Australian Capital Territory Government

Consolidated Annual Financial Statements

2015-2016 Financial Year

ACT Government

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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ACT Audit Office

AUDITOR-GENERAL AN OFFICER OF THE ACT LEGISLATIVE ASSEMBLY

INDEPENDENT AUDIT REPORT

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Australian Capital Territory Government (the Territory's financial statements) for the year ended 30 June 2016 have been audited. 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.

Responsibility for the financial statements

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

The auditor's responsibility

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

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

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

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

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

Electronic presentation of the audited Territory's financial statements

Those viewing an electronic presentation of the Territory's financial statements should note that the audit does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the Territory's financial statements. If users of the Territory's financial statements are concerned with the inherent risks arising from the electronic presentation of information, then they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

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

Audit opinion

In my opinion, the Territory's financial statements for the year ended 30 June 2016:

(i) are presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and

(ii) present fairly the financial position of the Territory at 30 June 2016 and the results of its operations and cash flows for the year then ended.

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

Dr Maxine Cooper
Auditor-General
30 September 2016

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 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 2016 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: 29.9.2016

Certification by the Under Treasurer

The Under Treasurer has been delegated responsibility for administering the FMA[1], 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 2016 have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) 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: 29 September 2016

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. This responsibility has been delegated to the Under Treasurer as provided for under section 36C 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 2016

	Note No.	General Government Sector 2015-16 Actual $m	General Government Sector 2015-16 Budget $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2015-16 Budget $m	Total Territory 2014-15 Actual $m
Revenue							
Taxation Revenue	7	1,568	1,492	1,377	1,536	1,454	1,339
Grants Revenue							
Commonwealth Grants	8	1,886	1,860	1,992	1,887	1,860	1,994
Gains from Contributed Assets	8	80	110	82	24	50	38
Sales of Goods and Services							
Revenue from Associates and Joint Ventures	9	-	-	-	107	67	103
Other Sales of Goods and Services	10	516	482	475	858	830	810
Interest Income	11	130	135	131	59	54	63
Distributions from Financial Investments	12	54	63	69	54	63	69
Dividend and Income Tax Equivalents Income	13	409	329	299	52	51	50
Other Revenue							
Land Revenue (Value Add Component)	14	-	-	-	399	306	242
Other Revenue	15	144	138	130	138	137	136
Total Revenue		**4,785**	**4,610**	**4,554**	**5,113**	**4,871**	**4,843**
Expenses							
Employee Expenses	16	1,866	1,805	1,761	2,030	1,985	1,942
Superannuation Expenses							
Superannuation Interest Cost	17	315	351	314	315	351	314
Other Superannuation Expense	17	361	268	332	372	280	336
Depreciation and Amortisation	18	367	372	356	448	445	435
Interest Expense	19	176	204	159	172	202	154
Other Operating Expenses							
Supplies and Services	20	898	992	832	1,036	1,163	979
Other Operating Expenses	21	147	251	169	278	334	240
Grants and Purchased Services	22	976	905	1,221	833	761	1,088
Total Expenses		**5,107**	**5,149**	**5,143**	**5,486**	**5,521**	**5,489**
UPF[a] Net Operating Balance		**-322**	**-539**	**-589**	**-373**	**-649**	**-646**
Other Economic Flows - Included in the Operating Result							
Dividends (Market Gains on Land Sales)	23	12	50	5	-	-	-
Land Revenue (Market Gains on Land Sales)	24	-	-	-	17	71	7
Net Land Revenue (Undeveloped Land Value)	25	92	90	49	92	90	45
Net Gain/(Loss) on Sale of Non-Financial Assets	26	-85	-2	-50	-89	-26	-5
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	27	-5	131	247	-5	132	188
Doubtful Debts[b]	28	-10	-6	-2	-13	-8	-5
Operating Result		**-319**	**-276**	**-341**	**-371**	**-391**	**-415**

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

(b) A negative figure for Doubtful Debts indicates an expense.

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT- CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

	Note No.	General Government Sector 2015-16 Actual $m	General Government Sector 2015-16 Budget $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2015-16 Budget $m	Total Territory 2014-15 Actual $m
Other Economic Flows - Other Comprehensive Income							
Items that will not be Subsequently Reclassified to Profit or Loss							
Payments to ACT Government Agencies		-33	-	-43	-	-	-
Capital Distributions		6	-	9	-	-	-
Transfer of Assets to the PTE Sector		-36	-	-	-	-	-
Superannuation Actuarial Gain/(Loss)		-1,877	-	-667	-1,877	-	-667
Prior Year Adjustment		40	-	-1	-6	-	-1
Other Movements		-	1	-	0	1	50
Increase/(Decrease) in the Asset Revaluation Surplus		66	19	133	462	140	514
Increase/(Decrease) in Other Reserves		0	-	0	0	-	-3
Items that may be Subsequently Reclassified to Profit or Loss							
Increase/(Decrease) in Net Assets of PTE Entities		276	-	315	-	-	-
Total Comprehensive Income / (Loss)		**-1,876**	**-256**	**-595**	**-1,788**	**-250**	**-521**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
UPF Net Operating Balance		**-322**	**-539**	**-589**	**-373**	**-649**	**-646**
***less* Net Acquisition of Non-Financial Assets**							
Payments for Non-Financial Assets		790	1,023	813	907	1,114	842
Sales of Non-Financial Assets		-65	-56	-44	-105	-91	-101
Land Revenue (Net Cash Receipts)		-79	-80	-65	-118	-148	-55
Depreciation and Amortisation		-367	-372	-356	-448	-445	-435
Other Movements in Non-Financial Assets		67	109	77	23	50	35
Total Net Acquisition of Non-Financial Assets		*345*	*624*	*425*	*258*	*480*	*286*
Net Lending / (Borrowing)		**-667**	**-1,163**	**-1,014**	**-631**	**-1,129**	**-932**

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
BALANCE SHEET
AS AT 30 JUNE 2016

		General Government Sector			Total Territory		
	Note No.	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Financial Assets							
Cash and Deposits	31	660	318	724	1,015	335	822
Advances Paid	32	1,608	1,689	1,595	69	104	101
Investments and Loans	33	4,126	4,231	4,220	4,174	4,277	4,278
Receivables	34	619	423	405	561	319	339
Equity Investments							
Investments in Other Public Sector Entities	35	6,312	5,768	6,036	-	-	-
Investments Accounted for Using the Equity Method	36	-	-	-	951	725	921
Total Financial Assets		**13,324**	**12,429**	**12,980**	**6,771**	**5,758**	**6,462**
Non-Financial Assets							
Produced Assets							
Property, Plant and Equipment	37	11,572	11,205	11,533	15,116	14,620	16,418
Investment Properties	38	5	3	3	14	12	11
Intangibles	39	62	88	53	103	105	77
Inventories	40	18	16	14	227	293	302
Assets Held for Sale	41	54	1	0	113	3	7
Capital Works-in-Progress	42	707	1,213	620	825	1,342	782
Non-Produced Assets							
Property, Plant and Equipment	37	2,948	3,577	2,719	6,348	6,835	4,476
Loose-Fill Asbestos Insulation Eradication Scheme Land	43	368	-	283	368	-	283
Biological Assets	44	28	26	27	28	26	27
Total Non-Financial Assets		**15,763**	**16,129**	**15,252**	**23,144**	**23,237**	**22,381**
Total Assets		**29,087**	**28,557**	**28,231**	**29,915**	**28,995**	**28,843**
Liabilities							
Deposits Held	45	16	133	134	16	16	16
Advances Received	46	1,076	1,076	829	1,143	1,143	904
Borrowings							
Finance Leases	47	3	22	0	3	23	0
Other Borrowings	48	3,511	3,827	3,148	3,511	3,827	3,148
Superannuation	49	10,719	6,098	8,500	10,719	6,099	8,500
Employee Benefits	50	652	618	660	712	681	722
Other Provisions	50	227	34	220	368	132	333
Payables	51	467	500	433	552	570	525
Other Liabilities	52	9	16	22	9	16	22
Total Liabilities		**16,679**	**12,324**	**13,946**	**17,033**	**12,506**	**14,171**
Net Assets		**12,408**	**16,233**	**14,285**	**12,882**	**16,489**	**14,672**
Equity in Public Trading Entities	53(a)	6,312	5,768	6,036	-	-	-
Accumulated Funds	53(b)	708	5,135	2,926	3,097	7,233	5,316
Asset Revaluation Surplus	53(c)	5,388	5,329	5,322	9,774	9,246	9,345
Other Reserves	53(d)	1	0	1	11	10	10
Net Worth		**12,408**	**16,233**	**14,285**	**12,882**	**16,489**	**14,672**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Financial Worth		-3,354	104	-967	-10,263	-6,748	-7,709
Net Financial Liabilities		9,666	5,664	7,003	11,213	7,472	8,630
Net Debt (Including Superannuation Related Investments)		-1,789	-1,180	-2,427	-586	294	-1,133
Net Debt (Excluding Superannuation Related Investments)		1,646	2,426	910	2,849	3,899	2,203

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

		General Government Sector			Total Territory		
	Note No.	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Opening Equity							
Opening Equity in Public Trading Entities		6,036	5,727	5,721	-	-	-
Opening Accumulated Funds		2,926	5,441	3,875	5,316	7,601	6,113
Opening Asset Revaluation Surplus		5,322	5,310	5,283	9,345	9,128	9,066
Opening Other Reserves		1	0	0	10	10	13
Opening Balance at 1 July 2015		**14,285**	**16,478**	**14,880**	**14,672**	**16,740**	**15,193**
Comprehensive Income							
Included in Accumulated Funds:							
Operating Result for the Period		-319	-276	-341	-371	-391	-415
Payments to ACT Government Agencies		-33	-	-43	-	-	-
Capital Distributions		6	-	9	-	-	-
Transfer of Assets to the PTE Sector		-36	-	-	-	-	-
Superannuation Actuarial Gain/(Loss)		-1,877	-	-667	-1,877	-	-667
Prior Year Adjustment		40	-	-1	-6	-	-1
Other Movements		-	1	-	0	1	50
Included in Equity in Public Trading Entities:							
Increase/(Decrease) in Net Assets of PTE Entities		276	-	315	-	-	-
Included in the Asset Revaluation Surplus:							
Increase/(Decrease) in Asset Revaluation Reserve Surpluses		66	19	133	462	140	514
Included in Other Reserves:							
Increase/(Decrease) in Other Reserves		0	-	0	0	-	-3
Total Comprehensive Income / (Loss)		**-1,876**	**-256**	**-595**	**-1,791**	**-250**	**-521**
Other							
Transfer to/(from) Accumulated Funds		-	-	95	34	22	235
Movement in the Asset Revaluation Surplus		0	-	-95	-34	-22	-235
Total Other		**-**	**0**	**0**	**-**	**0**	**0**
Transactions Involving Owners Affecting Accumulated Funds							
Included in Accumulated Funds:							
Capital Injections/Distributions		-	-31	-	-	-	-
Included in Equity in Public Trading Entities:							
Increase/(Decrease) in Net Assets of PTE Entities		-	41	-	-	-	-
Increase/(Decrease) in ACTTAB Net Assets		-	-	-		-	1
Total Transactions Involving Owners Affecting Accumulated Funds		**-**	**10**	**-**	**-**	**-**	**1**
Closing Equity							
Closing Equity in Public Trading Entities	53(a)	6,312	5,768	6,036	-	-	-
Closing Accumulated Funds	53(b)	708	5,135	2,926	3,097	7,233	5,316
Closing Asset Revaluation Surplus	53(c)	5,388	5,329	5,322	9,774	9,246	9,345
Closing Other Reserves	53(d)	1	0	1	11	10	10
Balance at 30 June 2016		**12,408**	**16,233**	**14,285**	**12,882**	**16,489**	**14,672**

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

		General Government Sector			Total Territory		
	Note	2015-16 Actual	2015-16 Budget	2014-15 Actual	2015-16 Actual	2015-16 Budget	2014-15 Actual
	No.	$m	$m	$m	$m	$m	$m
Cash Flows from Operating Activities							
Cash Receipts							
Taxes Received		1,495	1,494	1,377	1,454	1,455	1,352
Receipts from Sales of Goods and Services		671	533	517	1,419	1,255	1,139
Grants/Subsidies Received		1,864	1,865	1,989	1,866	1,865	1,991
Distributions from Financial Investments		27	63	60	27	63	60
Interest Receipts		132	134	134	66	54	72
Dividends and Income Tax Equivalents		302	280	258	54	52	51
Other Receipts		424	408	369	496	447	451
Total Cash Received from Operating Activities		***4,914***	***4,776***	***4,704***	***5,383***	***5,191***	***5,117***
Cash Payments							
Payments for Employees		-2,248	-2,171	-2,036	-2,430	-2,369	-2,210
Payments for Goods and Services		-1,040	-921	-852	-1,110	-1,057	-1,036
Grants/Subsidies Paid		-926	-987	-1,111	-794	-842	-980
Interest Paid		-170	-202	-152	-174	-206	-158
Other Payments		-468	-501	-379	-660	-746	-604
Total Cash Paid from Operating Activities		***-4,851***	***-4,782***	***-4,531***	***-5,168***	***-5,221***	***-4,989***
Net Cash Flows from Operating Activities	54(b)	**63**	**-6**	**173**	**215**	**-30**	**128**
Cash Flows from Investing Activities							
Cash Flows from Investments in Non-Financial Assets							
Sales of Non-Financial Assets		65	56	44	105	91	101
Payments for Non-Financial Assets		-790	-1,023	-813	-907	-1,114	-842
Net Cash Flows from Investments in Non-Financial Assets		**-725**	**-967**	**-769**	**-802**	**-1,022**	**-741**
Cash Flows from Investments in Financial Assets for Policy Purposes							
Cash Receipts							
Repayment of Loans		1	0	0	1	0	0
Capital Receipts from Government Agencies		-	-	110	-	-	-
Dividends - Market Gains on Land Sales		12	50	5	-	-	-
Total Cash Received from Investments in Financial Assets for Policy Purposes		***13***	***50***	***115***	***1***	***0***	***0***
Cash Payments							
Issue of Loans		-	0	-	-	0	-
Capital Payments to Government Agencies		-33	-31	-43	-	-	-
Total Cash Paid from Investments in Financial Assets for Policy Purposes		***-33***	***-31***	***-43***	**-**	0	**-**
Net Cash Flows from Investments in Financial Assets for Policy Purposes		**-20**	**19**	**72**	**1**	**0**	**0**
Cash Flows from Investments in Financial Assets for Liquidity Purposes							
Sales of Investments		235	712	589	229	983	403
Payments for Investments		-211	-645	-565	-94	-925	-277
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes		**23**	**68**	**25**	**136**	**59**	**126**
Net Cash Flows from Investing Activities		**-722**	**-880**	**-672**	**-665**	**-963**	**-615**

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
CASH FLOW STATEMENT- CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

	Note No.	General Government Sector 2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m	Total Territory 2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Cash Flows from Financing Activities							
Cash Receipts							
Borrowings		826	961	867	618	940	845
Total Cash Received from Financing Activities		***826***	***961***	***867***	***618***	***940***	***845***
Cash Payments							
Borrowings		-254	-117	-72	-8	-9	-11
Total Cash Paid from Financing Activities		***-254***	***-117***	***-72***	***-8***	***-9***	***-11***
Net Cash Flows from Financing Activities		**572**	**844**	**795**	**610**	**931**	**834**
Net Increase/(Decrease) in Cash and Cash Equivalents		**-87**	**-42**	**296**	**160**	**-62**	**347**
Cash and Cash Equivalents at the Beginning of Reporting Period		**710**	**375**	**415**	**867**	**458**	**521**
Cash and Cash Equivalents at the End of Reporting Period	54(a)	**622**	**333**	**710**	**1,025**	**396**	**867**
Key Fiscal Aggregates (refer to Appendix C - Glossary)							
Net Cash from Operating Activities		63	-6	173	215	-30	128
Investments in Non-Financial Assets		-725	-967	-769	-802	-1,022	-741
Cash Surplus (+) / Deficit (-)		**-662**	**-973**	**-596**	**-587**	**-1,052**	**-613**
A positive number denotes a cash inflow, a negative sign denotes a cash outflow							
Derivation of ABS GFS Cash Surplus/(Deficit)							
Cash Surplus (+) / Deficit (-)		**-662**	**-973**	**-596**	**-587**	**-1,052**	**-613**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]		-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements		**-662**	**-973**	**-596**	**-587**	**-1,052**	**-613**

Note:
(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/(deficit).

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Revenue			
Government Payment for Outputs	164	178	163
Grants Revenue			
Commonwealth Grants	2	-	2
Gains from Contributed Assets	23	-	11
Sales of Goods and Services Revenue			
Revenue from Associates and Joint Ventures	107	67	103
Other Sales of Goods and Services	428	426	413
Interest Income	7	2	6
Distribution from Investments with the Territory Banking Account	0	4	3
Other Revenue			
Land Revenue (Value Add Component)	498	407	301
Other Revenue	14	11	22
Total Revenue	**1,242**	**1,096**	**1,023**
Expenses			
Employee Expenses	164	180	181
Superannuation Expenses			
Other Superannuation Expenses	22	23	15
Depreciation and Amortisation	81	72	79
Interest Expense	75	86	73
Other Property Expenses (Income Tax Equivalents)	125	97	76
Other Operating Expenses			
Supplies and Services	186	207	197
Other Operating Expenses	245	200	171
Grants and Purchased Services	92	83	76
Total Expenses	**989**	**947**	**868**
UPF[(a)] Net Operating Balance	**253**	**148**	**155**
Other Economic Flows - Included in the Operating Result			
Land Revenue (Market Gains on Land Sales)	17	71	7
Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-3	-25	47
Doubtful Debts[(b)]	-3	-2	-2
Operating Result	**264**	**192**	**207**

Notes:

(a) Uniform Presentation Framework (refer to Appendix C - Glossary).

(b) A negative figure for Doubtful Debts indicates an expense.

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT- CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Other Economic Flows - Other Comprehensive Income			
Items that will not be Subsequently Reclassified to Profit or Loss			
Other Movements	0	-	50
Increase/(Decrease) in the Asset Revaluation Surplus	203	44	264
Items that may be Subsequently Reclassified to Profit or Loss			
Increase/(Decrease) in Other Reserves	-	-	-3
Total Comprehensive Income / (Loss)	**468**	**237**	**517**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
UPF Net Operating Balance	**253**	**148**	**155**
***less* Net Acquisition of Non-Financial Assets**			
Payments for Non-Financial Assets	184	178	124
Sales of Non-Financial Assets	-40	-36	-57
Land Revenue (Net Cash Receipts)	-8	-54	-26
Depreciation and Amortisation	-81	-72	-79
Other Movements in Non-Financial Assets	-55	-59	-44
Total Net Acquisition of Non-Financial Assets	*0*	*-43*	*-82*
Net Lending / (Borrowing)	**253**	**191**	**238**

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR BALANCE SHEET
AS AT 30 JUNE 2016

	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Financial Assets			
Cash and Deposits	355	112	195
Investments and Loans	48	67	80
Receivables	159	168	128
Equity			
Investments Accounted for Using the Equity Method	951	725	921
Total Financial Assets	**1,513**	**1,073**	**1,324**
Non-Financial Assets			
Produced Assets			
Property, Plant and Equipment	3,544	3,415	3,428
Investment Properties	9	9	8
Intangibles	41	18	24
Inventories	250	298	288
Assets Held for Sale	59	3	7
Capital Works-in-Progress	118	129	161
Non Produced Assets			
Property, Plant and Equipment	3,401	3,257	3,213
Other Non-Financial Assets			
Deferred Tax Assets	-	28	32
Total Non-Financial Assets	**7,422**	**7,157**	**7,161**
Total Assets	**8,935**	**8,230**	**8,485**
Liabilities			
Advances Received	1,606	1,653	1,569
Borrowings			
Finance Leases	-	1	-
Employee Benefits	71	63	62
Other Provisions	248	140	185
Payables	147	125	125
Other Liabilities			
Current Tax Liability	88	25	21
Deferred Tax Liability	400	347	441
Other Liabilities	63	108	46
Total Liabilities	**2,623**	**2,462**	**2,449**
Net Assets	**6,312**	**5,768**	**6,036**
Accumulated Funds	2,430	2,259	2,323
Asset Revaluation Surplus	3,872	3,500	3,703
Other Reserves	10	10	10
Net Worth	**6,312**	**5,768**	**6,036**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Financial Worth	-1,110	-1,389	-1,125
Net Debt	1,203	1,473	1,294

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Opening Equity			
Opening Accumulated Funds	2,323	2,239	2,222
Opening Asset Revaluation Surplus	3,703	3,477	3,487
Opening Other Reserves	10	10	13
Opening Balance at 1 July 2015	**6,036**	**5,727**	**5,721**
Comprehensive Income			
Included in Accumulated Funds:			
Operating Result for the Period	264	192	207
Other Movements	0	-	50
Included in the Asset Revaluation Surplus:			
Increase/(Decrease) in the Asset Revaluation Surplus	203	44	264
Increase/(Decrease) in Other Reserves	-	-	-3
Total Comprehensive Income / (Loss)	**468**	**237**	**517**
Other			
Transfer to/(from) Accumulated Funds	34	22	47
Movement in the Asset Revaluation Surplus	-34	-22	-47
Total Other	**0**	**0**	**0**
Transactions Involving Owners Affecting Accumulated Funds			
Capital Injections	33	31	43
Capital Distributions	-6	-	-72
Transfer of Assets from the GGS Sector	36	-	1
Dividends Approved	-253	-226	-173
Total Transactions Involving Owners Affecting Accumulated Funds	**-191**	**-195**	**-201**
Closing Equity			
Closing Accumulated Funds	2,430	2,259	2,323
Closing Asset Revaluation Surplus	3,872	3,500	3,703
Closing Other Reserves	10	10	10
Balance at 30 June 2016	**6,312**	**5,768**	**6,036**

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Cash Flows from Operating Activities			
Cash Receipts			
Receipts from Sales of Goods and Services	1,008	968	821
Grants/Subsidies Received	165	178	153
Interest Receipts	8	2	5
Distribution from Investments with the Territory Banking Account	0	4	4
Other Receipts	113	81	116
Total Cash Received from Operating Activities	***1,293***	***1,233***	***1,099***
Cash Payments			
Payments for Employees	-193	-208	-188
Payments for Goods and Services	-181	-214	-198
Grants/Subsidies Paid	-25	-24	-24
Interest Paid	-78	-90	-77
Other Payments	-349	-405	-349
Total Cash Paid from Operating Activities	***-825***	***-941***	***-835***
Net Cash Flows from Operating Activities	**468**	**292**	**264**
Cash Flows from Investing Activities			
Cash Flows from Investments in Non-Financial Assets			
Sales of Non-Financial Assets	40	36	57
Payments for Non-Financial Assets	-184	-178	-124
Net Cash Flows from Investments in Non-Financial Assets	**-144**	**-142**	**-67**
Cash Flows from Investments in Financial Assets for Policy Purposes			
Cash Receipts			
Capital Receipts from Government Agencies	33	31	43
Total Cash Received from Investments in Financial Assets for Policy Purposes	***33***	***31***	***43***
Cash Payments			
Dividends - Market Gains on Land Sales	-12	-50	-5
Distributions to Government	-	-	-110
Total Cash Paid from Investments in Financial Assets for Policy Purposes	***-12***	***-50***	***-115***
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**21**	**-19**	**-72**
Cash Flows from Investments in Financial Assets for Liquidity Purposes			
Sales of Investments	31	340	178
Payments for Investments	-	-349	-37
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**31**	**-9**	**141**
Net Cash Flows from Investing Activities	**-93**	**-170**	**2**

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT- CONTINUED
FOR THE YEAR ENDED 30 JUNE 2016

	2015-16 Actual $m	2015-16 Budget $m	2014-15 Actual $m
Cash Flows from Financing Activities			
Cash Receipts			
Borrowings	248	104	61
Total Cash Received from Financing Activities	***248***	***104***	***61***
Cash Payments			
Borrowings	-210	-17	-22
Dividends Paid	-196	-132	-151
Other Financing	-68	-97	-67
Total Cash Paid from Financing Activities	***-473***	***-246***	***-240***
Net Cash Flows from Financing Activities	**-225**	**-142**	**-179**
Net Increase/(Decrease) in Cash and Cash Equivalents	**150**	**-20**	**86**
Cash and Cash Equivalents at the Beginning of Reporting Period	**253**	**83**	**167**
Cash and Cash Equivalents at the End of Reporting Period	**403**	**62**	**253**
Key Fiscal Aggregates (refer to Appendix C - Glossary)			
Net Cash from Operating Activities	468	292	264
Net Cash Flows from Investments in Non-Financial Assets	-144	-142	-67
Distributions Paid	-263	-229	-218
Cash Surplus (+) / Deficit (-)	**60**	**-79**	**-21**

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

Derivation of ABS GFS Cash Surplus/(Deficit)			
Cash Surplus (+) / Deficit (-)	**60**	**-79**	**-21**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**60**	**-79**	**-21**

Note:
(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/(deficit).

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

Also refer to Note 5: 'Disaggregated Information'.

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2016

Agency	Appropriation Act 2015-16	Neutral Transfers between Appropriations/ Directorates	Commonwealth Grants Variations	Treasurer's Advance	Additional Approved Appropriations*	Total Appropriated	Final Appropriation Drawn
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
ACT Executive							
Payment on behalf of the Territory	8,528	222	-	370	-	9,120	9,120
ACT Gambling and Racing Commission							
Net cost of outputs	4,726	-	-	-	-	4,726	4,726
ACT Local Hospital Network							
Net cost of outputs	605,162	-	-	-	-	605,162	601,790
Auditor-General							
Net cost of outputs	2,759	-	-	-	-	2,759	2,759
Canberra Institute of Technology							
Net cost of outputs	69,148	-	-	-	9	69,157	69,157
Capital injection	8,722	-	-	675	-	9,397	9,397
Payment on behalf of the Territory							
Capital Metro Agency							
Net cost of outputs	7,859	-	-	-	-	7,859	7,525
Capital injection	16,137	-	-	-	-	16,137	13,163
Chief Minister, Treasury and Economic Development Directorate							
Net cost of outputs	411,730	18,323	-	9,894	61,673	501,620	410,779
Capital injection	513,766	4,130	-	-	52,764	570,660	351,979
Payment on behalf of the Territory	73,605	3,464	-	-	-	77,069	71,191
Community Services Directorate							
Net cost of outputs	230,443	-	-	21,529	784	252,756	251,972
Capital injection	4,031	-	-	-	50	4,081	1,512

* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and rollovers of undispersed 2014-15 Appropriation from 2014-15 to 2015-16 under the *Financial Management Act 1996.*

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2016

Agency	Appropriation Act 2015-16 $'000	Neutral Transfers between Appropriations/ Directorates $'000	Commonwealth Grants Variations $'000	Treasurer's Advance $'000	Additional Approved Appropriations* $'000	Total Appropriated $'000	Final Appropriation Drawn $'000
Cultural Facilities Corporation							
Net cost of outputs	8,378	-	-	-	-	8,378	8,378
Capital injection	3,208	-	-	-	169	3,377	3,377
Education Directorate							
Net cost of outputs	656,165	-26,064			9,095	639,196	626,616
Capital injection	59,557	-	-	-	8,225	67,782	48,315
Payment on behalf of the Territory	265,934	-84	-	-	1,733	267,583	260,174
Electoral Commissioner							
Net cost of outputs	2,919	-47	-	-	-	2,872	2,872
Capital injection	269	47	-	-	85	401	331
Environment and Planning Directorate							
Net cost of outputs	53,066	-	-	-	1,729	54,795	49,842
Capital injection	5,486	-	-	-	6,015	11,501	7,768
Payment on behalf of the Territory	1,908	-	-	-	651	2,559	1,989
Health Directorate							
Net cost of outputs	264,857	11,900	-	-	946	277,703	272,366
Capital injection	166,147	-11,900	-	-	4,257	158,504	138,299
Payment on behalf of the Territory	9,236	-	-	-	635	9,871	1,213
Housing ACT							
Net cost of outputs	43,453	-	-	-	-	43,453	43,453
Capital injection	14,187	-	-	-	362	14,549	13,975
Icon Water Limited							
Net cost of outputs	11,401	-	-	-	-	11,401	11,401

* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and rollovers of undispersed 2014-15 Appropriation from 2014-15 to 2015-16 under the *Financial Management Act 1996.*

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2016

Agency	Appropriation Act 2015-16 $'000	Neutral Transfers between Appropriations/ Directorates $'000	Commonwealth Grants Variations $'000	Treasurer's Advance $'000	Additional Approved Appropriations* $'000	Total Appropriated $'000	Final Appropriation Drawn $'000
Independent Competition and Regulatory Commission							
Net cost of outputs	541	-	-	-	-	541	260
Justice and Community Safety Directorate							
Net cost of outputs	257,649	-1,046	-	-	395	256,998	249,458
Capital injection	84,181	-	-	-	11,904	96,085	49,599
Payment on behalf of the Territory	160,095	-	-	1,447	-	161,542	161,542
Legal Aid Commission (ACT)							
Net cost of outputs	10,446	840	-	-	-	11,286	10,446
Office of the Legislative Assembly							
Net cost of outputs	8,235	-10	-	-	-	8,225	8,221
Capital injection	7,008	-	-	160	271	7,439	6,884
Payment on behalf of the Territory	6,917	-212	-	-	-	6,705	6,458
Public Trustee and Guardian							
Net cost of outputs	1,251	206	-	-	4	1,461	1,120
Superannuation Provision Account							
Capital injection	211,146	-	-	-	-	211,146	211,146
Territory and Municipal Services Directorate							
Net cost of outputs	328,180	1,171	-	1,300	7,041	337,692	328,651
Capital injection	146,158	-940	5,275	5,200	20,801	176,494	128,324

* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and rollovers of undispersed 2014-15 Appropriation from 2014-15 to 2015-16 under the *Financial Management Act 1996.*

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2016

Agency	Appropriation Act 2015-16 $'000	Neutral Transfers between Appropriations/ Directorates $'000	Commonwealth Grants Variations $'000	Treasurer's Advance $'000	Additional Approved Appropriations* $'000	Total Appropriated $'000	Final Appropriation Drawn $'000
Sub Totals for Appropriation Classes							
Net cost of outputs	2,978,368	5,273	-	32,723	81,676	3,098,040	2,961,792
Capital injection	1,240,003	-8,663	5,275	6,035	104,903	1,347,553	984,068
Payment on behalf of the Territory	526,223	3,390	-	1,817	3,019	534,449	511,687
Treasurer's Advance	47,400	-	-	-	-	47,400	-
Total Appropriations	**4,791,994**	**-**	**5,275**	**40,575**	**189,598**	**5,027,442**	**4,457,547**

* Additional Approved Appropriations relate to the additional appropriation to fund long service leave entitlements and rollovers of undispersed 2014-15 Appropriation from 2014-15 to 2015-16 under the *Financial Management Act 1996.*

Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

The variances between the total appropriated and appropriation drawn for 2015-16 are largely due to the following:

Net cost of outputs: The variation is largely due to the anticipated rollover of funds and the deferral of expenditure from 2015-16 to 2016-17, the most significant of which relate to the Loose-Fill Asbestos Insulation Eradication Scheme. The details of these deferrals can be found in agencies' 2016-17 Budget statements (changes to appropriation table) and are also disclosed in agencies' financial statements (statement of appropriation).

Capital injections: The variation is largely due to the anticipated rollover of funds and the deferral of expenditure from 2015-16 to 2016-17, the most significant of which relate to the Loose-Fill Asbestos Eradication Scheme. The details of these deferrals can be found in agencies' 2016-17 Budget statements (changes to appropriation table) and are also disclosed in agencies' financial statements (statement of appropriation).

Payments on behalf of the Territory: The variation mainly relates to project delays in the 2014-15 capital works project for the upgrade of clinical areas at the Calvary Public Hospital.

Treasurer's Advance: The 2015-16 available Treasurer's Advance was $47.4 million, of which $40.575 million was provided to agencies in accordance with section 18 of the *Financial Management Act 1996.*

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 to be held in October 2016. 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 6: '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 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.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

a) Basis of Preparation - Continued

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

The financial statements have been prepared in accordance with:

(i) Australian Accounting Standards; and

(ii) ACT Accounting 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 C - 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).

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 6: '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.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

b) Compliance Framework - Continued

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 2016 together with the financial position of the Territory as at 30 June 2016.

d) Budget Figures

To facilitate a comparison with the Budget Papers, as required by the FMA, budget information for 2015-16 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2015-16 Budget Papers.

The 2015-16 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 following presentational differences:

* The calculation of the 'Headline Net Operating Balance' in the Budget Papers is not shown in the Operating Statement of this report as this calculation is not required under AASB 1049.
* The GGS Statement of Changes in Equity recognises capital injections and distributions to and from the PTE sector and the increase/(decrease) in Net Assets of the PTE sector as Transactions Involving Owners Affecting Accumulated Funds. This presentation was changed in the 2014-15 Consolidated Annual Financial Statements to be included in Comprehensive Income.
* The Budget Papers do not reflect a separate line item for land held under the Loose-Fill Asbestos Insulation Eradication Scheme in the GGS and Total Territory Balance Sheets. This disclosure was included for the first time in the 2014-15 Consolidated Annual Financial Statements.

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. Additional detail on significant changes to prior year comparatives is provided in Note 3: 'Change in Accounting Policies, Accounting Estimates and Prior Period Errors'.

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 2015-2016* and *Appropriation Act 2015-2016.*

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

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 Note 2(b): 'Compliance Framework'.

The consolidated entity includes the PTE entities and GGS entities as set out at Note 6: '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.

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

Interest
Interest revenue is recognised using the effective interest rate method.

Distributions from the Territory Banking Account
Distribution revenue is received from investments by agencies with the Territory Banking Account. This revenue is recognised on an accrual basis. Distribution revenue only appears in the PTE sector's Operating Statement as this revenue is eliminated at the Territory level.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Distributions from Financial Investments

Distributions from financial investments revenue are received from the Territory's superannuation unit trust investments. This revenue is recognised on the date the unit value is quoted ex-distribution.

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.

Revenue from the provision of development rights to a joint venture is recognised in accordance with the substance of the transaction. When a legally enforceable agreement to contribute undeveloped parcels of land to the joint venture entity for development exists, the Territory recognise the gains attributable to the interest:

(i) of other ventures on the provision of development rights to the joint venture; and

(ii) progressively as the land is sold to third parties by the joint venture.

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.

Land revenue is classified according to the underlying nature of the sales transactions. As a result, the total value of land revenue recognised by the Territory is classified as either 'undeveloped land value', 'value add component' or 'market gains on land sales', as appropriate.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue Recognition - Continued

Land Revenue - Continued

* The 'undeveloped land value' portion of land revenue reflects the unimproved value of land sold. Land Revenue (Undeveloped Land Value) is classified in the Operating Statement as an 'Other Economic Flow', as undeveloped land is considered to be an asset sale, consistent with the presentation requirements of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049).

  The amount of 'undeveloped land value' recorded in the Operating Statement is determined by independent valuation prior to land sales, and is equal to the value of land purchased from the Territory and Municipal Services Directorate (within the GGS) by the Land Development Agency (a PTE agency).

* The 'value add component' of land revenue reflects estimated earnings attributable to works undertaken which have contributed to an increase in the value of land sold. The 'value add component' of land revenue is reflected in 'Revenue' on the Operating Statement, because this portion of land revenue represents the value which the Territory has generated through its development and other value add activities, such as marketing and design.

  When the Territory develops undeveloped land and then sells it in the market place, the total revenue earned in excess of the value of the undeveloped land (net revenue) is recorded as 'Land Revenue (Value Add Component)'.

* Market gains on land sales' reflects the portion of land revenue related to the growth in value of land sold that is attributed to prevailing market conditions. Given the nature of this revenue is in the form of a gain, it is included in the 'Other Economic Flows' section of the Operating Statement, consistent with presentation requirements of AASB 1049.

  When the Territory sells undeveloped land, the net revenue is divided between Land Revenue (Value Add Component) and Land Revenue (Market Gains on Land Sales).

These two components cannot be readily disaggregated. The amount recorded as 'value add' is established as the value the Territory has deemed to have added through a range of activities, such as packaging, promotion and marketing. The remainder of the net revenue is deemed to be a market gain.

The above classification and treatment results in the development profits and revenue benefits relating to specific activities undertaken by the Territory being recognised as revenue for the Territory, and proceeds of asset sales and market gains being excluded from revenue in the Operating Statement.

Refer also to Note 2(ak): 'Significant Accounting Judgements and Estimates'.

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 2(ak): 'Significant Accounting Judgements and Estimates' for information regarding market gains on land sales.

2 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 29: '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'.

2 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 2016-17 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.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments - Continued

Derecognition
An investment asset is derecognised when the right to receive cash flows from the asset has expired or the Territory has transferred its right to receive cash flows from the asset and has subsequently transferred all the risks and rewards of the asset. In relation to the Territory's superannuation investments, this can also occur when the Territory has assumed an obligation to pay the received cash flows in full, without material delay, to a third party under a pass-through arrangement and either (a) the Territory has transferred substantially all the risks and rewards of the asset or (b) the Territory has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Territory has transferred its right to receive cash flows from a superannuation investment (or entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Territory's continuing involvement in the asset. In that case, the Territory also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that have been retained.

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 68: '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.

2 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 Statement of Income and Expenses on Behalf of the Territory 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 Territory and Municipal Services Directorate (TAMS) 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 TAMS (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.

2 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' (AASB 116).

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.

Land held under the Loose-Fill Asbestos Insulation Eradication Scheme, after demolition and remediation, is valued at cost less any impairment.

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.

2 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 Note 2(t): 'Acquisition and Recognition of Property, Plant and Equipment' and Note 2(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.

2 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:

Class of Asset	Depreciation/ Amortisation	Useful Life (years)
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	2-100
Land improvements are included with buildings.		

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

2 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 $370 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 Volume 1 of the Chief Minister, Treasury and Economic Development Directorate's 2015-16 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 21 ‘Other Operating Expenses’ identifies the amount of financial assistance paid under the Scheme to homeowners and other affected residents (categorised under 'other').

*Note 22 ‘Grants and Purchased Services’ shows the expense portion of the property purchases.

*Note 25 ‘Net Land Revenue (Undeveloped Land Value)’ shows the net land sales revenue associated with the Scheme.

*Note 41 ‘Assets Held for Sale’ shows the carrying value of Scheme Land available for sale following building demolition and land remediation, less impairment costs.

*Note 43 ‘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 50 ‘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 51 ‘Payables’ discloses, as Revenue Received in Advance, the total value of deposits held at 30 June 2016 relating to active property sales processes.

*Note 59 ‘Contingencies, Guarantees and Indemnities’ provides the likely financial impact associated with property settlements where homeowners had opted into the Scheme by 30 June 2015, and 30 June 2016, but had not settled by these dates.

*Note 2(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.

2 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 Capital Grants Expense and Other Provision (refer to Note 22 'Grants and Purchased Services' and Note 50 '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 59 '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 59, '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 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; and

* 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 revised 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 Inventory.

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

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.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

aa) Loose-Fill Asbestos Insulation Eradication Scheme (continued)

At 30 June 2016 the values in relation to the Scheme are:

	2016 $'m	2015 $'m
Land Revenue		
Revenue	6	-
Cost of Properties Sold	-5	
Net Land Revenue	**1**	**-**
Grants and Purchased Services		
Property and Services - Settled	6	228
Property and Services - Opted into but not Settled	43	108
Total Grants and Purchased Services	**49**	**336**
Assets Held for Sale		
Properties Held for Sale	54	-
Total Assets Held for Sale	**54**	**-**
Other Liabilities		
Property Sales Deposits	1	-
Total Other Liabilities	**1**	**-**
Scheme Land Assets		
Asbestos Contaminated Land	249	188
Estimated Building Demolition and Land Remediation Costs for Settled Properties	119	95
Total Scheme Land Assets	**368**	**283**
Other Provisions		
Property Purchases - Opted into but not Settled	43	108
Estimated Building Demolition and Land Remediation Costs for Settled Properties - Current	66	24
Estimated Building Demolition and Land Remediation Costs for Settled Properties - Non-Current	53	71
Total Other Provisions	**162**	**203**
Contingent Liabilities		
Estimated Building Demolition and Land Remediation Costs for Property Purchases Opted into but not Settled	16	41
Total Contingent Liabilities	**16**	**41**
Other Contingent Assets		
Property Purchases Opted into but not Settled	38	88
Estimated Building Demolition and Land Remediation Costs for Property Purchases Opted into but not Settled	16	41
Total Other Contingent Assets	**54**	**129**

2 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 payables, 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 Actuarial Services.

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 Ventures

A Joint Venture is a joint arrangement 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 Statement of Comprehensive Income. Distributions received from a joint venture reduce the carrying amount of the investment.

Further information on the Territory's Joint Ventures can be found at Note 61: 'Interest in Joint Ventures'.

2 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 Note 2(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 2016, the rate used to estimate the value of future payments for long service leave is 114.7 per cent (104.2 per cent at 30 June 2015). The amount used to estimate the future payments of annual leave is 101.4 per cent at 30 June 2016 (101.0 per cent at 30 June 2015).

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.

2 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 2015-16 was $211.146 million (2014-15: $198.209 million) for emerging costs. As at 30 June 2016, the excess amounted to $14.232 million (2014-15: $13.681 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 2014-15 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 2016 superannuation liability. The closing liability as at 30 June 2016 is estimated at the present value rate as at 30 June 2015 of 3.66 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2016 minus the liability as at 30 June 2015, adjusted for the projected 2015-16 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.

2 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 Territory and the Municipal Services Directorate 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.

Motor Vehicle Leasing Arrangements 2014-15

Changes were made to the whole-of-government motor vehicle leasing arrangements with SG Fleet as a result of which all such leases were classified as operating leases rather than finance leases from 23 April 2015. The leased vehicles held as Property, Plant and Equipment (under the previous finance lease arrangement with SG Fleet) were derecognised and the associated loss on the derecognition of the leased vehicle assets reflected under 'Other Economic Flows'. The corresponding finance lease liability (current and non-current) was also derecognised and the associated gain from the derecognition of the liability reflected under 'Other Economic Flows'.

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 Note 2(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 note 2(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.

2 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 2015-16 (2014-15: 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 notes 2(h): 'Revenue Recognition' and 2(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 Note 2(ag): 'Employee Benefits' and Note 3: 'Change in Accounting Policies, Accounting Estimates and Prior Period Errors'.

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.

2 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 2016 is based on the following assumptions:

Data:
Contributor data for CSS and PSS members who were ACT Government employees as at 30 June 2016 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'.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

(ix) - 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:

	2016	2015
Discount Rate	2.69%	3.66%
Salary Increase	3.00%/3.50%[1]	3.50%
CPI	2.50%	2.50%

[1] 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 2016:

	Increase in Assumption $'000	Decrease in Assumption $'000
Financial Assumptions		
Discount Rate (+/- 1 per cent)	-1,923,000	2,574,000
Consumer Price Index (+/- 1 per cent)	1,768,000	-1,420,000
Salary Inflation (+/- 1 per cent)	561,000	-491,000
Demographic Assumptions		
PSS Pensioner Election Rate (+/- 10 per cent)	427,000	-427,000

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

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ak) Significant Accounting Judgements and Estimates - Continued

(x) *Biological Assets:* Plantation Growing Stock values have been determined though 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 6.00 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 2015-16.

2 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.

2 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 in incurred. Refer to Note 58: '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 Note 2(al) Service Concession Arrangements.

Canberra Light Rail Project: 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 Note 2(al) Service Concession Arrangements.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

al) 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 November 2017. This will deliver all of the new-build facilities, including six new Supreme Court courtrooms. Stage 2 is expected to be in service in August 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.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

al) 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 Project: On 25 May 2016, the Territory entered into a 20-year PPP with Canberra Metro for the design, construction, operation, maintenance and financing of a light rail route.

Under the arrangement, the Territory will be making monthly service payments to Canberra Metro. The portion of the total payments to Canberra Metro that relate 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 PPP 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 PPP 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 services provided. As a consequence of using this structure, no cash is passed 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).

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

al) Service Concession Arrangements - Continued

The light rail project arrangement 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.

2 SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

am) Variance Analysis

Significant movements between financial years ended 30 June 2016 and 30 June 2015 are discussed at Appendix A. Significant movements between 30 June 2016 Actual financial results and the 2015-16 Budget, as presented in the 2015-16 Budget Papers, are discussed at Appendix B.

Paragraph 65 of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049) states that significant movements to be disclosed 'are those relevant to an assessment of the discharge of accountability and to an analysis of performance of government'. With regard to that criteria, the Territory has determined that, for Appendix A and Appendix B, significant variances are those that represent more than 5 per cent as a variance and more than 5 per cent of the relevant category (for example, total taxation revenue in the instance of Appendix A as opposed to total revenue in the instance of Appendix B), and apply to the General Government Sector.

For the 30 June 2016 Actual to 2015-16 Budget variance analysis, only face of statement line items have been explained, as per AASB 1049 requirements. For the 30 June 2016 Actual to 30 June 2015 Actual variance analysis, the Territory has explained variances at note level. The 2015-16 Budget numbers have not been audited.

3 CHANGE IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND PRIOR PERIOD ERRORS

a) Change in Accounting Policies and Estimates

Revision of the Defined Benefit Superannuation Liability Discount Rate

At 30 June 2016, the rate used to calculate the present value of the Territory's defined benefit superannuation liability decreased from 3.66 per cent at 30 June 2015 to 2.69 per cent at 30 June 2016. This resulted in an actuarial loss (an increase in the liability) of approximately $1,876.7 million.

Revision of Outstanding Insurance Claims

The assessment of outstanding insurance claims at 30 June 2016 resulted in a decrease to the estimate for outstanding claims of approximately $6.9 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 2015-16 resulted in adjustments to total estimated costs of various projects. The overall impact of the adjustments was to decrease cost of goods sold and increase inventory by $6.3 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 increased from 104.2 per cent at 30 June 2015 to 114.7 per cent at 30 June 2016. This resulted in an increase in the estimated long service leave liability of approximately $41.3 million.

4 IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 and AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-For-Profit Public Sector Entities have been early adopted for the 2015-16 reporting period, even though the standards are not required to be applied until annual reporting periods beginning on or after 1 July 2016.

AASB 2015-2 amends AASB 101 Presentation of Financial Statements clarifies that agencies should not disclose immaterial information and information in notes can should provide users with the clearest view of an agency's financial performance and financial position. AASB 2015-7 amends AASB 13 Fair Value Measurement to provide disclosure relief to not-for-profit public sector agencies from certain disclosures about the fair value measurements of property, plant and equipment held for their current service potential rather than to generate net cash inflows. This includes relief from disclosures of quantitative information about the significant unobservable inputs used in fair value measurements and of the sensitivity of certain fair value measurements to changes in unobservable inputs.

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods 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.

* AASB 15 Revenue from Contracts with Customers (application date 1 Jan 2018): AASB 15 is the new standard for revenue recognition. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 111 Construction Contracts and AASB 118 Revenue. The Territory is currently assessing the impact of this standard and has identified there could be a potential impact on the timing of the recognition of revenue for user charges. At this stage, 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 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. At this stage 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 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 (Application date 1 Jan 2018): This standard makes consequential amendments to a number of standards and interpretations as a result of the issuing of AASB 15. The Territory is assessing the potential impact of AASB 15.
* AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities (Application date 1 July 2016): This standard extends the scope of AASB 124 Related Party Transactions to the not-for-profit sector and updates AASB 124 to include implementation guidance (including illustrative examples) to assist not-for-profit entities to apply the new requirements. While there is no material financial impact in implementing this standard, there will be an expected increase in disclosure for the Territory in relation to the Basis for Conclusions.

5 DISAGGREGATED INFORMATION

The Territory's financial statements show the assets, liabilities and equity, revenue and expenses and receipts and payments 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 can be found at Note 6: '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.

6 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
Auditor-General
Canberra Institute of Technology
Capital Metro Agency (discontinued from 1 July 2016)
Chief Minister, Treasury and Economic Development Directorate
Community Services Directorate
Cultural Facilities Corporation
Environment and Planning Directorate
Education Directorate
Electoral Commissioner
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
Territory and Municipal Services Directorate (discontinued from 1 July 2016)
Territory Banking Account

6 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES - CONTINUED

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.

REVENUE

	General Government Sector		Total Territory	
	2015-16 Actual $m	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**
7 TAXATION REVENUE				
Duties	331	273	327	270
Payroll Tax	422	358	411	346
General Rates	423	376	407	362
Motor Vehicle Registrations	115	111	115	111
Land Tax	101	96	101	96
Gambling Taxes	51	52	51	51
Fire and Emergency Services Levy	55	43	55	42
Utilities (Network Facilities) Tax	29	26	27	19
Lease Variation Charge	7	11	7	11
Ambulance Levy	20	19	20	19
Energy Industry Levy	3	2	3	2
Lifetime Care and Support Levy	10	10	10	10
Total Taxation Revenue	**1,568**	**1,377**	**1,536**	**1,339**

	General Government Sector		Total Territory	
	2015-16 Actual $m	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**
8 GRANTS REVENUE				
GST Revenue Grants [(a)]	1,049	1,105	1,049	1,105
Municipal Service Payments [(b)]	39	38	39	38
National Specific Purpose and Reform Grants [(c)]	677	648	677	648
National Partnership Payments - Current [(d)]	45	56	45	56
National Partnership Payments - Capital[(d)]	38	61	38	61
Other Grants:				
Finance Assistance Grants[(e)]	24	73	24	73
Other Grants [(f)]	15	10	17	12
Total Commonwealth Grants Revenue	**1,886**	**1,992**	**1,887**	**1,994**
Gains from Contributed Assets [(g)]	80	82	24	38
Total Gains from Contributed Assets	**80**	**82**	**24**	**38**
Total Grants Revenue	**1,965**	**2,074**	**1,911**	**2,032**

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

(b) Municipal Service Payments represent Commonwealth grants for Assistance for Water and Sewerage Services and National Capital Influences which compensate the Territory for a number of factors such as 'rating disability' due to the number of national institutions in the ACT that cannot be taxed.

(c) 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.

(d) 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).

(e) Financial 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.

(f) 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.

(g) 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.

		General Government Sector		Total Territory	
		2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
9	**REVENUE FROM ASSOCIATES AND JOINT VENTURES**				
	Land Development Joint Ventures	-	-	7	0
	ActewAGL Joint Venture	-	-	100	101
	Housing Joint Ventures	-	-	-	2
	Total Revenue from Associates and Joint Ventures	**-**	**-**	**107**	**103**

10 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.

	General Government Sector 2015-16 Actual $m	2014-15 Actual $m	Total Territory 2015-16 Actual $m	2014-15 Actual $m
Water, Sewerage and Other Related Services	-	-	270	248
Residential Housing Tenants and Rental Income	12	8	94	92
Health Cross-Border Revenue[(a)]	97	92	97	92
Hospital and Other Health Services[(b)]	129	113	129	113
Regulatory Services[(c)]	97	93	96	92
Vocational and Tertiary Education and Training Fees	39	41	57	55
Totalisator Commissions[(d)]	-	-	-	8
Bus Services	-	-	23	22
Services Receipts[(e)]	32	27	32	27
Parking Fees	16	16	16	16
Fire Services[(f)]	1	7	1	7
Drivers' Licences	10	9	10	9
Water Abstraction Charge	29	25	-	-
Other Sales and Services	53	44	30	27
Total Other Sales of Goods and Services	**516**	**475**	**858**	**810**

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) Totalisator Commissions represent commissions on wagering turnover collected by ACTTAB Limited up until 14 October 2014, at which time, ACTTAB Limited was sold to Tabcorp.

(e) 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.

(f) Fire services revenue mainly reflects the contribution from the Commonwealth Government for the provision of fire services.

11 INTEREST INCOME

	General Government Sector 2015-16 Actual $m	2014-15 Actual $m	Total Territory 2015-16 Actual $m	2014-15 Actual $m
Interest Received from Banks	49	48	53	52
Interest Received - Non-Bank[(a)]	74	78	3	8
Other Interest	7	5	2	3
Total Interest Income	**130**	**131**	**59**	**63**

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.

		General Government Sector		Total Territory	
		2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
12	**DISTRIBUTIONS FROM FINANCIAL INVESTMENTS**				
	Distributions from Financial Investments	54	69	54	69
	Total Distributions from Financial Investments	**54**	**69**	**54**	**69**
13	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	Dividends from Public Trading Entities	241	168	-	-
	Dividends from Superannuation Investments	52	50	52	50
	Income Tax Equivalents from Public Trading Entities	115	81	-	-
	Total Dividend and Income Tax Equivalents Income	**409**	**299**	**52**	**50**

14 LAND REVENUE (VALUE ADD COMPONENT)

The 'value add' component of land revenue reflects earnings attributable to works undertaken which have contributed to an increase in the value of land sold. Refer Note 2(h): 'Revenue Recognition'.

	2015-16	2014-15	2015-16	2014-15
Land Revenue (Value Add Component)	-	-	399	242
Total Land Revenue (Value Add Component)	**-**	**-**	**399**	**242**

15 OTHER REVENUE

	2015-16	2014-15	2015-16	2014-15
Fines	34	33	34	33
Contributions [(a)]	21	20	21	20
Land Rental	16	16	16	16
Superannuation Contributions	12	13	2	2
Net Insurance Recoveries / (Losses)	1	-3	1	-3
Other [(b)]	59	51	64	68
Total Other Revenue	**144**	**130**	**138**	**136**

(a) Contributions primarily relate to voluntary contributions for education, fundraising revenue and excursion funds received from parents.

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

EXPENSES	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
16 EMPLOYEE EXPENSES				
Wages and Salaries	1,672	1,579	1,816	1,724
Long Service Leave	35	36	36	39
Annual Leave	71	65	76	70
Workers' Compensation Insurance Premium	69	67	81	78
Termination Payments and Redundancies	14	6	15	7
Other Employee Benefits and On-Costs	5	8	6	24
Total Employee Expenses	**1,866**	**1,761**	**2,030**	**1,942**

17 SUPERANNUATION EXPENSES

Superannuation expenses are primarily managed by the General Government Sector 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.

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Superannuation Interest Cost [(a)]	315	314	315	314
Other Superannuation Expenses	361	332	372	336
Total Superannuation Expenses	**676**	**646**	**688**	**650**
Represented by:				
Superannuation Expenses (CSS and PSS)	549	533	549	533
Superannuation Payment to CSC (for the PSSap)	8	8	9	9
Productivity Benefit	16	17	17	18
Superannuation to Other External Providers, including Fund of Choice	102	88	112	90
Total Superannuation Expenses	**676**	**646**	**688**	**650**

Note: (a) Superannuation Interest Cost is a component of total superannuation expense, and represents the imputed interest accrued on unfunded superannuation liabilities. In an unfunded superannuation scheme, the increase in superannuation liability is taken as being equivalent to the liability that would be generated under a fully funded scheme as if the employer was paying into a separate superannuation fund. In this scenario, the Government is viewed as compulsorily 'borrowing' from employees the value of the increase in superannuation liability each period. In doing so, it sustains an additional cost for the use of these 'borrowed' funds, which is an interest expense. The cost of these 'borrowed' funds is presented as superannuation interest cost.

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.

		General Government Sector		Total Territory	
		2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
18	**DEPRECIATION AND AMORTISATION**				
	Land Improvements and Buildings	133	131	154	156
	Leasehold Improvements	10	10	10	12
	Plant and Equipment	48	51	58	61
	Infrastructure Assets	149	143	195	184
	Heritage and Community Assets	6	4	6	4
	Total Depreciation	**345**	**338**	**422**	**417**
	Intangible Assets	22	16	26	17
	Total Amortisation	**22**	**16**	**26**	**17**
	Total Depreciation and Amortisation	**367**	**356**	**448**	**435**
19	**INTEREST EXPENSE**				
	Interest Expense on Borrowings	143	142	138	137
	Interest Expense on Commonwealth Borrowings	31	12	34	16
	Interest Paid to Agencies	2	3	-	-
	Finance Charges on Finance Leases	0	1	0	1
	Total Interest Expense	**176**	**159**	**172**	**154**
20	**SUPPLIES AND SERVICES**				
	Communication and Computer Expenses	39	47	41	50
	Travel, Accommodation and Transport Expenses	18	19	17	17
	Printing and Stationery	20	19	22	21
	Materials, Equipment and Supplies	243	194	329	281
	Property Rental and Occupancy Expenses (including Utilities)	69	67	57	60
	Repairs and Maintenance	125	114	167	154
	Consultant Fees, Contractor Payments and Professional Services	183	175	196	190
	Staff Development and Recruitment	23	20	24	22
	Community Policing	154	154	154	154
	GST Administration Costs to the Australian Taxation Office	11	11	11	11
	Compensation Payments[(a)]	8	9	8	9
	Insurance Payments	0	0	2	3
	Other Supplies and Services[(b)]	4	4	7	7
	Total Supplies and Services	**898**	**832**	**1,036**	**979**

Notes: (a) Compensation Payments represent items such as criminal injuries compensation, damages and settlements.

(b) Other Supplies and Services represent items such as memberships and associations, bonus payments and other operating costs.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
21 OTHER OPERATING EXPENSES				
Cost of Goods Sold	10	17	136	89
School Management Costs (Incurred Directly by Schools)	60	62	56	62
Net Insurance Claim Payments[(a)]	9	-2	7	-4
Concessions and Community Service Obligations	39	35	19	15
Other[(b)]	29	57	60	78
Total Other Operating Expenses	**147**	**169**	**278**	**240**

Note: (a) The negative Net Insurance Claim Payments relates to the reduction in Outstanding Claims Liabilities due to changes in economic and actuarial assumptions.

(b) Other includes the Loose-Fill Asbestos Insulation Eradication Scheme home owners' assistance packages as stated in note 2 (aa).

22 GRANTS AND PURCHASED SERVICES

Under the *Financial Management Act 1996* 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 was comprised of amounts relating to:

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Grants to Non-Government Schools	259	249	259	249
Grant Payment (Education and Community Services)	8	11	29	32
First Home Owners' Grant and Boost	15	17	15	17
Capital Grants	1	7	1	7
Loose-Fill Asbestos Insulation Eradication Scheme Capital Grants	49	336	49	336
Community Activity	13	11	13	11
Appropriation Payments to Agencies and Asset Transfers to Another Entity	68	59	1	3
Other Current Grants	53	51	53	51
Total Grants	**465**	**742**	**420**	**706**
Purchase of Transport Services from ACTION	93	96	-	-
Purchase of Health Services from Calvary Hospital	190	188	190	188
Purchase of Health Services from Other Jurisdictions	24	22	24	22
Payments to Non-Government Organisations (Health and Disability)	196	171	196	171
Other Purchased Services	7	2	2	1
Total Purchased Services	**511**	**478**	**412**	**382**
Total Grants and Purchased Services	**976**	**1,221**	**833**	**1,088**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	General Government Sector		Total Territory	
OTHER ECONOMIC FLOWS	**2015-16 Actual $m**	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**

'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.

23 DIVIDENDS (MARKET GAINS ON LAND SALES)

The 'market gains' portion of dividends on land sales reflects the after 'income tax equivalents' profit on the sale of land attributable to market gains. Refer to Notes 2(h): 'Revenue Recognition' and 2(ak): 'Significant Accounting Judgements and Estimates'.

	GGS 2015-16	GGS 2014-15	TT 2015-16	TT 2014-15
Dividends (Market Gains on Land Sales)	12	5	-	-
Total Dividends (Market Gains on Land Sales)	**12**	**5**	**-**	**-**

24 LAND REVENUE (MARKET GAINS ON LAND SALES)

The 'market gain' portion of land revenue reflects the growth in the value of land sold that is attributable to prevailing market conditions. Refer to Notes 2(h): 'Revenue Recognition' and 2(ak): 'Significant Accounting Judgements and Estimates'.

	GGS 2015-16	GGS 2014-15	TT 2015-16	TT 2014-15
Land Revenue (Market Gains on Land Sales)	-	-	17	7
Total Land Revenue (Market Gains on Land Sales)	**-**	**-**	**17**	**7**

25 NET LAND REVENUE (UNDEVELOPED LAND VALUE)

Land Revenue (Undeveloped Land Value) reflects the unimproved value of land sold. The General Government Sector amount reflects revenue from the sale of undeveloped land to the Public Trading Enterprises sector. The Total Territory amount represents the portion of revenue from the sale of land that relates to undeveloped land. Refer to Notes 2(h): 'Revenue Recognition' and 2(ak): 'Significant Accounting Judgements and Estimates'.

	GGS 2015-16	GGS 2014-15	TT 2015-16	TT 2014-15
Land Revenue (Undeveloped Land Value)	92	49	92	45
Total Net Land Revenue (Undeveloped Land Value)	**92**	**49**	**92**	**45**

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

	GGS 2015-16	GGS 2014-15	TT 2015-16	TT 2014-15
Other Gains (Non-Core Activities)[(a)]	-51	5	-53	54
Asset Revaluation	2	21	2	23
Impairment Losses and Write-Offs	-1	-8	-2	-11
Decrements Arising from the Revaluation of Assets	-1	-	-1	-1
Loss on Disposal of Assets	-35	-69	-36	-70
Total Net Gain/(Loss) on Sale of Non-Financial Assets	**-85**	**-50**	**-89**	**-5**

Note (a): Other Gains (Non-Core Activities) mainly reflects the sale of ACTTAB Limited and movements in the rate used to estimate the present value of insurance claims and long service leave. These movements are treated as other gains/(losses) for the Territory's financial reporting purposes.

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

	GGS 2015-16	GGS 2014-15	TT 2015-16	TT 2014-15
GGS Gain on ACTTAB Sale	-	59	-	-
Realised and Unrealised Gains on Investments	80	266	81	266
Realised and Unrealised Losses on Investments	-86	-78	-86	-78
Total Net Gain/(Loss) on Financial Assets or Liabilities	**-5**	**247**	**-5**	**188**

28 DOUBTFUL DEBTS

	GGS 2015-16	GGS 2014-15	TT 2015-16	TT 2014-15
Doubtful Debts Expense[(a)]	-10	-2	-13	-5
Total Doubtful Debts	**-10**	**-2**	**-13**	**-5**

(a) A negative figure for Doubtful Debts indicates an expense.

29 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

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

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

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Waivers				
Other Waivers	5	11	5	11
Total Waivers [(a)]	**5**	**11**	**5**	**11**
Impairment Losses				
Impairment Loss from Receivables				
Receivables	5	5	6	5
Total Impairment Loss from Receivables	**5**	**5**	**6**	**5**
Impairment Loss from Property, Plant and Equipment				
Plant and Equipment	2	0	2	1
Total Impairment Loss from Property, Plant and Equipment	**2**	**0**	**2**	**1**
Total Impairment Losses	**7**	**5**	**8**	**5**
Write-Offs				
Write-Offs	5	8	8	11
Total Write-Offs	**5**	**8**	**8**	**11**
Total Waivers, Impairment Losses and Write-Offs	**17**	**24**	**21**	**27**

Note: (a) There were 236 waivers approved in 2015-16 for the General Government Sector (GGS) (2014-15: 532) and 236 for the Territory (2014-15: 532).

30 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 two 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 $26,000. There were 58 Act of Grace Payments for the GGS and the Territory, totalling $713,000 in 2014-15.

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.

ASSETS	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m

31 CASH AND DEPOSITS

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.

	2015-16 GGS	2014-15 GGS	2015-16 TT	2014-15 TT
Cash at Bank	653	715	1,006	813
At Call Deposits and Short-Term Deposits	7	9	9	9
Total Cash and Deposits	**660**	**724**	**1,015**	**822**

32 ADVANCES PAID

Advances paid include loans made by the Territory (through the General Government Sector) to Icon Water Limited and Community Housing Canberra Limited.

	2015-16 GGS	2014-15 GGS	2015-16 TT	2014-15 TT
Current Loans Receivable	24	93	0	2
Non-Current Loans Receivable	1,584	1,502	69	100
Total Advances Paid	**1,608**	**1,595**	**69**	**101**

33 INVESTMENTS AND LOANS

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 *Territory Superannuation Provision Protection Act 2000* and the *Superannuation Management Guidelines 2011.*

	2015-16 GGS	2014-15 GGS	2015-16 TT	2014-15 TT
Current Investments				
Short-Term Securities	-	-	48	58
Other Current Investments	1,145	1,307	1,145	1,307
Total Current Investments	**1,145**	**1,307**	**1,193**	**1,365**
Non-Current Investments				
Government Fixed Interest Bonds	867	709	867	709
Shares and Equities	1,823	1,960	1,823	1,960
Investment in Property Trusts	290	244	290	244
Total Non-Current Investments	**2,982**	**2,913**	**2,982**	**2,913**
Total Investments and Loans	**4,126**	**4,220**	**4,174**	**4,278**

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
34 RECEIVABLES				
Current Receivables				
Trade Receivables	249	205	356	203
Right to Receive Infrastructure from Land Developers[(a)]	-	-	11	9
Prepayments	21	25	38	39
Less: Allowance for Impairment Losses	-18	-17	-25	-24
Net Current Trade Receivables	***252***	***213***	***379***	***226***
Accrued Revenue	305	140	111	43
Other Current Receivables	61	49	60	50
Total Current Receivables *(refer Note 2(o): 'Receivables')*	**618**	**401**	**550**	**319**
Non-Current Receivables				
Trade Receivables	1	2	1	2
Right to Receive Infrastructure from Land Developers [(a)]	-	-	-	11
Prepayments	0	1	0	1
Less: Allowance for Impairment Losses	-1	-3	-1	-3
Net Non-Current Receivables	***1***	***0***	***1***	***11***
Other Receivables	-	4	10	9
Total Non-Current Receivables *(refer Note 2(o): 'Receivables')*	**1**	**4**	**11**	**20**
Total Receivables	**619**	**405**	**561**	**339**

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.

	General Government Sector 2015-16	General Government Sector 2014-15	Total Territory 2015-16	Total Territory 2014-15
Reconciliation of the Allowance for Impairment Losses				
Allowance for Impairment Losses at the Beginning of the Reporting Period	9	19	17	27
Additional Allowance Recognised During the Reporting Period	14	2	16	4
Less: Reduction in Allowance from Amounts Recovered During the Reporting Period	-3	-5	-6	-5
Less: Reduction in Allowance from Amounts Written-off During the Reporting Period	-	-7	-	-9
Allowance for Impairment Losses at the End of the Reporting Period	**20**	**9**	**26**	**17**

34 RECEIVABLES - CONTINUED

Ageing of Receivables - General Government Sector

	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$m	$m	$m	$m	$m
2015-16					
Not Impaired					
Receivables	537	14	8	60	**619**
Impaired					
Receivables	-	-	5	14	**20**
2014-15					
Not Impaired					
Receivables	334	12	8	51	**405**
Impaired					
Receivables	-	-	2	7	**9**

Ageing of Receivables - Total Territory

	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	$m	$m	$m	$m	$m
2015-16					
Not Impaired					
Receivables	472	17	9	66	**561**
Impaired					
Receivables	-	-	5	21	**26**
2014-15					
Not Impaired					
Receivables	259	15	9	57	**339**
Impaired					
Receivables	-	-	6	11	**17**

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m

35 INVESTMENTS IN OTHER PUBLIC SECTOR ENTITIES

Investments in Other Public Sector Entities shows the General Government Sector's investment in the Public Trading Enterprises sector. Details of these Public Sector Entities can be found at Note 6: 'Australian Capital Territory Government Controlled Entities'.

	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Investments in Other Public Trading Entities	6,312	6,036	-	-
Total Investments in Other Public Sector Entities	**6,312**	**6,036**	**-**	**-**

36 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Investments in Joint Ventures				
Investment in Joint Ventures - Current	-	-	0	2
Investment in Joint Ventures - Non-Current	-	-	951	919
Total Investments Accounted for Using the Equity Method	**-**	**-**	**951**	**921**

Refer to Note 2(ae): 'Joint Arrangements', Note 2(ak): 'Significant Accounting Judgements and Estimates' and Note 61: 'Interest in Joint Ventures'.

37 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, land held under the Loose-Fill Asbestos Insulation Eradication Scheme 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.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
LAND AND BUILDINGS				
Land at Fair Value	1,315	1,258	4,716	4,471
Land Restoration at Fair Value	27	12	27	12
Less: Accumulated Depreciation on Landfill Restoration	23	10	23	10
Total Land at Fair Value	***1,318***	***1,259***	***4,719***	***4,472***
Buildings at Fair Value	3,784	3,600	5,190	4,968
Less: Accumulated Depreciation	243	129	262	142
Less: Accumulated Impairment Losses	1	1	3	1
Total Buildings at Fair Value	***3,540***	***3,471***	***4,925***	***4,825***
Total Written Down Value of Land and Buildings	**4,858**	**4,730**	**9,644**	**9,297**
PLANT AND EQUIPMENT				
Plant and Equipment at Cost	418	385	423	390
Less: Accumulated Depreciation	246	214	249	216
Total Plant and Equipment at Cost	***172***	***171***	***174***	***173***
Plant and Equipment at Fair Value	71	73	205	191
Less: Accumulated Depreciation	21	12	37	19
Total Plant and Equipment at Fair Value	***50***	***60***	***168***	***173***
Total Written Down Value of Plant and Equipment	**221**	**231**	**342**	**346**
LEASEHOLD IMPROVEMENTS				
Leasehold Improvements at Cost	24	43	27	46
Less: Accumulated Depreciation	18	25	21	28
Total Leasehold Improvements at Cost	***6***	***18***	***6***	***18***
Leasehold Improvements at Fair Value	51	35	56	40
Less: Accumulated Depreciation	16	5	21	10
Total Leasehold Improvements at Fair Value	***35***	***30***	***35***	***30***
Total Written Down Value of Leasehold Improvements	**41**	**47**	**41**	**48**

Note: Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
INFRASTRUCTURE ASSETS				
Infrastructure Assets at Cost	-5	1	-8	4
Total Infrastructure Assets at Cost	***-5***	***1***	***-8***	***4***
Infrastructure Assets at Fair Value	6,998	6,919	9,367	9,158
Less: Accumulated Depreciation	96	175	424	458
Less: Accumulated Impairment Losses	5	3	5	3
Total Infrastructure Assets at Fair Value	***6,897***	***6,741***	***8,938***	***8,697***
Total Written Down Value of Infrastructure Assets	6,892	6,742	8,930	8,701
HERITAGE AND COMMUNITY ASSETS				
Heritage and Community Assets at Cost	0	0	1	1
Total Heritage and Community Assets at Cost	***0***	***0***	***1***	***1***
Heritage and Community Assets at Fair Value	2,507	2,503	2,507	2,503
Less: Accumulated Depreciation	1	0	1	0
Total Heritage and Community Assets at Fair Value	***2,506***	***2,502***	***2,506***	***2,502***
Total Written Down Value of Heritage and Community Assets	**2,506**	**2,502**	**2,506**	**2,502**
Total Written Down Value of Property, Plant and Equipment	**14,520**	**14,252**	**21,463**	**20,894**

(Refer to Notes 2(t): 'Acquisition and Recognition of Property, Plant and Equipment' and (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	11,572	11,533	15,116	16,418
Non-Produced Assets	2,948	2,719	6,348	4,476
Total of Property, Plant and Equipment	14,520	14,252	21,463	20,894

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 industry standards. The Territory's assets have been valued progressively over the 2014-15 to 2015-16 period, with most valuations occurring in the latter part of the reporting period (Refer to Note 2(u): 'Measurement of Property, Plant and Equipment After Initial Recognition').

37 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 2015-16.

	Land $m	Buildings $m	Plant and Equipment $m	Leased Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Balance at 1 July 2015	**1,259**	**3,471**	**225**	**6**	**47**	**6,742**	**2,502**	**14,252**
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	-6	-2	-4	-6	**11**
Balance at 30 June 2016[(a)]	**1,318**	**3,540**	**221**	**0**	**41**	**6,892**	**2,506**	**14,520**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

37 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 2014-15.

	Land $m	Buildings $m	Plant and Equipment $m	Leased Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Balance at 1 July 2014	**1,176**	**3,279**	**202**	**23**	**51**	**6,656**	**2,486**	**13,874**
Additions	74	110	48	0	3	409	2	**647**
Assets Classified as Held for Sale	-45	-	-	-	-	-	-	**-45**
Revaluation Adjustments	78	5	-1	-	0	-1	16	**97**
Depreciation	-	-131	-50	-1	-10	-143	-4	**-338**
Disposals	-3	1	-2	-15	-	-1	-	**-20**
Other Movements/Reclassifications	-16	206	26	-2	3	-179	1	**39**
Balance at 30 June 2015[(a)]	**1,259**	**3,471**	**225**	**6**	**47**	**6,742**	**2,502**	**14,252**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

37 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 2015-16.

	Land $m	Buildings $m	Plant and Equipment $m	Leased Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Balance at 1 July 2015	**4,472**	**4,825**	**340**	**6**	**48**	**8,701**	**2,502**	**20,894**
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**
Disposals	-	-1	-7	-	-3	-12	-	**-22**
Other Movements/Reclassifications	-36	4	7	-6	-2	-4	-6	**-43**
Balance at 30 June 2016[(a)]	**4,719**	**4,925**	**342**	**-**	**41**	**8,930**	**2,506**	**21,463**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

37 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 2014-15.

	Land $m	Buildings $m	Plant and Equipment $m	Leased Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Balance at 1 July 2014	**4,358**	**4,595**	**312**	**24**	**53**	**8,551**	**2,486**	**20,380**
Additions	84	168	64	0	3	448	3	**770**
Assets Classified as Held for Sale	-74	-11	-	-	-	-	-	**-85**
Revaluation Adjustments	143	28	-1	-	0	-1	16	**185**
Depreciation	-	-156	-60	-1	-12	-184	-4	**-417**
Disposals	-18	-6	-3	-15	-	-1	-	**-43**
Other Movements/Reclassifications	-16	206	26	-2	3	-113	1	**105**
Balance at 30 June 2015[(a)]	**4,472**	**4,825**	**340**	**6**	**48**	**8,701**	**2,502**	**20,894**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

37 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 2016 and for the prior reporting period is provided below.

	Classification According to the Fair Value Hierarchy			
General Government Sector - 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	$m	**$m**	**$m**	**$m**
Property, Plant and Equipment at Fair Value				
Land	-	579	739	**1,318**
Buildings	-	637	2,904	**3,540**
Plant and Equipment	-	3	47	**50**
Leasehold Improvements	-	-	35	**35**
Infrastructure Assets	-	-	6,897	**6,897**
Heritage and Community Assets	-	762	1,744	**2,506**
Total Property, Plant and Equipment at Fair Value	**-**	**1,980**	**12,366**	**14,346**

	Classification According to the Fair Value Hierarchy			
General Government Sector - 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	$m	**$m**	**$m**	**$m**
Property, Plant and Equipment at Fair Value				
Land	-	643	617	**1,259**
Buildings	-	38	3,433	**3,471**
Plant and Equipment	-	3	57	**60**
Leasehold Improvements	-	6	24	**30**
Infrastructure Assets	-	-	6,741	**6,741**
Heritage and Community Assets	-	762	1,740	**2,502**
Total Property, Plant and Equipment at Fair Value	**-**	**1,451**	**12,611**	**14,063**

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Total Territory - 2016	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Property, Plant and Equipment at Fair Value				
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**
Total Property, Plant and Equipment at Fair Value	**-**	**6,748**	**14,543**	**21,289**

Total Territory - 2015	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Property, Plant and Equipment at Fair Value				
Land	-	3,856	617	**4,472**
Buildings	-	1,371	3,454	**4,825**
Plant and Equipment	-	6	166	**173**
Leasehold Improvements	-	6	24	**30**
Infrastructure Assets	-	-	8,697	**8,697**
Heritage and Community Assets	-	762	1,740	**2,502**
Total Property, Plant and Equipment at Fair Value	**-**	**6,001**	**14,698**	**20,698**

Transfers Between Categories
There have been no transfers between levels 1, 2 and 3 during the reporting period.

37 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, land is valued through the market approach which values a selection of land with similar utility.

Valuation Technique (Buildings, Leasehold Improvements, Infrastructure Assets and Heritage and Community Assets): these assets were considered specialised assets by the valuers and measured using the cost approach that reflects 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.

Inputs: in determining the value of land with similar approximate utility, significant adjustment to market based data was required.

Inputs: in determining the value of buildings, leasehold improvements, infrastructure assets and heritage and community assets, regard was given to the age and condition of these assets, their estimated replacement cost and current use. This required the use of data internal to the Territory.

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

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

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

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

2016	Land $m	Buildings $m	Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Fair Value at the Beginning of the Reporting Period	617	3,433	57	24	6,741	1,740	**12,611**
Additions	1	199	9	7	253	3	**472**
Assets Classified as Held for Sale	-41	-	-	-	-	-17	**-57**
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	2	-1	-	-2	53	-2	**49**
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**
Fair Value at the End of the Reporting Period	**739**	**2,904**	**47**	**35**	**6,897**	**1,744**	**12,366**
Total Gains or Losses for the Period Included in Profit or Loss under 'Other Gains'	-	-	1	-	125	-	**126**
Change in Unrealised Gains or Losses for the Reporting Period Included in Profit or Loss for Assets Held at the End of the Reporting Period	-	-	-	-	-	-	**-**

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

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

2015	**Land $m**	**Buildings $m**	**Plant and Equipment $m**	**Leasehold Improvements $m**	**Infrastructure Assets $m**	**Heritage and Community Assets $m**	**Total $m**
Fair Value at the Beginning of the Reporting Period	424	3,218	77	34	6,655	1,749	**12,158**
Additions	0	110	7	3	408	2	**531**
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	50	5	-	0	-1	-28	**26**
Transfers from/(to) Level 2	129	20	-23	-7	-	20	**138**
Depreciation	-	-130	-7	-7	-143	-4	**-291**
Acquisition/(Disposal) of Assets	-	1	-	-	-	-	**1**
Other Movements/Reclassifications	14	208	4	1	-179	1	**48**
Fair Value at the End of the Reporting Period	**617**	**3,433**	**57**	**24**	**6,741**	**1,740**	**12,611**
Total Gains or Losses for the Period Included in Profit or Loss under 'Other Gains'	-	0	0	-	109	-	**109**
Change in Unrealised Gains or Losses for the Reporting Period Included in Profit or Loss for Assets Held at the End of the Reporting Period	-	-	-	-	-2	-	**-2**

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

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

2016	Land $m	Buildings $m	Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Fair Value at the Beginning of the Reporting Period	617	3,454	166	24	8,697	1,740	**14,698**
Additions	1	200	25	7	392	3	**628**
Assets Classified as Held for Sale	-41	-	-	-	-	-17	**-58**
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	2	-1	-	-2	53	-2	**49**
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	-	-	-	-	-2	-	**-2**
Impairment Losses Recognised in Other Comprehensive Income	-	-	-	-	-	26	**26**
Depreciation	-18	-95	-19	-9	-195	-5	**-341**
Acquisition/(Disposal) of Assets	-1	3	-5	-2	-12	-	**-17**
Other Movements/Reclassifications	185	-190	-4	17	-5	-5	**-2**
Fair Value at the End of the Reporting Period	**739**	**2,924**	**162**	**35**	**8,938**	**1,744**	**14,543**
Total Gains or Losses for the Period Included in Profit or Loss under 'Other Gains'	-	-	1	-	125	0	**126**
Change in Unrealised Gains or Losses for the Reporting Period Included in Profit or Loss for Assets Held at the End of the Reporting Period	-	-	-	-	-	-	**-**

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

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

2015	Land $m	Buildings $m	Plant and Equipment $m	Leasehold Improvements $m	Infrastructure Assets $m	Heritage and Community Assets $m	Total $m
Fair Value at the Beginning of the Reporting Period	424	3,239	182	34	8,551	1,749	**14,179**
Additions	0	111	21	3	447	2	**586**
Revaluation Increments/(Decrements) Recognised in Other Comprehensive Income	50	5	0	0	-1	-28	**26**
Transfers from/(to) Level 2	129	20	-23	-7	-	20	**138**
Depreciation	-	-131	-16	-7	-184	-4	**-342**
Acquisition/(Disposal) of Assets	-	1	-	-	-	-	**1**
Other Movements/Reclassifications	14	208	3	1	-116	1	**111**
Fair Value at the End of the Reporting Period	**617**	**3,454**	**166**	**24**	**8,697**	**1,740**	**14,698**
Total Gains or Losses for the Period Included in Profit or Loss under 'Other Gains'	-	0	0	-	109	-	**109**
Change in Unrealised Gains or Losses for the Reporting Period Included in Profit or Loss for Assets Held at the End of the Reporting Period	-	-	-	-	-2	-	**-2**

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory

Description	Fair Value at 30 June 2016 $m	Fair Value at 30 June 2015 $m	Significant Unobservable Inputs
Total Land	**739**	**617**	
Educational Sites	317	317	Selection of land with similar approximate utility.
Public Venues	360	241	Historical cost per square metre floor area.
Health Sites	42	41	Selection of land with similar approximate utility.
Community and Heritage Facilities	5	6	Selection of land with similar approximate utility.
	12	12	Market Value
Land Restoration	3	1	Future cost estimates of restoration works per landfill.
	-	-	Time remaining until restoration works complete.
Total Buildings	**2,924**	**3,454**	
Educational Sites	1,579	1,569	Consumed economic benefit/ obsolescence of asset.
Health Sites	857	796	Consumed economic benefit/ obsolescence of asset.
Public Venues	-	641	Historical cost.
			Consumed economic benefit/ obsolescence of asset.
			National Parks and Recreation Assets Condition Grading Standards (PRAMS).
			Consumed economic benefit/ obsolescence of asset.
Community Safety and Justice Facilities	330	267	Consumed economic benefit/ obsolescence of asset.
Community and Heritage Facilities	86	90	Quantity surveyor sourced material and actual costs for recent capital works.
			Historical cost.
			Consumed economic benefit/ obsolescence of asset.
Operational Support Facilities	51	70	Replacement cost per asset.
			Remaining useful life.
			Total useful life.
Public Transport Facilities	20	21	Construction cost per sqm.
			Consumed economic benefit/ obsolescence of asset.
Cemeteries	1	1	Consumed economic benefit/ obsolescence of asset.

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description	Fair Value at 30 June 2016 $m	Fair Value at 30 June 2015 $m	Significant Unobservable Inputs
Total Plant and Equipment	**162**	**166**	
Public Transport Facilities	116	109	Replacement cost per asset.
			Remaining useful life.
			Total useful life.
Territory and Municipal Services Plant and Equipment (excluding Mobile Plant and Equipment)	34	41	Remaining useful life.
			Total useful life.
Fitness Circuits, Water Tanks and Other Property, Plant and Equipment			Replacement cost per asset - based on contract price or industry standard.
Bins, Bollards, Booms, Buoys and Flagpoles			Replacement cost per asset - based on contract price or industry standard.
Barbeques, Drinking fountains, Playgrounds, Seats and Tables			Replacement cost per asset - based on contract price or industry standard.
Community and Heritage Facilities	6	6	Consumed economic benefit/ obsolescence of asset.
Education Facilities	6	6	Consumed economic benefit/ obsolescence of asset.
Community Sporting and Event Facilities	-	4	Consumed economic benefit/ obsolescence of asset.
Total Leasehold Improvements	**35**	**24**	
Community Safety and Justice Facilities	13	19	Consumed economic benefit/ obsolescence of asset.
			Historical cost.
Health Sites	2	4	Consumed economic benefit/ obsolescence of asset.
Community and Heritage Facilities	2	-	Consumed economic benefit/ obsolescence of asset.
Cemeteries	1	1	Consumed economic benefit/ obsolescence of asset.
Office Fit-Out	17	-	Consumed economic benefit/ obsolescence of asset.

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Information About Significant Unobservable Inputs (Level 3) in Fair Value Measurements - Total Territory - Continued

Description	Fair Value at 30 June 2016 $m	Fair Value at 30 June 2015 $m	Significant Unobservable Inputs
Total Infrastructure	**8,938**	**8,697**	
Infrastructure Assets for Municipal Services	6,851	6,693	Remaining useful life.
			Total useful life.
Boat Ramps, Boardwalks, Jetties, Site Improvements, Skate Parks, Waste Infrastructure and Other Infrastructure			Replacement cost per asset.
Fences, Retaining Walls, Barriers			Replacement cost per linear metre - based on contract price or industry standard.
Bridges, Car parks, Community Paths, Driveways, Irrigation Systems, Roads and Shopping Centre Pavments			Replacement cost per square metre - based on contract price or industry standard.
Stormwater, Gates, Signs, Streetlights, Bus Shelters, Traffic Signals			Replacement cost per asset - based on contract price or industry standard.
Water and Sewerage Infrastructure Assets	2,040	1,956	Market based nominal discount rate (post tax).
Major Public Venues	45	46	Consumed economic benefit/ obsolescence of asset.
			Selection of land with similar approximate utility.
			National Parks and Recreation Assets Condition Grading Standards (PRAMS)
Cemeteries	2	2	Consumed economic benefit/ obsolescence of asset.
Total Heritage and Community Assets	**1,744**	**1,740**	
Library Materials, Fountains, Water Features, Beaches, Sculptures, Shelters and Other Heritage and Community Assets	1,508	1,500	Replacement cost per asset.
			Remaining useful life.
			Total useful life.
			Total Unimproved value of rateable properties divided by the total area of the ACT.
Community and Heritage Facilities	235	239	Consumed Economic Benefit/ Obsolescence of asset.
			Historical cost.
Legislative Assembly Library	1	1	Consumed Economic Benefit/ Obsolescence of asset.

Assets Where Current use is not Highest and Best Use

The Territory considers that its current use of all Property, Plant and Equipment is reflective of highest and best use.

37 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Trees : in addition to property, plant and equipment (as detailed on the following pages), the Territory, through the General Government Sector, manages trees in urban open spaces in Canberra. The value of these trees is incorporated in the land values in the heritage and community asset class. The land value is determined by external valuers using methods based on the type of trees and vegetation present on the land being valued. The Territory has established the following estimate of replacement costs of the trees in urban open space as at 30 June 2016. This replacement cost estimate is shown below, however in no way does this represent the fair value of the trees, nor is this the value that is included in the fair value of urban open space.

	2015-16 Number of Trees '000	2015-16 Estimated Value $m	2014-15 Number of Trees '000	2014-15 Estimated Value $m
Plantations [(a)]				
Native Species	315	85	313	85
Exotic Species	443	160	442	159
	758	**245**	**755**	**244**

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

38 INVESTMENT PROPERTIES

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.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Land at Fair Value	5	3	12	8
Buildings at Fair Value	-	-	2	2
Total Investment Properties	**5**	**3**	**14**	**11**

(refer to Note 2(x): 'Investment Properties')

38 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 2015-16.

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2015	**3**	**-**	**3**
Net Gain or Loss on Revaluation	2	-	**2**
Other Movements	-	-	**-**
Balance at 30 June 2016[(a)]	**5**	**-**	**5**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

The following table shows the movement of GGS investment properties during 2014-15.

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2014	**3**	**-**	**3**
Net Gain or Loss on Revaluation	-	-	**-**
Other Movements	-	-	**-**
Balance at 30 June 2015[(a)]	**3**	**-**	**3**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

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

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2015	**9**	**2**	**11**
Additions	2	0	**2**
Net Gain or Loss on Revaluation	2	-	**2**
Other Movements	-	-	**-**
Balance at 30 June 2016[(a)]	**12**	**2**	**13**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

The following table shows the movement of the value of Total Territory investment properties during 2014-15.

	Land	Buildings	Total
	$m	$m	$m
Balance at 1 July 2014	**8**	**2**	**10**
Additions	1	0	**1**
Net Gain or Loss on Revaluation	-	-	**-**
Balance at 30 June 2015[(a)]	**9**	**2**	**11**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

38 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 2016	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Investment Properties at Fair Value				
Land	-	5	-	5
Buildings	-	-	-	-
Total Investment Properties at Fair Value	-	5	-	5

General Government Sector at 30 June 2015	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Investment Properties at Fair Value				
Land	-	-	3	3
Buildings	-	-	-	-
Total Investment Properties at Fair Value	-	-	-	3

Total Territory at 30 June 2016	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Investment Properties at Fair Value				
Land	-	12	-	12
Buildings	-	2	-	2
Total Investment Properties at Fair Value	-	14	-	14

Total Territory at 30 June 2015	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Investment Properties at Fair Value				
Land	-	6	2	8
Buildings	-	2	-	2
Total Investment Properties at Fair Value	-	8	2	11

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.

39 INTANGIBLES

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.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Computer Software				
Internally Generated Software				
Computer Software at Cost	124	112	124	112
Less: Accumulated Amortisation	73	69	73	69
Total Internally Generated Software	**51**	**43**	**51**	**43**
Externally Purchased Software				
Computer Software at Cost	29	28	41	37
Less: Accumulated Amortisation	23	21	29	29
Total Externally Purchased Software	**5**	**7**	**12**	**8**
Total Computer Software	**56**	**50**	**64**	**51**
Other Intangibles				
Internally Generated Other Intangibles				
Other Intangible Assets at Fair Value	5	1	5	1
Total Internally Generated Other Intangibles	**5**	**1**	**5**	**1**
Externally Purchased Other Intangibles				
Other Intangible Assets at Cost	3	4	37	35
Less: Accumulated Amortisation	3	2	3	2
Less: Accumulated Impairment Losses	-	-	-	8
Total Externally Purchased Other Intangibles	**-**	**2**	**34**	**24**
Total Other Intangibles	**5**	**3**	**39**	**26**
Total Intangible Assets	**62**	**53**	**103**	**77**

(refer Note 2(y): 'Intangible Assets')

39 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 2015-16

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	$m	$m	$m	$m
Balance at 1 July 2015	**43**	**7**	**3**	**53**
Additions	37	7	4	50
Disposals	-12	-4	-2	-18
Amortisation	-18	-4	-	-22
Other Changes	-	0	-	-1
Balance at 30 June 2016[(a)]	**51**	**5**	**5**	**62**

The following table shows the movement of each class of Intangible Assets held by the GGS during 2014-15

	Internally Generated Software	Externally Purchased Software	Externally Purchased Other Intangibles	Total Intangible Assets
	$m	$m	$m	$m
Balance at 1 July 2014	**25**	**5**	**0**	**30**
Additions	34	7	3	**44**
Amortisation	-14	-3	-	**-17**
Other Changes	-2	-	-	**-2**
Balance at 30 June 2015[(a)]	**43**	**7**	**3**	**53**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

39 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 2015-16

	Internally Generated Software $m	Externally Purchased Software $m	Externally Purchased Other Intangibles $m	Total Intangible Assets $m
Balance at 1 July 2015	**43**	**8**	**26**	**77**
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
Balance at 30 June 2016[(a)]	**51**	**12**	**39**	**103**

The following table shows the movement of each class of Intangible Assets held by the Territory during 2014-15

	Internally Generated Software $m	Externally Purchased Software $m	Externally Purchased Other Intangibles $m	Total Intangible Assets $m
Balance at 1 July 2014	**24**	**8**	**17**	**49**
Additions	34	7	5	**45**
Amortisation	-14	-4	-	**-17**
Other Changes	-2	-1	4	**2**
Balance at 30 June 2015[(a)]	**43**	**8**	**26**	**77**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
40 INVENTORIES				
Raw Materials and Stores	-	-	3	3
Inventory Works in Progress	-	-	26	94
Finished Goods	12	10	84	108
Consumables	2	1	2	1
Total Current Inventories - at Cost	**14**	**12**	**115**	**207**
(refer Note 2(r): 'Inventories')				
Inventory Works in Progress	3	3	112	95
Total Non-Current Inventories - at Cost	**3**	**3**	**112**	**95**
(refer to Note 2(r): 'Inventories')				
Total Inventories - at Cost	**18**	**14**	**227**	**302**

41 ASSETS HELD FOR SALE

Each year the Territory (and the General Government Sector) acquires and disposes of properties as part of its property portfolio restructuring program. Properties identified for sale under this program, but which remain unsold as at 30 June 2016, have been classified as 'Assets Held for Sale'. In 2015-16 this also includes land held for sale under the Loose-fill Asbestos Insulation Eradication Scheme.

Land Held for Sale	54	-	111	3
Buildings Held for Sale	-	-	2	1
Water Licences Held for Sale	-	0	-	3
Total Assets Held for Sale	**54**	**0**	**113**	**7**
(refer to Note 2(s): 'Assets Held for Sale')				

41 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.

General Government Sector 2015-16	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets Held for Sale at Fair Value				
Land Held for Sale	-	54	-	**54**
Buildings Held for Sale	-	-	-	-
Property, Plant and Equipment Held for Sale	-	-	-	-
Total Assets Held for Sale at Fair Value	**-**	**54**	**-**	**54**

General Government Sector 2014-15	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets Held for Sale at Fair Value				
Land Held for Sale				
Buildings Held for Sale				
Property, Plant and Equipment Held for Sale	-	-	-	-
Total Assets Held for Sale at Fair Value	-	-	-	-

Total Territory 2015-16	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets Held for Sale at Fair Value				
Land Held for Sale	-	111	-	**111**
Buildings Held for Sale	-	2	-	**2**
Plant and Equipment Held for Sale	-	-	-	-
Total Assets Held for Sale at Fair Value	**-**	**113**	**-**	**113**

Total Territory 2014-15	Classification According to the Fair Value Hierarchy			
	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Assets Held for Sale at Fair Value				
Land Held for Sale	-	1	-	**1**
Buildings Held for Sale	-	1	-	**1**
Plant and Equipment Held for Sale	13	1	-	**14**
Water Licences Held for Sale	11	-	-	**11**
Total Assets Held for Sale at Fair Value	**24**	**3**	**-**	**26**

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.

42 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 Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Construction - Residential Buildings	-	2	27	24
Construction - Non-Residential Buildings	266	185	267	181
Infrastructure	391	378	485	521
Software	48	56	47	55
Total Capital Works-in-Progress	**707**	**620**	**825**	**782**

42 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 2015-16.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2015	**2**	**185**	**378**	**56**	**618**
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
Balance at 30 June 2016[(a)]	**0**	**266**	**391**	**48**	**707**

The following table shows the movement of Capital Works-in-Progress held by the GGS during 2014-15.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2014	**2**	**156**	**529**	**83**	**768**
Additions	-	141	243	15	398
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-	-102	-320	-27	-450
Capital Works-in-Progress Completed and transferred to Intangibles	-	-2	-41	-	-42
Capital Works-in-Progress Completed and transferred to Expenses	-	-1	-	-6	-7
Other Movements / Reclassifications	-	-8	-33	-8	-49
Balance at 30 June 2015[(a)]	**2**	**185**	**378**	**56**	**618**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

42 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 2015-16.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2015	**24**	**181**	**521**	**55**	**782**
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	-	-
Balance at 30 June 2016[(a)]	**27**	**267**	**485**	**47**	**825**

The following table shows the movement of Capital Works-in-Progress held by the Territory during 2014-15.

	Construction Residential Buildings	Construction Non-Residential Buildings	Infrastructure	Software	Total
	$m	$m	$m	$m	$m
Balance at 1 July 2014	**28**	**152**	**649**	**83**	**912**
Additions	59	141	313	15	528
Capital Works-in-Progress Completed and transferred to Property, Plant and Equipment	-63	-102	-368	-27	-560
Capital Works-in-Progress Completed and transferred to Intangibles	-	-2	-41	-1	-44
Capital Works-in-Progress Completed and transferred to Expenses	-	-1	-	-6	-7
Other Movements / Reclassifications	-	-8	-33	-8	-49
Balance at 30 June 2015[(a)]	**24**	**181**	**521**	**55**	**782**

Note: (a) Totals may not add due to rounding of the reported figures to the nearest million dollars (see Note 2(f): 'Rounding').

43 LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME LAND

Loose-Fill Asbestos Insulation Eradication Scheme Land: is land acquired by the ACT Government for the purpose of remediation.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Loose-Fill Asbestos Insulation Eradication Scheme Land				
Loose-Fill Asbestos Insulation Eradication Scheme Land at Cost	368	283	368	283
Total Land held under the Loose-Fill Asbestos Insulation Eradication Scheme[(a)]	**368**	**283**	**368**	**283**

Note (a): This amount reflects the estimated uncontaminated value of land purchased under the Loose-Fill Asbestos Insulation Eradication Scheme. This Scheme commenced during the 2014-15 financial year for the purpose of remediation (refer to Note 2(ak), 'Summary of Significant Accounting Policies').

The following table shows the movement of Loose-Fill Asbestos Insulation Eradication Scheme Land during 2015-16:

2015-16	Scheme Land $m	Total $m
Carrying Amount at the Beginning of the Reporting Period	**283**	**283**
Additions	145	145
Assets Classified as Held for Sale	-59	-59
Carrying Amount at the End of the Reporting Period	**368**	**368**

The following table shows the movement of Loose-Fill Asbestos Insulation Eradication Scheme Land during 2014-15:

2014-15	Scheme Land $m	Total $m
Carrying Amount at the Beginning of the Reporting Period	-	-
Additions	283	283
Carrying Amount at the End of the Reporting Period	**283**	**283**

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
44 BIOLOGICAL ASSETS				
Biological Assets - Forest Plantations	28	27	28	27
Total Biological Assets	**28**	**27**	**28**	**27**
(refer to Note 2(ab): 'Biological Assets')				

LIABILITIES

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
45 DEPOSITS HELD				
Current Financial Creditors	16	134	16	16
Total Deposits Held	**16**	**134**	**16**	**16**
46 ADVANCES RECEIVED				
Current Advances from the Commonwealth Government	4	4	9	9
Non-Current Advances from the Commonwealth Government	1,072	826	1,135	896
Total Advances Received	**1,076**	**829**	**1,143**	**904**
(refer to Note 2(ad): 'Advances Received')				

47 FINANCE LEASES

At the reporting date, the General Government Sector and the Territory had the following commitments under finance leases.

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Within One Year	1	-	1	-
Later than One Year but not Later than Five Years	2	-	2	-
Later than Five Years	-	-	-	-
Minimum Lease Payments	**3**	**-**	**3**	**-**
Less: Future Finance Lease Charges	0	**-**	**0**	**-**
Total Present Value of Minimum Lease Payments	**3**	**-**	**3**	**-**
Within One Year	1	-	1	-
Later than One Year but not Later than Five Years	2	-	2	-
Later than Five Years	0	-	0	-
Total Present Value of Minimum Lease Payments	**3**	**-**	**3**	**-**
Represented by:				
Current Liability	1	-	1	-
Non-Current Liability	2	-	2	-
Total Present Value of Minimum Finance Lease Payments	**3**	**-**	**3**	**-**

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.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
48 OTHER BORROWINGS				
Current Borrowings				
Banks and Financial Institutions[(a)]	38	14	38	14
Bonds and Bills	20	190	20	190
Total Current Borrowings	**58**	**204**	**58**	**204**
(refer to Note 2(af): 'Interest-Bearing Liabilities')				
Non-Current Borrowings				
Bonds and Bills	3,453	2,944	3,453	2,944
Total Non-Current Borrowings	**3,453**	**2,944**	**3,453**	**2,944**
Total Other Borrowings	**3,511**	**3,148**	**3,511**	**3,148**

Note: (a) Some agencies are able to operate their bank account in overdraft, on behalf of the ACT Government for effective cash management purposes. The Chief Minister, Treasury and Economic Development Directorate was the only agency to be operating a bank account in overdraft as at 30 June 2016. This overdraft relates to the receipt and payment of capital works project expenditure. No interest was charged on this overdraft.

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
49 SUPERANNUATION				
Superannuation Liability at the Beginning of the Reporting Period	**8,500**	**7,483**	**8,500**	**7,484**
Expense Accrued during the Period for Commonwealth Superannuation	549	533	549	533
Other Superannuation Expenses	127	113	139	118
Superannuation Expense	**676**	**646**	**688**	**650**
(refer to Note 17: 'Superannuation Expenses')	**9,176**	**8,129**	**9,188**	**8,134**
Less: Actuarial Gain/(Loss) from Actuarial Review	-1,877	-667	-1,877	-667
Less: Payments during the Reporting Period for Superannuation	334	298	346	306
Superannuation Liability at the End of the Reporting	**10,719**	**8,500**	**10,719**	**8,500**
Represented by:				
Current Estimated Employee Superannuation Liability	231	221	232	222
Non-Current Estimated Employee Superannuation Liability	10,488	8,279	10,488	8,279
Total Superannuation Liabilities	**10,719**	**8,500**	**10,719**	**8,500**

(Refer to Note 2(ah): 'Superannuation' and Note 2(ak): 'Significant Accounting Judgements and Estimates').

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
50 EMPLOYEE BENEFITS AND OTHER PROVISIONS				
Employee Benefits				
Current Employee Benefits				
Accrued Wages and Salaries	13	93	14	95
Annual Leave	228	213	246	231
Long Service Leave	365	313	402	348
Other Employee Benefits	1	2	2	4
Total Current Employee Benefits	**607**	**620**	**664**	**679**
(refer to Note 2(ag): 'Employee Benefits')				
Non-Current Employee Benefits				
Long Service Leave	45	40	48	43
Total Non-Current Employee Benefits	**45**	**40**	**48**	**43**
(refer to Note 2(ag): 'Employee Benefits')				
Total Employee Benefits	**652**	**660**	**712**	**722**

		General Government Sector		Total Territory	
		2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
50	**EMPLOYEE BENEFITS AND OTHER PROVISIONS - CONTINUED**				
	Estimated Amount Payable within 12 Months				
	Accrued Wages and Salaries	14	93	15	95
	Annual Leave	143	130	160	148
	Long Service Leave	31	25	47	43
	Other Employee Benefits	2	1	3	1
	Total Employee Benefits Payable within 12 Months	**190**	**250**	**225**	**287**
	Estimated Amount Payable after 12 Months				
	Annual Leave	83	82	85	84
	Long Service Leave	379	327	403	349
	Total Employee Benefits Payable after 12 Months	**462**	**410**	**488**	**433**
	Total Employee Other Benefits	**652**	**660**	**712**	**722**

The General Government Sector had approximately 18,660 full time equivalent employees (FTEs) as at 30 June 2016 (18,385 FTEs as at 30 June 2015). The Territory had approximately 20,324 FTEs as at 30 June 2016 (20,016 FTEs as at 30 June 2015).

	2015-16 GGS	2014-15 GGS	2015-16 TT	2014-15 TT
Other Provisions				
Current Other Provisions				
Loose-Fill Asbestos Insulation Eradication Scheme Provision	112	133	112	133
Other Provisions	16	1	96	65
Total Current Other Provisions	**128**	**134**	**209**	**198**
Non-Current Other Provisions				
Loose-Fill Asbestos Insulation Eradication Scheme Provision	53	71	53	71
Other Provisions	47	15	106	64
Total Non-Current Other Provisions	**100**	**86**	159	**135**
Total Other Provisions	**227**	**220**	**368**	**333**
Total Employee Benefits and Other Provisions	**879**	**880**	**1,080**	**1,055**

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
51 PAYABLES				
Current Payables				
Trade Payables	31	33	36	40
Accrued Expenses	134	87	157	116
GST Liability	8	2	8	2
Revenue Received in Advance	28	39	59	70
Insurance Payables	24	22	24	22
Other Payables	11	17	37	42
Total Current Payables	**235**	**199**	**321**	**291**
(refer to Note 2(ac): 'Payables')				
Non-Current Payables				
Insurance Payables	225	233	225	233
Other Payables	7	-	7	-
Total Non-Current Payables	**232**	**234**	**231**	**233**
(refer to Note 2(ac): 'Payables')				
Total Payables	**467**	**433**	**552**	**525**
Payables are aged as follows:				
Not Overdue	464	427	550	519
Overdue for Less than 30 Days	2	5	2	5
Overdue for 30 to 60 Days	0	0	0	0
Overdue for More than 60 Days	0	0	0	0
Total Payables	**467**	**433**	**552**	**525**
52 OTHER LIABILITIES				
Current Other Liabilities	5	5	5	5
Non-Current Other Liabilities	4	17	4	17
Total Other Liabilities	**9**	**22**	**9**	**22**

53 RECONCILIATION OF CHANGES IN EQUITY

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Equity in Public Trading Entities (a)	6,312	6,036	-	-
Accumulated Funds (b)	708	2,926	3,097	5,316
Asset Revaluation Surplus (c)	5,388	5,322	9,774	9,345
Other Reserves (d)	1	1	11	10
Total Equity	**12,408**	**14,285**	**12,882**	**14,672**

(a) Equity in Public Trading Entities

	2015-16	2014-15	2015-16	2014-15
Balance at the Beginning of the Reporting Period	**6,036**	**5,721**	**-**	**-**
Net Increment/(Decrement)	276	315	-	-
Total Increase/(Decrease) in Public Trading Entities	276	315	-	-
Balance at the End of the Reporting Period	**6,312**	**6,036**	**-**	**-**

(b) Accumulated Funds

	2015-16	2014-15	2015-16	2014-15
Balance at the Beginning of the Reporting Period	**2,926**	**3,875**	**5,316**	**6,113**
Operating Result for the Period	-319	-341	-371	-415
Superannuation Actuarial Gain/(Loss)	-1,877	-667	-1,877	-667
Capital Distributions	6	9	-	-
Transfer of Assets to the PTE Sector	-36	-	-	-
Prior Year Adjustment	40	-1	-6	-1
Other Movements	-	-	0	50
Transfers to/(from) Reserves	-	95	34	235
Transfer of Assets to the PTE Sector	-	-	-	-
Capital Injections	-33	-43	-	-
Total Increase/(Decrease) in Accumulated Funds	-2,219	-948	-2,219	-797
Balance at the End of the Reporting Period	**708**	**2,926**	**3,097**	**5,316**

(c) Asset Revaluation Surplus

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

	2015-16	2014-15	2015-16	2014-15
Balance at the Beginning of the Reporting Period	**5,322**	**5,283**	**9,345**	**9,066**
Increment/(Decrement) in Land due to Revaluation	55	78	267	143
Increment/(Decrement) in Buildings due to Revaluation	-19	5	-37	28
Increment/(Decrement) in Heritage and Community Assets due to Revaluation	2	12	2	12
Increment/(Decrement) in Infrastructure Assets due to Revaluation	59	3	67	175
Increment/(Decrement) in Plant and Equipment Assets due to Revaluation	1	0	2	0
Increment in Leasehold Improvements due to Revaluation	-2	0	-2	0
Transfers to/(from) Accumulated Funds	-30	-60	130	-77
Total Increase/(Decrease) in the Asset Revaluation Surplus	66	39	428	282
Balance at the End of the Reporting Period	**5,388**	**5,322**	**9,774**	**9,345**

(d) Other Reserves

Other Reserves relate mainly to general insurance and contributed capital reserves.

	2015-16	2014-15	2015-16	2014-15
Balance at the Beginning of the Reporting Period	**1**	**0**	**10**	**13**
Net Increment/(Decrement)	0	0	0	-3
Total Increase/(Decrease) in Other Reserves	0	0	0	-3
Balance at the End of the Reporting Period	**1**	**1**	**11**	**10**

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m

54 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.

	2015-16 Actual $m (GGS)	2014-15 Actual $m (GGS)	2015-16 Actual $m (TT)	2014-15 Actual $m (TT)
Cash and Cash Equivalents in the Balance Sheet				
Cash and Deposits	660	724	1,015	822
Short-Term Securities and Other Cash Equivalents	0	0	48	58
Bank Overdraft	-37	-13	-37	-13
Cash and Cash Equivalents as per the Cash Flow Statement	**622**	**710**	**1,025**	**867**

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

	2015-16 Actual $m (GGS)	2014-15 Actual $m (GGS)	2015-16 Actual $m (TT)	2014-15 Actual $m (TT)
Operating Result	**-319**	**-341**	**-371**	**-415**
Add/(Less) Non-Cash Movements:				
Depreciation and Amortisation	367	356	448	435
Net Revaluation and Write Off of Non-Financial Assets	1	0	1	1
Bad Debts	10	2	13	5
Capitalised Profit from Joint Ventures	-	-	-38	-44
Waivers	-5	-10	-5	-10
Gains from Contributed Assets	-78	-82	-22	-38
Add/(Less) Items Classified as Investing or Financing:				
Dividends (Market Gains on Land Sales)	-12	-5	-	-
Realised (Gains)/Losses on Investments	26	22	26	22
Unrealised (Gains)/Losses on Investments	-21	-209	-21	-210
Net (Gains)/Losses on Disposal of Non-Current Assets	86	51	90	6
Cash Before Changes in Operating Assets and Liabilities	**56**	**-218**	**121**	**-249**
Change in Operating Assets and Liabilities:				
(Increase)/Decrease in Receivables	-351	-134	-364	-151
(Increase)/Decrease in Inventories	-3	2	75	-66
Increase/(Decrease) in Payables	34	-89	28	-40
Increase/(Decrease) in Employee Benefits and Provisions	342	602	367	620
Increase/(Decrease) in Other Liabilities	-13	12	-13	12
Net Cash Flows from Operating Activities	**63**	**174**	**215**	**128**

(c) Non-Cash Financing and Investing Activities.

The Territory (through the General Government Sector) purchased no motor vehicles and other items of plant and equipment under finance lease arrangements during 2015-16 ($4 million in 2014-15).

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m

55 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):

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Payable:				
Within One Year	52	55	56	59
Later than One Year but not Later than Five Years	152	154	161	163
Later than Five Years	126	114	129	117
Total Operating Lease Commitments	**330**	**323**	**346**	**339**

56 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):

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Payable:				
Within One Year	356	293	409	301
Later than One Year but not Later than Five Years	119	94	119	141
Later than Five Years	-	0	-	0
Total Property, Plant and Equipment Capital Commitments	**475**	**387**	**528**	**442**

57 OTHER COMMITMENTS

These commitments include contracts for the ACT Policing agreement, 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:

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Payable:				
Within One Year	557	501	593	564
Later than One Year but not Later than Five Years	481	362	590	473
Later than Five Years	52	77	108	165
Total Other Commitments	**1,091**	**940**	**1,291**	**1,202**

58 PUBLIC PRIVATE PARTNERSHIP COMMITMENTS

During 2015-16, the Territory entered into public private partnership (PPP) arrangements for the ACT Law Courts and Canberra Light Rail Project. Please refer to Note 2(ak)(xvii) for further information on the accounting treatment of PPPs. Further details on the commitments associated with the ACT Law Courts and the Canberra Light Rail Project can be found in the commitments notes to the financial statements for the Justice and Community Safety Directorate (note 36) and Capital Metro Agency (note 17), respectively.

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

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Capital Commitments [(a)]				
Payable:				
Within One Year	-	-	-	-
Later than One Year but not Later than Five Years	-	-	-	-
Later than Five Years	119	-	119	-
Total Capital Commitments*	**119**	**-**	**119**	**-**

* The capital commitment relates to ACT Law Court payments of lifecycle replacement costs which represent the cost of capital improvements during the operating period.

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Operating Commitments [(a)]				
Payable:				
Within One Year	-	-	-	-
Later than One Year but not Later than Five Years	94	-	94	-
Later than Five Years	826	-	826	-
Total Operating Commitments - GST Exclusive	**920**	**-**	**920**	**-**
Minimum Finance Lease Payments [(a)]				
Payable:				
Within One Year	-	-	-	-
Later than One Year but not Later than Five Years	497	-	497	-
Later than Five Years	820	-	820	-
Total Minimum Lease Payments	**1,317**	**-**	**1,317**	**-**
Finance Charge [(a)]				
Payable:				
Within One Year	-	-	-	-
Later than One Year but not Later than Five Years	96	-	96	-
Later than Five Years	357	-	357	-
Total Finance Charge	**452**	**-**	**452**	**-**
Present Value of Minimum Finance Lease Payments [(a)]				
Payable:				
Within One Year	-	-	-	-
Later than One Year but not Later than Five Years	401	-	401	-
Later than Five Years	463	-	463	-
Total Minimum Lease Payments	**864**	**-**	**864**	**-**

(a) Amounts are GST exclusive.

	General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
PPP commitments by project:				
ACT Law Courts	707	-	707	-
Canberra Light Rail	1,649	-	1,649	-
Total PPP commitments	**2,356**	**-**	**2,356**	**-**

59 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.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Quantifiable Contingent Liabilities and Guarantees				
Contingent Liabilities	128	165	132	169
Guarantees	-	-	-	-
Indemnities	-	-	-	-
Total Quantifiable Contingent Liabilities and Guarantees	**128**	**165**	**132**	**169**

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.

	General Government Sector 2015-16	2014-15	Total Territory 2015-16	2014-15
Quantifiable Legal Claims Against the Territory include:				
Public Liability Claims	6	7	7	8
Personal Injury Claims	3	5	3	6
Economic Loss Claims	-	-	2	2
Total Quantifiable Legal Claims Against the Territory	**9**	**13**	**13**	**16**

59 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Other contingent liabilities of the GGS and the Territory as at 30 June 2016 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 2016, 99 affected properties are under offer by the Territory (30 June 2015: 260 properties), and this offer has been accepted by homeowners, but settlement on these properties has not yet occurred. The contingent liability at 30 June 2016 is $15.7 million (30 June 2015: $41.2 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 2016 is $81.4 million (30 June 2015: $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 2016 is $4.6 million (30 June 2015: $4.5 million);
- the Territory is currently defending 143 Health actions (30 June 2015: 137 actions) with an estimated net liability of $5.8 million (30 June 2015: $6.2 million);
- the Territory holds unclaimed lottery prize monies relating to winning prizes which have remained unclaimed for a period of greater than six (6) months. The Territory's contingent liability at 30 June 2016 is estimated at $2.3 million (30 June 2015: $2.3 million); and
- the Territory has a contingent liability for $2.4 million at 30 June 2016 (30 June 2015: $2.4 million) for the probable return of GST refunds received by the Land Development Agency and for a potential additional GST liability on future land sales in relation to the application of the Government Margin Scheme to land sales.

Contingent Assets

General Government Sector and Total Territory

- The Territory has a contingent asset relating to the 99 asbestos affected properties (2014-15: 260 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 $53.4 million at 30 June 2016 (30 June 2015: $129.6 million).

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
60 THIRD PARTY MONIES				
Third Party Monies held in Trust by the Territory				
ACT Long Service Leave Authority	23	23	23	23
Rental Bonds Board	63	63	63	63
Default Insurance Fund	24	24	24	24
Nominal Defendant Insurance Fund	32	32	32	32
Health Professional Registration	1	1	1	1
Health Private Practice Fund	11	11	11	11
Public Trustee Common Fund	272	272	272	272
ACT Civil and Administrative Tribunal	53	53	53	53
Other Third Party Monies	41	41	41	41
Total Monies Held in Trust	**518**	**518**	**518**	**518**

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.

61 INTEREST IN JOINT VENTURES

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; and

b) Crace Development Pty Ltd for the residential development of Crace.

The Territory has a 50 per cent participating interest and voting power in the respective joint ventures and a 50 per cent share of the profit. Information relating to the joint ventures, presented in accordance with the accounting policy described in Note 2(ae): 'Joint Arrangements', is set out below.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Share of Joint Venture Profit:				
Revenue	0	0	399	429
Expenses	-	0	293	330
Operating Profit	**-**	**0**	**106**	**98**
Summarised Balance Sheet				
Current Assets	0	0	129	135
Non-Current Assets	3	3	643	617
Total Assets	**3**	**3**	**773**	**751**
Current Liabilities	0	0	88	97
Non-Current Liabilities	-	-	12	11
Total Liabilities	**0**	**0**	**100**	**108**
Total Net Assets	**3**	**3**	**673**	**644**
Share of Joint Venture Commitments				
Lease Commitments	-	-	27	30
Remuneration Commitments	-	-	-	-
Total Expenditure Commitments	-	-	**27**	**30**
Capital and Other Commitments	-	-	9	9
Total Share of Joint Venture Commitments	**-**	**-**	**36**	**39**

62 INTEREST IN A JOINT OPERATION

On 16 May 2007 the Territory entered into an unincorporated Joint Operation with the Hindmarsh Group for the redevelopment of land in Lyons - the Lyons Estate Redevelopment Joint Operation. The Territory contributed land to the Joint Operation with the Hindmarsh Group funding the operations, design construction and marketing of units and a retirement village site.

The Joint Operation is accounted for as a jointly controlled operation in accordance with AASB 131: 'Interests in Joint Ventures'.

The value of the land and any costs incurred by the Territory on behalf of the Joint Venture are included in receivables.

The parties of the joint operation agreed to wind up the venture at 30 June 2015.

	General Government Sector		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Assets Employed in the Jointly Controlled Operation				
Current Assets				
Lyons Land Receivable	-	-	-	7
Total Current assets	**-**	**-**	**-**	**7**
Non-Current Assets				
Lyons Land Receivable	-	-	-	-
Total Non-Current assets	**-**	**-**	**-**	**-**
Total Assets Employed in the Jointly Controlled Operation	**-**	**-**	**-**	**7**

63 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 8: '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.

64 THE TERRITORY'S CREDIT RATING

The Territory maintains a AAA credit rating assigned by Standard & Poor's Rating Services (AAA rating 2014-15).

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2015-16 Budget. The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's Rating Services.

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

64 THE TERRITORY'S CREDIT RATING - CONTINUED

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).

65 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 provided to the Territory by the ACT Auditor-General and by PKF Chartered Accountants and Business Advisors for the audit of the ACT Audit Office. Financial statements audits of agencies are conducted on a fee for service basis. Performance audits reviews 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 2015-16. 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 Sector		Total Territory	
	2015-16 Actual $m	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**
Audit Services Paid or Payable				
Financial Audits (Fees for Service)	2	2	3	3
Other Services (Direct Appropriation Funded)	1	1	1	1
Total Auditor's Remuneration	**3**	**3**	**4**	**4**

The ACT Auditor-General’s Office paid $10,455 excluding GST for the independent audit of its 2015-16 financial statements ($12,500: 2014-15 excluding GST).

No other services were provided by the ACT Audit Office.

66 EVENTS SUBSEQUENT TO BALANCE DATE

There are no current events subsequent to balance date.

67 SERVICE CONCESSION ASSETS

The Local Hospital Network (LHN) 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 LHN (named at the time as Capital Territory Health Commission) with any duties or functions of the Commonwealth being transferred to the Directorate. 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 Directorate 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 the Health Directorate 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 the Health Directorate.

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

68 FINANCIAL INSTRUMENTS

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised with respect to each class of financial asset and financial liability are disclosed in Note 2: '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 via the 'Cash and Cash Equivalents' and 'Investments at Fair Value Through Profit and Loss' allocations. 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 33: 'Investments and Loans'.

Sensitivity analysis is performed on cash at bank, 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:

	Fixed Rate Instruments		Variable Rate Instruments	
	2016 $m	**2015 $m**	**2016 $m**	**2015 $m**
Financial Assets	220	319	1,639	1,543
Financial Liabilities	149	166	722	860
Net Exposure Before the Effect of Derivatives	**72**	**153**	**917**	**683**

Fixed rate instruments comprise financial assets and financial liabilities at fair value through profit or loss that are exposed to changes in fair value due to changes in interest rates.

Variable rate instruments comprise instruments that are exposed to either changes in fair value or changes in cash flows (or both) due to changes in interest rates.

Finance Leases

The Territory has finance lease arrangements for its vehicle fleet, which are managed through an external party. The Territory's exposure to interest rate risk associated with finance leases is managed by fixing interest rates on each new lease. Due to a change in the Whole of Government car leasing arrangements on 23 April 2015, all active finance leases were transferred to operating leases on that date.

Sensitivity Disclosure Analysis

30 June 2016, 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 rate instruments and variable rate instruments, and are disclosed below. The disclosure below demonstrates the reasonably possible impact on the Operating Statement and Equity over the next 12 months if interest rates change by -/+ 1.0 per cent from the year end official cash rate of 1.75 per cent (2015: 2.00 per cent), with all other variables held constant.

30 June 2016	**Fixed Rate Instruments**				**Variable Rate Instruments**			
General Government Sector and Total Territory	**-1.00%**		**+1.00%**		**-1.00%**		**+1.00%**	
	Profit/ (Loss) Impact	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$m	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**	**$m**
30 June 2016 (1.0%)								
Financial Assets	2	2	-2	-2	-16	-16	16	16
Financial Liabilities	1	1	-1	-1	-7	-7	7	7
Net Assets	**0**	**0**	**0**	**0**	**-9**	**-9**	**9**	**9**
30 June 2015 (1.0%)								
Financial Assets	2	2	-2	-2	-14	-14	14	14
Financial Liabilities	2	2	-2	-2	-7	-7	7	7
Net Assets	**1**	**1**	**-1**	**-1**	**-4**	**-4**	**4**	**4**

68 FINANCIAL INSTRUMENTS - CONTINUED

Price Risk and Inflation Risk

Financial instrument investments held by the GGS and the Territory are exposed to other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices 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 due to changes in inflation rates. Other price risk arises from the exposure to fixed interest investments (the unitised pooled fixed interest portfolios) which are exposed to changes in unit prices. 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

Territory Investment Portfolio	**Exposure to Unit Prices**		**Exposure to Inflation Rates**	
	2016 $m	**2015 $m**	**2016 $m**	**2015 $m**
Financial Assets	248	288	801	819
Financial Liabilities	0	0	800	818
Net Exposure Before the Effect of Derivatives	**248**	**288**	**1**	**1**

Sensitivity Disclosure Analysis

The superannuation and Territory investment portfolio, managed through the GGS, includes cash, equity, fixed income (debt) and unlisted direct property investments.

To manage exposures to price risk, the investment portfolio is diversified in accordance with asset class limits (in accordance with the strategic asset allocation policy). Whilst equity markets are inherently volatile and not necessarily suitable for short term investment, over the long term, it has proven to be a reasonable source of growth and inflation protection, through the achievement of positive returns in real terms. 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 commerical assets.

The investment management agreements and the pooled trust disclosure statement stipulates the maximum allowable limits by issuer, ratings and duration to ensure sufficient diversification occurs within the individual investments portfolios. Thresholds stipulated within the investment management agreements are monitored for compliance by the Territory's master custodian on a weekly basis.

Superannuation Investment Portfolio	**Exposure to Other Price Risk**	
	2016 $m	**2015 $m**
Cash	655	507
Fixed Income	425	392
Equities	1,776	1,940
Property	288	243
Net Exposure Before the Effect of Derivatives	**3,144**	**3,083**

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 2016	**% Increase in Index**		**% Decrease in Index**	
	Profit/ (Loss) Impact	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$m	**$m**	**$m**	**$m**
Investment Assets				
Cash (+/-0.5%)	3	3	-3	-3
Superannuation Fixed Income (+/-4-6%)	22	22	-22	-22
Territory Banking Account Fixed Income (+/-6%)	15	15	-15	-15
Equities (+/-16-21%)	324	324	-324	-324
Property (+/-11%)	32	32	-32	-32
Total Increase/(Decrease)	**396**	**396**	**-396**	**-396**

68 FINANCIAL INSTRUMENTS - CONTINUED

Price Risk and Inflation Risk - Continued

General Government Sector and Total Territory				
30 June 2015	**% Increase in Index**		**% Decrease in Index**	
	Profit/ (Loss) Impact	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$m	**$m**	**$m**	**$m**
Investment Assets				
Cash (+/-0.5%)	3	3	-3	-3
Superannuation Fixed Income (+/-4-5%)	18	18	-18	-18
Territory Banking Account Fixed Income (+/-5%)	7	7	-7	-7
Equities (+/-17-21%)	363	363	-363	-363
Property (+/-11%)	27	27	-27	-27
Total Increase/(Decrease)	**417**	**417**	**-417**	**-417**

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.

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.

The GGS and the Territory's exposure to unhedged currency investments managed through the Territory's superannuation investment portfolio is detailed in the following table. The numbers reflect both directly held and indirectly held investments that are subject to foreign exchange risk.

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

68 FINANCIAL INSTRUMENTS - CONTINUED

Currency as at 30 June 2015 General Government Sector and Total Territory	Cash and Cash Equivalents	Investments designated at Fair Value Through Profit or Loss	Other Assets	Total Assets	Financial Liabilities held at Fair Value Through Profit or Loss	Other Liabilities	Total Liabilities	Net Assets
	$m	$m	$m	$m	$m	$m	$m	$m
AUD	12	2,197	33	2,242	105	36	140	2,101
USD	8	686	1	695	-	-	-	695
JPY	2	112	-	114	0	-	-	114
EUR	3	149	1	153	-	-	-	153
GBP	1	82	-	84	-	-	-	84
Other	2	143	1	145	0	-	-	145
Total A$m	**28**	**3,370**	**35**	**3,433**	**105**	**36**	**140**	**3,292**

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 2016	**-10%**		**+10%**	
General Government Sector and Total Territory	**Profit/ (Loss) Impact**	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$'000	**$'000**	**$'000**	**$'000**
Currency				
USD	-523	-523	523	523
JPY	-161	-161	161	161
EUR	-282	-282	282	282
GBP	-99	-99	99	99
Other	-206	-206	206	206
Total Increase/(Decrease)	**-1,271**	**-1,271**	**1,271**	**1,271**

30 June 2015	**-10%**		**+10%**	
General Government Sector and Total Territory	**Profit/ (Loss) Impact**	**Equity Impact**	**Profit/ (Loss) Impact**	**Equity Impact**
	$'000	**$'000**	**$'000**	**$'000**
Currency				
USD	-915	-915	915	915
JPY	-194	-194	194	194
EUR	-351	-351	351	351
GBP	-175	-175	175	175
Other	-221	-221	221	221
Total Increase/(Decrease)	**-1,856**	**-1,856**	**1,856**	**1,856**

68 FINANCIAL INSTRUMENTS - CONTINUED

Credit Risk

Credit risk arises from the financial assets comprising cash and cash equivalents, loans and receivables and investments held at Fair Value Through Profit or Loss. Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The 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 2015: 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**				
	AAA	**AA**	**A**	**BBB**	**Total**
	$m	**$m**	**$m**	**$m**	**$m**
30 June 2016					
Directly Held					
Cash Enhanced Money Market and Fixed Interest	356	219	492	43	**1,111**
Indirectly Held					
Unit Trust (Debt Instruments)	819	275	511	52	**1,657**
Total	**1,175**	**494**	**1,003**	**95**	**2,767**
30 June 2015					
Directly Held					
Money Market and Fixed Interest Securities	304	103	578	14	**999**
Indirectly Held					
Unit Trust (Debt Instruments)	583	165	531	30	**1,308**
Total	**887**	**268**	**1,108**	**44**	**2,307**

Liquidity Risk

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

The Territory manages liquidity risk associated with the Territory's investment portfolio, through the GGS, by only investing in an adequate amount of high grade securities that fall within the limitation set out in the investment guidelines and transacting with reputable counterparties. The investments of the Territory Banking Account are made in liquid markets and are readily redeemable if required. All Territorial revenues such as taxes, fees, fines and Commonwealth Government grants, are ultimately deposited into the Territory's Banking Account. Accordingly, it will almost certainly always have sufficient cash to meet the expenditure allocations as set out in the Annual Budget. Forecasts of future cash flows and borrowing maturities are maintained to ensure that there is sufficient funding available for any required settlements.

Analysis of the Territory's Financial Liabilities Based on Contractual Maturities and Management Expectation

The risk implied from the values shown in the table below 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 to minimise liquidity risk by monitoring financial obligations as they fall due. The more immediate liquidity needs are for funding working capital, meeting the annual emerging cost benefit payments to Commonwealth Superannuation Corporation and for managing fund flows for investment asset classes in accordance to the strategic asset allocation. On a longer term horizon, the annual emerging cost benefit payments to Commonwealth Superannuation Corporation are to be funded through a combination of budget capital injections and funds held under investment.

The exposure to illiquid asset classes is managed through the strategic asset allocation of portfolio assets. To compensate for liquidity risk, these types of investments require an illiquidity premium, or additional required return. Accordingly, the exposure to liquidity risk is not significant based on the assessment of current and future cash flow requirements.

The tables below reflect all contractual repayments of principal and interest resulting from recognised financial liabilities, the CSS/PSS defined benefit superannuation schemes. The amounts disclosed represent undiscounted cash flows for the respective obligations in respect of upcoming fiscal years.

68 FINANCIAL INSTRUMENTS - CONTINUED

Liquidity Risk - Continued

30 June 2016 **General Government Sector**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$m**
Non-Derivatives					
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**
Total Non-Derivatives	**190**	**480**	**3,481**	**29,448**	**33,598**
Derivatives					
Net Settled Derivatives (Interest Rate Swaps and Futures)	23	2	7	20	**52**
Total Derivatives	**23**	**2**	**7**	**20**	**52**

30 June 2015 **General Government Sector**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$m**
Non-Derivatives					
Payables	100	100	234	-	**433**
Interest-Bearing Liabilities (Current/Non-Current)	113	224	1,883	2,854	**5,074**
Estimated Superannuation Liabilities	53	158	1,042	26,294	**27,547**
Total Non-Derivatives	**266**	**482**	**3,159**	**29,148**	**33,054**
Derivatives					
Net Settled Derivatives (Interest Rate Swaps and Futures)	13	4	13	12	**42**
Total Derivatives	**13**	**4**	**13**	**12**	**42**

30 June 2016 **Total Territory**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$m**
Non-Derivatives					
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**
Total Non-Derivatives	**232**	**522**	**3,480**	**29,448**	**33,683**
Derivatives					
Net settled derivatives (Interest Rate Swaps and Futures)	23	2	7	20	52
Total Derivatives	**23**	**2**	**7**	**20**	**52**

30 June 2015 **Total Territory**	**Less than 3 months** **$m**	**3-12 months** **$m**	**1-5 years** **$m**	**> 5 years** **$m**	**Total** **$m**
Non-Derivatives					
Payables	146	146	233	-	**525**
Interest-Bearing Liabilities (Current/Non-Current)	113	224	1,883	2,854	**5,074**
Estimated Superannuation Liabilities	53	158	1,042	26,294	**27,547**
Total Non-Derivatives	**312**	**528**	**3,158**	**29,148**	**33,146**
Derivatives					
Net settled derivatives (Interest Rate Swaps and Futures)	-	4	13	-	**16**
Total Derivatives	**-**	**4**	**13**	**-**	**16**

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.

68 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:

General Government Sector	2015-16 Carrying Amount $m	2015-16 Net Fair Value $m	2014-15 Carrying Amount $m	2014-15 Net Fair Value $m
Financial Assets				
Cash and Deposits	660	660	724	724
Advances Paid	1,608	1,883	1,595	1,820
Investments and Loans	4,126	4,126	4,220	4,220
Receivables[(a)]	597	597	381	381
Equity				
Investments in Other Public Sector Entities	6,312	6,312	6,036	6,036
Total Financial Assets	**13,303**	**13,578**	**12,956**	**13,181**
Financial Liabilities				
Deposits Held	16	16	134	134
Advances Received	1,076	1,076	829	829
Finance Leases	3	3	-	-
Borrowings	3,511	4,030	3,148	3,464
Payables	467	467	433	433
Other Liabilities	9	9	22	22
Total Financial Liabilities	**5,080**	**5,599**	**4,566**	**4,882**
Net Financial Assets	**8,223**	**7,979**	**8,389**	**8,300**

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

Total Territory	2015-16 Carrying Amount $m	2015-16 Net Fair Value $m	2014-15 Carrying Amount $m	2014-15 Net Fair Value $m
Financial Assets				
Cash and Deposits	1,015	1,015	822	822
Advances Paid	69	69	101	101
Investments and Loans	4,174	4,174	4,278	4,278
Receivables[(a)]	512	512	291	291
Equity				
Investments Accounted for Using Equity Method	951	951	921	921
Total Financial Assets	**6,722**	**6,722**	**6,414**	**6,414**
Financial Liabilities				
Deposits Held	16	16	16	16
Advances Received	1,143	1,143	904	904
Finance Leases	3	3	-	-
Borrowings	3,511	4,030	3,148	3,464
Payables	552	552	525	525
Other Liabilities	9	9	22	22
Total Financial Liabilities	**5,234**	**5,753**	**4,616**	**4,936**
Net Financial Assets	**1,487**	**969**	**1,799**	**1,478**

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

68 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).

30 June 2016	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets and Liabilities at Fair Value				
Financial Assets				
Investments - Directly Held				
Cash Enhanced	243	867	-	**1,111**
Fixed Income	141	187	-	**328**
Equities	1,640	-	1	**1,640**
Financial Derivatives	1	21	-	**21**
Investments - Indirectly Held				
Unit Trust - Cash	-	656	-	**656**
Unit Trust - Fixed Income	-	672	-	**672**
Unit Trust - Property	-	288	-	**288**
Unit Trust - Private Equity	-	-	135	**135**
Total	**2,024**	**2,691**	**136**	**4,851**
Financial Liabilities				
Investments - Directly Held				
Fixed Income		142		**142**
Financial Derivatives	-	1	-	**1**
Total	**-**	**143**	**-**	**143**
Net Assets	**2,024**	**2,549**	**136**	**4,709**
Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	1,814	-	**1,814**
Financial Liabilities				
Interest Bearing Liabilities	-	5,071	-	**5,071**

68 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy - Continued

30 June 2015	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Assets and Liabilities at Fair Value				
Financial Assets				
Investments - Directly Held				
Cash Enhanced	374	627	-	**1,001**
Fixed Income	80	81	-	**161**
Equities	1,820	-	-	**1,820**
Financial Derivatives	0	-	-	**-**
Investments - Indirectly Held				
Unit Trust - Cash	-	662	-	**662**
Unit Trust - Fixed Income	-	526	-	**526**
Unit Trust - Property	-	243	-	**243**
Unit Trust - Private Equity	-	-	120	**120**
Total	**2,274**	**2,139**	**120**	**4,533**
Financial Liabilities				
Investments - Directly Held				
Financial Derivatives	-	4	-	**4**
Total	**-**	**4**	**-**	**4**
Net Assets	**2,274**	**2,135**	**120**	**4,529**
Assets and Liabilities for which Fair Values are Disclosed				
Financial Assets				
Loans and Receivables	-	1,659	-	**1,659**
Financial Liabilities				
Interest Bearing Liabilities	-	4,120	-	**4,120**

68 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 Level 2 or Level 3.

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 has been determined by reference to published price quotations in active markets (indexed annuity bonds) and in non-active markets (fixed rate of historical Commonwealth loans) using discounted cash flow analysis valuation, applying prevailing discount rates of issuing entities with similar credit quality and duration profiles. Fair values of the interest-bearing liabilities are determined using the discounted cash flow method using a discount rate that reflects the issuer's borrowing rate at the end of the reporting period. The own non-performance risk as at 30 June 2016 was assessed to be insignificant.

68 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 for 2015-16

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

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

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

68 FINANCIAL INSTRUMENTS - CONTINUED

Quantitative Information of Significant Unobservable Inputs - Level 3 for 2014-15

Description at 30 June 2015	Fair Value at 30 June 2015 $m		Unobservable Input	Range (Weighted Average)
Unit Trust - Private Equity	120	Adjusted Net Asset Value	Latest Net Asset Value from Investment Manager	0.000-1.717 (0.447)
			Contributions since latest Net Asset Value from Investment Manager	0.000-1.000 (0.117)
			Distributions since latest Net Asset Value from Investment Manager	0.000-0.441 (0.076)

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

Description at 30 June 2015	Input	Sensitivity Used	Effect on Fair Value
Unit Trust - Private Equity	Latest Net Asset Value from Investment Manager	0.000-1.717 (0.447)	Fair Value increase if latest Net Asset Values from General Partners were higher.
	Contributions since latest Net Asset Value from Investment Manager	0.000-1.000 (0.117)	Fair Value increase if there has been contributions since latest Net Asset Values from General Partners.
	Distributions since latest Net Asset Value from Investment Manager	0.000-0.441 (0.076)	Fair Value decrease if there has been any distributions since latest Net Asset Values from General Partners.

68 FINANCIAL INSTRUMENTS - CONTINUED

Fair Value Hierarchy - Continued

Level 3 Reconciliations

30 June 2016	Unit Trusts $m	Total $m
Balance at 1 July 2015	119	**119**
Settlements during the year	21	**21**
Total Gains/(Losses)	5	**5**
Balance at 30 June 2016	**135**	**135**

30 June 2015	Unit Trusts $m	Total $m
Balance at 1 July 2014	120	**120**
Settlements during the year	12	**12**
Total Gains/(Losses)	12	**12**
Balance at 30 June 2015	**119**	**119**

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:

30 June 2016	Unit Trusts $m	Total $m
Gains/(Losses)		
Trading Income	5	5
Total Gains/(Losses) Recognised in the Operating Statement	**5**	**5**

30 June 2015	Unit Trusts $m	Total $m
Gains/(Losses)		
Trading Income	12	12
Total Gains/(Losses) Recognised in the Operating Statement	**12**	**12**

Total gains/(losses) for the reporting period relating to the units in pooled private equity trust held at the end of the reporting period amounted to $5.239 million. 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.

69 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.

69 EXPENSES AND ASSETS BY FUNCTION - CONTINUED

The following table provides a disaggregation of General Government Sector (GGS) and Total Territory total expenses by Function.

		General Government Sector		Total Territory	
		2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Expenses by Function					
01	General Public Services	544	515	494	470
03	Public Order and Safety	395	388	394	387
04	Education	1,048	1,021	1,063	1,039
05	Health	1,402	1,362	1,400	1,361
06	Social Security and Welfare	278	265	277	266
07	Housing and Community Amenities	130	493	625	902
08	Recreation and Culture	160	151	152	156
09	Fuel and Energy	17	20	18	10
10	Agriculture, Forestry, Fishing and Hunting	3	2	3	2
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	26	24	25	24
12	Transport and Communications	420	358	424	356
13	Other Economic Affairs	56	46	56	37
14	Other Purposes	629	496	554	478
Total Expenses		**5,107**	**5,143**	**5,486**	**5,489**

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

		General Government Sector 2015-16 Actual $m	General Government Sector 2014-15 Actual $m	Total Territory 2015-16 Actual $m	Total Territory 2014-15 Actual $m
Assets by Function					
01	General Public Services	12,948	11,906	6,543	5,740
03	Public Order and Safety	490	355	490	355
04	Education	2,117	2,130	2,132	2,135
05	Health	1,327	1,221	1,327	1,221
06	Social Security and Welfare	83	85	83	85
07	Housing and Community Amenities	1,118	705	9,736	7,897
08	Recreation and Culture	2,362	3,424	2,362	3,424
09	Fuel and Energy	5	0	5	919
10	Agriculture, Forestry, Fishing and Hunting	19	27	19	27
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	91	-4	91	-5
12	Transport and Communications	6,801	6,707	6,958	6,868
13	Other Economic Affairs	133	143	133	143
14	Other Purposes	1,592	1,533	38	33
Total Assets[(a)]		**29,087**	**28,231**	**29,915**	**28,843**

Notes: (a) Financial assets that are not allocated to a specific function are included in 'Other Purposes'.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 **ELIMINATION TABLE**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Revenue								
Government Payment for Outputs	-	-	164	163	-164	-163	-	-
Taxation Revenue	1,568	1,377	-	-	-33	-38	1,536	1,339
Grants Revenue								
Commonwealth Grants	1,886	1,992	2	2	0	-	1,887	1,994
Gains from Contributed Assets	80	82	23	11	-79	-54	24	38
Sales of Goods and Services Revenue								
Revenue from Associates and Joint Ventures	-	-	107	103	-	-	107	103
Other Sales of Goods and Services	516	475	428	413	-85	-78	858	810
Interest Income	130	131	7	6	-78	-74	59	63
Distributions from Financial Investments	54	69	-	-	-	-	54	69
Distributions from Investments with the Territory Banking Account	-	-	-	3	-	-3	-	-
Dividend and Income Tax Equivalents Income	409	299	-	-	-357	-248	52	50
Other Revenue								
Land Revenue (Value-Add Component)	-	-	498	301	-99	-59	399	242
Other Revenue	144	130	14	22	-20	-16	138	136
Total Revenue	**4,785**	**4,554**	**1,242**	**1,023**	**-914**	**-734**	**5,113**	**4,843**
Expenses								
Employee Expenses	1,866	1,761	164	181	-	-	2,030	1,942
Superannuation Expenses								
Superannuation Interest Cost	315	314	-	-	-	-	315	314
Other Superannuation Expenses	361	332	22	15	-11	-11	372	336
Depreciation and Amortisation	367	356	81	79	0	-	448	435
Interest Expense	176	159	75	73	-78	-77	172	154
Other Property Expenses (Income Tax Equivalents)	-	-	125	76	-125	-76	-	-
Other Operating Expenses								
Supplies and Services	898	832	186	197	-47	-50	1,036	979
Other Operating Expenses	147	169	245	171	-114	-100	278	240
Grants	976	1,221	92	76	-235	-208	833	1,088
Total Expenses	**5,107**	**5,143**	**989**	**868**	**-611**	**-522**	**5,486**	**5,489**
UPF Net Operating Balance	**-322**	**-589**	**253**	**155**	**-304**	**-212**	**-373**	**-646**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**	**2015-16 Actual $m**	**2014-15 Actual $m**
Other Economic Flows - Included in the Operating Result								
Dividends (Market Gains on Land Sales)	12	5	-	-	-12	-5	-	-
Land Revenue (Market Gains on Land Sales)	-	-	17	7	-	-	17	7
Net Land Revenue (Undeveloped Land Value)	92	49	0	-	-	-4	92	45
Net Gain/(Loss) on Sale of Non-Financial Assets	-85	-50	-3	47	-	-1	-89	-5
Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	-5	247	-	-	1	-58	-5	188
Doubtful Debts	-10	-2	-3	-2	0	-	-13	-5
Operating Result	**-319**	**-341**	**264**	**207**	**-314**	**-281**	**-371**	**-415**
Other Economic Flows - Other Comprehensive Income								
Items that will not be Subsequently Reclassified to Profit or Loss								
Payments to ACT Government Agencies	-33	-43	-	-	33	43	-	-
Capital Distributions	6	9			-6	-9	-	-
Transfer of Assets to the PTE Sector	-36	-	-	-	36	-	-	-
Superannuation Actuarial Gain/(Loss)	-1,877	-667	-	-	-	-	-1,877	-667
Prior Year Adjustment	40	-1	0	-	-46	-	-6	-1
Other Movements	-	-	-	50	-	-	-	50
Increase/(Decrease) in the Asset Revaluation Surplus	66	133	203	264	194	117	462	514
Increase/(Decrease) in Other Reserves	-	-	-	-	-	-3	-	-3
Items that may be Subsequently Reclassified to Profit or Loss								
Increase/(Decrease) in Other Reserves	-	-	-	-3	0	3	-	
Increase/(Decrease) in Net Assets of Public Trading Entities	276	315	-	-	-276	-315	-	-
Total Comprehensive Income / (Loss)	**-1,876**	**-595**	**466**	**517**	**-380**	**-444**	**-1,788**	**-521**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Key Fiscal Aggregates								
UPF Net Operating Balance	**-322**	**-589**	**253**	**155**	**-303**	**-212**	**-373**	**-646**
***less* Net Acquisition of Non-Financial Assets**								
Payments for Non-Financial Assets	790	813	184	124	-68	-95	907	842
Sales of Non-Financial Assets	-65	-44	-40	-57	-	-	-105	-101
Land Revenue (Net Cash Receipts)	-79	-65	-8	-26	-31	36	-118	-55
Depreciation and Amortisation	-367	-356	-81	-79	-	-	-448	-435
Other Movements in Non-Financial Assets	67	77	-55	-44	11	2	23	35
Total Net Acquisition of Non-Financial Assets	*345*	*425*	*0*	*-82*	*-87*	*-57*	*258*	*286*
Net Lending / (Borrowing)	**-667**	**-1,014**	**253**	**238**	**-216**	**-156**	**-631**	**-932**

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AS AT 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Financial Assets								
Cash and Deposits	660	724	355	195	-	-97	1,015	822
Advances Paid	1,608	1,595	-	-	-1,539	-1,494	69	101
Investments and Loans	4,126	4,220	48	80	-	-22	4,174	4,278
Receivables	619	405	159	128	-216	-193	561	339
Equity								
Investments in Other Public Sector Entities	6,312	6,036	-	-	-6,312	-6,036	-	-
Investments Accounted for Using the Equity Method	-	-	951	921	-	-	951	921
Total Financial Assets	**13,324**	**12,980**	**1,513**	**1,324**	**-8,066**	**-7,841**	**6,771**	**6,462**
Non-Financial Assets								
Produced Assets								
Property, Plant and Equipment	11,572	11,533	3,544	3,428	-	1,457	15,116	16,418
Investment Property	5	3	9	8	-	-	14	11
Intangibles	62	53	41	24	-	-	103	77
Inventories	18	14	250	288	-41	0	227	302
Assets Held for Sale	54	0	59	7	-	-	113	7
Capital Works-in-Progress	707	620	118	161	-	-	825	782
Non Produced Assets								
Property, Plant and Equipment	2,948	2,719	3,401	3,213	-	-1,457	6,348	4,476
Loose-Fill Asbestos Insulation Eradication Scheme Land	368	283	-	-	-	-	368	283
Biological Assets	28	27	-	-	-	-	28	27
Other Non-Financial Assets					-			
Deferred Tax Assets	-	-	-	32	-	-32	-	-
Other Non-Financial Assets	-	-	-	-	0	-	-	-
Total Non-Financial Assets	**15,763**	**15,252**	**7,422**	**7,161**	**-41**	**-32**	**23,144**	**22,381**
Total Assets	**29,087**	**28,231**	**8,935**	**8,485**	**-8,107**	**-7,873**	**29,915**	**28,843**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AS AT 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Liabilities								
Deposits Held	16	134	-	-	-	-118	16	16
Advances Received	1,076	829	1,606	1,569	-1,539	-1,494	1,143	904
Borrowings								
Finance Leases	3	0	-	-	-	-	3	-
Other Borrowings	3,511	3,148	-	-	-	-	3,511	3,148
Superannuation	10,719	8,500	-	-	0	-	10,719	8,500
Employee Benefits	652	660	71	62	-11	-	712	722
Other Provisions	227	220	248	185	-107	-72	368	333
Payables	467	433	147	125	-61	-33	552	525
Other Liabilities								
Current Tax Liability	-	-	88	21	-88	-21	-	-
Deferred Tax Liability	-	-	400	441	-400	-441	-	-
Other Liabilities	9	22	63	46	-63	-46	9	22
Total Liabilities	**16,679**	**13,946**	**2,623**	**2,449**	**-2,268**	**-2,224**	**17,033**	**14,171**
Net Assets	**12,408**	**14,285**	**6,312**	**6,036**	**-5,839**	**-5,649**	**12,882**	**14,672**
Equity in Public Trading Entities	6,312	6,036	-	-	-6,312	-6,036	-	-
Accumulated Funds	708	2,926	2,430	2,323	-41	67	3,097	5,316
Asset Revaluation Surplus	5,388	5,322	3,872	3,703	514	320	9,774	9,345
Other Reserves	1	1	10	10	-	-	11	10
Net Worth	**12,408**	**14,285**	**6,312**	**6,036**	**-5,839**	**-5,649**	**12,882**	**14,672**
Key Fiscal Aggregates								
Net Financial Worth	-3,354	-967	-1,110	-1,125	-5,798	-5,617	-10,263	-7,709
Net Financial Liabilities	9,666	7,003	-	-	1,548	1,627	11,213	8,630
Net Debt (Including Superannuation Related Investments)	-1,789	-2,427	1,203	1,294	-	-	-586	-1,133
Net Debt (Excluding Superannuation Related Investments)	1,646	910	-	-	1,203	1,294	2,849	2,203

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Opening Equity								
Opening Equity in Public Trading Entities	6,036	5,721	-	-	-6,036	-5,721	-	-
Opening Accumulated Funds	2,926	3,875	2,323	2,222	67	17	5,316	6,113
Opening Asset Revaluation Surplus	5,322	5,283	3,703	3,487	320	296	9,345	9,066
Opening Other Reserves	1	-	10	13	-	0	10	13
Opening Balance at 1 July 2015	**14,285**	**14,880**	**6,036**	**5,721**	**-5,649**	**-5,408**	**14,672**	**15,193**
Comprehensive Income								
Included in Accumulated Funds:								
Operating Result for the Period	-319	-341	264	207	-316	-281	-371	-415
Payments to ACT Government Agencies	-33	-43	-	-	33	43	-	-
Capital Distributions	6	9	-	-	-6	-9	-	-
Transfer of Assets to the PTE Sector	-36	-	-	-	36	-	-	-
Superannuation Actuarial Gain/(Loss)	-1,877	-667	-	-	-	-	-1,877	-667
Prior Year Adjustment	40	-1	-	-	-46	-	-6	-1
Other Movements	-	-	-	50	-	-	-	50
Net Effect of Change in Accounting Policy	-	-	-	-	-	-	-	-
Included in Equity in Public Trading Entities:								
Increase/(Decrease) in Net Assets of PTE Entities	276	315	-	-	-276	-315	-	-
Included in the Asset Revaluation Surplus:								
Increase/(Decrease) in the Asset Revaluation Surplus	66	133	203	264	194	117	462	514
Included in Other Reserves:								
Increase/(Decrease) in Other Reserves	0	0	-	-3	-	-	0	-3
Total Comprehensive Income / (Loss)	**-1,876**	**-595**	**468**	**517**	**-382**	**-444**	**-1,791**	**-521**
Other								
Transfer to/(from) Accumulated Funds	-	95	34	47	-	93	34	235
Movement in the Asset Revaluation Surplus	-	-95	-34	-47	0	-93	-34	-235
Total Other	**-**	-	**-**	-	**0**	-	**-**	-

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Transactions Involving Owners Affecting Accumulated Funds								
Included in Accumulated Funds:								
Capital Injections	-	-	33	43	-33	-43		
Capital Distributions	-	-	-6	-72	6	72		
Transfer of Assets to PTE Sector	-	-	36	1	-36	-	-	-
Increase/(Decrease) in ACTTAB Net Assets	-	-	-	-	-	-	-	1
Dividends Approved	-	-	-253	-173	253	173	-	-
Total Transactions Involving Owners Affecting Accumulated Funds	**-**	**-**	**-191**	**-201**	**191**	**201**	**-**	**1**
Closing Equity								
Closing Equity in Public Trading Entities	6,312	6,036	-	-	-6,312	-6,036	-	-
Closing Accumulated Funds	708	2,926	2,430	2,323	-41	67	3,097	5,316
Closing Asset Revaluation Surplus	5,388	5,322	3,872	3,703	514	320	9,774	9,345
Closing Other Reserves	1	1	10	10	-	-	11	10
Balance at 30 June 2016	**12,408**	**14,285**	**6,312**	**6,036**	**-5,839**	**-5,649**	**12,882**	**14,672**

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Cash Flows from Operating Activities								
Cash Receipts								
Taxes Received	1,495	1,377	-	-	-41	-25	1,454	1,352
Receipts from Sales of Goods and Services	671	517	1,008	821	-259	-199	1,419	1,139
Grants/Subsidies Received	1,864	1,989	165	153	-164	-151	1,865	1,991
Distributions from Financial Investments	27	60	-	-	-	-	27	60
Interest Receipts	132	134	8	5	-73	-68	66	72
Distributions from Investments with the Territory Banking Account	-	-	-	4	-	-4	-	-
Dividends and Income Tax Equivalents	302	258	-	-	-247	-207	54	51
Other Receipts	424	369	113	116	-40	-33	496	451
Total Cash Received from Operating Activities	***4,914***	***4,704***	***1,293***	***1,099***	***-825***	***-686***	***5,383***	***5,117***
Cash Payments								
Payments for Employees	-2,248	-2,036	-193	-188	11	13	-2,430	-2,210
Payments for Goods and Services	-1,040	-852	-181	-198	110	14	-1,110	-1,036
Grants/Subsidies Paid	-926	-1,111	-25	-24	157	155	-794	-980
Interest Paid	-170	-152	-78	-77	74	71	-174	-158
Other Payments	-468	-379	-349	-349	156	124	-660	-604
Total Cash Paid from Operating Activities	***-4,851***	***-4,531***	***-825***	***-835***	***508***	***377***	***-5,168***	***-4,989***
Net Cash Flows from Operating Activities	**63**	**173**	**468**	**264**	**-317**	**-309**	**215**	**128**
Cash Flows from Investing Activities								
Cash Flows from Investments in Non-Financial Assets								
Sales of Non-Financial Assets	65	44	40	57	-	-	105	101
Payments for Non-Financial Assets	-790	-813	-184	-124	68	95	-907	-842
Net Cash Flows from Investments in Non-Financial Assets	**-725**	**-769**	**-144**	**-67**	**68**	**95**	**-802**	**-741**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Cash Flows from Investments in Financial Assets for Policy Purposes								
Cash Receipts								
Repayment of Loans	1	-	-	-	-1	-	-	-
Capital Receipts from Government Agencies	-	110	33	43	-33	-154	-	-
Dividends - Market Gains on Land Sales	12	5	-	-	-12	-5	-	-
Total Cash Received from Investment in Financial Assets for Policy Purposes	***13***	***115***	***33***	***43***	***-46***	***-159***	***-***	***-***
Cash Payments								
Issue of Loans	-	-	-	-	-	-	-	-
Capital Payments to Government Agencies	-33	-43	-	-	33	43	-	-
Dividends - Market Gains on Land Sales	-	-	-12	-5	12	5	-	-
Distributions to Government	-	-	-	-110	-	110	-	-
Total Cash Paid from Investment in Financial Assets for Policy Purposes	***-33***	***-43***	***-12***	***-115***	***45***	***159***	***-***	***-***
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**-20**	**72**	**21**	**-72**	**-1**	**-**	**-**	**-**
Cash Flows from Investments in Financial Assets for Liquidity Purposes								
Sales of Investments	235	589	31	178	-37	-364	229	403
Payments for Investments	-211	-565	-	-37	118	325	-94	-277
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**23**	**25**	**31**	**141**	**81**	**-40**	**136**	**126**
Net Cash Flows from Investing Activities	**-722**	**-672**	**-93**	**2**	**149**	**55**	**-665**	**-615**

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Cash Flows from Financing Activities								
Cash Receipts								
Borrowings	826	867	248	61	-456	-83	618	845
Total Cash Received from Financing Activities	***826***	***867***	***248***	***61***	***-456***	***-83***	***618***	***845***
Cash Payments								
Borrowings	-254	-72	-210	-22	456	83	-8	-11
Dividends Paid	-	-	-196	-151	196	151	-	-
Other Financing	-	-	-68	-67	68	67	-	-
Total Cash Paid from Financing Activities	***-254***	***-72***	***-473***	***-240***	***719***	***301***	***-8***	***-11***
Net Cash Flows from Financing Activities	**572**	**795**	**-225**	**-179**	**263**	**218**	**610**	**834**
Net Increase/(Decrease) in Cash Held	**-87**	**296**	**150**	**86**	**97**	**-36**	**160**	**347**
Cash and Cash Equivalents at the Beginning of Reporting Period	**710**	**415**	**253**	**167**	**-96**	**-61**	**867**	**521**
Cash and Cash Equivalents at the End of Reporting Period	**622**	**710**	**403**	**253**	**-**	**-97**	**1,025**	**867**
Key Fiscal Aggregates								
Net Cash from Operating Activities	63	173	468	264	-316	-309	215	128
Net Cash Flows from Investments in Non-Financial Assets	-725	-769	-144	-67	68	95	-802	-741
Distributions Paid	-	-	-263	-218	263	218	-	-
Cash Surplus (+) / Deficit (-)	**-662**	**-596**	**60**	**-21**	**15**	**4**	**-587**	**-613**

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 2016

70 ELIMINATION TABLE - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
Derivation of ABS GFS Cash Surplus/Deficit								
Cash Surplus (+) / Deficit (-)	**-662**	**-596**	**60**	**-21**	**15**	**4**	**-587**	**-613**
Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-	-	-
ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	**-662**	**-596**	**60**	**-21**	**15**	**4**	**-587**	**-613**

(a) Finance leases are shown with a negative sign as they are deducted in compiling the ABS GFS cash surplus/deficit.

Totals may not add due to rounding errors caused by the reported figures being rounded to the nearest million dollars (see Note 2(f): 'Rounding').

71 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	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
(a) Reconciliation to GFS Net Operating Balance						
Net Result from Transactions - UPF Net Operating Balance	-322	-589	253	155	-373	-646
Convergence differences:						
Dividend Payments (GFS classifies dividends paid by Public Trading Enterprises as an expense)	-	-	-236	-166	-	-
GFS Net Operating Balance	**-322**	**-589**	**16**	**-10**	**-373**	**-646**
(b) Reconciliation to GFS Net Lending/(Borrowing)						
Net Lending/(Borrowing)	-667	-1,014	253	238	-631	-932
Convergence differences:						
Relating to the Net Operating Balance (as above)	-	-	-236	-166	-	-
Change in Inventories (GFS includes the change in inventory balances when calculating Net Lending/Borrowing)	3	-2	-124	66	-75	66
GFS Fiscal Balance	**-664**	**-1,016**	**-108**	**138**	**-706**	**-866**
(c) Reconciliation to GFS Net Worth						
Net Worth	12,408	14,285	6,312	6,036	12,882	14,672
Convergence differences:						
Investments in Other Public Sector Entities (GFS excludes deferred tax liabilities in the calculation of net worth for PTEs which flow through to Investments in the GGS sector)	400	441	-	-	-	-
Deferred Tax Liability (GFS excludes deferred tax liabilities in the calculation of net worth)	-	-	400	441	-	-
Waste Sites Remediation Provision (Relating to the provision to restore Mugga Lane and Belconnen Waste Landfill Sites, excluded under GFS)	27	13	-	-	27	13
Loose Fill Asbestos Insulation Eradication Scheme Provision (Relating to the provision to properties for homeowners who have opted into the scheme, excluded under GFS)	162	203	-	-	162	203
GFS Net Worth	**12,997**	**14,942**	**6,712**	**6,477**	**13,070**	**14,889**

71 RECONCILIATIONS TO ABS GFS MEASURES - CONTINUED

	General Government Sector		Public Trading Enterprises		Total Territory	
	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m	2015-16 Actual $m	2014-15 Actual $m
(d) Reconciliation to GFS Net Financial Worth						
Net Financial Worth	-3,354	-967	-1,110	-1,125	-10,263	-7,709
Convergence differences:						
Investments in Other Public Sector Entities (GFS excludes deferred tax liabilities in the calculation of net worth for PTEs which flow through to Investments in the GGS sector)	400	441	-	-	-	-
Deferred Tax Liability (GFS excludes deferred tax liabilities in the calculation of net worth)	-	-	400	441	-	-
Waste Sites Remediation Provision (Relating to the provision to restore Mugga Lane and Belconnen Waste Landfill Sites, excluded under GFS)	27	13	-	-	27	13
Loose Fill Asbestos Insulation Eradication Scheme Provision (Relating to the provision to properties for homeowners who have opted into the scheme, excluded under GFS)	162	203	-	-	162	203
GFS Net Financial Worth	**-2,765**	**-309**	**-710**	**-685**	**-10,074**	**-7,492**

APPENDIX A

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2014-15 Actual

for variances greater than 5 per cent and greater than 5 per cent of the disclosure category.

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
12	**DISTRIBUTIONS FROM FINANCIAL INVESTMENTS**				
	Distributions from Financial Investments				
	GGS	54	69	-15	-22%
	This movement relates to the Superannuation Provision Account holding a higher portfolio exposure to cash investments over the financial year, the timing of distribution receipts and the availability of income for distribution from investment trusts.				
13	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	Dividends from Public Trading Enterprises	241	168	73	44%
	Income Tax Equivalents from Public Trading Enterprises	115	81	35	43%
	Total GGS	357	248	108	44%
	The variance is predominantly related to increased dividends from the Land Development Agency as a result of higher land sales revenue.				
19	**INTEREST EXPENSE**				
	Interest Expense on Commonwealth Borrowings				
	GGS	31	12	18	149%
	The increase in interest expense is due to the combination of higher levels of loans outstanding with the receipt of the second tranche of $250 million of the $1 billion Commonwealth loan for the Loose-Fill Asbestos Insulation Eradication Scheme and a full year's interest on the first tranche of the loan.				
21	**OTHER OPERATING EXPENSES**				
	Net Insurance Claim Payments				
	GGS	9	-2	11	#
	The increase in net insurance claim payments is largely due to the annual actuarial review for insurance claims. In 2014-15 there was a significant reduction in outstanding claims provision resulting in a claims credit that did not occur in 2015-16.				
	Other				
	GGS	29	57	-28	-49%
	The decrease in other operating expenses is largely due to no new participants entering the Lifetime Care and Support Scheme in 2015-16, compared to five participants in 2014-15.				

APPENDIX A

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2014-15 Actual

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
22	**GRANTS AND PURCHASED SERVICES - CONTINUED**				
	Loose-Fill Asbestos Insulation Eradication Scheme Capital Grants				
	GGS	49	336	-287	-85%
	This variance is due to the purchasing profile of properties for the Loose-Fill Asbestos Insulation Eradication Scheme with the majority of these properties being purchased in 2014-15.				
23	**DIVIDENDS - MARKET GAINS ON LAND SALES**				
	Dividends - Market Gains on Land Sales				
	GGS	12	5	7	135%
	The increase is mainly due to higher commercial land sales compared to 2014-15 for higher value sites such as Belconnen 6/48.				
25	**NET LAND REVENUE (UNDEVELOPED LAND VALUE)**				
	Land Revenue (Undeveloped Land Value)				
	GGS	92	49	43	87%
	Net land revenue increased in 2015-16 largely due to higher land sales in Moncrieff, Denman Prospect, Lawson and Greenway.				
26	**NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS**				
	Other Loss (Non-Core Activities)				
	GGS	-51	5	-56	#
	The decrease was largely due to an increase in the rate used to value long service leave employee benefits from 104.2 per cent in 2014-15 to 114.7 per cent in 2015-16. Valuation changes in employee benefits are recognised as other economic flows for the Territory's reporting purposes.				
	Asset Revaluation				
	GGS	2	21	-19	100%
	The decrease relates to the timing of three-year asset revaluations across Government. Land, buildings, infrastructure assets, leasehold improvements, and community and heritage assets. The revaluation cycle for each agency varies and is also influenced by the inter-agency asset transfers due to changes in the Administrative Arrangement Orders.				

APPENDIX A

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2014-15 Actual

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
26	**NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS (CONT.)**				
	Impairment Losses and Write-Offs				
	GGS	-1	-8	7	15%
	This decrease primarily relates to a decrease in the write-off of debts by the Health Directorate for Medicare ineligible patients.				
	Loss on Disposal of Assets				
	GGS	-35	-69	33	48%
	The decrease in loss on disposal of assets is mainly due to a decrease in assets written off in 2015-16 by the Territory and Municipal Services Directorate compared to 2014-15. This includes landscaping and utility diversions for Majura Parkway.				
27	**NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE**				
	Realised and Unrealised Gains on Investments	80	266	-186	-70%
	Realised and Unrealised Losses on Investments	-86	-78	-7	9%
	Net Gain/(Loss) - GGS	-5	188	-193	-103%
	The variance in net realised and unrealised losses is due mainly to the individual asset class financial market returns achieved over the financial year; in particular, weak global share market returns.				
28	**DOUBTFUL DEBTS**				
	Doubtful Debts				
	GGS	-10	-2	-8	#
	The variance is mainly due to an increase in write-offs of aged receivables by the Health, and the Justice and Community Safety, Directorates.				
29	**WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS**				
	Waivers				
	GGS	5	11	-6	-54%
	The decrease is mainly due to a lower level of waivers by the Environment and Planning Directorate for development application fees.				

APPENDIX A

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2014-15 Actual

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
31	**CASH AND DEPOSITS**				
	Cash at Bank				
	GGS	653	715	-62	-9%
	This variation mainly relates to a reduction in cash held for the Loose-Fill Asbestos Insulation Eradication Scheme due to a decrease in the frequency of property acquisitions with most properties being purchased in 2014-15.				
34	**RECEIVABLES**				
	Trade Receivables - Current				
	GGS	249	205	45	22%
	This increase relates to a higher value of receivables owing for payroll tax, and other taxes, fees and fines.				
	Accrued Revenue - Current				
	GGS	305	140	166	119%
	Accrued revenue is higher than 2014-15 mainly due to a higher level of dividend and income tax equivalent accruals from the Land Development Agency associated with increased land sales in Moncrieff, Denman Prospect, Lawson and Greenway.				
39	**INTANGIBLES**				
	Internally Generated Software				
	GGS	51	43	8	19%
	The increase is due to number of internally generated software projects completed in 2015-16 by the Health, and the Justice and Community Safety, Directorates.				
40	**INVENTORIES**				
	Finished Goods				
	GGS	12	10	2	25%
	This mainly relates to drug purchases which is in line with the increased revenue for 'high costs drugs'.				
41	**ASSETS HELD FOR SALE**				
	Land Held for Sale				
	GGS	54	-	54	#
	This increase reflects the completion of remediation works for blocks of land acquired under the Loose-Fill Asbestos Insulation Eradication Scheme which are classified as held for sale.				

APPENDIX A

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2014-15 Actual

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
42	**CAPITAL WORKS-IN-PROGRESS**				
	Construction - Non-Residential Buildings				
	GGS	266	185	81	44%
	This increase mainly reflects the ongoing building works in progress for projects such as the Secure Mental Health Unit, the University of Canberra Public Hospital and the Ngunnawal Bush Healing Farm.				
43	**LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME LAND**				
	Land Held under the Loose-Fill Asbestos Insulation Eradication Scheme				
	GGS	368	283	86	30%
	This increase reflects the estimated value of land purchased and remediated under the Loose-Fill Asbestos Insulation Eradication Scheme during 2015-16.				
45	**DEPOSITS HELD**				
	Current Financial Creditors				
	GGS	16	134	-118	-88%
	The decrease in current financial creditors is mainly due to the Land Development Agency (LDA) transferring funds held in the Territory Banking Account Cash Enhanced Fund to the LDA's Westpac transaction account due to more favourable rates of return being earned on this account.				
46	**ADVANCES RECEIVED**				
	Advances from the Commonwealth Government				
	GGS - Non-Current	1,072	826	246	30%
	The increase in 2015-16 reflects the additional funds from the Commonwealth loan provided to finance the Loose-Fill Asbestos Insulation Eradication Scheme.				
48	**OTHER BORROWINGS**				
	Non-Current Bonds and Bills				
	GGS - Non-Current	3,453	2,944	509	17%
	The increase in 2015-16 largely reflects the higher levels of fixed rate borrowings to meet cash flow requirements of the Territory, particularly in relation to financing capital works projects.				

APPENDIX A

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
49	**SUPERANNUATION**				
	Estimated Employee Superannuation Liability				
	GGS - Non-Current	10,488	8,279	2,209	27%
	The increase in the superannuation liability is mainly due to the financial impacts of the latest actuarial review which applied a discount rate of 2.69 per cent to estimate the liability compared to 3.66 per cent at 30 June 2015.				
50	**OTHER EMPLOYEE BENEFITS AND PROVISIONS**				
	Accrued Wages and Salaries				
	GGS	13	93	-80	-86%
	This decrease mainly reflects the timing difference of wages accrued due to an extra day being accrued in 2015-16 compared to 2014-15.				
	Long Service Leave				
	GGS - Current	365	313	52	17%
	This increase primarily relates to an increase in the rate used to estimate the present value of future long service leave benefits from 104.2 per cent at 30 June 2015 to 114.7 per cent at 30 June 2016, the impact of collective agreement pay rises, and an increase in staff numbers for growth in services provided to patients.				
	Loose-Fill Asbestos Insulation Eradication Scheme Provision				
	GGS - Current	112	133	-21	-15%
	The decrease is due to the continued settlement of properties purchased by the Territory under the Loose-Fill Asbestos Insulation Eradication Scheme.				
	Other Non-Employee Provisions				
	GGS - Current	16	1	15	#
	GGS - Non-Current	47	15	31	209%
	Total GGS	62	16	46	294%
	This increase is primarily due to the creation of a provision for termination payments to staff exiting the ACT Public Service due to the transition of services from the Community Services Directorate into the National Disability Insurance Scheme, and provision for infrastructure costs for capital works awaiting financial completion.				

APPENDIX A

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2014-15 Actual

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Note No.		*2015-16 Actual $m*	*2014-15 Actual $m*	*Variance $m*	*Variance*
51	**PAYABLES**				
	Accrued Expenses				
	GGS	134	87	46	53%
	The increase in accrued expenses is mainly due to the timing of payments for health related capital works, visiting medical officers, pharmaceuticals and medical and surgical supplies and works done in relation to the Public Housing Renewal Project.				
52	**OTHER LIABILITIES**				
	Other Liabilities				
	GGS - Non-Current	4	17	-13	-76%
	The decrease in other liabilities is largely due to the reclassification of liabilities for future treatment and care costs under the Lifetime Care and Support Scheme in 2015-16 from other liabilities to other provisions to more accurately reflect the nature of this liability.				

APPENDIX B

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2015-16 Budget

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Reference No.		*2015-16 Actual $m*	*2015-16 Budget $m*	*Variance $m*	*Variance %*
10	**OTHER SALES OF GOODS AND SERVICES**				
	GGS	516	482	33	7%
	The higher than expected sales of goods and services is mainly due to additional high cost drugs being added to the Pharmaceutical Benefits Scheme, increases in rent and new tenants as well as an increase in Cross Border Health Receipts from New South Wales.				
12	**DISTRIBUTIONS FROM FINANCIAL INVESTMENTS**				
	GGS	54	63	-9	-15%
	The lower result in distributions from financial investments is mainly due to the Superannuation Provision Account holding a higher than anticipated portfolio exposure to cash investments over the financial year, the timing of distribution receipts and the availability of income for distribution from investment trusts.				
13	**DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**				
	GGS	409	329	79	24%
	The higher result in dividend and income tax equivalents income is attributed to higher than budgeted land sales prices, the settlement of land sales in Denman Prospect Stage 1 and higher returns from Icon Water mainly due to higher than anticipated water and sewerage profit.				
17	**SUPERANNUATION EXPENSE**				
	GGS - Superannuation Interest Cost	315	351	-35	-10%
	GGS - Other Superannuation Expense	361	268	92	34%
	GGS - Total Superannuation Expense	676	619	57	9%
	The higher than budgeted superannuation expense is largely reflective of the higher employee benefit liability as at 30 June 2016 due to the lower discount rate of 3.66 per cent used compared to the long term budget discount rate assumption of 6 per cent.				
19	**INTEREST EXPENSE**				
	GGS	176	204	-28	-14%
	The lower than anticipated interest expense is largely reflective of the timing and volume of new borrowings as well as a lower than estimated interest rate for borrowings raised.				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

APPENDIX B
VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2015-16 Budget
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Reference No.		*2015-16 Actual $m*	*2015-16 Budget $m*	*Variance $m*	*Variance %*
20	**SUPPLIES AND SERVICES**				
	GGS	898	992	-94	-9%
	The lower than estimated supplies and services expenses are mainly due to delays in the commencement of the schools administration system ICT project, lower school maintenance costs, expenditure for the Constitution Avenue project being capitalised which was forecast to be expensed and the timing of repairs and maintenance works due to unfavourable weather conditions.				
21	**OTHER OPERATING EXPENSES**				
	GGS	147	251	-104	-41%
	The lower than anticipated result is largely due to changes in actuarial assumptions used to determine insurance claims expenses as a result of lower than expected inflation and a reduction in the number of reported claims, including large medical malpractice claims. The variance is also attributed to no new participants entering the Lifetime Care and Support Scheme during 2015-16.				
22	**GRANTS AND PURCHASED SERVICES**				
	GGS	976	905	71	8%
	This higher than expected Grants and Purchased Services were mainly due to more homeowners opting into the Loose-Fill Asbestos Insulation Eradication Scheme during 2015-16.				
23	**DIVIDENDS (MARKET GAINS ON LAND SALES)**				
	GGS	12	50	-38	-76%
	The variance is predominantly due to lower than budgeted land sales revenue associated with the deferral of Asset Recycling Initative sites to future years.				
26	**NET GAIN/(LOSS) ON SALE OF NON-FINANCIAL ASSETS**				
	GGS	-85	-2	-84	#
	The variance was largely due to the higher rate used to estimate the present value of long service leave employee benefits (114.7 per cent) compared to the rate used to calculate the budget estimate. Valuation changes in employee benefits are recognised as other economic flows for the Territory's reporting purposes. The variance was also driven by the write off of assets including landscaping and utility diversions for the Majura Parkway.				
27	**NET GAIN/(LOSS) ON FINANCIAL ASSETS OR LIABILITIES AT FAIR VALUE**				
	GGS	-5	131	-137	-104%
	The variance is mainly due to losses on superannuation investments reflective of trading activity by investment managers and individual asset class market returns achieved over the financial year. It is also associated with budget estimates not anticipating investment losses and utilising an expected long-term portfolio return assumption of 7.5 per cent per annum.				

APPENDIX B

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Reference No.		*2015-16 Actual $m*	*2015-16 Budget $m*	*Variance $m*	*Variance %*
28	**DOUBTFUL DEBTS**				
	GGS	-10	-6	-4	#
	The variance is mainly due to the higher than expected write-offs of aged receivables.				
31	**CASH AND DEPOSITS**				
	GGS	660	318	342	108%
	The higher than budgeted result is mainly due to a higher level of cash held to meet operational and liquidity needs and the timing of end of year cash flow transactions in the Territory Banking Account. This increase is also attributable to operating cash held to provide flexibility for the management of the Loose-Fill Asbestos Insulation Eradication Scheme and the delay of capital works payments.				
34	**RECEIVABLES**				
	GGS	619	423	196	46%
	Higher than expected result in receivables are mainly due to a higher than anticipated level of accruals recognised in relation to taxes, fees and fines particularly due to additional home buyers accessing the deferred residential conveyance duty scheme. The variance is also attributed to a higher level of dividend and tax accruals by the Land Development Agency and Icon Water Limited.				
35	**INVESTMENT IN OTHER PUBLIC SECTOR ENTITIES**				
	GGS	6,312	5,768	543	9%
	The variance is mainly due to a higher level of cash and cash equivalents held by the Land Development Agency due to the timing of land sale settlements and higher than budgeted land sales. The increase is also due to a higher carrying value in the ActewAGL joint venture.				
39	**INTANGIBLES**				
	GGS	62	88	-26	-29%
	The lower result is largely attributable to delays in capitalising new computer software projects resulting from lengthy contract negotiations.				
41	**ASSETS HELD FOR SALE**				
	GGS	54	1	53	#
	The higher than budgeted result in assets held for sale largely reflects the completion of remediation for the first blocks of land under the Loose-Fill Asbestos Insulation Eradication Scheme.				
42	**CAPITAL WORKS-IN-PROGRESS**				
	GGS	707	1,213	-505	-42%
	The variance is mainly due to the re-profiling of capital works expenditure for projects such as the Majura Parkway and Isabella Weir Spillway - Upgrade and delays in current capital works projects due to contract negotiations and construction delays.				

APPENDIX B

VARIANCE EXPLANATIONS - 2015-16 Actual compared to 2015-16 Budget

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Reference No.		*2015-16 Actual $m*	*2015-16 Budget $m*	*Variance $m*	*Variance %*
43	**LOOSE-FILL ASBESTOS ERADICATION SCHEME LAND**				
	GGS	368	-	368	#
	Land held under the Loose-Fill Asbestos Insulation Eradication Scheme was recognised as a separate balance sheet line item in 2014-15. This treatment was not reflected in the 2015-16 Budget estimates as it was settled after the budget was released.				
44	**BIOLOGICAL ASSETS**				
	GGS	28	26	2	8%
	The increase largely relates to the incremental revaluation of biological assets as a result of the price increase for the sale of timber.				
45	**DEPOSITS HELD**				
	GGS	16	133	-117	-88%
	The lower than anticipated deposits held reflects a lower level of funds invested by the Public Trading Enterprises sector in the Territory Banking Account reflecting underlying agency activity.				
47	**FINANCE LEASES**				
	GGS	3	22	-20	-88%
	The variance in finance leases mainly reflects the change in Whole of Government motor vehicle lease arrangements, transferring these from finance to operating leases as of April 2015. This change was not anticipated in the 2015-16 Budget.				
48	**OTHER BORROWINGS**				
	GGS	3,511	3,827	-316	-8%
	The lower than anticipated outcome reflects a decrease in cash flow requirements from market financed borrowings and Commonwealth loans.				
49	**SUPERANNUATION**				
	GGS	10,719	6,098	4,621	76%
	The higher than budgeted superannuation liability mainly reflects the lower discount rate of 2.69 per cent used to estimate the present value of superannuation liabilities compared to the current long-term average budget estimate of 6 per cent.				
50	**OTHER EMPLOYEE BENEFITS AND PROVISIONS**				
	GGS	879	652	227	35%
	The higher than anticipated other employee benefits reflects the higher rate of 114.7 per cent used to estimate the present value for long service leave liability. The higher than anticipated outcome for other provisions is largely due to the establishment of provisions associated with estimated costs of the Loose-Fill Asbestos Insulation Eradication Scheme including expected future remediation costs.				

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Reference No.		***2015-16 Actual $m***	***2015-16 Budget $m***	***Variance $m***	***Variance %***
51	**PAYABLES**				
	GGS	467	500	-34	-7%
	The variance mainly relates to lower than estimated insurance claims liabilities resulting from changes in economical and actuarial assumptions.				
52	**OTHER LIABILITIES**				
	GGS	9	16	-7	-46%
	The variance is largely the result of reclassifying other liabilities to revenue received in advance during the financial period.				

APPENDIX C
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 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 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 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.

APPENDIX C
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.

ACTION

ACTION refers to the Australian Capital Territory Internal Omnibus Network. ACTION is the provider of public transport services in the ACT and is owned by the ACT Government.

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 the capital works program. This measure is located at the bottom of the consolidated harmonised Cash Flow Statement.

CIT Solutions Pty Limited

CIT Solutions refers to the Canberra Institute of Technology Pty Limited and provides commercial based training services. CIT Solutions is owned and operated by the ACT Government.

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.

Full-Time Equivalent (FTE)

A measure of the total level of staff resources used. The FTE of a full-time staff member is equal to 1.0. The calculation of an FTE for part-time staff is based on the proportion of time worked compared to that worked by full-time staff performing similar duties. Contractors are excluded from this definition.

Generally Accepted Accounting Principles (GAAP)

A widely accepted set of uniform standards, rules, conventions and procedures for reporting financial information established by the AASB.

General Government Sector (GGS)

This is an Australian Bureau of Statistics (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.

APPENDIX C
GLOSSARY - CONTINUED

Government Finance Statistics (GFS)

The framework used by the ABS for presentation of data on government outlays, revenue and financing transactions through either the General Government Sector 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 (AASB 1049)*, standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

Icon Water Limited

Icon Water Limited, formerly known as ACTEW Corporation, is owned by the ACT Government. Icon Water Limited owns and operates the water and sewerage assets and business in the ACT.

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.

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.

Nominal Superannuation Expense

Refers to the imputed interest accrued each quarter on unfunded superannuation liabilities. In an unfunded superannuation scheme, the increase in superannuation liability is taken as being equivalent to the liability that would be generated under a fully funded scheme as if the employer was paying into a separate superannuation fund. In this scenario, the Government is viewed as compulsorily 'borrowing' from employees the value of the increase in superannuation liability each period. In doing so, it sustains an additional cost for the use of these 'borrowed' funds which is an interest expense. The cost of these 'borrowed' funds is presented in operating statements as nominal interest.

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.

APPENDIX C
GLOSSARY - CONTINUED

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 (e.g. railways, roads, tunnels, airports and dams), plant and equipment, cultivated assets (e.g. livestock, vineyards and orchards), intangible assets (e.g. computer software), inventories (including materials, supplies, defence weapon platforms, works in progress, finished goods and goods for resale), and valuables (e.g. precious metals and stones and antiques).

Operating Result

Operating profit or loss for the period being reported.

Other Economic Flows

For the whole of government harmonised operating statement, other economic flows includes changes in the value of assets from revaluations, non-financial asset sales and non-mutual bad debts written off.

Other Non-Financial Assets

Refers to assets not elsewhere classifiable.

Public Trading Enterprise (PTE)

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.

Total Territory

The Total Territory includes transactions with external parties by the GGS and PTE.

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 equivalent to the increase or decrease in Net Assets during the financial year.

Transactions

Changes to stocks that come about as a result of mutually agreed interactions between enterprise units.

APPENDIX C
GLOSSARY - CONTINUED

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 Government, and 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.