

Australian Capital Territory Government

**Consolidated Annual  
Financial Statements**

**2016-2017 Financial Year**



**ACT**  
Government

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**Contents**

Independent Audit Report  
Certification by the Treasurer and the Under Treasurer of the Chief Minister, Treasury and  
Economic Development Directorate  
General Government Sector and Total Territory Operating Statement  
General Government Sector and Total Territory Balance Sheet  
General Government Sector and Total Territory Statement of Changes in Equity  
General Government Sector and Total Territory Cash Flow Statement  
Public Trading Enterprises Sector Operating Statement  
Public Trading Enterprises Sector Balance Sheet  
Public Trading Enterprises Sector Statement of Changes in Equity  
Public Trading Enterprises Sector Cash Flow Statement  
Consolidated Statement of Appropriation

**Note Index**

Note 1 - The Australian Capital Territory Government  
Note 2 - Disaggregated Information  
Note 3 - Australian Capital Territory Government Controlled Entities  
Note 4 - Taxation Revenue  
Note 5 - Grants Revenue  
Note 6 - Revenue from Associates and Joint Ventures  
Note 7 - Other Sales of Goods and Services  
Note 8 - Interest Income  
Note 9 - Dividend and Income Tax Equivalent Income  
Note 10 - Other Revenue  
Note 11 - Employee Expenses  
Note 12 - Superannuation Expenses  
Note 13 - Interest Expense  
Note 14 - Supplies and Services  
Note 15 - Other Operating Expenses  
Note 16 - Grants and Purchased Services  
Note 17 - Net Gain/(Loss) on Sale of Non-Financial Assets  
Note 18 - Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value  
Note 19 - Waivers, Impairment Losses and Write-Offs  
Note 20 - Act of Grace Payments  
Note 21 - Cash and Deposits  
Note 22 - Advances Paid  
Note 23 - Investments and Loans  
Note 24 - Receivables  
Note 25 - Property, Plant and Equipment  
Note 26 - Investment Properties  
Note 27 - Intangibles  
Note 28 - Inventories  
Note 29 - Assets Held for Sale  
Note 30 - Capital Works-in-Progress

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**Note Index (Continued)**

- Note 31 - Loose-fill Asbestos Insulation Eradication Scheme Land
  - Note 32 - Advances Received
  - Note 33 - Other Borrowings
  - Note 34 - Superannuation
  - Note 35 - Employee Benefits and Other Provisions
  - Note 36 - Payables
  - Note 37 - Other Liabilities
  - Note 38 - Reconciliation of Cash Flows
  - Note 39 - Operating Lease Commitments
  - Note 40 - Capital Commitments
  - Note 41 - Other Commitments
  - Note 42 - Public Private Partnership Commitments
  - Note 43 - Contingencies, Guarantees and Indemnities
  - Note 44 - Third Party Monies
  - Note 45 - Related Party Disclosures
  - Note 46 - Interest in Joint Arrangements
  - Note 47 - Economic Dependency
  - Note 48 - The Territory's Credit Rating
  - Note 49 - Auditor's Remuneration
  - Note 50 - Events Subsequent to Balance Date
  - Note 51 - Service Concession Assets
  - Note 52 - Financial Instruments
  - Note 53 - Expenses and Assets by Function
  - Note 54 - Disaggregated Sector Information
  - Note 55 - Reconciliations to ABS GFS Measures
- 
- Appendix A - Variance Explanations: 2016-17 Actual compared to 2016-17 Budget
  - Appendix B - Significant Accounting Policies
  - Appendix C - Impact of Accounting Standards Issued but yet to be Applied
  - Appendix D - Change in Accounting Policies and Accounting Estimates
  - Appendix E - Glossary

**INDEPENDENT AUDIT REPORT****AUSTRALIAN CAPITAL TERRITORY GOVERNMENT****To the Members of the ACT Legislative Assembly****Audit opinion**

I am providing an **unqualified audit opinion** on the financial statements of the Australian Capital Territory Government (the Territory's financial statements) for the year ended 30 June 2017. These comprise the following financial statements, accompanying notes and appendices:

- General Government Sector and Total Territory financial statements - operating statement, balance sheet, statement of changes in equity and cash flow statement.
- Public Trading Enterprises Sector financial statements - operating statement, balance sheet, statement of changes in equity and cash flow statement.
- Statement of appropriation.

In my opinion, the Territory's financial statements:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Territory and results of its operations and cash flows.

**Basis for the audit opinion**

The audit was conducted in accordance with the Australian Auditing Standards. I have complied with the requirements of the Accounting Professional and Ethical Standards 110 *Code of Ethics for Professional Accountants*.

I believe that sufficient evidence was obtained during the audit to provide a basis for the audit opinion.

**Responsibility for preparing and fairly presenting the Territory's financial statements**

The Treasurer and Under Treasurer are responsible for:

- preparing and fairly presenting the financial statements in accordance with the *Financial Management Act 1996* and relevant Australian Accounting Standards;
- determining the internal controls necessary for the preparation and fair presentation of financial statements so that they are free from material misstatements, whether due to error or fraud; and
- assessing the ability of the Territory to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the financial statements.

**Responsibility for the audit of the Territory's financial statements**

Under the *Financial Management Act 1996*, the Auditor-General is responsible for issuing an audit report that includes an independent audit opinion on the financial statements.

As required by Australian Auditing Standards, the auditors:

- applied professional judgement and maintained scepticism;
- identified and assessed the risks of material misstatements due to error or fraud and implemented procedures to address these risks so that sufficient evidence was obtained to form an audit opinion. The risk of not detecting material misstatements due to fraud is higher than the risk due to error, as fraud may involve collusion, forgery, intentional omissions or misrepresentations or the override of internal controls;
- obtained an understanding of internal controls to design audit procedures for forming an audit opinion;
- evaluated accounting policies and estimates used to prepare the financial statements and disclosures made in the financial statements;
- evaluated the overall presentation and content of the financial statements, including whether they present the underlying transactions and events in a manner that achieves fair presentation;
- reported the scope and timing of the audit and any significant deficiencies in internal controls identified during the audit to the Treasurer and Under Treasurer; and
- assessed the going concern\* basis of accounting used in the preparation of the financial statements.

(\*Where the auditor concludes that a material uncertainty exists which cast significant doubt on the appropriateness of using the going concern basis of accounting, the auditor is required to draw attention in the audit report to the relevant disclosures in the financial statements or, if such disclosures are inadequate, the audit opinion is to be modified. The auditor's conclusions on the going concern basis of accounting are based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the Territory to cease to continue as a going concern.)

#### **Limitations on the scope of the audit**

An audit provides a high level of assurance about whether the financial statements are free from material misstatements, whether due to fraud or error. However, an audit cannot provide a guarantee that no material misstatements exist due to the use of selective testing, limitations of internal control, persuasive rather than conclusive nature of audit evidence and use of professional judgement in gathering and evaluating evidence.

An audit does not provide assurance on the:

- reasonableness of budget information included in the financial statements;
- prudence of decisions made by the Territory;
- adequacy of controls implemented by the Territory; or
- integrity of audited financial statements presented electronically or information hyperlinked to or from the financial statements. Assurance can only be provided for the printed copy of the audited financial statements.



Dr Maxine Cooper  
Auditor-General

30 October 2017

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CERTIFICATION BY THE TREASURER  
AND THE UNDER TREASURER**

**Certification by the Treasurer**

The Treasurer is responsible for administering the *Financial Management Act 1996* (FMA) and related guidelines governing the financial affairs of the Australian Capital Territory (the Territory). Accordingly, the FMA requires the Treasurer to prepare and certify the Consolidated Annual Financial Statements of the Territory each year.

It is my opinion that the attached financial statements for the year ended 30 June 2017 fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.


  
Andrew Barr MLA  
Treasurer

Date: 30.10.2017

**Certification by the Under Treasurer**

The Under Treasurer has been delegated responsibility for administering the FMA<sup>1</sup>, and therefore the financial administration of the Territory's activities. This responsibility for managing the financial affairs and preparation of the Consolidated Annual Financial Statements of the Territory is exercised through the Finance and Budget Division of the Chief Minister, Treasury and Economic Development Directorate.

It is my opinion that the attached financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards and the requirements of the FMA. These accounts fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.

  
David Nicol  
Under Treasurer  
Chief Minister, Treasury and Economic Development Directorate

Date: 27 October 2017

**Note (1):** Under the current administrative arrangements, the Director-General of the Chief Minister, Treasury and Economic Development Directorate is responsible for certifying the Consolidated Annual Financial Statements of the Territory. This responsibility has been delegated to the Under Treasurer as provided for under section 20 of the *Public Sector Management Act 1994*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | Note No. | General Government Sector |                       |                       | Total Territory       |                       |                       |
|---|----------|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   |          | 2016-17 Actual<br>\$m     | 2016-17 Budget<br>\$m | 2015-16 Actual<br>\$m | 2016-17 Actual<br>\$m | 2016-17 Budget<br>\$m | 2015-16 Actual<br>\$m |
| <b>Revenue</b>  |          |                           |                       |                       |                       |                       |                       |
| Taxation Revenue  | 4        | 1,695                     | 1,634                 | 1,568                 | 1,654                 | 1,595                 | 1,536                 |
| Grants Revenue  |          |                           |                       |                       |                       |                       |                       |
| Commonwealth Grants   | 5        | 2,049                     | 2,087                 | 1,886                 | 2,051                 | 2,088                 | 1,887                 |
| Gains from Contributed Assets   | 5        | 116                       | 156                   | 80                    | 38                    | 64                    | 24                    |
| Sales of Goods and Services   |          |                           |                       |                       |                       |                       |                       |
| Revenue from Associates and Joint Ventures                                | 6        | -                         | -                     | -                     | 88                    | 73                    | 107                   |
| Other Sales of Goods and Services   | 7        | 522                       | 479                   | 516                   | 859                   | 841                   | 858                   |
| Interest Income   | 8        | 131                       | 116                   | 130                   | 65                    | 44                    | 59                    |
| Distributions from Financial Investments                                  |          | 38                        | 36                    | 54                    | 38                    | 36                    | 54                    |
| Dividend and Income Tax Equivalents Income                                | 9        | 507                       | 406                   | 409                   | 54                    | 51                    | 52                    |
| Other Revenue   |          |                           |                       |                       |                       |                       |                       |
| Land Revenue (Value Add Component)  |          | -                         | -                     | -                     | 426                   | 457                   | 399                   |
| Other Revenue   | 10       | 161                       | 143                   | 144                   | 162                   | 135                   | 138                   |
| <b>Total Revenue</b>  |          | <b>5,218</b>              | <b>5,058</b>          | <b>4,785</b>          | <b>5,436</b>          | <b>5,384</b>          | <b>5,113</b>          |
| <b>Expenses</b>   |          |                           |                       |                       |                       |                       |                       |
| Employee Expenses   | 11       | 1,932                     | 1,892                 | 1,866                 | 2,108                 | 2,082                 | 2,030                 |
| Superannuation Expenses   |          |                           |                       |                       |                       |                       |                       |
| Superannuation Interest Cost  | 12       | 293                       | 316                   | 315                   | 293                   | 316                   | 315                   |
| Other Superannuation Expense  | 12       | 452                       | 417                   | 361                   | 464                   | 426                   | 372                   |
| Depreciation and Amortisation   |          | 390                       | 373                   | 367                   | 484                   | 466                   | 448                   |
| Interest Expense  | 13       | 183                       | 187                   | 176                   | 181                   | 186                   | 172                   |
| Other Operating Expenses  |          |                           |                       |                       |                       |                       |                       |
| Supplies and Services   | 14       | 907                       | 1,028                 | 898                   | 1,068                 | 1,226                 | 1,036                 |
| Other Operating Expenses  | 15       | 222                       | 192                   | 147                   | 191                   | 187                   | 278                   |
| Grants and Purchased Services   | 16       | 1,016                     | 999                   | 976                   | 884                   | 867                   | 833                   |
| <b>Total Expenses</b>   |          | <b>5,395</b>              | <b>5,404</b>          | <b>5,107</b>          | <b>5,673</b>          | <b>5,755</b>          | <b>5,486</b>          |
| <b>UPF<sup>(a)</sup> Net Operating Balance</b>                            |          | <b>-177</b>               | <b>-346</b>           | <b>-322</b>           | <b>-237</b>           | <b>-371</b>           | <b>-373</b>           |
| <b>Other Economic Flows - Included in the Operating Result</b>            |          |                           |                       |                       |                       |                       |                       |
| Dividends (Market Gains on Land Sales)                                    |          | 32                        | 62                    | 12                    | -                     | -                     | -                     |
| Land Revenue (Market Gains on Land Sales)                                 |          | -                         | -                     | -                     | 50                    | 89                    | 17                    |
| Net Land Revenue (Undeveloped Land Value)                                 |          | 94                        | 94                    | 92                    | 99                    | 94                    | 92                    |
| Net Gain/(Loss) on Sale of  | 17       | 13                        | -2                    | -85                   | -42                   | -80                   | -89                   |
| Non-Financial Assets  |          |                           |                       |                       |                       |                       |                       |
| Net Gain/(Loss) on Financial Assets or Liabilities                        | 18       | 239                       | 164                   | -5                    | 240                   | 164                   | -5                    |
| at Fair Value   |          |                           |                       |                       |                       |                       |                       |
| Doubtful Debts  |          | -11                       | -7                    | -10                   | -14                   | -9                    | -13                   |
| <b>Operating Result</b>   |          | <b>190</b>                | <b>-34</b>            | <b>-319</b>           | <b>95</b>             | <b>-114</b>           | <b>-371</b>           |
| <b>Other Economic Flows - Other Comprehensive Income</b>                  |          |                           |                       |                       |                       |                       |                       |
| <b>Items that will not be Subsequently Reclassified to Profit or Loss</b> |          |                           |                       |                       |                       |                       |                       |
| Payments to ACT Government Agencies                                       |          | -20                       | -22                   | -33                   | -                     | -                     | -                     |
| Capital Distributions   |          | 54                        | 90                    | 6                     | -                     | 11                    | -                     |
| Transfer of Assets to the Public Trading Enterprises (PTE) Sector         |          | -128                      | -236                  | -36                   | -                     | -                     | -                     |
| Superannuation Actuarial Gain/(Loss)                                      |          | 2,525                     | 3,816                 | -1,877                | 2,525                 | 3,816                 | -1,877                |
| Prior Year Adjustment   |          | 6                         | -                     | 40                    | 6                     | -                     | -6                    |
| Other Movements   |          | -                         | 1                     | -                     | -                     | 1                     | 0                     |
| Increase/(Decrease) in Asset Revaluation Reserve                          |          | 375                       | 18                    | 66                    | 579                   | 158                   | 462                   |
| Surpluses due to Revaluations   |          |                           |                       |                       |                       |                       |                       |
| <b>Items that may be Subsequently Reclassified to Profit or Loss</b>      |          |                           |                       |                       |                       |                       |                       |
| Increase/(Decrease) in Net Assets of PTE                                  |          | 253                       | 247                   | 276                   | -                     | -                     | -                     |
| <b>Total Comprehensive Income / (Loss)</b>                                |          | <b>3,255</b>              | <b>3,880</b>          | <b>-1,876</b>         | <b>3,206</b>          | <b>3,872</b>          | <b>-1,788</b>         |

Notes: (a) Uniform Presentation Framework (refer to Appendix E - Glossary).

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
OPERATING STATEMENT - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | Note<br>No. | General Government Sector |                   |                   | Total Territory   |                   |                   |
|---|-------------|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   |             | 2016-17<br>Actual         | 2016-17<br>Budget | 2015-16<br>Actual | 2016-17<br>Actual | 2016-17<br>Budget | 2015-16<br>Actual |
|   |             | \$m                       | \$m               | \$m               | \$m               | \$m               | \$m               |
| <b>Key Fiscal Aggregates</b> (refer to Appendix E - Glossary) |             |                           |                   |                   |                   |                   |                   |
| <b>UPF Net Operating Balance</b>                              |             | <b>-177</b>               | <b>-346</b>       | <b>-322</b>       | <b>-237</b>       | <b>-371</b>       | <b>-373</b>       |
| <b>less Net Acquisition of Non-Financial Assets</b>           |             |                           |                   |                   |                   |                   |                   |
| Payments for Non-Financial Assets                             |             | 667                       | 934               | 790               | 814               | 1,057             | 907               |
| Sales of Non-Financial Assets                                 |             | -287                      | -300              | -65               | -354              | -333              | -105              |
| Land Revenue (Net Cash Receipts)                              |             | -15                       | -51               | -79               | -68               | -126              | -118              |
| Depreciation and Amortisation                                 |             | -390                      | -373              | -367              | -484              | -466              | -448              |
| Other Movements in Non-Financial Assets                       |             | 115                       | 155               | 67                | 31                | 56                | 23                |
| <i>Total Net Acquisition of Non-Financial Assets</i>          |             | <i>90</i>                 | <i>366</i>        | <i>345</i>        | <i>-61</i>        | <i>189</i>        | <i>258</i>        |
| <b>Net Lending / (Borrowing)</b>                              |             | <b>-267</b>               | <b>-711</b>       | <b>-667</b>       | <b>-176</b>       | <b>-560</b>       | <b>-631</b>       |

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
BALANCE SHEET  
AT 30 JUNE 2017**

|  | Note<br>No. | General Government Sector |                          |                          | Total Territory          |                          |                          |
|--|-------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  |             | 2016-17<br>Actual<br>\$m  | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Financial Assets</b>  |             |                           |                          |                          |                          |                          |                          |
| Cash and Deposits  | 21          | 782                       | 327                      | 660                      | 1,037                    | 566                      | 1,015                    |
| Advances Paid  | 22          | 1,658                     | 1,717                    | 1,608                    | 78                       | 68                       | 69                       |
| Investments and Loans  | 23          | 4,470                     | 4,197                    | 4,126                    | 4,523                    | 4,227                    | 4,174                    |
| Receivables  | 24          | 600                       | 637                      | 619                      | 521                      | 739                      | 561                      |
| Equity Investments   |             |                           |                          |                          |                          |                          |                          |
| Investments in Other Public Sector Entities                    |             | 6,565                     | 6,443                    | 6,312                    | -                        | -                        | -                        |
| Investments Accounted for Using the Equity Method              |             | -                         | -                        | -                        | 975                      | 969                      | 951                      |
| <b>Total Financial Assets</b>                                  |             | <b>14,075</b>             | <b>13,321</b>            | <b>13,324</b>            | <b>7,134</b>             | <b>6,568</b>             | <b>6,771</b>             |
| <b>Non-Financial Assets</b>                                    |             |                           |                          |                          |                          |                          |                          |
| Produced Assets  |             |                           |                          |                          |                          |                          |                          |
| Property, Plant and Equipment                                  | 25          | 11,201                    | 11,610                   | 10,848                   | 14,871                   | 15,336                   | 14,392                   |
| Investment Properties  | 26          | 5                         | 3                        | 5                        | 22                       | 13                       | 14                       |
| Intangibles  | 27          | 99                        | 99                       | 62                       | 112                      | 122                      | 103                      |
| Inventories  | 28          | 19                        | 16                       | 18                       | 252                      | 399                      | 227                      |
| Assets Held for Sale   | 29          | 195                       | 0                        | 54                       | 232                      | 3                        | 113                      |
| Capital Works-in-Progress                                      | 30          | 653                       | 973                      | 707                      | 797                      | 1,151                    | 825                      |
| Non-Produced Assets  |             |                           |                          |                          |                          |                          |                          |
| Property, Plant and Equipment                                  | 25          | 3,742                     | 3,164                    | 3,672                    | 7,354                    | 6,602                    | 7,072                    |
| Loose-fill Asbestos Insulation Eradication Scheme Land         | 31          | 123                       | 262                      | 368                      | 123                      | 262                      | 368                      |
| Biological Assets  |             | 30                        | 27                       | 28                       | 30                       | 27                       | 28                       |
| Other Non-Financial Assets                                     |             | 17                        | -                        | 0                        | 17                       | 0                        | 0                        |
| <b>Total Non-Financial Assets</b>                              |             | <b>16,083</b>             | <b>16,154</b>            | <b>15,763</b>            | <b>23,809</b>            | <b>23,916</b>            | <b>23,144</b>            |
| <b>Total Assets</b>  |             | <b>30,158</b>             | <b>29,475</b>            | <b>29,087</b>            | <b>30,942</b>            | <b>30,484</b>            | <b>29,915</b>            |
| <b>Liabilities</b>   |             |                           |                          |                          |                          |                          |                          |
| Deposits Held  |             | 16                        | 17                       | 16                       | 16                       | 16                       | 16                       |
| Advances Received  | 32          | 1,072                     | 1,072                    | 1,076                    | 1,135                    | 1,135                    | 1,143                    |
| Borrowings   |             |                           |                          |                          |                          |                          |                          |
| Finance Leases   |             | 0                         | 3                        | 3                        | 0                        | 3                        | 3                        |
| Other Borrowings   | 33          | 3,555                     | 3,607                    | 3,511                    | 3,555                    | 3,607                    | 3,511                    |
| Superannuation   | 34          | 8,574                     | 6,253                    | 10,719                   | 8,574                    | 6,254                    | 10,719                   |
| Employee Benefits  | 35          | 638                       | 634                      | 652                      | 700                      | 691                      | 712                      |
| Other Provisions   | 35          | 145                       | 343                      | 227                      | 271                      | 845                      | 368                      |
| Payables   | 36          | 447                       | 441                      | 467                      | 557                      | 478                      | 552                      |
| Other Liabilities  | 37          | 47                        | 5                        | 9                        | 48                       | 5                        | 9                        |
| <b>Total Liabilities</b>                                       |             | <b>14,494</b>             | <b>12,375</b>            | <b>16,679</b>            | <b>14,855</b>            | <b>13,032</b>            | <b>17,033</b>            |
| <b>Net Assets</b>  |             | <b>15,664</b>             | <b>17,100</b>            | <b>12,408</b>            | <b>16,087</b>            | <b>17,452</b>            | <b>12,882</b>            |
| Equity in Public Trading Entities                              |             | 6,565                     | 6,443                    | 6,312                    | -                        | -                        | -                        |
| Accumulated Funds  |             | 3,335                     | 5,290                    | 708                      | 5,831                    | 7,779                    | 3,097                    |
| Asset Revaluation Surplus                                      |             | 5,763                     | 5,367                    | 5,388                    | 10,246                   | 9,662                    | 9,774                    |
| Other Reserves   |             | 1                         | 1                        | 1                        | 11                       | 10                       | 11                       |
| <b>Net Worth</b>   |             | <b>15,664</b>             | <b>17,100</b>            | <b>12,408</b>            | <b>16,087</b>            | <b>17,451</b>            | <b>12,882</b>            |
| <b>Key Fiscal Aggregates (refer to Appendix E - Glossary)</b>  |             |                           |                          |                          |                          |                          |                          |
| <b>Net Financial Worth</b>                                     |             | -419                      | 947                      | -3,354                   | -7,721                   | -6,464                   | -10,263                  |
| <b>Net Financial Liabilities</b>                               |             | 6,984                     | 5,497                    | 9,666                    | 8,697                    | 7,434                    | 11,213                   |
| <b>Net Debt (Including Superannuation Related Investments)</b> |             | -2,267                    | -1,542                   | -1,789                   | -932                     | -100                     | -586                     |
| <b>Net Debt (Excluding Superannuation Related Investments)</b> |             | 1,453                     | 2,080                    | 1,646                    | 2,781                    | 3,522                    | 2,849                    |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government Sector |                          |                          | Total Territory          |                          |                          |
|--|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Opening Equity</b>  |                           |                          |                          |                          |                          |                          |
| Opening Equity in Public Trading Enterprises (PTE)                             | 6,312                     | 6,196                    | 6,036                    | -                        | -                        | -                        |
| Opening Accumulated Funds  | 708                       | 1,675                    | 2,927                    | 3,097                    | 4,102                    | 5,316                    |
| Opening Asset Revaluation Surplus  | 5,388                     | 5,349                    | 5,322                    | 9,774                    | 9,468                    | 9,345                    |
| Opening Other Reserves   | 1                         | 1                        | 1                        | 11                       | 10                       | 10                       |
| <b>Opening Balance</b>   | <b>12,408</b>             | <b>13,220</b>            | <b>14,285</b>            | <b>12,882</b>            | <b>13,580</b>            | <b>14,672</b>            |
| <b>Comprehensive Income</b>  |                           |                          |                          |                          |                          |                          |
| <i>Included in Accumulated Funds:</i>  |                           |                          |                          |                          |                          |                          |
| Operating Result for the Period  | 190                       | -34                      | -319                     | 95                       | -114                     | -371                     |
| Payments to ACT Government Agencies  | -20                       | -22                      | -33                      | -                        | -                        | -                        |
| Capital Distributions  | 54                        | 90                       | 6                        | -                        | 11                       | -                        |
| Transfer of Assets to the PTE Sector   | -128                      | -236                     | -36                      | -                        | -                        | -                        |
| Superannuation Actuarial Gain/(Loss)   | 2,525                     | 3,816                    | -1,877                   | 2,525                    | 3,816                    | -1,877                   |
| Prior Year Adjustment  | 6                         | -                        | 40                       | 6                        | -                        | -6                       |
| Other Movements  | -                         | 1                        | -                        | -                        | 1                        | -                        |
| <i>Included in Equity in PTE:</i>  |                           |                          |                          |                          |                          |                          |
| Increase/(Decrease) in Net Assets of PTE Entities                              | 253                       | 248                      | 276                      | -                        | -                        | -                        |
| <i>Included in the Asset Revaluation Surplus:</i>                              |                           |                          |                          |                          |                          |                          |
| Increase/(Decrease) in Asset Revaluation Reserve Surpluses due to Revaluations | 375                       | 18                       | 66                       | 579                      | 158                      | 462                      |
| <b>Total Comprehensive Income / (Loss)</b>                                     | <b>3,255</b>              | <b>3,880</b>             | <b>-1,876</b>            | <b>3,206</b>             | <b>3,872</b>             | <b>-1,791</b>            |
| <b>Other</b>   |                           |                          |                          |                          |                          |                          |
| Transfer to/(from) Accumulated Funds   | -                         | -                        | -                        | 107                      | -36                      | 34                       |
| Transfer to/(from) the Asset Revaluation Surplus                               | 0                         | -                        | 0                        | -107                     | 36                       | -34                      |
| <b>Total Other</b>   | <b>0</b>                  | <b>-</b>                 | <b>0</b>                 | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 |
| <b>Closing Equity</b>  |                           |                          |                          |                          |                          |                          |
| Closing Equity in PTE  | 6,565                     | 6,443                    | 6,312                    | -                        | -                        | -                        |
| Closing Accumulated Funds  | 3,335                     | 5,290                    | 708                      | 5,831                    | 7,779                    | 3,097                    |
| Closing Asset Revaluation Surplus  | 5,763                     | 5,367                    | 5,388                    | 10,246                   | 9,662                    | 9,774                    |
| Closing Other Reserves   | 1                         | 1                        | 1                        | 11                       | 10                       | 11                       |
| <b>Closing Balance</b>   | <b>15,664</b>             | <b>17,100</b>            | <b>12,408</b>            | <b>16,087</b>            | <b>17,451</b>            | <b>12,882</b>            |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | Note<br>No. | General Government Sector |                          |                          | Total Territory          |                          |                          |
|---|-------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   |             | 2016-17<br>Actual<br>\$m  | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Cash Flows from Operating Activities</b>   |             |                           |                          |                          |                          |                          |                          |
| <i>Cash Receipts</i>  |             |                           |                          |                          |                          |                          |                          |
| Taxes Received  |             | 1,677                     | 1,639                    | 1,495                    | 1,644                    | 1,601                    | 1,454                    |
| Receipts from Sales of Goods and Services   |             | 554                       | 494                      | 671                      | 1,366                    | 1,379                    | 1,419                    |
| Grants/Subsidies Received   |             | 2,052                     | 2,096                    | 1,864                    | 2,050                    | 2,097                    | 1,866                    |
| Distributions from Financial Investments  |             | 39                        | 36                       | 27                       | 39                       | 36                       | 27                       |
| Interest Receipts   |             | 140                       | 114                      | 132                      | 80                       | 43                       | 66                       |
| Dividends and Income Tax Equivalents  |             | 528                       | 361                      | 302                      | 56                       | 52                       | 54                       |
| Other Receipts  |             | 520                       | 408                      | 424                      | 599                      | 503                      | 496                      |
| <b>Total Cash Received from Operating Activities</b>                                |             | <b>5,510</b>              | <b>5,148</b>             | <b>4,914</b>             | <b>5,833</b>             | <b>5,711</b>             | <b>5,383</b>             |
| <i>Cash Payments</i>  |             |                           |                          |                          |                          |                          |                          |
| Payments for Employees  |             | -2,284                    | -2,246                   | -2,248                   | -2,463                   | -2,437                   | -2,430                   |
| Payments for Goods and Services   |             | -943                      | -958                     | -1,040                   | -1,071                   | -1,112                   | -1,110                   |
| Grants/Subsidies Paid   |             | -1,004                    | -1,005                   | -926                     | -868                     | -874                     | -794                     |
| Interest Paid   |             | -177                      | -187                     | -170                     | -184                     | -193                     | -174                     |
| Other Payments  |             | -489                      | -483                     | -468                     | -652                     | -750                     | -660                     |
| <b>Total Cash Paid from Operating Activities</b>                                    |             | <b>-4,897</b>             | <b>-4,879</b>            | <b>-4,851</b>            | <b>-5,237</b>            | <b>-5,366</b>            | <b>-5,168</b>            |
| <b>Net Cash Flows from Operating Activities</b>                                     | 38(b)       | <b>613</b>                | <b>269</b>               | <b>63</b>                | <b>596</b>               | <b>345</b>               | <b>215</b>               |
| <b>Cash Flows from Investing Activities</b>   |             |                           |                          |                          |                          |                          |                          |
| <b>Cash Flows from Investments in Non-Financial Assets</b>                          |             |                           |                          |                          |                          |                          |                          |
| Sales of Non-Financial Assets   |             | 287                       | 300                      | 65                       | 354                      | 333                      | 105                      |
| Payments for Non-Financial Assets   |             | -667                      | -934                     | -790                     | -814                     | -1,057                   | -907                     |
| <b>Net Cash Flows from Investments in Non-Financial Assets</b>                      |             | <b>-380</b>               | <b>-634</b>              | <b>-725</b>              | <b>-460</b>              | <b>-724</b>              | <b>-802</b>              |
| <b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>          |             |                           |                          |                          |                          |                          |                          |
| <i>Cash Receipts</i>  |             |                           |                          |                          |                          |                          |                          |
| Repayment of Loans  |             | 0                         | 0                        | 1                        | 0                        | 0                        | 1                        |
| Capital Receipts from Government Agencies   |             | 29                        | 95                       | -                        | -                        | 11                       | -                        |
| Dividends - Market Gains on Land Sales  |             | 32                        | 62                       | 12                       | -                        | -                        | -                        |
| <b>Total Cash Received from Investments in Financial Assets for Policy Purposes</b> |             | <b>61</b>                 | <b>157</b>               | <b>13</b>                | <b>0</b>                 | <b>12</b>                | <b>1</b>                 |
| <i>Cash Payments</i>  |             |                           |                          |                          |                          |                          |                          |
| Issue of Loans  |             | -                         | 0                        | -                        | -6                       | 0                        | -                        |
| Capital Payments to Government Agencies   |             | -20                       | -22                      | -33                      | -                        | -                        | -                        |
| <b>Total Cash Paid from Investments in Financial Assets for Policy Purposes</b>     |             | <b>-20</b>                | <b>-22</b>               | <b>-33</b>               | <b>-6</b>                | <b>0</b>                 | <b>-</b>                 |
| <b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>      |             | <b>41</b>                 | <b>135</b>               | <b>-20</b>               | <b>-5</b>                | <b>12</b>                | <b>1</b>                 |
| <b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>       |             |                           |                          |                          |                          |                          |                          |
| Sales of Investments  |             | 34                        | 591                      | 235                      | 39                       | 892                      | 229                      |
| Payments for Investments  |             | -175                      | -371                     | -211                     | -178                     | -719                     | -94                      |
| <b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>   |             | <b>-141</b>               | <b>220</b>               | <b>23</b>                | <b>-139</b>              | <b>172</b>               | <b>136</b>               |
| <b>Net Cash Flows from Investing Activities</b>                                     |             | <b>-480</b>               | <b>-279</b>              | <b>-722</b>              | <b>-604</b>              | <b>-540</b>              | <b>-665</b>              |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
CASH FLOW STATEMENT- CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | Note<br>No. | General Government Sector |                          |                          | Total Territory          |                          |                          |
|--|-------------|---------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  |             | 2016-17<br>Actual<br>\$m  | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Cash Flows from Financing Activities</b>  |             |                           |                          |                          |                          |                          |                          |
| <i>Cash Receipts</i>   |             |                           |                          |                          |                          |                          |                          |
| Borrowings   |             | 70                        | 134                      | 826                      | 46                       | 110                      | 618                      |
| <b>Total Cash Received from Financing Activities</b>   |             | <b>70</b>                 | <b>134</b>               | <b>826</b>               | <b>46</b>                | <b>110</b>               | <b>618</b>               |
| <i>Cash Payments</i>   |             |                           |                          |                          |                          |                          |                          |
| Borrowings   |             | -73                       | -137                     | -254                     | -4                       | -66                      | -8                       |
| <b>Total Cash Paid from Financing Activities</b>   |             | <b>-73</b>                | <b>-137</b>              | <b>-254</b>              | <b>-4</b>                | <b>-66</b>               | <b>-8</b>                |
| <b>Net Cash Flows from Financing Activities</b>  |             | <b>-3</b>                 | <b>-4</b>                | <b>572</b>               | <b>42</b>                | <b>44</b>                | <b>610</b>               |
| <b>Net Increase/(Decrease) in Cash and Cash<br/>Equivalents</b>                              |             | <b>130</b>                | <b>-14</b>               | <b>-87</b>               | <b>33</b>                | <b>-151</b>              | <b>160</b>               |
| <b>Cash and Cash Equivalents at the Beginning of<br/>Reporting Period</b>                    |             | <b>622</b>                | <b>370</b>               | <b>710</b>               | <b>1,025</b>             | <b>777</b>               | <b>867</b>               |
| <b>Cash and Cash Equivalents at the End of<br/>Reporting Period</b>                          | 38(a)       | <b>752</b>                | <b>357</b>               | <b>622</b>               | <b>1,059</b>             | <b>626</b>               | <b>1,025</b>             |
| <b>Key Fiscal Aggregates</b> (refer to Appendix E - Glossary)                                |             |                           |                          |                          |                          |                          |                          |
| Net Cash from Operating Activities   |             | 613                       | 269                      | 63                       | 596                      | 345                      | 215                      |
| Investments in Non-Financial Assets  |             | -380                      | -634                     | -725                     | -460                     | -724                     | -802                     |
| <b>Cash Surplus (+) / Deficit (-)</b>  |             | <b>233</b>                | <b>-365</b>              | <b>-662</b>              | <b>136</b>               | <b>-379</b>              | <b>-587</b>              |
| A positive number denotes a cash inflow, a negative sign denotes a cash outflow              |             |                           |                          |                          |                          |                          |                          |
| <b>Derivation of ABS Government Finance Statistics (GFS) Cash Surplus/(Deficit)</b>          |             |                           |                          |                          |                          |                          |                          |
| <b>Cash Surplus (+) / Deficit (-)</b>  |             | <b>233</b>                | <b>-365</b>              | <b>-662</b>              | <b>136</b>               | <b>-379</b>              | <b>-587</b>              |
| Acquisitions Under Finance Leases and<br>Similar Arrangements                                |             | -                         | -                        | -                        | -                        | -                        | -                        |
| <b>ABS GFS Cash Surplus (+) / Deficit (-)<br/>Including Finance and Similar Arrangements</b> |             | <b>233</b>                | <b>-365</b>              | <b>-662</b>              | <b>136</b>               | <b>-379</b>              | <b>-587</b>              |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
|--|--------------------------|--------------------------|--------------------------|
| <b>Revenue</b>   |                          |                          |                          |
| Controlled Recurrent Payments  | 166                      | 172                      | 164                      |
| Grants Revenue   |                          |                          |                          |
| Commonwealth Grants  | 2                        | 1                        | 2                        |
| Gains from Contributed Assets  | 10                       | 14                       | 23                       |
| Sales of Goods and Services Revenue  |                          |                          |                          |
| Revenue from Associates and Joint Ventures                                     | 88                       | 73                       | 107                      |
| Other Sales of Goods and Services  | 421                      | 437                      | 428                      |
| Interest Income  | 10                       | 8                        | 7                        |
| Other Revenue  |                          |                          |                          |
| Land Revenue (Value Add Component)   | 444                      | 490                      | 498                      |
| Other Revenue  | 19                       | 9                        | 14                       |
| <b>Total Revenue</b>   | <b>1,160</b>             | <b>1,204</b>             | <b>1,242</b>             |
| <b>Expenses</b>  |                          |                          |                          |
| Employee Expenses  | 176                      | 190                      | 164                      |
| Superannuation Expenses  |                          |                          |                          |
| Other Superannuation Expenses  | 24                       | 24                       | 22                       |
| Depreciation and Amortisation  | 95                       | 93                       | 81                       |
| Interest Expense   | 74                       | 79                       | 75                       |
| Other Property Expenses (Income Tax Equivalents)                               | 139                      | 126                      | 125                      |
| Other Operating Expenses   |                          |                          |                          |
| Supplies and Services  | 204                      | 226                      | 186                      |
| Other Operating Expenses   | 66                       | 101                      | 245                      |
| Grants and Purchased Services  | 114                      | 130                      | 92                       |
| <b>Total Expenses</b>  | <b>891</b>               | <b>968</b>               | <b>989</b>               |
| <b>UPF<sup>(a)</sup> Net Operating Balance</b>                                 | <b>270</b>               | <b>236</b>               | <b>253</b>               |
| <b>Other Economic Flows - Included in the Operating Result</b>                 |                          |                          |                          |
| Land Revenue (Market Gains on Land Sales)                                      | 50                       | 89                       | 17                       |
| Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets                     | -56                      | -79                      | -3                       |
| Doubtful Debts   | -3                       | -3                       | -3                       |
| <b>Operating Result</b>  | <b>262</b>               | <b>243</b>               | <b>264</b>               |
| <b>Other Economic Flows - Other Comprehensive Income</b>                       |                          |                          |                          |
| <b>Items that will not be Subsequently Reclassified to Profit or Loss</b>      |                          |                          |                          |
| Increase/(Decrease) in Asset Revaluation Reserve Surpluses due to Revaluations | 235                      | 108                      | 203                      |
| <b>Total Comprehensive Income / (Loss)</b>                                     | <b>496</b>               | <b>351</b>               | <b>468</b>               |

Notes: (a) Uniform Presentation Framework (refer to Appendix E - Glossary).

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
|---|--------------------------|--------------------------|--------------------------|
| <b>Key Fiscal Aggregates</b> (refer to Appendix E - Glossary) |                          |                          |                          |
| <b>UPF Net Operating Balance</b>                              | <b>270</b>               | <b>236</b>               | <b>253</b>               |
| <b>less Net Acquisition of Non-Financial Assets</b>           |                          |                          |                          |
| Payments for Non-Financial Assets                             | 164                      | 172                      | 184                      |
| Sales of Non-Financial Assets                                 | -67                      | -34                      | -40                      |
| Land Revenue (Net Cash Receipts)                              | -52                      | -90                      | -8                       |
| Depreciation and Amortisation                                 | -95                      | -93                      | -81                      |
| Other Movements in Non-Financial Assets                       | -86                      | -99                      | -55                      |
| <i>Total Net Acquisition of Non-Financial Assets</i>          | <i>-135</i>              | <i>-144</i>              | <i>0</i>                 |
| <b>Net Lending / (Borrowing)</b>                              | <b>405</b>               | <b>380</b>               | <b>253</b>               |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR BALANCE SHEET  
AT 30 JUNE 2017**

|   | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
|---|--------------------------|--------------------------|--------------------------|
| <b>Financial Assets</b>                                       |                          |                          |                          |
| Cash and Deposits   | 255                      | 239                      | 355                      |
| Advances Paid   | 9                        | -                        | -                        |
| Investments and Loans   | 52                       | 31                       | 48                       |
| Receivables   | 188                      | 143                      | 159                      |
| Investments Accounted for Using the Equity Method             | 975                      | 969                      | 951                      |
| <b>Total Financial Assets</b>                                 | <b>1,480</b>             | <b>1,383</b>             | <b>1,513</b>             |
| <b>Non-Financial Assets</b>                                   |                          |                          |                          |
| Produced Assets   |                          |                          |                          |
| Property, Plant and Equipment                                 | 3,670                    | 3,726                    | 3,544                    |
| Investment Properties   | 16                       | 10                       | 9                        |
| Intangibles   | 13                       | 23                       | 41                       |
| Inventories   | 260                      | 384                      | 250                      |
| Assets Held for Sale  | 37                       | 3                        | 59                       |
| Capital Works-in-Progress                                     | 144                      | 178                      | 118                      |
| Non Produced Assets   |                          |                          |                          |
| Property, Plant and Equipment                                 | 3,612                    | 3,437                    | 3,401                    |
| Other Non-Financial Assets                                    |                          |                          |                          |
| Deferred Tax Assets   | 31                       | 28                       | -                        |
| <b>Total Non-Financial Assets</b>                             | <b>7,784</b>             | <b>7,790</b>             | <b>7,422</b>             |
| <b>Total Assets</b>   | <b>9,264</b>             | <b>9,172</b>             | <b>8,935</b>             |
| <b>Liabilities</b>  |                          |                          |                          |
| Advances Received   | 1,652                    | 1,712                    | 1,606                    |
| Employee Benefits   | 70                       | 58                       | 71                       |
| Other Provisions  | 176                      | 533                      | 248                      |
| Payables  | 212                      | 59                       | 147                      |
| Other Liabilities   |                          |                          |                          |
| Current Tax Liability   | 54                       | 80                       | 88                       |
| Deferred Tax Liability  | 436                      | 38                       | 400                      |
| Other Liabilities   | 99                       | 248                      | 63                       |
| <b>Total Liabilities</b>                                      | <b>2,699</b>             | <b>2,729</b>             | <b>2,623</b>             |
| <b>Net Assets</b>   | <b>6,565</b>             | <b>6,443</b>             | <b>6,312</b>             |
| Accumulated Funds   | 2,556                    | 2,520                    | 2,430                    |
| Asset Revaluation Surplus                                     | 3,999                    | 3,914                    | 3,872                    |
| Other Reserves  | 10                       | 10                       | 10                       |
| <b>Net Worth</b>  | <b>6,565</b>             | <b>6,443</b>             | <b>6,312</b>             |
| <b>Key Fiscal Aggregates</b> (refer to Appendix E - Glossary) |                          |                          |                          |
| <b>Net Financial Worth</b>                                    | -1,219                   | -1,346                   | -1,110                   |
| <b>Net Debt</b>   | 1,335                    | 1,442                    | 1,203                    |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
|--|--------------------------|--------------------------|--------------------------|
| <b>Opening Equity</b>  |                          |                          |                          |
| Opening Accumulated Funds  | 2,430                    | 2,416                    | 2,323                    |
| Opening Asset Revaluation Surplus  | 3,872                    | 3,769                    | 3,703                    |
| Opening Other Reserves   | 10                       | 10                       | 10                       |
| <b>Opening Balance</b>   | <b>6,312</b>             | <b>6,195</b>             | <b>6,036</b>             |
| <b>Comprehensive Income</b>  |                          |                          |                          |
| <i>Included in Accumulated Funds:</i>  |                          |                          |                          |
| Operating Result for the Period  | 262                      | 243                      | 264                      |
| <i>Included in the Asset Revaluation Surplus:</i>                              |                          |                          |                          |
| Increase/(Decrease) in Asset Revaluation Reserve Surpluses due to Revaluations | 235                      | 108                      | 203                      |
| <b>Total Comprehensive Income / (Loss)</b>                                     | <b>496</b>               | <b>351</b>               | <b>468</b>               |
| <b>Other</b>   |                          |                          |                          |
| Transfer to/(from) Accumulated Funds   | 108                      | -36                      | 34                       |
| Transfer to/(from) the Asset Revaluation Surplus                               | -108                     | 36                       | -34                      |
| <b>Total Other</b>   | <b>-</b>                 | <b>-</b>                 | <b>-</b>                 |
| <b>Transactions Involving Owners Affecting Accumulated Funds</b>               |                          |                          |                          |
| Capital Injections   | 20                       | 22                       | 33                       |
| Capital Distributions  | -54                      | -78                      | -6                       |
| Transfer of Assets from the General Government Sector                          | 128                      | 236                      | 36                       |
| Dividends Approved   | -337                     | -284                     | -253                     |
| <b>Total Transactions Involving Owners Affecting Accumulated Funds</b>         | <b>-243</b>              | <b>-104</b>              | <b>-191</b>              |
| <b>Closing Equity</b>  |                          |                          |                          |
| Closing Accumulated Funds  | 2,556                    | 2,520                    | 2,430                    |
| Closing Asset Revaluation Surplus  | 3,999                    | 3,914                    | 3,872                    |
| Closing Other Reserves   | 10                       | 10                       | 10                       |
| <b>Closing Balance</b>   | <b>6,565</b>             | <b>6,443</b>             | <b>6,312</b>             |

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
|---|--------------------------|--------------------------|--------------------------|
| <b>Cash Flows from Operating Activities</b>   |                          |                          |                          |
| <i><b>Cash Receipts</b></i>   |                          |                          |                          |
| Receipts from Sales of Goods and Services   | 927                      | 1,061                    | 1,008                    |
| Grants/Subsidies Received   | 172                      | 172                      | 165                      |
| Interest Receipts   | 10                       | 8                        | 8                        |
| Other Receipts  | 113                      | 143                      | 113                      |
| <b>Total Cash Received from Operating Activities</b>                                | <b>1,222</b>             | <b>1,384</b>             | <b>1,293</b>             |
| <i><b>Cash Payments</b></i>   |                          |                          |                          |
| Payments for Employees  | -190                     | -206                     | -193                     |
| Payments for Goods and Services   | -196                     | -250                     | -181                     |
| Grants/Subsidies Paid   | -25                      | -25                      | -25                      |
| Interest Paid   | -77                      | -85                      | -78                      |
| Other Payments  | -265                     | -383                     | -349                     |
| <b>Total Cash Paid from Operating Activities</b>                                    | <b>-752</b>              | <b>-949</b>              | <b>-825</b>              |
| <b>Net Cash Flows from Operating Activities</b>                                     | <b>470</b>               | <b>435</b>               | <b>468</b>               |
| <b>Cash Flows from Investing Activities</b>   |                          |                          |                          |
| <b>Cash Flows from Investments in Non-Financial Assets</b>                          |                          |                          |                          |
| Sales of Non-Financial Assets   | 67                       | 34                       | 40                       |
| Payments for Non-Financial Assets   | -164                     | -172                     | -184                     |
| <b>Net Cash Flows from Investments in Non-Financial Assets</b>                      | <b>-97</b>               | <b>-139</b>              | <b>-144</b>              |
| <b>Cash Flows from Investments in Financial Assets for Policy Purposes</b>          |                          |                          |                          |
| <i><b>Cash Receipts</b></i>   |                          |                          |                          |
| Capital Receipts from Government Agencies   | 20                       | 22                       | 33                       |
| <b>Total Cash Received from Investments in Financial Assets for Policy Purposes</b> | <b>20</b>                | <b>22</b>                | <b>33</b>                |
| <i><b>Cash Payments</b></i>   |                          |                          |                          |
| Issue of Loan   | -6                       | -                        | -                        |
| Dividends - Market Gains on Land Sales  | -32                      | -62                      | -12                      |
| Distributions to Government   | -29                      | -84                      | -                        |
| <b>Total Cash Paid from Investments in Financial Assets for Policy Purposes</b>     | <b>-66</b>               | <b>-146</b>              | <b>-12</b>               |
| <b>Net Cash Flows from Investments in Financial Assets for Policy Purposes</b>      | <b>-46</b>               | <b>-124</b>              | <b>21</b>                |
| <b>Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>       |                          |                          |                          |
| Sales of Investments  | 1                        | 302                      | 31                       |
| Payments for Investments  | -                        | -350                     | -                        |
| <b>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</b>   | <b>1</b>                 | <b>-47</b>               | <b>31</b>                |
| <b>Net Cash Flows from Investing Activities</b>                                     | <b>-142</b>              | <b>-310</b>              | <b>-93</b>               |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT- CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | 2016-17<br>Actual<br>\$m | 2016-17<br>Budget<br>\$m | 2015-16<br>Actual<br>\$m |
|--|--------------------------|--------------------------|--------------------------|
| <b>Cash Flows from Financing Activities</b>  |                          |                          |                          |
| <i>Cash Receipts</i>   |                          |                          |                          |
| Borrowings   | 70                       | 123                      | 248                      |
| <b>Total Cash Received from Financing Activities</b>                                     | <b>70</b>                | <b>123</b>               | <b>248</b>               |
| <i>Cash Payments</i>   |                          |                          |                          |
| Borrowings   | -25                      | -75                      | -210                     |
| Dividends Paid   | -307                     | -185                     | -196                     |
| Other Financing  | -162                     | -126                     | -68                      |
| <b>Total Cash Paid from Financing Activities</b>   | <b>-494</b>              | <b>-386</b>              | <b>-473</b>              |
| <b>Net Cash Flows from Financing Activities</b>  | <b>-425</b>              | <b>-262</b>              | <b>-225</b>              |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>                              | <b>-97</b>               | <b>-137</b>              | <b>150</b>               |
| <b>Cash and Cash Equivalents at the Beginning of Reporting Period</b>                    | <b>403</b>               | <b>406</b>               | <b>253</b>               |
| <b>Cash and Cash Equivalents at the End of Reporting Period</b>                          | <b>307</b>               | <b>269</b>               | <b>403</b>               |
| <b>Key Fiscal Aggregates</b> (refer to Appendix E - Glossary)                            |                          |                          |                          |
| Net Cash from Operating Activities   | 470                      | 435                      | 468                      |
| Net Cash Flows from Investments in Non-Financial Assets                                  | -97                      | -139                     | -144                     |
| Distributions Paid   | -469                     | -310                     | -263                     |
| <b>Cash Surplus (+) / Deficit (-)</b>  | <b>-97</b>               | <b>-14</b>               | <b>60</b>                |
| A positive number denotes a cash inflow, a negative sign denotes a cash outflow          |                          |                          |                          |
| <b>Derivation of ABS Government Finance Statistics (GFS) Cash Surplus/(Deficit)</b>      |                          |                          |                          |
| <b>Cash Surplus (+) / Deficit (-)</b>  | <b>-97</b>               | <b>-14</b>               | <b>60</b>                |
| Acquisitions Under Finance Leases and Similar Arrangements                               | -                        | -                        | -                        |
| <b>ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements</b> | <b>-97</b>               | <b>-14</b>               | <b>60</b>                |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION  
FOR THE YEAR ENDED 30 JUNE 2017**

| Entity   | Appropriation Act<br>2016-17<br>\$'000 | Neutral Transfers<br>between<br>Appropriations/<br>Directorates<br>\$'000 | Commonwealth<br>Grants Variations<br>\$'000 | Treasurer's<br>Advance<br>\$'000 | Additional<br>Approved<br>Appropriations*<br>\$'000 | Total<br>Appropriated<br>\$'000 | Final<br>Appropriation<br>Drawn<br>\$'000 |
|--|--|---|---|----------------------------------|---|---------------------------------|---|
| <b>ACT Executive</b>   |  |   |   |                                  |   |                                 |   |
| Payments on behalf of the Territory                                  | 10,140                                 | -   | -   | 780                              | -   | 10,920                          | 10,478                                    |
| <b>ACT Gambling and Racing Commission</b>                            |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 4,853                                  | -   | -   | -                                | -   | 4,853                           | 4,853                                     |
| <b>ACT Local Hospital Network</b>                                    |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 633,489                                | -   | -   | -                                | -   | 633,489                         | 629,964                                   |
| <b>Auditor-General</b>   |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 2,857                                  | -   | -   | -                                | -   | 2,857                           | 2,857                                     |
| <b>Canberra Institute of Technology</b>                              |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 69,559                                 | -   | 60  | -                                | -   | 69,619                          | 69,619                                    |
| Capital injection  | 5,635                                  | -   | -   | -                                | -   | 5,635                           | 4,742                                     |
| <b>Chief Minister, Treasury and Economic Development Directorate</b> |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 394,159                                | (25,221)  | 21  | 7,445                            | 10,792  | 387,196                         | 323,202                                   |
| Capital injection  | 437,749                                | (55,064)  | 400   | 1,217                            | 24,371  | 408,673                         | 251,151                                   |
| Payments on behalf of the Territory                                  | 73,265                                 | (4,294)   | -   | -                                | 5,878   | 74,849                          | 74,607                                    |
| <b>Community Services Directorate</b>                                |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 261,971                                | -   | 87  | 14,500                           | -   | 276,558                         | 276,558                                   |
| Capital injection  | 4,542                                  | -   | -   | -                                | 2,201   | 6,743                           | 3,172                                     |

\* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and transfer of undispersed 2015-16 Appropriation from 2015-16 to 2016-17 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

| Entity   | Appropriation Act<br>2016-17<br>\$'000 | Neutral Transfers<br>between<br>Appropriations/<br>Directorates<br>\$'000 | Commonwealth<br>Grants Variations<br>\$'000 | Treasurer's<br>Advance<br>\$'000 | Additional<br>Approved<br>Appropriations*<br>\$'000 | Total<br>Appropriated<br>\$'000 | Final<br>Appropriation<br>Drawn<br>\$'000 |
|--|--|---|---|----------------------------------|---|---------------------------------|---|
| <b>Cultural Facilities Corporation</b>                               |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 8,606                                  | -   | -   | -                                | -   | 8,606                           | 8,606                                     |
| Capital injection  | 2,184                                  | -   | -   | -                                | -   | 2,184                           | 2,184                                     |
| <b>Education Directorate</b>   |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 637,052                                | (6,512)   | 1,336                                       | -                                | 1,097   | 632,973                         | 628,063                                   |
| Capital injection  | 57,686                                 | -   | 725   | -                                | 5,619   | 64,030                          | 25,970                                    |
| Payments on behalf of the Territory                                  | 277,700                                | -   | -   | -                                | 183   | 277,883                         | 272,646                                   |
| <b>Electoral Commissioner</b>  |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 7,860                                  | (235)   | -   | -                                | -   | 7,625                           | 7,007                                     |
| Capital injection  | 48                                     | 235   | -   | -                                | 54  | 337                             | 64  |
| <b>Environment, Planning and Sustainable Development Directorate</b> |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 84,733                                 | 24,848  | 32  | 250                              | 1,915   | 111,778                         | 100,662                                   |
| Capital injection  | 26,931                                 | 55,154  | 7,000                                       | -                                | 2,497   | 91,582                          | 68,668                                    |
| Payments on behalf of the Territory                                  | 2,515                                  | -   | -   | -                                | -   | 2,515                           | 1,671                                     |
| <b>Health Directorate</b>  |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 286,041                                | 9,672   | -   | -                                | -   | 295,713                         | 290,692                                   |
| Capital injection  | 203,350                                | (9,672)   | -   | -                                | 14,307  | 207,985                         | 146,213                                   |
| Payments on behalf of the Territory                                  | 21,403                                 | -   | -   | -                                | 3,448   | 24,851                          | 6,290                                     |
| <b>Housing ACT</b>   |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 43,905                                 | -   | 83  | -                                | -   | 43,988                          | 43,973                                    |
| Capital injection  | 7,360                                  | -   | -   | -                                | 574   | 7,934                           | 7,934                                     |
| <b>Icon Water Limited</b>  |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                                    | 11,687                                 | -   | -   | -                                | -   | 11,687                          | 11,687                                    |

\* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and transfer of undispersed 2015-16 Appropriation from 2015-16 to 2016-17 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

| Entity   | Appropriation Act<br>2016-17<br>\$'000 | Neutral Transfers<br>between<br>Appropriations/<br>Directorates<br>\$'000 | Commonwealth<br>Grants Variations<br>\$'000 | Treasurer's<br>Advance<br>\$'000 | Additional<br>Approved<br>Appropriations*<br>\$'000 | Total<br>Appropriated<br>\$'000 | Final<br>Appropriation<br>Drawn<br>\$'000 |
|--|--|---|---|----------------------------------|---|---------------------------------|---|
| <b>Independent Competition and Regulatory Commission</b> |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                        | 312                                    | -   | -   | -                                | -   | 312                             | -   |
| <b>Justice and Community Safety Directorate</b>          |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                        | 261,700                                | 95  | -   | -                                | 1,150   | 262,945                         | 253,406                                   |
| Capital injection  | 45,947                                 | -   | -   | -                                | 14,264  | 60,211                          | 30,226                                    |
| Payments on behalf of the Territory                      | 162,405                                | 4,098   | -   | 3,566                            | -   | 170,069                         | 170,069                                   |
| <b>Legal Aid Commission (ACT)</b>                        |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                        | 12,697                                 | -   | 341   | -                                | 840   | 13,878                          | 13,478                                    |
| <b>Office of the Legislative Assembly</b>                |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                        | 8,459                                  | 190   | -   | -                                | -   | 8,649                           | 8,649                                     |
| Capital injection  | 1,285                                  | 30  | -   | -                                | 555   | 1,870                           | 1,293                                     |
| Payments on behalf of the Territory                      | 9,131                                  | -220  | -   | -                                | -   | 8,911                           | 8,125                                     |
| <b>Public Trustee and Guardian</b>                       |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                        | 2,105                                  | -   | -   | -                                | 206   | 2,311                           | 2,146                                     |
| <b>Superannuation Provision Account</b>                  |  |   |   |                                  |   |                                 |   |
| Capital injection  | 155,525                                | -   | -   | -                                | -   | 155,525                         | 155,525                                   |
| <b>Transport Canberra and City Services Directorate</b>  |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments                        | 291,559                                | 7,481   | -   | 6,200                            | 2,167   | 307,407                         | 299,463                                   |
| Capital injection  | 231,685                                | -585  | 12,815                                      | -                                | 22,284  | 266,199                         | 138,803                                   |

\* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and transfer of undispersed 2015-16 Appropriation from 2015-16 to 2016-17 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2017**

| Entity                                      | Appropriation Act<br>2016-17<br>\$'000 | Neutral Transfers<br>between<br>Appropriations/<br>Directorates<br>\$'000 | Commonwealth<br>Grants Variations<br>\$'000 | Treasurer's<br>Advance<br>\$'000 | Additional<br>Approved<br>Appropriations*<br>\$'000 | Total<br>Appropriated<br>\$'000 | Final<br>Appropriation<br>Drawn<br>\$'000 |
|---|--|---|---|----------------------------------|---|---------------------------------|---|
| <b>Sub Totals for Appropriation Classes</b> |  |   |   |                                  |   |                                 |   |
| Net controlled recurrent payments           | 3,023,604                              | 10,318  | 1,960                                       | 28,395                           | 18,167  | 3,082,444                       | 2,974,885                                 |
| Capital injection                           | 1,179,927                              | (9,902)   | 20,940                                      | 1,217                            | 86,726  | 1,278,908                       | 835,945                                   |
| Payments on behalf of the Territory         | 556,559                                | (416)   | -   | 4,346                            | 9,509   | 569,998                         | 543,886                                   |
| Treasurer's Advance                         | 47,601                                 | -   | -   | -                                | -   | 47,601                          | -   |
| <b>Total Appropriations</b>                 | <b>4,807,691</b>                       | <b>-</b>  | <b>22,900</b>                               | <b>33,958</b>                    | <b>114,402</b>                                      | <b>4,978,951</b>                | <b>4,354,716</b>                          |

\* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and transfer of undispersed 2015-16 Appropriation from 2015-16 to 2016-17 under the *Financial Management Act 1996*.

The variances between the Total Appropriated and Final Appropriation Drawn columns for 2016-17 are largely due to the following:

**Net controlled recurrent payments:** The variation is largely due to the deferral of expenditure from 2016-17 to 2017-18, the most significant of which relate to the Loose-fill Asbestos Insulation Eradication Scheme, Commonwealth Grants - Building Australia's Future - Skills Reform and Urban Renewal Program - Better Public Housing Initiatives. The details of these deferrals can be found in relevant agencies' 2017-18 Budget Statements (changes to appropriation table).

**Capital injection:** The variation is largely due to the deferral of expenditure from 2016-17 to 2017-18, the most significant of which relates to the Land Rent Scheme, Public Housing projects and Light Rail Stage 1. The details of these deferrals can be found in relevant agencies' 2017-18 Budget Statements (changes to appropriation table).

**Payments on behalf of the Territory:** The variation mainly relates to capital works projects delayed in 2016-17 (the University of Canberra Public Hospital - Car Park relating to lengthy contract negotiations and the upgrades of Operating Theatre and Medical Imaging Equipment at the Calvary Public Hospital due to increased surgical activity resulting in the theatres not being able to be accessed and a prolonged tender process delaying the upgrade of medical imaging equipment).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**

The Australian Capital Territory (the Territory) is a body politic established under the *Australian Capital Territory (Self-Government) Act 1988* (Cwlth). The Legislative Assembly for the ACT is elected on fixed four year terms with the next election due to be held in 2020. The Executive powers of the Territory are exercised by the Chief Minister and Ministers of the ACT Government appointed in accordance with that Act and drawn from the Members of the Legislative Assembly.

The ACT Government is responsible for administering both state and municipal powers and functions in accordance with the Australian model of Government.

Financial Administration and Preparation of Consolidated Financial Statements

The ACT Government owns or controls a diverse range of administrative entities, Territory authorities and corporations (refer Note 3: 'Australian Capital Territory Government Controlled Entities') to deliver services funded by the Government or the community directly. The *Financial Management Act 1996* (FMA) sets the legislative framework for the administration of financial affairs of the ACT Government and its agencies.

Section 22 of the FMA requires the Treasurer to prepare Consolidated Annual Financial Statements for the Territory.

**2 DISAGGREGATED INFORMATION**

The Territory's financial statements show the assets, liabilities and equity (reflected in the Balance Sheet), revenue and expenses (reflected in the Operating Statement) and receipts and payments (reflected in the Cash Flow Statement) that are reliably attributable to the General Government Sector (GGS) and Public Trading Enterprises (PTE) activities of the Government. These have been determined in accordance with the principles used in the Government Finance Statistics conventions of the Australian Bureau of Statistics (ABS). This disaggregated information includes transactions and balances between sectors (but excludes transactions between entities within each of these). The aggregate of the GGS and PTE amounts may therefore vary from the consolidated total for the Territory due to consolidation eliminations. A list of entities in the GGS and PTE sectors can be found at Note 3: 'Australian Capital Territory Government Controlled Entities'.

**General Government Sector (GGS)**

GGS entities include Government directorates and other administrative units, statutory authorities and other entities for the purposes of the *Financial Management Act 1996* which predominantly receive funding directly or indirectly from Government sources. It covers those agencies that provide non-market goods or services (such as police or consumer protection) or are responsible for the transfer of income for public policy purposes (such as by way of income support). The Government funds the provision of the above services by compulsory levies (such as taxes) on the household and business sectors, and from general revenue, such as Commonwealth grants.

**Public Trading Enterprises (PTE)**

PTE entities include those agencies that largely provide services direct to the community on a commercial fee for service basis, with the aim of recovering all, or a significant proportion, of their operating costs.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**3 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES**

**General Government Sector**

ACT Compulsory Third Party Insurance Regulator  
ACT Executive  
ACT Gambling and Racing Commission  
ACT Insurance Authority  
ACT Local Hospital Network Directorate  
ACT Public Cemeteries Authority  
ACT Audit Office  
Canberra Institute of Technology  
Chief Minister, Treasury and Economic Development Directorate  
Community Services Directorate  
Cultural Facilities Corporation  
Environment, Planning and Sustainable Development Directorate  
Education Directorate  
ACT Electoral Commission  
Health Directorate  
Independent Competition and Regulatory Commission  
Justice and Community Safety Directorate  
Legal Aid Commission (ACT)  
Lifetime Care and Support Fund  
Office of the Legislative Assembly  
Public Trustee and Guardian  
Superannuation Provision Account  
Transport Canberra and City Services Directorate  
Territory Banking Account

**Public Trading Enterprises**

ACTION  
CIT Solutions Pty Limited  
Housing ACT  
Icon Water Limited  
Land Development Agency

*All Public Trading Enterprises are 100 per cent owned by the Territory.*



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

| <u>REVENUE</u>   | General Government       |                          | Total Territory          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Sector                   |                          |                          |                          |
|  | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>4 TAXATION REVENUE</b>  |                          |                          |                          |                          |
| Duties   | 350                      | 331                      | 348                      | 327                      |
| Payroll Tax <sup>(a)</sup>   | 449                      | 422                      | 437                      | 411                      |
| General Rates <sup>(b)</sup>   | 452                      | 423                      | 435                      | 407                      |
| Motor Vehicle Registrations  | 125                      | 115                      | 125                      | 115                      |
| Land Tax   | 106                      | 101                      | 106                      | 101                      |
| Gambling Taxes   | 51                       | 51                       | 51                       | 51                       |
| Fire and Emergency Services Levy   | 65                       | 55                       | 63                       | 55                       |
| Utilities (Network Facilities) Tax   | 34                       | 29                       | 25                       | 27                       |
| Lease Variation Charge   | 21                       | 7                        | 21                       | 7                        |
| Ambulance Levy   | 22                       | 20                       | 22                       | 20                       |
| Energy Industry Levy   | 2                        | 3                        | 2                        | 3                        |
| Lifetime Care and Support Levy   | 19                       | 10                       | 19                       | 10                       |
| <b>Total Taxation Revenue</b>  | <b>1,695</b>             | <b>1,568</b>             | <b>1,654</b>             | <b>1,536</b>             |
| <b>Notes:</b> (a) The increase in Payroll Tax is mainly due to growth in employment and a higher level of payroll tax compliance activity.                     |                          |                          |                          |                          |
| (b) The increase in general rates is mainly due to increases associated with tax reform which is working towards replacing conveyance duty with general rates. |                          |                          |                          |                          |
| <b>5 GRANTS REVENUE</b>  |                          |                          |                          |                          |
| GST Revenue Grants <sup>(a)</sup>  | 1,126                    | 1,049                    | 1,126                    | 1,049                    |
| Municipal Service Payments   | 39                       | 39                       | 39                       | 39                       |
| National Specific Purpose and Reform Grants <sup>(b)</sup>   | 696                      | 677                      | 696                      | 677                      |
| National Partnership Payments - Current <sup>(c)</sup>   | 51                       | 45                       | 51                       | 45                       |
| National Partnership Payments - Capital <sup>(c)</sup>   | 38                       | 38                       | 38                       | 38                       |
| <i>Other Grants:</i>   |                          |                          |                          |                          |
| Finance Assistance Grants <sup>(d)</sup>   | 74                       | 24                       | 74                       | 24                       |
| Other Grants <sup>(e)</sup>  | 25                       | 15                       | 27                       | 17                       |
| <b>Total Commonwealth Grants Revenue</b>   | <b>2,049</b>             | <b>1,886</b>             | <b>2,051</b>             | <b>1,887</b>             |
| Gains from Contributed Assets <sup>(f)</sup>   | 116                      | 80                       | 38                       | 24                       |
| <b>Total Gains from Contributed Assets</b>   | <b>116</b>               | <b>80</b>                | <b>38</b>                | <b>24</b>                |
| <b>Total Grants Revenue</b>  | <b>2,165</b>             | <b>1,965</b>             | <b>2,089</b>             | <b>1,911</b>             |

**Notes:** (a) GST Revenue Grants represent the distribution of Goods and Services Tax revenue collected by the Commonwealth Government and transferred to State and Territory Governments.

The increase in GST Revenue is largely due to increased GST funds associated with population growth.

(b) National Specific Purpose and Reform Grants are Commonwealth financial contributions to support delivery of services in specified sectors and are subject to conditions on expenditure. The Territory (through the General Government Sector) receives funding for Healthcare, Schools, Skills and Workforce Development, Affordable Housing and Disability purposes.

(c) National Partnership Payments are received to support the delivery of specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms or achieve service delivery improvements. The term 'current' refers to grants which are generally operational in nature (they are expensed).

(d) Finance Assistance Grants are provided for the purpose of Local Government activities. As the Territory has responsibility for both State and Municipal functions, these grants are paid directly to the Territory. The increase in Finance Assistance Grants is due to the early payment of funds by the Commonwealth that relate to the 2017-18 reporting year.

(e) Other grants relate to direct funding received from the Commonwealth largely for the Community Energy Efficiency Program and Sector Development Grants as part of the National Disability Insurance Scheme, incentive payments under the Commonwealth's Asset Recycling Initiative and fuel tax credits.

(f) Gains from Contributed Assets primarily relate to land development infrastructure assets transferred to the General Government Sector by the Public Trading Enterprises Sector and external developers.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government Sector |                          | Total Territory          |                          |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>6 REVENUE FROM ASSOCIATES AND JOINT VENTURES</b>     |                           |                          |                          |                          |
| Land Development Joint Ventures                         | -                         | -                        | 0                        | 7                        |
| ActewAGL Joint Venture                                  | -                         | -                        | 88                       | 100                      |
| <b>Total Revenue from Associates and Joint Ventures</b> | <b>-</b>                  | <b>-</b>                 | <b>88</b>                | <b>107</b>               |

**7 OTHER SALES OF GOODS AND SERVICES**

Revenue from Sales of Goods and Services is derived by providing goods and services to entities outside the ACT Government and to the public. For the General Government Sector, this revenue also includes transactions with the Public Trading Enterprises Sector. This revenue is paid by the users of goods and services and as such, it is driven by consumer demand and is commercial in nature.

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Water, Sewerage and Other Related Services          | -          | -          | 266        | 270        |
| Residential Housing Tenants and Rental Income       | 11         | 12         | 93         | 94         |
| Health Cross-Border Revenue <sup>(a)</sup>          | 101        | 97         | 101        | 97         |
| Hospital and Other Health Services <sup>(b)</sup>   | 123        | 129        | 123        | 129        |
| Regulatory Services <sup>(c)</sup>                  | 96         | 97         | 96         | 96         |
| Vocational and Tertiary Education and Training Fees | 40         | 39         | 56         | 57         |
| Bus Services  | -          | -          | 23         | 23         |
| Service Receipts <sup>(d)</sup>                     | 35         | 32         | 35         | 32         |
| Parking Fees  | 17         | 16         | 17         | 16         |
| Fire Services                                       | 1          | 1          | 1          | 1          |
| Drivers' Licences                                   | 10         | 10         | 10         | 10         |
| Water Abstraction Charge                            | 28         | 29         | -          | -          |
| Other Sales and Services                            | 60         | 53         | 38         | 30         |
| <b>Total Other Sales of Goods and Services</b>      | <b>522</b> | <b>516</b> | <b>859</b> | <b>858</b> |

**Notes:** (a) Health Cross-Border Revenue relates to revenue for health services provided to patients from other jurisdictions, mainly New South Wales.

(b) Hospital and Other Health Services revenue relates to fees and charges for public hospital services, including patients who elect to be treated as private patients, and for community health services provided at community facilities such as health centres.

(c) Regulatory Services represent fees such as transport regulation, waste acceptance, road safety, building levies and development applications.

(d) Service Receipts include items such as venue and equipment hire, event management, sports match receipts, extension of time to build fees, capital linen revenue and merchandise sales.

**8 INTEREST INCOME**

|   |            |            |           |           |
|---|------------|------------|-----------|-----------|
| Interest Received from Banks                | 51         | 49         | 60        | 53        |
| Interest Received - Non-Bank <sup>(a)</sup> | 77         | 74         | 4         | 3         |
| Other Interest                              | 2          | 7          | 1         | 2         |
| <b>Total Interest Income</b>                | <b>131</b> | <b>130</b> | <b>65</b> | <b>59</b> |

**Note:** (a) Non-Bank interest mainly relates to interest received on advances and loans issued to ACT Government agencies (mainly Icon Water Limited) and interest on financial investments.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government Sector |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>9 DIVIDEND AND INCOME TAX EQUIVALENTS INCOME</b>                |                           |                          |                          |                          |
| Dividends from Public Trading Entities <sup>(a)</sup>              | 306                       | 241                      | -                        | -                        |
| Dividends from Superannuation Investments                          | 54                        | 52                       | 54                       | 52                       |
| Income Tax Equivalents from Public Trading Entities <sup>(a)</sup> | 147                       | 115                      | -                        | -                        |
| <b>Total Dividend and Income Tax Equivalents Income</b>            | <b>507</b>                | <b>409</b>               | <b>54</b>                | <b>52</b>                |

**Note:** (a) The higher dividend and income tax equivalents income is mainly due to the decrease in cost of land sold mainly as a result of the majority of revenue being achieved through sales of sites which require minimum development before settlement and lower than anticipated residential land sales.

|                                     |            |            |            |            |
|-------------------------------------|------------|------------|------------|------------|
| <b>10 OTHER REVENUE</b>             |            |            |            |            |
| Fines                               | 36         | 34         | 36         | 34         |
| Contributions <sup>(a)</sup>        | 21         | 21         | 21         | 21         |
| Land Rental                         | 15         | 16         | 15         | 16         |
| Superannuation Contributions        | 11         | 12         | 0          | 2          |
| Net Insurance Recoveries / (Losses) | 1          | 1          | 1          | 1          |
| Other <sup>(b)</sup>                | 77         | 59         | 90         | 64         |
| <b>Total Other Revenue</b>          | <b>161</b> | <b>144</b> | <b>162</b> | <b>138</b> |

**Notes:** (a) Contributions primarily relate to voluntary contributions for education, fundraising revenue and excursion funds received from parents. These contributions are offset by corresponding expenses.

(b) Other revenue primarily relates to direct grants, donations, sponsorships, fees and recoveries.

**EXPENSES**

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| <b>11 EMPLOYEE EXPENSES</b>              |              |              |              |              |
| Wages and Salaries                       | 1,748        | 1,672        | 1,901        | 1,816        |
| Long Service Leave                       | 38           | 35           | 43           | 36           |
| Annual Leave                             | 74           | 71           | 80           | 76           |
| Workers' Compensation Insurance Premiums | 64           | 69           | 75           | 81           |
| Termination Payments and Redundancies    | 1            | 14           | 1            | 15           |
| Other Employee Benefits and On-Costs     | 7            | 5            | 9            | 6            |
| <b>Total Employee Expenses</b>           | <b>1,932</b> | <b>1,866</b> | <b>2,108</b> | <b>2,030</b> |

**12 SUPERANNUATION EXPENSES**

Superannuation expenses are primarily managed by the GGS on behalf of the Territory, and include:

- the present value of interest and service costs paid to the Commonwealth Government (Commonwealth Superannuation Corporation (CSC)) to cover the Territory's defined benefit obligation in relation to employee membership in the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS);
- payments made directly to CSC on behalf of employees who are members of the Public Sector Superannuation Scheme accumulation plan (PSSap);
- employer productivity payments made directly to CSC on behalf of members of the CSS and PSS; and
- payments made to other superannuation funds external to the ACT Government.

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Superannuation Interest Cost <sup>(a)</sup> | 293        | 315        | 293        | 315        |
| Other Superannuation Expenses               | 452        | 361        | 464        | 372        |
| <b>Total Superannuation Expenses</b>        | <b>746</b> | <b>676</b> | <b>758</b> | <b>688</b> |

Represented by:

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Superannuation Expenses (CSS and PSS)                                | 603        | 549        | 603        | 549        |
| Superannuation Payment to CSC (for the PSSap)                        | 8          | 8          | 8          | 9          |
| Productivity Benefit   | 15         | 16         | 17         | 17         |
| Superannuation to Other External Providers, including Fund of Choice | 119        | 102        | 129        | 112        |
| <b>Total Superannuation Expenses</b>                                 | <b>746</b> | <b>676</b> | <b>758</b> | <b>688</b> |

**Note:** (a) Superannuation Interest Cost is a component of total superannuation expense to the extent the liability is unfunded.

It should be noted, however, that 'superannuation interest cost' does not represent an actual borrowing from employees. The break-down of total superannuation expenses into 'superannuation interest cost' and 'other superannuation expenses' is simply for presentational and reporting purposes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government       |                          | Total Territory          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Sector                   |                          |                          |                          |
|  | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>13 INTEREST EXPENSE</b>                                     |                          |                          |                          |                          |
| Interest Expense on Borrowings                                 | 152                      | 143                      | 147                      | 138                      |
| Interest Expense on Commonwealth Borrowings                    | 31                       | 31                       | 34                       | 34                       |
| Interest Paid to Agencies                                      | -                        | 2                        | -                        | -                        |
| <b>Total Interest Expense</b>                                  | <b>183</b>               | <b>176</b>               | <b>181</b>               | <b>172</b>               |
| <b>14 SUPPLIES AND SERVICES</b>                                |                          |                          |                          |                          |
| Communication and Computer Expenses                            | 42                       | 39                       | 46                       | 41                       |
| Travel, Accommodation and Transport Expenses                   | 14                       | 18                       | 15                       | 17                       |
| Printing and Stationery  | 20                       | 20                       | 21                       | 22                       |
| Materials, Equipment and Supplies                              | 225                      | 243                      | 317                      | 329                      |
| Property Rental and Occupancy Expenses (including Utilities)   | 74                       | 69                       | 65                       | 57                       |
| Repairs and Maintenance  | 122                      | 125                      | 164                      | 167                      |
| Consultant Fees, Contractor Payments and Professional Services | 197                      | 183                      | 220                      | 196                      |
| Staff Development and Recruitment                              | 32                       | 23                       | 34                       | 24                       |
| Community Policing   | 156                      | 154                      | 156                      | 154                      |
| GST Administration Costs to the Australian Taxation Office     | 11                       | 11                       | 11                       | 11                       |
| Compensation Payments  | 10                       | 8                        | 10                       | 8                        |
| Insurance Payments   | 0                        | 0                        | 2                        | 2                        |
| Other Supplies and Services                                    | 3                        | 4                        | 7                        | 7                        |
| <b>Total Supplies and Services</b>                             | <b>907</b>               | <b>898</b>               | <b>1,068</b>             | <b>1,036</b>             |
| <b>15 OTHER OPERATING EXPENSES</b>                             |                          |                          |                          |                          |
| Cost of Goods Sold   | 11                       | 10                       | -12                      | 136                      |
| School Management Costs (Incurred Directly by Schools)         | 60                       | 60                       | 56                       | 56                       |
| Net Insurance Claim Payments                                   | 42                       | 14                       | 40                       | 13                       |
| Concessions and Community Service Obligations                  | 38                       | 39                       | 19                       | 19                       |
| Other <sup>(a)</sup>   | 71                       | 24                       | 88                       | 54                       |
| <b>Total Other Operating Expenses</b>                          | <b>222</b>               | <b>147</b>               | <b>191</b>               | <b>278</b>               |

**Note:** (a) The increase in Net Insurance Claim Payments is as a result of changes to the changes to the actuarial assessment of outstanding claims and liabilities, and an increase in actual claim payments made earlier than expected.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government Sector |                          | Total Territory          |                          |
|---|---------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>16 GRANTS AND PURCHASED SERVICES</b>   |                           |                          |                          |                          |
| Under the <i>Financial Management Act 1996</i> , appropriations may be made to directorates and a limited number of territory authorities. Payments to territory authorities not able to receive appropriations directly can be made through an Agency's territorial account, and are recorded as 'Transfer Payments to ACT Government Agencies'. |                           |                          |                          |                          |
| Government grants and purchased services expense comprised amounts relating to:   |                           |                          |                          |                          |
| Grants to Non-Government Schools  | 272                       | 259                      | 272                      | 259                      |
| Grant Payment (Education and Community Services)  | 3                         | 8                        | 24                       | 29                       |
| First Home Owners' Grant  | 12                        | 15                       | 12                       | 15                       |
| Capital Grants  | 6                         | 1                        | 6                        | 1                        |
| Loose-fill Asbestos Insulation Eradication Scheme Capital Grants <sup>(a)</sup>   | 3                         | 49                       | 3                        | 49                       |
| Community Activity  | 3                         | 13                       | 3                        | 13                       |
| Appropriation Payments to Agencies and Asset Transfers to Another Entity  | 57                        | 68                       | 7                        | 1                        |
| Other Current Grants  | 44                        | 53                       | 44                       | 53                       |
| <b>Total Grants</b>   | <b>400</b>                | <b>466</b>               | <b>371</b>               | <b>420</b>               |
| Purchase of Transport Services from ACTION  | 99                        | 93                       | -                        | -                        |
| Purchase of Health Services from Calvary Hospital   | 192                       | 190                      | 192                      | 190                      |
| Purchase of Health Services from Other Jurisdictions  | 36                        | 24                       | 36                       | 24                       |
| Payments to Non-Government Organisations (Health and Disability) <sup>(a)</sup>   | 273                       | 196                      | 273                      | 196                      |
| Other Purchased Services  | 16                        | 7                        | 12                       | 2                        |
| <b>Total Purchased Services</b>   | <b>616</b>                | <b>511</b>               | <b>513</b>               | <b>412</b>               |
| <b>Total Grants and Purchased Services</b>  | <b>1,016</b>              | <b>976</b>               | <b>884</b>               | <b>833</b>               |

Notes: (a) The decrease in Loose-fill Asbestos Insulation Eradication Scheme Capital Grants is largely due to opting into the scheme for homeowners being closed in 2016-17.

(b) The increase in Payments to Non-Government Organisations (Health and Disability) is mainly due to an increase in payments to the Commonwealth under the National Disability Insurance Scheme.

**OTHER ECONOMIC FLOWS**

'Other Economic Flows' include non-mutually agreed transactions which result in a change in the value of net assets, and include revaluations of assets and liabilities, gains and losses and bad debts written-off, as well as gains on the sale of land.

**17 NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS**

|  |           |            |            |            |
|--|-----------|------------|------------|------------|
| Other Gains (Non-Core Activities) <sup>(a)</sup>             | 55        | -51        | 64         | -53        |
| Asset Revaluation  | 2         | 2          | 2          | 2          |
| Impairment Losses and Write-Offs                             | -12       | -1         | -70        | -2         |
| Decrements Arising from the Revaluation of Assets            | -         | -1         | -6         | -1         |
| Loss on Disposal of Assets                                   | -31       | -35        | -32        | -36        |
| <b>Total Net Gain/(Loss) on Sale of Non-Financial Assets</b> | <b>13</b> | <b>-85</b> | <b>-42</b> | <b>-89</b> |

**Note:** (a) The variance in Other Gains (Non-Core Activities) is mainly due to a decrease in the rate used to estimate the present value of long service leave employee benefits from 114.7 per cent in 2015-16 to 103.4 per cent in 2016-17. Valuation changes in employee benefits are recognised as other economic flows for the Territory's reporting purposes.

**18 NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE**

|   |            |           |            |           |
|---|------------|-----------|------------|-----------|
| Realised and Unrealised Gains on Investments <sup>(a)</sup>     | 294        | 80        | 294        | 81        |
| Realised and Unrealised Losses on Investments                   | -54        | -86       | -54        | -86       |
| <b>Total Net Gain/(Loss) on Financial Assets or Liabilities</b> | <b>239</b> | <b>-5</b> | <b>240</b> | <b>-5</b> |

**Note:** (a) The increase in recognised unrealised gains is due mainly to the improved performance of the Australian and international share investments over the financial year held by the Superannuation Provision Account.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government<br>Sector |                          | Total Territory          |                          |
|--|------------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>19 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS</b>  |                              |                          |                          |                          |
| Under Section 131 of the <i>Financial Management Act 1996</i> , the Treasurer may, in writing, waive the right to payment of an amount payable to the Territory.   |                              |                          |                          |                          |
| A waiver is the relinquishment of a legal claim to a debt. 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 Territory to recover the amount. The write-off of debts may occur for reasons other than waivers. 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'. |                              |                          |                          |                          |
| The waivers and write-offs listed below have occurred during the reporting period for the General Government Sector and the Territory.   |                              |                          |                          |                          |
| <b>Waivers</b>   |                              |                          |                          |                          |
| Other Waivers  | 0                            | 5                        | 0                        | 5                        |
| <b>Total Waivers</b> <sup>(a)</sup>  | <b>0</b>                     | <b>5</b>                 | <b>0</b>                 | <b>5</b>                 |
| <b>Impairment Losses</b>   |                              |                          |                          |                          |
| <i>Impairment Loss from Receivables</i>  |                              |                          |                          |                          |
| Receivables  | 9                            | 5                        | 9                        | 6                        |
| <b>Total Impairment Loss from Receivables</b>  | <b>9</b>                     | <b>5</b>                 | <b>9</b>                 | <b>6</b>                 |
| <i>Impairment Loss from Property, Plant and Equipment</i>  |                              |                          |                          |                          |
| Plant and Equipment  | 6                            | 2                        | 6                        | 2                        |
| <b>Total Impairment Loss from Property, Plant and Equipment</b>  | <b>6</b>                     | <b>2</b>                 | <b>6</b>                 | <b>2</b>                 |
| <b>Total Impairment Losses</b>   | <b>15</b>                    | <b>7</b>                 | <b>15</b>                | <b>8</b>                 |
| <b>Write-Offs</b>  |                              |                          |                          |                          |
| Write-Offs   | 4                            | 5                        | 6                        | 8                        |
| <b>Total Write-Offs</b>  | <b>4</b>                     | <b>5</b>                 | <b>6</b>                 | <b>8</b>                 |
| <b>Total Waivers, Impairment Losses and Write-Offs</b>   | <b>19</b>                    | <b>17</b>                | <b>21</b>                | <b>21</b>                |

**Note:** (a) There were 177 waivers approved in 2016-17 for the General Government Sector (GGS) (2015-16: 236) and 179 for the Territory (2015-16: 236).

**20 ACT OF GRACE PAYMENTS**

Act of Grace Payments are a method of providing equitable remedies to entities or individuals that may have been unfairly disadvantaged by the Government, but have no legal claim to seek compensation.

There were three Act of Grace Payments made by the General Government Sector (GGS) and the Territory during the reporting period pursuant to Section 130 of the *Financial Management Act 1996* (FMA), totalling \$19,600. There were two Act of Grace Payments for the GGS and the Territory, totalling \$26,000 in 2015-16. Act of Grace Payments are reflected under Other Operating Expenses in the Operating Statement.

The FMA requires Act of Grace payments made by the Territory to be reported in the notes to agencies' financial statements in the financial year the payments were made. Details of Act of Grace payments made can be found in agencies' financial statements (act of grace payments note).

The FMA also requires that the notes to the financial statements indicate the amount and grounds for each Act of Grace payment (this disclosure is made in the agency financial statements to which they relate), and that the financial statements shall not disclose the identity of an Act of Grace payment recipient unless disclosure was agreed to by the recipient.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

| <u>ASSETS</u>   | General Government<br>Sector |                          | Total Territory          |                          |
|---|------------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>21 CASH AND DEPOSITS</b>   |                              |                          |                          |                          |
| Cash and Deposits include cash on hand, cheques held but not yet deposited, deposits held in transaction accounts and other deposits which are recoverable or transferable on demand.   |                              |                          |                          |                          |
| Cash at Bank  | 774                          | 653                      | 1,025                    | 1,006                    |
| At Call Deposits and Short-Term Deposits  | 7                            | 7                        | 7                        | 9                        |
| Cash Equivalents  | -                            | -                        | 4                        | -                        |
| <b>Total Cash and Deposits</b>  | <b>782</b>                   | <b>660</b>               | <b>1,037</b>             | <b>1,015</b>             |
| <b>22 ADVANCES PAID</b>   |                              |                          |                          |                          |
| Advances paid include loans made by the Territory (through the General Government Sector) to Icon Water Limited and Community Housing Canberra Limited.   |                              |                          |                          |                          |
| Current Loans Receivable  | 397                          | 24                       | 3                        | 0                        |
| Non-Current Loans Receivable  | 1,262                        | 1,584                    | 76                       | 69                       |
| <b>Total Advances Paid</b>  | <b>1,658</b>                 | <b>1,608</b>             | <b>78</b>                | <b>69</b>                |
| <b>23 INVESTMENTS AND LOANS</b>   |                              |                          |                          |                          |
| Current investments (the Cash Enhanced Fund) is comprised of securities and standard market instruments which must conform to applicable standard market conventions and requirements. The bulk of non-current investments represents superannuation related investments, which are managed by external professional funds managers in accordance with the <i>Territory Superannuation Provision Protection Act 2000</i> and the <i>Superannuation Management Guidelines 2011</i> . |                              |                          |                          |                          |
| <i>Current Investments</i>  |                              |                          |                          |                          |
| Short-Term Securities   | -                            | -                        | 52                       | 48                       |
| Other Current Investments   | 1,147                        | 1,145                    | 1,148                    | 1,145                    |
| <b>Total Current Investments</b>  | <b>1,147</b>                 | <b>1,145</b>             | <b>1,200</b>             | <b>1,193</b>             |
| <i>Non-Current Investments</i>  |                              |                          |                          |                          |
| Government Fixed Interest Bonds   | 887                          | 867                      | 887                      | 867                      |
| Shares and Equities <sup>(a)</sup>  | 2,111                        | 1,823                    | 2,111                    | 1,823                    |
| Investment in Property Trusts   | 322                          | 290                      | 322                      | 290                      |
| Other Non-Current Investments   | 4                            | 1                        | 4                        | 1                        |
| <b>Total Non-Current Investments</b>  | <b>3,323</b>                 | <b>2,982</b>             | <b>3,323</b>             | <b>2,982</b>             |
| <b>Total Investments and Loans</b>  | <b>4,470</b>                 | <b>4,126</b>             | <b>4,523</b>             | <b>4,174</b>             |

**Note:** (a) The increase in shares and equities is due to positive performance of Australian and international share markets over the financial year in relation to superannuation investments.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government<br>Sector |                          | Total Territory          |                          |
|---|------------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>24 RECEIVABLES</b>   |                              |                          |                          |                          |
| <i>Current Receivables</i>  |                              |                          |                          |                          |
| Trade Receivables   | 223                          | 249                      | 321                      | 356                      |
| Right to Receive Infrastructure from Land Developers <sup>(a)</sup> | -                            | -                        | 12                       | 11                       |
| Prepayments   | 29                           | 21                       | 41                       | 38                       |
| Less: Allowance for Impairment Losses                               | -20                          | -20                      | -28                      | -26                      |
| <b>Net Current Trade Receivables</b>                                | <b>231</b>                   | <b>252</b>               | <b>347</b>               | <b>379</b>               |
| Accrued Revenue   | 197                          | 305                      | 69                       | 111                      |
| Other Current Receivables   | 169                          | 61                       | 58                       | 60                       |
| <b>Total Current Receivables</b>                                    | <b>598</b>                   | <b>618</b>               | <b>475</b>               | <b>550</b>               |
| <i>Non-Current Receivables</i>                                      |                              |                          |                          |                          |
| Trade Receivables   | 1                            | 1                        | 1                        | 1                        |
| Prepayments   | 1                            | 0                        | 1                        | 0                        |
| <b>Net Non-Current Receivables</b>                                  | <b>2</b>                     | <b>1</b>                 | <b>2</b>                 | <b>1</b>                 |
| Other Receivables   | -                            | -                        | 45                       | 10                       |
| <b>Total Non-Current Receivables</b>                                | <b>2</b>                     | <b>1</b>                 | <b>47</b>                | <b>11</b>                |
| <b>Total Receivables</b>  | <b>600</b>                   | <b>619</b>               | <b>521</b>               | <b>561</b>               |

**Note:** (a) The right to receive infrastructure from land developers reflects the value of infrastructure assets (such as roads, services and landscaping) required to be constructed by the land purchaser and handed over to the Territory on completion.

**Reconciliation of the Allowance for Impairment Losses**

|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Allowance for Impairment Losses at the Beginning of the Reporting Period        | 20        | 9         | 26        | 17        |
| Additional Allowance Recognised During the Reporting Period                     | 2         | 14        | 6         | 16        |
| Less: Reduction in Allowance from Amounts Recovered During the Reporting Period | -2        | -3        | -5        | -6        |
| <b>Allowance for Impairment Losses at the End of the Reporting Period</b>       | <b>20</b> | <b>20</b> | <b>28</b> | <b>26</b> |



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**24 RECEIVABLES - CONTINUED**

**Ageing of Receivables - General Government Sector**

|                     | Not Overdue | Overdue              |                  |                         | Total |
|---------------------|-------------|----------------------|------------------|-------------------------|-------|
|                     |             | Less than<br>30 Days | 30 to 60<br>Days | Greater than<br>60 Days |       |
|                     | \$m         | \$m                  | \$m              | \$m                     | \$m   |
| <b>2016-17</b>      |             |                      |                  |                         |       |
| <b>Not Impaired</b> |             |                      |                  |                         |       |
| Receivables         | 519         | 12                   | 4                | 65                      | 600   |
| <b>Impaired</b>     |             |                      |                  |                         |       |
| Receivables         | -           | -                    | 4                | 16                      | 20    |
| <b>2015-16</b>      |             |                      |                  |                         |       |
| <b>Not Impaired</b> |             |                      |                  |                         |       |
| Receivables         | 537         | 14                   | 8                | 60                      | 619   |
| <b>Impaired</b>     |             |                      |                  |                         |       |
| Receivables         | -           | -                    | 5                | 15                      | 20    |

**Ageing of Receivables - Total Territory**

|                     | Not Overdue | Overdue              |                  |                         | Total |
|---------------------|-------------|----------------------|------------------|-------------------------|-------|
|                     |             | Less than<br>30 Days | 30 to 60<br>Days | Greater than<br>60 Days |       |
|                     | \$m         | \$m                  | \$m              | \$m                     | \$m   |
| <b>2016-17</b>      |             |                      |                  |                         |       |
| <b>Not Impaired</b> |             |                      |                  |                         |       |
| Receivables         | 432         | 14                   | 5                | 70                      | 521   |
| <b>Impaired</b>     |             |                      |                  |                         |       |
| Receivables         | -           | -                    | 4                | 24                      | 28    |
| <b>2015-16</b>      |             |                      |                  |                         |       |
| <b>Not Impaired</b> |             |                      |                  |                         |       |
| Receivables         | 472         | 17                   | 9                | 66                      | 561   |
| <b>Impaired</b>     |             |                      |                  |                         |       |
| Receivables         | -           | -                    | 5                | 21                      | 26    |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT**

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

*Land:* includes leasehold land held by the Territory and other land such as that associated with the Territory's educational and health facilities, and includes land under roads.

*Buildings:* includes office buildings, warehouses, hospitals, school buildings, community health centres, other clinical and corporate facilities, emergency service facilities, courts and land improvements. Land improvements are additions to areas of land that increase the utility of the land and have a limited useful life.

*Leasehold Improvements:* represent capital expenditure incurred in relation to leased assets. This includes fit-outs of leased buildings.

*Plant and Equipment:* includes mobile plant, air conditioning and heating systems, office and computer equipment, furniture and fittings, and other mechanical and electronic equipment.

*Infrastructure Assets:* comprise public utilities that provide essential services and enhance the productive capacity of the economy. Infrastructure assets held by the General Government Sector and the Territory include roads, bridges, barriers, stormwater assets, carparks, streetlights, community paths, traffic signals, driveways, signs and barriers. Land under infrastructure is not included in infrastructure assets.

*Heritage Assets:* are defined as those non-current assets that the Government intends to preserve indefinitely because of their unique historical, cultural or environmental attributes. A common feature of heritage assets is that they cannot be replaced and they are not usually available for sale or redeployment. Heritage assets held include art, museums and some library collections, historical buildings, and memorials.

*Community Assets:* are those assets that are provided essentially for community use or services. Community assets held include public parks and gardens, public sporting reserves, public nature reserves and infrastructure.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government<br>Sector |                          | Total Territory          |                          |
|---|------------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED</b>       |                              |                          |                          |                          |
| <b>LAND AND BUILDINGS</b>                                 |                              |                          |                          |                          |
| Land at Fair Value  | 1,294                        | 1,315                    | 4,906                    | 4,716                    |
| Landfill Restoration at Fair Value                        | 28                           | 27                       | 28                       | 27                       |
| Less: Accumulated Depreciation on Landfill Restoration    | 26                           | 23                       | 26                       | 23                       |
| <b>Total Land at Fair Value</b>                           | <b>1,296</b>                 | <b>1,318</b>             | <b>4,908</b>             | <b>4,719</b>             |
| Buildings at Fair Value                                   | 4,006                        | 3,784                    | 5,513                    | 5,190                    |
| Less: Accumulated Depreciation                            | 258                          | 243                      | 271                      | 262                      |
| Less: Accumulated Impairment Losses                       | 1                            | 1                        | 5                        | 3                        |
| <b>Total Buildings at Fair Value</b>                      | <b>3,746</b>                 | <b>3,540</b>             | <b>5,237</b>             | <b>4,925</b>             |
| <b>Total Written Down Value of Land and Buildings</b>     | <b>5,042</b>                 | <b>4,858</b>             | <b>10,145</b>            | <b>9,644</b>             |
| <b>PLANT AND EQUIPMENT</b>                                |                              |                          |                          |                          |
| Plant and Equipment at Cost                               | 424                          | 418                      | 429                      | 423                      |
| Less: Accumulated Depreciation                            | 257                          | 246                      | 260                      | 249                      |
| <b>Total Plant and Equipment at Cost</b>                  | <b>167</b>                   | <b>172</b>               | <b>169</b>               | <b>174</b>               |
| Plant and Equipment at Fair Value                         | 71                           | 71                       | 194                      | 205                      |
| Less: Accumulated Depreciation                            | 8                            | 21                       | 15                       | 37                       |
| <b>Total Plant and Equipment at Fair Value</b>            | <b>63</b>                    | <b>50</b>                | <b>179</b>               | <b>168</b>               |
| <b>Total Written Down Value of Plant and Equipment</b>    | <b>230</b>                   | <b>221</b>               | <b>347</b>               | <b>342</b>               |
| <b>LEASEHOLD IMPROVEMENTS</b>                             |                              |                          |                          |                          |
| Leasehold Improvements at Cost                            | 20                           | 24                       | 17                       | 27                       |
| Less: Accumulated Depreciation                            | 15                           | 18                       | 10                       | 21                       |
| <b>Total Leasehold Improvements at Cost</b>               | <b>6</b>                     | <b>6</b>                 | <b>6</b>                 | <b>6</b>                 |
| Leasehold Improvements at Fair Value                      | 71                           | 51                       | 77                       | 56                       |
| Less: Accumulated Depreciation                            | 23                           | 16                       | 29                       | 21                       |
| <b>Total Leasehold Improvements at Fair Value</b>         | <b>48</b>                    | <b>35</b>                | <b>48</b>                | <b>35</b>                |
| <b>Total Written Down Value of Leasehold Improvements</b> | <b>54</b>                    | <b>41</b>                | <b>55</b>                | <b>41</b>                |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government<br>Sector |                          | Total Territory          |                          |
|--|------------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED</b>                  |                              |                          |                          |                          |
| <b>INFRASTRUCTURE ASSETS</b>   |                              |                          |                          |                          |
| Infrastructure Assets at Cost  | 0                            | -5                       | 0                        | -8                       |
| <b>Total Infrastructure Assets at Cost</b>                           | <b>-</b>                     | <b>-5</b>                | <b>-</b>                 | <b>-8</b>                |
| Infrastructure Assets at Fair Value                                  | 7,220                        | 6,998                    | 9,656                    | 9,367                    |
| Less: Accumulated Depreciation                                       | 221                          | 96                       | 596                      | 424                      |
| Less: Accumulated Impairment Losses                                  | 5                            | 5                        | 5                        | 5                        |
| <b>Total Infrastructure Assets at Fair Value</b>                     | <b>6,994</b>                 | <b>6,897</b>             | <b>9,055</b>             | <b>8,938</b>             |
| <b>Total Written Down Value of Infrastructure Assets</b>             | <b>6,994</b>                 | <b>6,892</b>             | <b>9,055</b>             | <b>8,930</b>             |
| <b>HERITAGE AND COMMUNITY ASSETS</b>                                 |                              |                          |                          |                          |
| Heritage and Community Assets at Fair Value                          | 2,623                        | 2,507                    | 2,624                    | 2,507                    |
| Less: Accumulated Depreciation                                       | 1                            | 1                        | 1                        | 1                        |
| <b>Total Heritage and Community Assets at Fair Value</b>             | <b>2,623</b>                 | <b>2,506</b>             | <b>2,623</b>             | <b>2,506</b>             |
| <b>Total Written Down Value of Heritage and<br/>Community Assets</b> | <b>2,623</b>                 | <b>2,506</b>             | <b>2,623</b>             | <b>2,506</b>             |
| <b>Total Written Down Value of Property, Plant and<br/>Equipment</b> | <b>14,943</b>                | <b>14,520</b>            | <b>22,225</b>            | <b>21,463</b>            |

(Refer to Appendix B(t): 'Acquisition and Recognition of Property, Plant and Equipment' and Appendix B(u): 'Measurement of Property, Plant and Equipment After Initial Recognition').

**Represented by Produced / Non-Produced Assets**

The Territory's Non-Produced Assets include land and land under roads.

|   |               |               |               |               |
|---|---------------|---------------|---------------|---------------|
| Produced Assets                               | 11,201        | 10,848        | 14,871        | 14,392        |
| Non-Produced Assets                           | 3,742         | 3,672         | 7,354         | 7,072         |
| <b>Total of Property, Plant and Equipment</b> | <b>14,943</b> | <b>14,520</b> | <b>22,225</b> | <b>21,465</b> |

**Valuation of Non-Current Assets**

The majority of the Territory's assets are valued either by an independent and qualified valuer, or internally by Officers of Directorates using ACT policy. The Territory's assets are valued on a three year rolling basis. (Refer to Appendix B(u): 'Measurement of Property, Plant and Equipment After Initial Recognition').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Reconciliation of Property, Plant and Equipment - General Government Sector**

The following table shows the movement in each class of Property, Plant and Equipment during 2016-17.

|                                    | Land<br>\$m  | Buildings<br>\$m | Plant and<br>Equipment<br>\$m | Leasehold<br>Improvements<br>\$m | Infrastructure<br>Assets<br>\$m | Heritage and<br>Community<br>Assets<br>\$m | Total<br>\$m  |
|------------------------------------|--------------|------------------|-------------------------------|----------------------------------|---------------------------------|--|---------------|
| <b>Balance at 1 July 2016</b>      | <b>1,318</b> | <b>3,540</b>     | <b>221</b>                    | <b>41</b>                        | <b>6,892</b>                    | <b>2,506</b>                               | <b>14,520</b> |
| Additions                          | 23           | 177              | 45                            | 24                               | 219                             | 23   | 512           |
| Assets Classified as Held for Sale | -92          | -15              | -                             | -                                | -                               | -  | -106          |
| Revaluation Adjustments            | 25           | 196              | 23                            | -                                | 43                              | 100  | 387           |
| Depreciation                       | -1           | -143             | -49                           | -12                              | -157                            | -5   | -367          |
| Assets Transferred                 | -1           | -                | -                             | -                                | -                               | -  | -1            |
| Disposals                          | -1           | -4               | -10                           | -4                               | -1                              | -3   | -23           |
| Other Movements/Reclassifications  | 24           | -5               | -1                            | 5                                | -3                              | 1  | 21            |
| <b>Balance at 30 June 2017</b>     | <b>1,296</b> | <b>3,746</b>     | <b>230</b>                    | <b>54</b>                        | <b>6,994</b>                    | <b>2,623</b>                               | <b>14,942</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Reconciliation of Property, Plant and Equipment - General Government Sector - Continued**

The following table shows the movement in each class of Property, Plant and Equipment during 2015-16.

|   | Land<br>\$m  | Buildings<br>\$m | Plant and<br>Equipment<br>\$m | Leasehold<br>Improvements<br>\$m | Infrastructure<br>Assets<br>\$m | Heritage and<br>Community<br>Assets<br>\$m | Total<br>\$m  |
|---|--------------|------------------|-------------------------------|----------------------------------|---------------------------------|--|---------------|
| <b>Balance at 1 July 2015</b>                   | <b>1,259</b> | <b>3,471</b>     | <b>225</b>                    | <b>47</b>                        | <b>6,742</b>                    | <b>2,502</b>                               | <b>14,252</b> |
| Additions                                       | 71           | 215              | 47                            | 11                               | 256                             | 7  | 607           |
| Assets Classified as Held for Sale              | -60          | -                | -                             | -                                | -                               | -  | -60           |
| Revaluation Adjustments                         | 46           | -16              | 1                             | -2                               | 52                              | 8  | 89            |
| Impairment Losses Recognised Directly in Equity | -            | -2               | -                             | -                                | -2                              | -  | -4            |
| Depreciation                                    | -18          | -115             | -48                           | -10                              | -149                            | -6   | -345          |
| Assets Transferred                              | -1           | -18              | -                             | -                                | -                               | -  | -19           |
| Disposals                                       | -            | -                | -7                            | -3                               | -1                              | -  | -11           |
| Other Movements/Reclassifications               | 18           | 4                | 7                             | -2                               | -4                              | -6   | 11            |
| <b>Balance at 30 June 2016</b>                  | <b>1,318</b> | <b>3,540</b>     | <b>221</b>                    | <b>41</b>                        | <b>6,892</b>                    | <b>2,506</b>                               | <b>14,520</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Reconciliation of Property, Plant and Equipment - Total Territory**

The following table shows the movement in each class of Property, Plant and Equipment during 2016-17

|   | Land<br>\$m  | Buildings<br>\$m | Plant and<br>Equipment<br>\$m | Leasehold<br>Improvements<br>\$m | Infrastructure<br>Assets<br>\$m | Heritage and<br>Community<br>Assets<br>\$m | Total<br>\$m  |
|---|--------------|------------------|-------------------------------|----------------------------------|---------------------------------|--|---------------|
| <b>Balance at 1 July 2016</b>                   | <b>4,719</b> | <b>4,925</b>     | <b>342</b>                    | <b>41</b>                        | <b>8,930</b>                    | <b>2,506</b>                               | <b>21,463</b> |
| Additions                                       | 67           | 326              | 59                            | 24                               | 289                             | 23   | 788           |
| Assets Classified as Held for Sale              | -114         | -19              | -                             | -                                | -                               | -  | -133          |
| Revaluation Adjustments                         | 252          | 209              | 18                            | -                                | 43                              | 100  | 621           |
| Impairment Losses Recognised Directly in Equity | -            | -2               | -                             | -                                | -                               | -  | -2            |
| Depreciation                                    | -1           | -178             | -60                           | -12                              | -203                            | -5   | -460          |
| Disposals                                       | -3           | -7               | -10                           | -4                               | -1                              | -3   | -29           |
| Other Movements/Reclassifications               | -11          | -17              | -1                            | 5                                | -3                              | 1  | -26           |
| <b>Balance at 30 June 2017</b>                  | <b>4,908</b> | <b>5,237</b>     | <b>347</b>                    | <b>55</b>                        | <b>9,055</b>                    | <b>2,623</b>                               | <b>22,224</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**Reconciliation of Property, Plant and Equipment - Total Territory - Continued**

The following table shows the movement in each class of Property, Plant and Equipment during 2015-16

|   | Land<br>\$m  | Buildings<br>\$m | Plant and<br>Equipment<br>\$m | Leasehold<br>Improvements<br>\$m | Infrastructure<br>Assets<br>\$m | Heritage and<br>Community<br>Assets<br>\$m | Total<br>\$m  |
|---|--------------|------------------|-------------------------------|----------------------------------|---------------------------------|--|---------------|
| <b>Balance at 1 July 2015</b>                   | <b>4,472</b> | <b>4,825</b>     | <b>340</b>                    | <b>48</b>                        | <b>8,701</b>                    | <b>2,502</b>                               | <b>20,894</b> |
| Additions                                       | 114          | 279              | 63                            | 11                               | 392                             | 7  | 867           |
| Assets Classified as Held for Sale              | -79          | -6               | -                             | -                                | -                               | -  | -85           |
| Revaluation Adjustments                         | 261          | -36              | 1                             | -2                               | 52                              | 8  | 285           |
| Impairment Losses Recognised Directly in Equity | -            | -4               | -                             | -                                | -2                              | -  | -6            |
| Depreciation                                    | -18          | -136             | -58                           | -10                              | -195                            | -6   | -422          |
| Assets Transferred                              | -            | -                | -                             | -                                | -                               | -  | -             |
| Disposals                                       | -            | -1               | -7                            | -3                               | -12                             | -  | -22           |
| Reversal of Impairment Losses                   | -            | -                | -                             | -                                | -                               | -  | -             |
| Other Movements/Reclassifications               | -36          | 4                | 7                             | -2                               | -4                              | -6   | -43           |
| <b>Balance at 30 June 2016</b>                  | <b>4,719</b> | <b>4,925</b>     | <b>342</b>                    | <b>41</b>                        | <b>8,930</b>                    | <b>2,506</b>                               | <b>21,463</b> |



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY**

The Territory is required to classify property, plant and equipment into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:

- \* Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the Territory can access at the measurement date;
- \* Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- \* Level 3 - inputs that are unobservable for particular assets or liabilities.

Details of the Territory's property, plant and equipment at fair value and information about the Fair Value Hierarchy at 30 June 2017 and for the prior reporting period is provided below.

| <b>General Government Sector - 2016-17</b>               | <b>Classification According to the Fair Value Hierarchy</b> |                |                |               |
|--|---|----------------|----------------|---------------|
|  | <b>Level 1</b>  | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|  | <b>\$m</b>  | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>    |
| <b>Property, Plant and Equipment at Fair Value</b>       |   |                |                |               |
| Land   | -   | 698            | 598            | <b>1,296</b>  |
| Buildings  | -   | 464            | 3,283          | <b>3,746</b>  |
| Plant and Equipment                                      | -   | 5              | 58             | <b>63</b>     |
| Leasehold Improvements                                   | -   | -              | 48             | <b>48</b>     |
| Infrastructure Assets                                    | -   | -10            | 7,004          | <b>6,994</b>  |
| Heritage and Community Assets                            | -   | 766            | 1,856          | <b>2,623</b>  |
| <b>Total Property, Plant and Equipment at Fair Value</b> | <b>-</b>  | <b>1,922</b>   | <b>12,846</b>  | <b>14,770</b> |

| <b>General Government Sector - 2015-16</b>               | <b>Classification According to the Fair Value Hierarchy</b> |                |                |               |
|--|---|----------------|----------------|---------------|
|  | <b>Level 1</b>  | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|  | <b>\$m</b>  | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>    |
| <b>Property, Plant and Equipment at Fair Value</b>       |   |                |                |               |
| Land   | -   | 579            | 739            | <b>1,318</b>  |
| Buildings  | -   | 637            | 2,904          | <b>3,540</b>  |
| Plant and Equipment                                      | -   | 3              | 47             | <b>50</b>     |
| Leasehold Improvements                                   | -   | -              | 35             | <b>35</b>     |
| Infrastructure Assets                                    | -   | -              | 6,897          | <b>6,897</b>  |
| Heritage and Community Assets                            | -   | 762            | 1,744          | <b>2,506</b>  |
| <b>Total Property, Plant and Equipment at Fair Value</b> | <b>-</b>  | <b>1,980</b>   | <b>12,366</b>  | <b>14,346</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY - CONTINUED**

|  | <b>Classification According to the Fair Value Hierarchy</b> |                |                |               |
|--|---|----------------|----------------|---------------|
|  | <b>Level 1</b>  | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|  | <b>\$m</b>  | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>    |
| <b>Total Territory - 2016-17</b>                         |   |                |                |               |
| <b>Property, Plant and Equipment at Fair Value</b>       |   |                |                |               |
| Land   | -   | 4,310          | 598            | 4,908         |
| Buildings  | -   | 1,935          | 3,301          | 5,237         |
| Plant and Equipment                                      | -   | 6              | 172            | 179           |
| Leasehold Improvements                                   | -   | 0              | 48             | 48            |
| Infrastructure Assets                                    | -   | -12            | 9,066          | 9,055         |
| Heritage and Community Assets                            | -   | 767            | 1,856          | 2,623         |
| <b>Total Property, Plant and Equipment at Fair Value</b> | <b>-</b>  | <b>7,007</b>   | <b>15,041</b>  | <b>22,049</b> |

|  | <b>Classification According to the Fair Value Hierarchy</b> |                |                |               |
|--|---|----------------|----------------|---------------|
|  | <b>Level 1</b>  | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b>  |
|  | <b>\$m</b>  | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>    |
| <b>Total Territory - 2015-16</b>                         |   |                |                |               |
| <b>Property, Plant and Equipment at Fair Value</b>       |   |                |                |               |
| Land   | -   | 3,979          | 739            | 4,719         |
| Buildings  | -   | 2,002          | 2,924          | 4,925         |
| Plant and Equipment                                      | -   | 5              | 162            | 168           |
| Leasehold Improvements                                   | -   | -              | 35             | 35            |
| Infrastructure Assets                                    | -   | -              | 8,938          | 8,938         |
| Heritage and Community Assets                            | -   | 762            | 1,744          | 2,506         |
| <b>Total Property, Plant and Equipment at Fair Value</b> | <b>-</b>  | <b>6,748</b>   | <b>14,543</b>  | <b>21,289</b> |

**Transfers Between Categories**

There have been minor transfers of leasehold buildings and plant and equipment between levels 2 and 3 during the reporting period.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY - CONTINUED**

**Valuation Techniques, Inputs and Processes**

**Level 2 Valuation Techniques and Inputs**

Valuation Technique: The valuation technique used to value land and buildings is the market approach that reflects recent transaction prices for similar properties and buildings (comparable in location and size).

Inputs: Prices and other relevant information generated by market transactions involving comparable land and buildings were considered. Regard was taken of the Crown Lease terms and tenure, The Australian Capital Territory Plan and the National Capital Plan, where applicable, as well as current zoning.

**Level 3 Valuation Techniques and Inputs**

Valuation Technique: Land where there is no active market or significant restrictions is valued through the market approach.

Significant Unobservable Inputs: Selecting land with similar approximate utility. In determining the value of land with similar approximate utility significant adjustment to market based data was required.

Valuation Technique: Buildings, Leasehold Improvements, Infrastructure Assets and Community and Heritage Assets were considered specialised assets by the Valuers and measured using the cost approach.

Significant Unobservable Inputs: Estimating the cost to a market participant to construct assets of comparable utility adjusted for obsolescence. For Buildings, historical cost per square metre of floor area was also used in measuring fair value. For Infrastructure Assets the historical costs per cubic metre was also used in measuring fair value. In determining the value of buildings, leasehold improvements, infrastructure assets and community and heritage assets regard was given to the age and condition of the assets, their estimated replacement cost and current use. This required the use of data internal to the relevant agency.

There has been no change to the above valuation techniques during the year.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY - CONTINUED**

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - General Government Sector**

|   | Land       | Buildings    | Plant and<br>Equipment | Leasehold<br>Improvements | Infrastructure<br>Assets | Heritage and<br>Community Assets | Total         |
|---|------------|--------------|------------------------|---------------------------|--------------------------|----------------------------------|---------------|
| <b>2016-17</b>  | <b>\$m</b> | <b>\$m</b>   | <b>\$m</b>             | <b>\$m</b>                | <b>\$m</b>               | <b>\$m</b>                       | <b>\$m</b>    |
| <b>Fair Value at the Beginning of the Reporting Period</b>      | <b>739</b> | <b>2,904</b> | <b>47</b>              | <b>35</b>                 | <b>6,897</b>             | <b>1,744</b>                     | <b>12,366</b> |
| Additions   | 3          | 148          | 6                      | 23                        | 224                      | 23                               | <b>428</b>    |
| Assets Classified as Held for Sale                              | -25        | -            | -                      | -                         | -                        | -                                | <b>-25</b>    |
| Revaluation Increments Recognised in Other Comprehensive Income | 33         | 190          | 19                     | -                         | 43                       | 99                               | <b>384</b>    |
| Transfers to Level 2  | -          | -            | -1                     | -3                        | -                        | -                                | <b>-4</b>     |
| Depreciation  | -1         | -121         | -9                     | -9                        | -157                     | -5                               | <b>-302</b>   |
| Disposal of Assets  | -3         | -2           | -                      | -3                        | -1                       | -3                               | <b>-13</b>    |
| Other Movements/Reclassifications                               | -148       | 163          | -4                     | 6                         | -5                       | -2                               | <b>10</b>     |
| <b>Fair Value at the End of the Reporting Period</b>            | <b>598</b> | <b>3,283</b> | <b>58</b>              | <b>48</b>                 | <b>7,004</b>             | <b>1,856</b>                     | <b>12,846</b> |
| Total Gains or Losses for the Period                            | -          | 0            | 0                      | -                         | 135                      | -                                | <b>135</b>    |
| Included in Profit or Loss under 'Other Gains'                  |            |              |                        |                           |                          |                                  |               |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY - CONTINUED**

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - General Government Sector**

|   | Land       | Buildings    | Plant and<br>Equipment | Leasehold<br>Improvements | Infrastructure<br>Assets | Heritage and<br>Community Assets | Total         |
|---|------------|--------------|------------------------|---------------------------|--------------------------|----------------------------------|---------------|
| <b>2015-16</b>  | <b>\$m</b> | <b>\$m</b>   | <b>\$m</b>             | <b>\$m</b>                | <b>\$m</b>               | <b>\$m</b>                       | <b>\$m</b>    |
| <b>Fair Value at the Beginning of the Reporting Period</b>          | <b>617</b> | <b>3,433</b> | <b>57</b>              | <b>24</b>                 | <b>6,741</b>             | <b>1,740</b>                     | <b>12,611</b> |
| Additions   | 1          | 199          | 9                      | 7                         | 253                      | 3                                | 472           |
| Assets Classified as Held for Sale                                  | -41        | -            | -                      | -                         | -                        | -17                              | -57           |
| Revaluation Increments/(Decrements)                                 |            |              |                        |                           |                          |                                  | -             |
| Recognised in Profit or Loss  |            |              |                        |                           |                          |                                  |               |
| Revaluation Increments/(Decrements)                                 | 2          | -1           | -                      | -2                        | 53                       | -2                               | 49            |
| Recognised in Other Comprehensive Income                            |            |              |                        |                           |                          |                                  |               |
| Transfers from/(to) Level 2   | -6         | -446         | -                      | 0                         | 8                        | 4                                | -439          |
| Impairment Losses Recognised in the Operating Statement             | -          | -1           | -                      | -                         | -                        | -                                | -1            |
| Reversal of Impairment Losses Recognised in the Operating Statement | -          | -            | 0                      | -                         | -2                       | -                                | -1            |
| Impairment Losses Recognised in Other Comprehensive Income          | -          | -            | -                      | -                         | -                        | 26                               | 26            |
| Depreciation  | -18        | -94          | -10                    | -9                        | -149                     | -5                               | -285          |
| Acquisition/(Disposal) of Assets                                    | -1         | 3            | -5                     | -2                        | -1                       | -                                | -6            |
| Other Movements/Reclassifications                                   | 185        | -190         | -5                     | 17                        | -5                       | -5                               | -3            |
| <b>Fair Value at the End of the Reporting Period</b>                | <b>739</b> | <b>2,904</b> | <b>47</b>              | <b>35</b>                 | <b>6,897</b>             | <b>1,744</b>                     | <b>12,366</b> |
| Total Gains or Losses for the Period                                | -          | -            | 1                      | -                         | 125                      | -                                | 126           |
| Included in Profit or Loss under 'Other Gains'                      |            |              |                        |                           |                          |                                  |               |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY - CONTINUED**

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - Total Territory**

|  | Land       | Buildings    | Plant and<br>Equipment | Leasehold<br>Improvements | Infrastructure<br>Assets | Heritage and<br>Community Assets | Total         |
|--|------------|--------------|------------------------|---------------------------|--------------------------|----------------------------------|---------------|
| <b>2016-17</b>   | <b>\$m</b> | <b>\$m</b>   | <b>\$m</b>             | <b>\$m</b>                | <b>\$m</b>               | <b>\$m</b>                       | <b>\$m</b>    |
| <b>Fair Value at the Beginning of the Reporting Period</b> | <b>739</b> | <b>2,924</b> | <b>162</b>             | <b>35</b>                 | <b>8,938</b>             | <b>1,744</b>                     | <b>14,543</b> |
| Additions  | 3          | 149          | 20                     | 23                        | 293                      | 23                               | 510           |
| Assets Classified as Held for Sale                         | -25        | -            | -                      | -                         | -                        | -                                | -25           |
| Revaluation Increments/(Decrements)                        | -          | -            | -5                     | -                         | -                        | -                                | -5            |
| Recognised in Profit or Loss                               |            |              |                        |                           |                          |                                  |               |
| Revaluation Increments/(Decrements)                        | 33         | 189          | 19                     | -                         | 43                       | 99                               | 383           |
| Recognised in Other Comprehensive Income                   |            |              |                        |                           |                          |                                  |               |
| Transfers to Level 2                                       | -          | -            | -1                     | -3                        | -                        | -                                | -4            |
| Impairment Losses Recognised in the Operating Statement    | -          | -            | -1                     | -                         | -                        | -                                | -1            |
| Depreciation   | -1         | -122         | -19                    | -9                        | -203                     | -5                               | -359          |
| Disposal of Assets   | -3         | -2           | -                      | -3                        | -1                       | -3                               | -13           |
| Other Movements/Reclassifications                          | -148       | 163          | -4                     | 6                         | -5                       | -2                               | 10            |
| <b>Fair Value at the End of the Reporting Period</b>       | <b>598</b> | <b>3,301</b> | <b>172</b>             | <b>48</b>                 | <b>9,066</b>             | <b>1,856</b>                     | <b>15,041</b> |
| Total Gains or Losses for the Period                       | -          | -            | 0                      | -                         | 135                      | -                                | 135           |
| Included in Profit or Loss under 'Other Gains'             |            |              |                        |                           |                          |                                  |               |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

**FAIR VALUE HIERARCHY - CONTINUED**

**Fair Value Measurements Using Significant Unobservable Inputs (Level 3) - Total Territory**

|   | Land       | Buildings    | Plant and<br>Equipment | Leasehold<br>Improvements | Infrastructure<br>Assets | Heritage and<br>Community Assets | Total         |
|---|------------|--------------|------------------------|---------------------------|--------------------------|----------------------------------|---------------|
| <b>2015-16</b>  | <b>\$m</b> | <b>\$m</b>   | <b>\$m</b>             | <b>\$m</b>                | <b>\$m</b>               | <b>\$m</b>                       | <b>\$m</b>    |
| <b>Fair Value at the Beginning of the Reporting Period</b>          | <b>617</b> | <b>3,454</b> | <b>166</b>             | <b>24</b>                 | <b>8,697</b>             | <b>1,740</b>                     | <b>14,698</b> |
| Additions   | 1          | 200          | 25                     | 7                         | 392                      | 3                                | <b>628</b>    |
| Assets Classified as Held for Sale                                  | -41        | -            | -                      | -                         | -                        | -17                              | <b>-58</b>    |
| Revaluation Increments/(Decrements)                                 | 2          | -1           | -                      | -2                        | 53                       | -2                               | <b>49</b>     |
| Recognised in Other Comprehensive Income                            |            |              |                        |                           |                          |                                  |               |
| Transfers from/(to) Level 2   | -6         | -446         | -                      | 0                         | 8                        | 4                                | <b>-439</b>   |
| Impairment Losses Recognised in the Operating Statement             | -          | -1           | -                      | -                         | -                        | -                                | <b>-1</b>     |
| Reversal of Impairment Losses Recognised in the Operating Statement | -          | -            | -                      | -                         | -2                       | -                                | <b>-2</b>     |
| Impairment Losses Recognised in Other Comprehensive Income          | -          | -            | -                      | -                         | -                        | 26                               | <b>26</b>     |
| Depreciation  | -18        | -95          | -19                    | -9                        | -195                     | -5                               | <b>-341</b>   |
| Acquisition/(Disposal) of Assets                                    | -1         | 3            | -5                     | -2                        | -12                      | -                                | <b>-17</b>    |
| Other Movements/Reclassifications                                   | 185        | -190         | -4                     | 17                        | -5                       | -5                               | <b>-2</b>     |
| <b>Fair Value at the End of the Reporting Period</b>                | <b>739</b> | <b>2,924</b> | <b>162</b>             | <b>35</b>                 | <b>8,938</b>             | <b>1,744</b>                     | <b>14,543</b> |
| Total Gains or Losses for the Period                                | -          | -            | 1                      | -                         | 125                      | 0                                | <b>126</b>    |
| Included in Profit or Loss under 'Other Gains'                      |            |              |                        |                           |                          |                                  |               |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**25 PROPERTY, PLANT AND EQUIPMENT - CONTINUED**

*Trees* : The Territory includes the value of trees in urban space in the financial statements as part of the land values in the heritage and community asset class. The land value is determined by external valuers using a method based on the type of trees/vegetation present on the land being valued. The Territory has established the following estimate of replacement costs of the trees in urban open space at 30 June 2017.

|                                   | <b>2016-17<br/>Number of<br/>Trees<br/>'000</b> | <b>2016-17<br/>Estimated<br/>Value<br/>\$m</b> | <b>2015-16<br/>Number of<br/>Trees<br/>'000</b> | <b>2015-16<br/>Estimated<br/>Value<br/>\$m</b> |
|-----------------------------------|---|--|---|--|
| <b>Plantations</b> <sup>(a)</sup> |   |  |   |  |
| Native Species                    | 316   | 88   | 315   | 85   |
| Exotic Species                    | 445   | 169  | 443   | 160  |
|                                   | <b>761</b>                                      | <b>258</b>                                     | <b>758</b>                                      | <b>245</b>                                     |

**Note:** (a) Plantations shown above relate to both General Government Sector and the Territory and reflect those in urban open spaces.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government<br>Sector |                          | Total Territory          |                          |
|--|------------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>26 INVESTMENT PROPERTIES</b>  |                              |                          |                          |                          |
| The Territory holds land and building related investment property.   |                              |                          |                          |                          |
| In accordance with AASB 140: 'Investment Property', the Territory has classified properties as investment properties if they would normally be tenanted by commercial organisations or are held for capital appreciation or both. Investment properties are held at fair value based upon independent valuations undertaken by a qualified valuer. |                              |                          |                          |                          |
| Land at Fair Value   | 5                            | 5                        | 13                       | 12                       |
| Buildings at Fair Value  | -                            | -                        | 9                        | 2                        |
| <b>Total Investment Properties</b>   | <b>5</b>                     | <b>5</b>                 | <b>22</b>                | <b>14</b>                |
| <b>Note:</b> refer to Appendix B(x): 'Investment Properties'   |                              |                          |                          |                          |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**26 INVESTMENT PROPERTIES - CONTINUED**

**Reconciliation of Investment Properties - General Government Sector (GGS) and Total Territory**

The following table shows the movement of the value of GGS investment properties during 2016-17.

|                                   | Land | Buildings | Total |
|-----------------------------------|------|-----------|-------|
|                                   | \$m  | \$m       | \$m   |
| <b>Balance at 1 July 2016</b>     | 5    | -         | 5     |
| Additions                         | -    | -         | -     |
| Net Gain or (Loss) on Revaluation | -    | -         | -     |
| Other Movements                   | -    | -         | -     |
| <b>Balance at 30 June 2017</b>    | 5    | -         | 5     |

The following table shows the movement of GGS investment properties during 2015-16.

|                                   | Land | Buildings | Total |
|-----------------------------------|------|-----------|-------|
|                                   | \$m  | \$m       | \$m   |
| <b>Balance at 1 July 2015</b>     | 3    | -         | 3     |
| Net Gain or (Loss) on Revaluation | 2    | -         | 2     |
| Other Movements                   | 0    | -         | 1     |
| <b>Balance at 30 June 2016</b>    | 5    | -         | 5     |

The following table shows the movement of the value of Total Territory investment properties during 2016-17.

|                                | Land | Buildings | Total |
|--------------------------------|------|-----------|-------|
|                                | \$m  | \$m       | \$m   |
| <b>Balance at 1 July 2016</b>  | 12   | 2         | 14    |
| Additions                      | 1    | 7         | 8     |
| <b>Balance at 30 June 2017</b> | 13   | 9         | 22    |

The following table shows the movement of the value of Total Territory investment properties during 2015-16.

|                                   | Land | Buildings | Total |
|-----------------------------------|------|-----------|-------|
|                                   | \$m  | \$m       | \$m   |
| <b>Balance at 1 July 2015</b>     | 9    | 2         | 11    |
| Additions                         | 2    | 0         | 2     |
| Net Gain or (Loss) on Revaluation | 2    | -         | 2     |
| <b>Balance at 30 June 2016</b>    | 12   | 2         | 14    |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**26 INVESTMENT PROPERTIES - CONTINUED**

**FAIR VALUE HIERARCHY**

Details of the Territory's investment properties at fair value and information about the Fair Value Hierarchy is provided below.

**General Government Sector at 30 June 2017**

|  | Classification According to the Fair Value Hierarchy |                |                |              |
|--|--|----------------|----------------|--------------|
|  | Level 1<br>\$m                                       | Level 2<br>\$m | Level 3<br>\$m | Total<br>\$m |
| <b>Investment Properties at Fair Value</b>       |  |                |                |              |
| Land   | -  | 5              | -              | 5            |
| <b>Total Investment Properties at Fair Value</b> | -  | 5              | -              | 5            |

**General Government Sector at 30 June 2016**

|  | Classification According to the Fair Value Hierarchy |                |                |              |
|--|--|----------------|----------------|--------------|
|  | Level 1<br>\$m                                       | Level 2<br>\$m | Level 3<br>\$m | Total<br>\$m |
| <b>Investment Properties at Fair Value</b>       |  |                |                |              |
| Land   | -  | 5              | -              | 5            |
| <b>Total Investment Properties at Fair Value</b> | -  | 5              | -              | 5            |

**Total Territory at 30 June 2017**

|  | Classification According to the Fair Value Hierarchy |                |                |              |
|--|--|----------------|----------------|--------------|
|  | Level 1<br>\$m                                       | Level 2<br>\$m | Level 3<br>\$m | Total<br>\$m |
| <b>Investment Properties at Fair Value</b>       |  |                |                |              |
| Land   | -  | 13             | -              | 13           |
| Buildings  | 6  | 3              | -              | 9            |
| <b>Total Investment Properties at Fair Value</b> | 6  | 16             | -              | 22           |

**Total Territory at 30 June 2016**

|  | Classification According to the Fair Value Hierarchy |                |                |              |
|--|--|----------------|----------------|--------------|
|  | Level 1<br>\$m                                       | Level 2<br>\$m | Level 3<br>\$m | Total<br>\$m |
| <b>Investment Properties at Fair Value</b>       |  |                |                |              |
| Land   | -  | 12             | -              | 12           |
| Buildings  | -  | 2              | -              | 2            |
| <b>Total Investment Properties at Fair Value</b> | -  | 14             | -              | 14           |

**Transfers Between Categories**

There have been no transfers between level 1, 2 and 3 during the reporting period.

**Valuation Techniques, Inputs and Processes**

Valuation Technique: the valuation technique used to value investment properties is the market approach that reflects recent transaction prices for similar properties (comparable in size and location).

Inputs: prices and other relevant information generated by market transactions involving comparable investment properties were considered. Regard was taken of the Crown Lease terms and tenure, the Australian Capital Territory Plan and the National Capital Plan, where applicable as well as current zoning.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government<br>Sector |                          | Total Territory          |                          |
|---|------------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>27 INTANGIBLES</b>   |                              |                          |                          |                          |
| The Territory has internally generated and externally purchased software. The internally generated software includes the patient administration system, and finance system software, while externally purchased software includes human resource management and communications software. Other Intangibles include water licences held by Icon Water Limited. |                              |                          |                          |                          |
| <b>Computer Software</b>  |                              |                          |                          |                          |
| <i>Internally Generated Software</i>  |                              |                          |                          |                          |
| Computer Software at Cost   | 163                          | 124                      | 164                      | 124                      |
| Less: Accumulated Amortisation  | 93                           | 73                       | 94                       | 73                       |
| <b>Total Internally Generated Software</b>  | <b>70</b>                    | <b>51</b>                | <b>70</b>                | <b>51</b>                |
| <i>Externally Purchased Software</i>  |                              |                          |                          |                          |
| Computer Software at Cost   | 29                           | 29                       | 47                       | 41                       |
| Less: Accumulated Amortisation  | 25                           | 23                       | 30                       | 29                       |
| <b>Total Externally Purchased Software</b>  | <b>4</b>                     | <b>5</b>                 | <b>17</b>                | <b>12</b>                |
| <b>Total Computer Software<sup>(a)</sup></b>  | <b>74</b>                    | <b>56</b>                | <b>87</b>                | <b>64</b>                |
| <b>Other Intangibles</b>  |                              |                          |                          |                          |
| <i>Internally Generated Other Intangibles</i>   |                              |                          |                          |                          |
| Other Intangible Assets at Fair Value   | -                            | 5                        | -                        | 5                        |
| <b>Total Internally Generated Other Intangibles</b>   | <b>-</b>                     | <b>5</b>                 | <b>-</b>                 | <b>5</b>                 |
| <i>Externally Purchased Other Intangibles</i>   |                              |                          |                          |                          |
| Other Intangible Assets at Cost   | 25                           | 3                        | 25                       | 37                       |
| Less: Accumulated Amortisation  | -                            | 3                        | -                        | 3                        |
| Less: Accumulated Impairment Losses   | -                            | -                        | 1                        | -                        |
| <b>Total Externally Purchased Other Intangibles</b>   | <b>25</b>                    | <b>-</b>                 | <b>25</b>                | <b>34</b>                |
| <b>Total Other Intangibles</b>  | <b>25</b>                    | <b>5</b>                 | <b>25</b>                | <b>39</b>                |
| <b>Total Intangible Assets</b>  | <b>99</b>                    | <b>62</b>                | <b>112</b>               | <b>103</b>               |
| <b>Note:</b> (refer Appendix B(y): 'Intangible Assets')   |                              |                          |                          |                          |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**27 INTANGIBLES - CONTINUED**

**Reconciliation of Intangible Assets - General Government Sector (GGS)**

The following table shows the movement of each class of Intangible Assets held by the GGS during 2016-17

|                                | Internally<br>Generated<br>Software | Externally<br>Purchased<br>Software | Externally<br>Purchased<br>Other<br>Intangibles | Total<br>Intangible<br>Assets |
|--------------------------------|-------------------------------------|-------------------------------------|---|-------------------------------|
|                                | \$m                                 | \$m                                 | \$m   | \$m                           |
| <b>Balance at 1 July 2016</b>  | <b>51</b>                           | <b>5</b>                            | <b>5</b>  | <b>62</b>                     |
| Additions                      | 37                                  | 3                                   | 19  | 59                            |
| Amortisation                   | -19                                 | -3                                  | -   | -23                           |
| <b>Balance at 30 June 2017</b> | <b>70</b>                           | <b>4</b>                            | <b>25</b>                                       | <b>99</b>                     |

The following table shows the movement of each class of Intangible Assets held by the GGS during 2015-16

|                                | Internally<br>Generated<br>Software | Externally<br>Purchased<br>Software | Externally<br>Purchased<br>Other<br>Intangibles | Total<br>Intangible<br>Assets |
|--------------------------------|-------------------------------------|-------------------------------------|---|-------------------------------|
|                                | \$m                                 | \$m                                 | \$m   | \$m                           |
| <b>Balance at 1 July 2015</b>  | <b>43</b>                           | <b>7</b>                            | <b>3</b>  | <b>53</b>                     |
| Additions                      | 37                                  | 6                                   | 4   | 50                            |
| Disposals                      | -12                                 | -4                                  | -2  | -18                           |
| Amortisation                   | -18                                 | -4                                  | -   | -22                           |
| Other Changes                  | -                                   | 0                                   | -   | -1                            |
| <b>Balance at 30 June 2016</b> | <b>51</b>                           | <b>5</b>                            | <b>5</b>  | <b>62</b>                     |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**27 INTANGIBLES - CONTINUED**

**Reconciliation of Intangible Assets - Total Territory**

The following table shows the movement of each class of Intangible Assets held by the Territory during 2016-17

|                                | Internally<br>Generated<br>Software | Externally<br>Purchased<br>Software | Externally<br>Purchased<br>Other<br>Intangibles | Total<br>Intangible<br>Assets |
|--------------------------------|-------------------------------------|-------------------------------------|---|-------------------------------|
|                                | \$m                                 | \$m                                 | \$m   | \$m                           |
| <b>Balance at 1 July 2016</b>  | <b>51</b>                           | <b>12</b>                           | <b>39</b>                                       | <b>103</b>                    |
| Additions                      | 37                                  | 11                                  | 20  | 67                            |
| Disposals                      | -                                   | -                                   | -1  | -1                            |
| Amortisation                   | -20                                 | -5                                  | -   | -24                           |
| Other Changes                  | 0                                   | 0                                   | -34   | -34                           |
| <b>Balance at 30 June 2017</b> | <b>70</b>                           | <b>17</b>                           | <b>25</b>                                       | <b>112</b>                    |

The following table shows the movement of each class of Intangible Assets held by the Territory during 2015-16

|   | Internally<br>Generated<br>Software | Externally<br>Purchased<br>Software | Externally<br>Purchased<br>Other<br>Intangibles | Total<br>Intangible<br>Assets |
|---|-------------------------------------|-------------------------------------|---|-------------------------------|
|   | \$m                                 | \$m                                 | \$m   | \$m                           |
| <b>Balance at 1 July 2015</b>                           | <b>43</b>                           | <b>8</b>                            | <b>26</b>                                       | <b>77</b>                     |
| Additions   | 37                                  | 10                                  | 7   | 56                            |
| Disposals   | -12                                 | -3                                  | -2  | -16                           |
| Amortisation  | -18                                 | -8                                  | -   | -26                           |
| Impairment Losses Recognised in the Operating Statement | -                                   | -                                   | -2  | -2                            |
| Other Changes   | 0                                   | 5                                   | 11  | 16                            |
| <b>Balance at 30 June 2016</b>                          | <b>51</b>                           | <b>12</b>                           | <b>39</b>                                       | <b>103</b>                    |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government       |                          | Total Territory          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Sector                   |                          |                          |                          |
|  | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>28 INVENTORIES</b>                              |                          |                          |                          |                          |
| Raw Materials and Stores                           | 0                        | -                        | 4                        | 3                        |
| Inventory Works in Progress                        | 2                        | 0                        | 28                       | 26                       |
| Finished Goods                                     | 14                       | 12                       | 88                       | 84                       |
| Consumables  | 1                        | 2                        | 1                        | 2                        |
| <b>Total Current Inventories - at Cost</b>         | <b>16</b>                | <b>14</b>                | <b>120</b>               | <b>115</b>               |
| Inventory Works in Progress                        | 3                        | 3                        | 132                      | 112                      |
| <b>Total Non-Current Inventories - at Cost</b>     | <b>3</b>                 | <b>3</b>                 | <b>132</b>               | <b>112</b>               |
| <b>Total Inventories - at Cost</b>                 | <b>19</b>                | <b>18</b>                | <b>252</b>               | <b>227</b>               |
| <b>Note:</b> refer to Appendix B(r): 'Inventories' |                          |                          |                          |                          |

**29 ASSETS HELD FOR SALE**

Each year the Territory (and the General Government Sector) acquires and disposes of properties as part of its ongoing review of its property portfolio. Properties identified for sale under this review, but which remain unsold as at 30 June 2017, have been classified as 'Assets Held for Sale'. In 2016-17 this also includes land held for sale under the Loose-fill Asbestos Insulation Eradication Scheme.

|                                   |            |           |            |            |
|-----------------------------------|------------|-----------|------------|------------|
| Land Held for Sale <sup>(a)</sup> | 195        | 54        | 232        | 111        |
| Buildings Held for Sale           | -          | -         | 0          | 2          |
| <b>Total Assets Held for Sale</b> | <b>195</b> | <b>54</b> | <b>232</b> | <b>113</b> |

**Notes:** refer to Appendix B(s): 'Assets Held for Sale'

(a) The increase of Land Held for Sale is due to the increase in Loose-fill Asbestos Insulation Eradication Scheme remediated land being transferred from Land Assets to Assets Held For Sale.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**29 ASSETS HELD FOR SALE - CONTINUED  
FAIR VALUE HIERARCHY**

Details of the Territory's assets held for sale at fair value and information about the Fair Value Hierarchy is provided below.

|   | <b>Classification According to the Fair Value Hierarchy</b> |                |                |              |
|---|---|----------------|----------------|--------------|
|   | Level 1<br>\$m  | Level 2<br>\$m | Level 3<br>\$m | Total<br>\$m |
| <b>General Government Sector 2016-17</b>        |   |                |                |              |
| <b>Assets Held for Sale at Fair Value</b>       |   |                |                |              |
| Land Held for Sale                              | -   | 195            | -              | 195          |
| <b>Total Assets Held for Sale at Fair Value</b> | <b>-</b>  | <b>195</b>     | <b>-</b>       | <b>195</b>   |
| <b>General Government Sector 2015-16</b>        |   |                |                |              |
| <b>Assets Held for Sale at Fair Value</b>       |   |                |                |              |
| Land Held for Sale                              | -   | 54             | -              | 54           |
| <b>Total Assets Held for Sale at Fair Value</b> | <b>-</b>  | <b>54</b>      | <b>-</b>       | <b>54</b>    |
| <b>Total Territory 2016-17</b>                  |   |                |                |              |
| <b>Assets Held for Sale at Fair Value</b>       |   |                |                |              |
| Land Held for Sale                              | -   | 232            | -              | 232          |
| <b>Total Assets Held for Sale at Fair Value</b> | <b>-</b>  | <b>232</b>     | <b>-</b>       | <b>232</b>   |
| <b>Total Territory 2015-16</b>                  |   |                |                |              |
| <b>Assets Held for Sale at Fair Value</b>       |   |                |                |              |
| Land Held for Sale                              | -   | 111            | -              | 111          |
| Buildings Held for Sale                         | -   | 2              | -              | 2            |
| <b>Total Assets Held for Sale at Fair Value</b> | <b>-</b>  | <b>113</b>     | <b>-</b>       | <b>113</b>   |

**Transfers Between Categories**

There have been no transfers between Levels 1, 2 and 3 during the reporting period.

**Valuation Techniques, Inputs and Processes**

Level 2 fair value of assets held for sale are derived using the market approach. These assets have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales prices of comparable assets. Assets held for sale represent a non-recurring fair value measurement.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**30 CAPITAL WORKS-IN-PROGRESS**

Capital Works-in-Progress are assets being constructed over periods of time beyond 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 economic benefits are not currently being derived from them.

|  | General Government |                   | Total Territory   |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | Sector             |                   |                   |                   |
|  | 2016-17<br>Actual  | 2015-16<br>Actual | 2016-17<br>Actual | 2015-16<br>Actual |
| Construction - Residential Buildings     | -                  | -                 | 12                | 27                |
| Construction - Non-Residential Buildings | 278                | 266               | 278               | 267               |
| Infrastructure                           | 350                | 391               | 482               | 485               |
| Software                                 | 25                 | 48                | 25                | 47                |
| <b>Total Capital Works-in-Progress</b>   | <b>653</b>         | <b>707</b>        | <b>797</b>        | <b>825</b>        |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**30 CAPITAL WORKS-IN-PROGRESS - CONTINUED**

**Reconciliation of Capital Works-in-Progress - General Government Sector (GGS)**

The following table shows the movement of Capital Works-in-Progress held by the GGS during 2016-17

|  | Construction<br>Residential<br>Buildings | Construction<br>Non-<br>Residential<br>Buildings | Infrastructure | Software  | Total      |
|--|--|--|----------------|-----------|------------|
|  | \$m                                      | \$m  | \$m            | \$m       | \$m        |
| <b>Balance at 1 July 2016</b>  | <b>0</b>                                 | <b>266</b>                                       | <b>391</b>     | <b>48</b> | <b>707</b> |
| Additions  | -  | 321  | 207            | 21        | 549        |
| Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment | -  | -172   | -136           | -8        | -316       |
| Capital Works-in-Progress Completed and transferred to Intangibles                   | -  | -  | -              | -32       | -32        |
| Other Movements / Reclassifications  | 0  | -137   | -112           | -3        | -251       |
| <b>Balance at 30 June 2017</b>   | <b>0</b>                                 | <b>278</b>                                       | <b>350</b>     | <b>25</b> | <b>653</b> |

The following table shows the movement of Capital Works-in-Progress held by the GGS during 2015-16

|  | Construction<br>Residential<br>Buildings | Construction<br>Non-<br>Residential<br>Buildings | Infrastructure | Software  | Total      |
|--|--|--|----------------|-----------|------------|
|  | \$m                                      | \$m  | \$m            | \$m       | \$m        |
| <b>Balance at 1 July 2015</b>  | <b>2</b>                                 | <b>185</b>                                       | <b>378</b>     | <b>56</b> | <b>618</b> |
| Additions  | -  | 326  | 200            | 21        | 547        |
| Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment | -  | -220   | -210           | -3        | -434       |
| Capital Works-in-Progress Completed and transferred to Intangibles                   | -  | -1   | -              | -20       | -21        |
| Capital Works-in-Progress Completed and transferred to Expenses                      | -  | -1   | -              | -6        | -7         |
| Other Movements / Reclassifications  | -2                                       | -24  | 24             | -         | -2         |
| <b>Balance at 30 June 2016</b>   | <b>0</b>                                 | <b>266</b>                                       | <b>391</b>     | <b>48</b> | <b>707</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**30 CAPITAL WORKS-IN-PROGRESS - CONTINUED**

**Reconciliation of Capital Works-in-Progress - Total Territory**

The following table shows the movement of Capital Works-in-Progress held by the Territory during 2016-17

|  | <b>Construction<br/>Residential<br/>Buildings</b> | <b>Construction<br/>Non-<br/>Residential<br/>Buildings</b> | <b>Infrastructure</b> | <b>Software</b> | <b>Total</b> |
|--|---|--|-----------------------|-----------------|--------------|
|  | <b>\$m</b>  | <b>\$m</b>   | <b>\$m</b>            | <b>\$m</b>      | <b>\$m</b>   |
| <b>Balance at 1 July 2016</b>  | <b>27</b>   | <b>267</b>   | <b>485</b>            | <b>47</b>       | <b>825</b>   |
| Additions  | 43  | 321  | 313                   | 21              | 698          |
| Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment | -45   | -173   | -203                  | -8              | -430         |
| Capital Works-in-Progress Completed and transferred to Intangibles                   | -   | -  | -                     | -32             | -32          |
| Capital Works-in-Progress Completed and transferred to Expenses                      | -   | -  | -1                    | -               | -1           |
| Other Movements / Reclassifications  | -12   | -138   | -112                  | -3              | -264         |
| <b>Balance at 30 June 2017</b>   | <b>12</b>   | <b>278</b>   | <b>482</b>            | <b>25</b>       | <b>797</b>   |

The following table shows the movement of Capital Works-in-Progress held by the Territory during 2015-16

|  | <b>Construction<br/>Residential<br/>Buildings</b> | <b>Construction<br/>Non-<br/>Residential<br/>Buildings</b> | <b>Infrastructure</b> | <b>Software</b> | <b>Total</b> |
|--|---|--|-----------------------|-----------------|--------------|
|  | <b>\$m</b>  | <b>\$m</b>   | <b>\$m</b>            | <b>\$m</b>      | <b>\$m</b>   |
| <b>Balance at 1 July 2015</b>  | <b>24</b>   | <b>181</b>   | <b>521</b>            | <b>55</b>       | <b>782</b>   |
| Additions  | 69  | 327  | 286                   | 21              | 704          |
| Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment | -67   | -220   | -340                  | -3              | -630         |
| Capital Works-in-Progress Completed and transferred to Intangibles                   | -   | -1   | -                     | -20             | -21          |
| Capital Works-in-Progress Completed and transferred to Expenses                      | -   | -1   | -1                    | -6              | -8           |
| Other Movements / Reclassifications  | -   | -20  | 20                    | -               | -            |
| <b>Balance at 30 June 2016</b>   | <b>27</b>   | <b>267</b>   | <b>485</b>            | <b>47</b>       | <b>825</b>   |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government       |                          | Total Territory          |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | Sector                   |                          |                          |                          |
|   | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>31 LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME LAND</b>  |                          |                          |                          |                          |
| <i>Loose-fill Asbestos Insulation Eradication Scheme Land:</i> is land acquired by the ACT Government for the purpose of remediation. |                          |                          |                          |                          |
| <b>Loose-fill Asbestos Insulation Eradication Scheme Land</b>   |                          |                          |                          |                          |
| Loose-fill Asbestos Insulation Eradication Scheme Land at Cost  | 123                      | 368                      | 123                      | 368                      |
| <b>Total Land held under the Loose-fill Asbestos Insulation Eradication Scheme<sup>(a)</sup></b>                                      | <b>123</b>               | <b>368</b>               | <b>123</b>               | <b>368</b>               |

Note: (a) The decrease of Land in the Scheme is due to completion of the remediation on a numerous sites that are now classified under Assets Held for Sale (refer to Appendix B(aa), 'Loose-fill Asbestos Insulation Eradication Scheme').

The following table shows the movement of Loose-fill Asbestos Insulation Eradication Scheme Land during 2016-17 and 2015-16:

|   | 2016-17<br>\$m | 2015-16<br>\$m |
|---|----------------|----------------|
| <b>Carrying Amount at the Beginning of the Reporting Period</b> | <b>368</b>     | <b>283</b>     |
| Additions   | 24             | 145            |
| Revaluation Decrement   | -77            | -              |
| Decrement due to a Change in Accounting Estimate                | -16            | -              |
| Assets Classified as Held for Sale                              | -177           | -59            |
| <b>Carrying Amount at the End of the Reporting Period</b>       | <b>123</b>     | <b>368</b>     |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government<br>Sector |                          | Total Territory          |                          |
|--|------------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>LIABILITIES</b>   |                              |                          |                          |                          |
| <b>32 ADVANCES RECEIVED</b>  |                              |                          |                          |                          |
| Current Advances from the Commonwealth Government  | 4                            | 4                        | 9                        | 9                        |
| Non-Current Advances from the Commonwealth Government  | 1,068                        | 1,072                    | 1,126                    | 1,135                    |
| <b>Total Advances Received</b>   | <b>1,072</b>                 | <b>1,076</b>             | <b>1,135</b>             | <b>1,143</b>             |
| <b>Note:</b> refer to Appendix B(ad): 'Advances Received'  |                              |                          |                          |                          |
| <b>33 OTHER BORROWINGS</b>   |                              |                          |                          |                          |
| <i>Current Borrowings</i>  |                              |                          |                          |                          |
| Banks and Financial Institutions <sup>(a)</sup>  | 27                           | 38                       | 27                       | 38                       |
| Bonds and Bills  | 94                           | 20                       | 94                       | 20                       |
| <b>Total Current Borrowings</b>  | <b>121</b>                   | <b>58</b>                | <b>121</b>               | <b>58</b>                |
| <b>Note:</b> refer to Appendix B(af): 'Interest-Bearing Liabilities'   |                              |                          |                          |                          |
| <i>Non-Current Borrowings</i>  |                              |                          |                          |                          |
| Bonds and Bills  | 3,434                        | 3,453                    | 3,434                    | 3,453                    |
| <b>Total Non-Current Borrowings</b>  | <b>3,434</b>                 | <b>3,453</b>             | <b>3,434</b>             | <b>3,453</b>             |
| <b>Total Other Borrowings</b>  | <b>3,555</b>                 | <b>3,511</b>             | <b>3,555</b>             | <b>3,511</b>             |
| <b>Note:</b> (a) The Chief Minister, Treasury and Economic Development Directorate operated an account in overdraft for receipt and payment of capital works expenditure. No interest was charged on this overdraft. |                              |                          |                          |                          |
| <b>34 SUPERANNUATION</b>   |                              |                          |                          |                          |
| <b>Superannuation Liability at the Beginning of the Reporting Period</b>   | <b>10,719</b>                | <b>8,500</b>             | <b>10,719</b>            | <b>8,500</b>             |
| Expense Accrued during the Period for Commonwealth Superannuation  | 603                          | 549                      | 603                      | 549                      |
| Other Superannuation Expenses  | 143                          | 127                      | 155                      | 139                      |
| <b>Superannuation Expense</b>  | <b>746</b>                   | <b>676</b>               | <b>758</b>               | <b>688</b>               |
| Less: Actuarial Gain/(Loss) from Actuarial Review  | 2,525                        | -1,877                   | 2,525                    | -1,877                   |
| Less: Payments during the Reporting Period for Superannuation  | 366                          | 334                      | 378                      | 346                      |
| <b>Superannuation Liability at the End of the Reporting Period</b>   | <b>8,574</b>                 | <b>10,719</b>            | <b>8,574</b>             | <b>10,719</b>            |
| Represented by:  |                              |                          |                          |                          |
| Current Estimated Employee Superannuation Liability  | 251                          | 231                      | 251                      | 232                      |
| Non-Current Estimated Employee Superannuation Liability <sup>(a)</sup>   | 8,323                        | 10,488                   | 8,323                    | 10,488                   |
| <b>Total Superannuation Liabilities</b>  | <b>8,574</b>                 | <b>10,719</b>            | <b>8,574</b>             | <b>10,719</b>            |

**Notes:** refer to Note 12: 'Superannuation Expenses'

Refer to Appendix B(ah): 'Superannuation' and Appendix B(ak): 'Significant Accounting Judgements and Estimates'.

(a) The decrease in the estimated superannuation liabilities is due to employee and Members of the Legislative Assembly service for the financial year (service costs), interest costs on past benefits accrued, impacts from changes in membership profile, impacts from changes to the financial and demographic assumptions, as well as impacts from the changing annual discount rate used to estimate the CSS/PSS superannuation liability, less actual superannuation benefit amounts paid during the financial year.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government Sector |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>35 EMPLOYEE BENEFITS AND OTHER PROVISIONS</b>   |                           |                          |                          |                          |
| <b>Employee Benefits</b>   |                           |                          |                          |                          |
| <i>Current Employee Benefits</i>   |                           |                          |                          |                          |
| Accrued Wages and Salaries   | 20                        | 13                       | 21                       | 14                       |
| Annual Leave   | 231                       | 228                      | 250                      | 246                      |
| Long Service Leave   | 345                       | 365                      | 381                      | 402                      |
| Other Employee Benefits  | 1                         | 1                        | 3                        | 2                        |
| <b>Total Current Employee Benefits</b>   | <b>597</b>                | <b>607</b>               | <b>655</b>               | <b>664</b>               |
| <i>Non-Current Employee Benefits</i>   |                           |                          |                          |                          |
| Long Service Leave   | 41                        | 45                       | 44                       | 48                       |
| <b>Total Non-Current Employee Benefits</b>   | <b>41</b>                 | <b>45</b>                | <b>44</b>                | <b>48</b>                |
| <b>Total Employee Benefits</b>   | <b>638</b>                | <b>652</b>               | <b>700</b>               | <b>712</b>               |
| <b>Note:</b> refer to Appendix B(ag): 'Employee Benefits'  |                           |                          |                          |                          |
| <i>Estimated Amount Payable within 12 Months</i>   |                           |                          |                          |                          |
| Accrued Wages and Salaries   | 20                        | 14                       | 21                       | 15                       |
| Annual Leave   | 198                       | 143                      | 215                      | 160                      |
| Long Service Leave   | 219                       | 31                       | 236                      | 47                       |
| Other Employee Benefits  | 1                         | 2                        | 2                        | 3                        |
| <b>Total Employee Benefits Payable within 12 Months</b>  | <b>438</b>                | <b>190</b>               | <b>473</b>               | <b>225</b>               |
| <i>Estimated Amount Payable after 12 Months</i>  |                           |                          |                          |                          |
| Annual Leave   | 33                        | 83                       | 35                       | 85                       |
| Long Service Leave   | 167                       | 379                      | 189                      | 403                      |
| <b>Total Employee Benefits Payable after 12 Months</b>   | <b>201</b>                | <b>462</b>               | <b>225</b>               | <b>488</b>               |
| <b>Total Employee Other Benefits</b>   | <b>638</b>                | <b>652</b>               | <b>700</b>               | <b>712</b>               |
| The General Government Sector had approximately 19,050 full time equivalent employees (FTEs) as at 30 June 2017 (18,660 FTEs as at 30 June 2016). The Territory had approximately 20,799 FTEs as at 30 June 2017 (20,324 FTEs as at 30 June 2016). |                           |                          |                          |                          |
| <b>Other Provisions</b>  |                           |                          |                          |                          |
| <i>Current Other Provisions</i>  |                           |                          |                          |                          |
| Loose-fill Asbestos Insulation Eradication Scheme Provision  | 0                         | 112                      | 0                        | 112                      |
| Other Provisions   | 82                        | 16                       | 151                      | 96                       |
| <b>Total Current Other Provisions</b>  | <b>83</b>                 | <b>128</b>               | <b>152</b>               | <b>209</b>               |
| <i>Non-Current Other Provisions</i>  |                           |                          |                          |                          |
| Loose-fill Asbestos Insulation Eradication Scheme Provision  | -                         | 53                       | -                        | 53                       |
| Other Provisions   | 62                        | 47                       | 119                      | 106                      |
| <b>Total Non-Current Other Provisions</b>  | <b>62</b>                 | <b>100</b>               | <b>119</b>               | <b>159</b>               |
| <b>Total Other Provisions</b>  | <b>145</b>                | <b>227</b>               | <b>271</b>               | <b>368</b>               |
| <b>Total Employee Benefits and Other Provisions</b>  | <b>784</b>                | <b>879</b>               | <b>971</b>               | <b>1,080</b>             |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government<br>Sector |                          | Total Territory          |                          |
|--|------------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>36 PAYABLES</b>                               |                              |                          |                          |                          |
| <i>Current Payables</i>                          |                              |                          |                          |                          |
| Trade Payables                                   | 27                           | 31                       | 32                       | 36                       |
| Accrued Expenses                                 | 102                          | 134                      | 140                      | 157                      |
| GST Liability                                    | 2                            | 8                        | 14                       | 8                        |
| Revenue Received in Advance                      | 49                           | 28                       | 81                       | 59                       |
| Insurance Payables                               | 27                           | 24                       | 27                       | 24                       |
| Other Payables                                   | 28                           | 11                       | 50                       | 37                       |
| <b>Total Current Payables</b>                    | <b>234</b>                   | <b>235</b>               | <b>345</b>               | <b>321</b>               |
| <i>Non-Current Payables</i>                      |                              |                          |                          |                          |
| Insurance Payables                               | 211                          | 225                      | 211                      | 225                      |
| Other Payables                                   | 1                            | 7                        | 1                        | 7                        |
| <b>Total Non-Current Payables</b>                | <b>212</b>                   | <b>232</b>               | <b>212</b>               | <b>231</b>               |
| <b>Total Payables</b>                            | <b>447</b>                   | <b>467</b>               | <b>557</b>               | <b>552</b>               |
| <b>Note:</b> refer to Appendix B(ac): 'Payables' |                              |                          |                          |                          |
| <b>Payables are aged as follows:</b>             |                              |                          |                          |                          |
| Not Overdue                                      | 443                          | 464                      | 554                      | 550                      |
| Overdue for Less than 30 Days                    | 3                            | 2                        | 3                        | 2                        |
| Overdue for 30 to 60 Days                        | 0                            | 0                        | 0                        | 0                        |
| Overdue for More than 60 Days                    | 0                            | 0                        | 0                        | 0                        |
| <b>Total Payables</b>                            | <b>447</b>                   | <b>467</b>               | <b>557</b>               | <b>552</b>               |
| <b>37 OTHER LIABILITIES</b>                      |                              |                          |                          |                          |
| Current Other Liabilities                        | 10                           | 5                        | 10                       | 5                        |
| Non-Current Other Liabilities                    | 37                           | 4                        | 38                       | 4                        |
| <b>Total Other Liabilities <sup>(a)</sup></b>    | <b>47</b>                    | <b>9</b>                 | <b>48</b>                | <b>9</b>                 |

**Note:** (a) The increase in Other Liabilities reflects the recognition of lease incentive obligations associated with the rent-free period of operating leases for office buildings and the recognition of deferred income from the University of Canberra Public Hospital.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government       |                          | Total Territory          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Sector                   |                          |                          |                          |
|  | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |

**38 RECONCILIATION OF CASH FLOWS**

(a) Reconciliation of Cash and Cash Equivalents at the end of the reporting period in the Balance Sheet to the Cash Flow Statement.

**Cash and Cash Equivalents in the Balance Sheet**

|  |            |            |              |              |
|--|------------|------------|--------------|--------------|
| Cash and Deposits                                | 782        | 660        | 1,037        | 1,015        |
| Short-Term Securities and Other Cash Equivalents | 0          | 0          | 52           | 48           |
| Bank Overdraft                                   | -30        | -37        | -30          | -37          |
| <b>Cash and Cash Equivalents</b>                 | <b>752</b> | <b>622</b> | <b>1,059</b> | <b>1,025</b> |
| <b>as per the Cash Flow Statement</b>            |            |            |              |              |

(b) Reconciliation of the *Operating Result* to *Net Cash Flows from Operating Activities*.

|  |            |             |            |             |
|--|------------|-------------|------------|-------------|
| <b>Operating Result</b>  | <b>190</b> | <b>-319</b> | <b>95</b>  | <b>-371</b> |
| <i>Add/(Less) Non-Cash Movements:</i>                          |            |             |            |             |
| Depreciation and Amortisation                                  | 390        | 367         | 484        | 448         |
| Revaluation of Non-Financial Assets                            | 0          | 1           | 6          | 1           |
| Bad Debts  | 11         | 10          | 14         | 13          |
| Capitalised Distributions from Associates and Joint Ventures   | -          | -           | -25        | -38         |
| Waivers  | 0          | -5          | 0          | -5          |
| Gains from Contributed Assets                                  | -116       | -78         | -38        | -22         |
| <i>Add/(Less) Items Classified as Investing or Financing:</i>  |            |             |            |             |
| Dividends (Market Gains on Land Sales)                         | -32        | -12         | -          | -           |
| Realised (Gains)/Losses on Investments                         | -44        | 26          | -44        | 26          |
| Unrealised (Gains)/Losses on Investments                       | -193       | -21         | -194       | -21         |
| Net (Gains)/Losses on Disposal of Non-Current Assets           | -13        | 86          | 49         | 90          |
| <b>Cash Before Changes in Operating Assets and Liabilities</b> | <b>194</b> | <b>56</b>   | <b>347</b> | <b>121</b>  |
| <i>Change in Operating Assets and Liabilities:</i>             |            |             |            |             |
| (Increase)/Decrease in Receivables                             | 119        | -351        | -42        | -364        |
| (Increase)/Decrease in Inventories                             | -1         | -3          | -24        | 75          |
| Increase/(Decrease) in Payables                                | -21        | 34          | 5          | 28          |
| Increase/(Decrease) in Employee Benefits and Provisions        | 284        | 342         | 271        | 367         |
| Increase/(Decrease) in Other Liabilities                       | 39         | -13         | 39         | -13         |
| <b>Net Cash Flows from Operating Activities</b>                | <b>613</b> | <b>63</b>   | <b>596</b> | <b>215</b>  |



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government       |                          | Total Territory          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Sector                   |                          |                          |                          |
|  | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |

**39 OPERATING LEASE COMMITMENTS**

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

At the reporting date, the Territory had the following obligations under non-cancellable operating leases (these obligations are not recognised as liabilities):

**Payable:**

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Within One Year  | 59         | 52         | 63         | 56         |
| Later than One Year but not Later than Five Years      | 174        | 152        | 185        | 161        |
| Later than Five Years                                  | 265        | 126        | 269        | 129        |
| <b>Total Operating Lease Commitments<sup>(a)</sup></b> | <b>498</b> | <b>330</b> | <b>517</b> | <b>346</b> |

**Note:** (a) The increase is associated with lease contracts for government office buildings throughout the ACT.

**40 CAPITAL COMMITMENTS**

Capital Commitments largely relate to project management and works contracts for the construction of new buildings, civil works and other land development activities.

At the reporting date, the Territory had entered into contracts for the following capital expenditure (these commitments are not recognised as liabilities):

**Payable:**

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| Within One Year  | 413        | 356        | 549        | 409        |
| Later than One Year but not Later than Five Years              | 117        | 119        | 124        | 119        |
| Later than Five Years  | 0          | -          | 0          | -          |
| <b>Total Property, Plant and Equipment Capital Commitments</b> | <b>530</b> | <b>475</b> | <b>674</b> | <b>528</b> |

**41 OTHER COMMITMENTS**

These commitments include contracts for the ACT Policing agreement, National Disability Insurance Scheme (NDIS) contributions, superannuation investments, repairs, maintenance and capital improvements, housing construction and property purchases and community grants.

At the reporting date, the Territory had entered into contracts for the following commitments:

**Payable:**

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| Within One Year  | 742          | 557          | 775          | 593          |
| Later than One Year but not Later than Five Years <sup>(a)</sup> | 1,313        | 481          | 1,430        | 590          |
| Later than Five Years  | 24           | 52           | 62           | 108          |
| <b>Total Other Commitments</b>                                   | <b>2,079</b> | <b>1,091</b> | <b>2,267</b> | <b>1,291</b> |

**Note:** (a) The increase mainly reflects increased contributions under the NDIS and new superannuation investments.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|   | General Government<br>Sector |                          | Total Territory          |                          |
|---|------------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>42 PUBLIC PRIVATE PARTNERSHIP COMMITMENTS</b>  |                              |                          |                          |                          |
| During 2015-16, the Territory entered into public private partnership (PPP) arrangements for the ACT Law Courts Facilities and Canberra Light Rail Stage 1. Please refer to Appendix B(ak)(xvii) for further information on the accounting treatment of PPPs. Further details on the commitments associated with the ACT Law Courts Facilities and the Canberra Light Rail Stage 1 Project can be found in the commitments notes to the financial statements for the Justice and Community Safety Directorate (note 36) and Transport Canberra and City Services Directorate (note 36), respectively. |                              |                          |                          |                          |
| At the reporting date, the Territory had entered into the following commitments for these projects:   |                              |                          |                          |                          |
| <b>PPP commitments by project:</b>  |                              |                          |                          |                          |
| ACT Law Courts Facilities   | 703                          | 707                      | 703                      | 707                      |
| Canberra Light Rail Stage 1   | 1,649                        | 1,649                    | 1,649                    | 1,649                    |
| <b>Total PPP commitments</b>  | <b>2,352</b>                 | <b>2,356</b>             | <b>2,352</b>             | <b>2,356</b>             |
| <b>PPP commitments comprise the following three commitments:</b>  |                              |                          |                          |                          |
| <i>Capital Commitments <sup>(a)</sup></i>   |                              |                          |                          |                          |
| <b>Payable:</b>   |                              |                          |                          |                          |
| Within One Year   | -                            | -                        | -                        | -                        |
| Later than One Year but not Later than Five Years   | 2                            | -                        | 2                        | -                        |
| Later than Five Years   | 117                          | 119                      | 117                      | 119                      |
| <b>Total Capital Commitments</b>  | <b>119</b>                   | <b>119</b>               | <b>119</b>               | <b>119</b>               |
| (a) The capital commitment relates to ACT Law Court payments of lifecycle replacement costs which represent the cost of capital improvements during the operating period.   |                              |                          |                          |                          |
| <i>Operating Commitments <sup>(a)</sup></i>   |                              |                          |                          |                          |
| <b>Payable:</b>   |                              |                          |                          |                          |
| Within One Year   | 1                            | -                        | 1                        | -                        |
| Later than One Year but not Later than Five Years   | 125                          | 94                       | 125                      | 94                       |
| Later than Five Years   | 793                          | 826                      | 793                      | 826                      |
| <b>Total Operating Commitments</b>  | <b>919</b>                   | <b>920</b>               | <b>919</b>               | <b>920</b>               |
| <i>Minimum Finance Lease Payments <sup>(a)</sup></i>  |                              |                          |                          |                          |
| <b>Payable:</b>   |                              |                          |                          |                          |
| Within One Year   | 3                            | -                        | 3                        | -                        |
| Later than One Year but not Later than Five Years   | 534                          | 497                      | 534                      | 497                      |
| Later than Five Years   | 776                          | 820                      | 776                      | 820                      |
| <b>Total Minimum Lease Payments</b>   | <b>1,314</b>                 | <b>1,317</b>             | <b>1,314</b>             | <b>1,317</b>             |
| <b>Finance Lease Payments comprise the following two charges:</b>   |                              |                          |                          |                          |
| <i>Finance Charge <sup>(a)</sup></i>  |                              |                          |                          |                          |
| <b>Payable:</b>   |                              |                          |                          |                          |
| Within One Year   | 3                            | -                        | 3                        | -                        |
| Later than One Year but not Later than Five Years   | 120                          | 96                       | 120                      | 96                       |
| Later than Five Years   | 329                          | 357                      | 329                      | 357                      |
| <b>Total Finance Charge</b>   | <b>451</b>                   | <b>452</b>               | <b>451</b>               | <b>452</b>               |
| <i>Present Value of Minimum Finance Lease Payments <sup>(a)</sup></i>   |                              |                          |                          |                          |
| <b>Payable:</b>   |                              |                          |                          |                          |
| Within One Year   | 0                            | -                        | 0                        | -                        |
| Later than One Year but not Later than Five Years   | 415                          | 401                      | 415                      | 401                      |
| Later than Five Years   | 448                          | 463                      | 448                      | 463                      |
| <b>Total Minimum Lease Payments</b>   | <b>863</b>                   | <b>864</b>               | <b>863</b>               | <b>864</b>               |

(a) Amounts are GST exclusive.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government       |                          | Total Territory          |                          |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
|  | Sector                   |                          |                          |                          |
|  | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |

**43 CONTINGENCIES, GUARANTEES AND INDEMNITIES**

A contingent liability is a present obligation that arises from past events but is not recognised because:

- \* it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- \* the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Territory.

*Quantifiable Contingent Liabilities and Guarantees*

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Contingent Liabilities  | 133        | 128        | 134        | 132        |
| Guarantees  | -          | -          | -          | -          |
| Indemnities   | -          | -          | -          | -          |
| <b>Total Quantifiable Contingent Liabilities and Guarantees</b> | <b>133</b> | <b>128</b> | <b>134</b> | <b>132</b> |

**Contingent Liabilities**

All taxation related claims being made against the Territory have been assessed and, where the court decision is likely to favour the plaintiff, the amounts in dispute have been provided for as a liability. This amount represents claims against the Territory for which no provision has been made.

Non-taxation related contingencies are largely comprised of pending legal claims. Claims lodged against the Territory include public liability, property damage, contract disputes and personal injury.

Due to the protracted nature of legal proceedings and the various discoveries that can be made over the foreseeable period, it is not possible, with any degree of accuracy, to make an assessment of the liabilities of some legal claims.

*Quantifiable Legal Claims Against the Territory include:*

|  |           |          |           |           |
|--|-----------|----------|-----------|-----------|
| Public Liability Claims                                      | 22        | 6        | 23        | 7         |
| Personal Injury Claims                                       | 3         | 3        | 3         | 3         |
| Economic Loss Claims   | -         | -        | -         | 2         |
| <b>Total Quantifiable Legal Claims Against the Territory</b> | <b>25</b> | <b>9</b> | <b>26</b> | <b>13</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**43 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED**

Other contingent liabilities of the GGS and the Territory as at 30 June 2017 include:

- \* the Territory has a contingent liability relating to the estimated cost of building demolition and land remediation for the Loose-fill Asbestos Insulation Eradication Scheme. At 30 June 2017, 58 affected properties are under offer by the Territory (30 June 2016: 99 properties), and this offer has been accepted by homeowners, but settlement on these properties has not yet occurred. The contingent liability at 30 June 2017 is \$8.2 million (30 June 2016: \$15.7 million);
- \* the Territory is responsible for the management of 175 sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors. The contingent liability at 30 June 2017 is \$87.5 million (30 June 2016: \$81.1 million);
- \* the Territory has a number of claims for damages and costs relating to outstanding objections associated with payroll tax and duties. The total contingent liability at 30 June 2017 is \$9.7 million (30 June 2016: \$4.6 million);
- \* the Territory is currently defending 131 Health actions (2016 – 143 actions) with an estimated net liability of \$5.4 million at 30 June 2017 (30 June 2016: \$5.8 million);
- \* the Territory's contingent outstanding education litigation claims had an estimated value of \$2.6 million (30 June 2016: \$2.5 million); and
- \* the Territory holds unclaimed lottery prize monies relating to winning prizes which have remained unclaimed for a period of greater than six months. The Territory's contingent liability at 30 June 2017 is estimated at \$2.3 million (30 June 2016: \$2.3 million).

**Contingent Assets**

*General Government Sector and Total Territory*

- \* The Territory has a contingent asset relating to the 58 asbestos affected properties (2015-16: 99 properties) that the Government has made an offer to buy under the Loose-fill Asbestos Insulation Eradication Scheme and the value of land following the completion of demolition and remediation works, and this offer has been accepted by the homeowners. The Government is yet to acquire/settle on these properties. The contingent asset in relation to this is \$26.8 million at 30 June 2017 (30 June 2016: \$53.4 million).

**44 THIRD PARTY MONIES**

*Third Party Monies held in Trust by the Territory*

|                                       | General Government<br>Sector |                          | Total Territory          |                          |
|---------------------------------------|------------------------------|--------------------------|--------------------------|--------------------------|
|                                       | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| ACT Long Service Leave Authority      | 39                           | 30                       | 39                       | 30                       |
| Rental Bonds Board                    | 137                          | 66                       | 137                      | 66                       |
| Default Insurance Fund                | 25                           | 23                       | 25                       | 23                       |
| Nominal Defendant Insurance Fund      | 29                           | 28                       | 29                       | 28                       |
| Road User Services Trust              | 4                            | 7                        | 4                        | 7                        |
| Health Private Practice Fund          | 36                           | 26                       | 36                       | 26                       |
| Public Trustee Common Fund            | 309                          | 272                      | 309                      | 272                      |
| ACT Civil and Administrative Tribunal | 47                           | 58                       | 47                       | 58                       |
| Other Third Party Monies              | 30                           | 28                       | 30                       | 28                       |
| <b>Total Monies Held in Trust</b>     | <b>656</b>                   | <b>538</b>               | <b>656</b>               | <b>538</b>               |

**Notes:** Third party monies held in trust are not incorporated into the financial statements of either the General Government Sector or the Territory.

Territory agencies are also responsible for a number of other Boards and Trusts which are immaterial to the Territory's financial statements.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**45 RELATED PARTY DISCLOSURES**

Related party is a person that controls or has significant influence over the Territory, or is a member of the Key Management Personnel (KMP), where individually or jointly they have controlling interests.

The related parties of the Territory are the Cabinet Ministers compensated by the ACT Executive; and the Head of Service compensated by the Chief Minister, Treasury and Economic Development Directorate.

Compensation is set out below. ACT Executive compensation includes Ministers and the Chief, Minister, Treasury and Economic Development Directorate includes compensation of the Head of Service.

|   | 2016-17<br>\$'m |
|---|-----------------|
| ACT Executive   | 3               |
| Chief Minister, Treasury and Economic Development Directorate | 1               |
| <b>Total Compensation</b>                                     | <b>4</b>        |

**46 INTEREST IN JOINT ARRANGEMENTS**

*General Government Sector (GGS)*

The GGS has entered into a joint venture with the Catholic Education Office for the management of shared educational facilities at the Gold Creek and Holy Spirit Primary Schools. All assets and liabilities relating to the shared facilities are owned by the Territory, through the GGS and the Catholic Education Office in accordance with the participating share of each party, which is 53 per cent for the Territory and 47 per cent for the Catholic Education Office.

*Total Territory*

Icon Retail Investments Limited has entered into a joint venture partnership with AGL Limited to manage the retail operations of the ACT electricity and gas networks. Icon Distribution Investments Limited has entered into a joint venture partnership with Jemena Networks (ACT) Pty Ltd to manage the ACT electricity network and the ACT, Queanbeyan and Nowra gas networks.

The Land Development Agency has joint ventures with:

- a) Forde Developments Pty Ltd for the residential development of Forde;
- b) Crace Development Pty Ltd for the residential development of Crace; and
- c) Riverview Developments (ACT) for the residential development of West Belconnen.

The Territory has a 60 per cent participating interest in the West Belconnen joint venture.

The Territory has a 50 per cent participating interest and voting power in the other joint ventures and a 50 per cent share of the profit. Information relating to these joint ventures, presented in accordance with the accounting policy described in Appendix B(ae): 'Joint Arrangements', is set out below.

|   | General Government<br>Sector |                          | Total Territory          |                          |
|---|------------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Share of Joint Venture Profit:</b>           |                              |                          |                          |                          |
| Revenue   | 0                            | 0                        | 425                      | 399                      |
| Expenses  | 0                            | -                        | 336                      | 293                      |
| <b>Operating Profit</b>                         | <b>0</b>                     | <b>-</b>                 | <b>88</b>                | <b>106</b>               |
| <b>Summarised Balance Sheet</b>                 |                              |                          |                          |                          |
| Current Assets                                  | 0                            | 0                        | 155                      | 129                      |
| Non-Current Assets                              | 3                            | 3                        | 679                      | 643                      |
| <b>Total Assets</b>                             | <b>3</b>                     | <b>3</b>                 | <b>834</b>               | <b>773</b>               |
| Current Liabilities                             | 0                            | 0                        | 130                      | 88                       |
| Non-Current Liabilities                         | -                            | -                        | 10                       | 12                       |
| <b>Total Liabilities</b>                        | <b>0</b>                     | <b>0</b>                 | <b>140</b>               | <b>100</b>               |
| <b>Total Net Assets</b>                         | <b>3</b>                     | <b>3</b>                 | <b>694</b>               | <b>673</b>               |
| <b>Share of Joint Venture Commitments</b>       |                              |                          |                          |                          |
| Lease Commitments                               | -                            | -                        | 29                       | 27                       |
| Total Expenditure Commitments                   | -                            | -                        | 29                       | 27                       |
| Capital and Other Commitments                   | -                            | -                        | 9                        | 9                        |
| <b>Total Share of Joint Venture Commitments</b> | <b>-</b>                     | <b>-</b>                 | <b>38</b>                | <b>36</b>                |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**47 ECONOMIC DEPENDENCY**

The Australian Capital Territory is a body politic established under the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* and the ACT Executive (the Government) was vested with financial initiative under that Act. Commonwealth Government funding accounts for approximately 37 per cent of the Territory's revenue (refer to Note 5: 'Grants Revenue').

Commonwealth funding includes 'National Specific Purpose Payments' that provide services to the community on behalf of the Commonwealth Government, and the ACT Government's share of GST, which is distributed in accordance with the Principle of Fiscal Equalisation exercised by the Commonwealth Grants Commission.

The Territory has no economic dependency on any other party.

**48 THE TERRITORY'S CREDIT RATING**

The Territory maintains a AAA credit rating assigned by Standard & Poor's Rating Services (AAA rating 2015-16).

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2017-18 Budget. The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's Rating Services.

| Standard & Poor's | Local Currency   |                    | Foreign Currency |                    |
|-------------------|------------------|--------------------|------------------|--------------------|
|                   | Long-Term<br>AAA | Short-Term<br>A-1+ | Long-Term<br>AAA | Short-Term<br>A-1+ |

Standard and Poor's Rating Services assigns credit ratings based on its qualitative and quantitative analysis of a range of financial, economic, managerial and institutional factors. The analytical framework is articulated around eight major components:

- \* Institutional framework, Economy, Financial Management, Budgetary flexibility, Budgetary performance, Liquidity, Debt burden, and Contingent liabilities.

Standard and Poor's Rating Services analyses and assesses each of these eight factors on a five-point numerical scale from 1 (the strongest score) to 5 (the weakest score).

**49 AUDITOR'S REMUNERATION**

The ACT Audit Office is required by the *Financial Management Act 1996* to audit ACT Government Agencies. Auditor's Remuneration includes financial audit services (including reviews of Statements of Performance) provided to the Territory by the ACT Auditor-General and by Charterpoint Pty Ltd and Business Advisors to the ACT Audit Office. Financial statements audits of agencies are conducted on a fee for service basis. Performance audits and investigations are funded through direct appropriation.

The amounts included in the table below represent the full amounts paid by the General Government Sector (GGS) and the Territory for audits undertaken during 2016-17. The specific amounts below are not consolidated into expenses of the GGS or the Territory as they are internal transactions between Government agencies and the ACT Audit Office.

|  | General Government<br>Sector |                          | Total Territory          |                          |
|--|------------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m     | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <i>Audit Services Paid or Payable</i>        |                              |                          |                          |                          |
| Financial Audits (Fees for Service)          | 3                            | 2                        | 3                        | 3                        |
| Other Services (Direct Appropriation Funded) | 1                            | 1                        | 1                        | 1                        |
| <b>Total Auditor's Remuneration</b>          | <b>4</b>                     | <b>3</b>                 | <b>5</b>                 | <b>4</b>                 |

The ACT Audit Office paid \$10,716 excluding GST for the independent audit of its own 2016-17 financial statements (\$10,455: 2015-16 excluding GST).

No other services were provided by the ACT Audit Office.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**50 EVENTS SUBSEQUENT TO BALANCE DATE**

From 1 July 2017, the Land Development Agency ceased operating and its functions have been transferred to the Suburban Land Agency, the City Renewal Authority and the Environment, Planning and Sustainable Development Directorate.

**51 SERVICE CONCESSION ASSETS**

The Local Hospital Network Directorate, on behalf of the Territory, has entered into an agreement with Calvary Health Care ACT Ltd for the provision of hospital and associated services. The original agreement was entered into by the Commonwealth on 22 October 1971 and does not stipulate an expiry date. This was subsequently amended in 1979 to include the ACT Local Hospital Network Directorate (named at the time as the Capital Territory Health Commission) with any duties or functions of the Commonwealth being transferred to the Territory. The Agreement was for the facility to be used for a public hospital. This was varied, in 1988, by the Calvary Private Agreement to allow Calvary Health Care Ltd to use two floors of the facility for treating private patients. The Calvary Private Agreement sets the process and mechanism for Calvary Private to reimburse Calvary Public for any costs incurred in using public hospital facilities for treating private patients. These agreements were replaced on 7 December 2011 with the Calvary Network Agreement.

Under the Agreement, Calvary Health Care ACT Ltd is required to provide hospital services and make these services available to all persons irrespective of their circumstances and is to charge patients fees only in accordance with the scale of fees applicable at Health Directorate hospitals for comparable services. In the event that the agreement ceases, all land is to be returned to the Territory. The level of services that are required to be provided in a financial year, for the amount of funding provided, is stipulated in a Performance Plan agreed between the Territory and Calvary Health Care ACT Ltd for each year. These arrangements have remained unchanged during the reporting period.

The Agreement may be terminated by Calvary Health Care ACT Ltd or ACT Health if there are material breaches of the Agreement or the Crown Lease is terminated. In the event the Agreement is terminated, the management of the Calvary Public Hospital will transfer to ACT Health.

The land, hospital buildings and other assets comprising the Calvary Public Hospital are not recognised in the General Government Sector and Total Territory's Balance Sheet.

This service concession arrangement has been accounted for in accordance with the whole of government policy on Public Private Partnerships Financed by the Operator with the Assets being Territory Assets at the end of the Arrangement.

An accounting standard AASB 1059: Service Concession Arrangements: Grantor has been issued in July 2017 and will become effective from 1 January 2019. The Impact of adopting this standard in future years is discussed in Appendix C.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS**

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

The most significant investments and borrowings of the General Government Sector (GGS) and Territory are the investments and borrowings undertaken through the Territory's Banking Account and the superannuation portfolio managed through the Superannuation Provision Account.

**Interest Rate Risk**

*Investment and Borrowing Portfolio*

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 financial instruments of the Territory are exposed to interest rate risk on its variable and fixed interest rate financial instruments. Changes in the fair market valuations or future cash flows of investments resulting from changes in interest rates have a direct impact on the Territory's Operating Statement and Balance Sheet.

The details of the GGS and Territory's level of exposure to 'Investments at Fair Value Through Profit and Loss' holdings are provided in Note 23: 'Investments and Loans'.

Sensitivity analysis is performed on cash at bank, debt, securities in the Cash Enhanced Portfolio, variable rate borrowings and security holdings of the Australian inflation-linked debt portfolio. Sensitivity analysis to interest rate instruments (indirectly held through pooled unit trust) are considered under 'Price Risk and Inflation Risk' below.

The table below summarises the Territory's main exposure to price risk:

|  | <b>Fixed Rate Instruments</b> |                        | <b>Variable Rate Instruments</b> |                        |
|--|-------------------------------|------------------------|----------------------------------|------------------------|
|  | <b>2016-17<br/>\$m</b>        | <b>2015-16<br/>\$m</b> | <b>2016-17<br/>\$m</b>           | <b>2015-16<br/>\$m</b> |
| Financial Assets                                     | 258                           | 220                    | 1,732                            | 1,639                  |
| Financial Liabilities                                | 134                           | 149                    | 718                              | 722                    |
| <b>Net Exposure Before the Effect of Derivatives</b> | <b>124</b>                    | <b>72</b>              | <b>1,015</b>                     | <b>917</b>             |

*Sensitivity Disclosure Analysis*

At 30 June 2017, the interest rate profiles of the interest-bearing financial instruments of the GGS and the Territory comprised two main types of financial instruments, namely fixed and variable rate instruments. The impact of interest rate changes on these instruments is immaterial and sensitivity analysis is not disclosed on this basis.

**Price Risk and Inflation Risk**

Financial instrument investments held by the GGS and the Territory are also exposed to price and inflation risk. Price risk is the risk that the fair value of a financial instrument will fluctuate as a result of changes in market prices in the relevant indices levels and the prices of the individual holdings. Inflation risk is the risk that future cash flows on an inflation linked instrument may fluctuate as a result of changes in inflation rates.

Inflation risk arises from inflation indexed bonds which are exposed to inflation rates. The exposure to price and inflation risk has a direct impact on the Operating Statement.

*Sensitivity Disclosure Analysis - Related to the Territory's Investment Portfolio*

| <b>Territory Investment Portfolio</b> | <b>Exposure to Unit Prices</b> |                        | <b>Exposure to Inflation Rates</b> |                        |
|---------------------------------------|--------------------------------|------------------------|------------------------------------|------------------------|
|                                       | <b>2016-17<br/>\$m</b>         | <b>2015-16<br/>\$m</b> | <b>2016-17<br/>\$m</b>             | <b>2015-16<br/>\$m</b> |
| Financial Assets                      | 268                            | 248                    | 781                                | 801                    |
| Financial Liabilities                 | 0                              | 0                      | 780                                | 800                    |
| <b>Net Exposure</b>                   | <b>268</b>                     | <b>248</b>             | <b>1</b>                           | <b>1</b>               |

*Sensitivity Disclosure Analysis*

To manage exposures to price risk, the Territory's investment portfolio is diversified in accordance with the strategic asset allocation policy. Exposure to equity price risk is mitigated by allowable limits stipulated within the investment management agreements. Equity derivative contracts are also used to manage exposures to equity price risk.

Exposures to the price risk of pooled unit trusts for cash, fixed interest and property investments are diversified geographically, across cash, money and capital markets in short term debt (maturity less than 12 months) and fixed interest bonds (maturity greater than 12 months) as well as retail and commercial assets.

The investment management agreements and the pooled trust disclosure statement stipulate the maximum allowable limits by issuer, ratings and duration to ensure sufficient diversification occurs within the individual investments portfolios.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

| Superannuation Investment Portfolio                  | Exposure to<br>Other Price Risk |                |
|--|---------------------------------|----------------|
|  | 2016-17<br>\$m                  | 2015-16<br>\$m |
| Cash   | 657                             | 655            |
| Fixed Income   | 424                             | 425            |
| Equities   | 2,073                           | 1,776          |
| Property   | 319                             | 288            |
| <b>Net Exposure Before the Effect of Derivatives</b> | <b>3,474</b>                    | <b>3,144</b>   |

The below table summarises the 'reasonably possible' impact on profit or loss and the impact on equity over the next 12 months if price risk changes by the volatility factors from the target benchmarks with all other variables held constant.

| General Government Sector and Total Territory  |                             |                  |                             |                  |
|--|-----------------------------|------------------|-----------------------------|------------------|
| 30 June 2017                                   | % Increase in Index         |                  | % Decrease in Index         |                  |
|  | Profit/<br>(Loss)<br>Impact | Equity<br>Impact | Profit/<br>(Loss)<br>Impact | Equity<br>Impact |
|  | \$m                         | \$m              | \$m                         | \$m              |
| <b>Investment Assets</b>                       |                             |                  |                             |                  |
| Cash (+/-0.5%)                                 | 3                           | 3                | -3                          | -3               |
| Superannuation Fixed Income (+/-4-6%)          | 22                          | 22               | -22                         | -22              |
| Territory Banking Account Fixed Income (+/-6%) | 14                          | 14               | -14                         | -14              |
| Equities (+/-16-21%)                           | 379                         | 379              | -379                        | -379             |
| Property (+/-11%)                              | 35                          | 35               | -35                         | -35              |
| <b>Total Increase/(Decrease)</b>               | <b>454</b>                  | <b>454</b>       | <b>-454</b>                 | <b>-454</b>      |
| Total Diversified Funds                        | 1,913                       | 1,913            | -1,913                      | -1,913           |
| Inflation Rate                                 | 321                         | 321              | 58                          | 58               |

| General Government Sector and Total Territory  |                             |                  |                             |                  |
|--|-----------------------------|------------------|-----------------------------|------------------|
| 30 June 2016                                   | % Increase in Index         |                  | % Decrease in Index         |                  |
|  | Profit/<br>(Loss)<br>Impact | Equity<br>Impact | Profit/<br>(Loss)<br>Impact | Equity<br>Impact |
|  | \$m                         | \$m              | \$m                         | \$m              |
| <b>Investment Assets</b>                       |                             |                  |                             |                  |
| Cash (+/-0.5%)                                 | 3                           | 3                | -3                          | -3               |
| Superannuation Fixed Income (+/-4-5%)          | 22                          | 22               | -22                         | -22              |
| Territory Banking Account Fixed Income (+/-5%) | 15                          | 15               | -15                         | -15              |
| Equities (+/-17-21%)                           | 324                         | 324              | -324                        | -324             |
| Property (+/-11%)                              | 32                          | 32               | -32                         | -32              |
| <b>Total Increase/(Decrease)</b>               | <b>396</b>                  | <b>396</b>       | <b>-396</b>                 | <b>-396</b>      |

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of an overseas financial investment will fluctuate as a result of movements in international exchange rates.

A significant allocation of the Territory's superannuation investment portfolio is denominated in currencies other than the Australian dollar exposing the Territory to risk that the exchange rate of the Australian Dollar relative to other foreign currency change in a manner that has an adverse affect on the fair value of figure cash flows of investments denominated in currencies other than the Australian dollar.

In relation to unhedged foreign investments, holding a diversified basket of currency investments also serves to reduce overall currency risk. The currency hedge ratio is achieved and managed through investment in two passively managed unlisted pooled unit trusts for international equities (hedged) and international fixed interest (hedged). All international fixed interest exposures are hedged to Australian dollars. Total international equity exposures are 50 per cent hedged to Australian dollars.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

| Currency as at 30 June 2017<br>General Government Sector and<br>Total Territory | Cash      | Assets at Fair<br>Value Through<br>Profit or Loss | Other<br>Assets | Total<br>Assets | Financial<br>Liabilities at<br>Fair Value<br>Through<br>Profit or Loss | Other<br>Liabilities | Total<br>Liabilities | Net Assets   |
|---|-----------|---|-----------------|-----------------|--|----------------------|----------------------|--------------|
|   | \$m       | \$m   | \$m             | \$m             | \$m  | \$m                  | \$m                  | \$m          |
| AUD   | 82        | 4,005   | 90              | 4,176           | 17   | 226                  | 243                  | 3,933        |
| USD   | 5         | 712   | 1               | 718             | 2  | 0                    | 2                    | 716          |
| JPY   | 1         | 113   | 0               | 115             | 0  | 0                    | 0                    | 114          |
| EUR   | 1         | 154   | 1               | 156             | 0  | 0                    | 0                    | 155          |
| GBP   | 0         | 67  | 0               | 68              | 0  | 0                    | 0                    | 68           |
| Other   | 1         | 138   | 1               | 140             | 0  | 0                    | 0                    | 140          |
| <b>Total A\$m</b>   | <b>90</b> | <b>5,189</b>                                      | <b>93</b>       | <b>5,373</b>    | <b>20</b>  | <b>226</b>           | <b>246</b>           | <b>5,127</b> |

| Currency as at 30 June 2016<br>General Government Sector and<br>Total Territory | Cash      | Assets at Fair<br>Value Through<br>Profit or Loss | Other<br>Assets | Total<br>Assets | Financial<br>Liabilities at<br>Fair Value<br>Through<br>Profit or Loss | Other<br>Liabilities | Total<br>Liabilities | Net Assets   |
|---|-----------|---|-----------------|-----------------|--|----------------------|----------------------|--------------|
|   | \$m       | \$m   | \$m             | \$m             | \$m  | \$m                  | \$m                  | \$m          |
| AUD   | 16        | 2,543   | 50              | 2,609           | 31   | 171                  | 201                  | 2,407        |
| USD   | 5         | 591   | 1               | 596             | 2  | 0                    | 2                    | 594          |
| JPY   | 1         | 94  | 0               | 95              | 1  | 0                    | 1                    | 95           |
| EUR   | 2         | 117   | 1               | 120             | 0  | 0                    | 0                    | 120          |
| GBP   | 1         | 63  | 0               | 64              | 0  | 0                    | 0                    | 63           |
| Other   | 1         | 120   | 1               | 122             | 0  | 0                    | 0                    | 121          |
| <b>Total A\$m</b>   | <b>26</b> | <b>3,527</b>                                      | <b>52</b>       | <b>3,605</b>    | <b>34</b>  | <b>171</b>           | <b>205</b>           | <b>3,400</b> |

*Sensitivity Disclosure Analysis*

The table below summarises the reasonably possible impact of +/-10 per cent strengthening/weakening of the Australian dollar against the top four foreign exchange exposures (US Dollar, Great Britain Pound, Japanese Yen and the Euro) on the Territory's Operating Statement and on Equity for the year.

| 30 June 2017<br>General Government<br>Sector and Total Territory | (+/- impact) 10%            |                  |
|--|-----------------------------|------------------|
|  | Profit/<br>(Loss)<br>Impact | Equity<br>Impact |
|  | \$'000                      | \$'000           |
| <b>Currency</b>  |                             |                  |
| USD  | 706                         | 706              |
| JPY  | 121                         | 121              |
| EUR  | 204                         | 204              |
| GBP  | 95                          | 95               |
| Other  | 217                         | 217              |
| <b>Total Increase/(Decrease)</b>                                 | <b>1,343</b>                | <b>1,343</b>     |

| 30 June 2016<br>General Government<br>Sector and Total Territory | (+/- impact) 10%            |                  |
|--|-----------------------------|------------------|
|  | Profit/<br>(Loss)<br>Impact | Equity<br>Impact |
|  | \$'000                      | \$'000           |
| <b>Currency</b>  |                             |                  |
| USD  | 523                         | 523              |
| JPY  | 161                         | 161              |
| EUR  | 282                         | 282              |
| GBP  | 99                          | 99               |
| Other  | 206                         | 206              |
| <b>Total Increase/(Decrease)</b>                                 | <b>1,271</b>                | <b>1,271</b>     |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligation or from losses arising from the change in the value of a traded instrument as a result of changes in the credit risk on that instrument. The Territory's financial arrangements, in respect of the business conducted is such that the most significant risk will arise with those financial assets and liabilities involving external parties.

Appointed managers of investments are required to ensure: credit quality within the manager's portfolio is within agreed guidelines; the exposure of different tiers of credit are within agreed guidelines; the maximum permitted exposure to any one issuer is within agreed guidelines; and the long term debt of all entities in which the manager invests is either rated by an approved rating agency or, if it is not rated, is limited to the maximum permitted exposure to such debt. Exposures are to remain within approved exposure limits based on the credit ratings of financial instruments and counterparties set out within the strategy, objectives and contracts permitted by individual investment management agreements or trust deeds as relevant.

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial investment assets. None of these assets are impaired (30 June 2016: nil).

The following table details the credit ratings exposure of the applicable investments of the GGS and the Territory.

**General Government Sector and Total Territory**

|   | Credit Quality |            |              |            | Total<br>\$m |
|---|----------------|------------|--------------|------------|--------------|
|   | AAA<br>\$m     | AA<br>\$m  | A<br>\$m     | BBB<br>\$m |              |
| <b>30 June 2017</b>                           |                |            |              |            |              |
| <b>Directly Held</b>                          |                |            |              |            |              |
| Cash Enhanced Money Market and Fixed Interest | 379            | 213        | 390          | 110        | 1,092        |
| <b>Indirectly Held</b>                        |                |            |              |            |              |
| Unit Trust (Debt Instruments)                 | 169            | 13         | 133          | 0          | 315          |
| <b>Total</b>                                  | <b>548</b>     | <b>226</b> | <b>523</b>   | <b>110</b> | <b>1,407</b> |
| <b>30 June 2016</b>                           |                |            |              |            |              |
| <b>Directly Held</b>                          |                |            |              |            |              |
| Money Market and Fixed Interest Securities    | 356            | 219        | 492          | 43         | 1,111        |
| <b>Indirectly Held</b>                        |                |            |              |            |              |
| Unit Trust (Debt Instruments)                 | 819            | 275        | 511          | 52         | 1,657        |
| <b>Total</b>                                  | <b>1,175</b>   | <b>494</b> | <b>1,003</b> | <b>95</b>  | <b>2,767</b> |

**Liquidity Risk**

Liquidity risk is the risk that the Territory is unable to meet its financial obligations as they fall due.

The Territory's objective for the Superannuation Provision Account is to minimise liquidity risk by monitoring financial obligations as they fall due. The Superannuation Provision Account's more immediate liquidity needs are for funding working capital, meeting the annual emerging cost benefit payments to the Commonwealth Superannuation Corporation and for managing fund flows for investment asset classes in accordance with the strategic asset allocation. Over a longer term horizon, the annual emerging cost benefit payments to the Commonwealth Superannuation Corporation are to be funded through a combination of budget capital injections and investment assets.

*Analysis of the Territory's Financial Liabilities Based on Management Expectation*

The risk implied from the values shown in the table in the following page shows contracted cash outflows from payables and other financial liabilities and is a reflection of ongoing business operations of the Territory.

The Territory's objective for the superannuation investment portfolio is managed based on a combination of contractual maturity dates and expected settlement dates. The more immediate liquidity needs are for funding working capital, meeting the annual emerging cost benefit payments to Commonwealth Superannuation Corporation.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Liquidity Risk - Continued**

The tables below provides an analysis of financial liability cash flow estimates.

| <b>30 June 2017</b>  | <b>Less than</b> | <b>3-12</b>   | <b>1-5</b>   | <b>&gt; 5</b> | <b>Total</b>  |
|--|------------------|---------------|--------------|---------------|---------------|
| <b>General Government Sector</b>                             | <b>3 months</b>  | <b>months</b> | <b>years</b> | <b>years</b>  |               |
|  | <b>\$m</b>       | <b>\$m</b>    | <b>\$m</b>   | <b>\$m</b>    | <b>\$m</b>    |
| <b>Non-Derivatives</b>                                       |                  |               |              |               |               |
| Payables   | 117              | 117           | 212          | -             | 447           |
| Interest-Bearing Liabilities (Current/Non-Current)           | 15               | 860           | 2,007        | 3,184         | 6,065         |
| Estimated Superannuation Liabilities                         | 63               | 188           | 1,196        | 23,823        | 25,271        |
| <b>Total Non-Derivatives</b>                                 | <b>195</b>       | <b>1,165</b>  | <b>3,416</b> | <b>27,007</b> | <b>31,783</b> |
| <b>Derivatives</b>   |                  |               |              |               |               |
| Net Settled Derivatives<br>(Interest Rate Swaps and Futures) | 21               | 1             | 2            | 13            | 37            |
| <b>Total Derivatives</b>                                     | <b>21</b>        | <b>1</b>      | <b>2</b>     | <b>13</b>     | <b>37</b>     |
| <b>30 June 2016</b>  |                  |               |              |               |               |
| <b>General Government Sector</b>                             | <b>Less than</b> | <b>3-12</b>   | <b>1-5</b>   | <b>&gt; 5</b> | <b>Total</b>  |
|  | <b>3 months</b>  | <b>months</b> | <b>years</b> | <b>years</b>  |               |
|  | <b>\$m</b>       | <b>\$m</b>    | <b>\$m</b>   | <b>\$m</b>    | <b>\$m</b>    |
| <b>Non-Derivatives</b>                                       |                  |               |              |               |               |
| Payables   | 118              | 118           | 232          | -             | 467           |
| Interest-Bearing Liabilities (Current/Non-Current)           | 14               | 189           | 2,135        | 3,881         | 6,219         |
| Estimated Superannuation Liabilities                         | 58               | 173           | 1,114        | 25,567        | 26,912        |
| <b>Total Non-Derivatives</b>                                 | <b>190</b>       | <b>480</b>    | <b>3,481</b> | <b>29,448</b> | <b>35,598</b> |
| <b>Derivatives</b>   |                  |               |              |               |               |
| Net Settled Derivatives<br>(Interest Rate Swaps and Futures) | 23               | 2             | 7            | 20            | 52            |
| <b>Total Derivatives</b>                                     | <b>23</b>        | <b>2</b>      | <b>7</b>     | <b>20</b>     | <b>52</b>     |
| <b>30 June 2017</b>  |                  |               |              |               |               |
| <b>Total Territory</b>                                       | <b>Less than</b> | <b>3-12</b>   | <b>1-5</b>   | <b>&gt; 5</b> | <b>Total</b>  |
|  | <b>3 months</b>  | <b>months</b> | <b>years</b> | <b>years</b>  |               |
|  | <b>\$m</b>       | <b>\$m</b>    | <b>\$m</b>   | <b>\$m</b>    | <b>\$m</b>    |
| <b>Non-Derivatives</b>                                       |                  |               |              |               |               |
| Payables   | 172              | 172           | 212          | -             | 557           |
| Interest-Bearing Liabilities (Current/Non-Current)           | 15               | 860           | 2,007        | 3,184         | 6,065         |
| Estimated Superannuation Liabilities                         | 63               | 188           | 1,196        | 23,823        | 25,271        |
| <b>Total Non-Derivatives</b>                                 | <b>250</b>       | <b>1,220</b>  | <b>3,416</b> | <b>27,007</b> | <b>31,893</b> |
| <b>Derivatives</b>   |                  |               |              |               |               |
| Net settled derivatives<br>(Interest Rate Swaps and Futures) | 21               | 1             | 2            | 13            | 37            |
| <b>Total Derivatives</b>                                     | <b>21</b>        | <b>1</b>      | <b>2</b>     | <b>13</b>     | <b>37</b>     |
| <b>30 June 2016</b>  |                  |               |              |               |               |
| <b>Total Territory</b>                                       | <b>Less than</b> | <b>3-12</b>   | <b>1-5</b>   | <b>&gt; 5</b> | <b>Total</b>  |
|  | <b>3 months</b>  | <b>months</b> | <b>years</b> | <b>years</b>  |               |
|  | <b>\$m</b>       | <b>\$m</b>    | <b>\$m</b>   | <b>\$m</b>    | <b>\$m</b>    |
| <b>Non-Derivatives</b>                                       |                  |               |              |               |               |
| Payables   | 160              | 160           | 231          | -             | 552           |
| Interest-Bearing Liabilities (Current/Non-Current)           | 14               | 189           | 2,135        | 3,881         | 6,219         |
| Estimated Superannuation Liabilities                         | 58               | 173           | 1,114        | 25,567        | 26,912        |
| <b>Total Non-Derivatives</b>                                 | <b>232</b>       | <b>522</b>    | <b>3,480</b> | <b>29,448</b> | <b>33,683</b> |
| <b>Derivatives</b>   |                  |               |              |               |               |
| Net settled derivatives<br>(Interest Rate Swaps and Futures) | 23               | 2             | 7            | 20            | 52            |
| <b>Total Derivatives</b>                                     | <b>23</b>        | <b>2</b>      | <b>7</b>     | <b>20</b>     | <b>52</b>     |

The fair value of cash and cash equivalents is the carrying value recorded in the accounts of the GGS and the Territory.

Superannuation investments, which account for a significant portion of the GGS and the Territory's investment portfolio, and are maintained for the purpose of managing the Territory's employee superannuation liability, are held at market value.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Categorisation of Financial Assets and Liabilities**

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

| <b>General Government Sector</b>            | <b>2016-17</b>         |                       | <b>2015-16</b>         |                       |
|---|------------------------|-----------------------|------------------------|-----------------------|
|   | <b>Carrying Amount</b> | <b>Net Fair Value</b> | <b>Carrying Amount</b> | <b>Net Fair Value</b> |
|   | <b>\$m</b>             | <b>\$m</b>            | <b>\$m</b>             | <b>\$m</b>            |
| <b>Financial Assets</b>                     |                        |                       |                        |                       |
| Cash and Deposits                           | 782                    | 782                   | 660                    | 660                   |
| Advances Paid                               | 1,658                  | 1,852                 | 1,608                  | 1,883                 |
| Investments and Loans                       | 4,470                  | 4,470                 | 4,126                  | 4,126                 |
| Receivables <sup>(a)</sup>                  | 570                    | 570                   | 597                    | 597                   |
| Equity                                      |                        |                       |                        |                       |
| Investments in Other Public Sector Entities | 6,565                  | 6,565                 | 6,312                  | 6,312                 |
| <b>Total Financial Assets</b>               | <b>14,045</b>          | <b>14,239</b>         | <b>13,303</b>          | <b>13,578</b>         |
| <b>Financial Liabilities</b>                |                        |                       |                        |                       |
| Deposits Held                               | 16                     | 16                    | 16                     | 16                    |
| Advances Received                           | 1,072                  | 1,072                 | 1,076                  | 1,076                 |
| Finance Leases                              | 0                      | 0                     | 3                      | 3                     |
| Borrowings                                  | 3,555                  | 3,859                 | 3,511                  | 4,030                 |
| Payables                                    | 447                    | 447                   | 467                    | 467                   |
| Other Liabilities                           | 47                     | 47                    | 9                      | 9                     |
| <b>Total Financial Liabilities</b>          | <b>5,137</b>           | <b>5,440</b>          | <b>5,080</b>           | <b>5,599</b>          |
| <b>Net Financial Assets</b>                 | <b>8,908</b>           | <b>8,799</b>          | <b>8,223</b>           | <b>7,979</b>          |

**Note:** (a) Receivables has been adjusted to remove Right to Receive Infrastructure, Prepayments and Accrued Revenue relating to taxation.

| <b>Total Territory</b>                        | <b>2016-17</b>         |                       | <b>2015-16</b>         |                       |
|---|------------------------|-----------------------|------------------------|-----------------------|
|   | <b>Carrying Amount</b> | <b>Net Fair Value</b> | <b>Carrying Amount</b> | <b>Net Fair Value</b> |
|   | <b>\$m</b>             | <b>\$m</b>            | <b>\$m</b>             | <b>\$m</b>            |
| <b>Financial Assets</b>                       |                        |                       |                        |                       |
| Cash and Deposits                             | 1,037                  | 1,037                 | 1,015                  | 1,015                 |
| Advances Paid                                 | 78                     | 78                    | 69                     | 69                    |
| Investments and Loans                         | 4,523                  | 4,523                 | 4,174                  | 4,174                 |
| Receivables <sup>(a)</sup>                    | 466                    | 466                   | 512                    | 512                   |
| Equity  |                        |                       |                        |                       |
| Investments Accounted for Using Equity Method | 975                    | 975                   | 951                    | 951                   |
| <b>Total Financial Assets</b>                 | <b>7,079</b>           | <b>7,079</b>          | <b>6,722</b>           | <b>6,722</b>          |
| <b>Financial Liabilities</b>                  |                        |                       |                        |                       |
| Deposits Held                                 | 16                     | 16                    | 16                     | 16                    |
| Advances Received                             | 1,135                  | 1,135                 | 1,143                  | 1,143                 |
| Finance Leases                                | 0                      | 0                     | 3                      | 3                     |
| Borrowings                                    | 3,555                  | 3,859                 | 3,511                  | 4,030                 |
| Payables                                      | 557                    | 557                   | 552                    | 552                   |
| Other Liabilities                             | 48                     | 48                    | 9                      | 9                     |
| <b>Total Financial Liabilities</b>            | <b>5,311</b>           | <b>5,614</b>          | <b>5,234</b>           | <b>5,753</b>          |
| <b>Net Financial Assets</b>                   | <b>1,769</b>           | <b>1,465</b>          | <b>1,487</b>           | <b>969</b>            |

**Note:** (a) Receivables has been adjusted to remove Right to Receive Infrastructure and prepayments.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair Value Hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable considering the lowest level input that is significant to the fair value measurement as a whole.

Level 1: Fair value measurements are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements are derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

| <b>30 June 2017</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|---|----------------|----------------|----------------|--------------|
|   | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>   |
| <b>Assets and Liabilities at Fair Value</b>                       |                |                |                |              |
| <b>Financial Assets</b>   |                |                |                |              |
| <i>Investments - Directly Held</i>                                |                |                |                |              |
| Cash Enhanced   | 215            | 877            | -              | 1,092        |
| Fixed Income  | 133            | 182            | -              | 315          |
| Equities  | 1,937          | -              | 0              | 1,937        |
| Financial Derivatives   | 1              | 18             | -              | 19           |
| <i>Investments - Indirectly Held</i>                              |                |                |                |              |
| Unit Trust - Cash   | -              | 657            | -              | 657          |
| Unit Trust - Fixed Income   | -              | 664            | -              | 664          |
| Unit Trust - Property   | -              | 319            | -              | 319          |
| Unit Trust - Private Equity                                       | -              | 28             | 137            | 165          |
| <b>Total</b>  | <b>2,286</b>   | <b>2,747</b>   | <b>137</b>     | <b>5,170</b> |
| <b>Financial Liabilities</b>                                      |                |                |                |              |
| <i>Investments - Directly Held</i>                                |                |                |                |              |
| Fixed Income  | -              | 138            | -              | 138          |
| Financial Derivatives   | -              | 0              | -              | 0            |
| <b>Total</b>  | <b>-</b>       | <b>138</b>     | <b>-</b>       | <b>138</b>   |
| <b>Net Assets</b>   | <b>2,286</b>   | <b>2,608</b>   | <b>137</b>     | <b>5,031</b> |
| <b>Assets and Liabilities for which Fair Values are Disclosed</b> |                |                |                |              |
| <b>Financial Assets</b>   |                |                |                |              |
| Loans and Receivables   | -              | 2,314          | -              | 2,314        |
| <b>Financial Liabilities</b>                                      |                |                |                |              |
| Interest Bearing Liabilities                                      | -              | 5,947          | -              | 5,947        |
| <b>Net Assets</b>   | <b>-</b>       | <b>3,633</b>   | <b>-</b>       | <b>3,633</b> |
| <b>30 June 2016</b>   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|   | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>     | <b>\$m</b>   |
| <b>Assets and Liabilities at Fair Value</b>                       |                |                |                |              |
| <b>Financial Assets</b>   |                |                |                |              |
| <i>Investments - Directly Held</i>                                |                |                |                |              |
| Cash Enhanced   | 243            | 867            | -              | 1,111        |
| Fixed Income  | 141            | 187            | -              | 328          |
| Equities  | 1,640          | -              | 1              | 1,640        |
| Financial Derivatives   | 1              | 21             | -              | 21           |
| <i>Investments - Indirectly Held</i>                              |                |                |                |              |
| Unit Trust - Cash   | -              | 656            | -              | 656          |
| Unit Trust - Fixed Income   | -              | 672            | -              | 672          |
| Unit Trust - Property   | -              | 288            | -              | 288          |
| Unit Trust - Private Equity                                       | -              | -              | 135            | 135          |
| <b>Total</b>  | <b>2,024</b>   | <b>2,691</b>   | <b>136</b>     | <b>4,851</b> |
| <b>Financial Liabilities</b>                                      |                |                |                |              |
| <i>Investments - Directly Held</i>                                |                |                |                |              |
| Fixed Income  | -              | 142            | -              | 142          |
| Financial Derivatives   | -              | 1              | -              | 1            |
| <b>Total</b>  | <b>-</b>       | <b>143</b>     | <b>-</b>       | <b>143</b>   |
| <b>Net Assets</b>   | <b>2,024</b>   | <b>2,549</b>   | <b>136</b>     | <b>4,709</b> |
| <b>Assets and Liabilities for which Fair Values are Disclosed</b> |                |                |                |              |
| <b>Financial Assets</b>   |                |                |                |              |
| Loans and Receivables   | -              | 1,814          | -              | 1,814        |
| <b>Financial Liabilities</b>                                      |                |                |                |              |
| Interest Bearing Liabilities                                      | -              | 5,071          | -              | 5,071        |
| <b>Net Assets</b>   | <b>-</b>       | <b>3,257</b>   | <b>-</b>       | <b>3,257</b> |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair Value Hierarchy - Continued**

*Valuation Techniques and Inputs*

Quoted market price represents the fair value determined based on quoted prices in active markets for identical assets at the reporting date excludes transaction costs. Listed equity investments valued based on quoted market prices are included within Level 1 of the Fair Value Hierarchy.

Unlisted investments in unit trusts include domestic and international fixed income investments, property unit trusts, private equity funds and other indirectly held equity investments which are not quoted in an active market and which may be subject to restrictions on redemptions such as private equity funds. Fair values of these investments are determined by using valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. The investment manager considers the valuation techniques and inputs used in valuing these units as part of its due diligence prior to investing, to ensure they are reasonable and appropriate and therefore the Net Asset Value of these units may be used as an input into measuring their fair value. In measuring the fair value, the Net Asset Value of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the units trust and fund manager. Depending on the nature and level of adjustments needed to the Net Asset Value and the level of trading in the units, these investments are classified as either

Fixed income securities are priced daily with reference to the quoted bid price for the securities in the relevant active market. Investments in this asset class are made through unlisted unit trusts that are priced daily with distributions received quarterly. The fair value of fixed interest security unit are included within Level 2.

Investments in property are made through unlisted pooled unit trusts that are priced monthly. The fair value of investment property is determined at least annually or more frequently as required by independent property valuers using recognised valuation techniques. These techniques comprise in the main methods such as discounted cash flow and income capitalisation. Where appropriate direct comparison, hypothetical development and summation or cost approach method is used. Under the discounted cash flow method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including estimated rental income and an exit or terminal value. This involves the projection of a series of cash flows and to this an appropriate, market derived discount rate is applied to establish the present value of the income stream. Under the income capitalisation method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The adjusted Net Asset Value of these units are used as an input in measuring their fair value. The fair value of unlisted property units is included within Level 2.

For unlisted private equity unit trusts, the fair value of the underlying equity investments is determined by each underlying investment manager using a valuation methodology that is most appropriate for each particular investment. The fair value methodologies adopted include discounted cash flow, price of recent investment, earnings multiples, net assets, industry valuation benchmarks and available market prices. Adjusted Net Asset Value of these units are used as an input in measuring their fair value. The fair value of unlisted private equity units are included within Level 3.

Fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Financial derivatives are classified as either Level 1 or Level 2.

Fair value for loans and receivables and interest bearing liabilities has been determined by reference to published price quotations in active markets and applying the appropriate revaluation technique for the instrument including observable market pricing and discounted cashflow methodology. The own non-performance risk as at 30 June 2017 was assessed to be insignificant.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair Value Hierarchy - Continued**

*Transfers Between Level 1 and Level 2*

There have been no significant transfers between Level 1 and Level 2 during the year.

*Valuation Process for Level 3 Valuations*

Investments of unlisted trust and limited partnerships are recorded at redemption value per unit as reported by their respective investment managers. In the absence of quoted values, securities are valued using appropriate valuation techniques as reasonably determined by the investment manager. The fund manager performs monthly and quarterly valuations. Unresolved discrepancies are escalated to the investment manager valuation committee. The valuation committee is independent of the front office and comprises heads of asset management, portfolio services and the chief operating officer. The committee ensures that the valuation of assets is fair, equitable and reasonable based on the information within the market at the time.

*Quantitative Information of Significant Unobservable Inputs - Level 3*

| <b>Description at 30 June 2017</b> | <b>Fair Value at<br/>30 June 2017</b> | <b>\$m Valuation Technique</b> | <b>Unobservable Input</b>  | <b>Range<br/>(Weighted Average)</b> |
|------------------------------------|---------------------------------------|--------------------------------|--|-------------------------------------|
| Unit Trust - Private Equity        | 105                                   | Adjusted Net Asset Value       | Latest Net Asset Value from Investment Manager                     | 0.000 - 2.269(0.413)                |
|                                    |                                       |                                | Contributions since latest Net Asset Value from Investment Manager | 0.000 – 1.000(0.114)                |
|                                    |                                       |                                | Distributions since latest Net Asset Value from Investment Manager | 0.000-1.955(0.254)                  |

*Sensitivity Analysis to Significant Changes in Unobservable Inputs within Level 3 Hierarchy*

| <b>Description at 30 June 2017</b> | <b>Input</b>   | <b>Sensitivity Used</b> | <b>Effect on Fair Value</b>   |
|------------------------------------|--|-------------------------|---|
| Unit Trust - Private Equity        | Latest Net Asset Value from Investment Manager                     | 0.000 - 2.269(0.413)    | Fair value increase if the latest Net Asset Values from Investment Manager were higher                    |
|                                    | Contributions since latest Net Asset Value from Investment Manager | 0.000 – 1.000(0.114)    | Fair value increase if there have been contributions since latest Net Asset Value from Investment Manager |
|                                    | Distributions since latest Net Asset Value from Investment Manager | 0.000-1.955(0.254)      | Fair value decrease if there have been distributions since latest Net Asset Value from Investment Manager |



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

*Quantitative Information of Significant Unobservable Inputs - Level 3 for 2015-16*

| Description at<br>30 June 2016 | Fair Value at<br>30 June 2016<br>\$m | Unobservable Input  | Range<br>(Weighted Average) |
|--------------------------------|--------------------------------------|---|-----------------------------|
| Unit Trust - Private Equity    | 135 Adjusted Net<br>Asset Value      | Latest Net Asset Value<br>from Investment<br>Manager                        | 0.000-1.768<br>(0.502)      |
|                                |                                      | Contributions since<br>latest Net Asset Value<br>from Investment<br>Manager | 0.000-1.000<br>(0.174)      |
|                                |                                      | Distributions since latest<br>Net Asset Value from<br>Investment Manager    | 0.000-1.050<br>(0.086)      |

*Sensitivity Analysis to Significant Changes in Unobservable Inputs within Level 3 Hierarchy*

| Description at<br>30 June 2016 | Input  | Sensitivity Used         | Effect on Fair Value   |
|--------------------------------|--|--------------------------|--|
| Unit Trust - Private Equity    | Latest Net Asset Value from<br>Investment Manager                        | 0.0000-1.768<br>(0.502)  | Fair Value increase if latest Net<br>Asset Values from Investment<br>Manager were higher.                              |
|                                | Contributions since latest Net<br>Asset Value from Investment<br>Manager | 0.000-1.000<br>(0.174)   | Fair Value increase if there has<br>been contributions since latest Net<br>Asset Values from Investment<br>Manager     |
|                                | Distributions since latest Net<br>Asset Value from Investment<br>Manager | 0.000-0.1.050<br>(0.086) | Fair Value decrease if there has<br>been any distributions since latest<br>Net Asset Values from Investment<br>Manager |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**52 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair Value Hierarchy - Continued**

*Level 3 Reconciliations*

| <b>30 June 2017</b>            | <b>Unit Trusts</b> |
|--------------------------------|--------------------|
|                                | <b>\$m</b>         |
| <b>Balance at 1 July 2016</b>  | 135                |
| Purchases during year          | 0                  |
| Issues during year             | -                  |
| Sales during year              | -                  |
| Settlements during the year    | 8                  |
| Transfers into Level 3         | -                  |
| Transfers out of Level 3       | -                  |
| Total Gains/(Losses)           | 7                  |
| <b>Balance at 30 June 2017</b> | <b>136</b>         |

| <b>30 June 2016</b>            | <b>Unit Trusts</b> |
|--------------------------------|--------------------|
|                                | <b>\$m</b>         |
| <b>Balance at 1 July 2015</b>  | 119                |
| Purchases during year          | -                  |
| Issues during year             | -                  |
| Sales during year              | -                  |
| Settlements during the year    | 21                 |
| Transfers into Level 3         | -                  |
| Transfers out of Level 3       | -                  |
| Total Gains/(Losses)           | 5                  |
| <b>Balance at 30 June 2016</b> | <b>135</b>         |

Gains and losses are disclosed in the line Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value in the Territory's Operating Statement.

*Recognised Gains and Losses for Level 3 Financial Instruments*

The amount of total gains or losses for the period recognised in the Territory's Operating Statement that relate to assets and liabilities held at the end of the reporting period are as follows:

|                       |              | <b>Unit Trusts</b> |
|-----------------------|--------------|--------------------|
|                       |              | <b>\$m</b>         |
| <b>Gains/(Losses)</b> |              |                    |
| Trading Income        | 30 June 2017 | -7                 |
| Trading Income        | 30 June 2016 | 5                  |

The determination of fair value for gains or losses on units as well as sensitivities surrounding price risks for these pooled private equity trusts have been described above.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**53 EXPENSES AND ASSETS BY FUNCTION**

The General Government Sector (GGS) and the Territory's total expenses and assets are classified in terms of the purposes for which the transactions are made, based on the Australian Bureau of Statistics Government Purpose Classification (GPC) Framework. A description of the major groups of the GPC Framework are listed below.

*General Public Services (01):* include legislative and executive affairs, financial and fiscal affairs, external affairs, foreign economic aid, general research, general economic and social services, general statistical services, and government superannuation benefits.

*Defence (02):* includes administration, supervision, operation and support of military and civil defence affairs, foreign military aid and defence research.

*Public Order and Safety (03):* includes police and fire protection services, law courts and legal services, prisons and corrective services, and control of domestic animals and livestock.

*Education (04):* includes primary and secondary education, university and other higher education, technical and further education, preschool and special education, and transportation of students.

*Health (05):* includes general hospitals, repatriation hospitals, mental health institutions, nursing homes, special hospitals, hospital benefits, medical clinics and practitioners, dental clinics and practitioners, maternal and infant health, ambulance services, medical benefits, school and other public health services, pharmaceuticals, medical aids and appliances, and health research.

*Social Security and Welfare (06):* includes sickness benefits; benefits to ex-servicemen and their dependents; invalid and other permanent disablement benefits; old age benefits, widows, deserted wives, divorcees and orphans benefits; unemployment benefits; family and child benefits; sole parents benefits; family and child welfare; and aged and handicapped welfare.

*Housing and Community Amenities (07):* includes housing and community development, water supply, household garbage and other sanitation, sewerage, urban stormwater drainage, protection of the environment, and street lighting.

*Recreation and Culture (08):* includes public halls and civic centres, swimming pools and beaches, national parks and wildlife, libraries, creative and performing arts, museums, art galleries, broadcasting, and film production.

*Fuel and Energy (09):* includes coal, petroleum, gas, nuclear affairs, and electricity.

*Agriculture, Forestry, Fishing and Hunting (10):* includes agricultural land management, agricultural water resources management, agricultural support schemes, agricultural research and extension services, forestry, fishing and hunting.

*Mining and Mineral Resources Other than Fuels, Manufacturing and Construction (11):* includes activities relating to prospecting, mining and mineral resources development; manufacturing activities and research into manufacturing methods, materials and industrial management; and activities associated with the building and construction industry.

*Transport and Communications (12):* includes road construction, road maintenance, parking, water transport, rail transport, air transport, pipelines, multi-mode urban transit systems, and communications.

*Other Economic Affairs (13):* includes storage, saleyards, markets, tourism and area promotion, and labour and employment affairs.

*Other Purposes (14):* includes public debt transactions, general purpose inter-government transactions, and natural disaster relief.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

|  | General Government   |                          | Total Territory          |                          |              |
|--|--|--------------------------|--------------------------|--------------------------|--------------|
|  | Sector   |                          |                          |                          |              |
|  | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |              |
| <b>53 EXPENSES AND ASSETS BY FUNCTION - CONTINUED</b>  |  |                          |                          |                          |              |
| The following table provides a disaggregation of General Government Sector (GGS) and Total Territory total expenses by Function. |  |                          |                          |                          |              |
| <b>Expenses by Function</b>  |  |                          |                          |                          |              |
| 01   | General Public Services  | 617                      | 544                      | 577                      | 494          |
| 03   | Public Order and Safety  | 407                      | 395                      | 406                      | 394          |
| 04   | Education  | 1,120                    | 1,048                    | 1,156                    | 1,063        |
| 05   | Health   | 1,444                    | 1,402                    | 1,442                    | 1,400        |
| 06   | Social Security and Welfare  | 297                      | 278                      | 297                      | 277          |
| 07   | Housing and Community Amenities  | 358                      | 130                      | 670                      | 625          |
| 08   | Recreation and Culture   | 189                      | 160                      | 182                      | 152          |
| 09   | Fuel and Energy  | 11                       | 17                       | 12                       | 18           |
| 10   | Agriculture, Forestry, Fishing and Hunting                                       | -                        | 3                        | -                        | 3            |
| 11   | Mining and Mineral Resources Other than Fuels,<br>Manufacturing and Construction | 30                       | 26                       | 30                       | 25           |
| 12   | Transport and Communications   | 332                      | 420                      | 316                      | 424          |
| 13   | Other Economic Affairs   | 110                      | 56                       | 110                      | 56           |
| 14   | Other Purposes <sup>(a)</sup>  | 482                      | 629                      | 475                      | 554          |
| <b>Total Expenses</b>  |  | <b>5,395</b>             | <b>5,107</b>             | <b>5,673</b>             | <b>5,486</b> |

The following table provides a disaggregation of GGS and Total Territory total assets by Function.

|                           |  |               |               |               |               |
|---------------------------|--|---------------|---------------|---------------|---------------|
| <b>Assets by Function</b> |  |               |               |               |               |
| 01                        | General Public Services  | 12,959        | 12,948        | 6,297         | 6,543         |
| 03                        | Public Order and Safety  | 484           | 490           | 484           | 490           |
| 04                        | Education  | 2,252         | 2,117         | 2,290         | 2,132         |
| 05                        | Health   | 1,407         | 1,327         | 1,407         | 1,327         |
| 06                        | Social Security and Welfare  | 48            | 83            | 48            | 83            |
| 07                        | Housing and Community Amenities <sup>(b)</sup>                                   | 982           | 1,118         | 8,906         | 9,736         |
| 08                        | Recreation and Culture   | 3,408         | 2,362         | 3,408         | 2,362         |
| 09                        | Fuel and Energy <sup>(c)</sup>   | 28            | 5             | 1,004         | 5             |
| 10                        | Agriculture, Forestry, Fishing and Hunting                                       | 1             | 19            | 1             | 19            |
| 11                        | Mining and Mineral Resources Other than Fuels,<br>Manufacturing and Construction | 18            | 91            | 18            | 91            |
| 12                        | Transport and Communications   | 6,897         | 6,801         | 7,041         | 6,958         |
| 13                        | Other Economic Affairs   | 20            | 133           | 20            | 133           |
| 14                        | Other Purposes <sup>(a)</sup>  | 1,652         | 1,592         | 18            | 38            |
| <b>Total Assets</b>       |  | <b>30,158</b> | <b>29,087</b> | <b>30,942</b> | <b>29,915</b> |

Note: (a) Expenses or assets that are not allocated to a specific function are included in 'Other Purposes'.

(b) The decrease in the Total Territory amount is due to the reclassification of the Territory's joint venture in ActewAGL from Housing and Community Amenities to Fuel and Energy.

(c) The increase in the Total Territory amount is due to the reclassification of the Territory's joint venture in ActewAGL from Housing and Community Amenities to Fuel and Energy.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED OPERATING STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Revenue</b>                                   |                           |                          |                            |                          |                          |                          |                          |                          |
| Controlled Recurrent Payments                    | -                         | -                        | 166                        | 164                      | -166                     | -164                     | -                        | -                        |
| Taxation Revenue                                 | 1,695                     | 1,568                    | -                          | -                        | -41                      | -33                      | 1,654                    | 1,536                    |
| Grants Revenue                                   |                           |                          |                            |                          |                          |                          |                          |                          |
| Commonwealth Grants                              | 2,049                     | 1,886                    | 2                          | 2                        | -                        | 0                        | 2,051                    | 1,887                    |
| Gains from Contributed Assets                    | 116                       | 80                       | 10                         | 23                       | -87                      | -79                      | 38                       | 24                       |
| Sales of Goods and Services                      |                           |                          |                            |                          |                          |                          |                          |                          |
| Revenue from Associates and Joint Ventures       | -                         | -                        | 88                         | 107                      | -                        | -                        | 88                       | 107                      |
| Other Sales of Goods and Services                | 522                       | 516                      | 421                        | 428                      | -83                      | -85                      | 859                      | 858                      |
| Interest Income                                  | 131                       | 130                      | 10                         | 7                        | -75                      | -78                      | 65                       | 59                       |
| Distributions from Financial Investments         | 38                        | 54                       | -                          | -                        | -                        | -                        | 38                       | 54                       |
| Dividend and Income Tax Equivalents Income       | 507                       | 409                      | -                          | -                        | -453                     | -357                     | 54                       | 52                       |
| Other Revenue                                    |                           |                          |                            |                          |                          |                          |                          |                          |
| Land Revenue (Value-Add Component)               | -                         | -                        | 444                        | 498                      | -18                      | -99                      | 426                      | 399                      |
| Other Revenue                                    | 161                       | 144                      | 19                         | 14                       | -18                      | -20                      | 162                      | 138                      |
| <b>Total Revenue</b>                             | <b>5,218</b>              | <b>4,785</b>             | <b>1,160</b>               | <b>1,242</b>             | <b>-942</b>              | <b>-914</b>              | <b>5,436</b>             | <b>5,113</b>             |
| <b>Expenses</b>                                  |                           |                          |                            |                          |                          |                          |                          |                          |
| Employee Expenses                                | 1,932                     | 1,866                    | 176                        | 164                      | -                        | -                        | 2,108                    | 2,030                    |
| Superannuation Expenses                          |                           |                          |                            |                          |                          |                          |                          |                          |
| Superannuation Interest Cost                     | 293                       | 315                      | -                          | -                        | -                        | -                        | 293                      | 315                      |
| Other Superannuation Expense                     | 452                       | 361                      | 24                         | 22                       | -11                      | -11                      | 464                      | 372                      |
| Depreciation and Amortisation                    | 390                       | 367                      | 95                         | 81                       | -                        | 0                        | 484                      | 448                      |
| Interest Expense                                 | 183                       | 176                      | 74                         | 75                       | -75                      | -78                      | 181                      | 172                      |
| Other Property Expenses (Income Tax Equivalents) | -                         | -                        | 139                        | 125                      | -139                     | -125                     | -                        | -                        |
| Other Operating Expenses                         |                           |                          |                            |                          |                          |                          |                          |                          |
| Supplies and Services                            | 907                       | 898                      | 204                        | 186                      | -44                      | -47                      | 1,068                    | 1,036                    |
| Other Operating Expenses                         | 222                       | 147                      | 66                         | 245                      | -96                      | -114                     | 191                      | 278                      |
| Grants and Purchased Services                    | 1,016                     | 976                      | 114                        | 92                       | -247                     | -235                     | 884                      | 833                      |
| <b>Total Expenses</b>                            | <b>5,395</b>              | <b>5,107</b>             | <b>891</b>                 | <b>989</b>               | <b>-612</b>              | <b>-611</b>              | <b>5,673</b>             | <b>5,486</b>             |
| <b>UPF Net Operating Balance</b>                 | <b>-177</b>               | <b>-322</b>              | <b>270</b>                 | <b>253</b>               | <b>-331</b>              | <b>-304</b>              | <b>-237</b>              | <b>-373</b>              |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED OPERATING STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Other Economic Flows - Included in the Operating Result</b>                 |                           |                          |                            |                          |                          |                          |                          |                          |
| Dividends (Market Gains on Land Sales)   | 32                        | 12                       | -                          | -                        | -32                      | -12                      | -                        | -                        |
| Land Revenue (Market Gains on Land Sales)                                      | -                         | -                        | 50                         | 17                       | -                        | -                        | 50                       | 17                       |
| Net Land Revenue (Undeveloped Land Value)                                      | 94                        | 92                       | -                          | 0                        | 5                        | -                        | 99                       | 92                       |
| Net Gain/(Loss) on Sale of Non-Financial Assets                                | 13                        | -85                      | -56                        | -3                       | -                        | -                        | -42                      | -89                      |
| Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value               | 239                       | -5                       | -                          | -                        | 1                        | 1                        | 240                      | -5                       |
| Doubtful Debts   | -11                       | -10                      | -3                         | -3                       | 0                        | 0                        | -14                      | -13                      |
| <b>Operating Result</b>  | <b>190</b>                | <b>-319</b>              | <b>262</b>                 | <b>264</b>               | <b>-355</b>              | <b>-314</b>              | <b>95</b>                | <b>-371</b>              |
| <b>Other Economic Flows - Other Comprehensive Income</b>                       |                           |                          |                            |                          |                          |                          |                          |                          |
| <b>Items that will not be Subsequently Reclassified to Profit or Loss</b>      |                           |                          |                            |                          |                          |                          |                          |                          |
| Payments to ACT Government Agencies  | -20                       | -33                      | -                          | -                        | 20                       | 33                       | -                        | -                        |
| Capital Distributions  | 54                        | 6                        | -                          | -                        | -54                      | -6                       | -                        | -                        |
| Transfer of Assets to the Public Trading Enterprises (PTE) Sector              | -128                      | -36                      | -                          | -                        | 128                      | 36                       | -                        | -                        |
| Superannuation Actuarial Gain/(Loss)   | 2,525                     | -1,877                   | -                          | -                        | -                        | -                        | 2,525                    | -1,877                   |
| Prior Year Adjustment  | 6                         | 40                       | -                          | 0                        | -                        | -46                      | 6                        | -6                       |
| Increase/(Decrease) in Asset Revaluation Reserve Surpluses due to Revaluations | 375                       | 66                       | 235                        | 203                      | -30                      | 194                      | 579                      | 462                      |
| <b>Items that may be Subsequently Reclassified to Profit or Loss</b>           |                           |                          |                            |                          |                          |                          |                          |                          |
| Increase/(Decrease) in Net Assets of PTE                                       | 253                       | 276                      | -                          | -                        | -253                     | -276                     | -                        | -                        |
| <b>Total Comprehensive Income / (Loss)</b>                                     | <b>3,255</b>              | <b>-1,876</b>            | <b>496</b>                 | <b>466</b>               | <b>-545</b>              | <b>-380</b>              | <b>3,206</b>             | <b>-1,788</b>            |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED OPERATING STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Key Fiscal Aggregates</b>                         |                           |                          |                            |                          |                          |                          |                          |                          |
| <b>UPF Net Operating Balance</b>                     | <b>-177</b>               | <b>-322</b>              | <b>270</b>                 | <b>253</b>               | <b>-330</b>              | <b>-303</b>              | <b>-237</b>              | <b>-373</b>              |
| <i>less Net Acquisition of Non-Financial Assets</i>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Payments for Non-Financial Assets                    | 667                       | 790                      | 164                        | 184                      | -18                      | -68                      | 814                      | 907                      |
| Sales of Non-Financial Assets                        | -287                      | -65                      | -67                        | -40                      | 0                        | -                        | -354                     | -105                     |
| Land Revenue (Net Cash Receipts)                     | -15                       | -79                      | -52                        | -8                       | -                        | -31                      | -68                      | -118                     |
| Depreciation and Amortisation                        | -390                      | -367                     | -95                        | -81                      | -                        | -                        | -484                     | -448                     |
| Other Movements in Non-Financial Assets              | 115                       | 67                       | -86                        | -55                      | 2                        | 11                       | 31                       | 23                       |
| <i>Total Net Acquisition of Non-Financial Assets</i> | <i>90</i>                 | <i>345</i>               | <i>-135</i>                | <i>0</i>                 | <i>-16</i>               | <i>-87</i>               | <i>-61</i>               | <i>258</i>               |
| <b>Net Lending / (Borrowing)</b>                     | <b>-267</b>               | <b>-667</b>              | <b>405</b>                 | <b>253</b>               | <b>-314</b>              | <b>-216</b>              | <b>-176</b>              | <b>-631</b>              |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED BALANCE SHEET BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Financial Assets</b>                                |                           |                          |                            |                          |                          |                          |                          |                          |
| Cash and Deposits                                      | 782                       | 660                      | 255                        | 355                      | -                        | -                        | 1,037                    | 1,015                    |
| Advances Paid  | 1,658                     | 1,608                    | 9                          | -                        | -1,589                   | -1,539                   | 78                       | 69                       |
| Investments and Loans                                  | 4,470                     | 4,126                    | 52                         | 48                       | -                        | -                        | 4,523                    | 4,174                    |
| Receivables  | 600                       | 619                      | 188                        | 159                      | -267                     | -216                     | 521                      | 561                      |
| Equity Investments                                     |                           |                          |                            |                          |                          |                          |                          |                          |
| Investments in Other Public Sector Entities            | 6,565                     | 6,312                    | -                          | -                        | -6,565                   | -6,312                   | -                        | -                        |
| Investments Accounted for Using the Equity Method      | -                         | -                        | 975                        | 951                      | -                        | -                        | 975                      | 951                      |
| <b>Total Financial Assets</b>                          | <b>14,075</b>             | <b>13,324</b>            | <b>1,480</b>               | <b>1,513</b>             | <b>-8,421</b>            | <b>-8,066</b>            | <b>7,134</b>             | <b>6,771</b>             |
| <b>Non-Financial Assets</b>                            |                           |                          |                            |                          |                          |                          |                          |                          |
| Produced Assets  |                           |                          |                            |                          |                          |                          |                          |                          |
| Property, Plant and Equipment                          | 11,201                    | 11,572                   | 3,670                      | 3,544                    | -                        | -                        | 14,871                   | 15,116                   |
| Investment Properties                                  | 5                         | 5                        | 16                         | 9                        | -                        | -                        | 22                       | 14                       |
| Intangibles  | 99                        | 62                       | 13                         | 41                       | -                        | -                        | 112                      | 103                      |
| Inventories  | 19                        | 18                       | 260                        | 250                      | -27                      | -41                      | 252                      | 227                      |
| Assets Held for Sale                                   | 195                       | 54                       | 37                         | 59                       | -                        | -                        | 232                      | 113                      |
| Capital Works-in-Progress                              | 653                       | 707                      | 144                        | 118                      | -                        | -                        | 797                      | 825                      |
| Non Produced Assets                                    |                           |                          |                            |                          |                          |                          |                          |                          |
| Property, Plant and Equipment                          | 3,742                     | 2,948                    | 3,612                      | 3,401                    | -                        | -                        | 7,354                    | 6,348                    |
| Loose-Fill Asbestos Insulation Eradication Scheme Land | 123                       | 368                      | -                          | -                        | -                        | -                        | 123                      | 368                      |
| Biological Assets                                      | 30                        | 28                       | -                          | -                        | -                        | -                        | 30                       | 28                       |
| Other Non-Financial Assets                             |                           |                          |                            |                          |                          |                          |                          |                          |
| Deferred Tax Assets                                    | -                         | -                        | 31                         | -                        | -31                      | -                        | -                        | -                        |
| Other Non-Financial Assets                             | 17                        | -                        | -                          | -                        | 0                        | 0                        | 17                       | -                        |
| <b>Total Non-Financial Assets</b>                      | <b>16,083</b>             | <b>15,763</b>            | <b>7,784</b>               | <b>7,422</b>             | <b>-58</b>               | <b>-41</b>               | <b>23,809</b>            | <b>23,144</b>            |
| <b>Total Assets</b>                                    | <b>30,158</b>             | <b>29,087</b>            | <b>9,264</b>               | <b>8,935</b>             | <b>-8,479</b>            | <b>-8,107</b>            | <b>30,942</b>            | <b>29,915</b>            |



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED BALANCE SHEET BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Liabilities</b>   |                           |                          |                            |                          |                          |                          |                          |                          |
| Deposits Held  | 16                        | 16                       | -                          | -                        | -                        | -                        | 16                       | 16                       |
| Advances Received  | 1,072                     | 1,076                    | 1,652                      | 1,606                    | -1,589                   | -1,539                   | 1,135                    | 1,143                    |
| Borrowings   |                           |                          |                            |                          |                          |                          |                          |                          |
| Finance Leases   | 0                         | 3                        | -                          | -                        | -                        | -                        | 0                        | 3                        |
| Other Borrowings   | 3,555                     | 3,511                    | -                          | -                        | -                        | -                        | 3,555                    | 3,511                    |
| Superannuation   | 8,574                     | 10,719                   | -                          | -                        | -                        | 0                        | 8,574                    | 10,719                   |
| Employee Benefits  | 638                       | 652                      | 70                         | 71                       | -9                       | -11                      | 700                      | 712                      |
| Other Provisions   | 145                       | 227                      | 176                        | 248                      | -50                      | -107                     | 271                      | 368                      |
| Payables   | 447                       | 467                      | 212                        | 147                      | -101                     | -61                      | 557                      | 552                      |
| Other Liabilities  |                           |                          |                            |                          |                          |                          |                          |                          |
| Current Tax Liability  | -                         | -                        | 54                         | 88                       | -54                      | -88                      | -                        | -                        |
| Deferred Tax Liability   | -                         | -                        | 436                        | 400                      | -436                     | -400                     | -                        | -                        |
| Other Liabilities  | 47                        | 9                        | 99                         | 63                       | -99                      | -63                      | 48                       | 9                        |
| <b>Total Liabilities</b>                                       | <b>14,494</b>             | <b>16,679</b>            | <b>2,699</b>               | <b>2,623</b>             | <b>-2,338</b>            | <b>-2,268</b>            | <b>14,855</b>            | <b>17,033</b>            |
| <b>Net Assets</b>  | <b>15,664</b>             | <b>12,408</b>            | <b>6,565</b>               | <b>6,312</b>             | <b>-6,141</b>            | <b>-5,839</b>            | <b>16,087</b>            | <b>12,882</b>            |
| Equity in Public Trading Entities                              | 6,565                     | 6,312                    | -                          | -                        | -6,565                   | -6,312                   | -                        | -                        |
| Accumulated Funds  | 3,335                     | 708                      | 2,556                      | 2,430                    | -60                      | -41                      | 5,831                    | 3,097                    |
| Asset Revaluation Surplus                                      | 5,763                     | 5,388                    | 3,999                      | 3,872                    | 484                      | 514                      | 10,246                   | 9,774                    |
| Other Reserves   | 1                         | 1                        | 10                         | 10                       | -                        | -                        | 11                       | 11                       |
| <b>Net Worth</b>   | <b>15,664</b>             | <b>12,408</b>            | <b>6,565</b>               | <b>6,312</b>             | <b>-6,141</b>            | <b>-5,839</b>            | <b>16,087</b>            | <b>12,882</b>            |
| <b>Key Fiscal Aggregates</b>                                   |                           |                          |                            |                          |                          |                          |                          |                          |
| <b>Net Financial Worth</b>                                     | -419                      | -3,354                   | -1,219                     | -1,110                   | -6,083                   | -5,798                   | -7,721                   | -10,263                  |
| <b>Net Financial Liabilities</b>                               | 6,984                     | 9,666                    | -                          | -                        | 1,713                    | 1,548                    | 8,697                    | 11,213                   |
| <b>Net Debt (Including Superannuation Related Investments)</b> | -2,267                    | -1,789                   | 1,335                      | 1,203                    | -                        | -                        | -932                     | -586                     |
| <b>Net Debt (Excluding Superannuation Related Investments)</b> | 1,453                     | 1,646                    | -                          | -                        | 1,328                    | 1,203                    | 2,781                    | 2,849                    |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Opening Equity</b>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Opening Equity in Public Trading Enterprises (PTE)                             | 6,312                     | 6,036                    | -                          | -                        | -6,312                   | -6,036                   | -                        | -                        |
| Opening Accumulated Funds  | 708                       | 2,927                    | 2,430                      | 2,323                    | -41                      | 67                       | 3,097                    | 5,316                    |
| Opening Asset Revaluation Surplus  | 5,388                     | 5,322                    | 3,872                      | 3,703                    | 514                      | 320                      | 9,774                    | 9,345                    |
| Opening Other Reserves   | 1                         | 1                        | 10                         | 10                       | -                        | -                        | 11                       | 10                       |
| <b>Opening Balance</b>   | <b>12,408</b>             | <b>14,286</b>            | <b>6,312</b>               | <b>6,036</b>             | <b>-5,839</b>            | <b>-5,649</b>            | <b>12,882</b>            | <b>14,672</b>            |
| <b>Comprehensive Income</b>  |                           |                          |                            |                          |                          |                          |                          |                          |
| <i>Included in Accumulated Funds:</i>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Operating Result for the Period  | 190                       | -319                     | 262                        | 264                      | -357                     | -316                     | 95                       | -371                     |
| Payments to ACT Government Agencies  | -20                       | -33                      | -                          | -                        | 20                       | 33                       | -                        | -                        |
| Capital Distributions  | 54                        | 6                        | -                          | -                        | -54                      | -6                       | -                        | -                        |
| Transfer of Assets to the PTE Sector   | -128                      | -36                      | -                          | -                        | 128                      | 36                       | -                        | -                        |
| Superannuation Actuarial Gain/(Loss)   | 2,525                     | -1,877                   | -                          | -                        | -                        | -                        | 2,525                    | -1,877                   |
| Prior Year Adjustment  | 6                         | 40                       | -                          | -                        | -                        | -46                      | 6                        | -6                       |
| Other Movements  | -                         | -                        | -                          | -                        | -                        | -                        | -                        | -                        |
| Net Effect of Change in Accounting Policy                                      | -                         | -                        | -                          | -                        | -                        | -                        | -                        | -                        |
| <i>Included in Equity in Public Trading Entities:</i>                          |                           |                          |                            |                          |                          |                          |                          |                          |
| Increase/(Decrease) in Net Assets of PTE Entities                              | 253                       | 276                      | -                          | -                        | -253                     | -276                     | -                        | -                        |
| <i>Included in the Asset Revaluation Surplus:</i>                              |                           |                          |                            |                          |                          |                          |                          |                          |
| Increase/(Decrease) in Asset Revaluation Reserve Surpluses due to Revaluations | 375                       | 66                       | 235                        | 203                      | -30                      | 194                      | 579                      | 462                      |
| <i>Included in Other Reserves:</i>   |                           |                          |                            |                          |                          |                          |                          |                          |
| Increase/(Decrease) in Other Reserves  | 0                         | -                        | -                          | -                        | -                        | -                        | 0                        | 0                        |
| <b>Total Comprehensive Income / (Loss)</b>                                     | <b>3,255</b>              | <b>-1,876</b>            | <b>496</b>                 | <b>468</b>               | <b>-546</b>              | <b>-382</b>              | <b>3,206</b>             | <b>-1,791</b>            |
| <b>Other</b>   |                           |                          |                            |                          |                          |                          |                          |                          |
| Transfer to/(from) Accumulated Funds   | -                         | -                        | 108                        | 34                       | -                        | -                        | 107                      | 34                       |
| Transfer to/(from) the Asset Revaluation Surplus                               | -                         | -                        | -108                       | -34                      | 0                        | 0                        | -107                     | -34                      |
| <b>Total Other</b>   | <b>-</b>                  | <b>-</b>                 | <b>-</b>                   | <b>-</b>                 | <b>0</b>                 | <b>0</b>                 | <b>-</b>                 | <b>-</b>                 |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Transactions Involving Owners Affecting Accumulated Funds</b>       |                           |                          |                            |                          |                          |                          |                          |                          |
| <i>Included in Accumulated Funds:</i>                                  |                           |                          |                            |                          |                          |                          |                          |                          |
| Capital Injections   | -                         | -                        | 20                         | 33                       | -20                      | -33                      |                          |                          |
| Capital Distributions  | -                         | -                        | -54                        | -6                       | 54                       | 6                        |                          |                          |
| Transfer of Assets to PTE Sector                                       | -                         | -                        | 128                        | 36                       | -128                     | -36                      | -                        | -                        |
| Dividends Approved   | -                         | -                        | -337                       | -253                     | 337                      | 253                      | -                        | -                        |
| <b>Total Transactions Involving Owners Affecting Accumulated Funds</b> | <b>0</b>                  | <b>0</b>                 | <b>-243</b>                | <b>-191</b>              | <b>243</b>               | <b>191</b>               | <b>-</b>                 | <b>-</b>                 |
| <b>Closing Equity</b>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Closing Equity in PTE  | 6,565                     | 6,312                    | -                          | -                        | -6,565                   | -6,312                   | -                        | -                        |
| Closing Accumulated Funds  | 3,335                     | 708                      | 2,556                      | 2,430                    | -60                      | -41                      | 5,831                    | 3,097                    |
| Closing Asset Revaluation Surplus                                      | 5,763                     | 5,388                    | 3,999                      | 3,872                    | 484                      | 514                      | 10,246                   | 9,774                    |
| Closing Other Reserves   | 1                         | 1                        | 10                         | 10                       | -                        | -                        | 11                       | 11                       |
| <b>Closing Balance</b>   | <b>15,664</b>             | <b>12,408</b>            | <b>6,565</b>               | <b>6,312</b>             | <b>-6,141</b>            | <b>-5,839</b>            | <b>16,087</b>            | <b>12,882</b>            |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Cash Flows from Operating Activities</b>                    |                           |                          |                            |                          |                          |                          |                          |                          |
| <i><b>Cash Receipts</b></i>                                    |                           |                          |                            |                          |                          |                          |                          |                          |
| Taxes Received   | 1,677                     | 1,495                    | -                          | -                        | -34                      | -41                      | 1,644                    | 1,454                    |
| Receipts from Sales of Goods and Services                      | 554                       | 671                      | 927                        | 1,008                    | -115                     | -259                     | 1,366                    | 1,419                    |
| Grants/Subsidies Received                                      | 2,052                     | 1,864                    | 172                        | 165                      | -174                     | -164                     | 2,050                    | 1,866                    |
| Distributions from Financial Investments                       | 39                        | 27                       | -                          | -                        | -                        | -                        | 39                       | 27                       |
| Interest Receipts  | 140                       | 132                      | 10                         | 8                        | -70                      | -73                      | 80                       | 66                       |
| Dividends and Income Tax Equivalents                           | 528                       | 302                      | -                          | -                        | -471                     | -247                     | 56                       | 54                       |
| Other Receipts   | 520                       | 424                      | 113                        | 113                      | -35                      | -40                      | 599                      | 496                      |
| <b>Total Cash Received from Operating Activities</b>           | <b>5,510</b>              | <b>4,914</b>             | <b>1,222</b>               | <b>1,293</b>             | <b>-899</b>              | <b>-825</b>              | <b>5,833</b>             | <b>5,383</b>             |
| <i><b>Cash Payments</b></i>                                    |                           |                          |                            |                          |                          |                          |                          |                          |
| Payments for Employees   | -2,284                    | -2,248                   | -190                       | -193                     | 11                       | 11                       | -2,463                   | -2,430                   |
| Payments for Goods and Services                                | -943                      | -1,040                   | -196                       | -181                     | 68                       | 110                      | -1,071                   | -1,110                   |
| Grants/Subsidies Paid  | -1,004                    | -926                     | -25                        | -25                      | 161                      | 157                      | -868                     | -794                     |
| Interest Paid  | -177                      | -170                     | -77                        | -78                      | 70                       | 74                       | -184                     | -174                     |
| Other Payments   | -489                      | -468                     | -265                       | -349                     | 102                      | 156                      | -652                     | -660                     |
| <b>Total Cash Paid from Operating Activities</b>               | <b>-4,897</b>             | <b>-4,851</b>            | <b>-752</b>                | <b>-825</b>              | <b>412</b>               | <b>508</b>               | <b>-5,237</b>            | <b>-5,168</b>            |
| <b>Net Cash Flows from Operating Activities</b>                | <b>613</b>                | <b>63</b>                | <b>470</b>                 | <b>468</b>               | <b>-487</b>              | <b>-317</b>              | <b>596</b>               | <b>215</b>               |
| <b>Cash Flows from Investing Activities</b>                    |                           |                          |                            |                          |                          |                          |                          |                          |
| <b>Cash Flows from Investments in Non-Financial Assets</b>     |                           |                          |                            |                          |                          |                          |                          |                          |
| Sales of Non-Financial Assets                                  | 287                       | 65                       | 67                         | 40                       | -                        | -                        | 354                      | 105                      |
| Payments for Non-Financial Assets                              | -667                      | -790                     | -164                       | -184                     | 18                       | 68                       | -814                     | -907                     |
| <b>Net Cash Flows from Investments in Non-Financial Assets</b> | <b>-380</b>               | <b>-725</b>              | <b>-97</b>                 | <b>-144</b>              | <b>17</b>                | <b>68</b>                | <b>-460</b>              | <b>-802</b>              |
| <b>Assets</b>  |                           |                          |                            |                          |                          |                          |                          |                          |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                   | Public Trading Enterprises |                   | Eliminations      |                   | Total Territory   |                   |
|--|---------------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2016-17<br>Actual         | 2015-16<br>Actual | 2016-17<br>Actual          | 2015-16<br>Actual | 2016-17<br>Actual | 2015-16<br>Actual | 2016-17<br>Actual | 2015-16<br>Actual |
|  | \$m                       | \$m               | \$m                        | \$m               | \$m               | \$m               | \$m               | \$m               |
| <b>Cash Flows from Investments in Financial Assets<br/>for Policy Purposes</b>         |                           |                   |                            |                   |                   |                   |                   |                   |
| <i>Cash Receipts</i>   |                           |                   |                            |                   |                   |                   |                   |                   |
| Repayment of Loans   | 0                         | 1                 | -                          | -                 | -                 | -1                | 0                 | 1                 |
| Capital Receipts from Government Agencies  | 29                        | -                 | 20                         | 33                | -49               | -33               | -                 | -                 |
| Dividends - Market Gains on Land Sales   | 32                        | 12                | -                          | -                 | -32               | -12               | -                 | -                 |
| <b>Total Cash Received from Investment in Financial Assets<br/>for Policy Purposes</b> | <b>61</b>                 | <b>13</b>         | <b>20</b>                  | <b>33</b>         | <b>-81</b>        | <b>-46</b>        | <b>0</b>          | <b>1</b>          |
| <i>Cash Payments</i>   |                           |                   |                            |                   |                   |                   |                   |                   |
| Issue of Loans   | -                         | -                 | -6                         | -                 | -                 | -                 | -6                | -                 |
| Capital Payments to Government Agencies  | -20                       | -33               | -                          | -                 | 20                | 33                | -                 | -                 |
| Dividends - Market Gains on Land Sales   | -                         | -                 | -32                        | -12               | 32                | 12                | -                 | -                 |
| Distributions to Government  | -                         | -                 | -29                        | -                 | 29                | -                 | -                 | -                 |
| <b>Total Cash Paid from Investment in Financial<br/>Assets for Policy Purposes</b>     | <b>-20</b>                | <b>-33</b>        | <b>-66</b>                 | <b>-12</b>        | <b>81</b>         | <b>45</b>         | <b>-6</b>         | <b>-</b>          |
| <b>Net Cash Flows from Investments in Financial Assets<br/>for Policy Purposes</b>     | <b>41</b>                 | <b>-20</b>        | <b>-46</b>                 | <b>21</b>         | <b>-</b>          | <b>-1</b>         | <b>-5</b>         | <b>-</b>          |
| <b>Cash Flows from Investments in Financial Assets<br/>for Liquidity Purposes</b>      |                           |                   |                            |                   |                   |                   |                   |                   |
| Sales of Investments   | 34                        | 235               | 1                          | 31                | 3                 | -37               | 39                | 229               |
| Payments for Investments   | -175                      | -211              | -                          | -                 | -3                | 118               | -178              | -94               |
| <b>Net Cash Flows from Investments in Financial<br/>Assets for Liquidity Purposes</b>  | <b>-141</b>               | <b>23</b>         | <b>1</b>                   | <b>31</b>         | <b>0</b>          | <b>81</b>         | <b>-139</b>       | <b>136</b>        |
| <b>Net Cash Flows from Investing Activities</b>  | <b>-480</b>               | <b>-722</b>       | <b>-142</b>                | <b>-93</b>        | <b>18</b>         | <b>149</b>        | <b>-604</b>       | <b>-665</b>       |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

54 **DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|   | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|---|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Cash Flows from Financing Activities</b>                               |                           |                          |                            |                          |                          |                          |                          |                          |
| <i>Cash Receipts</i>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Borrowings  | 70                        | 826                      | 70                         | 248                      | -93                      | -456                     | 46                       | 618                      |
| <b>Total Cash Received from Financing Activities</b>                      | <b>70</b>                 | <b>826</b>               | <b>70</b>                  | <b>248</b>               | <b>-93</b>               | <b>-456</b>              | <b>46</b>                | <b>618</b>               |
| <i>Cash Payments</i>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Borrowings  | -73                       | -254                     | -25                        | -210                     | 93                       | 456                      | -4                       | -8                       |
| Dividends Paid  | -                         | -                        | -307                       | -196                     | 307                      | 196                      | -                        | -                        |
| Other Financing   | -                         | -                        | -162                       | -68                      | 162                      | 68                       | -                        | -                        |
| <b>Total Cash Paid from Financing Activities</b>                          | <b>-73</b>                | <b>-254</b>              | <b>-494</b>                | <b>-473</b>              | <b>563</b>               | <b>719</b>               | <b>-4</b>                | <b>-8</b>                |
| <b>Net Cash Flows from Financing Activities</b>                           | <b>-3</b>                 | <b>572</b>               | <b>-425</b>                | <b>-225</b>              | <b>469</b>               | <b>263</b>               | <b>42</b>                | <b>610</b>               |
| <b>Net Increase/(Decrease) in Cash Held</b>                               | <b>130</b>                | <b>-87</b>               | <b>-97</b>                 | <b>150</b>               | <b>-</b>                 | <b>97</b>                | <b>33</b>                | <b>160</b>               |
| <b>Cash and Cash Equivalents at the Beginning<br/>of Reporting Period</b> | <b>622</b>                | <b>710</b>               | <b>403</b>                 | <b>253</b>               | <b>-</b>                 | <b>-96</b>               | <b>1,025</b>             | <b>867</b>               |
| <b>Cash and Cash Equivalents at the End of<br/>Reporting Period</b>       | <b>752</b>                | <b>622</b>               | <b>307</b>                 | <b>403</b>               | <b>-</b>                 | <b>-</b>                 | <b>1,059</b>             | <b>1,025</b>             |
| <b>Key Fiscal Aggregates</b>  |                           |                          |                            |                          |                          |                          |                          |                          |
| Net Cash from Operating Activities  | 613                       | 63                       | 470                        | 468                      | -487                     | -316                     | 596                      | 215                      |
| Investments in Non-Financial Assets                                       | -380                      | -725                     | -97                        | -144                     | 17                       | 68                       | -460                     | -802                     |
| Distributions Paid  | -                         | -                        | -469                       | -263                     | 469                      | 263                      | -                        | -                        |
| <b>Cash Surplus (+) / Deficit (-)</b>                                     | <b>233</b>                | <b>-662</b>              | <b>-97</b>                 | <b>60</b>                | <b>-</b>                 | <b>15</b>                | <b>136</b>               | <b>-587</b>              |

A positive number denotes a cash inflow, a negative number denotes a cash outflow.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2017**

**54 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

|  | General Government Sector |                          | Public Trading Enterprises |                          | Eliminations             |                          | Total Territory          |                          |
|--|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|  | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>Derivation of ABS Government Finance Statistics (GFS) Cash Surplus/(Deficit)</b>          |                           |                          |                            |                          |                          |                          |                          |                          |
| <b>Cash Surplus (+) / Deficit (-)</b>  | <b>233</b>                | <b>-662</b>              | <b>-97</b>                 | <b>60</b>                | <b>-</b>                 | <b>15</b>                | <b>136</b>               | <b>-587</b>              |
| Acquisitions Under Finance Leases and Similar Arrangements                                   | -                         | -                        | -                          | -                        | -                        | -                        | -                        | -                        |
| <b>ABS GFS Cash Surplus (+) / Deficit (-)<br/>Including Finance and Similar Arrangements</b> | <b>233</b>                | <b>-662</b>              | <b>-97</b>                 | <b>60</b>                | <b>-</b>                 | <b>15</b>                | <b>136</b>               | <b>-587</b>              |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**55 RECONCILIATIONS TO ABS GFS MEASURES**

Where the Key Fiscal Aggregates presented on the face of the financial statements are materially different to that measured in accordance with the ABS GFS Manual, a reconciliation between the two measures is required to be provided.

The following material differences have occurred:

|   | General Government Sector |                          | Public Trading Enterprises |                          | Total Territory          |                          |
|---|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>(a) Reconciliation to GFS Net Operating Balance</b>  |                           |                          |                            |                          |                          |                          |
| Net Result from Transactions - UPF Net Operating Balance  | -177                      | -322                     | 270                        | 253                      | -237                     | -373                     |
| Convergence differences:  |                           |                          |                            |                          |                          |                          |
| Dividend Payments<br>(GFS classifies dividends paid by Public Trading Enterprises as an expense)  | -                         | -                        | -288                       | -236                     | -                        | -                        |
| <b>GFS Net Operating Balance</b>  | <b>-177</b>               | <b>-322</b>              | <b>-18</b>                 | <b>16</b>                | <b>-237</b>              | <b>-373</b>              |
| <b>(b) Reconciliation to GFS Net Lending/(Borrowing)</b>  |                           |                          |                            |                          |                          |                          |
| Net Lending/(Borrowing)   | -267                      | -667                     | 405                        | 253                      | -176                     | -631                     |
| Convergence differences:  |                           |                          |                            |                          |                          |                          |
| Relating to the Net Operating Balance (as above)  | -                         | -                        | -288                       | -236                     | -                        | -                        |
| Change in Inventories<br>(GFS includes the change in inventory balances when calculating Net Lending/Borrowing)   | 2                         | 3                        | 10                         | -124                     | 24                       | -75                      |
| <b>GFS Fiscal Balance</b>   | <b>-265</b>               | <b>-664</b>              | <b>127</b>                 | <b>-108</b>              | <b>-151</b>              | <b>-706</b>              |
| <b>(c) Reconciliation to GFS Net Worth</b>  |                           |                          |                            |                          |                          |                          |
| Net Worth   | 15,664                    | 12,408                   | 6,565                      | 6,312                    | 16,087                   | 12,882                   |
| Convergence differences:  |                           |                          |                            |                          |                          |                          |
| Investments in Other Public Sector Entities<br>(GFS excludes deferred tax liabilities in the calculation of net worth for PTEs which flow through to Investments in the GGS sector) | 436                       | 400                      | -                          | -                        | -                        | -                        |
| Deferred Tax Liability<br>(GFS excludes deferred tax liabilities in the calculation of net worth)   | -                         | -                        | 436                        | 400                      | -                        | -                        |
| Waste Sites Remediation Provision<br>(Relating to the provision to restore Mugga Lane and Belconnen Waste Landfill Sites, excluded under GFS)                                       | 28                        | 27                       | -                          | -                        | 28                       | 27                       |
| Loose-fill Asbestos Insulation Eradication Scheme Provision<br>(Relating to the provision to properties for homeowners who have opted into the scheme, excluded under GFS)          | 82                        | 162                      | -                          | -                        | 82                       | 162                      |
| <b>GFS Net Worth</b>  | <b>16,210</b>             | <b>12,997</b>            | <b>7,001</b>               | <b>6,712</b>             | <b>16,198</b>            | <b>13,070</b>            |



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**55 RECONCILIATIONS TO ABS GFS MEASURES - CONTINUED**

|   | General Government Sector |                          | Public Trading Enterprises |                          | Total Territory          |                          |
|---|---------------------------|--------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
|   | 2016-17<br>Actual<br>\$m  | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m   | 2015-16<br>Actual<br>\$m | 2016-17<br>Actual<br>\$m | 2015-16<br>Actual<br>\$m |
| <b>(d) Reconciliation to GFS Net Financial Worth</b>  |                           |                          |                            |                          |                          |                          |
| Net Financial Worth   | -419                      | -3,354                   | -1,219                     | -1,110                   | -7,721                   | -10,263                  |
| Convergence differences:  |                           |                          |                            |                          |                          |                          |
| Investments in Other Public Sector Entities<br>(GFS excludes deferred tax liabilities in the<br>calculation of net worth for PTEs which flow<br>through to Investments in the GGS sector) | 436                       | 400                      | -                          | -                        | -                        | -                        |
| Deferred Tax Liability<br>(GFS excludes deferred tax liabilities in the<br>calculation of net worth)  | -                         | -                        | 436                        | 400                      | -                        | -                        |
| Waste Sites Remediation Provision<br>(Relating to the provision to restore Mugga<br>Lane and Belconnen Waste Landfill Sites,<br>excluded under GFS)                                       | 28                        | 27                       | -                          | -                        | 28                       | 27                       |
| Loose-fill Asbestos Insulation Eradication<br>Scheme Provision<br>(Relating to the provision to properties for<br>homeowners who have opted into the scheme,<br>excluded under GFS)       | 82                        | 162                      | -                          | -                        | 82                       | 162                      |
| <b>GFS Net Financial Worth</b>  | <b>127</b>                | <b>-2,765</b>            | <b>-783</b>                | <b>-710</b>              | <b>-7,611</b>            | <b>-10,074</b>           |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX A**

**VARIANCE EXPLANATIONS - 2016-17 Actual compared to 2016-17 Budget**

for variances greater than 5 per cent and greater than \$25 million of the financial statement line item. Variance explanations are also included where they are considered of importance to users of the consolidated annual financial statements.

**GGS = General Government Sector**

**Note:** A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts have been rounded to the nearest million dollars.

| Reference No. |   | 2016-17 Actual<br>\$m | 2016-17 Budget<br>\$m | Variance<br>\$m | Variance<br>% |
|---------------|---|-----------------------|-----------------------|-----------------|---------------|
| 4             | <b>TAXATION REVENUE</b><br><br>The higher than expected taxation revenue is mainly due to increased conveyance duties revenue as a result of higher than expected residential market activity than originally forecast in commercial property sales.  | GGS<br>1,695          | 1,634                 | 61              | 4%            |
| 5             | <b>GAINS FROM CONTRIBUTED ASSETS</b><br><br>Lower gains from contributed assets mainly reflect a lower than anticipated value of infrastructure assets being transferred from the Land Development Agency and private developers to the General Government Sector.  | GGS<br>116            | 156                   | -40             | -26%          |
| 7             | <b>OTHER SALES OF GOODS AND SERVICES</b><br><br>Higher than expected sales of goods and services is associated with higher than expected Cross Border Health Receipts from New South Wales, demand for Hepatitis C drugs and revenue received from ACT Property Group and Territory Venues and Events in relation to Canberra Stadium.  | GGS<br>522            | 479                   | 42              | 9%            |
| 9             | <b>DIVIDEND AND INCOME TAX EQUIVALENTS INCOME</b><br><br>Higher than expected dividend and income tax equivalents income is mainly due to higher than forecast returns from the Land Development Agency as a result of lower expenses due to less assets being transferred from other government agencies free of charge under the Asset Recycling Initiative.  | GGS<br>507            | 406                   | 101             | 25%           |
| 14            | <b>SUPPLIES AND SERVICES</b><br><br>Lower supplies and services expense is associated with the Treasurers' Advance not being fully expended and the deferral of capital projects and their associated expenditure into future years. It is also due to the capitalisation of repairs and maintenance that was forecast to be expensed and lower consultancy expenses.   | GGS<br>907            | 1,028                 | -121            | -12%          |
| 18            | <b>NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE</b><br><br>Higher net gains on financial assets or liabilities at fair value is mainly as a result of higher returns in the investment of shares and private equity company investments held by the Superannuation Provision Account due to better than anticipated performance of Australian and international share markets. This improvement has been partially offset by capital value losses on fixed income investments as result of higher interest rates both domestically and internationally. | GGS<br>239            | 164                   | 76              | 46%           |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX A**

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for variances greater than 5 per cent and greater than \$25 million of the financial statement line item. Variance explanations are also included where they are considered of importance to users of the consolidated annual financial statements.

**GGG = General Government Sector**

**Note:** A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts have been rounded to the nearest million dollars.

| Reference No. |  | 2016-17 Actual<br>\$m | 2016-17 Budget<br>\$m | Variance<br>\$m | Variance<br>% |
|---------------|--|-----------------------|-----------------------|-----------------|---------------|
| <b>21</b>     | <b>CASH AND DEPOSITS</b>   |                       |                       |                 |               |
|               | <b>GGG</b>   | 782                   | 327                   | 455             | 139%          |
|               | Higher than anticipated cash and deposits is due to the timing of end of year cash flows transactions in the Territory Banking Account. The timing of these transactions has been impacted by a lower level of capital works expenditure that is now expected to occur in later years.   |                       |                       |                 |               |
| <b>23</b>     | <b>INVESTMENTS AND LOANS</b>   |                       |                       |                 |               |
|               | <b>GGG</b>   | 4,470                 | 4,197                 | 273             | 7%            |
|               | The higher level of investment and loans is mainly due to a higher than expected level of funds held with the Territory Banking Account which reflects the timing of end of year cash flow transactions and underlying agency investment activities. The timing of these transactions has been impacted by a lower level of capital works expenditure that is now expected to occur in later years.              |                       |                       |                 |               |
| <b>31</b>     | <b>RECEIVABLES</b>   |                       |                       |                 |               |
|               | <b>GGG</b>   | 600                   | 637                   | -38             | -6%           |
|               | A decrease in receivables is related to lower accrual estimates for taxes, fees, fines and dividends.  |                       |                       |                 |               |
| <b>29</b>     | <b>ASSETS HELD FOR SALE</b>  |                       |                       |                 |               |
|               | <b>GGG</b>   | 195                   | 0                     | 195             | 100%          |
|               | Higher assets held for sale mainly relates to the unanticipated transfer of 349 blocks of land under the Loose-Fill Asbestos Insulation Eradication Scheme from provisions to assets held for sale following the completion of building demolition and land remediation.   |                       |                       |                 |               |
| <b>30</b>     | <b>CAPITAL WORKS-IN-PROGRESS</b>   |                       |                       |                 |               |
|               | <b>GGG</b>   | 653                   | 973                   | -320            | -33%          |
|               | Lower levels of capital works-in-progress is mainly due to the deferral of capital works initiatives from 2016-17 to future years. It is also related to delays for upgrades of current buildings and the construction of new buildings, in particular the University of Canberra Public Hospital, as well as lower payments for Light Rail Stage 1 and roads infrastructure due to delays in construction work. |                       |                       |                 |               |
| <b>31</b>     | <b>LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME LAND</b>  |                       |                       |                 |               |
|               | <b>GGG</b>   | 123                   | 262                   | -139            | -53%          |
|               | The lower value of Loose-fill Asbestos Insulation Eradication Scheme Land is mainly due to the unanticipated transfer of properties to assets held for sale.   |                       |                       |                 |               |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX A**

**VARIANCE EXPLANATIONS - 2016-17 Actual compared to 2016-17 Budget**

for variances greater than 5 per cent and greater than \$25 million of the financial statement line item. Variance explanations are also included where they are considered of importance to users of the consolidated annual financial statements.

**GGS = General Government Sector**

**Note:** A '#' in the 'Variance %' column represents a variation that is greater than 999 per cent or less than -999 per cent. Variances may not be exact due to the impact of rounding. All amounts have been rounded to the nearest million dollars.

| Reference No. |   | 2016-17 Actual<br>\$m | 2016-17 Budget<br>\$m | Variance<br>\$m | Variance<br>% |
|---------------|---|-----------------------|-----------------------|-----------------|---------------|
| 34            | <b>SUPERANNUATION</b>   | <b>GGS</b><br>8,574   | 6,253                 | 2,320           | 37%           |
|               | The Budget estimates for the present value of the defined benefit superannuation liability and the associated superannuation expense use a long term average discount rate of 6 per cent. Australian Accounting Standards require the use of a discount rate at 30 June referenced to the yield on a suitable Commonwealth Government Bond. A discount rate lower than 6 per cent will increase the liability valuation estimate. As the discount rate at 30 June 2017 was 3.51 per cent, there was a \$2.320 billion increase in the superannuation liability valuation compared to the budget estimate. |                       |                       |                 |               |
| 35            | <b>EMPLOYEE BENEFITS AND OTHER PROVISIONS</b>   | <b>GGS</b><br>784     | 977                   | -193            | -20%          |
|               | Lower employee benefits and other provisions is mainly a result of the reduction of provisions related to the Loose-fill Asbestos Insulation Eradication Scheme properties following completion of building demolition and land remediation.  |                       |                       |                 |               |
| 37            | <b>OTHER LIABILITIES</b>  | <b>GGS</b><br>47      | 5                     | 43              | 884%          |
|               | Higher other liabilities is mainly due to the unanticipated recognition of lease incentive obligation for rent-free periods for operating leases for Penrhyn House, Winyu House and Nature Conservation House. It is also due to the recognition of deferred income for the portion of the University of Canberra Public Hospital building of which University of Canberra will have sole use.  |                       |                       |                 |               |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Preparation**

The *Financial Management Act 1996* (FMA) requires the preparation of Annual Financial Statements for the Territory.

The FMA, and the *Financial Management Guidelines* issued under the Act, requires that the Financial Statements for each sector include:

- (i) an Operating Statement for the year;
- (ii) a Balance Sheet as at the end of the year;
- (iii) a Statement of Changes in Equity for the year;
- (iv) a Cash Flow Statement for the year;
- (v) a Statement of Appropriation for the year;
- (vi) the significant accounting policies adopted by the Territory for the year; and
- (vii) such other statements as are necessary to fairly reflect the financial operations of the Territory during the year and its financial position as at the end of the year.

For disclosure purposes, one Statement of Appropriation is presented inclusive of all ACT Government controlled entities which have received appropriations during the reporting period.

As required by the FMA, these general purpose financial statements have been prepared in accordance with:

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

The Territory's financial statements have been prepared using the accrual basis of accounting, which recognises the effect of transactions and events when they occur. The Territory's financial statements have also been prepared in accordance with the historical cost convention, except for assets such as those included in property, plant and equipment and financial instruments which were valued at fair value in accordance with the valuation policies of the Territory during the reporting period.

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

Where considered material, differing accounting treatments between agencies have been amended to ensure the consolidated financial statements are prepared on a consistent basis in accordance with the Territory's accounting policies and provide a fair and accurate financial depiction of the Territory's activities and position.

**b) Compliance Framework**

The financial statements for the Territory have been prepared in accordance with Australian Accounting Standard AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049), which requires compliance with all Australian Accounting Standards except those identified.

Compliance with AASB 1049 means that these statements are also consistent with the reporting requirements of the Uniform Presentation Framework (UPF) (refer to Appendix E - Glossary).

The financial statements for the Territory have also been prepared in accordance with the principles and rules of the Australian Bureau of Statistics Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005 (ABS GFS Manual).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**b) Compliance Framework - Continued**

The whole of government reporting entity includes government directorates, government statutory authorities and Public Non-Financial Corporations (also known as Public Trading Enterprises (PTE)). Specific details about the entities consolidated by the Territory are shown at Note 3: 'Australian Capital Territory Government Controlled Entities'.

The General Government Sector (GGS) is a component of the whole of government reporting entity of the Territory. The GGS is determined in accordance with the principles and rules contained in the ABS GFS Manual. The GGS consists of agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenue and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges at times below the cost of production.

The GGS financial statements, contained within the Territory's financial statements, are prepared in accordance with AASB 1049 except for AASB 127: 'Consolidated and Separate Financial Statements' (AASB 127) and AASB 139: 'Financial Instruments: Recognition and Measurement' (AASB 139), where full application is not required. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the PTE sector are not separately recognised in the financial statements. Instead, the GGS financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

The PTE sector comprises of entities mainly engaged in the production of goods and services (of a non-financial nature) for sale in the market place at prices that aim to recover most of the costs involved. In general, PTE entities are legally distinguishable from the governments which own them.

The ABS GFS Manual also provides the basis upon which GFS information that is contained in the Territory's financial statements is prepared. In particular, notes disclosing the key fiscal aggregates of net worth, net operating balance, total change in net worth, net lending/(borrowing) and cash surplus/(deficit) determined using the principles and rules in the ABS GFS Manual together with a reconciliation of those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the Territory's financial statements.

**c) The Reporting Period**

These consolidated financial statements state the financial performance, changes in equity and cash flows of the Territory for the financial year ended 30 June 2017 together with the financial position of the Territory as at 30 June 2017.

**d) Budget Figures**

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2016-17 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2016-17 Budget Papers.

The 2016-17 Budget Papers were prepared in accordance with the requirements of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049) except for the calculation of the 'Headline Net Operating Balance' in the Budget Papers which is not shown in the Operating Statement of this report as this calculation is not required under AASB 1049.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**e) Prior Year Comparatives**

Comparative information has been disclosed in respect of the previous period for all amounts reported in the Territory's 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 Territory's financial statements have been amended, the comparative amounts have been reclassified where material. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

**f) Rounding**

All amounts in the Territory's financial statements have been rounded to the nearest million dollars (\$m) unless otherwise indicated. The Territory's Consolidated Statement of Appropriation shows amounts in thousands of dollars (\$'000) consistent with the *Appropriation (Office of the Legislative Assembly) Act 2016-2017* and *Appropriation Act 2016-2017*.

Use of a zero ("0") represents amounts rounded down to zero. Use of a hyphen ("-") represents nil amounts.

**g) Basis of Consolidation**

In accordance with AASB 127: 'Consolidated and Separate Financial Statements' (AASB 127) the Territory's financial statements include the values of all assets, liabilities, equities, revenues and expenses controlled by the Territory.

The financial results of all Territory-controlled entities have been included in the Territory's financial statements. Where control of an entity is obtained during the financial year, its results are included in the Territory's financial statements from the date control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed.

Transactions between Territory-controlled entities, and any unrealised income and expenses arising from transactions between Territory-controlled entities, are eliminated in preparing the Territory's financial statements.

Full application of AASB 127 has not been applied for the GGS financial statements as per the disclosure contained in Appendix B(b): 'Compliance Framework'.

The consolidated entity includes the PTE entities and GGS entities as set out at Note 3: 'Australian Capital Territory Government Controlled Entities'.

**h) Revenue Recognition**

Revenue is recognised at the fair value of the consideration received or receivable in the Operating Statement. In addition, the following specific recognition criteria must also be met before revenue is recognised:

*Taxes, Fees and Fines*

Taxes are recognised as revenue when an assessment is raised. Fees are either recognised as revenue when the fee is incurred or at the time of payment. Fines are recognised as revenue on the issue of the relevant infringement notice. Where the fine attracts a penalty for late payments, the penalty amount is recognised as revenue on issue of the late payment notice.

*Sale of Goods*

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**h) Revenue Recognition - Continued**

*Provision of Services*

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

*Interest*

Interest revenue is recognised using the effective interest rate method.

*Gains on Investments at Fair Value through Profit and Loss*

Gains or losses on financial assets held at Fair Value through Profit or Loss consist of realised and unrealised amounts. Gains or losses resulting from changes in the fair value of an investment are included in the Operating Statement in the period in which they arise.

*Commonwealth Government Grants*

Commonwealth Government Grants are recognised as revenue when the Territory gains control over the grant received or receivable. In most cases this occurs when cash is received.

*Land Revenue*

Land sales revenue is recognised when the significant risks and rewards of the sale of land are transferred to the purchaser. While the point of recognition for one sale may differ from another depending on the individual terms of each contract of sale, in the majority of cases, sales completed via auction, direct grant, ballot or over the counter will be recognised on settlement.

Sales under the Land Rent Scheme are recognised in the PTE sector on settlement, at which point an invoice is raised to the GGS to receive payment for the land. Compensation paid to the PTE sector reflects the amount that would have been received if the sale had been a capital sum sale rather than a not for capital sum (rent lease) sale.

Should sale proceeds be received by instalments over more than 12 months, the initial amount to be recorded as revenue is the fair value of the consideration calculated by discounting the contracted value (nominal value) using a prevailing rate for a similar instrument of an issuer with a similar credit rating to the Land Development Agency. The difference which arises between the fair value of the consideration to be received over the deferral period and the contracted (nominal) value of the land is recognised as interest income over the deferral period.

Proceeds from land sales may comprise both cash-related transactions and the value of infrastructure required to be provided by the purchaser as part of the Deed of Agreement associated with the sale of land. The Right to Receive Infrastructure from the purchaser is recognised as revenue and a receivable at the time of settlement.

Refer to Appendix B (ak)(i) for information on the Territory's treatment of land revenue between 'undeveloped land value', 'value add component' and 'market gains on land sales'.

*Dividends*

Dividend revenue is recognised when the Territory's right to receive payment is established.

For the GGS, the component of dividends from the PTE sector is classified according to the underlying nature of the sales transaction/s. As a result, the total value of dividends recognised by the GGS is classified as either 'dividend income', included in 'Dividend and Income Tax Equivalents Income' in 'Revenue' on the Operating Statement, or 'Dividends (Market Gains on Land Sales)' in 'Other Economic Flows' on the Operating Statement.

The 'market gains' portion of the GGS dividend reflects the after 'income tax equivalents' profit on the sale of land attributable to market gains. The remainder of the dividend from the PTE sector is recorded as 'dividend income' and included in 'Dividend and Income Tax Equivalents Income' in 'Revenue' section on the Operating Statement.

Refer also to 'Revenue Recognition: Land Revenue' above and Appendix B(ak): 'Significant Accounting Judgements and Estimates' for information regarding market gains on land sales.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**h) Revenue Recognition - Continued**

*Revenue Received in Advance*

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received, otherwise all amounts are recorded as revenue.

**i) Repairs and Maintenance**

All costs involved with the maintenance of physical assets are classified as an expense unless they add to the service potential of the existing asset, in which case the costs are capitalised.

**j) Borrowing Costs**

Borrowing costs are expensed in the period in which they are incurred at the effective interest rate.

**k) Waivers of Debt**

Debts that are waived under Section 131 of the FMA are expensed during the year in which the right to payment was waived. Further details of such waivers are disclosed in Note 19: 'Waivers, Impairment Losses and Write-Offs'.

**l) Taxation Expense**

The Territory is exempt from all forms of Commonwealth taxation except Fringe Benefits Tax and Goods and Services Tax. While certain agencies are subject to ACT taxation, including Commonwealth taxation equivalents, which is shown as relevant in the disaggregated sector information, related amounts are eliminated in the Territory's Financial Statements.

**m) 'Financial' and 'Non-Financial' Assets and Liabilities**

Assets are classified as either 'financial' or 'non-financial' in nature. Financial assets are those that derive value because of a contractual claim. Non-financial assets primarily include property, plant and equipment such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

**n) Cash**

*Cash and Deposits*

Cash and deposits includes cash at bank, cash on hand, demand deposits and overnight cash.

*Cash and Cash Equivalents*

Cash includes cash at bank, cash on hand, short-term deposits and overnight cash. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. Bank overdrafts are included in cash and cash equivalents in the Cash Flow Statement but not in cash and deposits in the Balance Sheet. Funds held in the Territory Banking Account Cash Fund are classified as cash equivalents; this is only applicable to the PTE sector as these amounts are eliminated in the Total Territory statements.

The inclusion of movements in short-term securities in 'cash' for the purpose of the Cash Flow Statement is the principal difference between 'Cash and Deposits' and 'Cash and Cash Equivalents'.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**o) Receivables**

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

The 'Right to Receive Infrastructure from Land Developers' is also recognised as a receivable based on the prescribed conditions for associated works. The sale of land by the Territory can involve the receipt of cash as well as the value of infrastructure assets (such as roads, services and landscaping) required to be constructed by the purchaser as part of the sale conditions. Upon completion and handover to the Territory by the purchaser, the infrastructure works are recognised as infrastructure assets.

The collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off.

The allowance for impairment losses represents the amount of trade receivables and other receivables the Territory estimates will not be repaid. The Territory determines the allowance for impairment loss 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. The allowance for impairment losses is written off against the receivables account when the Territory ceases to collect the debt as it considers that it will cost more to recover than the debt is worth.

**p) Advances Paid**

Advances paid by the Territory include home loans to members of the public and loans provided to Community Housing Canberra Limited.

Loans provided to Community Housing Canberra Limited are to support the increase of the supply of affordable housing properties for sale or rent by eligible participants. Terms and conditions of the loans are set out in the 2017-18 Budget Supplementary Material (Summary and Terms of Debt Capital Injection) at <https://apps.treasury.act.gov.au/budget/budget-2017-2018/budget-papers>.

**q) Investments**

*Initial Recognition*

The Territory's investment assets within the scope of AASB 139: 'Financial Instruments: Recognition and Measurement' (AASB 139) are designated upon initial recognition as financial assets, at fair value through profit and loss. The Territory's superannuation investments are recognised when the Territory becomes party to the contractual provisions of the instrument. All regular way purchase and sale of superannuation investment assets are recognised on the trade date. Regular way purchases and sales means the purchases and sales of investment assets that occur under a contract whose terms require delivery of the asset within the timeframe established generally by regulation or convention in the marketplace concerned.

*Subsequent Measurement*

After initial measurement, investment assets which are classified as fair value through profit or loss are measured at fair value. Subsequent changes in the fair value of those investments are recorded in the Territory's Operating Statement as 'Net Gain/(Loss) on Financial Assets at Fair Value'. Interest, dividends and distributions on these investments are separately recorded in the Territory's Operating Statement.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**q) Investments - Continued**

*Derecognition*

The Territory recognises financial assets and financial liabilities at fair value on the date it becomes party to the contractual agreement (trade date). Subsequent to initial measurement, investments held through Fair Value through Profit or Loss are re-measured to fair value with changes in their fair value (gains/loss) recognised in the Operating Statement. Interest, dividends and distributions earned on these investments are recorded separately in interest, dividend and distribution revenue. Investments are derecognised when the obligation specified in the contract is discharged or cancelled, transferred, or expired. Transaction costs for such investments are recognised directly in the Operating Statement.

*Determination of Fair Value*

For the Territory's investments, fair value represents the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal of the most advantageous market must be accessible to the Territory. The fair value is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value for assets and liabilities traded in active markets at the reporting date is based on the most representative price within the bid-ask spread, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market. For investments not traded in an active market, fair value is determined by using valuation techniques deemed appropriate in the circumstances. These techniques include the market approach by using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same and the income approach through using discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

Investment assets and liabilities for which fair value is measured or disclosed in the Territory's financial statements are categorised within the Fair Value Hierarchy. Further information can be found at Note 52: 'Financial Instruments'.

Financial investment assets are managed in accordance with a strategy that takes into account the risk/return objectives of the Territory and the projected timing of the Territory's cash flow requirements.

The combination of investment classes is designed to achieve the maximum return within the allowable risk tolerances and liquidity needs of the Territory.

The Territory's superannuation investment assets are managed in accordance with an asset allocation strategy that takes into account the risk/return objectives of the Territory and the long-term nature of the projected defined benefit employer superannuation liabilities and projected cash flow requirements. The long-term strategic asset allocation equates to 70 per cent of the portfolio invested in growth assets (such as equities) and 30 per cent of the portfolio being invested in income assets (such as cash and fixed interest investments). External, asset specific, institutional fund managers are appointed to manage the Territory's financial investment assets accounted for in the Superannuation Provision Account.

The combination of investment classes is designed to achieve the return objective of Consumer Price Index (CPI) plus 5 per cent (net of fees) over the long term. From 1 July 2017, the long term objective has been reduced to CPI plus 4.27 per cent per annum.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**q) Investments - Continued**

*Financial Derivative Instruments*

Derivative Instruments are a prescribed investment within the Financial Management Investment Guidelines 2015 and are used for maximising the efficiencies within the investment portfolio in the pursuit of the investment objectives, optimising transaction flows, as well as the protection of the investments by minimising adverse effects of a range of financial market risks.

The investments held in discrete mandate strategies include exposure to futures and swaps, where the derivatives are held to gain underlying market exposure or to manage financial risks. Investments held indirectly in pooled unit trusts also use futures, swaps and forward rate agreements.

Derivative financial instruments are initially recognised at fair value on trade date, namely when the derivative contract is entered into, and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are recognised in the Operating Statement for the year under the classification of gains or (losses) on financial assets at Fair Value through Profit or Loss. The fair values of derivative instruments are calculated utilising listed market prices if available. If listed market prices are not available for derivative instruments, the price utilised may be sourced from a vendor, an investment manager or counterparty.

The Territory may directly undertake financial derivative transactions as part of the management of interest-bearing liabilities.

The Territory may establish interest rate swap transactions (without the use of collateral) to mitigate exposure to volatile interest rates on the floating rate components of the debt portfolio. Interest rate swap transactions may be undertaken to exchange variable interest payment obligations to protect long term borrowings from the risk of increasing interest rates. The Territory has both variable and fixed interest rate exposures. A credit risk management framework is established for any interest rate swap transactions and these transactions are only made with high quality counterparties.

**r) Inventories**

Inventories held for sale are valued at the lower of cost or net realisable value. Cost comprises the purchase price of inventory as well as transport, handling, development costs on land and other costs directly attributable to the acquisition of that inventory. Land being developed as inventory works in progress is transferred to developed land by the Land Development Agency (LDA) when operational acceptance is provided by the Environment, Planning and Sustainable Development Directorate (EPSDD) and the land becomes available for sale. The LDA recognises land as works in progress inventory when it receives custodianship of the land.

*Land Acquisitions*

Unleased Territory land is acquired at market value by the LDA which makes payment to EPSDD (the general government sector) when the land is sold to third parties. The LDA also purchases land from other ACT Government agencies and third parties at market value as required. It also receives land for no cost through transfers from other ACT Government agencies. When land acquired is classified as a strategic land acquisition under the *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)*, it is recorded as Property, Plant and Equipment.

*Capitalised Development Costs*

Costs of development are those that directly relate to preparing sites for sale as serviced land. These include expenditure associated with the implementation of estate planning, demolition, remediation activities, and relocation or construction of infrastructure services. Costs associated with marketing and selling activities are not considered to be directly related to the preparation of the sites for sale as serviced land, and are expensed as incurred.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**s) 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 their 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.

**t) Acquisition and Recognition of Property, Plant and Equipment**

Property, plant and equipment is initially recorded at cost. Property, plant and equipment acquired at no or minimal cost is recorded at fair value as at the date of acquisition.

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

**u) Measurement of Property, Plant and Equipment After Initial Recognition**

Property, plant and equipment is valued using the cost or revaluation model of valuation in accordance with AASB 116: 'Property, Plant and Equipment'.

Land, buildings, infrastructure assets, and heritage and community assets are measured at fair value. Plant and equipment and leasehold improvements are measured at cost or fair value.

Fair value for land and non-specialised buildings is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

Fair value for specialised buildings, infrastructure assets, leasehold improvements and some community and heritage assets is measured by reference to the cost of replacing the remaining future economic benefits embodied in the asset i.e. depreciated replacement cost. This is the cost approach valuation technique. For other community and heritage assets, fair value is measured using the market approach valuation technique.

The fair value for land under roads is measured using the 'Statutory Land Value' method. Under this method, a value per square metre of land is estimated by dividing the unimproved value of rateable land in the Territory by the total area of the Territory.

The Territory revalues its assets every three years. However, if at any time it is considered 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 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.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**v) Impairment Losses**

At each reporting date, the Territory assesses whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. However, intangible assets that are not yet available for use are tested annually for impairment regardless of whether there is an indication of impairment, or more frequently if events or circumstances indicate they might be impaired.

Any resulting impairment losses for land, buildings, infrastructure, leasehold improvements and community and heritage assets, are recognised as a decrease to the available balance in the Asset Revaluation Surplus. Where the impairment loss is greater than the balance in the Asset Revaluation Surplus, the difference is recognised in the Operating Statement. Impairment losses for plant and equipment, some leasehold improvements and intangible assets are recognised in the Operating Statement. When an asset is assessed as being impaired, the carrying amount of the asset is reduced to its recoverable amount.

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

**w) Land Under Roads**

The Territory records the value of all land under roads in accordance with AASB 1051: 'Land Under Roads' and AASB 116: 'Property, Plant and Equipment'. Land under roads were first recognised by the Territory at fair value from 1 July 2008.

Land under roads include land under roadways and road reserves, including land under footpaths, nature strips and median strips.

Land under roads are valued using the revaluation model in accordance with AASB 116. Refer to Appendix B(t): 'Acquisition and Recognition of Property, Plant and Equipment' and Appendix B(u): 'Measurement of Property, Plant and Equipment After Initial Recognition' for the Territory's valuation policies.

The method used to value land under roads is consistent with the Statutory Land Value method.

**x) Investment Properties**

Investment properties are measured at fair value, which is determined annually using a range of independent valuation methods, as appropriate. Changes in fair values are recorded in the Operating Statement. Investment properties are not depreciated.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**y) Intangible Assets**

The Territory's intangible assets are comprised mainly of internally developed and externally acquired software for internal use.

Externally acquired software is recognised and capitalised when:

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

Internally generated software is recognised when it meets the general recognition criteria outlined above and where it also meets the specific recognition criteria relating to intangible assets arising from the development phase of an internal project.

Capitalised software has a finite useful life. Software is amortised on a straight-line basis over its useful life, over a period not exceeding five years.

Other intangible assets held by the Territory include water licences. Water licences have an infinite useful life and are not subject to amortisation but are tested for impairment by comparing their recoverable amount with their carrying amount annually or when there is an indication of impairment.

Intangible assets are measured at cost.

**z) Depreciation and Amortisation of Non-Current Assets**

Amortisation is used in relation to intangible assets and depreciation is applied to physical assets such as buildings, infrastructure assets and plant and equipment. Land and some heritage and community assets has an unlimited useful life and is therefore not depreciated. Some heritage and community assets are also not depreciated.

Leasehold improvements and plant and equipment under a finance lease arrangement are depreciated over the estimated useful life of each asset or the expired period of the lease, whichever is shorter.

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

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

| <b>Class of Asset</b>                          | <b>Depreciation/<br/>Amortisation</b> | <b>Useful Life<br/>(years)</b> |
|--|---------------------------------------|--------------------------------|
| Buildings                                      | Straight Line                         | 2-100                          |
| Leasehold improvements                         | Straight Line                         | 2-60                           |
| Plant and Equipment                            | Straight Line                         | 2-50                           |
| Infrastructure                                 | Straight Line                         | 3-100                          |
| Externally Purchased intangibles               | Straight Line                         | 2-20                           |
| Internally Generated intangibles               | Straight Line                         | 2-10                           |
| Community and Heritage Assets                  | Straight Line                         | 5-100                          |
| Land improvements are included with buildings. |                                       |                                |

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**aa) Loose-fill Asbestos Insulation Eradication Scheme**

On 28 October 2014, the Government announced the Loose-fill Asbestos Insulation Eradication Scheme (the Scheme) which involved the implementation of a buyback scheme for all ACT houses affected by loose-fill asbestos (Mr Fluffy) insulation. Under the Scheme, the Government undertook to acquire, demolish and safely dispose of all affected homes, remediate affected blocks and then resell them to partially offset the overall cost of the Scheme.

An amount of \$1 billion has been allocated over six financial years to purchase, remediate and undertake the administrative tasks associated with the Scheme. This amount will be partly offset by the resale of remediated land. The estimated net cost of the Scheme is approximately \$307 million.

The Commonwealth Government has provided the Territory with a \$1 billion loan over a 10-year term. The Territory will, however, incur the full net cost of the Scheme as well as the interest costs on the Commonwealth loan.

Additional information on the Scheme and the activities of the Asbestos Response Taskforce can be found in the Environment, Planning and Sustainable Development Directorate's 2016-17 Annual Report as well as on the Taskforce website (<http://www.asbestostaskforce.act.gov.au/>).

Other information included in the Territory's financial statements relating to the Scheme is as follows:

\*Note 15 'Other Operating Expenses' identifies the amount of financial assistance paid under the Scheme to homeowners and other affected residents (categorised under 'other').

\*Note 16 'Grants and Purchased Services' shows the expense portion of the property purchases.

\*Note 29 'Assets Held for Sale' shows the carrying value of Scheme Land available for sale following building demolition and land remediation, less impairment costs.

\*Note 31 'Loose-fill Asbestos Insulation Eradication Scheme Land' shows the value of Scheme Land acquired for the purpose of building demolition and land remediation, along with a reconciliation of the movements in the value of Scheme Land.

\*Note 35 'Employee Benefits and Other Provisions' provides the value of property purchases opted into, but not settled at the end of the reporting period, and the estimated value of building demolition and land remediation on those sites.

\*Note 36 'Payables' discloses, as Revenue Received in Advance, the total value of deposits held at 30 June 2017 relating to active property sales processes.

\*Note 43 'Contingencies, Guarantees and Indemnities' provides the likely financial impact associated with property settlements where homeowners had opted into the Scheme by 30 June 2016, and 30 June 2017, but had not settled by these dates.

\*Appendix B(ak)(xvi) 'Significant Accounting Judgements and Estimates: Loose-Fill Asbestos Insulation Eradication Scheme (the Scheme)' provides information about the significant judgements and estimates made with respect to transactions associated with the Scheme.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**aa) Loose-fill Asbestos Insulation Eradication Scheme (continued)**

The following information outlines the timing and nature of the significant accounting transactions relating to the administration of the Scheme.

When Homeowners opt into the Scheme:

- \* a Grants Expense and Other Provision (refer to Note 16 'Grants and Purchased Services' and Note 35 'Employee Benefits and Other Provisions') is recognised for the difference between the agreed purchase price and the estimated value of the uncontaminated land (less the anticipated cost of building demolition and land remediation);
- \* a Contingent Asset (refer Note 43, 'Contingencies, Guarantees and Indemnities') is recorded to recognise that the Government will have contaminated Scheme Land assets when settlement occurs; and
- \* a Contingent Liability and Contingent Asset (refer Note 43, 'Contingencies, Guarantees and Indemnities') is recorded for the estimated value of demolishing the building/s on the properties and remediating the land after settlement has occurred.

When Settlement of Property / Purchase From Home Owner Occurs:

- \* a Scheme Land asset is recognised for the difference between the agreed purchase price and the estimated value of the uncontaminated land (less the anticipated cost of building demolition and land remediation), and the associated Contingent Asset balance recorded at the opt in stage is removed;
- \* the value of the Other Provision at opt in stage relating to the purchase of the asbestos affected property is removed;
- \* the Contingent Liability and Contingent Asset relating to the estimated value of the property demolition and land remediation is removed and an equivalent value is recorded as an Other Provision and an increase in the Scheme Land Asset.

As Building Demolition and Land Remediation is Undertaken:

- \* those costs will be recorded as Scheme Land assets as they are incurred;
- \* the Other Provision for the building demolition and land remediation will be progressively reduced and the Scheme Land asset values progressively updated; and
- \* the Other Provision and the associated value of the Scheme Land asset will be revised and updated to reflect reviewed estimated building demolition and land remediated costs based on the Scheme's transactions at that point.

After demolition and remediation works are finalised, Scheme Land will continue to be recorded at cost less any impairment until it is ready for sale.

When Scheme Land is ready for sale, the cost of the Scheme Land, less any impairment, is transferred from Scheme Land assets to Asset Held For Sale.

At the time of exchange for property sales, the deposit received from the buyer is recorded as a Revenue Received in Advance (RRIA) in Other Liabilities.

When settlement of remediated property sales occur:

- a Scheme Net Land revenue is recorded for the value of the sale;
- Scheme Asset Held for Sale is reduced by an equivalent amount; and
- the RRIA is reduced by the amount of the deposit initially received.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**aa) Loose-fill Asbestos Insulation Eradication Scheme (continued)**

The table below breaks down the life of the Loose-fill Asbestos Insulation Eradication Scheme. Block numbers and Values below are a combination of the transactions that have been accounted for in the Chief Minister, Treasury and Economic Development Directorate and the Environment Planning and Sustainable Development Directorate.

At 30 June 2017 the values in relation to the Scheme are:

|  | 2017<br>\$'m | 2016<br>\$'m |
|--|--------------|--------------|
| <b>Net Land Revenue</b>  |              |              |
| Gross Proceeds from the Sale of Scheme Land  | 181          | 6            |
| less: Cost of Scheme Land Sold   | -131         | -5           |
| <b>Total Net Land Revenue</b>  | <b>50</b>    | <b>1</b>     |
| <b>Grants</b>  |              |              |
| Property Purchases - Settled   | -            | 6            |
| Property Purchases - Opted into but not Settled  | 27           | 43           |
| <b>Total Grants</b>  | <b>27</b>    | <b>49</b>    |
| <b>Assets Held for Sale</b>  |              |              |
| Properties Held for Sale   | 155          | 54           |
| <b>Total Assets Held for Sale</b>  | <b>155</b>   | <b>54</b>    |
| <b>Other Liabilities</b>   |              |              |
| Property Sales Deposits  | 2            | 1            |
| <b>Total Other Liabilities</b>   | <b>2</b>     | <b>1</b>     |
| <b>Scheme Land Assets</b>  |              |              |
| Asbestos Contaminated Land   | 85           | 249          |
| Estimated Building Demolition and Land Remediation Costs for Settled Properties            | 38           | 119          |
| <b>Total Scheme Land Assets</b>  | <b>123</b>   | <b>368</b>   |
| <b>Other Provisions</b>  |              |              |
| Property Purchases - Opted into but not Settled  | 27           | 43           |
| Estimated Building Demolition and Land Remediation Costs for Settled Properties            | 50           | 66           |
| - Current  |              |              |
| Estimated Building Demolition and Land Remediation Costs for Settled Properties            | 5            | 53           |
| - Non-Current  |              |              |
| <b>Total Other Provisions</b>  | <b>82</b>    | <b>162</b>   |
| <b>Contingent Liabilities</b>  |              |              |
| Estimated Building Demolition and Land Remediation Costs for Property Purchases Opted into | 8            | 16           |
| <b>Total Contingent Liabilities</b>  | <b>8</b>     | <b>16</b>    |
| <b>Other Contingent Assets</b>   |              |              |
| Property Purchases - Opted into but not Settled  | 19           | 38           |
| Estimated Building Demolition and Land   | 8            | 16           |
| <b>Total Contingent Assets</b>   | <b>27</b>    | <b>54</b>    |

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ab) Biological Assets**

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

The commercial plantation's fair value was determined using estimated stand volume (the volume of timber in a stand of trees) from growth plot measurements, and applying the proportional split of the product mix, and the values of individual products. The pre-commercial plantation's fair value was estimated as aggregated establishment costs and management costs.

**ac) Payables**

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, 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 creditors, GST payable, accrued expenses and other payables.

A liability for outstanding insurance claims is recognised in the Territory's financial statements. The liability covers claims reported but not yet paid, incurred but not yet reported (IBNR), incurred but not enough reported, and the anticipated direct and indirect costs of settling those claims. Claims outstanding are assessed by reviewing individual claim files and estimating changes in the ultimate cost of settling claims, IBNR's and settlement costs using statistics based on past experience and trends. Outstanding claims are subject to assessment by an independent actuary, PwC

**ad) Advances Received**

Advances Received are loans issued to the Territory by the Commonwealth Government for policy purposes, which includes the provision of housing to the community under the Commonwealth State Housing Agreement, the provision of home loans to low income members of the public to assist with home ownership, and the provision of a loan from the Commonwealth Government for the Loose-fill Asbestos Insulation Eradication Scheme.

**ae) Joint Arrangements**

Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the rights and obligations of the parties to the arrangement, rather than the legal structure of the joint arrangement.

*Joint Operations*

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Territory consolidates joint operations proportionally as required by AASB 11: 'Joint Arrangements'. That is, the Territory recognises its interest in the joint operation's assets, including any assets held jointly, its liabilities, including its share of any liabilities incurred jointly, its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation, and its expenses including its share of any expenses incurred jointly.

*Joint Arrangements*

A joint arrangement is an arrangements that the Territory controls jointly with another investor(s) and has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities requires unanimous consent of the parties sharing control. The Territory uses the equity method to account for its interest in its joint ventures. Under the equity method, on initial recognition, the investment in a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the Territory's share of the profit or loss of the joint venture after the date of acquisition. The Territory's share of the joint venture's profit or loss is recognised in the Operating Statement. Distributions received from a joint venture reduce the carrying amount of the investment.

Further information on the Territory's Joint Arrangements can be found at Note 46: 'Interest in Joint Arrangements'.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**af) Interest-Bearing Liabilities**

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

Borrowings also include financial derivatives. For more information on derivatives, refer to Appendix B(q): 'Investments'.

**ag) Employee Benefits**

Employee benefits include short-term employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. This includes wages and salaries, annual leave loading and applicable on-costs. Other long-term benefits are also included such as long service leave and annual leave, and termination benefits.

*Wages and Salaries*

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

*Annual and Long Service Leave*

Annual and long service leave, including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual and long service leave are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. Annual leave liabilities are estimated on the assumption that they will be wholly settled within three years. At 30 June 2017, the rate used to estimate the value of future payments for long service leave is 103.4 per cent (114.7 per cent at 30 June 2016). The amount used to estimate the future payments of annual leave is 99.8 per cent at 30 June 2017 (101.4 per cent at 30 June 2016).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of seven years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and applicable on-costs.

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Territory has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

**ah) Superannuation**

A large number of employees within the ACT Public Sector are members of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS). From 1 July 2005, new employees commencing service with the ACT public sector assumed membership of the Public Sector Superannuation Accumulation Plan (PSSap). From 6 October 2006, access to the PSSap for new ACT Government employees was no longer available. On 6 October 2006, the Territory introduced full superannuation fund of choice arrangements for all new employees.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ah) Superannuation - Continued**

The CSS and PSS superannuation arrangements are administered by the Commonwealth Government agency, Commonwealth Superannuation Corporation (CSC) (formerly ComSuper). With effect from 1 July 1989, the ACT Government became a separate body politic and is responsible to the Commonwealth Government for the employer-financed portion of superannuation benefits provided to employees for their period of employment with the ACT Government.

Under the arrangements agreed with the Commonwealth Government, the ACT Government is to reimburse CSC for the emerging cost of superannuation entitlements in respect of ACT Government employees who are members of the CSS or PSS. Annual payments to the Commonwealth Government to reimburse the costs of superannuation benefits paid to ACT retirees are based on preliminary estimates agreed with the Commonwealth Government. The amount paid during 2016-17 was \$230.525 million (2015-16: \$211.146 million) for emerging costs. As at 30 June 2017, the excess amounted to \$10.053 million (2015-16: \$14.232 million) indicating that emerging cost payments exceeded the actual benefit payments.

The date from which these entitlements started to accrue is 1 July 1989. The Superannuation Provision Account (SPA) was established in 1991 to assist the Government in managing its superannuation liabilities. The SPA is not a superannuation scheme, but an ACT Government account to recognise and make payments in connection with the Government's total defined benefit CSS and PSS superannuation liabilities.

The Territory is required to contribute to the CSS and PSS as employees are paid a benefit. Consequently, an unfunded employer liability as recognised by the Commonwealth Government has been created. The Territory reimburses CSC for these emerging benefit costs.

The estimated superannuation liability represents the obligation of the ACT to make payments to the Commonwealth Government in respect of superannuation arising from ACT Government employment. A full actuarial review is conducted every three years, with annual reviews reflecting actual experience in respect of staffing numbers, salary movements and changes in the discount rate. The last triennial review was completed in 2015-16 utilising salary and membership data as at 30 June 2014. The change in the estimated superannuation liability from the previous reporting period to the current reporting period comprises four elements: Service Cost; Interest Cost; Emerging Benefits Payments; and Actuarial Gains or Losses.

The Territory recognises actuarial gains and losses by applying the Direct to Equity Method under AASB 119: 'Employee Benefits'.

All other movements of the estimated superannuation liability are expensed in the Operating Statement in the period to which the movement relates. The superannuation expense for the reporting period is the projected expense based on the present value rate used in the previous year's actuarial review (2.69 per cent) to estimate the closing 30 June 2017 superannuation liability. The closing liability as at 30 June 2017 is estimated at the present value rate as at 30 June 2017 of 3.51 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2017 minus the liability as at 30 June 2016, adjusted for the projected 2016-17 interest and service cost and actual benefit payments.

The superannuation liability is exposed to Australia's inflation, interest rate risks and changes in life expectancy, for pensioners. The decrease in government bond yields will increase the superannuation liability.

**ai) Insurance**

The Territory's insurance model protects the Territory's assets from a range of catastrophic and accumulated risk exposures through reinsurance arrangements, and the accumulation of a fund reserve to meet the cost of future legal liabilities and asset losses generated through the Territory's activities.

The Territory's Insurance Authority works to protect the assets and services of the Territory by providing risk management and insurance services.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**aj) Leases**

*Finance Leases*

Due to a change in the Territory's leasing arrangements with SG Fleet, most leased assets of the Territory are now classified as operating leases with the exception of a small number of finance leases held by the Chief Minister, Treasury and Economic Development Directorate, the Transport Canberra and City Services and the Education Directorate, which are immaterial to the Territory.

*Operating Leases*

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

*Public Private Partnerships (PPP)*

During 2015-16, the Territory entered into PPP contracts for the ACT Law Courts Facilities and Canberra Light Rail Project. PPPs are long-term contracts entered into between the Territory and a private sector consortium (the operator) to design, finance, construct and operate/maintain these assets over a concession term.

The operators receive service payments from the Territory over the life of the contract which are intended to cover the costs incurred by the operator in constructing, delivery and maintaining and operating the infrastructure assets over the term of the contract. Further information can be found at Appendix B(ak): Significant Accounting Judgements and Estimates.

**ak) Significant Accounting Judgements and Estimates**

The Territory has made the following judgements and estimates that have a significant impact on the amounts recorded in the Territory's financial statements:

- (i) *Land Revenue:* As outlined in Appendix B(h): 'Revenue Recognition', the Territory apportions land revenue between the 'undeveloped land value', 'value add component' and 'market gains on land sales'. Land Revenue (Undeveloped Land Value) is determined by independent valuation (through a panel of valuers) prior to the land sales transaction. The Territory and the valuer use significant judgement to determine the value of revenue attributable to the 'value add component' and 'market gains' of land sales, as these two components cannot be readily disaggregated.

Where the Territory sells a parcel of undeveloped land and has undertaken 'value add' work representing 50 per cent or greater of the undeveloped land value, the Territory is considered to be a developer and the total amount of the sale is recognised as revenue. For most sales of developed land, the Territory's value add expenses are considerably less than 50 per cent of the undeveloped land value. In these instances, apart from 'agent' revenue, the remaining portion of land sales revenue is recorded as Land Revenue (Market Gains on Land Sales), as this reflects the part of land revenue related to the growth in value of land sold that is attributed to prevailing market conditions.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ak) Significant Accounting Judgements and Estimates - Continued**

For the sale of undeveloped land either directly or by auction, where the Territory has undertaken minimal value add in relation to the land sold, the amount of 'value add' recorded by the Territory as Land Revenue (Value Add) is the value the Territory would be deemed to have added through a range of activities, such as packaging, promotion and marketing. The 'value add component' is calculated as between 2.75 and 4.5 per cent, depending on the value of the sale, of the total revenue earned on applicable undeveloped land sales. This is a conservative measure of value add, as it implies that the value add from activities of the seller would be equivalent to the cost of those activities.

In the event of an exceptional land sale - that is where the sale proceeds are well in excess of the average revenue from the sale of Territory land - the transaction is reviewed on a case-by-case basis to determine the extent to which the land sales revenue should be apportioned between 'value add' and 'market gains'. There were no exceptional land sales recorded in 2016-17 (2015-16: nil).

The remaining portion of land sales revenue is recorded as Land Revenue (Market Gains on Land Sales), as this reflects the part of land revenue related to the growth in value of land sold that is attributed to prevailing market conditions.

- (ii) *Dividends (Market Gains on Land Sales):* For the General Government Sector (GGS), the component of dividends from the Public Trading Enterprises (PTE) sector is classified according to the underlying nature of the sales transaction/s. As a result, the total value of dividends recognised by the GGS is classified as either 'dividend income', included in 'Dividend and Income Tax Equivalents Income' in the 'Revenue' section of the Operating Statement, or 'Dividends (Market Gains on Land Sales)' in the 'Other Economic Flows' section of the Operating Statement.

Refer to Appendix B(h): 'Revenue Recognition' and Appendix B(ak)(i): 'Significant Accounting Judgements and Estimates: Land Revenue' for information regarding how market gains on land sales are calculated.

- (iii) *Fair Value of Assets:* The Territory has made a significant estimate regarding the fair value of its assets. Most land and buildings have been recorded at the market value of similar properties as determined by an independent valuer. In some circumstances, buildings that are purpose-built may in fact realise more or less in the market. Fair value of assets is subject to management assessment between valuations.

Infrastructure assets and some community and heritage assets have been recorded at fair value based on depreciated replacement cost as determined by an independent valuer or officer. This valuation uses significant judgement and estimates to determine fair value, including the appropriate indexation figure and the amount of assets held.

- (iv) *Employee Benefits:* The Territory has made a significant judgement in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required for long service leave and that on-costs will become payable. Further details in relation to the calculation of this estimate are outlined in Appendix B(ag): 'Employee Benefits' and Appendix D: 'Change in Accounting Policies and Accounting Estimates'.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in May 2014. The assessment by an actuary is performed every 5 years. However it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2014 report. The next actuarial review is expected to be undertaken by May 2019.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ak) Significant Accounting Judgements and Estimates - Continued**

- (v) *Property, Plant and Equipment (PPE)*: The Territory has made significant judgements in determining the useful lives of its PPE. The estimation of useful lives of PPE has been based on historical experience of similar assets and in some cases on valuations provided by independent valuers. The useful lives are reassessed on an annual basis and any adjustments are made when considered necessary.
- (vi) *Impairment of Assets*: The Territory's physical assets are assessed annually for indicators of impairment. If this assessment indicates an asset is impaired, then the asset's recoverable amount will be estimated to determine whether an impairment loss must be recognised.
- (vii) *Allowance for Impairment of Trade Receivables*: Periodic assessments are made of outstanding receivables to determine the likelihood that those debts will be settled. The outstanding debt is divided into both time (age of debt) and type of debt categories. Historical analysis is undertaken to determine the likelihood of debt being recovered in each of these categories. The amount that remains uncollected for each category is reduced for the current financial year to reflect the likelihood of collection. The allowance is reduced to reflect the debts that have been written-off. While the debts are written-off in the Territory's financial statements, they are not written-off in the Territory's financial records and are still collected where possible.
- (viii) *Assessment of Contingent Liabilities*: The Territory has made considerable judgement in disclosing the contingent liabilities amount based on the Territory's likely liability for legal claims against the Territory.
- (ix) *Estimated Superannuation Liabilities*: The carrying amount of the estimated superannuation liabilities is based on estimates and assumptions of future events. These key estimates and assumptions have a significant risk of causing a material adjustment to the carrying amount of the estimated superannuation liabilities within the next annual reporting period.

The Territory's financial statements recognises solely the net unfunded employer liability of the ACT Government. Accordingly, the disclosure requirements of AASB 119: 'Employee Benefits' have been applied.

The ACT's superannuation liabilities are estimated by the Government's consultant actuary, Russell Investments. The liability estimate as at 30 June 2017 is based on the following assumptions:

*Data:*

Contributor data for CSS and PSS members who were ACT Government employees as at 30 June 2017 was obtained from the Commonwealth Government agency, CSC.

*Method*

The estimated superannuation liabilities of the ACT Government relate to the value of the employer-financed portion of superannuation benefits provided to existing employees of the ACT Government who are members of the CSS or PSS. The employer-financed component excludes the productivity component and is based on the service with the ACT Government from the later of 1 July 1989, the date at which the ACT agency started, or the date the member's employment commenced.

The employer-financed component is the total benefit payable (excluding the productivity component) less the accumulated member contributions with interest.

The value of the estimated superannuation liabilities is calculated as the present value of the future payment of benefits that have actually accrued in respect of ACT Government service to the calculation date. This approach, which is known as the 'actual accruals' basis, is consistent with AASB 119: 'Employee Benefits'.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ak) Significant Accounting Judgements and Estimates - Continued**

(ix) *Estimated Superannuation Liabilities - Continued:*

*Demographic Assumptions:*

The key demographic assumptions that impact on the estimated superannuation liability include promotional increases in salary; increasing levels of PSS member contributions over time; death and invalidity; retirement, resignation and retrenchment; pensioner mortality; improvements in pensioner mortality; benefit retention; benefit stream choice; and spouse assumptions.

*Financial Assumptions:*

|                 | <b>2017</b> | <b>2016</b>              |
|-----------------|-------------|--------------------------|
| Discount Rate   | 3.51%       | 2.69%                    |
| Salary Increase | 2.75%       | 3.00%/3.50% <sup>1</sup> |
| CPI             | 2.00%       | 2.50%                    |

<sup>1</sup> Incorporates a short-term assumption of 3.00% to 30 June 2020 and 3.50% thereafter.

The key financial assumptions above are part of the actuarial assumptions used to value the superannuation liability. These assumptions reflect the best estimate of the variables that will determine the ultimate cost of providing retirement benefits. These assumptions are reviewed every three years and are unbiased if they are neither imprudent nor excessively conservative.

*Limitations in Membership Data:*

The ACT Government's actuary conducts a detailed data checking and reconciliation process on Group A (members who are currently employed with the ACT Government) and Group B (members who are not currently employed with the ACT Government) membership data from year to year to test the integrity of the data. Any queries arising from this process are raised and resolved with ComSuper. In the small number of cases where issues cannot be resolved, conservative judgements are made by the actuary to complete the valuation exercise.

*Sensitivity:*

The carrying amount of the superannuation liability is based on estimates and assumptions of future events. The actuarial assumptions are unbiased, being neither imprudent nor excessively conservative, and are the best estimates of the variables that will determine the estimated cost of providing post-employment benefits. The key assumptions above have a significant risk of causing a material adjustment to the carrying amount of the liability within the next annual reporting period. Sensitivity of the liability to valuation changes in the major financial assumptions is outlined below:

*Liability Valuation Sensitivity Analysis as at 30 June 2017:*

|   | <b>Increase<br/>in<br/>Assumption<br/>\$'000</b> | <b>Decrease<br/>in Assumption<br/>\$'000</b> |
|---|--|--|
| <b>Financial Assumptions</b>                  |  |  |
| Discount Rate (+/- 1 per cent)                | -1,366,000                                       | 1,782,000                                    |
| Consumer Price Index (+/- 1 per cent)         | 1,279,000  | -1,043,000                                   |
| Salary Inflation (+/- 1 per cent)             | 423,000  | -371,000                                     |
| <b>Demographic Assumptions</b>                |  |  |
| PSS Pensioner Election Rate (+/- 10 per cent) | 290,000  | -291,000                                     |

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ak) Significant Accounting Judgements and Estimates - Continued**

- (x) *Biological Assets:* Plantation Growing Stock values have been determined through an independent valuation performed by an expert forestry consultant (Forsci Pty Ltd) using sustainable yield of the plantations determined by the professional judgement and expertise of Territory officers. Pre-commercial stock is valued using the average establishment cost of each forest plus an annual maintenance cost per hectare and a compound annual interest rate of 3.85 per cent. Commercial stock is valued at estimated value on liquidation using statistical estimation of grade, age, class, volume, site characteristics and other key attributes based on the following key assumptions:

\* product distributions within the standing timber volumes are based on historic distributions; and

\* prices for products are based on agreed sale prices with mills, after deducting harvesting and transport costs.

- (xi) *Valuation of Land Under Roads:* Significant judgement has been made in determining the fair value of land under roads. The Australasian Valuers-General have issued a guidance note on the valuation method applicable for land under roads. This guidance states that 'Statutory Land Value' is the most feasible and efficient base for valuing land under roads.

In applying this Statutory Land Value method, the fair value for land under roads is measured on an unimproved rateable land valuation basis. A value per square metre of land is estimated by dividing the total unimproved value of rateable land in the Territory by the total area of the Territory.

- (xii) *Fair Value of Financial Instruments:* When the fair values of financial assets and financial liabilities cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in measuring fair value. Changes in assumptions could affect the reported fair value of financial instruments and the level where the instruments are disclosed in the fair value hierarchy.

The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification) when available. The Territory considers the valuation techniques and inputs used in valuing unlisted unit trust investments to ensure they are reasonable and appropriate prior to investing and therefore the net asset value of these investments may be used as an input into measuring their fair value. In measuring this fair value, the net asset value of the investments is adjusted, as necessary, to reflect any private equity stock restrictions on redemptions, future commitments, and other specific factors of the investments and fund manager.

- (xiii) *Project Costing:* Significant judgements have been applied to costs expected to be incurred over the life of all individual land projects by the Land Development Agency. Calculations are based on invoices paid to date, accrued expenditure and an estimation of costs still to be incurred to ensure satisfactory completion of the project. Furthermore, an appropriate contingency is calculated based on management experience and expertise together with accepted industry norms.

The latest review of project costings was conducted in 2016-17.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ak) Significant Accounting Judgements and Estimates - Continued**

- (xiv) *Rental Properties:* Rental properties are not classified as investment properties as the Territory has made a judgement that they are being held to meet service delivery objectives.
- (xv) *Land Sales under the Land Rent Scheme:* Land held under the land rent scheme is classified as property, plant and equipment until such time as the land becomes held for sale and ceases to be rented. Land classified as held for sale is recorded as inventory. Net proceeds from the sale of this land are recognised as 'Other Economic Flows'.
- (xvi) *Loose-fill Asbestos Insulation Eradication Scheme (the Scheme):* Significant judgements have been made in determining both the scope of works to be undertaken and the value of certain transactions associated with the Scheme. Refer to Note 2(aa) 'Loose-fill Asbestos Insulation Eradication Scheme' for an overview of the financial impacts and material accounting transactions associated with the administration of the Scheme. The significant judgements and estimates made in relation to the Scheme include the:
- \* value of contaminated land;
  - \* value of demolishing asbestos-affected buildings and remediating the associated land; and
  - \* timing of building demolition and land remediation works.

*Estimates for the Value of Contaminated Land:* The price paid to purchase the properties includes contaminated land and buildings. An estimate for the value of contaminated land is needed, as it is recorded as an asset, whereas the buildings are expensed because they are demolished after being purchased. The estimated value of the contaminated land takes into account the unimproved value of the land (adjusted to reflect the market value) at the commencement of the Scheme, less the estimated cost for demolishing the buildings and remediating the land.

*Estimates for the Cost of Building Demolition and Land Remediation:* The forecast cost of building demolition and land remediation is currently based on similar work done elsewhere and has been determined in consultation with the building industry. This estimate will be revised as building demolition and land remediation works continue, and will be used for the remaining properties.

*Estimates for the Timing of Building Demolition and Land Remediation:* It is currently estimated that it will take six years to demolish the buildings and remediate the land on the asbestos-affected properties. The timing of building demolition and land remediation is likely to be impacted by a range of factors, including any unexpected difficulties experienced in relation to building demolitions at particular sites, the availability of labour to undertake the required works, and weather conditions. If any of these delays eventuate, then there is a risk that the cost of these works will also increase.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**ak) Significant Accounting Judgements and Estimates - Continued**

- (xvii) *Public Private Partnerships (PPPs)*: There is currently no Australian Accounting Standard (AAS) which prescribes the accounting treatment for PPP arrangements from the perspective of a government grantor. In the absence of an AAS and by virtue of the application of the hierarchy for the selection of accounting policies under the AASs, the Territory has adopted an accounting policy for this type of arrangement based on the principles of Application Note F *Private Finance Initiative and Similar Contracts* issued in 1998 by the United Kingdom Accounting Standards Board as an amendment to its Financial Reporting Standard 5 *Reporting the Substance of Transactions* (FRS 5). The accounting for, and disclosures relating to the Territory's PPPs, is also in accordance with the ACT Accounting Policy Guideline on Public Private Partnerships Financed By the operator with the Territory Retaining Significant Residual Right to the Assets at the End of the Operating Term.

This approach is consistent with Victoria, New South Wales, South Australia, Western Australia and Queensland which all apply a policy based on the principles of FRS 5.

FRS 5 applies a risks and rewards approach. Under this approach, the focus is on the grantor's contractual obligations to the operator. For accounting purposes, the PPPs will be separated into property and service elements. On this basis, application of the requirements of FRS 5 results in the property component of this project being accounted for as a finance lease in accordance with AASB 117: 'Leases'.

Under the arrangement, no assets or liabilities will be recognised by the ACT during the construction period. At construction completion (also referred to as Commercial Acceptance), an infrastructure asset and a corresponding financial liability will be recognised by the ACT.

Initial direct costs incurred by the Territory are capitalised when incurred and are added to the finance lease assets on initial recognition at Commercial Acceptance.

The remaining components are accounted for as commitments which are recognised as they are incurred. Refer to Note 42: 'Public Private Partnership Commitments' for further information.

The Territory's contract service payments will be apportioned between maintenance/operation costs (including insurance and life cycle cost), a financing component and a reduction of the lease liability. The financing component is calculated at the rate implicit in the lease and is accounted for as an interest expense. The portion of the payment related to the maintenance and operating costs will be accounted for as a supplies and services expense as incurred.

*ACT Law Courts Facilities PPP*: During 2015-16, the Territory entered into a PPP for the redevelopment of the ACT Law Courts Facilities. This will be a 25-year contract with a private sector consortium to finance, construct, maintain and operate the required infrastructure assets. The Territory will make service payments over the life of the contract, intended to cover the costs incurred by the consortium in constructing, financing, maintaining and operating the assets for the use by the Territory. At the end of the contract, the infrastructure will become Territory assets. For more detail on the arrangement, refer to Appendix B(al) Service Concession Arrangements.

*Canberra Light Rail Stage 1*: On 25 May 2016, the Territory entered into a 20-year PPP arrangement with private sector consortium Canberra Metro for the design, construction, operation, maintenance and financing of a 12 kilometre light rail route from Canberra's City/central business district (Civic) to the Gungahlin town centre. The project is scheduled for completion by August 2018. The Territory retains the significant residual interest in the assets at the end of the 20-year term. For more detail on the arrangement refer to Appendix B(al) Service Concession Arrangements.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**a) Service Concession Arrangements**

*ACT Law Courts Facilities:* On 14 December 2015, the Territory entered into a service concession agreement with the Juris Partnership (the Consortium) for the construction of the new ACT Law Courts. This will be a 25-year contract with private sector consortium to finance, construct, maintain and operate the required infrastructure assets. The Territory will make service payments over the life of the contract, intended to cover the costs incurred by the consortium in constructing, financing, maintaining and operating the assets for the use by the Territory. At the end of the contract, the infrastructure will become Territory assets.

Construction involves the demolition of the existing Magistrates Court and construction of a new Supreme Court (Stage 1) and renovation of the existing Supreme Court building for use by the Magistrates Court, completion of the remaining Supreme Court facilities and other facilities and functional areas (Stage 2). The timing of Stage One of the new facilities coming into service is expected to be in the first quarter of 2018. This will deliver all of the new-build facilities, including six new Supreme Court courtrooms. Stage Two is expected to be in service in late 2018 and will deliver the remaining two Supreme Court courtrooms, the new custody area, the mediation suite and the remaining functional areas.

Under the terms of the arrangement, the Territory will have exclusive use of the Courts facilities and will pay monthly service payments to the Consortium during the Services Phase. These payments are fixed as per the terms of the contract. The payments will include amounts for:

- \* the construction of the ACT Law Courts (including interest);
- \* the provision of services by the Consortium (for example cleaning, security and transcription services related to the court);
- \* insurance costs;
- \* maintenance costs; and
- \* lifecycle costs.

Interim service payments will also be made for services provided by the Consortium to the Territory in the Interim Services Phase which spans from March 2016 to November 2017.

The Agreement expires in August 2043. There are no extension rights included in the Agreement. At the conclusion of the concession period, the constructed assets will become the property of the Territory.

Where the Project Agreement is terminated before the natural expiry of the Services Phase, the Consortium may be entitled to a termination payment. Compensation payments to be made on termination are calculated in accordance with Schedule 10, Termination Payments Schedule of the Project Agreement. The amount of any payment due from the Territory will depend on the circumstances of the termination (i.e. for fault, for convenience, or force majeure) and the stage of the project (i.e. construction of service delivery stages). The amount of the termination payment can be established in two ways:

- \* through an open market tender to deliver the contract over the remaining term; or
- \* by an appointed independent expert appointed by the parties.

Open market tender is only applicable (at the Territory's election) under a termination for fault scenario and where a market exists for the project. There are no specific provisions in the contract for negotiations, although in practice a negotiation may occur. Both parties are also able to make submissions to the independent expert and engage in conferences to argue their respective positions.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**a) Service Concession Arrangements - Continued**

The Project Agreement can be terminated as a result of the following:

- \* default termination event;
- \* a force majeure termination event (including an uninsurable event); or
- \* Territory for convenience.

In addition to triggering termination rights (or potential termination rights), events of Major Default and Default Termination Events may trigger additional Territory rights and remedies including:

- \* the right to step-in to remedy the situation (i.e. the right to assume control and management of the project, the works or the services);
- \* the right to require the Consortium to replace a subcontractor that caused the major default or default; and
- \* termination event at an agreed point within the applicable remedy period.

Step-in rights for the Territory, as specified in the Project Agreement, can be triggered for example when:

- \* a major default or a default termination event has occurred and has not been remedied; or
- \* there is an Emergency.

The default related step-in right is subject to the rights of the Consortium and the Financiers to remedy the default. During any step-in associated with a default, the monthly service payment will be adjusted to the extent that the Services are not being provided in accordance with the Project Agreement.

*Canberra Light Rail Stage 1:* On 25 May 2016, the Territory entered into a 20 year public private partnership arrangement with private sector consortium (Canberra Metro) for the design, construction, operation, maintenance and financing of a 12km light rail route from Canberra's City/central business district (Civic) to the Gungahlin town centre. The Territory retains the significant residual interest in the assets at the end of the 20 year term.

Under the arrangement, the Territory will be making monthly service payments to the Canberra Metro. The portion of the total payments to Canberra Metro that relates to the Territory's right to use the service concession assets (the Light Rail Asset) are accounted for as finance lease assets and liabilities from the date of commencement of the lease term which is deemed to be the date the light rail assets are commissioned and ready for use. In addition, from the date of commissioning until the end of this Public Private Partnerships arrangement, the Territory will pay Canberra Metro for the ongoing operation and maintenance of the light rail system. Such payments will be recorded as operating expenses.

The Light Rail project is a service payment based Public Private Partnership which uses a 'securitised licence structure' for payment of the project. Under this arrangement, the Territory does not pay for construction activities over the delivery phase, but it does pay for the GST on these activities as they are considered to be for services provided. As a consequence of using this structure, no cash passes between the Territory and Canberra Metro in this phase (other than in relation to GST amounts - which the Territory claims back from the Australian Taxation Office).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**a) Service Concession Arrangements - Continued**

The Project Agreement can be terminated under a number of scenarios. Where it is terminated before expiry of the 20 year operating phase, Canberra Metro may be entitled to a termination payment (depending on the reason for termination). The three types of termination scenarios set out in the Project Agreement are summarised below:

\* Termination for convenience - the Territory may terminate the project agreement at any time by giving no less than 60 business days notice in writing to Canberra Metro. If the project agreement is terminated for convenience, the Territory will pay Canberra Metro a termination for convenience payment. This amount is generally calculated as Canberra Metro's outstanding project debt, plus the fair market value of Canberra Metro's equity, plus any other reasonable costs incurred by Canberra Metro as a result of termination.

\* Force Majeure Termination Event: Where the project agreement is terminated for force majeure (for example, earthquake, bushfire, landslide), or the light rail project is wholly or substantially damaged or destroyed upon the occurrence of an uninsurable risk, the Territory will pay Canberra Metro the general termination event payment. This amount is generally calculated as Canberra Metro's outstanding project debt plus any other reasonable costs incurred by Canberra Metro as a result of the termination, less any insurance proceeds.

\* Termination for Canberra Metro default: Where the project agreement is terminated for Canberra Metro's default, the Territory will pay Canberra Metro the fair market value of the project determined by an independent expert or as a result of a re-tender of the contract to the market.

A default by Canberra Metro under the project agreement will entitle the Territory to various remedies. Where a default has occurred, the Territory will in most circumstances be required to give Canberra Metro an opportunity to remedy the default. If the default is not remedied by Canberra Metro within the required period, then it will escalate to a major default. The project agreement also states that a number of events are automatically classified as a major default (for example, when there are persistent breaches or frequent service failures).

In respect of major defaults, Canberra Metro will be given the opportunity to develop a plan to remedy the default (if the default is capable of remedying) or a prevention plan to prevent the default from recurring (in circumstances where the default is not capable of remedy). Where Canberra Metro fails to remedy the major default within the required period or fails to comply with an agreed remedy or prevention plan (as applicable), this will generally give rise to the Territory's right to terminate the project agreement.

Certain events of default are so severe that they are not subject to a remedy regime. They give rise to a Territory termination right immediately upon their occurrence (for example, insolvency of Canberra Metro). These events are called default termination events.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX C - 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 (AASB) but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods and are for reporting periods commencing on or after the dates specified. The Territory does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on future reporting periods. This assessment is based on initial assessment at this point in time but may change on further review.

- \* AASB 16 Leases (Application date 1 Jan 2019): AASB 16 is the new standard for leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset value is low. A more detailed assessment of the impact will be undertaken over the next 12 months.
- \* AASB 1058 Income of Not-for-Profit (NFP) Entities (Application date 1 Jan 2019): This standard supersedes all income recognition requirements relating to public and private NFP entities previously in AASB 1004 Contributions. It applies to income on transactions where the consideration to acquire an asset is significantly less than fair value principally and income for the receipt of volunteer services. The Territory is not able to estimate the impact of this new standard on its financial statements. A more detailed assessment of the impact will be undertaken over the next 12 months.
- \* AASB 1059 Service Concession Arrangements: Grantor (Application date 1 January 2019): This standard was released by the AASB on 20 July 2017. This new accounting standard prescribes the accounting for service concession arrangements including Public Private Partnerships (PPPs) from the perspective of the public sector grantor. AASB 1059 mainly impacts the recognition of assets and liabilities and associated expenses that relate to PPPs. The Territory will be reviewing its existing arrangements to assess if any of these arrangements fall within the scope of this standard. Given the timing of the release of this standard, at this stage the Territory is not able to make this assessment and estimate the impact on its future financial statements. The Territory will make an assessment of the impact in the coming years leading up to the standard becoming effective.
- \* AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts (Application date 1 Jan 2018): This standard amends AASB 4 that issuers of insurance contracts to choose to apply AASB 9 and AASB 139 to calculate adjustments to profit or loss. They can also choose to be temporarily exempt from AASB 9 when their activities are predominantly connected with insurance, provided they make additional disclosures to enable users to make comparisons with issuers applying AASB 9. A more detailed assessment of the impact will be undertaken over the next 12 months.
- \* AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation guidance for Not-for-Profit entities (Application date 1 Jan 2019): This standard provides requirements and implementation guidance for not-for-profit entities in applying AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers to particular transactions and other events. The Territory is assessing the impact of this new standard.
- \* AGFS 15 - New Government Finance Statistics (GFS) framework - amendments to AASB 1049 - Whole of Government and General Government Sector Financial Reporting (Application date Sep 2017): The new framework makes amendments relating to treatment of certain reporting items in AASB 1049 when reported to the Australian Bureau of Statistics. As a result, Government Financial Data will be reported under a new reporting framework from the first quarter of the 2017-18 financial year. Impact of the new framework on the Territory's financial statements will be assessed after 30 September 2017.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX D - CHANGE IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES**

Revision of the Defined Benefit Superannuation Liability Discount Rate

In accordance with AASB 119 in order to measure the present value of the defined benefit superannuation obligations a discount rate is used by reference to a Government bond yield consistent with the estimated term, or duration, of the benefit obligations. Currently CSS and PSS member liabilities have a combined duration of approximately 17.7 years.

At 30 June 2017, the current longest Commonwealth Government nominal bond on issue is the 21 March 2047, which matures in approximately 30 years and has a modified duration of approximately 18.8 years. Accordingly, the 2047 maturity is considered the most appropriate term proxy for discounting the superannuation liability at 30 June 2017. The 21 June 2039 Commonwealth Government bond was previously used as it was the longest benchmark government bond on issue at 30 June 2016. This bond has a modified duration of approximately 15.5 years.

The annualised yield on the 21 March 2047 Commonwealth Government bond as at 30 June 2017 was 3.51 per cent and the annualised yield on the 21 June 2039 Commonwealth Government bond was 3.31 per cent, a difference in yield of 0.20 per cent.

If the Territory had continued to reference the yield on the 21 June 2039 Commonwealth Government bond as the discount rate, then the superannuation liability estimate would have been approximately \$8.890 billion as compared to the current estimate at 30 June 2017 of approximately \$8.572 billion. This small difference in yield has effectively reduced the liability estimate by \$0.318 billion.

Revision of Outstanding Insurance Claims

The assessment of outstanding insurance claims at 30 June 2017 resulted in a decrease to the estimate for outstanding claims of approximately \$10.1 million. The Territory's actuary forecasts that there will be fewer claims reported across the insurance classes, including fewer large claims for medical malpractice and public liability.

Bi-Annual Review of Project Costing

Bi-annual reviews of the Territory's estimated costs for land related projects are undertaken to ensure that the current financial status reflects all known facts at the review date.

The bi-annual review for 2016-17 resulted in adjustments to total estimated costs of various projects. The overall impact of the adjustments was to decrease cost of land sold and increase inventory by \$25.039 million.

Revision of the Rate used to Estimate the Present Value of Employee Benefits

The rate used to calculate the value of future payments for long service leave decreased from 114.7 per cent at 30 June 2016 to 103.4 per cent at 30 June 2017. This resulted in a decrease in the estimated long service leave liability of approximately \$41.9 million.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX E – GLOSSARY**

**KEY FISCAL AGGREGATES**

**Net Debt**

The sum of deposits held, advances received and borrowings minus the sum of cash and deposits, advances paid, investments, loans and placements. Net debt is a useful measure to judge the overall strength of the government's fiscal position. A positive position indicates that cash reserves and investments are lower than gross liabilities placing a call on future revenues to service these liabilities. A negative position indicates that cash reserves and investments are greater than gross liabilities.

**Net Financial Liabilities**

Net financial liabilities takes into account unfunded superannuation liabilities and provides a broader measure of debt than net debt. Net financial liabilities are calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets but excludes the value of equity held by the General Government Sector (GGS) in public corporations.

**Net Financial Worth**

The amount by which total financial assets exceed financial liabilities. It is a measure of net holdings of financial assets.

**Net Increase / (Decrease) in Cash Held**

The sum of the net cash flows from all operating, investing and financing activities.

**Net Lending / (Borrowing)**

The financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

**Net Operating Balance**

This is calculated on the harmonised whole of government operating statement as revenue minus expenses. It is equivalent to the change in net worth arising from transactions.

**Net Worth**

Defined as total assets less total liabilities. It is an economic measure of wealth and reflects the contribution of jurisdictions to the wealth of Australia.

**OTHER DEFINITIONS**

**ABS GFS Manual**

The Australian Bureau of Statistics (ABS) publication Australian System of Government Finance Statistics: Concepts, Sources and Methods 2005.

**Accounting Policy**

Specific accounting principles and practices applied in preparing and presenting financial statements.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX E – GLOSSARY – CONTINUED**

**Accrual Accounting**

The recognition of income, expenses, assets, liabilities and equity when an economic transaction occurs giving rise to a movement of resources, irrespective of the timing of any related movement in cash.

**Amortisation**

The systematic allocation of the cost of an intangible asset over its useful life. The term amortisation is often used interchangeably with the term depreciation. However, depreciation is used in relation to non-current assets that have physical substance (i.e. property, plant and equipment), while amortisation is used in relation to intangible non-current assets.

**Appropriation**

Public money authorised by the ACT Legislative Assembly under a legislative authority for transfer from the Territory Banking Account to a Territory entity.

**Assets**

Future economic benefits, or service potential, controlled by a Territory entity as a result of past transactions or other events.

**Australian Accounting Standards (The Standards)**

The accounting and reporting framework issued and maintained by the Australian Accounting Standards Board (AASB). The Standards prescribe the acceptable methods of measuring and recording accounting transactions and the required level of disclosure of those transactions in financial statements.

**Balance Sheet**

A statement of financial position which indicates the assets held by an entity relative to the claims against those assets (i.e. liabilities).

**Cash Equivalents**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

**Cash Flows**

Inflows and outflows of cash and cash equivalents.

**Cash**

Comprises cash on hand and demand deposits.

**Cash Surplus/(Deficit)**

The net cash received from operating activities less net sales and purchases of non-financial assets. A cash surplus indicates there was sufficient cash generated from operations to more than cover the net outlay of capital purchases. This measure is located at the bottom of the consolidated harmonised cash flow statement.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX E – GLOSSARY – CONTINUED**

**Comprehensive Result**

The net result of all items of income and expense recognised for the period. It is the aggregate of the operating result and other movements in equity, other than transactions with owners as owners.

**Controlled Recurrent Payment**

An amount provided, or to be provided to an entity for the delivery of goods and services provided by the entity or a person providing goods and services on behalf of the entity.

**Current Assets**

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised or is intended for sale or consumption in the Territory entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

**Current Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Territory entity's normal operation cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Territory entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**Debt**

A legal obligation to make payments of principal and (in some cases) interest according to a predetermined schedule. Debt includes obligations arising from loans (including advances from the Commonwealth Government), bonds, notes and other securities on issue, the capitalised value of outstanding lease commitments under finance lease arrangements (including Public Private Partnerships), supplier/buyer credits, bank overdrafts, and deferred contract payments.

**Depreciation Expense**

The systematic allocation of the cost of a non-current asset that has a physical substance, less its residual value over the remainder of its useful life.

**Equity**

Equity is the difference between the value of the assets/interest and the cost of the liabilities of something owned.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX E – GLOSSARY – CONTINUED**

**Expenses**

Expenses are decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or incurred liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

The whole of government harmonised operating statement expenses include all mutually agreed transactions that decrease net worth, in accordance with Government Finance Statistics (GFS) principles.

**Financial Assets**

Assets that derive monetary value because of a contractual claim.

**Financial Management Act 1996 (FMA)**

The FMA is an Act sets out the legislative framework for the administration of financial affairs of the ACT Government and its agencies.

**Gains**

Gains represent items other than revenue that meet the definition of income and may, or may not, arise in the course of the ordinary activities of a Territory entity. Gains may arise, for example, on the disposal of non-current assets.

**General Government Sector (GGS)**

This is an ABS categorisation of certain public sector agencies. It covers agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenues and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges well below the cost of production.

**Government Finance Statistics (GFS)**

The framework used by the ABS for presentation of data on government outlays, revenue and financing transactions through either the GGS or the public component of the business sector (the Public Trading Enterprise sector) in accordance with an internationally accepted set of concepts and definitions.

**Harmonised Financial Statements**

These are consolidated financial statements prepared in accordance with the 'AASB 1049, *Whole of Government and General Government Sector Financial Reporting*', standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

**Income**

Income arises from increases in economic benefits during the accounting period in the form of inflows or enhancements of assets, or decreases of liabilities that result in increases in equity, other than those relating to contributions from equity participants. Income encompasses both revenue and gains.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX E – GLOSSARY – CONTINUED**

**Investments**

Assets held by a Territory entity primarily for the accumulation of wealth through receipt of distributions (such as interest, royalties, dividends and rentals) or for capital appreciation.

**Liabilities**

Liabilities represent a present obligation of a Territory entity arising from past events, the settlement of which is expected to result in an outflow from the Territory entity of resources embodying economic benefits. Liabilities are a broader concept than debt. They also include obligations which do not have a predetermined repayment schedule, and those which do not require payments of interest, such as unfunded liabilities of superannuation funds, liabilities in respect of other employee benefits (long service and annual leave) and trade creditors.

**Materiality**

Materiality is the concept of establishing the importance of financial data. In general, an item of information is material if its omission, non-disclosure or misstatement would cause the financial statements to mislead users when making evaluations or decisions. The size or nature of the item, or a combination of both, could be a determining factor.

**National Partnership Payment (NPP)**

A NPP is a Commonwealth payment to the States and Territories, in respect of a National Partnership Agreement, to support the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

**Non-Financial Assets**

Non-Financial Assets refers to all assets other than financial assets, primarily property, plant and equipment, such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

**Non-Financial Non-Produced Assets**

Non-Financial Non-Produced Assets refers to assets held by producers mainly for the purpose of production that have not themselves been produced. They mainly include land and subsoil assets such as mineral deposits; non-cultivated biological resources and water resources such as virgin forests, fishing grounds and natural water resources; and intangible non-produced assets such as patents, copyrights and goodwill.

**Non-Financial Produced Assets**

Non-Financial Produced Assets refers to assets created by a production process and held by producers mainly for the purposes of production; includes produced assets, such as buildings (including dwellings), infrastructure (eg railways, roads, tunnels, airports and dams), plant and equipment, cultivated assets (eg livestock, vineyards and orchards), intangible assets (eg computer software), inventories (including materials, supplies, defence weapon platforms, works in progress, finished goods and goods for resale), and valuables (eg precious metals and stones and antiques).

**Other Economic Flows**

For the whole of government harmonised operating statement, other economic flows include changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**

**APPENDIX E – GLOSSARY – CONTINUED**

**Property, Plant and Equipment**

Property, plant and equipment are assets that:

- are held by the Territory entity for use in the production or supply of goods and services, for rental to others, or for administrative purposes;
- have been acquired, obtained or constructed with the intention of being used on a continuing basis; and
- are not intended for sale in the ordinary course of business or service delivery.

**Provision**

A provision is a liability for which the amount or timing of the future sacrifice of economic benefits that will be made is uncertain.

**Public Trading Enterprises (PTEs)**

This is an ABS categorisation of certain public sector agencies. It comprises government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

**Revenue**

Revenue is an inflow of economic benefit which arises in the course of the ordinary activities of a Territory entity. For the whole of government operating statement, revenue includes all mutually agreed transactions that increase net worth in accordance with GFS principles.

**Supplies and Services**

This category of expenses is one of a number identified according to their nature or type for disclosure in the operating statement. This category includes such types of expenses as travel, office requisites, postage, computer services, consultants and telecommunications services.

**Total Comprehensive Income**

A measure of the total change in value of the Territory entity during a financial year arising from revenue, expenses and both realised and unrealised movements in the valuation of assets and liabilities. Total Comprehensive Income is the equivalent to the increase or decrease in Net Assets during the financial year.

**Total Territory**

The Total Territory includes transactions with external parties by the GGS and PTE.

**Uniform Presentation Framework (UPF)**

By agreement between the Commonwealth Government and the States and Territories, each jurisdiction presents financial information on a UPF basis in their budget papers, and in mid-year budget updates and in budget outcome reporting. The primary objective of the UPF is to ensure that the Commonwealth, State and Territory governments provide a common 'core' of financial information in their budget papers to enable direct comparisons of each government's budget and financial results. The UPF is based on the harmonised whole of government reporting standard.