Act 1951. Following Government agreement, a draft exposure Bill setting out proposed amendments to statutory benefits, access to common law, dispute resolution, whole person impairment and the regulation of service providers was released for public comment in September 2010. Stakeholder feedback received during the various consultation sessions undertaken has been provided to Government.
- f. This accountability indicator covers the ACT's participation and feedback within the High Level Officers Group (HLOG), a sub-committee of the Workplace Relations Ministerial Council. Three meetings were attended during the reporting year in November 2010, March 2011 and May 2011.
- g. This accountability indicator covers the ACT's participation in national fora and the provision of advice to Government on changes to the Fair Work Act 2009. In addition to meeting preparation, there were also four separate pieces of advice provided to Government on changes to the Commonwealth workplace relations legislation.
- h. This accountability indicator covers the secretariat role of Work Safety Policy Section to the ACT Work Safety Council. During the reporting period 13 members were appointed to the Council, with appointments due to expire in 2013. The Council met four times during 2010-2011.

¹The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

²This Output relates to the Minister for Industrial Relations.

Note: Further information on achievements against the above accountability indicators is provided in *Section A.9 Analysis of Agency Performance* in Volume 1 of the Annual Report.

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Output Class 1:	GOVERNMENT STRATEGY
Output 1.4:	COORDINATED COMMUNICATIONS AND EVENTS
Description:	Provision of communications support, events and centenary management, protocol services and Executive support to the ACT Government and the community. Coordinated Communications and Events will: <ul style="list-style-type: none"> • provide information and protocol services for the Chief Minister; • provide corporate support to the ACT Executive and its staff; • deliver the <i>Live in Canberra</i> program; • coordinate planning for the Centenary of Canberra; • coordinate and deliver key government events for the community; and • provide whole of government communications and support, including for whole of government emergency responses.

Accountability Indicator	Original Target 2010-11	Actual Result 2010-11	% Variance from Original Target 2010-11	Explanation of Material Variances
a. Deliver key community events ² - New Year's Eve - Australia Day - Canberra Day - Nara Candle Festival This accountability indicator covers the successful delivery of major community events.	4	4	0%	
b. Annual festival grants advice submitted to the Minister ² Covers the management of the ACT Festival Fund Assessment Committee, the assessment process and recommendations submitted to the Chief Minister. The ACT Festival Fund is an ACT Government funding program aimed at encouraging festival activity that celebrates our community spirit and engages our community as active participants and appreciative audiences.	Sept 2010	Sept 2010	0%	
c. Deliver annual city-wide whole of government newsletter Covers the delivery of the annual Our City, Our Community newsletter to all ACT households. The newsletter provides information to ACT residents on the activities of the ACT Government over the past twelve months, and outlines upcoming programs, initiatives and events.	March 2011	March 2011	0%	
d. Conduct four annual <i>Live in Canberra</i> interstate expos to increase awareness of the benefits of living and working in the ACT ² The <i>Live in Canberra</i> campaign aims to raise awareness of Canberra as a great place to live and work, to attract skilled workers and their families from targeted national and international audiences and to make Canberra a welcoming city.	4	4	0%	
e. Engage the Canberra Community on whole of government issues/topics utilising at least three engagement methods (on-line, media release, website)	50	50	0%	
f. Quarterly reporting to Government on Centenary of Canberra progress	4	4	0%	
TOTAL COST (\$'000)	\$8,230	\$8,530	4%	
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$8,033	\$8,298	3%	

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

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Notes	
a.	This accountability indicator covers the successful delivery of major community events such as New Year's Eve, Australia Day, Canberra Day and Nara Candle Festival, and includes support of other community events and marketing of the overall program.
b.	This accountability indicator covers the management of the ACT Festival Fund Assessment Committee, the assessment process and recommendations submitted to the Chief Minister. The ACT Festival Fund is an ACT Government funding program aimed at encouraging festival activity that celebrates our community spirit and engages our community as active participants and appreciative audiences.
c.	This accountability indicator covers the delivery of the annual Our City, Our Community newsletter to all ACT households. This accountability indicator covers the delivery of the annual newsletter, delivered each year in the first week of March to all ACT households (approximately 151,000).
d.	The <i>Live in Canberra</i> campaign aims to raise awareness of Canberra as a great place to live and work, to attract skilled workers and their families from targeted national and international audiences and to make Canberra a welcoming city. During the reporting period the campaign participated in the Reinvent Your Career Expo, Brisbane, (March 2011); the National Careers and Employment Expo, Sydney, (May 2011); the National Careers and Employment Expo, Brisbane, (May 2011); and the National Careers and Employment Expo, Adelaide, (May 2011).
e.	This accountability indicator covers production and placements of the Community Noticeboard in each Saturday edition of The Canberra Times.
f.	This accountability indicator covers the provision of four quarterly reports to inform Government.

¹The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

²The Chief Minister and Cabinet Directorate had responsibility for delivering this indicator to 16 May 2011. This accountability indicator transferred to the Economic Development Directorate (EDD) from 17 May 2011 by Notifiable Instrument NI2011-349.

Note: Further information on achievements against the above accountability indicators is provided in *Section A.9 Analysis of Agency Performance* in Volume 1 of the Annual Report.

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Output Class 1: GOVERNMENT STRATEGY					
Output 1.5: ARTS POLICY, ADVICE AND PROGRAMS ^{2, 3}					
Description: Implementation of Government policies and priorities and facilitation of development of, and community participation in, the arts. Arts Policy, Advice and Programs will: <ul style="list-style-type: none"> • deliver a range of arts programs, projects and initiatives; • develop and implement arts policy; • develop, manage and maintain a range of arts facilities; and • provide support to and participate in advisory mechanisms in the arts. 					
Accountability Indicator	Original Target 2010 - 11	Result 1 July 2010 to 16 May 2011	% Variance from Original Target 2010-11	Explanation of Material Variances	
a. Manage the Community Outreach Program Covers the management of the ACT Government's agreement with the Australian National University for the delivery of the Community Outreach Program.	1	1	0%		
b. Administer and manage the ACT Cultural Council Covers the administration and management of the ACT Cultural Council, including administering the appointment of members, members' remuneration, maintaining the Council's Charter, and the preparation of meeting papers.	1	1	0%		
c. Participate in Commonwealth Government advisory and funding mechanisms Covers participation in Cultural Ministers Council and Cultural Ministers Council Standing Committee, and liaison with the Australia Council for the Arts.	3	3	0%		
d. Provide support for administrative arrangements associated with the Cultural Facilities Corporation Covers artsACT's responsibilities to the Minister for the Arts and Heritage in relation to the Cultural Facilities Corporation Board appointments and quarterly reporting.	4	4	0%		
e. Deliver the ACT Arts Fund and associated awards and prizes The ACT Arts Fund is a program of arts-development grants made under eight categories to arts organisations, groups and individual artists, as well as a range of awards and prizes. The process involves peer assessment of applications through the ACT Cultural Council.	8	8	0%		
f. Manage ACT Arts Fund Key Arts Organisations Covers the management of arts funding to the ACT's eighteen Key Arts Organisations in accordance with their Deeds of Grant and License Agreements.	18	18	0%		

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Accountability Indicator	Original Target 2010 - 11	Result 1 July 2010 to 16 May 2011	% Variance from Original Target 2010-11	Explanation of Material Variances
g. Manage single-line funded Key Arts Organisations Covers the management of arts funding to the ACT's two single-line-funded Key Arts Organisations in accordance with their Deeds of Grant and License agreements. These organisations are the Canberra Glassworks and Belconnen Arts Centre.	2	2	0%	
h. Manage Program-funded organisations Covers the management of arts funding to the ACT's seven Program-funded arts organisations in accordance with their Deeds of Grant and License Agreements.	7	7	0%	
i. Manage the Public Arts Program Covers project management of the commission or acquisition and installation of public art in five categories (shopping centres, roadside works, town centres, city centre and bronze commissions).	5	5	0%	
j. Administer and manage the ACT Public Art Panel Covers the administration and management of the Public Art Panel, including administering the appointment of members, members' remuneration and secretariat services.	1	1	0%	
k. Manage Community Facilities Covers the annual funding program for a full range of cyclical and unplanned maintenance for the thirteen arts facilities managed by artsACT.	13	13	0%	
TOTAL COST (\$'000)	\$12,859	\$13,509	5%	The variance is mainly due to additional expenditure associated with Facilities and Public Art Capital Works funding, partially offset by the transfer of artsACT to the Community Services Directorate as part of the Administrative Arrangements of 17 May 2011.
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$11,609	\$11,163	(4%)	

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

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Notes	
a.	The ACT Government's support to the arts includes a significant funding agreement with the ANU, known as the Community Outreach Program. The Program supports a range of arts programs through the ANU's School of Music and School of Art, for access by the ACT community. This accountability indicator covers the management of the agreement over a 12-month period.
b.	The ACT Cultural Council is the principal advisory body on the arts for the Minister for the Arts. The Council provides advice in relation to the Government's identified key priorities for the arts, including recommendations for funding through the ACT Arts Fund. Functions performed by artsACT include administering the appointment of members, members' remuneration, maintaining the Council's Charter, and the preparation of meeting papers. This accountability indicator covers the administration and management over a 12-month period.
c.	artsACT has relationships with external Government arts advisory and funding agencies. These include the Department of Environment, Water, Heritage and the Arts, the Australian Council, the Cultural Ministers Council and its working groups. artsACT represents the ACT Government on the Cultural Ministers Council Standing Committee, a senior officials group which supports and progresses the work of the Cultural Ministers Council. This accountability indicator covers a program of activities over the 12-month period.
d.	artsACT has responsibilities to the Minister for the Arts in relation to the Cultural Facilities Corporation Board. The Corporation manages The Canberra Theatre Centre, Canberra Museum and Gallery, Calthorpes House, Lanyon, Nolan Gallery and Mugga Mugga as designated locations, and presents a range of arts, cultural and heritage programs for access by the community. artsACT provides advice to the Chief Minister on the Corporation's quarterly reports which are required, under its enabling legislation, to be tabled in the ACT Legislative Assembly, and also provides advice to the Minister on appointments to the Board of the Corporation. This accountability indicator covers a program of activities over the 12-month period.
e.	The ACT Arts Fund is one of the main ways the ACT Government, through artsACT, provides direct support to the arts in the ACT. Applications to the ACT Arts Fund are peer-assessed through the ACT Cultural Council. The ACT Arts Fund supports: <ul style="list-style-type: none"> - 18 Key Arts Organisations for core arts infrastructure in the ACT through programs, services and/or facilities; - seven arts organisations that provide a program of activity which enables the ACT community to have access to and engagement with the arts; - a range of one-off projects and community-initiated arts activities across all art forms; - up to two ACT Creative Arts Fellowships for further creative growth and artistic career advancement; - one ACT Book of the Year Award for excellence in literature including fiction and non-fiction; and - four ACT Poetry Prizes, and the associated Poetry in ACTION project which sees poetry by local artists placed in the interior of ACTION buses. This accountability indicator covers the management and delivery of the Fund over a 12-month period.
f.	The ACT Government manages funding to the ACT's 18 Key Arts Organisations through Deeds of Grant and License Agreements. The Organisations provide programs across community arts, dance, literature, music, radio, theatre, physical theatre, digital arts/new media and visual arts. This accountability indicator covers the management of the program over a 12-month period.
g.	This accountability indicator covers the management of arts funding to the ACT's two single-line-funded Key Arts Organisations (Canberra Glassworks and Belconnen Arts Centre) in accordance with their Deeds of Grant and License agreements. This accountability indicator covers the management of the program over a 12-month period.
h.	This accountability indicator covers the management of arts funding to the ACT's seven Program-funded arts organisations in accordance with their Deeds of Grant and License Agreements. This accountability indicator covers the management of the program over a 12-month period.
i.	The ACT Government's Public Art Program was established in 1995 to commission art works to complement Canberra's urban design and provide new experiences of the everyday environment. The Program undertakes a range of activities including planning, commissioning new works, maintenance and education. This accountability indicator covers the delivery of the program over a 12-month period.
j.	The ACT Public Art Panel provides advice on the selection of artists and the procurement processes for the roadside, city and town centre commissions. Members also provide advice to the Minister for the Arts and Heritage more generally on matters relevant to public art in the ACT. The remuneration and administration costs associated with the ACT Public Art Panel are funded from the Budget allocation to public art. This accountability indicator covers the management of the program over a 12-month period.
k.	The ACT Government, through artsACT, currently maintains and supports 13 arts facilities that are wholly dedicated to arts activity. An annual funding program is provided for a full range of cyclical and unplanned maintenance. Maintenance and repair activities undertaken at the various arts facilities include roof safety certification, programmed cyclical maintenance of air conditioning/heating and fire safety, sewerage/storm water and security lighting. This accountability indicator covers the delivery of the program over a 12-month period.

¹ The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

² This Output relates to the Minister for the Arts.

³ The Chief Minister and Cabinet Directorate had responsibility for delivering this Output to 16 May 2011. This Output transferred to the Community Services Directorate (CSD) from 17 May 2011 by Notifiable Instrument NI2011-336.

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Output Class 1:	GOVERNMENT STRATEGY
Output 1.6:	HERITAGE^{2,3,4}
Description:	<p>Heritage administers the heritage provisions of the <i>Heritage Act 2004</i> and assists in the conservation of the ACT's heritage assets to ensure their identification, preservation, protection, maintenance and enhancement (where appropriate) for present and future generations. Heritage provides administrative and operational support to the ACT Heritage Council and to their projects and administers the annual funding of the ACT Heritage Grants Program. Heritage provides advice and information on:</p> <ul style="list-style-type: none"> • heritage registration and how it may affect property; • the potential impact of development on heritage property; • heritage places and objects, as well as natural and Aboriginal heritage; and • eligibility for heritage grants and awards.

Accountability Indicator	Original Target 2010 - 11	Amended Target 2010 - 11	Result 1 July 2010 to 16 May 2011	% Variance from Amended Target 2010-11	Explanation of Material Variances
a. Assess development applications for their heritage impact and advise ACT Planning and Land Authority (ACTPLA) within 15-working days using "stop the clock" methodology	Not applicable	100%	97.4%	(3%)	
TOTAL COST (\$'000)	Not applicable	\$1,210	\$1,201	(1%)	The variance between the original and amended targets results from the establishment of a new output in 2010-11 following the transfer of the Heritage Unit from the Territory and Municipal Services Directorate (then the Department of Territory and Municipal Services) as part of the Administrative Arrangements of 1 July 2010.
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	Not applicable	\$1,210	\$1,210	0%	The variance between the original and amended targets results from the establishment of a new output in 2010-11 following the transfer of the Heritage Unit from the Territory and Municipal Services Directorate (then the Department of Territory and Municipal Services) as part of the Administrative Arrangements of 1 July 2010.

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

Notes
<p>a. This accountability indicator covers the number of development applications assessed by the Heritage Unit and returned to ACTPLA against a 15-working day time frame. Development applications referred by ACTPLA to the Heritage Unit are assessed for their heritage impact to ensure heritage values are protected and not compromised. If additional details are required to undertake the assessment, the clock is stopped until such time as the proponent provides this information. During the period 1 July 2010 to 16 May 2011, a total of 115 development applications were assessed, with all but 3 being completed within the 15-working day timeframe.</p>

¹The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

²This Output relates to the Minister for the Environment and Sustainable Development.

³This Output transferred from the Territory and Municipal Services Directorate (then the Department of Territory and Municipal Services) from 1 July 2010 by Notifiable Instrument N2011-310.

⁴The Chief Minister and Cabinet Directorate had responsibility for delivering this Output to 16 May 2011. This Output transferred to the Environment and Sustainable Development Directorate (ESD) from 17 May 2011 by Notifiable Instrument N2011-325.

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Output Class 2: BUSINESS AND INDUSTRY DEVELOPMENT	
Output 2.1: BUSINESS AND INDUSTRY DEVELOPMENT ^{2,3}	
Description:	Provision of programs, initiatives and business policy advice to support strategic business and industry development in the ACT. Business and Industry Development will: <ul style="list-style-type: none"> • deliver business programs and services; • manage relationships with key stakeholders in the ACT innovation system including universities, research organisations, commercialisation entities, business organisations and other government agencies; • deliver the Skilled and Business Migration Program; • support activities that promote the economic development of the broader capital region; and • participate actively in business and innovation policy forums, including ministerial councils and other national business, innovation and science infrastructure forums.

Accountability Indicator	Original Target 2010 - 11	Result 1 July 2010 to 16 May 2011	% Variance from Original Target 2010-11	Explanation of Material Variances
a. Support business innovation and the commercialisation of wealth generating ideas and research through program approaches	1	1	0%	
b. Establish and deliver collaboration-based industry development strategies	1	1	0%	
c. Deliver information and advisory services to the general small business community	1	1	0%	
d. Work within Australian and the ACT Government policy settings to attract and facilitate business and skilled migration to the Territory	1	1	0%	
e. Collaborate with the relevant Commonwealth Government entities to support economic development in the Territory and the broader Capital Region	1	1	0%	
TOTAL COST (\$'000)	\$9,874	\$7,610	(23%)	The variance is mainly due to the transfer of Business and Industry Development to the Economic Development Directorate as part of the Administrative Arrangements of 17 May 2011.
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$9,228	\$7,078	(23%)	The lower than target Government Payments for Outputs is mainly due to the transfer of Business and Industry Development to the Economic Development Directorate as part of the Administrative Arrangements of 17 May 2011.

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

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Notes	
a.	<p>This accountability indicator covers delivery of the following program of activities against BID's strategic priorities over the 12-month period:</p> <p>Deliver business programs and services including InnovationConnect (Icon), TradeConnect (TCon), ACT Investment Facilitation Program (IFP), Lighthouse Business Innovation Centre (LBIC), and Canberra Business Development Fund (CBDF).</p> <p>Manage relationships with key stakeholders in the ACT business community and innovation system including National ICT Centre of Excellence (NICTA) and National Plant Phenomics Facility Investment (High Resolution Plant Phenomics Centre - HRPPC).</p>
b.	<p>This accountability indicator covers delivery of the following program of activities against BID's strategic priorities over the 12-month period:</p> <p>Deliver business programs and services including Canberra BusinessPoint procurement and management of contract for services and advice to high growth potential businesses, ACT Industry Capability Network (ICN), Chief Minister's Export Awards procurement and contract management, ACT Exporters' Network, ScreenACT, CollabIT, and the ACT Screen Investment Fund.</p> <p>Manage relationships with key stakeholders in the ACT business community and innovation system including for Education Export.</p> <p>Support activities that promote the economic development of the broader capital region including the ACT Clean Economy Strategy.</p>
c.	<p>This accountability indicator covers delivery of the following program of activities against BID's strategic priorities over the 12-month period:</p> <p>Deliver business programs and services including Canberra BusinessPoint procurement and management of contract for support and advisory services to intending and early stage businesses, Australian Business Licence Information Service (BLIS), Business Online Services (BOS)/BUS Transition Project for the ACT, Business in Focus Month (BIFM), and Program marketing and communications.</p> <p>Support activities that promote the economic development of the broader capital region including the ACT Small and Micro Business Forum.</p> <p>Participate actively in business and innovation policy forums including the National Executive of Small Business Agencies (NESBA).</p>
d.	<p>This accountability indicator covers delivery of the following program of activities against BID's strategic priorities over the 12-month period:</p> <p>Deliver business programs and services including International Student Ambassador Program and the Skilled and Business Migration Program (Regional Certifying Body, Government sponsorship of skilled and business investment migrants, international promotional activities, development of State Migration Plan).</p> <p>Support activities that promote the economic development of the broader capital region, including Augmenting the Skills Response.</p> <p>Participate actively in business and innovation policy forums including the Commonwealth-State Working Party on Skilled Migration, and Standing Committee on Immigration and Multicultural Affairs (SCIMA).</p>
e.	<p>This accountability indicator covers delivery of the following program of activities against BID's strategic priorities over the 12-month period:</p> <p>Deliver business programs and services including Trade Mission Program, Chief Minister's Export Awards collaboration with Austrade in delivery of national program.</p> <p>Manage relationships with key stakeholders in the ACT business community and innovation system including Inward Investment Facilitation Services.</p> <p>Support activities that promote the economic development of the broader capital region including Shanghai World Expo 2010.</p> <p>Participate actively in business and innovation policy forums including National Trade Development Working Group, Small Business Ministerial Council, Commonwealth, State and Territory Advisory Council on Innovation, National Investment Advisory Board, and Online Communications Council.</p>

¹The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

²This Output relates to the Minister for Economic Development.

³The Chief Minister and Cabinet Directorate had responsibility for delivering this Output to 16 May 2011. This Output transferred to the Economic Development Directorate (EDD) from 17 May 2011 by Notifiable Instrument N12011-349.

CHIEF MINISTER AND CABINET DIRECTORATE
STATEMENT OF PERFORMANCE ¹
FOR THE YEAR ENDING 30 JUNE 2011

Output Class 3: TOURISM					
Output 3.1: TOURISM ^{2,3}					
Description:	Creation and implementation of a range of marketing and development programs and activities to promote tourism and major events held in the ACT. This includes promotion of the ACT as a tourism destination and the management and delivery of significant events such as Floriade and Floriade NightFest.				
Accountability Indicator	Original Target 2010 - 11	Result 1 July 2010 to 16 May 2011	% Variance from Original Target 2010-11	Explanation of Material Variances	
a. Awareness of the Capital Region as a tourist destination - Sydney - Brisbane - Regional NSW Independent tracking survey to record advertising awareness of the Capital Region as a tourist destination.	Greater than 9% Greater than 5% Greater than 12%	12.4% 7.6% 18.5%	0% 0% 0%		
b. Preference of the Capital Region as a tourist destination - Sydney - Brisbane - Regional NSW Independent tracking survey to record preference of the Capital Region as a tourist destination.	Greater than 10% Greater than 5% Greater than 10%	16.0% 6.2% 14.5%	0% 0% 0%		
c. Number of visits to the 'visitcanberra' website This accountability indicator records the performance of the 'visitcanberra' website as a key driver for tourism activities such as travel, research, planning and online bookings in Canberra.	575,000	721,574	25%	Australian Capital Tourism now measures website 'visits' - in line with accepted industry standards. The 2010-11 target for 'visits' in 2010-11 was developed without the benefit of historical data for comparison. Use of the internet as a key tool for travel planning, visitor information and bookings continues to experience rapid growth.	
d. Direct expenditure as a result of staging Floriade This represents the increase in direct expenditure to the ACT economy as a result of staging the event (measured independently).	\$20m	\$26.9m	35%	The 2010 event achieved record levels of interstate visitation and direct expenditure, while also recording the highest attendance figure (471,979) since the introduction of turnstiles in 1999.	
TOTAL COST (\$'000)	\$18,057	\$17,005	(6%)	The variance is mainly due to the transfer of Australian Capital Tourism to the Economic Development Directorate as part of the Administrative Arrangements of 17 May 2011.	
GOVERNMENT PAYMENT FOR OUTPUTS (\$'000)	\$15,897	\$14,447	(9%)	The lower than target Government Payments for Outputs is mainly due to the transfer of Australian Capital Tourism to the Economic Development Directorate as part of the Administrative Arrangements of 17 May 2011.	

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

CHIEF MINISTER AND CABINET DIRECTORATE
STATEMENT OF PERFORMANCE ¹
FOR THE YEAR ENDING 30 JUNE 2011

Notes

- a. These accountability indicators are used to record advertising awareness of and preference for the Capital Region as a tourist destination. Results are taken quarterly from the Holiday Tracking Survey, which is managed by Roy Morgan Research. There is a three-month lag on results, so these latest figures are for the period ending March 2011. The Year to date figures cover a period incorporating the final month of the highly successful Masterpieces from Paris exhibition, along with Floriade 2010 (which achieved record levels of interstate visitation) and the new autumn event Enlighten. These events, promoted heavily in interstate markets (particularly Sydney and Regional NSW), are likely catalysts for increased awareness and preference levels.
- c. This accountability indicator is used to record the performance of the 'visitcanberra' website as a key driver for tourism activities such as travel, research, planning and online bookings in Canberra.
- d. This accountability indicator records the increase in direct expenditure to the ACT economy as a result of staging the Floriade event (measured independently by Ernst & Young).

¹The accountability indicators were examined by the ACT Auditor-General's Office in accordance with the *Financial Management Act 1996*.

²This Output relates to the Minister for Tourism, Sport and Recreation.

³The Chief Minister and Cabinet Directorate had responsibility for delivering this Output to 16 May 2011. This Output transferred to the Economic Development Directorate (EDD) from 17 May 2011 by Notifiable Instrument NI2011-349. Results shown are to 16 May 2011.

DEFAULT INSURANCE FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011



ACT AUDITOR-GENERAL'S OFFICE



INDEPENDENT AUDIT REPORT DEFAULT INSURANCE FUND

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Default Insurance Fund (the Fund) 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 Chief Minister and Cabinet Directorate is responsible for the preparation and fair presentation of the financial statements of the Fund. 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

I am responsible for expressing an independent audit opinion on the financial statements of the Fund.

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 evaluate the prudence of decisions made by the Fund.

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 Fund for year ended 30 June 2011:

- (i) are presented in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Fund 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.

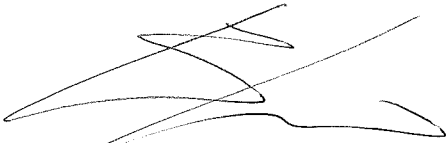


Bernie Sheville
Director, Financial Audits
12 September 2011

**Default Insurance Fund
Financial Statements
For the Year Ended 30 June 2011**

Statement of Responsibility

In my opinion, the Financial Statements are in agreement with the Fund's accounts and records and fairly reflect the financial operations of the Default Insurance Fund for the year ended 30 June 2011, and the financial position of the Fund on that date.




Andrew Cappie-Wood
Director-General
Chief Minister and Cabinet Directorate
August 2011

**Default Insurance Fund
Financial Statements
For the Year Ended 30 June 2011**

Statement by the Fund Manager

In my opinion, the Financial Statements of the Default Insurance Fund have been presented in accordance with generally accepted accounting principles, and are in agreement with the Fund's accounts and records and fairly reflect the financial operations of the Fund for the year ended 30 June 2011, and the financial position of the Fund on that date.



John Fletcher
Fund Manager
Default Insurance Fund
August 2011

Default Insurance Fund
Operating Statement
For the Year Ended 30 June 2011

	Note No.	Actual 2011 \$'000	Actual 2010 \$'000
Income			
Interest and Distribution Revenue	5	1,417	1,108
Levies	6	2,249	3,567
Recoveries	7	2,237	1,809
Resources Received Free of Charge		-	35
Other Revenue		78	155
Unrealised Gain on Investments	8	-	121
Total Income		5,981	6,795
Expenses			
Employee Expenses	10	86	182
Superannuation Expenses	10	12	31
Claims Expenses	9	2,985	3,410
Supplies and Services	11	167	241
Unrealised Loss on Investments	12	26	-
Total Expenses		3,276	3,864
Operating Surplus		2,705	2,931
Total Comprehensive Income		2,705	2,931

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

Default Insurance Fund
Balance Sheet
As at 30 June 2011

	Note No.	Actual 2011 \$'000	Actual 2010 \$'000
Current Assets			
Cash and Cash Equivalents	13	17,470	13,103
Receivables	14	2,890	4,678
Total Current Assets		20,360	17,781
Non-Current Assets			
Receivables	14	5,646	4,006
Investments	15	9,482	9,508
Total Non-Current Assets		15,128	13,514
Total Assets		35,488	31,295
Current Liabilities			
Payables	16	22	49
Employee Benefits	17	10	9
Outstanding Claims Provision	18	2,058	1,965
Total Current Liabilities		2,090	2,023
Non-Current Liabilities			
Outstanding Claims Provision	18	11,754	10,319
Employee Benefits	17	12	26
Total Non-Current Liabilities		11,766	10,345
Total Liabilities		13,856	12,368
Net Assets		21,632	18,927
Equity			
Accumulated Funds		21,632	18,927
Total Equity		21,632	18,927

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

**Default Insurance Fund
Statement of Changes in Equity
For the Year Ended 30 June 2011**

	Accumulated Funds Actual 2011 \$'000	Total Equity Actual 2011 \$'000
Balance at the Beginning of the Reporting Period	18,927	18,927
Comprehensive Income		
Operating Surplus	2,705	2,705
Balance at the End of the Reporting Period	<u>21,632</u>	<u>21,632</u>

	Accumulated Funds Actual 2010 \$'000	Total Equity Actual 2010 \$'000
Balance at the Beginning of the Reporting Period	15,996	15,996
Comprehensive Income		
Operating Surplus	2,931	2,931
Balance at the End of the Reporting Period	<u>18,927</u>	<u>18,927</u>

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

**Default Insurance Fund
Cash Flow Statement
For the Year Ended 30 June 2011**

	Note No.	Actual 2011 \$'000	Actual 2010 \$'000
Cash Flow from Operating Activities			
Receipts			
Interest and Distributions Received		1,494	1,197
Levies		2,437	2,047
Recoveries		1,967	1,783
Goods and Services Input Tax Credits from the Australian Taxation Office		74	64
Other Revenue		239	-
Total Receipts from Operating Activities		6,211	5,091
Payments			
Employee		111	211
Supplies and Services		196	176
Payment of Claims		1,461	1,675
Goods and Services Tax Paid to Suppliers		76	69
Total Payments from Operating Activities		1,844	2,131
Net Cash Inflows from Operating Activities	21	4,367	2,960
Net Increase in Cash and Cash Equivalents Held			
Cash and Cash Equivalents at Beginning of the Reporting Period		13,103	10,142
Cash and Cash Equivalents at the End of Reporting Period	21	17,470	13,103

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

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

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

NOTE 1 OBJECTIVES OF THE DEFAULT INSURANCE FUND

Operations and Principal Activities of the Default Insurance Fund

The Default Insurance Fund (the Fund) was established on 1 July 2006, and all activities, assets and liabilities of the Workers' Compensation Supplementation Fund and Nominal Insurer were transferred into the Fund on that date. The Fund is operated under the *Workers Compensation Act 1951*. The objectives of the Fund are to:

- provide a safety net mechanism to meet the costs of workers' compensation claims made by workers where:
 - (a) an employer does not have a compulsory insurance policy; or
 - (b) an approved insurer is wound up under the *Corporations Act 2001* or cannot provide the indemnity required under a compulsory insurance policy;
- ensure that workers who are injured in the circumstances listed above, receive the same entitlements as an injured worker would receive where the employer did have insurance, and the employer is able to provide indemnity;
- make payment of statutory entitlements under the *Workers Compensation Act 1951*; and
- satisfy or settle claims.

Note: The Workers' Compensation Supplementation Fund is now known as the Collapsed Insurer Fund (CIF) and Nominal Insurer is now known as the Uninsured Employer Fund (UEF).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These general-purpose financial statements have been prepared to comply with 'Generally Accepted Accounting Principles' (GAAP). These 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 effect 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 valuation policy applicable to the Fund.

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

The Fund is an individual reporting entity.

Default Insurance Fund
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, change in equity and cash flows of the Fund for the year ended 30 June 2011 together with the financial position of the Fund as at 30 June 2011.

(c) Comparative Figures

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for all 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 are amended, the comparative amounts have been reclassified where practical. Where a reclassification occurs, the nature, amount and reason for the 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. Some totals throughout this report may not add due to rounding.

(e) Revenue Recognition

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Levies

Monies required to satisfy UEF claims are apportioned by way of levies placed on ACT Workers' Compensation Insurers and Self-Insurers. The *Workers Compensation Act 1951* provides the framework around the calculation of levies. In 2010-11, the Fund Manager imposed contributions from insurers and self-insurers equal to 1.7% of gross written premiums.

Taxes, Fees and Fines

Taxes are recognised as revenue at the time of payment. Fees and fines are either recognised as revenue at the time of payment or when the fee is incurred.

(f) Current and Non-Current Items

Assets and liabilities are classified as either current or non-current in the Balance Sheet and the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Fund 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.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(g) 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 which are subject to an insignificant risk of changes in value. This includes short-term investments held in the Justice and Community Safety (JACS) Trust Investment Account managed by an external fund manager on behalf of the Public Trustee for the ACT. Short-term investments in the JACS Trust Investment Account are measured at fair value.

(h) Receivables

Accounts receivable (including trade receivables and other receivables) are recognised at fair value and subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

The collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when some doubt as to collection exists.

(i) Investments

Long-term investments for the Collapsed Insurer Fund are held with the Public Trustee for the ACT in a unit trust called the Fixed Interest Trust Portfolio. The price of units in the unit trust fluctuate in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust between the end of the last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trust (the profit being the difference between the price at the end of the last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

Long-term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at reporting date.

(j) Payables

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

Payables include Trade Payables, Accrued Expenses and Other Payables.

Trade Payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Fund.

Accrued expenses represent goods and services provided by other parties during the reporting period that are unpaid at the end of the reporting period and where an invoice has not been received by period-end.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(k) 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 reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting period, 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 qualifying service, the probability the 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 the employees will take annual and long service leave while in service has been taken into account in estimating the liability for the on-costs.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

(I) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover the Fund's superannuation liability for the Public Sector Superannuation Scheme (PSS). This payment covers the PSS employer contribution but does not include the productivity component. The productivity component is paid directly to ComSuper by the Fund. The PSS is 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 are also 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 employee choice schemes.

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

A superannuation liability is not recognised in the Balance Sheet as the Superannuation Provision Account recognises the total Territory superannuation liability for the PSS, and ComSuper and the external schemes recognise the superannuation liability for 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 PSS in respect of the ACT Government service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

Default Insurance Fund
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) Outstanding Claims Provision

The provision covers claims reported but not yet paid, incurred but not yet reported claims (“IBNR”), incurred but not enough reported (“IBNER”) and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by estimating changes in the ultimate cost of settling claims, IBNRs and settlement costs using statistics based on past experience and trends. In limited instances this is supplemented or replaced by a review of individual claims information.

The Fund appointed an independent actuary, KPMG Actuarial Pty Limited, to provide a full assessment of Outstanding Claims Provision. The review was done from May to July 2011. Adam Searle is the actuary responsible for the valuation of outstanding claims and is a Fellow of the Institute of Actuaries of Australia.

The expected future payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal inflation and “superimposed inflation”. Superimposed inflation refers to factors such as trends in court awards, for example increases in the level and period of compensation for injury. The expected future payments are then discounted to present value using the Commonwealth Government Bonds risk free rate.

Claims estimated to fall due within a 12-month period are classified as a current liability and all other claims as a non-current liability.

(n) Recoveries

The Collapsed Insurer Fund may receive recoveries from the administrators of failed insurance companies and the Uninsured Employer Fund may receive recoveries from other insurers due to third party arrangements. Both funds may receive repayments by claimant third parties, and court associated recoveries. The recoveries are included in the actuarial calculations.

(o) Significant Accounting Judgements and Estimates

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

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(k); ‘Employee Benefits’ and Note 3: ‘Change in Accounting Policy Estimates, and Correction of a Prior Period Error’.

Default Insurance Fund
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) 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 Fund 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 Fund in future reporting periods:

- 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 Reporting Period (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 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 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 4, 101, 132, 136, 139 & 1023] (application date 1 January 2013);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 7, 8, 101, 107, 108, 110, 111, 112, 121, 124, 127, 128, 133, 134, 136, 141 & 1050 and Interpretations 2, 4, 5, 15, 17, 127 & 129] (application date 1 January 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfer of Financial Assets [AASB 1 & AASB 7] (application date 1 July 2011); and
- AASB 2010-07 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 7, 101, 108, 112, 120, 121, 127, 128, 132, 136, 137, 139 & 1023 and Interpretations 2, 5, 10, 12, 19 and 127] (application date 1 January 2013).

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
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**NOTE 3 CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND
CORRECTION OF A PRIOR PERIOD ERROR**

Changes in Accounting Estimates

Changes in Actuarial Assumptions

The Fund uses actuaries (Refer Note 4: 'Significant Accounting Judgements and Estimates') to estimate the outstanding claims provision (liability) and related claims expenses. Actual assumptions are based on past claims experience, risk exposure and projections of economic variables.

As such the estimate of the outstanding claims provision has changed.

This change has resulted in an increase to the estimate of the outstanding claims provision and expense in the current reporting period of approximately \$1.5 million.

Revision Of Employee Benefit Discount Rate

The Fund uses a discount rate (Refer Note 2(k): 'Employee Benefits') for 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 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 \$1,000.

Change in Accounting Policy

The Fund had no changes in Accounting Policy during the reporting period.

Correction of Prior Period Errors

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

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

NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(a) Measurement of the Outstanding Claims Provision

The Fund is not required to comply with AASB 1023: General Insurance Contracts as its operations are not underpinned by contracts of insurance with its customers. Contracts of insurance need to be in existence in order for a reporting entity to apply AASB 1023. Instead, the business liabilities are reported under AASB 137: Provisions, Contingent Liabilities and Contingent Assets. The measurement of liabilities under AASB 137 is based on a best estimate which management believes, in the context of the Fund's business, equates to the central estimate of claim liabilities (i.e. without an explicit risk margin).

(b) Actuarial Assumptions

The actuarial estimate of outstanding claims provision comprises:

- future compensation payments on open reported claims;
- future compensation payments for claims that have been incurred but not reported (i.e. IBNR);
- net apportionment and cross-claims (i.e. 'sharing') with other defendants where identified;
- an estimate of the costs associated with managing the claims, such as the staff costs for employees managing the claims; and
- claims inflated and discounted to a 'present value' basis.

Analysis and estimates are subdivided by:

- latent (including asbestos related and hearing claims); and
- all other injury types.

The approach used in determining the provision for claims in the Uninsured Employers Fund was as follows:

- historical claim payments gross of recoveries have been inflated to 30 June 2011 values;
- development of open claims (current value payments to date plus current case estimates) was analysed; and consideration was then given to the need to adjust the case estimates on the open claims for future case estimate development;
- a further allowance was made for incurred but not yet reported (IBNR) claims, based on a projection of future claim reports and an adopted average claim size;
- a pattern of future payment was applied to apportion the current value of the liability over future payment periods;
- an allowance was made for the effect of future recoveries, based on historic experience; and
- an allowance was made for the timing of benefit payments by adjusting for future claims inflation and discounting to a present value.

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

NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES CONTINUED

(b) Actuarial Assumptions - continued

The approach used in determining the provision for claims in the Collapsed Insurers Fund was as follows:

- historical claim payments gross of recoveries have been inflated to 30 June 2011 values;
- future claims payments were projected, based on payment experience to date;
- development of open claims (current value payments to date plus current case estimates) was analysed; and consideration was then given to the need to adjust the case estimates on the open claims for future case estimate development;
- a pattern of future payment was applied to apportion the current value of the liability over future payment periods;
- an allowance was made for the effect of future recoveries, based on historic experience; and
- an allowance was made for the timing of benefit payments by adjusting for future claims inflation and discounting to a present value.

Table 1 outlines the main assumptions which were made in determining the outstanding claims provision.

Table 1 – Selected Assumptions

Assumption	Collapsed Insurer Fund		Uninsured Employer Fund	
	2011	2010	2011	2010
Projected claim numbers	*	15.9	30.3	33.2
Net average claim size	*	\$49,643	\$119,487	\$155,555
Average weighted term to settlement (years)	2.5	2.5	4.8	6.2
Inflation rate p.a. - wage plus superimposed	6.1%	6.0%	6.1%	6.0%
Discount rate p.a.	4.9%	4.7%	5.0%	5.1%
Claims handling expenses	16%	19%	16%	19%

* The approach used to value CIF claims in the current year is an aggregated method, which projects future claims payments directly. It does not require projected numbers of claims and average costs, therefore there are no comparables to the previous valuation.

Projected Claim Numbers

The projected claim numbers have been determined based on assumed pattern of claim emergence using chain ladder projections. This projection gives the average number of IBNR claims expected in the future from a notional distribution of possible outcomes. Because it is the result of an estimation process, the result is not an integral number.

For the Uninsured Employer Fund, 36% of new claims are expected to be reported in 2011-12, with an average reporting delay of 1.9 years.

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

NOTE 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES – CONTINUED

Actuarial Assumptions - Continued

Average weighted term to settlement

Expected payment patterns are used in determining the outstanding claims provision. A decrease in the average term to settlement would lead to claims being paid sooner than anticipated and so would increase the discounted liability for claims. An increase in the average term to settlement would lead to claims being paid later than anticipated and would increase the liability.

Expense rate

An estimate for the internal costs of handling claims is included in the outstanding claims provision. An increase or decrease in the expense rate assumption would have a corresponding impact on claims expense.

Discount rate

The outstanding claims provision is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. An increase in the assumed discount rate will reduce the total claims expense. A decrease in the assumed discount rate will increase the total claims expense.

Inflation and superimposed inflation rates

Expected future payments are inflated to take account of inflationary increases. In addition to the general economic inflation rate, an amount is superimposed to take account of non-economic inflationary factors, such as increases in court awards. Such rates of superimposed inflation are specific to the model adopted. An increase or decrease in the assumed levels of either economic or superimposed inflation would have a corresponding and magnified impact on the claims expense.

Uncertainty

General Claims Uncertainty

The Fund is exposed to Asbestos related claims which are generally reported long after the injury was incurred. The period of delay in claims reporting makes reliable estimate of the number of future reported Asbestos claims difficult. Combined with the nature of assessing the cost of these claims and legislative impacts, the total cost of Asbestos related claims is difficult to assess. Given the small size of the Fund's claims liabilities, the actual experience of Asbestos related claims could lead to large deviations from the estimated outstanding claims provisions contained in the financial statements.

Global Financial Crisis

The global financial crisis (GFC) which began late 2007 increased the likelihood that some employers were operating uninsured during 2008-09 and 2009-10 with these claims falling to the Fund. The Fund has observed that the 2009-10 year has had an increased number of claims, with levels of claims reported reducing again during the 2010-11 accident year. It should be recognised that this is based on judgement because there is no objective basis on which to gauge the potential impact on Fund's claims outcomes.

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

NOTE 5 INTEREST AND DISTRIBUTIONS

	2011	2010
	\$'000	\$'000
Revenue Received from within ACT Government Entities		
Interest Revenue– Collapsed Insurer Fund	722	477
Distribution Revenue– Collapsed Insurer Fund	592	571
Interest Revenue– Uninsured Employer Fund	82	54
Total Interest and Distribution Revenue from ACT Government Entities	<u>1,396</u>	<u>1,102</u>
Revenue from Non-ACT Government Entities		
Interest Revenue from Bank – Collapsed Insurer Fund	8	3
Interest Revenue from Bank – Uninsured Employer Fund	13	3
Total Interest Revenue from Non-ACT Government Entities	<u>21</u>	<u>6</u>
Total Interest and Distribution Revenue	<u>1,417</u>	<u>1,108</u>

Interest and distribution receipts are higher than the previous year due to higher rates of return.

NOTE 6 LEVIES

Claims and administrative costs pertaining to the Uninsured Employer Fund are paid by raising a quarterly levy on all approved workers compensation insurers and exempt employers who are currently operating in the Territory. A new funding model was introduced on 1 July 2010. The *Workers Compensation Act 1951* provides the framework around the calculation of levies. In 2010-11, the Fund Manager imposed contributions from insurers and self-insurers equal to 1.7% of gross written premiums.

Levies from Insurers – Uninsured Employer Fund	2,249	3,567
Total Levies	<u>2,249</u>	<u>3,567</u>

Levies are lower than the previous year due to a decrease in the number and the cost of settled claims in the Uninsured Employer Fund.

NOTE 7 RECOVERIES

Insurer – Collapsed Insurer Fund	1,959	1,777
Other – Uninsured Employer Fund	278	32
Total Recoveries	<u>2,237</u>	<u>1,809</u>

The variance is due to more HIH Insurance Limited (HIH) recoveries received for the Collapsed Insurer Fund in 2010-11. Other recoveries include repayments by claimant third parties, and court associated recoveries, both are subject to yearly variation.

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

NOTE 8 UNREALISED GAINS ON INVESTMENTS

	2011	2010
	\$'000	\$'000
Unrealised Gain on Investments – Collapsed Insurer Fund	-	121
Total Gains on Investments	-	121

The unit value of investments decreased in 2010-11. (See Note 12: Unrealised Loss on Investments).

NOTE 9 CLAIMS EXPENSES

Claims Expenses	2,985	3,410
Total Claims Expenses	2,985	3,410

The decreased claims expense in 2010-11 is due to a reduced discount factor leading to a higher claims value, offset by a decrease in the net average size of claims in the Uninsured Employer Fund.

NOTE 10 EMPLOYEE AND SUPERANNUATION EXPENSES

(a) Employee Expenses

Salaries	99	178
Annual Leave Expense	1	(3)
Long Service Leave Expense	(14)	6
Other Employee Benefits and On-Costs	-	1
Total Employee Expenses	86	182

(b) Superannuation Expense

Superannuation Contribution to the Territory Banking Account	12	20
Productivity Benefit – new employee	-	11
Total Superannuation Expenses	12	31

NOTE 11 SUPPLIES AND SERVICES

Supplies and Services – Collapsed Insurer Fund	62	107
Supplies and Services – Uninsured Employer Fund	105	134
Total Supplies and Services	167	241

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

NOTE 12 UNREALISED LOSS ON INVESTMENTS

	2011	2010
	\$'000	\$'000
Unrealised Loss on Investments – Collapsed Insurer Fund	26	-
Total Loss on Investments	<u>26</u>	<u>-</u>

The unit value of investments decreased in 2010-11. (See Note 8: Unrealised Gains on Investments)

NOTE 13 CASH AND CASH EQUIVALENTS

The Fund holds a bank account with the Commonwealth Bank as part of the whole-of-government banking arrangements. The Fund also held short-term investments with the Public Trustee in the JACSD Trust Investment Account throughout the year. The investment earned a floating interest rate of 5.84% (4.53% in 2010). These funds are able to be withdrawn upon request and are not subject to movements in their market value, and therefore meet the definition of a cash equivalent.

	2011	2010
	\$'000	\$'000
Cash at Bank – Collapsed Insurer Fund	1	38
Cash at Bank – Uninsured Employer Fund	1	76
Investments – Collapsed Insurer Fund	14,816	11,729
Investments – Uninsured Employer Fund	2,652	1,260
Total Cash and Cash Equivalents	<u>17,470</u>	<u>13,103</u>

Additional HIH recoveries and the reinvestment of interest led to the Collapsed Insurer Fund investment to increase in size.

NOTE 14 RECEIVABLES

Current Receivables

Interest – Collapsed Insurer Fund and Uninsured Employer Fund	137	214
Services supplied to Nominal Defendant	-	156
GST Receivable – Collapsed Insurer Fund	6	3
GST Receivable – Uninsured Employer Fund	17	13
	<u>160</u>	<u>386</u>

Other Receivables

Other – Collapsed Insurer Fund	18	7
Other – Uninsured Employer Fund	2,712	4,349
Less: Allowance for Impaired Losses	-	(64)
	<u>2,730</u>	<u>4,292</u>
Total Current Receivables	<u>2,890</u>	<u>4,678</u>

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
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NOTE 14 RECEIVABLES - CONTINUED

Non-Current Receivables

Other – Collapsed Insurer Fund	17	8
Other – Uninsured Employer Fund	5,629	3,998
Total Non-Current Receivables	5,646	4,006
Total Receivables	8,536	8,684

Aging of Current 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 Impaired¹					
Receivables	2,890	-	-	-	2,890
Impaired					
Receivables	-	-	-	-	-

NOTE 14 RECEIVABLES – CONTINUED

Aging of Current Receivables

	Not Overdue	Past Due			Total
		Less Than 30 Days	30 to 60 Days	Greater than 60 days	
	\$'000	\$'000	\$'000	\$'000	\$'000
2010					
Not Impaired					
Receivables	4,678	-	-	-	4,678
Impaired					
Receivables	-	-	-	64	64

¹‘Not Impaired’ refers to Net Receivables (that is Gross Receivables less Impaired Receivables).

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

	2011	2010
	\$'000	\$'000
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	64	64
Additional Allowance Recognised	-	-
Reduction in Allowance Resulting from a Write-off of Receivables	(64)	-
Allowance for Impairment Losses at the End of the Reporting Period	-	64

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
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NOTE 14 RECEIVABLES – CONTINUED

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

Interest – Collapsed Insurer Fund	137	214
Services Purchased by the Office of Nominal Defendant ACT	-	156
Interest – Collapsed Insurer Fund	<u>137</u>	<u>370</u>

Current Receivables with Non-ACT Government Entities

GST Receivable – Collapsed Insurer Fund	6	3
GST Receivable – Uninsured Employer Fund	17	13
Other – Collapsed Insurer Fund	18	7
Other - Uninsured Employer Fund	2,712	4,285
	<u>2,753</u>	<u>4,308</u>
Total Current Receivables	<u>2,890</u>	<u>4,678</u>

Non-Current Receivables with Non-ACT Government Entities

Other – Collapsed Insurer Fund	17	8
Other – Uninsured Employer Fund	5,629	3,998
	<u>5,646</u>	<u>4,006</u>
Total Non-Current Receivables	<u>5,646</u>	<u>4,006</u>
Total Receivables	<u>8,536</u>	<u>8,684</u>

Other Current and Non-Current Receivables for the Uninsured Employer Fund represent levies to be raised to recover claim development. Levies may be raised over a 5 year period.

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
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NOTE 15 INVESTMENTS

The purpose of the investment in the Fixed Interest Trust Portfolio is to hold it for a period of longer than 12 months. The total carrying amount of the Fixed Interest Trust Portfolio investment below has been measured at fair value. Refer to *Note 19 Financial Instruments* and *Note 2 (i) Summary of Significant Accounting Policies*.

	2011	2010
	\$'000	\$'000
Non-Current Investments		
Investments – Collapsed Insurer Fund	9,482	9,508
Total Investments	<u>9,482</u>	<u>9,508</u>

NOTE 16 PAYABLES

Current Payables

Accrued Expenses – Collapsed Insurer Fund	13	21
Accrued Expenses – Uninsured Employer Fund	<u>9</u>	<u>28</u>
Total Payables	<u>22</u>	<u>49</u>

Payables are Aged as follows:

Not Overdue	<u>22</u>	<u>49</u>
Total Payables	<u>22</u>	<u>49</u>

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities

Trade Payables – Uninsured Employer Fund	9	25
Trade Payables – Collapsed Insurer Fund	13	20
	<u>22</u>	<u>45</u>

Payables with Non-ACT Government Entities

Trade Payables – Uninsured Employer Fund	-	3
Trade Payables – Collapsed Insurer Fund	-	1
	<u>-</u>	<u>4</u>

Total Payables	<u>22</u>	<u>49</u>
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Default Insurance Fund
Notes to and Forming Part of the Financial Statements
For the Year Ended 30 June 2011

NOTE 17 EMPLOYEE BENEFITS

	2011	2010
	\$'000	\$'000
Current Employee Benefits		
Accrued Salaries	3	2
Annual Leave	7	6
Other	-	1
	10	9
Non-Current Employee Benefits		
Long Service Leave	12	26
Total Employee Benefits	22	35

	2011	2010
	Number	Number
Employee Numbers		
Full-Time Equivalents at the End of the Reporting Period	1	2

NOTE 18 OUTSTANDING CLAIMS PROVISION

Inflated and Discounted Liability at 30 June 2011 (Gross of Recoveries)

Liability	Collapsed Insurer Fund Component \$'000	Uninsured Employer Fund Component \$'000	Total Default Insurance Fund \$'000
Reported	1,434	4,834	6,267
IBNR	940	4,638	5,578
Claims Handling Expense	451	1,515	1,966
Total	2,825	10,987	13,812

Reported claims arising from the collapse of the HIH Group comprise 79% and reported claims arising from the collapse of National Employers Mutual (NEM) comprise 21% of the cost of the Collapsed Insurer Fund component of the Fund. HIH became insolvent in March 2001 and NEM in May 1990.

	2011	2010
	\$'000	\$'000
Current Outstanding Claims Provision		
Outstanding Claims Provision – Collapsed Insurer Fund	699	765
Outstanding Claims Provision – Uninsured Employer Fund	1,359	1,200
Total Current Outstanding Claims Provision	2,058	1,965

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

NOTE 18 OUTSTANDING CLAIMS PROVISION – CONTINUED

Non-Current Outstanding Claims Provision

Outstanding Claims Provision – Collapsed Insurer Fund	2,126	1,820
Outstanding Claims Provision – Uninsured Employer Fund	9,628	8,499

Total Non-Current Outstanding Claims Provision	11,754	10,319
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Total Outstanding Claims Provision	13,812	12,284
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Reconciliation of Movement in Discounted Outstanding Claims Liability

	Collapsed Insurer Fund \$'000	Uninsured Employer Fund \$'000	Total \$'000
Carrying Amount at 30 June 2010	2,585	9,699	12,284
Plus: Additional Provisions Made in the Period for:			
New Accident Period	-	1,192	1,192
Existing Provisions	209	464	673
Less: Amounts Used During the Period	(74)	(1,369)	(1,443)
Less: Unused Amounts Reversed During the Period	-	-	-
Plus: Change in Future Discounting Assumptions:			
Passage of Time	107	480	587
Change in Discount Rate	(2)	522	520
Carrying Amount at 30 June 2011	2,825	10,987	13,812

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

NOTE 19 FINANCIAL INSTRUMENTS

(a) Fair Values 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	17,470	17,470	13,103	13,103
JACS Fixed Interest Trust Portfolio	9,482	9,482	9,508	9,508
Receivables	137	137	370	370
Total Financial Assets	27,089	27,089	22,981	22,981
Financial Liabilities				
Payables	22	22	49	49
Total Financial Liabilities	22	22	49	49

Fair Value Hierarchy

The Fund is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such are not included in the table below.

Default Insurance Fund
Notes to and Forming Part of the Financial Statements
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NOTE 19 FINANCIAL INSTRUMENTS - CONTINUED

2011

	<u>Classification According to Fair Value Hierarchy</u>			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000

Financial Assets

Financial Assets at Fair Value through the
Profit and Loss

Investment JACS Fixed Interest Trust Portfolio	-	9,482	-	9,482
Total	-	9,482	-	9,482

Transfer Between Categories

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

2010

	<u>Classification According to Fair Value Hierarchy</u>			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000

Financial Assets

Financial Assets at Fair Value through the
Profit and Loss

Investment JACS Fixed Interest Trust Portfolio	-	9,508	-	9,508
Total	-	9,508	-	9,508

Transfer Between Categories

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

(b) 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 Funds cash and cash equivalents are held in floating interest rate arrangements which are subject to interest rate risk as these rates may vary. The Fund's investments are also subject to interest rate risk as the rates which determine their fair value may vary.

Interest rate risk for financial assets is managed by the Fund by only investing in arrangements that are low risk.

There are no changes in risk exposure or processes for managing risk since the last financial reporting period.

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

NOTE 19 FINANCIAL INSTRUMENTS – CONTINUED

Sensitivity Analysis

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are 'reasonably possible' over the next 12 months if interest rates change by -/+ 1.0% per annum.

	Carrying Amount	(1.0%)	+1.0%
	\$'000	Profit/ (Loss) \$'000	Profit/ (Loss) \$'000
Financial Assets:			
Cash and Cash Equivalents	17,470	(174)	174
Total (Decrease)/Increase	17,470	(174)	174

(c) Credit Risk Exposure

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 Fund's credit risk is limited to the amount of the financial assets it holds net any provision for impairment.

Credit risk for investments is managed by the Fund through investing surplus funds with the JACS Public Trustee for the ACT. The JACS Public Trustee for the ACT has set appropriate investment criteria for the external fund manager they have engaged to manage the surplus funds of agencies, resulting in an insignificant credit risk. The underlying investments are managed by an external fund manager who invests in a variety of different bonds, including bonds issued by the Commonwealth Government, the State Government guaranteed Treasury corporations and semi-government authorities, as well as investment grade corporate issues. To limit credit risk, all the bonds that make up the underlying investments of the fixed interest trust portfolio must have a long term credit rating of BBB- or greater. Anything rated BBB- or greater is considered investment grade. No significant concentration of credit risk has been identified by the Fund.

A large proportion of the Fund's receivables are from major Australian insurers or self-insurers of with major Australian companies. The credit risk of these receivables going into default is considered low. A small proportion of receivables are expected from employers that did not take out workers' compensation. These receivables have been impaired as part of the actuarial valuation. The Fund expects to collect all financial assets that are not past due or impaired.

There have been no changes in credit risk exposure since the last reporting period.

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

NOTE 19 FINANCIAL INSTRUMENTS – CONTINUED

(d) 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 individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

The only price risk which the Fund is exposed to results from its investment in the fixed interest trust portfolio. The Fund has units in the fixed interest trust portfolio which fluctuate in value. The price fluctuations in the units of the fixed interest trust portfolio are caused by movements in the underlying investments of the portfolio. The aim of the fund manager is to outperform the total return of the UBS Australian Composite Board Index before taking into account fund fees and expenses.

The Fund's exposure to price risk, and the management of this risk, has not changed since last reporting period.

Sensitivity Analysis

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are 'reasonably possible' over the next 12 months if unit values change by $\pm 1.83\%$, which is two standard deviations from the 2010-11 average unit price.

	Units Held 30 June 2011	Unit Value 30 June 2011 \$'000	Carrying Amount \$'000	(1.83%) Profit/ (Loss) \$'000	+1.83% Profit/ (Loss) \$'000
Financial Assets:					
Investments in the Fixed Interest Trust Portfolio	9,748,342	9,482	9,482	(173)	173

(e) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Limiting its exposure to liquidity risk, the Fund keeps sufficient cash on hand to meet its payables. The Fund's outstanding claims, while not financial liabilities, are unlikely to settle in any one financial year. At any particular point in time, through raising levies, the Fund has sufficient current financial assets to meet its current financial liabilities. This ensures that the Fund has enough liquidity to meet its emerging financial liabilities.

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

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

NOTE 19 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Fund'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.

2011	Notes	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	more than 5 years \$'000		
Financial Instruments							
Financial Assets							
Cash and cash equivalents							
- Collapsed Insurer Fund	13	14,817	-	-	-	-	14,817
Cash and Cash Equivalents							
- Uninsured Employer Fund	13	2,653	-	-	-	-	2,653
Investments- Collapsed Insurer Fund	15	-	-	-	-	9,482	9,482
Receivables	14	-	-	-	-	137	137
Total Financial Assets		17,470	-	-	-	9,619	27,089
Weighted average interest rate		5.84%					
Financial Liabilities							
Payables - Uninsured Employer Fund	16	-	-	-	-	9	9
Payables - Collapsed Insurer Fund	16	-	-	-	-	13	13
Total Financial Liabilities		-	-	-	-	22	22
Weighted Average Interest Rate							
Net Financial Assets		17,470	-	-	-	9,597	27,067
Reconciliation of Net Financial Assets to Net Liabilities							
	Notes						2011 \$'000
Net Financial Assets (as above)							27,067
Claims Receivable	14						8,376
GST Receivable	14						23
Employee Benefits							(22)
Outstanding Claims Provision	18						(13,812)
Net Assets as per Balance Sheet							21,632

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

NOTE 19 FINANCIAL INSTRUMENTS – CONTINUED

The following table sets out the Fund'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.

2010	Notes	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	13						
- Collapsed Insurer Fund		11,767	-	-	-	-	11,767
Cash and Cash Equivalents	13						
- Uninsured Employer Fund		1,336	-	-	-	-	1,336
Investments- Collapsed Insurer Fund	15	-	-	-	-	9,508	9,508
Receivables	14	-	-	-	-	370	370
Total Financial Assets		13,103	-	-	-	9,878	22,981
Weighted average interest rate		5.25%	-	-	-	-	-
Financial Liabilities							
Payables - Uninsured Employer Fund	16	-	-	-	-	28	28
Payables - Collapsed Insurer Fund	16	-	-	-	-	21	21
Total Financial Liabilities		-	-	-	-	49	49
Weighted Average Interest Rate		-	-	-	-	-	-
Net Financial Assets		13,103	-	-	-	9,829	22,932
Reconciliation of Net Financial Assets to Net Assets							
						Notes	2010 \$'000
Net Financial Assets (as above)							22,932
Claims Receivable						14	8,298
Employee Benefits							16
Claims Payable						18	(35)
GST Receivable						14	(12,284)
Net Assets as per Balance Sheet							18,927

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

NOTE 19 FINANCIAL INSTRUMENTS – CONTINUED

	2011	2010
Carry Amount of Each Category of Financial Asset	\$'000	\$'000
Financial Assets		
Financial Assets at Fair Value through the Operating Statement		
Designated upon Initial Recognition	9,482	9,508
Loans and Receivables	137	370
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	22	49
Gains on Each Category of Financial Asset and Financial Liability		
Loss on Financial Assets		
Financial Assets at Fair Value through the Operating Statement		
Designated upon Initial Recognition	(26)	121

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or assets were recognised at the reporting date.

NOTE 21 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 Recorded in Balance Sheet	17,470	13,103
Cash and Cash Equivalents at the End of the Financial Year as Recorded In the Cash Flow Statement	<u>17,470</u>	<u>13,103</u>

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

Operating Surplus	2,705	2,931
(Less) Items Classified as Investing or Financing:		
Loss/(Gain) in Net Market Value of Investments	<u>26</u>	<u>(121)</u>
Cash before Operating Assets and Liabilities	<u>2,731</u>	<u>2,810</u>

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

NOTE 21 CASH FLOW RECONCILIATION - CONTINUED

Changes in Operating Assets and Liabilities

Increase/(Decrease) in Receivables	148	(1,612)
Increase in Outstanding Claims Payable	1,528	1,740
(Decrease)/Increase in Payables	(40)	22
Net Changes in Operating Assets and Liabilities	1,636	150
Net Cash Inflows From Operating Activities	<u>4,367</u>	<u>2,960</u>

NOTE 22 AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Fund by the ACT Auditor-General's Office.

	2011	2010
	\$'000	\$'000
Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	25	23
Total Auditor's Fees	<u>25</u>	<u>23</u>

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

