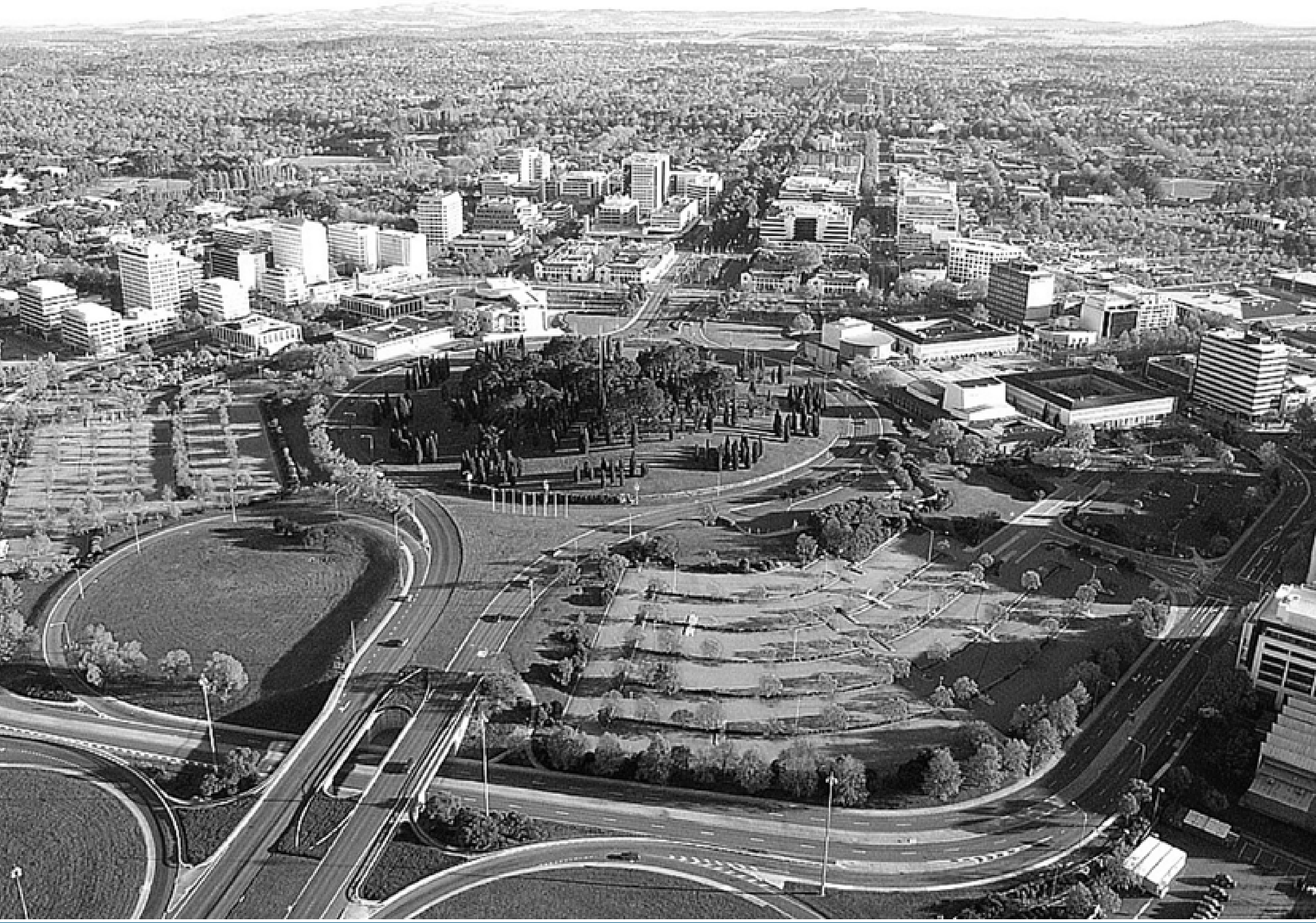
ACT Government
Economic Development

Volume 2

ANNUAL REPORT 2010-2011



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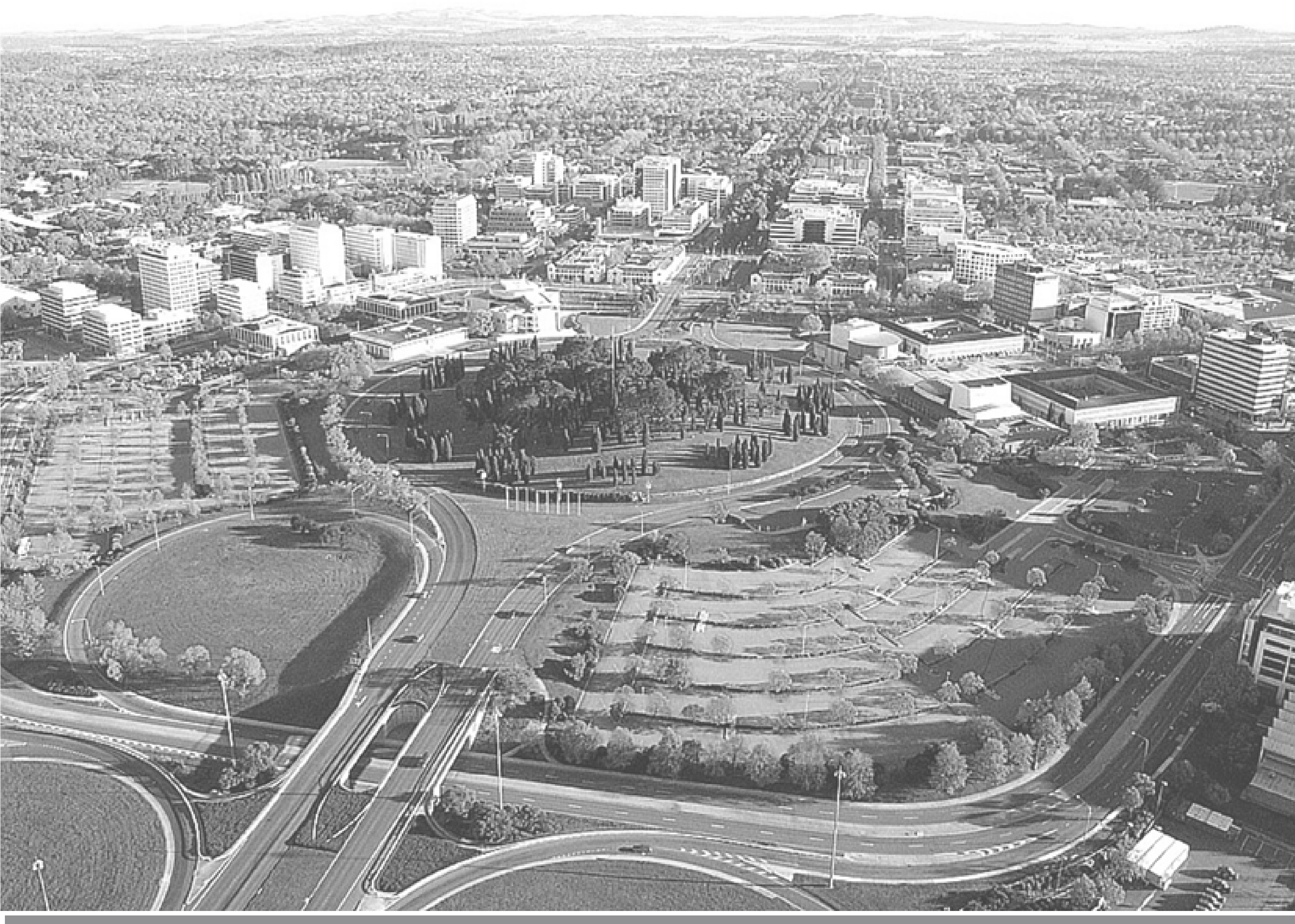

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ACT Government
Economic Development

Mr Andrew Barr
Deputy Chief Minister
Minister for Economic Development
Minister for Tourism, Sport & Recreation
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Deputy Chief Minister

I am pleased to present to you the Annual Report Volume 2 for the Economic Development Directorate for the year ended 30 June 2011. This report has been prepared under section 5(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Economic Development Directorate.

I hereby certify that the attached Annual Report Volume 2 is an honest and accurate account and that all material information on the operations of the Department of Land and Property Services during the period 1 July 2010 to 16 May 2011 and the Economic Development Directorate during the period 17 May 2011 to 30 June 2011 has been included and that it complies with the Chief Minister's Annual Report Directions.

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

Section 13 of the *Annual Reports (Government Agencies) Act 2004* requires that you cause a copy of the Report to be laid before the Legislative Assembly within 3 months of the end of the financial year. However an extension of one week was approved under section 14 of the *Annual Reports Act 2004 (Government agencies)*. Hence you are required to cause a copy of the report to be provided to the Speaker for distribution to the members of the Legislative Assembly by 7 October 2011.

Yours sincerely

Cathy Hudson
A/g Director-General
Economic Development Directorate

4 October 2011

Section A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

DEPARTMENT OF LAND AND PROPERTY SERVICES

A.5 Management Discussion and Analysis

DEPARTMENT OF THE LAND AND PROPERTY SERVICES FOR THE PERIOD 1 JULY 2010 TO 16 MAY 2011

General Overview

Objectives

The Department of Land and Property Services primary objectives are to address land demand for the affordable and sustainable development of the ACT, to facilitate strategic projects and to improve the use and management of government owned and leased properties.

Changes to Administrative Structure

Due to the *Administrative Arrangements 2011 (No. 1)* the functions of the Department were transferred to the Territory and Municipal Services Directorate and the Economic Development Directorate. The transfer was effective from 17 May 2011.

Risk Management

In the reporting period, the Department developed a Risk Management Plan in accordance with the *Australian New Zealand Risk Management Standard* (AS/NZS 4360:2004).

As required under the *ACT Integrity Policy,* the Department has developed a *Fraud and Corruption Prevention Plan.*

The Department's Audit Committee reviewed the Risk Management Plan and Fraud and Corruption Plan. In light of administrative changes the Audit Committee has provided an update to the new Directorate's Audit Committee.

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.

A.5 Management Discussion and Analysis continued

DEPARTMENTAL FINANCIAL PERFORMANCE

The following assessment of the Department's financial performance is based on the net cost of services framework. This assessment of performance indicates the full cost and composition of resources consumed in conducting the operations of the Department. It shows the extent to which these costs were recovered through user charges and independent sources, and the net cost of operations to the Territory.

The Department's 2010-11 Annual Financial Statements reflect its operations from 1 July 2010 to 16 May 2011. The 2010-11 Annual Financial Statements contain 2010-11 Original Budget figures. The prior year actual results for 2009-10 are for seven months, due to the department being established on 1 December 2009.

The following financial information is therefore based on the audited financial report for 2010-11, and the 2010-11 estimated outcome and forward estimates contained in the 2010-11 Budget Paper Number 4.

Total Net Costs of Services

Table 1: Net Cost of Services

	Actual[1] 2009-10 $m	Forward Estimate 2010-11 $m	Actual[2] 2010-11 $m
Total Expenditure	63.653	106.129	86.129
Total Own Source Revenue	54.386	97.518	86.254
Net Cost of Services	**9.267**	**8.611**	**(0.125)**

[1] The Department was created on 1 December 2009 resulting from the Administrative Arrangements 2009 (No.3), notifiable instrument NI2009-593. The actual results for 2009-10 reflect the Department's operations from 1 December 2009 to 30 June 2010.

[2] The Department ceased operations on 16 May 2011 resulting from the Administrative Arrangements 2011(No.1), notifiable instrument NI2011-244. The actual results for 2010-11 reflect the Department's operations from 1 July 2010 to 16 May 2011.

1. Comparison to Estimated Outcome

The Department's net cost of services for 2010-11 of **($0.125) million** was **$8.736 million** better than the 2010-11 estimated outcome (refer to Attachment A).

The better outcome was mainly achieved due to:

- increase in other Gains (**$13.803 million**);

partly offset by:

- increase in other expenses (**$5.338 million)**.

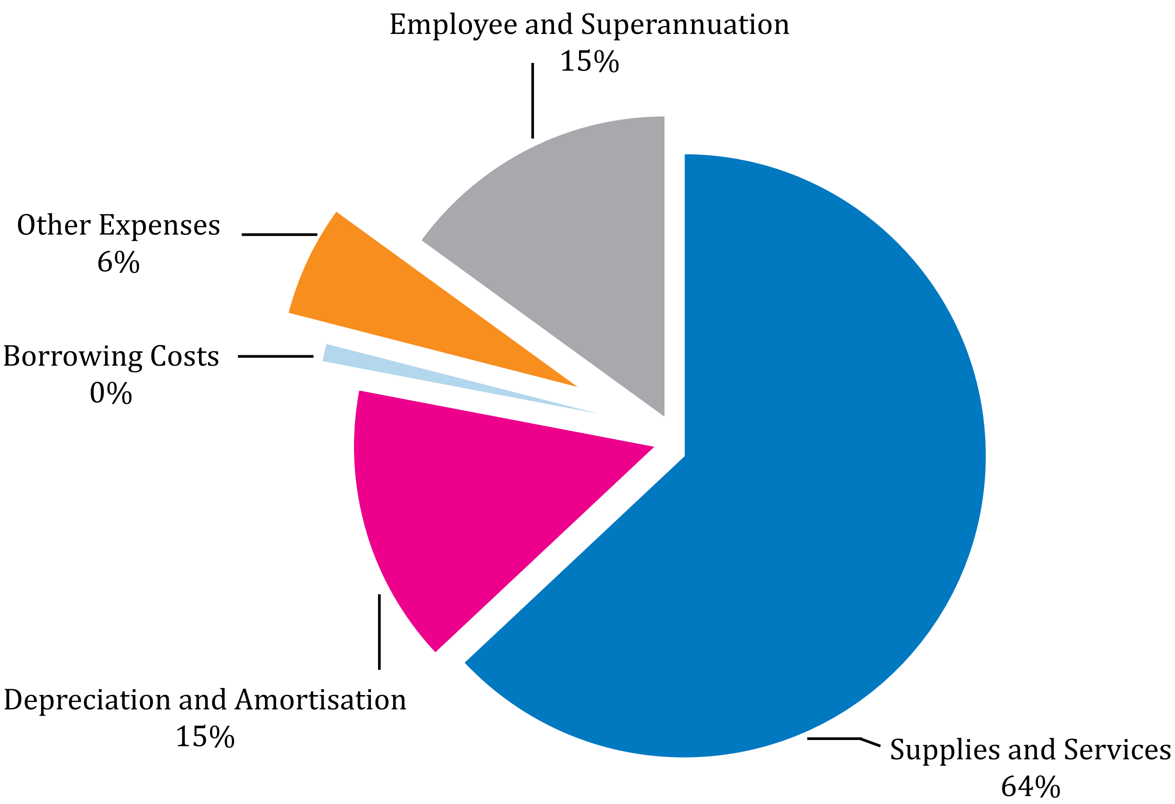
A detailed analysis is provided under "Total Expenditure" and "Total Own Sourced Revenue".

Total Expenditure

1. Components of Expenditure

The Department's expenditure for 2010-11 largely related to supplies and services and comprised **64 per cent** (or **$54.9 million**). The supplies and services mainly related to expenditure incurred in managing the owned and leased property portfolio. The other main components of expenditure include employee and superannuation, comprising **15 per cent** (or **$12.7 million**) and depreciation and amortisation, comprising **15 per cent** (or **$12.8 million**) of ordinary expenses. Other expenses comprised 6 per cent (or **$5.3 million**) of ordinary expenses mainly related to transfer of assets to other Government agencies. Borrowing costs comprised less than one per cent (or **$0.4 million**) mainly related to the loans on two buildings.

Figure 1 - Components of 2010-11 Expenditure



2. Comparison to Estimated Outcome

Total expenditure of **$86.1 million** was **$20.0 million**, or **18.8 per cent** lower than the 2010-11 estimated outcome of **$106.1 million**.

The variance of **$20.0 million** in expenditure predominately relates to the part year effect of the Department's operation and to the elimination of internal trading transactions (**$9.4 million**) . The Department was abolished on 16 May 2011 resulting from the *Administrative Arrangements 2011(No. 1)*, notifiable instrument NI2011-244.

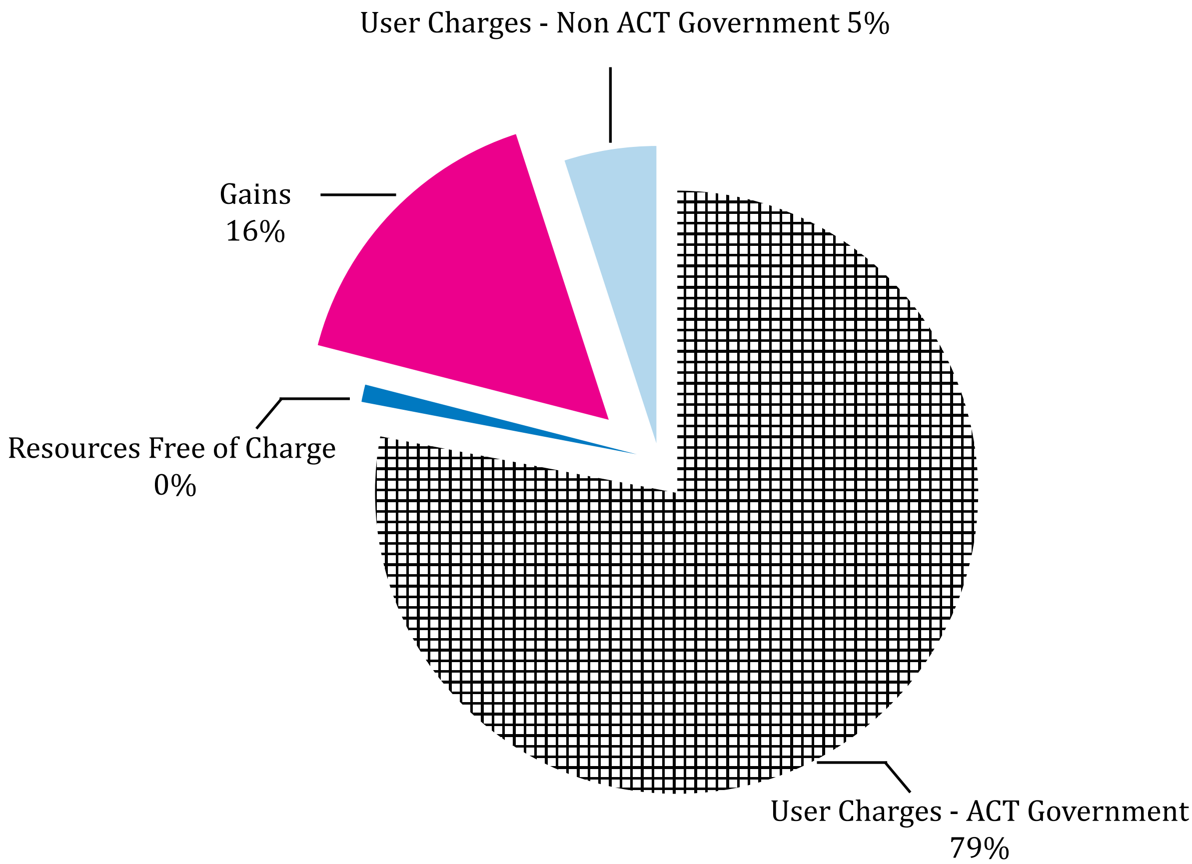
A.5 Management Discussion and Analysis continued

Total Own Source Revenue

1. Components of Own Source Revenue

The Department's own source revenue in 2010-11 largely related to user charges ACT Government and comprised **79 per cent** (or **$68.1 million**) of total own source revenue. These charges predominantly related to property leasing and property maintenance charges. User Charges - Non ACT Government comprised **5 per cent** (or **$4.0 million**) and related to rental from community and commercial organisations occupying surplus property. Gains comprised **16 per cent** (or **$13.8 million**) and related to assets transferred to the Department.

Figure 2 - Components of Own Source Revenue



2. Comparison to Estimated Outcome

Total own source revenue in 2010.11 of **$86.3 million** was **$11.2 million**, or **11.6 per cent** lower than the 2010-11 estimated outcome of **$97.5 million**.

The variance predominately relates to the part year effect of the Department's operation and the elimination of internal trading (**$9.4 million**) offset by Other Gains (**$13.8 million**). The Department was abolished on 16 May 2011 resulting from the *Administrative Arrangements 2011(No. 1)*, notifiable instrument NI2011-244

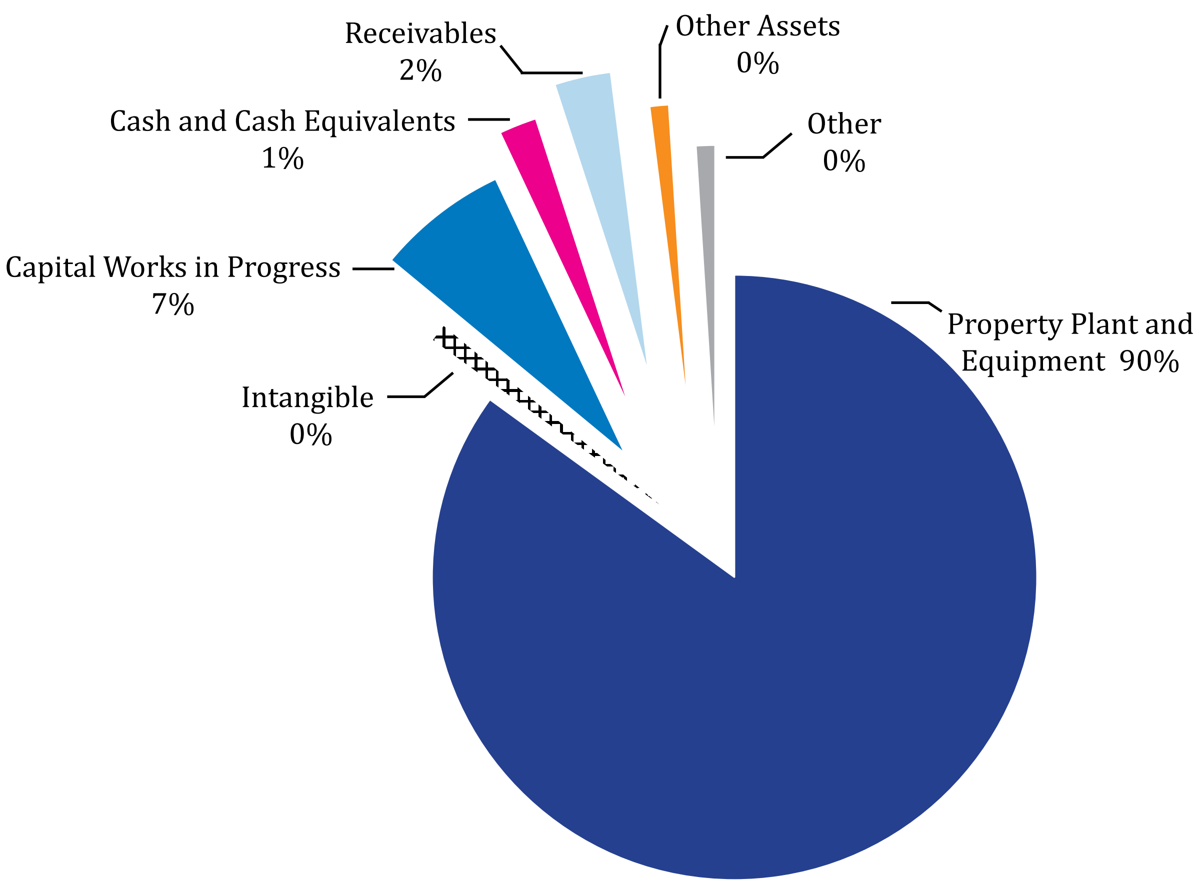
DEPARTMENTAL FINANCIAL POSITION

Total Assets

1. Components of Total Assets

The Department's assets as at 16 May 2011 largely related to Property Plant and Equipment and comprised **90 per cent** (or **$416.9 million**). These amounts mainly related to the value of the 164 properties held by the Department. Capital works in progress comprised **7 per cent** (or **$31.8 million**) and mainly related to the National Arboretum Canberra. Current receivables comprised **2 per cent** (or **$9.3 million**) and related to monies due for building leases and maintenance work. Cash and Cash equivalents comprised **1 per cent** (or **$6.3 million**) and represented the balance in the operating account. Other assets related mainly to prepayments of leases under contract comprised **$1.0 million**. Inventories, being materials held for use in maintenance work, comprised **$0.1 million**.

Figure 3 - Total Assets as at 16 May 2011



2. Comparison to Estimated Outcome

The total asset position as at 16 May 2011 of **$465.8 million** was **$12.4 million** lower than the 2010-11 estimated outcome of **$488.2 million**.

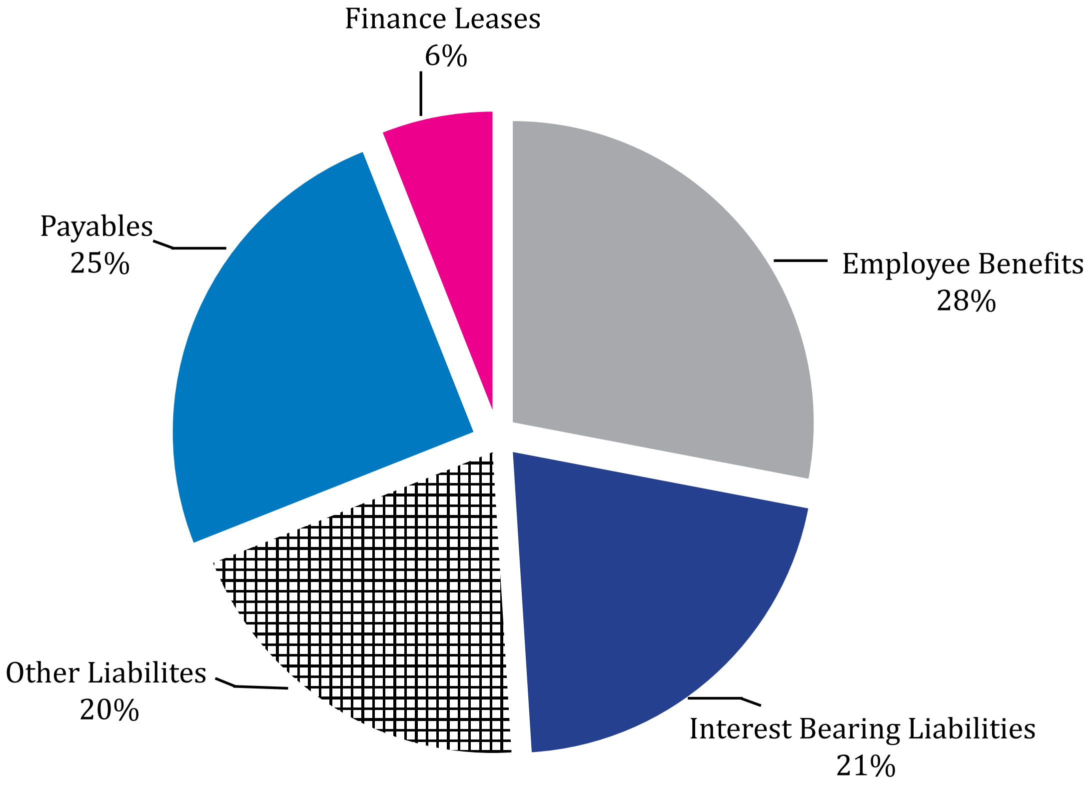
The variance is predominantly attributable to the mid-month timing and part year effect of the Department's operation. The Department was abolished on 16 May 2011 resulting from the *Administrative Arrangements 2011(No. 1)*, notifiable instrument NI2011-244.

A.5 Management Discussion and Analysis continued

Total Liabilities

The Department's liabilities as at 16 May 2011 related to employee benefits and comprised **28 per cent** (or **$4.7 million**). Payables comprised **25 per cent** (or **$4.1 million**) and Interest bearing liabilities comprised **21 per cent** (or **$3.4 million**) and related to loans associated with Dame Patties Menzies and Magistrates Court buildings. Other liabilities including revenue received in advance comprised **20 per cent** (or **$3.3 million).** Finance leases, comprised **6 per cent** (or **$0.9 million**) mainly related to future liability of motor vehicles leases.

Figure 4 - Total Liabilities as at 16 May 2011



The Department's liabilities as at 16 May 2011 of **$16.4 million** were **$0.9 million** higher than the 2010-11 estimated outcome.

The variance is predominantly attributable to the mid-month timing and part year effect of the Department's operation. The Department was abolished on 16 May 2011 resulting from the *Administrative Arrangements 2011(No. 1)*, notifiable instrument NI2011-244.

Attachment A

Comparison of Net Cost of Services to 2010-11 Estimated Outcome

Description	Estimated Outcome $'000	Less Actual $'000	Variance to be Explained	
			$'000	%
Expenditure				
Employee and Superannuation	12,742	12,665	-77	-0.60%
Supplies and Services	80,286	54,889	-25,397	-31.63%
Depreciation and Amortisation	12,514	12,787	273	2.18%
Borrowing Costs	587	429	-158	-26.92%
Other Expenses	0	5,359	5,359	-
Total Expenditure	***106,129***	***86,129***	***-20,000***	***-18.84%***
Own Source Revenue				
User Charges - Non ACT Government	5,790	3,972	-1,818	-31.40%
User Charges - ACT Government	91,728	68,189	-23,539	-25.66%
Resources Free of Charge	0	290	290	-
Gains	0	13,803	13,803	-
Other Revenue	0	0	0	-
Total Own Source Revenue	***97,518***	***86,254***	***-11,264***	***-11.55%***
Total Net Cost of Services	***8,611***	***-125***	***-8,736***	***-***

The variances predominately relate to the part year effect of the Department's operation. The Department was abolished on 16 May 2011 resulting from the Administrative Arrangements 2011(No. 1), notifiable instrument NI2011-244.

A.6 Financial Report

ACT AUDITOR-GENERAL'S OFFICE

INDEPENDENT AUDIT REPORT

DEPARTMENT OF LAND AND PROPERTY SERVICES

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Department of Land and Property Services (the Department) for the period from 1 July 2010 to 16 May 2011 have been audited. The financial statements are comprised of the operating statement, balance sheet, statement of changes in equity, cash flow statement, Departmental statement of appropriation and accompanying notes.

Responsibility for the financial statements

The Director-General of the Economic Development 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 Department.

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

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

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

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

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 Department for the period from 1 July 2010 to 16 May 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 Department as at 16 May 2011 and the results of its operations and cash flows for the period from 1 July 2010 to 16 May 2011.

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

M. Cooper.

Dr Maxine Cooper
Auditor-General
16 September 2011

Department of Land and Property Services

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JULY 2010 TO MAY 2011

Department of Land and Property Services
Financial Statements
For the Period from 1 July 2010 to 16 May 2011

Statement of Responsibility

In my opinion, the financial statements are presented in accordance with the Department's accounts and records, and fairly reflect the financial operations of the Department for the period from 1 July 2010 to 16 May 2011 and the financial position of the Department on that date.

David Dawes
Director - General
Economic Development Directorate

14 September 2011

A.6 Financial Report continued

Department of Land and Property Services
Financial Statements
For the Period from 1 July 2010 to 16 May 2011

Statement by the Chief Financial Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and are in agreement with the Department's accounts and records and fairly reflect the financial operations of the Department for the period from 1 July 2010 to 16 May 2011 and the financial position of the Department on that date.

Ian Thomson
Chief Operating Officer
Economic Development Directorate

14 September 2011

Department of Land and Property Services
Operating Statement
For the Period from 1 July 2010 to 16 May 2011

	Note No.	Actual[2] 2011 $'000	Original Budget 2011 $'000	Actual[1] 2010 $'000
Income				
Revenue				
Government Payment for Outputs	4	7,474	8,610	5,753
User Charges - ACT Government	5	68,189	91,728 [3]	50,403
User Charges - Non-ACT Government	5	3,972	5,790	2,913
Resources Received Free of Charge	6	290	0	63
Total Revenue		79,925	106,128	59,132
Gains				
Other Gains	7	13,803	0	1,007
Total Gains		13,803	0	1,007
Total Income		**93,728**	**106,128**	**60,139**
Expenses				
Employee Expenses	8	11,163	11,275	6,315
Superannuation Expenses	9	1,502	1,467	816
Supplies and Services	10	54,889	80,286 [3]	46,164
Depreciation and Amortisation	11	12,787	12,514	5,959
Grants and Purchased Services	12	20	0	150
Borrowing Costs	13	429	587	533
Other Expenses	14	5,338	0	3,716
Total Expenses		**86,129**	**106,129**	**63,653**
Operating Surplus / (Deficit)		**7,599**	**(1)**	**(3,514)**
Other Comprehensive Income		-	-	-
Total Comprehensive Income/ (Deficit)		**7,599**	**(1)**	**(3,514)**

[1]The Department was established on 1 December 2009. Accordingly, the amounts for 2010 are for the 7 months from 1 December 2009 to 30 June 2010.

[2]The Department was abolished on the 16 May 2011. All functions have been transferred to the Territory and Municipal Services Directorate and Economic Development Directorate. The actual figures for 2011 represent the operations of the Department, for the period from 1 July 2010 to 16 May 2011.

[3]The budget reflects user charges and suppliers and services that represent an overstatement of these items and which have been adjusted in the accounts. Refer to Note 3 for details.

The Department has only one output class and, as such, the above Operating Statement is also the Department's
- Major Project Facilitation; and
- Property Services

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

Department of Land and Property Services
Balance Sheet
As at 16 May 2011

	Note No.	Actual 2011 $'000	Original Budget 2011 $'000	Actual 2010 $'000
Current Assets				
Cash and Cash Equivalents	18	6,322	8,032	9,060
Receivables	19	9,271	11,973	8,664
Inventories	20	268	166	123
Assets Held for Sale	21	42	0	39
Other Assets	22	1,044	0	1,854
Total Current Assets		**16,946**	**20,171**	**19,740**
Non-Current Assets				
Property, Plant and Equipment	23	416,980	448,342	412,914
Intangible Assets	24	77	0	-
Capital Works in Progress	25	31,841	19,705	25,044
Total Non-Current Assets		**448,898**	**468,047**	**437,958**
Total Assets		**465,844**	**488,218**	**457,698**
Current Liabilities				
Payables	26	4,085	3,475	9,596
Interest-Bearing Liabilities	27	3,390	3,444	6,398
Finance Leases	27	324	410	387
Employee Benefits	28	4,401	3,809	4,204
Other Liabilities	30	756	4,192	2,025
Total Current Liabilities		**12,955**	**15,330**	**22,610**
Non-Current Liabilities				
Interest-Bearing Liabilities	27	-	0	3,446
Finance Leases	27	654	0	121
Employee Benefits	28	295	173	230
Other Provisions	29	128	-	-
Other Liabilities	30	2,405	-	-
Total Non-Current Liabilities		**3,482**	**173**	**3,797**
Total Liabilities		**16,437**	**15,503**	**26,407**
Net Assets		**449,407**	**472,715**	**431,291**
Equity				
Accumulated Funds		331,296	352,802	313,180
Asset Revaluation Surplus		118,110	119,913	118,110
Total Equity		**449,406**	**472,715**	**431,290**

The Department was abolished on 16 May 2011. Therefore, the amounts for 2011 are as at 16 May 2011.

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

The Department only has one output class and as such the above Balance Sheet is also the Department's Balance Sheet for the 'Land and Property Services' Output Class.

SECTION A

Department of Land and Property Services
Statement of Changes in Equity
For the Period from 1 July 2010 to 16 May 2011

	Accumulated Funds Actual[1] 2011 $'000	Asset Revaluation Surplus Actual[1] 2011 $'000	Total Equity Actual[1] 2011 $'000	Original Budget 2011 $'000
Balance at the Beginning of the Reporting Period	313,181	118,110	431,290	449,109
Comprehensive Income				
Operating Surplus/ (Deficit)	7,599	-	7,599	(1)
Total Comprehensive Income/ (Deficit)	7,599	-	7,599	(1)
Transactions Involving Owners Affecting Accumulated Funds				
Capital Injections	12,523	-	12,523	24,708
Increase in Net Assets due to Administrative Restructure[2]	1,200	-	1,200	2,564
Dividend Approved	(3,207)	-	(3,207)	(3,665)
Total Transactions Involving Owners Affecting Accumulated Funds	10,516	-	10,516	23,607
Balance at the End of the Reporting Period	331,296	118,110	449,405	472,715

[1]The Department was abolished on the 16 May 2011. All functions have been transferred to the Territory and Municipal Services Directorate and Economic Development Directorate. The actual figures for 2011 represent the operations of the Department for the period from 1 July 2010 to 16 May 2011.

[2]During the year land release capital works responsibilities were transferred from the Department of Territory and Municipal Services to the Department of Land and Property Services.

Department of Land and Property Services
Statement of Changes in Equity - Continued
For the Period from 1 July 2010 to 16 May 2011

	Accumulated Funds Actual[3] 2010 $'000	Asset Revaluation Surplus Actual[3] 2010 $'000	Total Equity Actual 2010 $'000
Balance at the Beginning of the Reporting Period	-	-	-
Comprehensive Income			
Operating (Deficit)	(3,514)	-	(3,514)
Total Comprehensive (Deficit)	**(3,514)**	**-**	**(3,514)**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	7,611	-	7,611
Dividends Paid	(1,832)	-	(1,832)
Net Assets Transferred in as part of an Administrative Restructure	310,916	118,110	429,026
Total Transactions Involving Owners Affecting Accumulated Funds	**316,695**	**118,110**	**434,805**
Balance at the End of the Reporting Period	**313,181**	**118,110**	**431,290**

[3]The Department was established on 1 December 2009 and accordingly, the amounts for 2010 are for the 7 months from 1 December 2009 to 30 June 2010.

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

Department of Land and Property Services
Cash Flow Statement
For the Period from 1 July 2010 to 16 May 2011

	Note No.	Actual[2] 2011 $'000	Original Budget 2011 $'000	Actual[1] 2010 $'000
Cash Flows from Operating Activities				
Receipts				
Government Payment for Outputs		7,474	8,610	5,753
User Charges – ACT Government [3]		43,772	91,728	30,942
User Charges – Non-ACT Government		25,281	5,790	32,631
Other Revenue		996	0	1
Goods and Services Tax Collected from Customers		6,810	0	5,278
Total Receipts from Operating Activities		**84,333**	**106,128**	**74,605**
Payments				
Employee		10,887	11,262	5,851
Superannuation		1,516	1,441	797
Supplies and Services [3]		56,809	80,287	49,168
Borrowing Costs		429	587	533
Grants and Purchased Services		27	0	161
Other		1,365	500	954
Goods and Services Tax Paid to Suppliers		6,911	0	4,858
Goods and Services Tax Paid to the Australian Taxation Office		9	0	93
Total Payments from Operating Activities		**77,953**	**94,077**	**62,415**
Net Cash Inflows from Operating Activities	34	**6,380**	**12,051**	**12,190**

Department of Land and Property Services
Cash Flow Statement - Continued
For the Period from 1 July 2010 to 16 May 2011

	Note No.	Actual[2] 2011 $'000	Original Budget 2011 $'000	Actual[1] 2010 $'000
Cash Flows from Investing Activities				
Receipts				
Proceeds from Sale of Property, Plant and Equipment		1	-	3
Total Receipts from Investing Activities		**1**	**-**	**3**
Payments				
Purchase of Property, Plant and Equipment		12,382	24,208	10,930
Total Payments from Investing Activities		**12,382**	**24,208**	**10,930**
Net Cash (Outflows) from Investing Activities		**(12,382)**	**(24,208)**	**(10,927)**
Cash Flows from Financing Activities				
Receipts				
Capital Injections		12,523	24,708	7,611
Receipts of Transferred Cash Balances		-	0	5,157
Total Receipts from Financing Activities		**12,523**	**24,708**	**12,768**
Payments				
Repayment of Finance Lease Liabilities		55	211	171
Repayment of ACT Government Borrowings		6,455	3,452	2,969
Dividends to the ACT Government		2,749	3,665	1,833
Total Payments from Financing Activities		**9,259**	**7,328**	**4,973**
Net Cash Inflows from Financing Activities		**3,264**	**17,380**	**7,795**
Net (Decrease) / Increase in Cash and Cash Equivalents Held		**(2,738)**	**5,223**	**9,060**
Cash and Cash Equivalents at the Beginning of the Reporting Period		9,060	2,809	-
Cash and Cash Equivalents at the End of the Reporting Period	34	**6,322**	**8,032**	**9,060**

[1]The Department was established on 1 December 2009 and accordingly, the amounts for 2010 are for the 7 months from 1 December 2009 to 30 June 2010.

[2]The Department was abolished on the 16 May 2011. All functions have been transferred to the Territory and Municipal Services Directorate and Economic Development Directorate. The actual figures for 2011 represent the operations of the Department from 1 July 2010 to 16 May 2011.

[3]The budget reflects user charges and suppliers and services that represent an overstatement of these items and which have been adjusted in the accounts. Refer to Note 3 for details.

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

Department of Land and Property Services
Departmental Statement of Appropriation
For the Period from 1 July 2010 to 16 May 2011

	Original Budget 2011 $'000	Total Appropriated[2] 2011 $'000	Appropriation Drawn[2] 2011	Appropriation Drawn[1] 2010 $'000
Departmental				
Government Payment for Outputs	8,610	7,474	7,474	5,753
Capital Injections	24,708	16,803	12,523	7,611
Total Departmental Appropriation	**33,318**	**24,277**	**19,997**	**13,364**

[1]The Department was established on 1 December 2009. Accordingly, the amounts for 2010 are for the 7 months from 1 December 2009 to 30 June 2010.

[2]The Department was abolished on the 16 May 2011. All functions have been transferred to the Territory and Municipal Services Directorate and Economic Development Directorate. The actual figures for 2011 represent the operations of the Department for the period from 1 July 2010 to 16 May 2011.

The above Departmental Statement of Appropriation should be read in conjunction with the following 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 Department during the year. This amount appears in the Cash Flow Statement.

Variances between 'Original Budget' and 'Total Appropriated'

The difference between original budget and total appropraition is largely due to the early abolition of the Department. During the period (3 November 2010), the responsibility for Capital appropriation in respect of land release capital works was transferred to the Department ($51.5m) these funds were subsequently transferred to the Economic Development Directorate.

Variances between 'Total Appropriated' and 'Appropriation Drawn'

The difference between total appropriated and appropriation drawn is largely due to the early abolition of the Department together with delays in progressing capital works due to a range of issues including inclement weather and planning approval delays.

Department of Land and Property Services
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Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 1 OBJECTIVES OF THE DEPARTMENT

Operations and Principal Activities

The primary objectives of the Department of Land and Property Services (the Department), were to address land demand for the affordable and sustainable development of the ACT, to facilitate strategic projects and improve the use and management of, ACT Government owned and leased properties.

The Department was abolished on 16 May 2011 and all functions have been transferred to the Territory and Municipal Services Directorate and the Economic Development Directorate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

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

(i) an Operating Statement for the reporting period;

(ii) a Balance Sheet at the end of the reporting period;

(iii) a Statement of Changes in Equity for the reporting period;

(iv) a Cash Flow Statement for the reporting period;

(v) a Statement of Appropriation for the reporting period;

(vi) an Operating Statement for each class of output for the reporting period;

(vii) a summary of the significant accounting policies adopted for the reporting period; and

(viii) such other statements as are necessary to fairly reflect the financial operations of the Department during the period and its financial position at the end of the reporting period.

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

(i) Australian Accounting Standards; and

(ii) ACT Accounting Policies.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(a) Basis of Accounting - Continued

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 Department during the reporting period.

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

The Department is an individual reporting entity.

(b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Department for the period from 1 July 2010 to 16 May 2011 together with the financial position of the Department as at 16 May 2011.

(c) Comparative Figures

Budget Figures

To facilitate a comparison with the Budget Papers, as required by the *Financial Management Act 1996*, budget information for 2010-11 has been presented in the financial statements. Budget numbers in the financial statements are the original budget numbers that appear in the Budget Papers. The budget reflects a full reporting period of 12 months.

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.

As the Department was established on 1 December 2009, the amounts for the prior year comparatives are for the period from 1 December 2009 to 30 June 2010.

(d) Rounding

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

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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.

User Charges - ACT Government

User charges – ACT Government revenue is derived by providing goods and services to other ACT Government agencies. User charges revenue is not part of the ACT Government appropriation and is paid by the user of the goods or services. This revenue is driven by consumer demand and is commercial in nature.

User Charges - Non-ACT Government

User charges – non-ACT Government is revenue directly related to the sale of goods or provision of services to non-ACT Government entities. They are generated by consumer demand and are non-regulatory in nature. User charges revenue is recognised when the goods are provided or when the fee in respect of services provided is receivable.

(f) Resources Received and Provided Free of Charge

Goods and services received free of charge from ACT Government entities are recorded as resources received free of charge, where as 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 Department free of charge. They are recorded at their fair value with the expense being recorded in that line items to which they relate.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(g) Repairs and Maintenance

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

(h) Borrowing Costs

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

(i) Waivers of Debt

Debts that are waived under section 131 of the *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. There were no waivers of debt during the reporting period.

(j) 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 Department 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.

(k) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Receivables

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

Trade Receivables arise in the normal course of selling goods and services to other agencies and the public. Trade receivables are payable within 30 days after the issue of an invoice or the goods/services have been provided under a contractual arrangement.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(l) Receivables – Continued

Accrued revenue is revenue that is due to the Department but has not been billed at reporting date.

The allowance for impairment losses represents the amount of receivables that the Department estimates will not be repaid. The allowance for impairment losses is based on objective evidence and a review of overdue balances. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The Department considers the following as indicators of impairment:

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

The amount of the allowance is recognised in the Operating Statement. The allowance for impairment losses is written back against the receivables account when the Department ceases action to collect the debt as it considers that it will cost more to recover the debt than the debt is worth.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the purchase price of inventories as well as transport, handling and other costs directly attributable to the acquisition of inventories. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. The cost of inventories is assigned using the first-in, first-out method.

Net realisable value is determined using the estimated sales proceeds less costs incurred in marketing, selling and distribution to customers.

(n) Assets Held for Sale

Assets held for sale are assets that are available for immediate sale in their present condition, and their sale is highly probable.

Assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less cost to sell. Assets held for sale are not depreciated.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Property, plant and equipment are initially recorded at cost. Cost includes the purchase price, directly attributable costs and the estimated cost of dismantling and removing the item (where, upon acquisition, there is a present obligation to remove the item).

Where property, plant and equipment are acquired at no cost, or nominal 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.

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 are capitalised.

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

Property, plant and equipment are valued using the cost or revaluation model.

Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is measured using market based evidence for that asset (or a similar asset), as this is the best evidence of an asset's fair value.

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

Fair value for infrastructure assets, leasehold improvements and some community and heritage assets is measured using depreciated replacement cost. For other community and heritage assets, fair value is determined using a market price where there is a market for the same or similar item.

Land, buildings, infrastructure assets, leasehold improvements, plant and equipment and community and heritage assets are revalued every 3 years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings, leasehold improvements and community and heritage assets 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. Any accumulated depreciation relating to infrastructure assets is restated proportionally with the change in the gross carrying amount so that the net carrying amount of those assets after revaluation equals its revalued amount.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(q) Intangible Assets

The Department's Intangible Assets are comprised of externally acquired software for internal use.

Externally acquired software is recognised and capitalised when:

(a) it is probable that the expected future economic benefits that are attributable to the software will flow to the Department;

(b) the cost of the software can be measured reliably; and

(c) the acquisition cost is equal to or exceeds $50,000.

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life.

Intangible Assets are measured at cost.

(r) Impairment of Assets

The Department 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.

An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less the cost to sell' and its 'value in use'. An asset's 'value in use' is its depreciated replacement cost, where the asset would be replaced if the Department were deprived of it. Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

Any resulting impairment loss is recognised in the Operating Statement if there is no asset revaluation surplus for that class of asset. However, where there exists an asset revaluation surplus for a class of assets, an impairment loss is recognised as a decrease in the asset revaluation surplus for the class of asset. The other side of the transaction is that the carrying amount of the asset is reduced to its recoverable amount.

(s) Depreciation and Amortisation of Non-Current Assets

Non-current assets, with a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use.

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.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(s) Depreciation and Amortisation of Non-Current Assets - Continued

Depreciation for non-current assets is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)*
Buildings	Straight Line	5-100
Leasehold Improvements	Straight Line	2-10
Plant and Equipment	Straight Line	2-20
Infrastructure	Straight Line	5-100
Intangibles	Straight Line	2-5
Community and Heritage Assets	Straight Line	5-100

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

(t) 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 Department.

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.

(u) Interest–Bearing Liabilities

Interest-bearing liabilities are a financial liability and 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.

(v) Leases

The Department has entered into finance leases and operating leases.

Operating Leases

Operating leases do not effectively transfer to the Department 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

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(v) Leases - Continued

Finance Leases

Finance leases effectively transfer to the Department 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 asset and the present value of the minimum lease payments each being determined at the inception of the lease. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets under a finance lease are depreciated over the shorter of the assets' useful life and lease term. Assets under a finance lease are depreciated on a straight-line basis. The depreciation is calculated after first deducting any residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability. Lease liabilities are classified as current and non-current.

Lease Incentives

Lease incentives such as rental free periods are recognised as part of the net consideration agreed for the use of the leased asset with the aggregate benefit reflected as a reduction of rental expense over the lease term on a straight line basis.

(w) 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.

(x) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover the Department'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 Department. 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.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(x) Superannuation - Continued

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

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

The ACT Government is liable for the reimbursement for 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.

(y) Equity Contributed by the ACT Government

Contributions made by the ACT Government, in its role as owner of the Department are treated as contributions of equity.

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

(z) Insurance

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

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(aa) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Department 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 Department 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. In some circumstances, buildings that are purpose built may in fact realise more or less in the market. Infrastructure assets and some community and heritage assets have been recorded at fair value based on depreciated replacement cost as determined by an officer valuation. This valuation uses significant judgement and estimates to determine the fair value, including the appropriate indexation figure and quantum of assets held.

(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(w) *Employee Benefits*.

(c) ***Estimation of Useful Lives of Property, Plant and Equipment***: The Department has made a significant estimate in determining the useful lives of its property, plant and equipment. The estimation of useful lives of property, plant and equipment are based on an estimate provided by the Australian Valuation Office at the time the asset is revalued.

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

(d) ***Rental Properties:*** Rental properties, which are leased to ACT Government and non-ACT Government entites, are not classified as investment properties as the Department has determined that these properties are being held to meet service delivery objectives in accordance with paragraph 9.1 of AASB 140: 'Investment Properties'.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ab) 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 Department 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 Department in future reporting periods:

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

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

(ab) Impact of Accounting Standards Issued but yet to be Applied - Continued

- 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);
- Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).

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

Change in Accounting Estimates

Revision of the Employee Benefit Discount Rate

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 service 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 change in the government bond rate the rate is now 91.5%. Also, the estimated future wage increase changed from 2.5% to 3% as detailed in the most recent draft Government Enterprise Agreement. The combination of these changes increased the value of the annual liabilities by $50,000 and decreased the long service leave liabilities by $364,000.

Correction of Prior Period Error

Error in User Charges Revenue and Supplies Services Expenses (Repairs and Maintenance Expenses)

During 2009-10, internal trading transactions relating to repairs and maintenance work on Department-owned properties were not eliminated. This resulted in an overstatement to revenue and expenses by $9,442,906. The error had no impact on the Department's operating deficit, balance sheet or cash flow statement.

The 2009-10 operating statement has been restated as follows:

- User Charges – ACT Government decreased by $9,442,906
- Supplies and Services decreased by $9,442,906

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 3 CHANGE IN ACCOUNTING ESTIMATES AND CORRECTION OF A PRIOR PERIOD ERROR - CONTINUED

Restatement of Financial Statements as a Result of Correction of an Error

30 June 2010 Comparative year

	Note	Actual 2010 $ 000	Correction of Error $ 000	Restated Actual 2010 $ 000
Statement of Comprehensive Income				
Income				
User Charges - ACT Government	5	59,846	(9,443)	50,403
Total Income		**69,581**	**(9,443)**	**60,138**
Expenses				
Supplies and Services	10	55,607	(9,443)	46,164
Total Expenses		**73,096**	**(9,443)**	**63,653**
Operating (Deficit)		**(3,515)**	**-**	**(3,515)**
Total Comprehensive (Deficit)		**(3,515)**	**-**	**(3,515)**
NOTE 5 User Charges for Services (Extract)				
User Charges – ACT Government				
Service Revenue		30,009	(9,443)	20,566
Total User Charges - ACT Government		**59,846**	**(9,443)**	**50,403**
Total User Charges for Services		**62,759**	**(9,443)**	**53,316**
NOTE 10 Supplies and Services (Extract)				
Supplies and Services				
Repairs and Maintenance		34,932	(9,443)	25,489
Total Repairs and Maintenance		**34,932**	**(9,443)**	**25,489**
Total Supplies and Services		**55,607**	**(9,443)**	**46,164**

SECTION A

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 4 GOVERNMENT PAYMENT FOR OUTPUTS

Government Payment for Outputs (GPO) is revenue the Department received from the ACT Government for the delivery of outputs. The ACT Government pays the GPO appropriation to the Department on a fortnightly basis. In addition, the Department received appropriation for funding agencies for the cost to taking up renewable energy.

	2011 $'000	2010 $'000
Revenue from the ACT Government		
Government Payment for Outputs	7,474	5,753
Total Government Payment for Outputs	**7,474**	**5,753**

The increase in 2011 is due to the 2011 figure being for 10.5 months whilst the 2010 figure reflects 7 months operation. Furthermore, the 2011 GPO includes funding for additional projects and additional funding due to increase in the percentage of renewable energy used by ACT Government agencies.

NOTE 5 USER CHARGES FOR SERVICES

User charge revenue is derived by providing services to other ACT Government entities and to the public. User charge revenue is not part of ACT Government appropriation and is paid by the user of the services. This revenue is driven by consumer demand and is commercial in nature.

	2011 $'000	2010 $'000
User Charges – ACT Government		
Rent	40,375	26,664
Outgoings	6,671	2,970
Service Revenue[2]	19,221	20,566
Other	1,923	203
Total User Charges - ACT Government	**68,189**	**50,403**
User Charges – Non-ACT Government		
Rent	3,359	2,012
Outgoings	93	15
Service Revenue	365	136
Other	155	750
Total User Charges - Non-ACT Government	**3,972**	**2,913**
Total User Charges for Services[1]	**72,161**	**53,316**

[1]The increase in 2011 is due to the 2011 figure being for 10.5 months whilst the 2010 figure reflects 7 months operation.

[2]Service revenue for repairs and maintenance work can fluctuate each year based on scheduled maintenance and weather conditions. In 2010, repairs and maintenace work was relatively greater than in 2011 due to more severe climatic events in that year increasing insurance generated repair work.

Department of Land and Property Services
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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 entities within the ACT Government.

	2011 $'000	2010 $'000
Revenue from ACT Government Entities		
Legal Services	290	63
Total Resources Received Free of Charge[1]	**290**	**63**

[1]The increase in 2011 is due to the increase in resources received free of charge from the ACT Government Solicitor and Office of Regulatory Services due to the Department taking on a number of additional tasks requiring legal expenses.

NOTE 7 OTHER GAINS

Other Gains tend to be one off, unusual transactions that are not part of the Department's core activities. Other gains are distinct from Other Revenue, as Other Revenue arises from the core activities of the Department.

Gains from Transfer of Assets from other ACT Government Entities[1]	7,780	992
Gains arising from Recognition of assets for the First Time[2]	5,760	-
Gains from the Sale of Assets	12	15
Donations	250	-
Other	-	-
Total Other Gains	**13,803**	**1,007**

[1]A total of three assets were transferred to the Department from other ACT Government agencies, recognising the Department's role as a property manager. These were Duntroon Dairy (building improvements), a Mobile Library Vehicle Bay at Woden Library and the Village Creek Health Centre.

[2]During the year, the Department accounted for the subdivision of a section of the Hume Recovery Estate which resulted in an increase in land and infrastructure assets totaling $5,760,442.

Department of Land and Property Services
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NOTE 8 EMPLOYEE EXPENSES	2011 $'000	2010 $'000
Wages and Salaries[1]	10,048	5,437
Annual Leave Expense	33	219
Long Service Leave Expense	487	125
Comcare Premium	113	67
Termination Expense	172	127
Other Employee Benefits and On-Costs[2]	311	340
Total Employee Expenses	**11,163**	**6,315**

[1]The increase in 2011 is mainly due to the 2011 figure being for 10.5 months whilst the 2010 figure reflects 7 months operation. The increase was also due to the transfer of staff to the Department from primarily corporate staff from the Land and Development Agency.

[2]Other employee benefits in 2009-10 included a one-off payment as a sign-on bonus for employees covered by Agency Clerical Enterprise Agreements.

NOTE 9 SUPERANNUATION EXPENSES

The Department receives funding for superannuation payments as part of the Government Payment for Outputs. The Department then makes payments on a fortnightly basis to the Territory Banking Account for its portion of the Territory's Commonwealth Superannuation Scheme (CSS) and Public Sector Superannuation Scheme (PSS) superannuation liability. The productivity benefit for these schemes is paid directly to ComSuper.

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

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

Superannuation Contributions to the Territory Banking Account	890	498
Productivity Benefit	131	72
Superannuation Payment to ComSuper (for the PSSAP)	60	18
Superannuation to External Providers	422	228
Total Superannuation Expenses[1]	**1,502**	**816**

[1]The increase in 2011 is due to the 2011 figure being for 10.5 months whilst the 2010 figure reflects 7 months operation.

Department of Land and Property Services
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NOTE 10 SUPPLIES AND SERVICES	**2011 $'000**	**2010 $'000**
Property Rental	20,499	13,231
Motor Vehicles	156	65
Electricity, Water and Sewerage	5,971	3,785
Audit Fees[2]	58	52
Consultants and Contractors	2,447	2,125
Information Technology and Office Equipment	675	286
Legal Expenses Received Free of Charge	290	63
Postage, Printing and Stationery	105	44
Recruitment Expenses	41	41
Subscriptions, Reference Material and Publication Expenses	149	60
Telecommunications	172	171
Training and Development	74	54
Travel, Accommodation and Transport Expenses	23	23
Repairs and Maintenance[3]	23,276	25,489
Property Services	631	-
Other	323	675
Total Supplies and Services[1]	**54,889**	**46,164**

[1]The increase in 2011 is mainly due to the 2011 figure being for 10.5 months whilst the 2010 figure reflects 7 months operation.

[2]Refer also to Note 17 : "Auditor's Remuneration".

[3]As identified in Note 5, Repairs and Maintenance work declined when compared to 2010 due to a lower amount of insurance repair work.

NOTE 11 DEPRECIATION AND AMORTISATION

Depreciation		
Land Improvements	18	1
Buildings[2]	11,229	5,810
Infrastructure	1	11
Community and Heritage Assets[2]	1,292	19
Plant and Equipment	48	21
Leasehold Improvements	23	-
Leased Motor Vehicles	156	97
Total Depreciation[1]	**12,767**	**5,959**
Amortisation		
Intangible Assets	20	-
Total Amortisation	**20**	**-**
Total Depreciation and Amortisation	**12,787**	**5,959**

[1]The increase in 2011 is due to the 2011 figure being for 10.5 months whilst the 2010 figure reflects 7 months operation, plus the impact from the reclassification of investment properties as further explained in foot note 2.

[2]During the year, some properties previously identified as investment properties were reclassified as heritage, land and building assets (An explanation is provided at Note 23). Investment properties are not depreciated whilst building and heritage assets are. The impact of the reclassification included calculation of depreciation for these reclassified assets since revaluation and is reflected in 2011 depreciation figures.

Department of Land and Property Services
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NOTE 12 GRANTS AND PURCHASED SERVICES

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

	2011 $'000	2010 $'000
Current Grants		
Convention Centre Feasibility Study	20	150
Total Grants and Purchased Services	**20**	**150**

NOTE 13 BORROWING COSTS

Interest Expense on Borrowings	375	507
Finance Charges on Finance Leases	54	26
Total Borrowing Cost	**429**	**533**

The Department has borrowings for the Dame Pattie Menzies building and the ACT Magistrate's Court building.

NOTE 14 OTHER EXPENSES

Assets Transfered to Other ACT Government Entities[1]	3,940	2,740
Other	1,398	976
Total Other Expenses	**5,338**	**3,716**

[1]The former Kippax Library, former McKellar Proschool and former Girralang Preshool and a block in Civic were transferred to Land Development Agency for sale. There were four other assets transferred to other ACT Government Departments during the year.

Department of Land and Property Services
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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. 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 Department to recover the amount. The write-off of debts may occur for reasons other than waivers.

		2011		2010
	No.	$'000	No.	$'000
Write-offs				
Irrecoverable amounts of revenue (instance)	10	29	1	15
Total Write-offs	10	29	1	15
Impairment Losses				
Impairment Loss from Receivables				
Trade Receivables	15	41	12	59
Total Impairment Loss from Receivables	15	41	12	59
Impairment Loss from Property, Plant and Equipment				
Properties	2	220	0	0
Total Impairment Loss from Property, Plant and Equipment	2	220	0	0
Total Impairment Losses	17	261		
Total Waivers, Impairment Losses and Write-offs	27	290	13	133

NOTE 16 ACT OF GRACE PAYMENTS

There were no Act of Grace Payments during the reporting period (2010: None).

NOTE 17 AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Department by the ACT Auditor-General's Office.

Audit Services		
Audit Fees Paid to the ACT Auditor-General's Office	58	52
Total Audit Fees	58	52
Total Auditor's Remuneration	58	52

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

NOTE 18 CASH AND CASH EQUIVALENTS

The Department hold a bank account with the Commonwealth Bank as part of the whole-of-government banking arrangements. As part of these arrangements, the Department does not receive any interest on these accounts.

Cash at Bank	6,319	9,058
Cash on Hand	3	2
Total Cash and Cash Equivalents[1]	6,322	9,060

[1]Cash at bank balance varies depending on the pattern of payments of accounts by clients and business volumes. The Department traditionally has higher volumes of work and receives more cash in the last 6 weeks of the financial year which is reflected in the higher 2010 figures.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
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NOTE 19 RECEIVABLES	**2011 $'000**	**2010 $'000**
Current Receivables		
Trade Receivables	5,269	4,790
Less: Allowance for Impairment Losses	(128)	(114)
	5,141	4,676
Accrued Revenue	4,130	3,988
Total Current Receivables	9,271	8,664
Total Receivables	9,271	8,664

Aging of Receivables

		Past Due			
	Not Overdue	Less than 30 Days	30 to 60 Days	Greater than 60 Days	Total
	$'000	$'000	$'000	$'000	$'000
2011					
Not impaired Receivables	4,481	2,619	986	1,313	**9,271**
Impaired Receivables	1	1	3	123	**128**
2010					
Not impaired Receivables	7,242	510	387	526	**8,664**
Impaired Receivables	-	2	2	109	**114**

1. The movement in aging of receivables is a consequence of the mid-month reporting period compared to the normal reporting period of the end of Jun

Classification of ACT Government/Non-ACT Government Receivables

	2011	2010
Receivables with ACT Government Entities		
Net Trade Receivables	4,938	4,082
Accrued Revenue	4,078	2,988
Total Receivables with ACT Government Entities	9,015	7,070
Receivables with Non-ACT Government Entities		
Net Trade Receivables	204	594
Accrued Revenue	52	1,000
Total Receivables with Non-ACT Government Entities	256	1,594
Total Receivables	9,271	8,664

A.6 Financial Report continued

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
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NOTE 19 RECEIVABLES - CONTINUED	**2011 $'000**	**2010 $'000**
Current Receivables		
Reconciliation of the Allowance for Impairment Losses		
Acquisition through Administrative Restructuring	0	116
Allowance for Impairment Losses at the Beginning of the Reporting Period	114	-
Additional Allowance Recognised	41	59
Reduction in Allowance Resulting from a Write Back against the Receivables	(27)	(61)
Allowance for Impairment Losses at the End of the Reporting Period	**128**	**114**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 20 INVENTORIES

	2011 $'000	2010 $'000
Inventories held by the Department are Locksmith Supplies.		
Current Inventories		
Purchased Items - Cost	268	123
Total Current Inventories	**268**	**123**
Total Inventories	**268**	**123**

NOTE 21 ASSETS HELD FOR SALE

The Department has three motor vehicles which have been returned to SG Fleet and are expected to be sold in June 2011. The residual and all lease payments have been paid. As such these vehicles have been classified as plant and equipment held for sale.

Vehicles Held for Sale	42	39
Total Assets Held for sale	**42**	**39**

NOTE 22 OTHER ASSETS

Current Other Assets		
Prepayments	1,044	1,854
Total Current Other Assets	**1,044**	**1,854**
Total Other Assets	**1,044**	**1,854**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
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NOTE 23 PROPERTY, PLANT AND EQUIPMENT

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

- Land includes leasehold land held by the Department, but excludes land under infrastructure;
- Buildings including office buildings and warehouses;
- Leasehold improvements represent capital expenditure incurred in relation to leased assets. The Department has fit-outs in its leased buildings;
- Plant and equipment includes motor vehicles under a finance lease and items of equipment;
- Infrastructure assets being improvements to land of a public utility nature; and
- Heritage assets being heritage listed properties

	2011 $'000	2010 $'000
Land, Land Improvements and Buildings		
Land at Fair Value[1]	141,164	136,669
Land Improvements at Fair Value	1,051	509
Less: Accumulated Depreciation	(47)	(100)
Total Written-Down Value of Land and Land Improvement Assets	**142,168**	**137,078**
Buildings at Fair Value[1]	256,259	246,215
Less: Accumulated Depreciation	(19,865)	(8,815)
Total Written Down Value of Buildings	**236,394**	**237,400**
Total Written-Down Value of Land, Land Improvement and Buildings	**378,562**	**374,478**
Plant and Equipment		
Plant and Equipment at Valuation	380	424
Motor Vehicles at Cost	1,146	908
Less: Accumulated Depreciation	(271)	(397)
Total Plant and Equipment Assets at Cost	**1,255**	**935**
Leasehold Improvements		
Leasehold Improvement at Fair Value	145	-
Less: Accumulated Depreciation	(23)	-
Total Written Down Value of Leasehold Improvements	**122**	-

Department of Land and Property Services
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NOTE 23 PROPERTY, PLANT AND EQUIPMENT - CONTINUED	2011 $'000	2010 $'000
Infrastructure Assets		
Infrastructure Assets at Fair Value	371	-
Less: Accumulated Depreciation	(1)	-
Total Infrastructure Assets at Cost	370	-
Total Written-Down Value of Infrastructure Assets	370	-
Community and Heritage Assets		
Community and Heritage Assets at Fair Value	39,178	38,716
Less: Accumulated Depreciation	(2,508)	(1,215)
Total Community and Heritage Assets at Cost	36,670	37,501
Total Written-Down Value of Community and Heritage Assets	36,670	37,501
Total Written-Down Value of Property, Plant and Equipment[1]	416,980	412,914

[1]The Department reclassified a number of assets in 2010-11. These reclassifications included:
- infrastructure assets to land improvements ($458,774);
- heritage assets to land and buildings ($25,638,317); and
- all investment properties which did not meet the recognition criteria for investment properties to land, buildings and heritage assets ($124,955,243).

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 $'000	2010 $'000
Carrying Amount of Assets under a Finance Lease		
Plant and Equipment under a Finance Lease	1,146	908
Accumulated Depreciation of Plant and Equipment under a Finance Lease	(208)	(362)
Total Written-Down Value of Plant and Equipment under a Finance Lease	938	546
Total Written-Down Value of Assets under a Finance Lease	938	546

Valuation of Non-Current Assets

The Australian Valuation Office (AVO), an independent valuer, performs all revaluations of the Department's assets. A valuation of Land, Building, Land Improvements and Heritage assets was undertaken at 30 June 2009 by Stephen Hinkelthein Certified Practising Valuer, prior to the assets being transferred to the Department. These assets are revalued every three years.

A.6 Financial Report continued

Department of Land and Property Services
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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 in 2010-11:

	Land $'000	Land Improvements $'000	Buildings $'000	Plant and Equipment $'000	Leasehold Improvement $'000	Infrastructure Assets $'000	Community and Heritage Assets $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	136,669	409	237,400	934	-	0	37,502	**412,914**
Additions	5,390	397	5,164	817	145	371	601	**12,885**
Disposals	-	-	-	(291)	-	-	-	**(291)**
Depreciation	-	(18)	(11,229)	(205)	(23)	(1)	(1,292)	**(12,768)**
Other Movements								
Acquisitions / (Disposals) from transfers	(895)	216	5,270	-	-	-	(140)	**4,451**
Impairment			(211)					**(211)**
Carrying Amount at the End of the Reporting Period	**141,164**	**1,004**	**236,394**	**1,255**	**122**	**370**	**36,671**	**416,980**

Department of Land and Property Services
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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 in 2009-10:

	Land	Land Improvements	Buildings	Plant and Equipment	Infrastructure Assets	Community and Heritage Assets	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying Amount at the Beginning of the Reporting Period	-	-	-	-	-	-	-
Acquisition through Administrative Restructuring	104,530	-	194,578	726	400	1,174	301,408
Additions	199			135	-	-	334
Disposals				(76)			(76)
Depreciation	-	(1)	(5,811)	(118)	(10)	(19)	(5,959)
Other Movements							
Acquisitions / (Disposals) from transfers	(2,035)	17	-	270	-	-	(1,748)
Reclassification	33,975	393	48,633	(3)	(390)	36,347	118,955
Carrying Amount at the End of the Reporting Period	**136,669**	**409**	**237,400**	**934**	**0**	**37,502**	**412,914**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
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NOTE 24 INTANGIBLE ASSETS	2011 $'000	2010 $'000
Computer Software		
Externally Purchased Software		
Computer Software at Cost	168	71
Less: Accumulated Amortisation	(91)	(71)
Less: Accumulated Impairment Losses		-
Total Externally Purchased Software	77	-
Total Computer Software	77	-
Total Intangible Assets	77	-
Carrying Amount at the Beginning of the Reporting Period	-	-
Additions	97	71
Amortisation	(20)	(71)
Carrying Amount at the End of the Reporting Reriod	77	-

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 Department is not currently deriving any economic benefits from them.

Assets which the Department has under construction include :

	2011	2010
Arboretum Works in Progress	26,361	18,357
Building Works in Progress[1]	3,080	5,845
Leasehold Improvement Works in Progress	0	132
Heritage and Community Works in Progress[1]	2,281	601
Software Works in Progress	49	109
Infrastructure Works In Progress	70	-
Total Capital Works in Progress	**31,841**	**25,044**

[1]The decrease in building works in progress and the increase in heritage and community works in progress reflects the reclassification of investment properties to heritage and community assets.

Department of Land and Property Services
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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.

	Arboretum Works in Progress $'000	Building Works in Progress $'000	Leasehold Improvement Works in Progress $'000	Heritage & Community Works in Progress $'000	Software Works in Progress $'000	Infrastructure Works In Progress $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	18,357	5,845	132	601	109	-	25,044
Acquisitions through Administrative Restructuring	-	-		-		-	-
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment and Intangible Assets		(3,537)	(132)		-		(3,669)
Additions/ (Disposals)	8,004	1,265		1,680	(60)	70	10,959
Capital Works Expensed	-	(493)			-		(493)
Carrying Amount at the End of the Reporting Period	**26,361**	**3,080**	**0**	**2,281**	**49**	**70**	**31,841**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 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 2009-10.

	Arboretum Works in Progress $'000	Building Works in Progress $'000	Improvement Works in Progress $'000	Community Works in Progress $'000	Software Works in Progress $'000	Investment Properties Works In Progress $'000	Total $'000
Carrying Amount at the Beginning of the Reporting Period	-	-	-	-	-	-	-
Acquisitions through Administrative Restructuring	11,986	2,210		168		14	14,378
Capital Works in Progress Completed and Transferred to Property, Plant and Equipment and Intangible Assets		(711)			-		(711)
Additions	7,105	4,301	132	433	109	31	12,111
Capital Works Expensed	(734)				-		(734)
Carrying Amount at the End of the Reporting Period	18,357	5,800	132	601	109	45	25,044

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
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NOTE 26 PAYABLES

	2011 $'000	2010 $'000
Current Payables		
Trade Payables	2,702	995
Other Payables	17	197
Accrued Expenses[1]	1,259	8,188
Net GST Payables	106	216
Total Current Payables	**4,085**	**9,596**
Total Payables	**4,085**	**9,596**
Payables are aged as follows:		
Not Overdue	3,795	9,443
Overdue for Less than 30 Days	255	150
Overdue for 30 to 60 Days	34	1
Overdue for More than 60 Days	1	2
	4,085	**9,596**

Classification of ACT Government/Non-ACT Government Payables

	2011 $'000	2010 $'000
Payables with ACT Government Entities		
Other Payables	-	157
Accrued Expenses	797	3,892
Total Payables with ACT Government Entities	**797**	**4,049**
Payables with Non-ACT Government Entities		
Trade Payables	2,702	995
Other Payables	17	40
Accrued Expenses	462	4,296
Net GST Payables	106	216
Total Payables with Non-ACT Government Entities	**3,288**	**5,547**
Total Payables	**4,085**	**9,596**

[1]The decrease in Accrued Expenses is due to a higher level of accrued expenses associated with capital works projects (such as Arboretum) in 2009-10 when compared to 2010-11.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
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NOTE 27 INTEREST-BEARING LIABILITIES AND FINANCE LEASES

The Department has borrowings for the Dame Pattie Menzies Building and the ACT Magistrate's Court Building. The borrowings are held at a fixed interest rate of 7.5%. The repayments are made in instalments of principal and interest to the Territory Banking Account and will be repaid in full in 2011-12. There is no intention of selling this debt.

The Department holds forty one finance leases, 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 rate implicit in these leases vary from 7.1% to 7.3% and the terms vary from two to three years.

The leases have no terms of renewal or purchase options, nor escalation clauses.

	2011 $'000	2010 $'000
Current Interest-Bearing Liabilities		
Secured		
Finance Leases	324	387
Borrowings	3,390	6,398
Total Current Secured Interest-Bearing Liabilities	**3,714**	**6,785**
Total Current Interest-Bearing Liabilities	**3,714**	**6,785**
Non-Current Interest-Bearing Liabilities		
Secured		
Finance Leases	654	121
Borrowings	-	3,446
Total Non-Current Secured Interest-Bearing Liabilities	**654**	**3,567**
Total Non-Current Interest-Bearing Liabilities	**654**	**3,567**
Total Interest-Bearing Liabilities	**4,368**	**10,352**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 27 INTEREST-BEARING LIABILITIES AND FINANCE LEASES - CONTINUED

Secured Liability	**2011 $'000**	**2010 $'000**

The Department's finance lease liability is effectively secured because if the Department defaults, the asset under a finance lease reverts to the lessor.

Finance Leases

Finance lease commitments are payable as follows:

	2011 $'000	2010 $'000
Within one year	382	407
Later than one year but not later than five years	710	127
Minimum Lease Payments	1,092	534
Less: Future Finance Lease Charges	(114)	(26)
Amount Recognised as a Liability	**978**	**508**
Total Present Value of Minimum Lease Payments	**978**	**508**

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

	2011 $'000	2010 $'000
Within one year	324	387
Later than one year but not later than five years	654	121
Total Present Value of Minimum Lease Payments	**978**	**508**

	2011 $'000	2010 $'000
Classification on the Balance Sheet		
Interest-Bearing Liabilities		
Current Interest-Bearing Liabilities	3,390	6,398
Non-Current Interest-Bearing Liabilities	-	3,446
Finance Leases		
Current Finance Leases	324	387
Non-Current Finance Leases	654	121
Total Interest-Bearing Liabilities	**4,368**	**10,352**

Credit Facilities

There are no formal credit facilities in place for the Department.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

	2011 $'000	2010 $'000
NOTE 28 EMPLOYEE BENEFITS		
Current Employee Benefits		
Annual Leave	1,768	1,668
Long Service Leave	2,450	2,189
Accrued Salaries	148	227
Accrued Superannuation	22	35
Other Benefits	13	85
Total Current Employee Benefits	**4,401**	**4,204**
Non-Current Employee Benefits		
Long Service Leave	295	230
Total Non-Current Employee Benefits	**295**	**230**
Total Employee Benefits	**4,696**	**4,434**

For Disclosure Purposes Only		
Estimate of when Leave is Payable		
Estimated Amount Payable within 12 months		
Annual Leave	1,768	1,668
Long Service Leave	174	62
Accrued Salaries	148	227
Accrued Superannuation	22	35
Other Benefits	13	85
Total Employee Benefits Payable within 12 months	**2,125**	**2,077**
Estimated Amount Payable after 12 months		
Long Service Leave	2,571	2,357
Total Employee Benefits Payable after 12 months	**2,571**	**2,357**
Total Employee Benefits	**4,696**	**4,434**

The number of funded full time equivalent (FTE) staff employed by the Department at 16 May 2011 was 147.50. As at 30 June 2010 the Department employed 138.94 (FTE) staff.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

	2011 $'000	2010 $'000
NOTE 29 OTHER PROVISIONS		
Non-Current Other Provisions		
Provision for Make Good	128	-
Total Non-Current Other Provisions	**128**	**-**
Total Other Provisions	**128**	**-**

On 1 December 2009, the Department entered into a lease agreement for some office space in Dickson. There are clauses within the lease agreement which require the Department, upon cessation of the tenancy, to return the office space to the condition it was in before it was leased (this is referred to as 'make good'). The tenancy runs for 10 years.

On 1 July 2010, the Department erected $109,833 of leasehold improvements in the building. On that date the estimated costs to make good these improvements was $35,000. At 30 June 2011, the approximate cost would be $35,000 to meet the make good obligation. The present value of $35,000, using the 10-year Government bond rate as at 1 July 2010 (4.59%), is approximately $29,249.

	2011 $'000	2010 $'000
Reconciliation of the Provision for Make Good		
Balance at the Beginning of the Reporting Period	-	-
Increase in Provision	128	-
Balance at the End of the Reporting Period	**128**	**-**

	2011 $'000	2010 $'000
NOTE 30 OTHER LIABILITIES		
Current Other Liabilities		
Dividend Payable	458	-
Revenue Received in Advance[1]	-	2,025
Lease Incentives	298	-
Total Current Other Liabilities	**756**	**2,025**
Non-Current Other Liabilities		
Lease Incentives[2]	2,405	-
Total Non-Current Other Liabilities	**2,405**	**-**
Total Other Liabilities	**3,161**	**2,025**

[1] As rental invoices are sent out mid month, there were fewer agencies who had paid rent in advance as at 16 May 2011.

[2] During 2011, the Department negotiated two leases which included a rent free period.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 31 FINANCIAL INSTRUMENTS

Details of the significant policies and methods adopted, including the criteria for recognition, the basis for measurements 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 Department's financial assets consist of cash and cash equivalents and receivables, and its financial liabilities are comprised of payables, finance leases and borrowings.

As receivables and payables are held in non interest-bearing arrangements and ACT Government borrowings and finance leases are held in fixed interest arrangements, the Department is not exposed to movements in interest rates.

A significant proportion of the Department's financial assets consist of cash and cash equivalents. The Department has one bank account, a departmental operating account. There is no interest earned by the Department on this account, accordingly a sensitivity analysis of interest rate risk has not been performed.

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 Department's financial assets consist of cash and receivables. The Department's maximum exposure to credit is limited to the amount of these financial assets, net of any allowance made for impairment.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 31 FINANCIAL INSTRUMENTS - CONTINUED

Credit Risk (Continued)

The Department's receivables cover many entities split between other ACT Government entities and external to ACT Government, and these receivables are unsecured. The Department manages its credit risk for receivables by regular monitoring its receivables and issuing monthly statements to overdue accounts where required. There is no significant concentration of credit risk that has been identified by the Department. As such, the Department expects to collect all financial assets that are not past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Department will be unable to meet its financial obligations as they fall due. The Department'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 Department also has borrowings which are repaid on a quarterly basis.

The main source of cash to pay these obligations is a mixture of revenue from third parties for services provided, and appropriation from Government. Business terms are payment within 30 days and outstanding amounts are followed up at least monthly. Appropriations from the ACT Government are received fortnightly as required. Further action may include the use of a debt collection agency and engagement of the ACT Government Solicitor as part of the overall recovery efforts. The Department manages its liquidity risk through daily monitoring of cash balances and future payment obligations.

The Department's exposure to liquidity risk is considered insignificant based on the current assessment of risk

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 effecting all similar financial instruments traded in the market.

As the Department's financial assets only consist of assets that are not subject to price risk, the Department is not considered to have any price risk. Accordingly, a sensitivity analysis has not been undertaken.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 31 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value of Financial Assets and Liabilities

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

	Carrying Amount 2011 $'000	Fair Value 2011 $'000	Carrying Amount 2010 $'000	Fair Value 2010 $'000
Financial Assets				
Cash and Cash Equivalents	6,322	6,322	9,060	9,060
Receivables	9,271	9,271	8,664	8,664
Total Financial Assets	**15,593**	**15,593**	**17,724**	**17,724**
Financial Liabilities				
Payables	4,085	4,085	9,596	9,596
ACT Government Borrowings	3,390	3,515	9,844	10,164
Finance Leases	978	978	508	508
Total Financial Liabilities	**8,453**	**8,578**	**19,948**	**19,948**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 31 FINANCIAL INSTRUMENTS - CONTINUED

The following table sets out the Department'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 16 May 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:				
Financial Instruments	Note	**Floating Interest Rate $'000**	**1 Year or Less $'000**	**Over 1 Year to 5 Years $'000**	**More than 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial Assets							
Cash and Cash Equivalents	18	-	-	-	-	6,322	6,322
Receivables	19	-	-	-	-	9,271	9,271
Total Financial Assets		-	-	-	-	15,593	15,593
Weighted Average Interest Rate		0%	0%	0%	0%		
Financial Liabilities							
Payables	26	-	-	-	-	4,085	4,085
Finance Leases (inclusive of finance charge)	27	-	382	710	-	-	1,092
ACT Government Borrowings (inclusive of finance charge)	27		3,390	-		-	3,390
Total Financial Liabilities		-	3,772	710	-	4,085	8,567
Weighted Average Interest Rate		0%	7.1%	7.3%	0%		
Net Financial Assets/(Liabilities)		-	(3,772)	(710)	-	11,508	7,026

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 31 FINANCIAL INSTRUMENTS - CONTINUED

The following table sets out the Department'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.

			Fixed Interest Maturing In:				
Financial Instruments	**Note**	**Floating Interest Rate $'000**	**1 Year or Less $'000**	**Over 1 Year to 5 Years $'000**	**More than 5 Years $'000**	**Non-Interest Bearing $'000**	**Total $'000**
Financial Assets							
Cash and Cash Equivalents	18	-	-	-	-	9,060	9,060
Receivables	19	-	-	-	-	8,664	8,664
Total Financial Assets		-	-	-	-	**17,724**	**17,724**
Weighted Average Interest Rate		0%	0%	0%	0%		
Financial Liabilities							
Payables	26	-	-	-	-	9,596	9,596
Finance Leases (inclusive of finance charge)	27	-	407	127	-	-	534
ACT Government Borrowings (inclusive of finance charge)	27		6,985	3,548		-	10,533
Total Financial Liabilities		-	**7,392**	**3,675**	-	**9,596**	**20,663**
Weighted Average Interest Rate		-	5.9%	7%	-		
Net Financial (Liabilities)/Assets		-	**(7,392)**	**(3,675)**	-	**8,128**	**(2,939)**

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 31 FINANCIAL INSTRUMENTS - CONTINUED

	2011 $'000	2010 $'000
Carrying Amount of Each Category of Financial Asset and Financial Liability		
Financial Assets		
Loans and Receivables	9,271	8,664
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost	8,453	19,948

The Department does not have any financial assets in the ' 'Held to Maturity' category and as such this category is not included above. Also, as the Department does not have any financial assets or liabilities in the 'Financial Liabilities at Fair Value through Profit and Loss' category, a fair value heirarchy has not been included.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 32 COMMITMENTS

Capital Commitments

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

	2011 $'000	2010 $'000
Within 13.5 months	-	6,228
Later than 13.5 months but not later than five years	-	-
More than five years	-	-
Total Capital Commitments[1]	**-**	**6,228**

Operating Lease Commitments

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

	2011 $'000	2010 $'000
Within 13.5 months	28,355	21,796
Later than 13.5 months but not later than five years	76,373	91,446
More than five years	63,569	80,453
Operating Lease Commitments[2]	**168,297**	**193,695**

Other Commitments

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

	2011 $'000	2010 $'000
Within 13.5 months	63	5,828
Later than 13.5 months but not later than five years	78	85
More than five years	-	-
Total Other Commitments[1]	**141**	**5,913**

[1]As these financial statements are as at 16 May 2011, it was difficult to obtain reliable mid-month balance for Capital and Other Commitments. 30 June 2011 Capital and Other Commitments are reported in the TAM's and EDD accounts.

[2]There were comparatively fewer lease commitments entered into during 2011 than 2010 which is reflected in the lower commitment figures at 16 May 2011.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The Department is currently defending two actions. These actions have an estimated net liability of $150,000 ($160,000 in 2010) which has not been provided for in the accounts.

The Department was expecting to recover control over one of its properties from a sub-tenant after balance date. In the process the Department may have to restore the condition of property to its formar state. The costs of restoring the property is expected to not exceed $100,000.

Contingent Assets

The Department has no Contingent Assets at 16 May 2011.

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 34 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 $'000	2010 $'000
Total Cash and Equivalents Recorded in the Balance Sheet	6,322	9,060
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	**6,322**	**9,060**

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

	2011 $'000	2010 $'000
Operating Surplus / (Deficit)	7,599	(3,513)
Add/(Less) Items Classified as Investing or Financing		
Net Loss/(Gain) on Disposal of Non-Current Assets	27	(3)
Add/(Less) Non-Cash Items		
Depreciation of Property, Plant and Equipment	12,787	5,959
(Loss)/Gains Arising from Revaluation/Asset Transfer	(9,610)	4,371
Cash Before Changes in Operating Assets and Liabilities	**10,803**	**6,815**
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(414)	(9,572)
(Increase) in Inventories	(141)	(127)
(Increase)/Decrease in Other Assets	662	(1,893)
Increase/(Decrease) in Payables	(2,673)	9,340
Increase in Employee Benefits	262	4,434
Increase/(Decrease) in Other Liabilities	(2,119)	3,193
Net Changes in Operating Assets and Liabilities	**(4,423)**	**5,375**
Net Cash Inflows from Operating Activities	**6,380**	**12,190**

(c) Non-Cash Financing and Investing Activities

	2011 $'000	2010 $'000
Acquisition of Motor Vehicles by means of Finance Lease	41	37

Department of Land and Property Services
Notes to and Forming Part of the Financial Statements
For the Period from 1 July 2010 to 16 May 2011

NOTE 35 EVENTS OCCURRING AFTER BALANCE DATE

Administrative Arrangement 2011 (No 1.) was notified on 17 May 2011. This instrument transferred all functions and balances of the Department to the Territory and Municipal Services Directorate and Economic Development Directorate. These changes are reflected in the Statement of Change in Equity in the new Directorates.

The total value of net assets transferred from the Department of Land and Property Services to the Territory and Municipal Services Directorate after balance date was $419,664,982.

The total value of net assets transferred from the Department of Land and Property Services to the Economic Development Directorate after balance date was $29,740,715.

NOTE 36 THIRD PARTY MONIES

There were no third party monies held by the Department as at 16 May 2011.

NOTE 37 GUARANTEES

There were no guarantees or undertakings by the Department.

A.7 Statement of Performance

ACT AUDITOR-GENERAL'S OFFICE

REPORT OF FACTUAL FINDINGS

DEPARTMENT OF LAND AND PROPERTY SERVICES

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the Department of Land and Property Services (the Department) for the period from 1 July 2010 to 16 May 2011 has been reviewed.

Responsibility for the statement of performance

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

The auditor's responsibility

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

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

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

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

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

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

SECTION A

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 Department for the period from 1 July 2010 to 16 May 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.

M. Cooper

Dr Maxine Cooper
Auditor-General
15 September 2011

Department of Land and Property Services

Statement of Performance

For the Period 1 July 2010 to 16 May 2011

Department of Land and Property Services

Statement of Performance

For the Period 1 July 2010 to 16 May 2011

Statement of Responsibility

In my opinion, the statement of performance is in agreement with the Department's records and fairly reflects the service performance of the Department for the period ended 16 May 2011 and also reflects the judgements exercised in preparing it.

David Dawes

Director General

Economic development Directorate

14 September 2011

A.7 Statement of Performance continued

DEPARTMENT OF LAND AND PROPERTY SERVICES
STATEMENT OF PERFORMANCE
FOR THE PERIOD FROM 1 JULY TO 16 MAY 2011

Output Class 1: **Land and Property Services**
Output 1.1: **Major Project Facilitation**
Description: Deliver or oversee the delivery of a diverse range of capital projects in collaboration with government agencies, the private sector and the community

	Accountability Indicator	Original Target 2010-11	Actual Result 16 May 2011	Variance from Original Target %	Explanation of Material Variances
TOTAL COST ($'000)		**$7,810**	**$9,398**	20%	The variance comprises expenditure of $1.9m that was recovered through user charge revenue relating mainly to accelerated land release and the government office project offset by being expenditure for the period to 16 May 2011 rather than the full year.
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)		**$6,915**	**$6,204**	(10.3%)	The variance is due to the reporting period being to 16 May 2011 rather than the full year.
a.	Implement the Affordable Housing Action Plan	1	1	-	
b.	Progress (in partnership with the Australian National University) the development of key sites in the City West Precinct	1	1	-	
c.	Implement Building for Our Ageing Community Strategy	1	1	-	
d.	Continue to develop a new government office building proposal	1	1	-	
e.	Develop and implement a land supply strategy	1	1	-	
f.	Progress implementation of the National Arboretum Canberra	1	1	-	

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

Explanation of Measures

a. This measure covers the coordination of the implementation of the 84 affordable housing initiatives in consultation with other Directorates. Cordination covers interactions with other Agencies responsible for delivery of actions in the plan and reporting to Government on progress.

b. This measure cover the management of the 2004 partnership deed between the ANU and the Territory for the development of the City West precinct.

c. Coordination of the implementation of the *Building For Our Ageing Community* Strategy and providing case management of several aged persons' accommodation developments.

d. Undertake a market sounding exercise to establish the cost benefit of private sector interest in funding and/or partnering options for the government office and present results to Government for consideration.

e. Monitoring activity in the property market and modifying land supply to reflect changing levels in demand and release new five year Land Supply Strategy and Release Programs.

f. Continue to progress the arboretum including planting, completing picnic and barbeque area, paths and other facilities in the Himalayan Cedars and Dairy Farmers Hill. Design, document, procure and tender for major works associated with the visitors centre.

DEPARTMENT OF LAND AND PROPERTY SERVICES
STATEMENT OF PERFORMANCE
FOR THE PERIOD FROM 1 JULY TO 16 MAY 2011

Output Class 1: **Land and Property Services**

Output 1.2: **Property Services**

Description: Managing the ACT Government's owned and leased property assets.

	Accountability Indicator	Original Target 2010-11	Actual Result 16 May 2011	Variance from Original Target %	Explanation of Material Variances
TOTAL COST ($'000)		**$98,319**	**$76,730**	(21.9%)	The variance reflects the elimination of transactions within the Property Group which were not eliminated in the budget ($9.4m), lower activity due to lower levels of insurance repair work and the reporting period ending on the 16th of May 2011.
GOVERNMENT PAYMENT FOR OUTPUTS ($'000)		**$1,695**	**$1,270**	(25.1%)	The variance is due to the reporting period being to 16 May 2011 rather than the full year and represents the amount drawn at that date. Funding relating to Greenpower is usually drawn towards the end of the financial year and is the main factor in the in the lower than expected pro-rata result.
a.	Accommodation utilisation rate (m2 per employee)	17	15.9	(6.5%)	The reported result is an estimate based on the full year result.
b.	Occupancy rate of ACT Government office buildings	98.0%	99.0%	1.0%	The reported result is an estimate based on the full year result.
c.	Use of Greenpower	32.5%	33.0%	1.5%	The reported result is an estimate based on the full year result.
d.	Accommodation cost per employee	$7,000	$6,343	(9.4%)	The actual variance should have been 3.5% based on a pro-rata target of $6,125. The reported result is a pro-rata of the full result year result. The pro-rata is calculated on 10.5 months of the full year target and result. The employee count was at 30 June 2011.
e.	Occupancy rate for properties designated for use by non government tenants	96.0%	97.1%	1.1%	The reported result is an estimate based on the 30th April assessment.

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

Explanation of Measures

a. This indicator measures the quantum of office space utilised per employee.

b. This indicator measures the percentage of all available ACT Property office space (in both owned and leased Buildings) that is being rented by ACT Government agencies.

c. This indicator measure the percentage of rentable energy provided by accredited Green Power sources and energy produced from methane gas at land fill sites measured against total electricity supplied.

d. This indicator measure how much is spent on accommodation for each ACT Government employee and is calculated having regard to all charges to agencies for leased and owned accommodation.

e. This indicator measure the occupancy rate for properties designated for use by non-government tenants by calculating the percentage of occupied space against the total of all available non-government space.

Note For measures a,b,c, and d the full year result has been used to calculate the result at 16 May 2011. For measure e the result is based on the 30 April 2011 result.

Section A

PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING

ECONOMIC DEVELOPMENT DIRECTORATE

A.5 Management Discussion and Analysis

ECONOMIC DEVELOPMENT DIRECTORATE
FOR THE PERIOD 17 MAY 2011 TO 30 JUNE 2011

General Overview

Objectives

The primary objective of the Economic Development Directorate is to work with the business community in relation to economic development and business support programs and to design and deliver the Government's land release program. The Directorate will lead the ACT and capital region tourism industry in creating and implementing a variety of marketing and development programs.

The Directorate will also facilitate access to a range of sporting and recreation activities by managing sporting programs, venues, sportsgrounds and community events.

Changes to Administrative Structure

Due to the *Administrative Arrangements 2011 (No.1)* (Notifiable Instrument NI 2011-244) effective 17 May 2011, the Directorate gained the following functions:

- Land Release;
- Tourism and Events;
- Sport and Recreation; and
- Business Industry Development.

Risk Management

The Department of Land and Property Services (LAPS) Audit Committee was formed at the beginning of the financial year and was replaced by the Economic Development Directorate (EDD) Audit Committee after the changes to administrative arrangements on 17 May 2011.

- The EDD Audit Committee met on 23 May 2011 for the first time noting a new Audit Charter and a new Internal Audit Charter will be required for the Economic Development Directorate. Annual and forward audit programs will be supported by an audit recommendations register;
- The Audit Program is guided by Governance, Risk and Compliance programs and reviewed periodically as well as in accordance with any changes in those programs;
- The Enterprise Risk Management approach is managed by the Audit Committee in accordance with the Chief Minister's Direction on Risk Management, as well as meeting best-practice professional standards. Risks are managed at strategic and operational levels with fraud prevention and control processes incorporated;
- Processes to identify areas of significant operational or financial risk at entity and business unit level are a high priority of the Audit Committee and the Executive Director, Land Strategy and Finance attends Audit Committee meetings to provide assurance on key financial controls;

A.5 Management Discussion and Analysis continued

- An Enterprise Risk Register emanating from a Directorate Risk Management Plan will be maintained under ongoing review to ensure risk mitigation strategies are transferred to business and work plans and reported on; and
- New professional risk policy standards have been adopted to ensure the early identification and treatment of emerging risks with particular emphasis on risk policy concepts of vulnerability, networks and systemic risks.

DIRECTORATE FINANCIAL PERFORMANCE

The following assessment of the Directorate's financial performance is based on the net cost of services framework. This assessment of performance indicates the full cost and composition of resources consumed in conducting the operations of the Directorate. It shows the extent to which these costs were recovered through user charges and independent sources, and the net cost of operations to the Territory.

The Directorate's 2010-11 Annual Financial Statements reflect its operations from 17 May 2011 to 30 June 2011. The 2010-11 annual financial statements do not contain 2010-11 Original Budget figures, nor do they contain prior year actual results for 2009-10, due to the Directorate being established on 17 May 2011.

The following financial information is therefore based on the audited financial report for 2010-11, and the forward estimates contained in the 2011-12 Budget Paper Number 4.

Total Net Cost of Services

Total net cost of services for the period 17 May through to 30 June 2011 was **$8.219 million** comprising **$11.229 million** of expenditure offset by **$3.010 million** of own sourced revenue.

Table 1: Net Cost of Services

	Actual[1] 2010-11 $m	Forward Estimate 2011-12 $m	Forward Estimate 2012-13 $m	Forward Estimate 2013-14 $m	Forward Estimate 2014-15 $m
Total Expenditure	11.229	101.053	92.703	101.468	95.861
Total Own Source Revenue	3.010	10.843	10.813	10.749	10.778
Net Cost of Services	**8.219**	**90.210**	**81.890**	**90.719**	**85.083**

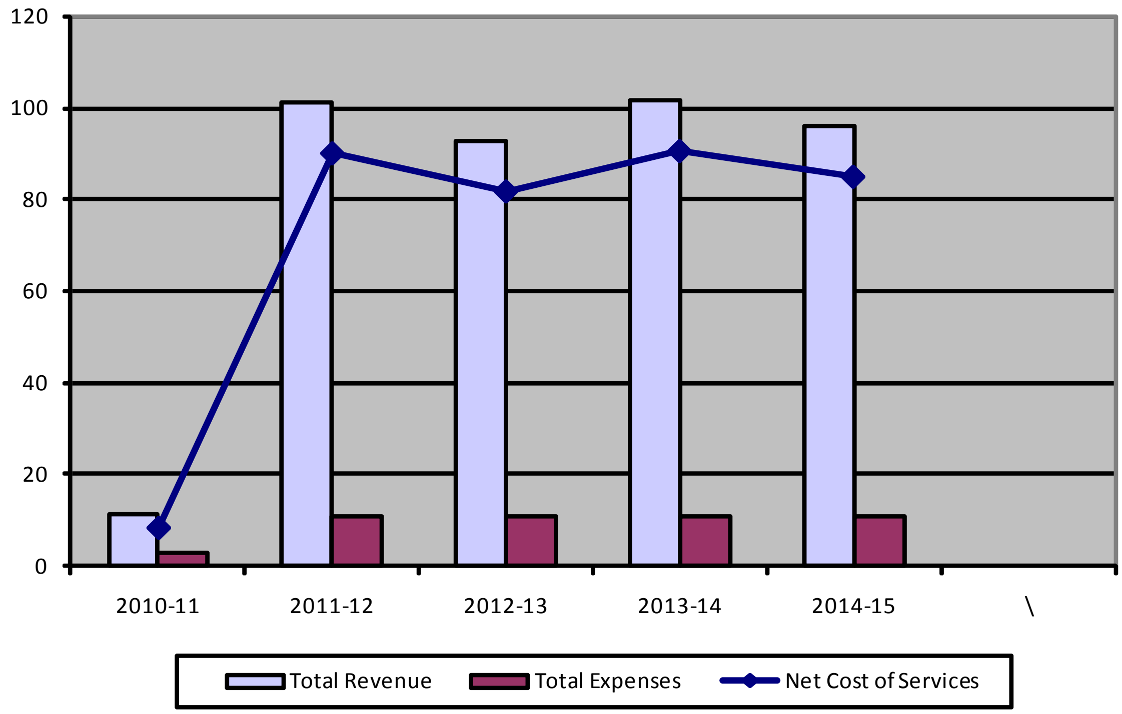
[1] The Directorate was created on 17 May 2011 resulting from the Administrative Arrangements 2011 (No. 1), Notifiable instrument NI2011-244. The actual results for 2010-11 reflect the Directorate's operations from 17 May 2011 to 30 June 2011.

1. Comparison to Estimated Outcome

There was no estimated outcome of net cost of services for 2010-11 with the Directorate budgeted to commence on 1 July 2011.

2. Future Trends

Figure 1 - Net Cost of Services



The Directorate's net cost of services forecast for the full 2011-12 year is **$90.210 million**. This comprises **$10.843 million** of own source revenue with expenditure of **$101.053 million**.

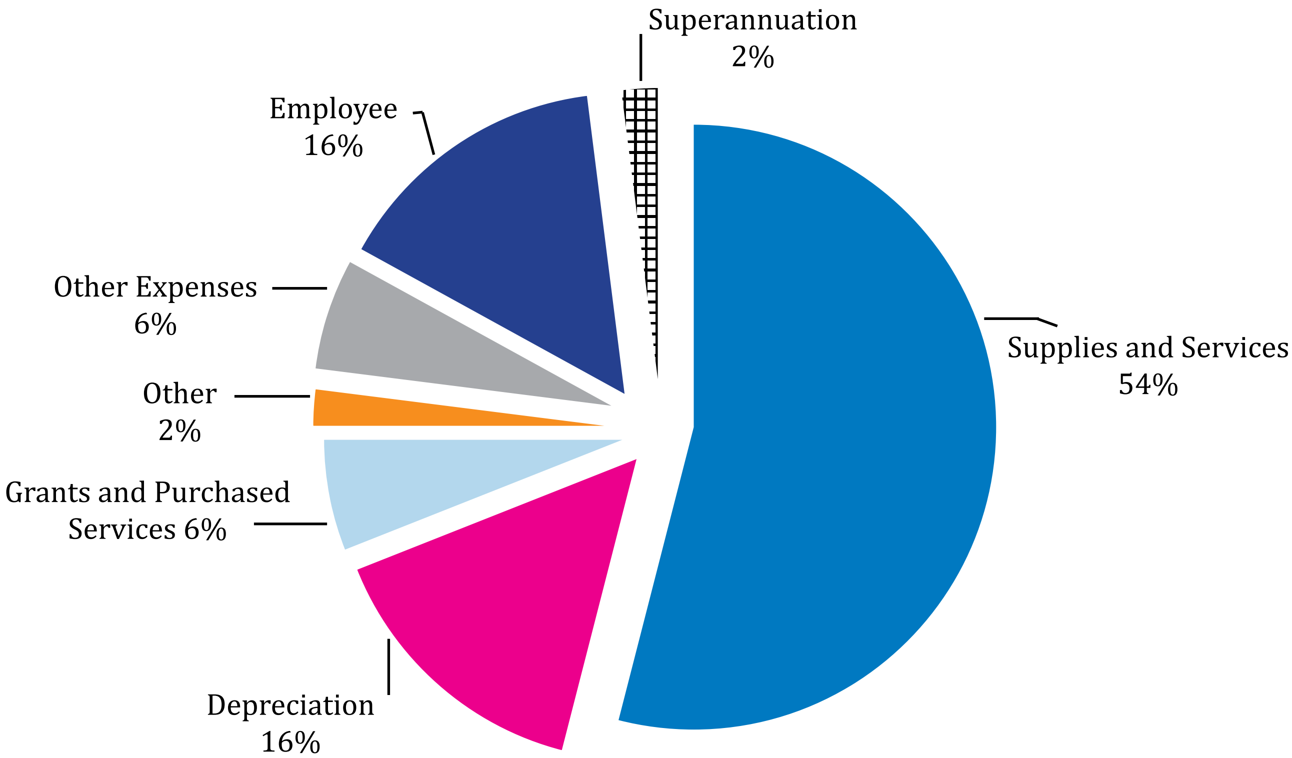
Further analysis is provided under "Total Expenditure" and "Total Own Sourced Revenue".

Total Expenditure

1. Components of Expenditure

The Directorate's expenditure for part year 2010-11 was **$11.23 million**. This largely related to supplies and services, which comprised **54 per cent** (or **$6.05 million**). The supplies and services related to expenditure incurred in managing tourism and sporting programs and facilities. The other main components of expenditure include employee and superannuation expenses, comprising **18 per cent** (or **$2.09 million**), depreciation and amortisation, comprising **16 per cent** (or **$1.75 million**) and grants and purchased services, comprising 6 per cent (or $0.7 million) of ordinary expenses. Other expenses **6 per cent** (or **$0.6 million**) mainly related to work in progress expensed.

Figure 2 - Components of 2010-11 Expenditure



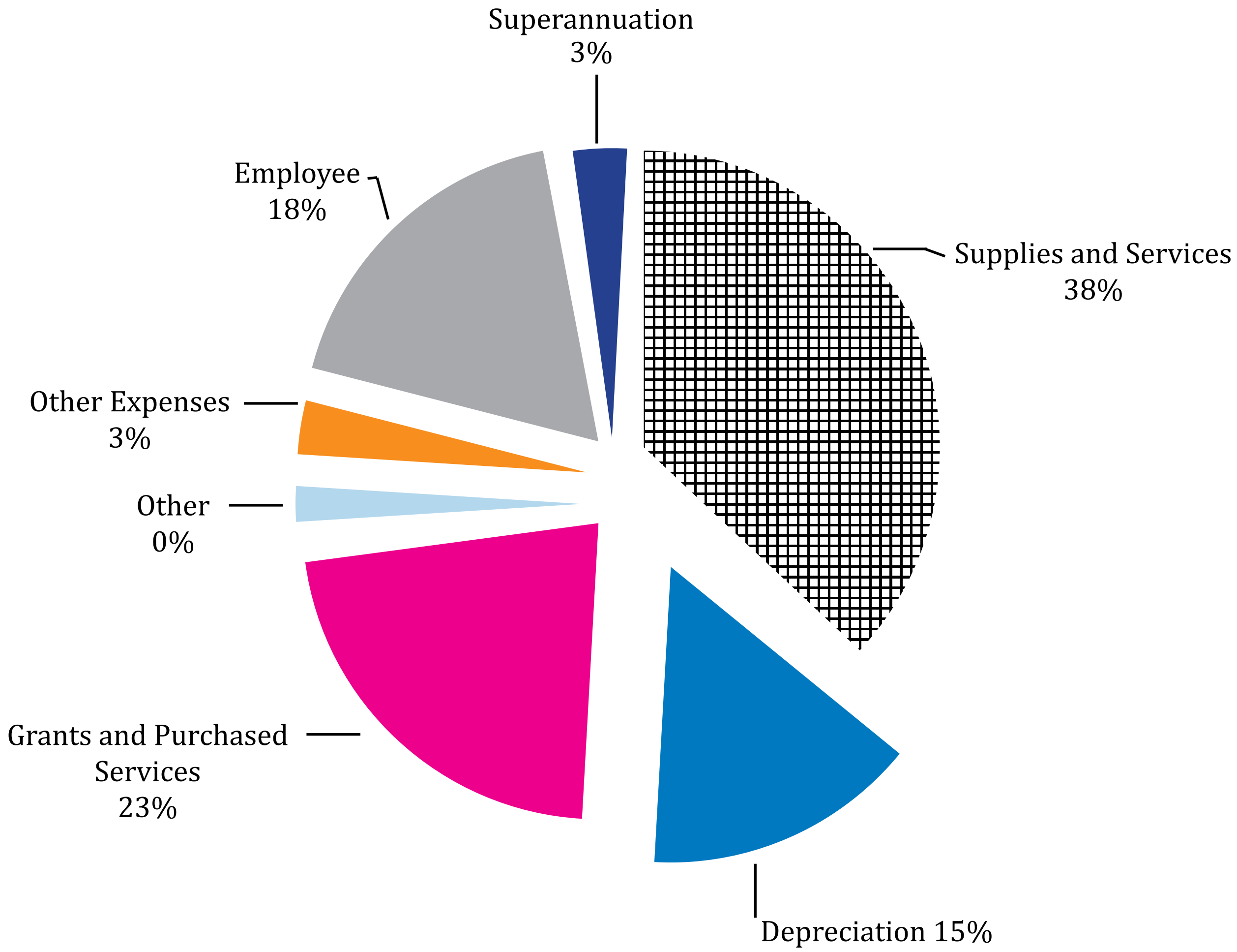
2. Comparison to Estimated Outcome

There was no estimated outcome of expenditure for 2010-11 with the Directorate budgeted to commence on 1 July 2011.

3. Future Trends

Expenditure is budgeted in 2011-12 at **$101.05 million** largely comprising supplies and service **$38.46 million** (or **38 per cent**) for grants and purchased services. **$23.74 million** (or **23 per cent**), employee and superannuation expenses **$21.21 million** (or **21 per cent**), and depreciation **$14.78 million** (or **15 per cent**).

Figure 3 - Components of 2011-12 Expenditure



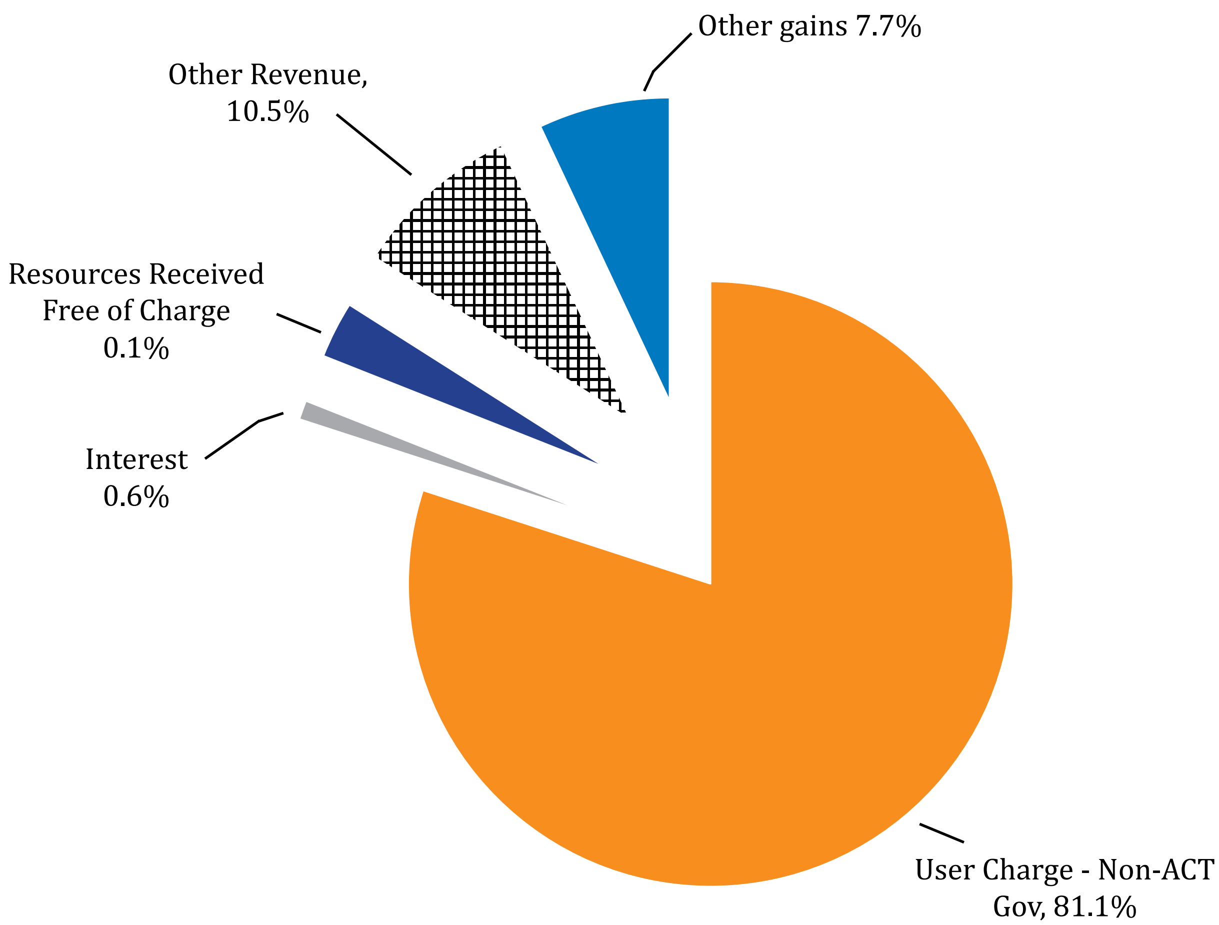
Total Own Source Revenue

1.Components of Own Source Revenue

The Directorate's own source revenue for the part year 2010-11 was **$3.01 million**. This largely related to user charges non-ACT Government which comprised **81 per cent** (or **$2.44 million**) of total own source revenue. These charges predominantly related to revenue from sporting events and use of sporting grounds. Other revenue comprised **11 per cent** (or **$0.32 million**) and related to project gains. Other gains comprised **8 per cent** (or **$0.23 million**) and related to recoveries due on the transfer to the new Directorate.

A.5 Management Discussion and Analysis continued

Figure 4 - Components of 2010-11 Own Source Revenue



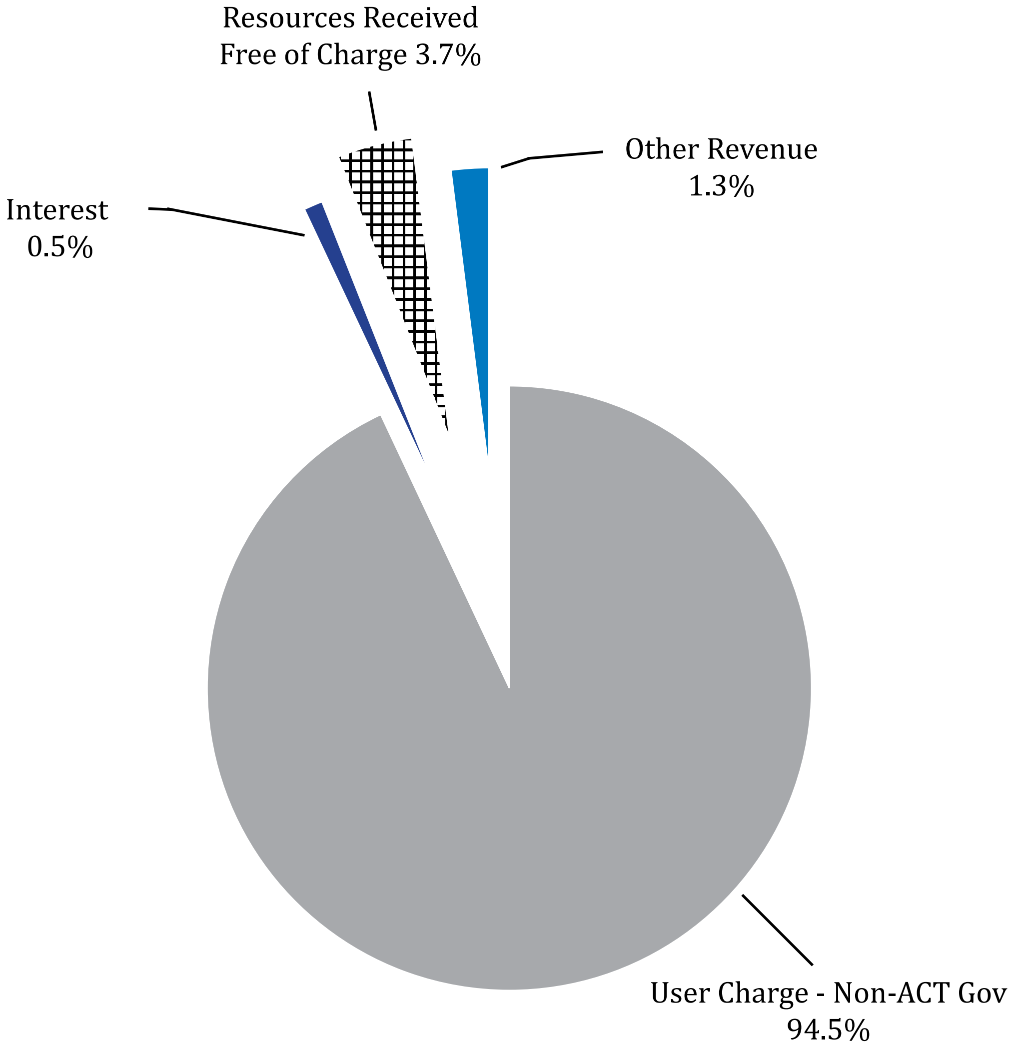
2. Comparison to Estimated Outcome

There was no estimated outcome of own sourced revenue for 2010-11 with the Directorate budgeted to commence on 1 July 2011.

3. Future Trends

Total own source revenue for 2011-12 is budgeted at **$10.843 million** largely reflecting the full year impact of user charges. These are budgeted to comprise **$10.253 million** (or **95 per cent**) of the Directorate's own sourced revenue in 2011-12.

Figure 5 - Components of 2011-12 Own Source Revenue



DEPARTMENTAL FINANCIAL POSITION

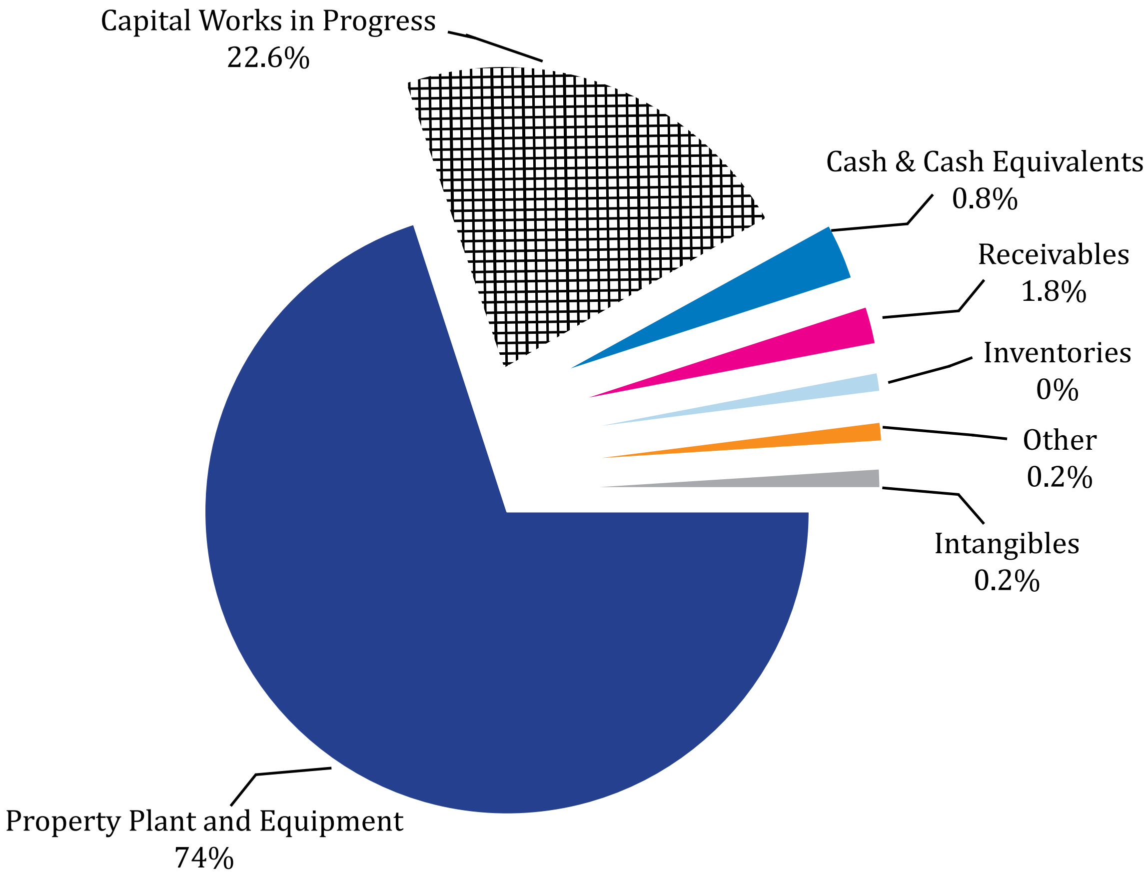
Total Assets

1. Components of Total Assets

The Directorate's assets as at 30 June 2011 of **$276.90 million** largely related to Property Plant and Equipment and comprised **74 per cent** (or **$206.0 million**), and Capital Work in Progress which comprised **23 per cent** (or **$62.7 million**). Property Plant and Equipment comprise land buildings and infrastructure assets around public parks and gardens, public sporting reserves, public nature reserves, playing ovals and major sporting facilities. Capital works in progress mainly related to the National Arboretum Canberra and sports and playing facilities mainly in the Gungahlin area. Current receivables comprised **2 per cent** (or **$4.9 million**) and related to monies due for building leases and maintenance work. Cash and Cash equivalents comprised **1 per cent** (or **$2.1 million**) and represented the balance in the operating account.

A.5 Management Discussion and Analysis continued

Figure 6 - Total Assets as at 30 June 2011



2. Comparison to Estimated Outcome

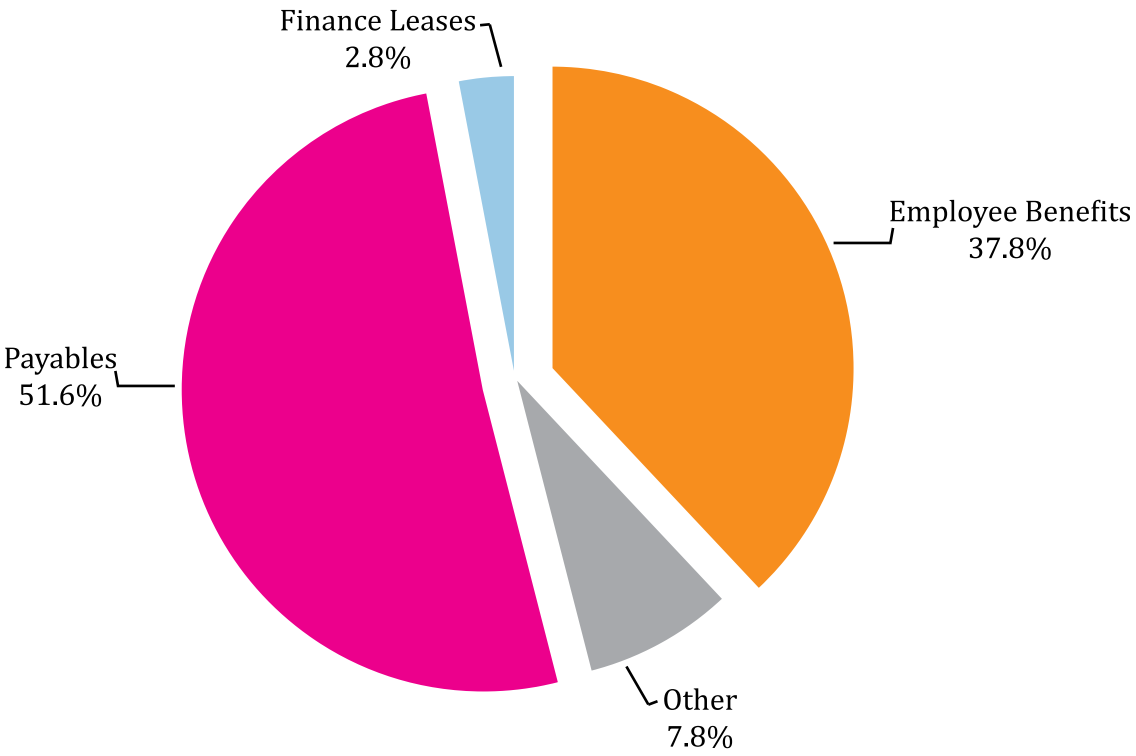
There was no estimated outcome for the year ended 30 June 2011 as the Directorate was not budgeted to commence until 1 July 2011.

Total Liabilities

1. Components of Total Liabilities

The Directorate's liabilities as at 30 June 2011 of **$16.67 million** largely related to payables and comprised **52 per cent** (or **$8.6 million**) which reflected amounts owing on recurrent and capital activities. Employee benefits, which includes annual and long service leave accrued by staff, accounted for **36 per cent** (or **$6.3 million**) of the Directorate's liabilities. Other liabilities, mainly comprising revenue received in advance, comprised **8 per cent** (or **$1.3 million**). Finance Leases comprised **3 per cent** (or **$0.5 million**) and related to future liability of motor vehicles leases.

Figure 7 - Total Liabilities as at 30 June 2011



2. Comparison to Estimated Outcome

There was no estimated outcome for the year ended 30 June 2011 as the Directorate was not budgeted to commence until 1 July 2011.

A.6 Financial Report

ACT AUDITOR-GENERAL'S OFFICE

ACT GOVERNMENT

INDEPENDENT AUDIT REPORT
ECONOMIC DEVELOPMENT DIRECTORATE

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Economic Development Directorate (the Directorate) for the period from 17 May 2011 to 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.

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Telephone: 02 6207 0833 | Facsimile: 02 6207 0826 | Email: actauditorgeneral@act.gov.au

SECTION A

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 period from 17 May 2011 to 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 period from 17 May 2011 to 30 June 2011.

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

M. Cooper

Dr Maxine Cooper
Auditor-General
27 September 2011