



ACT
Government

2019-20 FINANCIAL YEAR

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Chief Minister, Treasury and Economic
Development Directorate

October 2020

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Contents

Independent Auditor's Report
Statement of responsibility by the Treasurer and the Under Treasurer of the Chief Minister,
Treasury and Economic Development Directorate
General Government Sector and Total Territory Operating statement
General Government Sector and Total Territory Balance sheet
General Government Sector and Total Territory Statement of changes in equity
General Government Sector and Total Territory Statement of cash flows
Public Trading Enterprises Sector Operating statement
Public Trading Enterprises Sector Balance sheet
Public Trading Enterprises Sector Statement of changes in equity
Public Trading Enterprises Sector Statement of cash flows
Statement of Appropriation

Note index

Note 1 - The Australian Capital Territory Government
Note 2 - Disaggregated information
Note 3 - Australian Capital Territory Government controlled entities
Note 4 - Impact of COVID-19
Note 5 - Taxation revenue
Note 6 - Commonwealth grants
Note 7 - Other sales of goods and services from contracts with customers
Note 8 - Dividend and income tax equivalents income
Note 9 - Employee expenses
Note 10 - Superannuation expenses
Note 11 - Supplies and services
Note 12 - Grants and purchased services
Note 13 - Waivers, impairment losses and write-offs
Note 14 - Act of grace payments
Note 15 - Advances paid
Note 16 - Investments and loans
Note 17 - Receivables
Note 18 - Property, plant and equipment
Note 19 - Intangibles
Note 20 - Advances received
Note 21 - Finance leases
Note 22 - Lease liabilities
Note 23 - Other borrowings
Note 24 - Superannuation
Note 25 - Employee benefits
Note 26 - Payables
Note 27 - Contract liabilities
Note 28 - Reconciliation of cash flows

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

Note index (continued)

- Note 29 - Operating commitments
- Note 30 - Capital commitments
- Note 31 - Other commitments
- Note 32 - Contingencies, guarantees and indemnities
- Note 33 - Third party monies
- Note 34 - Related party disclosures
- Note 35 - Interest in joint arrangements
- Note 36 - Economic dependency
- Note 37 - The Territory's credit rating
- Note 38 - Auditor's remuneration
- Note 39 - Events after the reporting period
- Note 40 - Financial instruments
- Note 41 - Expenses and assets by function
- Note 42 - Disaggregated sector information
- Note 43 - Reconciliations to ABS GFS measures

- Appendix A - Variance explanations - 2019-20 Actual compared to 2019-20 Budget
- Appendix B - Significant accounting policies
- Appendix C - Impact of accounting standards issued but yet to be applied
- Appendix D - Change in accounting policy and accounting estimates
- Appendix E - Glossary

INDEPENDENT AUDITOR'S REPORT

To the Members of the ACT Legislative Assembly

Opinion

I have audited the financial statements of the Australian Capital Territory Government (Territory's financial statements) for the year ended 30 June 2020 which comprise the:

- General Government Sector and Total Territory financial statements – operating statement, balance sheet, statement of changes in equity and statement of cash flows;
- Public Trading Enterprises Sector financial statements – operating statement, balance sheet, statement of changes in equity and statement of cash flows;
- Consolidated statement of appropriation; and
- Notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Territory's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards and other mandatory financial reporting requirements in Australia.

Basis for opinion

I conducted the audit in accordance with the Australian Auditing Standards. My responsibilities under the standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of this report.

I am independent of the Territory in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (Including Independence Standards)* (Code). I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Territory for the financial statements

The Treasurer and Under Treasurer are responsible for:

- preparing and fairly presenting the Territory's financial statements in accordance with the *Financial Management Act 1996* and complying with relevant Australian Accounting Standards and other mandatory financial reporting requirements in Australia;
- determining the internal controls necessary for the preparation and fair presentation of the Territory's financial statements so that they are free from material misstatements, whether due to error or fraud; and

- assessing the ability of the Territory to continue as a going concern and disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting in preparing the Territory's financial statements.

Auditor's responsibilities for the audit of the financial statements

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

My objective is to obtain reasonable assurance about whether the Territory's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the Territory's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the internal controls;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Territory;
- conclude on the appropriateness of the Territory's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Territory's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Territory's financial statements or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Territory to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the Territory's financial statements, including the disclosures, and whether they represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Treasurer and Under Treasurer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Michael Harris
Auditor-General
29 October 2020

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF RESPONSIBILITY BY THE TREASURER
AND THE UNDER TREASURER**

Statement of responsibility by the Treasurer

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

It is my opinion that the attached financial statements for the year ended 30 June 2020 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: *27.10.2020*

Statement of responsibility by the Under Treasurer

It is my opinion that the attached financial statements for the year ended 30 June 2020 have been prepared in accordance with Australian Accounting Standards and the requirements of the FMA. These accounts fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.



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

Date: 26 October 2020

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	Note No.	General Government Sector			Total Territory		
		2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Revenue							
Taxation revenue	5	1,949,207	2,051,557	1,934,050	1,902,249	2,002,314	1,888,977
Commonwealth grants	6	2,363,407	2,405,504	2,333,207	2,365,430	2,407,154	2,335,574
Sales of goods and services							
Revenue from associates and joint ventures		-	-	-	57,805	71,033	88,403
Other sales of goods and services from contracts with customers	7	546,992	568,005	561,142	918,691	919,279	914,102
Investment revenue		234,986	239,091	228,662	166,227	164,397	165,239
Dividend and income tax equivalents income	8	157,661	271,501	288,188	-	-	-
Other revenue							
Land revenue (value add component)		-	-	-	177,770	257,460	401,711
Other revenue		170,596	193,258	148,136	165,991	184,862	149,972
Gains from contributed assets		182,098	142,292	114,896	95,818	113,038	90,433
Total revenue		5,604,947	5,871,208	5,608,280	5,849,981	6,119,537	6,034,410
Expenses							
Employee expenses	9	2,325,368	2,151,451	2,117,974	2,522,733	2,341,350	2,302,606
Superannuation expenses							
Superannuation interest cost	10	228,635	390,951	305,767	228,635	390,951	305,767
Other superannuation expense	10	473,542	331,819	407,702	490,024	343,963	423,588
Depreciation and amortisation		465,827	475,983	403,478	604,505	605,083	522,665
Interest expense		206,461	217,714	178,002	228,126	235,007	180,864
Other operating expenses							
Supplies and services	11	1,041,026	1,064,745	1,053,664	1,263,889	1,302,417	1,218,858
Other operating expenses		357,087	273,827	335,562	286,001	296,863	360,344
Grants and purchased services	12	1,419,622	1,251,476	1,117,254	1,187,558	1,022,086	956,615
Total expenses		6,517,568	6,157,966	5,919,403	6,811,472	6,537,720	6,271,307
UPF^(a) net operating balance		-912,621	-286,758	-311,123	-961,491	-418,183	-236,897
Other economic flows - included in the operating result							
Dividends (market gains on land sales)		11,783	60,563	42,815	-	-	-
Land revenue (market gains on land sales)		-	-	-	16,540	92,228	62,575
Net land revenue (undeveloped land value)		16,503	55,982	51,441	32,038	55,982	49,877
Net gain/(loss) on sale/(disposal) of non-financial assets		-3,877	-52,995	-134,916	-27,155	-61,534	-278,310
Net gain/(loss) on financial assets or liabilities at fair value		-9,235	198,076	217,280	-9,102	198,176	217,458
Doubtful debts		-14,765	-10,646	-13,410	-18,175	-13,576	-17,162
Operating deficit		-912,212	-35,778	-147,913	-967,344	-146,907	-202,460
Other economic flows - other comprehensive income							
Items that will not be subsequently reclassified to profit or loss							
Payments to ACT Government agencies		-72,924	-154,333	-26,881	-	-	-
Capital distributions		-	-	74,622	-	-	-
Transfer of assets to the Public Trading Enterprises (PTE) sector		-502,040	-457,918	-122,616	-	-	-
Superannuation actuarial gain/(loss)		-57,384	-	-1,758,234	-57,384	-	-1,758,234
Other movements		-12,107	-30,357	-24,971	-12,522	-30,357	-24,729
Increase/(decrease) in asset revaluation reserve		121,694	11,728	549,455	121,165	33,004	675,644
surpluses due to revaluations							
Increase/(decrease) in other reserves		-	-	130	-115,984	-	116,114
Items that may be subsequently reclassified to profit or loss							
Increase/(decrease) in net assets of PTE		432,866	535,283	145,783	-	-	-
Total comprehensive deficit		-1,002,106	-131,375	-1,310,623	-1,032,070	-144,260	-1,193,664

Notes: (a) Uniform presentation framework (refer to Appendix E - Glossary).

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

		General Government Sector			Total Territory		
	Note	2019-20	2019-20	2018-19	2019-20	2019-20	2018-19
	No.	Actual	Budget	Actual	Actual	Budget	Actual
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Key fiscal aggregates (refer to Appendix E - Glossary)							
UPF net operating balance		-912,621	-286,758	-311,123	-961,491	-418,183	-236,897
less net acquisition of non-financial assets							
Payments for non-financial assets		579,337	878,415	705,054	767,721	1,156,243	862,630
Sales of non-financial assets		-87,130	-127,569	-137,589	-119,327	-209,831	-172,865
Change in inventories		3,289	164	-177	166,083	183,316	124,627
Depreciation and amortisation		-465,827	-475,983	-403,478	-604,505	-605,083	-522,665
Other movements in non-financial assets		86,955	134,601	110,300	2,634	112,383	87,336
Total net acquisition of non-financial assets		116,624	409,628	274,110	212,606	637,028	379,064
Net borrowing		-1,029,245	-696,386	-585,233	-1,174,097	-1,055,211	-615,961
Note: The above Operating statement should be read in conjunction with the accompanying notes.							

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
BALANCE SHEET
AT 30 JUNE 2020**

	Note No.	General Government Sector			Total Territory		
		2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Financial assets							
Cash and deposits		2,108,325	759,991	1,254,689	2,260,029	918,900	1,515,181
Advances paid	15	1,850,505	1,847,781	1,794,820	93,732	80,333	63,593
Investments and loans	16	4,896,253	5,361,065	4,843,354	4,929,253	5,391,065	4,890,354
Receivables	17	1,127,441	832,824	1,037,910	838,066	376,372	915,667
Equity investments							
Investments in other public sector enterprises		7,622,993	7,577,591	7,190,126	-	-	-
Investments accounted for using the equity method	20	-	-	20	1,043,771	1,054,959	1,031,716
Total financial assets		17,605,536	16,379,252	16,120,919	9,164,851	7,821,629	8,416,511
Non-financial assets							
Produced assets							
Property, plant and equipment	18	12,583,301	12,216,910	12,451,936	17,538,988	16,863,343	16,503,710
Investment properties		7,920	5,410	7,920	25,910	13,386	26,697
Intangibles	19	215,697	519,271	226,577	258,131	566,183	271,135
Inventories		22,364	19,580	19,075	538,803	547,387	372,720
Non-current assets held for sale		44,196	20,457	68,608	60,096	29,534	81,338
Capital works-in-progress		521,122	613,668	589,571	702,651	934,710	771,333
Non-produced assets							
Property, plant and equipment	18	3,988,003	3,764,173	3,969,992	7,945,575	7,797,571	7,946,057
Biological assets		25,494	29,769	28,798	25,494	29,769	28,798
Other non-financial assets		2,485	11,845	7,915	2,870	11,845	7,915
Total non-financial assets		17,410,582	17,201,083	17,370,393	27,098,517	26,793,728	26,009,704
Total assets		35,016,118	33,580,335	33,491,312	36,263,368	34,615,357	34,426,215
Liabilities							
Advances received	20	59,357	909,357	963,676	108,326	958,327	1,017,156
Borrowings							
Finance leases	21	-	-	431,308	-	-	431,308
Lease liabilities	22	744,022	568,859	-	1,060,053	891,244	-
Other borrowings	23	7,026,028	4,772,213	4,476,494	7,026,028	4,772,213	4,476,494
Superannuation	24	12,055,934	8,064,786	11,776,168	12,055,943	8,064,808	11,776,295
Employee benefits	25	863,512	756,653	747,394	939,173	826,980	814,378
Other provisions		972,473	733,245	776,550	1,061,955	802,169	862,037
Payables	26	192,192	253,097	257,917	284,442	341,413	407,702
Contract liabilities	27	42,563	-	-	104,398	-	-
Other liabilities		29,693	18,398	28,560	45,878	18,845	30,810
Total liabilities		21,985,775	16,076,608	19,458,067	22,686,198	16,675,999	19,816,179
Net assets		13,030,343	17,503,727	14,033,245	13,577,170	17,939,358	14,610,035
Equity in public trading enterprises		7,622,993	7,577,591	7,190,126	-	-	-
Accumulated funds		-946,123	4,157,493	599,021	2,423,873	7,220,785	3,411,650
Asset revaluation surplus		6,352,243	5,767,543	6,242,867	11,152,068	10,717,473	11,081,171
Other reserves		1,230	1,100	1,230	1,230	1,100	117,214
Net worth		13,030,343	17,503,727	14,033,245	13,577,170	17,939,358	14,610,035
Key fiscal aggregates (refer to Appendix E - Glossary)							
Net financial worth		-4,380,239	302,644	-3,337,148	-13,521,346	-8,854,370	-11,399,668
Net financial liabilities		12,003,232	7,274,947	10,527,275	14,565,118	9,909,329	12,431,385
Net debt (excluding superannuation related investments)		3,296,704	2,713,929	2,215,713	5,233,773	4,663,823	3,692,927

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Note No.	General Government Sector			Total Territory		
		2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Opening equity							
Opening equity in public trading enterprises (PTE)		7,190,126	7,042,308	7,044,343	-	-	-
Opening accumulated funds		599,021	4,835,879	2,600,496	3,411,650	7,376,049	5,223,575
Opening asset revaluation surplus		6,242,867	5,755,815	5,697,929	11,081,171	10,706,469	10,579,025
Opening other reserves		1,230	1,100	1,100	117,214	1,100	1,100
Opening balance		14,033,245	17,635,102	15,343,868	14,610,035	18,083,618	15,803,699
Comprehensive income							
<i>Included in accumulated funds:</i>							
Operating result for the period		-912,212	-35,778	-147,913	-967,344	-146,907	-202,460
Payments to ACT Government agencies		-72,924	-154,333	-26,881	-	-	-
Capital distributions		-	-	74,622	-	-	-
Transfer of assets to the PTE sector		-502,040	-457,918	-122,616	-	-	-
Superannuation actuarial gain/(loss)		-57,384	-	-1,758,234	-57,384	-	-1,758,234
Other movements		-12,107	-30,357	-24,971	-12,522	-30,357	-24,729
<i>Included in equity in PTE:</i>							
Increase/(decrease) in net assets of PTE entities		432,866	535,283	145,783	-	-	-
<i>Included in the asset revaluation surplus:</i>							
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations		121,694	11,728	549,455	121,165	33,004	675,644
<i>Included in other reserves:</i>							
Increase/(decrease) in other reserves		-	-	130	-115,984	-	116,114
Total comprehensive deficit		-1,002,106	-131,375	-1,310,623	-1,032,070	-144,260	-1,193,664
Other							
Transfer to/(from) accumulated funds		12,318	-	4,517	50,269	22,000	173,497
Transfer to/(from) the asset revaluation surplus		-12,318	-	-4,517	-50,269	-22,000	-173,497
Total other		0	0	0	0	0	0
Closing equity							
Closing equity in PTE		7,622,993	7,577,591	7,190,126	-	-	-
Closing accumulated funds ^(a)		-946,123	4,157,493	599,021	2,423,873	7,220,785	3,411,650
Closing asset revaluation surplus		6,352,243	5,767,543	6,242,867	11,152,068	10,717,473	11,081,171
Closing other reserves		1,230	1,100	1,230	1,230	1,100	117,214
Closing balance		13,030,343	17,503,727	14,033,245	13,577,170	17,939,358	14,610,035

Notes: (a) Includes the impact of adopting of AASB 15: 'Revenue from contracts with customers', AASB 16: 'Leases' and AASB 1058: 'Income of not-for-profit entities'. Further details can be found in Appendix D - 'Change in accounting policy and accounting estimates'.

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note No.	General Government Sector			Total Territory		
		2019-20 Actual	2019-20 Budget	2018-19 Actual	2019-20 Actual	2019-20 Budget	2018-19 Actual
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities							
<i>Receipts</i>							
Taxes received		1,653,322	2,034,553	1,762,621	1,602,799	1,987,665	1,696,202
Sales of goods and services from contracts with customers		792,097	626,084	719,674	1,368,166	1,328,922	1,606,004
Grants and contributions		2,504,053	2,433,680	2,334,010	2,506,088	2,434,361	2,336,357
Investment receipts		208,809	228,327	232,496	146,227	159,728	174,757
Dividends and income tax equivalents		160,996	110,897	167,371	-	-	-
Other receipts		418,821	428,017	594,503	514,486	497,136	682,168
Total receipts from operating activities		5,738,097	5,861,558	5,810,674	6,137,765	6,407,812	6,495,488
<i>Payments</i>							
Payments for employees		-2,734,046	-2,614,262	-2,554,009	-2,941,155	-2,772,173	-2,755,226
Payments for goods and services		-1,091,672	-1,083,357	-1,064,628	-1,277,435	-1,372,699	-1,215,644
Grants/subsidies paid		-1,321,063	-1,253,107	-1,082,480	-1,091,027	-1,030,754	-925,160
Interest paid		-196,055	-208,011	-166,504	-222,384	-236,662	-169,119
Other payments		-499,761	-461,915	-600,498	-764,822	-739,892	-790,529
Total payments from operating activities		-5,842,597	-5,620,652	-5,468,120	-6,296,823	-6,152,180	-5,855,678
Net cash flows from operating activities	28(b)	-104,499	240,906	342,554	-159,058	255,632	639,810
Cash flows from investing activities							
Cash flows from investments in non-financial assets							
Sales of non-financial assets		87,130	127,569	137,589	119,327	209,831	172,865
Payments for non-financial assets		-579,337	-878,415	-705,054	-767,721	-1,156,243	-862,630
Net cash flows from investments in non-financial assets		-492,207	-750,846	-567,465	-648,394	-946,412	-689,765
Cash flows from investments in financial assets for policy purposes							
<i>Receipts</i>							
Repayment of loans		-576	2,677	2,677	-576	13,693	2,677
Capital receipts from government agencies		5,940	340,308	115,475	-	289,000	-
Dividends (market gains on land sales)		11,783	60,563	42,815	-	-	-
Total receipts from investments in financial assets for policy purposes		17,147	403,548	160,967	-576	302,693	2,677
<i>Payments</i>							
Issue of loans		-	-	-	-850	-5,740	-13,821
Capital payments to government agencies		-72,924	-154,333	-26,881	-	-	-
Total payments from investments in financial assets for policy purposes		-72,924	-154,333	-26,881	-850	-5,740	-13,821
Net cash flows from investments in financial assets for policy purposes		-55,777	249,215	134,087	-1,426	296,953	-11,144
Cash flows from investments in financial assets for liquidity purposes							
Sales of investments		4,843	17,234	199,974	7,392	34,175	202,757
Payments for investments		-35,809	-247,661	-61,226	-35,785	-264,354	-71,313
Net cash flows from investments in financial assets for liquidity purposes		-30,966	-230,427	138,748	-28,393	-230,179	131,444
Net cash flows from investing activities		-578,950	-732,058	-294,630	-678,214	-879,638	-569,465

Note: The above Statement of cash flows should be read in conjunction with the accompanying notes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

	Note No.	General Government Sector			Total Territory		
		2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Cash flows from financing activities							
<i>Receipts</i>							
Borrowings		2,900,584	569,831	1,031,459	2,571,936	325,830	1,000,801
Total receipts from financing activities		2,900,584	569,831	1,031,459	2,571,936	325,830	1,000,801
<i>Payments</i>							
Borrowings		-1,281,641	-354,095	-137,928	-904,742	-60,301	-58,741
Repayment of finance lease liabilities - principal		-	-	-377,973	-	-	-378,074
Repayment of lease liabilities – principal		-47,503	-45,206	-	-60,850	-46,035	-
Other financing		-6,129	-	-	-	-	-
Total payments from financing activities		-1,335,274	-399,301	-515,901	-965,592	-106,336	-436,815
Net cash flows from financing activities		1,565,310	170,530	515,558	1,606,343	219,494	563,986
Net increase/(decrease) in cash and cash equivalents		881,861	-320,622	563,482	769,072	-404,512	634,331
Cash and cash equivalents at the beginning of reporting period		1,217,477	1,088,797	653,995	1,514,970	1,361,596	880,640
Cash and cash equivalents at the end of reporting period	28(a)	2,099,337	768,175	1,217,477	2,284,042	957,084	1,514,970
Key fiscal aggregates (refer to Appendix E - Glossary)							
Net cash from operating activities		-104,499	240,906	342,554	-159,058	255,632	639,810
Investments in non-financial assets		-492,207	-750,846	-567,465	-648,394	-946,412	-689,765
Distributions Paid		-6,129	-	-	-	-	-
Cash deficit		-602,836	-509,940	-224,911	-807,452	-690,780	-49,956

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

Note: The above Statement of cash flows should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Revenue			
Controlled recurrent payments	264,988	254,451	186,122
Commonwealth grants	2,023	1,650	2,367
Sales of goods and services revenue			
Revenue from associates and joint ventures	57,805	71,033	88,403
Other sales of goods and services from contracts with customers	454,055	443,356	433,296
Investment revenue	6,031	3,092	5,619
Other revenue			
Land revenue (value add component)	185,014	314,460	402,156
Other revenue	16,018	12,871	23,040
Gains from contributed assets	18,236	22,790	17,591
Total revenue	1,004,169	1,123,703	1,158,595
Expenses			
Employee expenses	203,709	196,243	184,631
Superannuation expenses	29,634	29,551	24,896
Depreciation and amortisation	138,678	129,100	119,187
Interest expense	96,456	95,079	71,932
Other property expenses (income tax equivalents)	62,006	103,833	122,519
Other operating expenses			
Supplies and services	269,201	289,638	217,503
Other operating expenses	27,136	137,027	128,333
Grants and purchased services	125,447	65,384	58,355
Total expenses	952,267	1,045,855	927,357
UPF^(a) net operating balance	51,902	77,848	231,238
Other economic flows - included in the operating result			
Land revenue (market gains on land sales)	16,540	92,228	62,575
Net gain/(loss) on sale/(disposal) of non-financial assets	-7,743	-8,539	-143,394
Net gain/(loss) on financial assets or liabilities at fair value	133	100	205
Doubtful debts	-3,410	-2,930	-3,780
Operating surplus	57,422	158,707	146,844
Other economic flows - other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Other movements	-98,723	-	242
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	24,443	-7,450	152,102
Increase/(decrease) in other reserves	3,006	-	-3,006
Total comprehensive income/(deficit)	-13,853	151,257	296,183

Notes: (a) Uniform presentation framework (refer to Appendix E - Glossary).

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Key fiscal aggregates (refer to Appendix E - Glossary)			
UPF net operating balance	51,902	77,848	231,238
<i>less</i> net acquisition of non-financial assets			
Payments for non-financial assets	195,349	334,828	163,023
Sales of non-financial assets	-45,832	-82,262	-35,276
Change in inventories	162,794	183,152	80,275
Depreciation and amortisation	-138,678	-129,100	-119,187
Other movements in non-financial assets	-86,280	-17,462	-26,608
<i>Total net acquisition of non-financial assets</i>	<i>87,353</i>	<i>289,156</i>	<i>62,228</i>
Net lending/(borrowing)	-35,451	-211,308	169,011

Notes: The above Operating statement should be read in conjunction with the accompanying notes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR BALANCE SHEET
AT 30 JUNE 2020**

	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Financial assets			
Cash and deposits	151,704	158,909	260,493
Advances paid	29,570	19,721	-
Investments and loans	33,000	30,000	47,000
Receivables	118,016	110,916	149,177
Equity investments	1,043,771	1,054,959	1,031,716
Total financial assets	1,376,061	1,374,505	1,488,386
Non-financial assets			
Produced assets			
Property, plant and equipment	4,955,687	4,646,433	4,051,773
Investment properties	17,990	7,976	18,777
Intangibles	42,434	46,912	44,558
Inventories	516,439	527,807	353,646
Non-current assets held for sale	15,899	9,077	12,730
Capital works-in-progress	181,529	321,042	181,762
Non produced assets			
Property, plant and equipment	3,957,572	4,033,398	3,976,065
Other non-financial assets			
Deferred tax assets	21,513	22,225	22,646
Other non-financial assets	385	-	-
Total non-financial assets	9,709,447	9,614,870	8,661,957
Total assets	11,085,509	10,989,375	10,150,343
Liabilities			
Advances received	1,835,311	1,836,139	1,784,707
Borrowings			
Lease liabilities	316,031	322,385	-
Superannuation	10	-	127
Employee benefits	75,661	70,349	66,984
Other provisions	165,406	117,796	132,712
Payables	129,204	175,094	233,769
Contract liabilities	63,488	-	-
Other liabilities			
Current tax liability	-15,682	36,721	53,632
Deferred tax liability	647,853	503,565	530,791
Other liabilities	245,235	349,735	157,495
Total liabilities	3,462,516	3,411,784	2,960,217
Net assets	7,622,993	7,577,591	7,190,126
Accumulated funds	3,279,392	3,191,726	2,836,024
Asset revaluation surplus	4,343,600	4,385,865	4,357,108
Other reserves	-	-	-3,006
Net worth	7,622,993	7,577,591	7,190,126
Key fiscal aggregates (refer to Appendix E - Glossary)			
Net financial worth	-2,086,455	-2,037,279	-1,471,831
Net debt	1,937,069	1,949,894	1,477,214

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Opening equity			
Opening accumulated funds	2,836,024	2,626,993	2,670,357
Opening asset revaluation surplus	4,357,108	4,415,315	4,373,986
Opening other reserves	-3,006	-	-
Opening balance	7,190,126	7,042,308	7,044,343
Comprehensive income			
<i>Included in accumulated funds:</i>			
Operating result for the period	57,422	158,707	146,844
Other movements	-98,723	-	242
<i>Included in the asset revaluation surplus:</i>			
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	24,443	-7,450	152,102
<i>Included in other reserves:</i>			
Increase/(decrease) in other reserves	3,006	-	-3,006
Total comprehensive income/(deficit)	-13,853	151,257	296,183
Other			
Transfer to/(from) accumulated funds	37,951	22,000	168,980
Transfer to/(from) the asset revaluation surplus	-37,951	-22,000	-168,980
Total other	0	0	0
Transactions involving owners affecting accumulated funds			
Capital injections	72,924	154,333	26,881
Capital distributions	-	-	-74,622
Transfer of assets from the General Government Sector	502,040	457,918	122,616
Dividends approved	-128,245	-228,225	-225,275
Total transactions involving owners affecting accumulated funds	446,719	384,026	-150,400
Closing equity			
Closing accumulated funds ^(a)	3,279,392	3,191,726	2,836,024
Closing asset revaluation surplus	4,343,600	4,385,865	4,357,108
Closing other reserves	-	-	-3,006
Closing balance	7,622,993	7,577,591	7,190,126

Notes: (a) Includes the impact of adopting of AASB 15: 'Revenue from contracts with customers', AASB 16: 'Leases' and AASB 1058: 'Income of not-for-profit entities'. Further details can be found in Appendix D - 'Change in accounting policy and accounting estimates'.

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Cash flows from operating activities			
Receipts			
Sales of goods and services from contracts with customers	655,572	890,880	977,369
Grants and contributions	272,770	256,100	188,865
Interest receipts	5,136	2,194	4,653
Other receipts	115,344	112,358	113,947
Total receipts from operating activities	1,048,822	1,261,532	1,284,833
Payments			
Payments for employees	-226,610	-168,420	-211,541
Payments for goods and services	-268,209	-374,161	-225,070
Grants/subsidies paid	-28,909	-24,849	-23,928
Investment receipts	-94,047	-99,444	-65,006
Other payments	-331,512	-412,037	-277,030
Total payments from operating activities	-949,286	-1,078,911	-802,576
Net cash flows from operating activities	99,536	182,621	482,258
Cash flows from investing activities			
Cash flows from investments in non-financial assets			
Sales of non-financial assets	45,832	82,262	35,276
Payments for non-financial assets	-195,349	-334,828	-163,023
Net cash flows from investments in non-financial assets	-149,517	-252,566	-127,747
Cash flows from investments in financial assets for policy purposes			
Receipts			
Repayment of loans	-	11,016	-
Capital receipts from government agencies	72,924	154,333	26,881
Total receipts from investments in financial assets for policy purposes	72,924	165,349	26,881
Payments			
Issue of loan	-850	-5,740	-13,821
Dividends (market gains on land sales)	-11,783	-60,563	-42,815
Distributions to government	-5,940	-51,308	-115,475
Total payments from investments in financial assets for policy purposes	-18,573	-117,611	-172,111
Net cash flows from investments in financial assets for policy purposes	54,351	47,738	-145,230
Cash flows from investments in financial assets for liquidity purposes			
Sales of investments	2,549	247	2,783
Payments for investments	0	-	-10,087
Net cash flows from investments in financial assets for liquidity purposes	2,549	247	-7,304
Net cash flows from investing activities	-92,617	-204,581	-280,282

Note: The above Statement of cash flows should be read in conjunction with the accompanying notes.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CASH FLOWS- CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020

	2019-20 Actual \$'000	2019-20 Budget \$'000	2018-19 Actual \$'000
Cash flows from financing activities			
<i>Receipts</i>			
Advances received	384,249	292,300	84,566
Total receipts from financing activities	384,249	292,300	84,566
<i>Payments</i>			
Advances paid	-329,869	-243,336	-36,138
Dividends paid	-49,406	-2,152	-95,544
Repayment of lease liabilities - principal	-13,346	-	-
Other financing	-111,335	-108,743	-84,012
Total payments from financing activities	-503,956	-354,231	-215,693
Net cash flows from financing activities	-119,708	-61,931	-131,127
Net increase/(decrease) in cash and cash equivalents	-112,789	-83,891	70,849
Cash and cash equivalents at the beginning of reporting period	297,493	272,799	226,644
Cash and cash equivalents at the end of reporting period	184,704	188,908	297,493
Key fiscal aggregates (refer to Appendix E - Glossary)			
Net cash from operating activities	99,536	182,621	482,258
Net cash flows from investments in non-financial assets	-149,517	-252,566	-127,747
Distributions paid	-160,741	-110,895	-179,555
Cash surplus (+)/deficit (-)	-210,722	-180,840	174,955

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

Note: The above Statement of cash flows should be read in conjunction with the accompanying notes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2020**

Entity	Appropriation Act 2019-20 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
ACT Executive							
Payments on behalf of the Territory	12,215	-	-	-	-	12,215	11,785
ACT Gambling and Racing Commission							
Controlled recurrent payments	5,167	-	-	-	1,033	6,200	6,200
ACT Integrity Commission							
Controlled recurrent payments	2,668	-	-	-	-	2,668	1,768
Capital injection	-	-	-	775	-	775	775
ACT Health Directorate							
Controlled recurrent payments	229,341	(2,335)	784	-	10,922	238,712	226,778
Capital injection	83,368	(63,362)	-	-	11,532	31,538	19,005
Payments on behalf of the Territory	12,182	-	-	-	7,700	19,882	14,447
ACT Local Hospital Network							
Controlled recurrent payments	771,178	2,335	120	-	135,274	908,907	869,147
Auditor-General							
Controlled recurrent payments	3,124	-	-	-	-	3,124	3,124
Canberra Health Services							
Capital injection	69,965	3,162	-	-	10,121	83,248	66,375
Canberra Institute of Technology							
Controlled recurrent payments	75,067	-	292	-	-	75,359	75,359
Capital injection	7,407	-	-	-	113	7,520	7,130
Chief Minister, Treasury and Economic Development Directorate							
Controlled recurrent payments	378,821	-	125	6,390	11,458	396,794	396,794
Capital injection	155,964	-	-	-	20,827	176,791	116,854
Payments on behalf of the Territory	72,309	-	-	-	104	72,413	72,319
City Renewal Authority							
Controlled recurrent payments	11,711	-	-	-	363	12,074	10,028
Capital injection	24,144	-	-	-	-	24,144	5,958

* Additional approved appropriations relate to appropriations under the *Appropriation Act 2019-20 (No. 2)*, act of grace payments and transfer of undispersed 2018-19 appropriation from 2018-19 to 2019-20 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

Entity	Appropriation Act 2019-20 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
Community Services Directorate							
Controlled recurrent payments	186,474	-	1,315	6,791	4,284	198,864	198,864
Capital injection	2,898	-	-	-	649	3,547	2,737
Payments on behalf of the Territory	157,864	-	-	-	-	157,864	157,864
Cultural Facilities Corporation							
Controlled recurrent payments	9,162	-	-	-	-	9,162	9,162
Capital injection	2,552	-	-	-	-	2,552	2,164
Education Directorate							
Controlled recurrent payments	760,057	-	2,350	8,900	2,362	773,669	772,491
Capital injection	92,204	-	-	-	-	92,204	91,054
Payments on behalf of the Territory	316,403	-	26,144	-	-	342,547	341,076
Electoral Commissioner							
Controlled recurrent payments	4,126	-	-	-	-	4,126	3,592
Capital injection	862	-	-	-	30	892	500
Environment, Planning and Sustainable Development Directorate							
Controlled recurrent payments	150,757	-	725	-	17,558	169,040	135,597
Capital injection	57,484	-	44	-	7,957	65,485	30,550
Payments on behalf of the Territory	2,580	-	-	-	629	3,209	1,840
Housing ACT							
Controlled recurrent payments	51,345	-	135	4,616	-	56,096	56,096
Capital injection	44,652	-	-	355	576	45,583	34,067
Icon Water Limited							
Controlled recurrent payments	12,586	-	-	-	-	12,586	12,586

* Additional approved appropriations relate to appropriations under the *Appropriation Act 2019-20 (No. 2)*, act of grace payments and transfer of undispersed 2018-19 appropriation from 2018-19 to 2019-20 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

Entity	Appropriation Act 2019-20 \$'000	Neutral transfers between appropriations/ entities \$'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							
Controlled recurrent payments	545	-	-	-	-	545	538
Justice and Community Safety Directorate							
Controlled recurrent payments	340,481	(450)	250	9,200	6,642	356,123	346,923
Capital injection	37,062	450	-	-	2,905	40,417	25,219
Payments on behalf of the Territory	189,329	-	-	1,500	744	191,573	190,873
Legal Aid Commission (ACT)							
Controlled recurrent payments	13,069	-	-	-	-	13,069	13,032
Capital injection	80	-	-	-	-	80	80
Major Projects Canberra							
Controlled recurrent payments	-	7,568	-	4,700	88	12,356	11,200
Capital injection	-	108,509	-	-	39,224	147,733	70,805
Office of the Legislative Assembly							
Controlled recurrent payments	10,291	-	-	-	-	10,291	10,291
Capital injection	1,463	-	-	-	-	1,463	928
Payments on behalf of the Territory	9,632	-	-	-	-	9,632	9,345
Public Trustee and Guardian							
Controlled recurrent payments	2,266	-	-	-	226	2,492	2,486
Superannuation Provision Account							
Capital injection	289,811	-	-	-	-	289,811	289,811
Transport Canberra and City Services Directorate							
Controlled recurrent payments	406,466	(7,568)	33	8,400	4,751	412,082	412,082
Capital injection	275,558	(48,309)	120	-	46,445	273,814	157,234

* Additional approved appropriations relate to appropriations under the *Appropriation Act 2019-20 (No. 2)*, act of grace payments and transfer of undispersed 2018-19 appropriation from 2018-19 to 2019-20 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2020**

Entity	Appropriation Act 2019-20 \$'000	Neutral transfers between appropriations/ entities \$'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							
Controlled recurrent payments	3,424,702	(450)	6,129	48,997	194,961	3,674,339	3,574,138
Capital injection	1,145,474	450	164	1,130	140,379	1,287,597	921,246
Payments on behalf of the Territory	772,514	-	26,144	1,500	9,177	809,335	799,549
Treasurer's advance	53,400	-	-	-	220,000	273,400	-
Total appropriations	5,396,090	-	32,437	51,627	564,517	6,044,671	5,294,933

* Additional approved appropriations relate to appropriations under the *Appropriation Act 2019-20 (No. 2)*, act of grace payments and transfer of undispersed 2018-19 appropriation from 2018-19 to 2019-20 under the *Financial Management Act 1996*.

The variances between the total appropriated and final appropriation drawn columns for 2019-20 are largely due to the following:

Controlled recurrent payments: The variation is largely due to undrawn appropriation in relation to the Territory's public health emergency response to COVID-19, offset by activities undertaken to respond to the pandemic and the deferral of expenditure from 2019-20 to future years.

Capital injection: The variation is largely due to the deferral of expenditure from 2019-20 to future years, the most significant of which relate to capital infrastructure projects including Delivering the SPIRE centre at Canberra Hospital, Light rail City to Woden and raising London Circuit, Woden bus depot, Better infrastructure for active travel, rehabilitating landfill sites and numerous other lower valued capital works projects. The details of these deferrals are also disclosed in agencies' financial statements (statement of appropriation).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

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

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

Financial administration and preparation of consolidated financial statements

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

Section 22 of the FMA requires the Under Treasurer to prepare Consolidated Annual Financial Statements for the Territory. In an ordinary election year an audit opinion would be issued on the Consolidated Annual Financial Statements within three months after the end of financial year. Due to the impacts of COVID-19, section 24 (3) of the *Financial Management Act 1996* was amended for the 2019-20 financial year to provide four months for an audit opinion to be issued.

2 DISAGGREGATED INFORMATION

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

General Government Sector (GGS)

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

Public Trading Enterprises (PTE)

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

3 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES

General Government Sector

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

Public Trading Enterprises

CIT Solutions Pty Limited
City Renewal Authority
Housing ACT
Icon Water Limited
Suburban Land Agency
Transport Canberra Operations

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

4 IMPACT OF COVID-19

The Territory has experienced significant impacts arising from the COVID-19 health emergency, particularly in the last quarter of 2019-20. Impacts are evident on the Territory's GST revenue, own source taxation and dividends from the Suburban Land Agency due to lower economic activity.

Expenditure has also increased associated with the Territory's COVID-19 Economic Survival Package which included a range of measures to support the community including helping businesses and industry to reopen and adjust to physical distancing requirements, protecting jobs and supporting Canberra households.

The current economic uncertainty also presents other impacts on the Territory's financial statements including the recoverability of receivables and values of property, plant and equipment. It is largely too early to estimate these impacts on the financial statements with any certainty. Where impacts are known and have been experienced they are included in the relevant financial statement line item, disclosure note and variance explanations as applicable.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

REVENUE	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
5 TAXATION REVENUE				
Duties ^(a)	235,934	280,654	235,615	279,882
Payroll tax	561,775	549,238	548,349	536,656
General rates	597,278	558,484	577,693	540,162
Motor vehicle registration fees	153,249	144,243	153,249	144,243
Land tax	143,378	137,074	143,378	137,074
Gambling taxes	56,521	59,691	56,521	59,691
Fire and emergency services levy	86,679	84,135	83,844	81,373
Utilities (network facilities) tax	41,342	41,043	30,699	30,562
Lease variation charge	23,208	32,847	23,208	32,847
Ambulance levy	23,937	22,532	23,937	22,532
Energy industry levy	3,392	3,955	3,392	3,955
Lifetime care and support levy	15,145	14,762	15,145	14,762
Safer families levy	4,783	4,843	4,632	4,690
Other taxes	2,585	548	2,585	548
Total taxation revenue	1,949,207	1,934,050	1,902,249	1,888,977
Notes: (a) The decrease in duties is largely due to a decrease in residential conveyance revenue mainly reflecting take up of Home Buyer Concessions following the discontinuation of the First Home Owner's Grant, which results in home buyers not having to pay the duty.				
6 COMMONWEALTH GRANTS				
GST revenue grant ^(a)	1,239,910	1,308,527	1,239,910	1,308,527
ACT Municipal Services	40,677	40,116	40,677	40,116
National specific purpose and reform payments ^(b)	889,936	798,303	889,936	798,303
National partnership payments ^(c)	102,748	103,353	102,748	103,353
<i>Other grants:</i>				
Financial assistance grants for Local Government ^(d)	55,108	53,894	55,108	53,894
Other grants	35,028	29,014	37,051	31,381
Total grants revenue	2,363,407	2,333,207	2,365,430	2,335,574

Notes: (a) GST revenue grants represent the distribution of Goods and Services tax revenue collected by the Commonwealth Government and transferred to State and Territory Governments. The decrease reflects write downs in the GST pool due to lower national economic activity.

(b) National specific purpose and reform grants are Commonwealth financial contributions to support delivery of services in specified sectors and are subject to conditions on expenditure. The Territory (through the General Government Sector) receives funding for healthcare, schools, skills and workforce development, affordable housing and disability purposes. The increase mainly reflects higher health related grants received for the COVID-19 public health emergency response, prior year reconciliations under the National Health Reform Agreement and growth in health and education services.

(c) National partnership payments are received to support the delivery of specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms or achieve service delivery improvements.

(d) Financial assistance grants for Local Government are received 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

7 OTHER SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS

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		Total Territory	
	2019-20	2018-19	2019-20	2018-19
	Actual	Actual	Actual	Actual
	\$'000	\$'000	\$'000	\$'000
Water, sewerage and other related services	-	-	311,185	283,031
Residential housing tenants and rental income	10,610	11,042	95,749	95,877
Health cross-border revenue ^(a)	116,596	120,334	116,596	120,334
Hospital and other health services ^(b)	96,496	119,579	96,496	119,579
Regulatory services ^(c)	156,792	145,540	121,961	113,770
Service receipts and fees ^(d)	166,497	164,646	176,705	181,510
Total other sales of goods and services from contracts with customers	546,992	561,142	918,691	914,102

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. The decrease is mainly due to the reclassification of high cost drugs revenue from sales of goods and services to other revenue in accordance with AASB 1058: 'Income of Not-for-Profit Entities.

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

(d) Service receipts and fees include items such as venue and equipment hire, event management, sports match receipts, extension of time to build fees, capital linen revenue, merchandise sales, bus fares, fire safety certifier fees, parking fees and drivers' licences.

8 DIVIDEND AND INCOME TAX EQUIVALENTS INCOME

Dividends from public trading enterprises	116,461	182,460	-	-
Income tax equivalents from public trading enterprises	41,200	105,728	-	-
Total dividend and income tax equivalents income^(a)	157,661	288,188	0	0

Note: (a) The decrease is largely due to lower residential land sales due to subdued market conditions during the first half of the year and impacts of the COVID-19 pandemic.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

EXPENSES

		General Government Sector		Total Territory	
		2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
9	EMPLOYEE EXPENSES				
	Wages and salaries	2,205,182	1,954,145	2,391,602	2,121,690
	Long service leave and annual leave	120,187	126,619	131,131	135,555
	Workers' compensation insurance premiums ^(a)	0	37,210	0	45,361
	Total employee expenses	2,325,368	2,117,974	2,522,733	2,302,606

Notes: (a) The decrease is due to the Territory self insuring for workers compensation through the Public Sector Workers Compensation Fund which commenced on 1 March 2019. Expenses in relation to workers compensation are now reflected as claims expenses under other operating expenses.

10 SUPERANNUATION EXPENSES

Superannuation expenses are primarily managed by the General Government Sector on behalf of the Territory and comprised of:

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

Superannuation interest cost ^(a)	228,635	305,767	228,635	305,767
Other superannuation expenses	473,542	407,702	490,024	423,588
Total superannuation expenses	702,177	713,469	718,659	729,355

Represented by:

Superannuation expenses (CSS and PSS)	507,170	535,124	507,170	535,124
Superannuation payment to CSC (for the PSSap)	10,221	9,122	10,714	9,550
Productivity benefit	15,771	27,018	16,789	28,046
Superannuation to other external providers, including fund of choice	169,014	142,205	183,986	156,636
Total superannuation expenses	702,177	713,469	718,659	729,355

Notes: (a) Superannuation interest cost is a component of total superannuation expense to the extent the liability is unfunded. 'Superannuation interest cost' does not represent an actual borrowing from employees and the breakdown of total superannuation expenses into 'superannuation interest cost' and 'other superannuation expenses' is simply for presentational and reporting purposes.

11 SUPPLIES AND SERVICES

Communication, travel and staff development	104,640	101,769	116,503	109,315
Materials, equipment and supplies	290,188	279,918	397,711	375,837
Property rental and occupancy expenses (including utilities) ^(a)	55,214	88,301	52,762	80,319
Repairs and maintenance	148,417	144,952	202,806	188,116
Consultant fees, contractor payments and professional services	250,138	238,012	272,700	259,558
Community policing	170,258	166,482	170,258	166,482
Other supplies and services	22,172	34,230	51,149	39,231
Total supplies and services	1,041,026	1,053,664	1,263,889	1,218,858

Note: (a) The decrease is mainly due to the implementation of AASB 16: 'Leases', from 1 July 2019. The Territory has adopted the modified retrospective approach from 1 July 2019 and prior year information has not been restated. Refer to Appendix D - Change in accounting policy and accounting estimates.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12 GRANTS AND PURCHASED SERVICES

Under the *Financial Management Act 1996*, appropriations may be made to directorates and a limited number of territory authorities and are recorded as 'Appropriation payments to agencies and asset transfers to another entity'.

Government grants and purchased services expense comprised amounts relating to:

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Grants to non-government schools	341,059	316,551	341,059	316,551
Grant payment (education and community services)	2,785	4,077	30,629	25,793
First home owners' grant	5,086	7,844	5,086	7,844
Capital grants	23,278	6,047	23,278	6,047
Appropriation payments to agencies and asset transfers to another entity ^(a)	172,145	74,181	91,476	2,764
Skills Canberra	30,005	26,976	30,005	26,976
Sport, recreation and VisitCanberra	16,495	14,301	16,495	14,301
Other current grants	45,352	27,504	45,633	27,945
Total grants	636,205	477,480	583,660	428,220
Purchase of transport services from Transport Canberra Operations ^(b)	179,445	111,182	-	-
Purchase of health services from Calvary Hospital	234,388	223,233	234,388	223,233
Purchase of health services from other jurisdictions	52,945	46,536	52,945	46,536
Payments to non-government organisations (health and disability) ^(c)	314,586	258,746	314,586	258,746
Other purchased services	2,052	77	1,978	-
Total purchased services	783,417	639,774	603,898	528,515
Total grants and purchased services	1,419,622	1,117,254	1,187,558	956,615

Notes: (a) The increase is largely due to the surrender of Large-Scale Generation Certificates held by the Territory to meet the ACT Government's renewable energy targets.

(b) The increase is mainly due to the transfer of light rail operations to the Public Trading Enterprises Sector which includes the on pass of funding related to the Public Private Partnership for light rail.

(c) The increase is mainly due to higher National Disability and Insurance Scheme payments.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13 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'.

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Waivers				
Other waivers	6,711	2,372	7,267	2,372
Total waivers^(a)	6,711	2,372	7,267	2,372
Impairment losses				
<i>Impairment loss from receivables</i>				
Expected credit loss expense	10,621	8,417	10,685	8,898
Total impairment loss from receivables	10,621	8,417	10,685	8,898
<i>Impairment loss from property, plant and equipment</i>				
Plant and equipment	536	35	555	41
Total impairment loss from property, plant and equipment	536	35	555	41
Total impairment losses	11,157	8,452	11,240	8,939
Write-offs				
Write-offs	8,222	5,640	12,207	8,070
Total write-offs	8,222	5,640	12,207	8,070
Total waivers, impairment losses and write-offs	26,090	16,464	30,714	19,381

Note: (a) There were 655 waivers approved in 2019-20 for the General Government Sector (GGS) (2018-19: 408) and 2,260 for the Territory (2018-19: 408). The increase in waivers is mainly due to the ACT Government's COVID-19 support package which waived a number of fees for business.

14 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 175 act of grace payments made by the General Government Sector (GGS) and the Territory (2018-19: 122) during the reporting period pursuant to Section 130 of the *Financial Management Act 1996* (FMA), totalling \$1,197,000 (2018-19: \$61,000).

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 the financial statements of Chief Minister, Treasury and Economic Development Directorate, Canberra Health Services, Justice and Community Safety Directorate and ACT Gambling and Racing Commission (act of grace payments note).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

ASSETS

15 ADVANCES PAID

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

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Current loans receivable	5,594	331,233	12,611	2,576
Non-current loans receivable	1,844,911	1,463,587	81,121	61,016
Total advances paid	1,850,505	1,794,820	93,732	63,593

16 INVESTMENTS AND LOANS

Current investments are comprised of securities and standard market instruments which must conform to applicable standard market conventions and requirements. The bulk of these investments represent 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.

Current investments

Short-term securities	-	-	33,000	37,000
Government fixed interest bonds	1,083,040	1,023,466	1,083,040	1,023,466
Shares and equities	2,747,962	2,728,431	2,747,962	2,728,431
Investment in property and infrastructure trusts	462,575	417,534	462,575	417,534
Other current investments	598,751	670,101	598,751	680,101

Total current investments

4,892,327	4,839,533	4,925,327	4,886,533
------------------	------------------	------------------	------------------

Non-current investments

Other non-current investments	3,925	3,821	3,925	3,821
-------------------------------	-------	-------	-------	-------

Total non-current investments

3,925	3,821	3,925	3,821
--------------	--------------	--------------	--------------

Total investments and loans

4,896,253	4,843,354	4,929,253	4,890,354
------------------	------------------	------------------	------------------

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		General Government Sector		Total Territory	
		2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
17 RECEIVABLES					
<i>Current receivables</i>					
Trade receivables		320,363	251,010	255,070	321,008
Right to receive infrastructure from land developers ^(a)		-	-	13,973	20,025
Prepayments		29,427	23,675	43,755	35,794
Less: Expected credit loss allowance		-33,836	-24,543	-44,112	-33,910
Net current trade receivables		315,955	250,142	268,687	342,916
Accrued revenue ^(b)		92,146	195,470	83,981	76,428
Other current receivables		180,573	148,641	103,283	105,663
Receivable from Comcare ^(c)		304,576	305,902	304,576	305,902
Total current receivables		893,250	900,155	760,527	830,910
<i>Non-current trade receivables</i>					
Trade receivables		35,577	21,418	35,589	21,433
Prepayments		2,028	702	2,028	10,570
Less: Expected credit loss allowance		-22	-21	-22	-21
Net non-current trade receivables		37,582	22,099	37,595	31,982
Other receivables ^(b)		196,608	115,657	39,944	52,775
Total non-current receivables		234,190	137,756	77,539	84,757
Total receivables		1,127,441	1,037,910	838,066	915,667

(refer Appendix B(n): 'Receivables')

Notes: (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.

(b) The variances are largely due to the deferral of dividend payments by the Suburban Land Agency to future years.

(c) The amount receivable from Comcare reflects the recognition of amounts to be paid to the Territory for exiting the Comcare scheme during 2019.

Reconciliation of the loss allowance for receivables

Allowance at the beginning of the reporting period	24,564	22,201	33,931	29,944
Remeasurement under AASB 9		-790		-331
Restated allowance for impairment losses at the beginning of the reporting period	24,564	21,411	33,931	29,613
Additional allowance recognised during the reporting period	-	2,866	-	2,874
Less: Reduction in allowance from amounts recovered during the reporting period	3,929	-2,469	3,897	-2,564
Less: Reduction in allowance from amounts written-off during the reporting period	-3,893	-2,529	-6,808	-5,066
Expected credit loss expense	9,259	5,285	13,114	9,074
Allowance for impairment losses at the end of the reporting period	33,858	24,564	44,134	33,931

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

17 RECEIVABLES - CONTINUED

Expected credit loss allowance provision matrix - General Government Sector

	Not Overdue	Overdue				Total
		1-30 Days	31 to 60 Days	61 to 90 Days	> 91 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2020						
Expected credit loss rate (%)	0%	8%	16%	10%	67%	6%
Estimated total gross carrying amount at default	325,474	22,569	5,099	140,500	21,674	515,317
Expected credit loss allowance	500	1,735	832	14,097	14,611	31,775
30 June 2019						-
Expected credit loss rate (%)	1%	4%	14%	13%	15%	6%
Estimated total gross carrying amount at default	228,502	23,598	16,104	114,345	15,163	397,712
Expected credit loss allowance	1,840	937	2,238	14,636	2,322	21,973

Expected credit loss allowance provision matrix - Total Territory

	Not Overdue	Overdue				Total
		1-30 Days	31 to 60 Days	61 to 90 Days	> 91 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2020						
Expected credit loss rate (%)	1%	7%	13%	10%	56%	7%
Estimated total gross carrying amount at default	290,710	24,782	6,360	141,378	28,240	491,470
Expected credit loss allowance	3,598	1,770	852	14,230	15,887	36,337
30 June 2019						
Expected credit loss rate (%)	1%	5%	15%	13%	32%	7%
Estimated total gross carrying amount at default	273,790	25,977	17,782	114,799	29,317	461,664
Expected credit loss allowance	2,725	1,380	2,695	14,643	9,307	30,750

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 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. Right of use assets recognised under AASB 16 Leases are disclosed under the relevant class of property, plant and equipment.

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

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

Right of use buildings: includes office buildings for non-cancellable leases.

Leasehold Improvements: represent capital expenditure incurred in relation to leased assets. This includes fitouts 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.

Right of use plant and equipment: includes leases for motor vehicles, ICT and office equipment.

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

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

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
LAND AND BUILDINGS				
Land at cost	7,698	-	7,698	-
Total land at cost	7,698	-	7,698	-
Land at fair value	3,975,883	3,958,851	7,933,455	7,934,916
Landfill restoration at fair value	39,240	32,138	39,240	32,138
Less: accumulated depreciation on landfill restoration	34,818	27,622	34,818	27,622
Total land at fair value	3,980,305	3,963,367	7,937,877	7,939,432
Buildings at fair value	3,914,497	3,864,863	5,633,922	5,503,798
Less: accumulated depreciation	141,741	224,576	187,567	236,183
Less: accumulated impairment losses	2,571	2,449	5,907	6,061
Total buildings at fair value	3,770,184	3,637,838	5,440,449	5,261,553
Leased buildings at fair value	-	202,417	-	202,417
Less: accumulated depreciation	-	2,384	-	2,384
Total leased buildings at fair value	-	200,033	-	200,033
Right of use buildings at cost	724,157	-	812,931	-
Less: accumulated depreciation	44,995	-	46,000	-
Total right of use buildings at cost	679,162	-	766,932	-
Total written down value of land and buildings	8,437,349	7,801,238	14,152,955	13,401,018
PLANT AND EQUIPMENT				
Plant and equipment at cost	379,609	514,242	379,791	515,114
Less: accumulated depreciation	237,363	333,335	237,430	333,376
Total plant and equipment at cost	142,246	180,907	142,361	181,738
Plant and equipment at fair value	246,060	79,242	409,969	235,101
Less: accumulated depreciation	139,768	23,032	153,154	46,946
Less: accumulated impairment losses	2	137	2	137
Total plant and equipment at fair value	106,291	56,073	256,813	188,018
Plant and equipment under a finance lease at cost	-	200	-	200
Less: accumulated depreciation	-	150	-	150
Plant and equipment under a finance lease at fair value	-	176,012	-	176,012
Less: accumulated depreciation	-	1,099	-	1,099
Total plant and equipment under a finance lease	-	174,963	-	174,963
Right of use plant and equipment at cost	45,961	-	232,897	-
Less: accumulated depreciation	14,474	-	17,383	-
Total right of use plant and equipment at cost	31,487	-	215,513	-
Total written down value of plant and equipment	280,024	411,943	614,688	544,719

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		General Government Sector		Total Territory	
		2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
18	PROPERTY, PLANT AND EQUIPMENT - CONTINUED				
	LEASEHOLD IMPROVEMENTS				
	Leasehold improvements at cost	16,769	23,530	17,365	24,195
	Less: accumulated depreciation	15,948	21,736	16,376	22,070
	Total leasehold improvements at cost	821	1,794	989	2,125
	Leasehold improvements at fair value	99,146	67,800	101,844	67,816
	Less: accumulated depreciation	24,951	19,817	25,566	19,822
	Total leasehold improvements at fair value	74,195	47,983	76,278	47,994
	Total written down value of leasehold improvements	75,016	49,776	77,266	50,119
	INFRASTRUCTURE ASSETS				
	Infrastructure assets at cost	-	-	-	15,529
	Less: accumulated depreciation	-	-	-	325
	Total infrastructure assets at cost	-	-	-	15,204
	Infrastructure assets at fair value	7,785,671	8,127,878	10,970,813	10,684,082
	Less: accumulated depreciation	232,213	199,528	564,416	476,458
	Less: accumulated impairment losses	5,996	5,964	5,996	5,964
	Total infrastructure assets at fair value	7,547,462	7,922,386	10,400,401	10,201,660
	Total written down value of infrastructure assets	7,547,462	7,922,386	10,400,401	10,216,864
	HERITAGE AND COMMUNITY ASSETS				
	Heritage and community assets at cost	-	-	442	442
	Less: accumulated depreciation	-	-	-	-
	Total heritage and community assets at cost	-	-	442	442
	Heritage and community assets at fair value	234,617	234,662	241,975	234,682
	Less: accumulated depreciation	1,678	4,638	1,678	4,638
	Less: accumulated impairment losses	1,487	64	1,487	64
	Total heritage and community assets at fair value	231,453	229,960	238,810	229,980
	Total written down value of community and heritage assets	231,453	229,960	239,253	230,423
	Total written down value of property, plant and equipment	16,571,304	16,415,304	25,484,563	24,443,142

(Refer to Appendix B(t): 'Acquisition and recognition of property, plant and equipment').

Valuation of non-current assets

The majority of the Territory's assets are valued either by an independent and qualified valuer, or internally by Officers of Directorates using ACT policy. The Territory's assets are valued on a three year rolling basis. (Refer to Appendix B(u): 'Measurement of property, plant and equipment after initial recognition').

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 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 2019-20.

	Land \$'000	Buildings \$'000	Right of use buildings \$'000	Plant and equipment \$'000	Right of use plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
Balance at 1 July 2019	3,963,367	3,637,838	200,033	236,980	174,963	49,776	7,922,386	229,960	16,415,304
Recognition of right of use assets on initial application of AASB16	-	-	604,544	-	46,074	-	-	-	650,618
Adjusted carrying amount at the beginning of the reporting period	3,963,367	3,637,838	804,577	236,980	221,037	49,776	7,922,386	229,960	17,065,921
Additions	62,029	207,828	-	57,769	-	31,100	246,793	-26,397	579,122
Assets classified as held for sale	-39,816	-	-	-	-	-1	-	35	-39,782
Revaluation adjustments	-5,959	39,241	-	17,551	82	1,615	22,794	37,378	112,702
Impairment losses recognised directly in equity	-	-123	-	1	-	-	-32	-	-154
Depreciation	-1,298	-122,821	-43,002	-51,005	-14,590	-10,876	-177,333	-1,909	-422,833
Assets transferred	-1,358	-	-82,413	-6,723	-175,263	-	-483,511	-	-749,268
Disposals	-284	-476	-	-8,057	-57	-54	-399	-64	-9,391
Other movements/reclassifications	11,322	8,697	-	2,020	278	3,456	16,765	-7,551	34,988
Balance at 30 June 2020	3,988,003	3,770,184	679,162	248,537	31,487	75,016	7,547,462	231,453	16,571,304

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 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 2018-19.

	Land \$'000	Buildings \$'000	Leased buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
Balance at 1 July 2018	3,847,121	3,608,715	-	229,514	-	53,425	7,002,155	226,277	14,967,207
Additions	3,918	162,609	201,780	64,688	176,069	4,799	718,967	7,619	1,340,449
Assets classified as held for sale	-38,835	-	-	-	-	-	-	-	-38,835
Revaluation adjustments	123,720	6,788	-	-	-	-1,720	362,620	57,523	548,930
Impairment losses recognised directly in equity	-	-2,040	-	9	-	-	-1,046	-1,430	-4,507
Depreciation	-1,298	-123,830	-1,747	-52,582	-1,106	-10,742	-168,586	-5,737	-365,629
Disposals	-14,411	-2,644	-	-2,965	-	-	-1,973	-15	-22,008
Other movements/reclassifications	56,357	-9,702	-	-1,683	-	4,015	10,249	-54,277	4,959
Balance at 30 June 2019	3,963,367	3,637,838	200,033	236,980	174,963	49,776	7,922,386	229,960	16,415,304

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 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 2019-20.

	Land \$'000	Buildings \$'000	Right of use buildings \$'000	Plant and equipment \$'000	Right of use plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
Balance at 1 July 2019	7,939,432	5,261,553	200,033	369,755	174,963	50,119	10,216,864	230,423	24,443,142
Recognition of right of use assets on initial application of AASB16	-	-	609,192	-	56,582	-	-	-	665,773
Adjusted carrying amount at the beginning of the reporting period	7,939,432	5,261,553	809,224	369,755	231,544	50,119	10,216,864	230,423	25,108,914
Additions	93,178	315,237	-	77,375	-	31,492	390,274	-26,392	881,164
Assets classified as held for sale	-74,928	-9,493	-	-	-	-1	-	35	-84,387
Revaluation adjustments	4,955	37,244	3,283	24,097	6,420	1,615	24,341	37,020	138,975
Impairment losses recognised directly in equity	-	-82	-	-12	-	-	-32	-	-126
Depreciation	-1,298	-161,269	-45,576	-65,364	-23,182	-11,308	-242,170	-2,069	-552,237
Disposals	-284	-4,450	-	-8,132	-151	-54	-399	-64	-13,535
Other movements/reclassifications	-15,480	1,710	-	1,456	881	5,404	11,528	300	5,799
Balance at 30 June 2020	7,945,575	5,440,449	766,932	399,174	215,513	77,266	10,400,405	239,253	25,484,563

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 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 2018-19.

	Land \$'000	Buildings \$'000	Leased buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
Balance at 1 July 2018	7,668,347	5,168,417	-	346,592	-	53,897	9,280,394	226,740	22,744,387
Additions	29,029	278,106	201,780	91,287	176,069	4,804	803,952	7,619	1,592,644
Assets classified as held for sale	-66,589	-6,953	-	-	-	-	-	-	-73,542
Revaluation adjustments	275,892	11,586	-	-	-	-1,720	362,620	57,523	705,901
Depreciation	-1,298	-171,435	-1,747	-64,252	-1,106	-10,877	-226,706	-5,737	-483,158
Disposals	-14,411	-4,551	-	-2,969	-	-	-1,973	-15	-23,918
Other movements/reclassifications	57,243	-11,324	-	-910	-	4,016	-377	-54,277	-5,628
Balance at 30 June 2019	7,939,432	5,261,553	200,033	369,755	174,963	50,119	10,216,864	230,423	24,443,142

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 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 2020 and for the prior reporting period is provided below.

		Classification according to the fair value hierarchy			
		Level 1	Level 2	Level 3	Total
		\$'000	\$'000	\$'000	\$'000
General Government Sector - 2019-20					
Property, plant and equipment at fair value					
Land	-	3,411,202	569,103		3,980,305
Buildings	-	427,239	3,342,945		3,770,184
Plant and equipment	-	4,974	101,317		106,291
Leasehold improvements	-	164	74,031		74,195
Infrastructure assets	-	-1,695	7,549,157		7,547,462
Heritage and community assets	-	18,549	212,903		231,453
	-	3,860,432	11,849,458		15,709,890
General Government Sector - 2018-19					
Property, plant and equipment at fair value					
Land	-	3,316,172	647,196		3,963,367
Buildings	-	381,855	3,255,983		3,637,838
Leased buildings	-	-	200,033		200,033
Plant and equipment	-	2,876	53,197		56,073
Leased plant and equipment	-	-	174,963		174,963
Leasehold improvements	-	2,344	45,638		47,983
Infrastructure assets	-	6,082	7,916,304		7,922,386
Heritage and community assets	-	86,929	143,031		229,960
Total property, plant and equipment at fair value	-	3,796,258	12,436,345		16,232,603

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

	Classification according to the fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Total Territory - 2019-20				
Property, plant and equipment at fair value				
Land	-	7,344,606	593,271	7,937,877
Buildings	-	2,049,781	3,390,667	5,440,449
Plant and equipment	-	8,799	248,014	256,813
Leasehold improvements	-	1,845	74,433	76,278
Infrastructure assets	-	-591	10,400,992	10,400,401
Heritage and community assets	-	18,569	220,241	238,810
Total property, plant and equipment at fair value	-	9,423,009	14,927,619	24,350,628
	Classification according to the fair value hierarchy			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Total Territory - 2018-19				
Property, plant and equipment at fair value				
Land	-	7,257,433	681,999	7,939,432
Buildings	-	1,955,206	3,306,347	5,261,553
Leased buildings	-	-	200,033	200,033
Plant and equipment	-	3,876	184,141	188,018
Leased plant and equipment	-	-	174,963	174,963
Leasehold improvements	-	2,344	45,650	47,994
Infrastructure assets	-	-1,395	10,203,055	10,201,660
Heritage and community assets	-	86,949	143,031	229,980
Total property, plant and equipment at fair value	-	9,304,414	14,939,218	24,243,633

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Valuation techniques, inputs and processes

Level 2 valuation techniques and inputs

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

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

Level 3 valuation techniques and inputs

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

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

Valuation technique: Buildings, leasehold improvements, infrastructure assets and community and heritage assets were considered specialised assets by the valuers and measured using the cost approach.

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

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

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Fair value measurements using significant unobservable inputs (level 3) - General Government Sector

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
2019-20	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value at the beginning of the reporting period	647,196	3,255,983	200,033	53,197	174,963	45,638	7,916,304	143,031	12,436,345
Additions	-	71,942	-	15,597	-	1,083	251,351	-16,628	323,345
Revaluation increments/(decrements) recognised in profit or loss	-77,130	-53	-	-	-	1,833	4,808	-	-70,541
Revaluation increments recognised in other comprehensive income	26,493	79,710	-	17,221	-	-218	17,954	38,251	179,411
Transfers to level 2	-	-	-	573	-	-	-	-	573
Depreciation	-1,298	-116,952	-	-20,651	-	-13,765	-177,333	-2,857	-332,856
Disposal of assets	13,270	-82,399	-	-6,709	-	28,760	-464,485	-	-511,564
Other movements/reclassifications	-39,428	134,714	-200,033	42,091	-174,963	10,700	558	51,106	-175,256
Fair value at the end of the reporting period	569,103	3,342,945	-	101,317	-	74,031	7,549,157	212,903	11,849,458

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED
FAIR VALUE HIERARCHY - CONTINUED

Fair value measurements using significant unobservable inputs (level 3) - General Government Sector

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018-19									
Fair value at the beginning of the reporting period	912,190	3,228,544	-	50,952	-	48,266	7,006,274	138,938	11,385,165
Additions	1,053	147,350	201,780	11,962	176,069	5,147	708,751	7,529	1,260,272
Revaluation increments/(decrements) recognised in profit or loss	26	-	-	-	-	-	-	318	344
Revaluation increments recognised in other comprehensive income	71,389	-1,931	-	-	-	-	363,235	57,205	489,898
Impairment losses recognised in the operating statement	-	-2,040	-	12	-	-	-1,046	-	-3,074
Depreciation	-1,353	-104,966	-1,747	-9,097	-1,106	-8,522	-170,905	-5,630	-303,957
Disposal of assets	-17,789	-2,824	-	-408	-	-917	-1,973	-	-23,910
Other movements/reclassifications	-318,320	-8,151	-	-223	-	1,664	11,968	-55,328	-368,390
Fair value at the end of the reporting period	647,196	3,255,983	200,033	53,197	174,963	45,638	7,916,304	143,031	12,436,345
Total gains/(losses) for the period included in profit or loss under 'other gains'	-	-	-	48,739	-	-	-	340	49,079
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	-	-796	-	-106	-	-111	-136	-84	-1,233

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Fair value measurements using significant unobservable inputs (level 3) - Total Territory

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
2019-20	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Fair value at the beginning of the reporting period	681,999	3,306,347	200,033	184,141	174,963	45,650	10,203,055	143,031	14,939,218
Additions	-	73,307	-	34,340	-	1,475	393,719	-16,628	486,213
Revaluation increments/(decrements) recognised in profit or loss	-77,130	-53	-	-	-	1,833	4,669	-460	-71,140
Revaluation increments recognised in other comprehensive income	26,493	81,294	-	23,514	-	-218	19,642	38,358	189,083
Transfers to level 2	-10,635	-	-	573	-	-	6,300	7,851	4,088
Impairment losses recognised in the operating statement	-	-236	-	-	-	-	-	-	-236
Impairment losses recognised in other comprehensive income	-	-	-	-	-	-	-	-	-
Depreciation	-1,298	-120,680	-	-34,463	-	-13,766	-242,061	-3,017	-415,286
Disposal of assets	13,270	14	-	-551	-	28,760	15,110	-	56,603
Other movements/reclassifications	-39,428	50,673	-200,033	40,461	-174,963	10,699	559	51,106	-260,926
Fair value at the end of the reporting period	593,271	3,390,667	-	248,014	-	74,433	10,400,992	220,241	14,927,619

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

Fair value measurements using significant unobservable inputs (level 3) - Total Territory

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2018-19									
Fair value at the beginning of the reporting period	922,825	3,246,647	-	162,811	-	48,266	9,288,535	139,381	13,808,465
Additions	21,846	176,327	201,780	41,573	176,069	5,147	778,207	7,529	1,409,107
Revaluation increments/(decrements) recognised in profit or loss	26	-521	-	-	-	-	-	318	-177
Revaluation increments recognised in other comprehensive income	74,764	9,333	-	-	-	-	363,235	57,205	504,537
Reversal of impairment losses recognised in the operating statement	-	-	-	12	-	-	-	-	-
Impairment losses recognised in the operating statement	-	-2,040	-	12	-	-	-1,046	-	-3,074
Depreciation	-1,353	-106,920	-1,747	-20,385	-1,106	-8,524	-170,905	-5,630	-317,201
Disposal of assets	-17,789	-2,824	-	356	-	-917	-66,938	-	-88,111
Other movements/reclassifications	-318,320	-13,655	-	-238	-	1,678	11,966	-55,771	-374,339
Fair value at the end of the reporting period	681,999	3,306,347	200,033	184,141	174,963	45,650	10,203,055	143,031	14,939,218
Total gains/(losses) for the period included in profit or loss under 'other gains'	-	-	-	48,739	-	-	-	340	49,079
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	-	-796	-	-106	-	-111	-136	-84	-1,233

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19 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 large-scale generation certificates held by the Environment, Planning and Sustainable Development Directorate.

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Computer software				
<i>Internally generated software</i>				
Computer software at cost	212,435	200,202	212,435	200,202
Less: accumulated amortisation	129,955	124,014	129,955	124,014
<i>Total internally generated software</i>	82,480	76,188	82,480	76,188
<i>Externally purchased software</i>				
Computer software at cost	59,307	77,815	117,822	128,941
Less: accumulated amortisation	10,570	33,571	27,100	40,580
Less: Accumulated Impairment Losses	1	-	1	-
<i>Total externally purchased software</i>	47,919	44,244	89,904	88,361
Total computer software	130,398	120,432	172,383	164,549
<i>Externally purchased other intangibles</i>				
Other intangible assets at cost	85,298	106,144	85,746	106,775
Less: accumulated impairment losses	-	-	-	190
<i>Total externally purchased other intangibles</i>^(a)	85,298	106,144	85,746	106,585
Total other intangibles	85,298	106,144	85,746	106,585
Total intangible assets	215,697	226,577	258,131	271,135

Note: (a) The decrease is due to the surrender of energy renewable certificates to meet the ACT Government's energy renewable targets.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

19 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 2019-20.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	76,188	44,244	106,144	226,577
Additions	51,784	397	70,906	123,088
Disposals	-	-	-91,752	-91,752
Amortisation	-37,562	-3,539	-211	-41,312
Other changes	-7,932	6,817	211	-903
Balance at 30 June 2020	82,480	47,919	85,298	215,697

The following table shows the movement of each class of intangible assets held by the GGS during 2018-19.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	62,436	39,934	88,542	190,912
Additions	47,943	7,963	58,338	114,246
Amortisation	-33,939	-3,543	-	-37,482
Revaluation increments/(decrements)	-	-	-40,736	-40,736
Other changes	-253	-110	-	-363
Balance at 30 June 2019	76,188	44,244	106,144	226,577

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19 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 2019-20.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	76,188	88,361	106,585	271,135
Additions	51,784	3,443	71,413	126,640
Disposals	-	-	-91,752	-91,752
Amortisation	-37,562	-11,375	-1,339	-50,276
Other changes	-7,932	9,475	840	2,383
Balance at 30 June 2020	82,480	89,904	85,746	258,131

The following table shows the movement of each class of intangible assets held by the Territory during 2018-19.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018	62,903	64,842	88,542	216,287
Additions	47,613	28,325	59,420	135,358
Impairment loss	-	-	-190	-190
Amortisation	-34,075	-5,026	-	-39,101
Revaluation increments/(decrements)	-	-	-40,736	-40,736
Other changes	-253	220	-451	-484
Balance at 30 June 2019	76,188	88,361	106,585	271,135

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
LIABILITIES				
20 ADVANCES RECEIVED				
Current advances from the Commonwealth Government	4,488	54,319	8,891	58,830
Non-current advances from the Commonwealth Government	54,869	909,357	99,435	958,326
Total advances received^(a)	59,357	963,676	108,326	1,017,156

Note: (a) The decrease is largely due to the outstanding principal balance of the Commonwealth Asbestos Scheme Loan being repaid in full after securing replacement financing at a lower cost of funds. Replacement financing is reflected in the other borrowings line item on the Balance sheet.

21 FINANCE LEASES

In 2018-19, the General Government Sector and the Territory had the following commitments under finance leases. This includes public private partnership contracts. From 2019-20, in accordance with AASB 16: 'Leases', this information is disclosed under note 22 - Lease liabilities.

Within one year		38,794		38,794
Later than one year but not later than five years		155,178		155,178
Later than five years		579,230		579,230
Minimum lease payments	-	773,202	-	773,202
Less: future finance lease charges		341,894		341,894
Amount recognised as a liability	-	431,308	-	431,308
Total present value of minimum lease payments	-	431,308	-	431,308
The present value of the minimum lease payments are as follows:				
Within one year		11,516		11,516
Later than one year but not later than five years		54,402		54,402
Later than five years		365,390		365,390
Total present value of minimum lease payments	-	431,308	-	431,308
Represented by:				
Current liability		11,516		11,516
Non-current liability		419,792		419,792
Total present value of minimum finance lease payments	-	431,308	-	431,308

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

22 LEASE LIABILITIES - TERRITORY AS A LESSEE

The Territory has applied AASB 16: 'Leases' using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Territory has leases over a range of assets including land and buildings and IT equipment and has elected not to adopt AASB 16 for leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below, also refer to Appendix D - Change in accounting policy and accounting estimates.

Terms and conditions of leases

Building leases	The Territory has 31 non-cancellable leases for office buildings with lease terms of up to 20 years.
Motor vehicles	The Territory has numerous motor vehicle leases with lease terms of two to three years.
ICT and office equipment	The Territory has numerous ICT and office equipment leases with lease terms of three to ten years with no renewal options. Lease payments are fixed and not subject to increases throughout the lease term.
	Where the value of leased assets is low the exemption has been used to account for the expense through the operating statement as incurred.

Extension options

Where a lease contains extension options, at commencement date and at each subsequent reporting date, the Territory assesses where it is reasonably certain that the extension options will be exercised.

There are no potential future lease payments which are not included in lease liabilities as the Territory has assessed that the exercise of future options is reasonably certain.

Right of use assets

Details on right of use assets are shown at Note 18: 'Property, plant and equipment'.

Lease liabilities - General Government Sector

The maturity analysis of lease liabilities at 30 June 2020 based on contractual undiscounted cash flows is shown in the table below.

	<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in the Balance Sheet \$'000
	61,178	206,973	810,222	1,078,373	744,022

Lease liabilities - Total Territory

The maturity analysis of lease liabilities at 30 June 2020 based on contractual undiscounted cash flows is shown in the table below.

	<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in the Balance Sheet \$'000
	91,377	322,044	1,166,984	1,580,405	1,060,053

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

22 LEASE LIABILITIES - TERRITORY AS A LESSEE - CONTINUED

Operating statement - General Government Sector

The amounts recognised in the operating statement for 2019-20 relating to leases where the GGS is a lessee are shown below.

	\$'000
Depreciation on right of use assets	57,592
Interest on lease liabilities	7,456
Variable lease payments based on usage not included in the lease liability	540
Expenses relating to short term leases	11,753
Expenses relating to low value leases	753

Operating statement - Total Territory

The amounts recognised in the operating statement for 2019-20 relating to leases where the Territory is a lessee are shown below.

	\$'000
Depreciation on right of use assets	68,758
Interest on lease liabilities	26,031
Variable lease payments based on usage not included in the lease liability	556
Expenses relating to short term leases	12,128
Expenses relating to low value leases	970

Statement of cash flows - General Government Sector

The amounts recognised in the statement of cash flows for 2019-20 relating to leases where the GGS is a lessee are shown below.

	\$'000
Total cash outflow of leases	47,503

Statement of cash flows - Total Territory

The amounts recognised in the statement of cash flows for 2019-20 relating to leases where the Territory is a lessee are shown below.

	\$'000
Total cash outflow of leases	60,850

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

22 LEASE LIABILITIES - TERRITORY AS A LESSOR

Type	Description	Lease type
Office accommodation	The GGS leases office accommodation to other public trading enterprise government agencies and commercial and community organisations. These leases have been classified as operating leases as the lease arrangement does not substantially transfer risk and rewards of ownership to the lessee.	Operating
ICT equipment	The GGS leases ICT equipment to other public trading enterprise government agencies. These leases have been classified as operating leases as the lease arrangement does not substantially transfer risk and rewards of ownership to the lessee.	Operating
Investment property	Commercial property owned by the Territory and leased to ActewAGL with a non-cancellable period of 14 years. This lease has been classified as a operating lease as the lease arrangement does not substantially transfer risk and rewards of ownership to the lessee.	Operating

Operating leases

Where leases have been classified as operating leases, the underlying assets are included as property, plant and equipment in the balance sheet (refer note 18).

The amounts recognised in the operating statement for 2019-20 relating to operating leases where the Territory is a lessor are shown below.

Operating leases - General Government Sector

	\$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	8,598
Total income relating to operating leases	8,598

Maturity analysis of the undiscounted lease payments to be received after reporting date for operating leases:

	\$'000
>1 year	4,262
Between 1 - 2 years	-
Between 2 - 3 years	-
Between 3 - 4 years	-
Between 4 - 5 years	9,370
Greater than 5 years	60,785
Total	74,417

Operating leases - Total Territory

	\$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	6,743
Total income relating to operating leases	6,743

Maturity analysis of the undiscounted lease payments to be received after reporting date for operating leases:

	\$'000
>1 year	4,452
Between 1 - 2 years	1,825
Between 2 - 3 years	1,871
Between 3 - 4 years	-
Between 4 - 5 years	5,854
Greater than 5 years	32,402
Total	46,404

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		General Government Sector		Total Territory	
		2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
23 OTHER BORROWINGS					
<i>Current borrowings</i>					
Banks and financial institutions ^(a)		9,413	37,757	9,413	37,757
Bonds and bills		199,937	961,434	199,937	961,434
Total current borrowings		209,351	999,191	209,351	999,191
<i>Non-current borrowings</i>					
Bonds and bills		6,816,678	3,477,303	6,816,678	3,477,303
Total non-current borrowings		6,816,678	3,477,303	6,816,678	3,477,303
Total other borrowings ^(b)		7,026,028	4,476,494	7,026,028	4,476,494
Notes: (a) Major Projects Canberra operated an account in overdraft for receipt and payment of capital works expenditure. No interest was charged on this overdraft.					
(b) The increase in total other borrowings supports the ongoing investment in infrastructure projects as reflected in the original 2019-20 Budget as well as additional funding to support the Government's COVID-19 response and the estimated significant reduction in GST and own-source revenues. The 2019-20 financial year was very volatile in terms of movements in yields and access to financial markets to issue new bonds by all State and Territory governments was constrained temporarily. Against the volatile backdrop, the Government secured all required funding to maintain necessary liquidity for the budget. The increase also reflects replacement financing for the Commonwealth Asbestos Scheme Loan at a lower cost of funds. This financing is reflected in the advances received line item in the Balance sheet in 2018-19.					
24 SUPERANNUATION					
Superannuation liability at the beginning of the reporting period		11,776,168	9,735,868	11,776,295	9,735,868
Expense accrued during the period for Commonwealth superannuation		506,868	534,842	506,868	534,842
Other superannuation expenses		195,308	178,628	211,790	194,514
Superannuation expense		702,177	713,469	718,659	729,355
Less: actuarial gain/(loss) from actuarial review		-57,384	-1,758,234	-57,384	-1,758,234
Less: payments during the reporting period for superannuation		479,795	431,503	496,394	447,262
Superannuation liability at the end of the reporting period		12,055,934	11,776,168	12,055,943	11,776,295
Represented by:					
Current estimated employee superannuation liability		308,996	292,458	309,006	292,585
Non-current estimated employee superannuation liability		11,746,938	11,483,710	11,746,938	11,483,710
Total superannuation liabilities		12,055,934	11,776,168	12,055,943	11,776,295

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		General Government Sector		Total Territory	
		2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
25	EMPLOYEE BENEFITS				
	Employee benefits				
	<i>Current employee benefits</i>				
	Accrued wages and salaries	56,362	31,047	60,849	33,828
	Annual leave	303,133	263,665	326,312	282,959
	Long service leave	450,229	405,986	493,146	446,342
	Other employee benefits	2,069	979	3,543	2,323
	Total current employee benefits	811,793	701,676	883,850	765,452
	<i>Non-current employee benefits</i>				
	Long service leave	51,719	45,718	55,323	48,926
	Total non-current employee benefits	51,719	45,718	55,323	48,926
	Total employee benefits^(a)	863,512	747,394	939,173	814,378
	Estimated amount payable within 12 months				
	Accrued wages and salaries	55,133	30,632	59,677	33,414
	Annual leave	204,898	167,938	225,118	181,557
	Long service leave	99,790	36,777	111,659	1,147
	Other employee benefits	3,319	1,390	4,736	56,662
	Total employee benefits payable within 12 months	363,140	236,736	401,190	272,781
	Estimated amount payable after 12 months				
	Annual leave	98,212	95,731	106,984	101,405
	Long service leave	402,159	414,927	431,001	440,192
	Total employee benefits payable after 12 months	500,372	510,658	537,985	541,597
	Total employee benefits	863,512	747,394	939,173	814,378

The General Government Sector had approximately 21,241 full time equivalent employees (FTEs) as at 30 June 2020 (19,843 FTEs as at 30 June 2019). The Territory had approximately 23,097 FTEs as at 30 June 2020 (21,628 FTEs as at 30 June 2019).

Note: (a) The increase is associated with higher employee benefits in Canberra Health Services due to lower levels of leave during 2019-20 and increased staffing across the Territory resulting in higher leave entitlements.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		General Government Sector		Total Territory	
		2019-20	2018-19	2019-20	2018-19
		Actual	Actual	Actual	Actual
		\$'000	\$'000	\$'000	\$'000
26 PAYABLES					
<i>Current payables</i>					
Trade payables		34,789	35,978	51,008	44,316
Accrued expenses		143,718	163,137	191,996	210,211
GST liability		2,610	6,325	2,927	8,090
Revenue received in advance		-	31,767	-	94,538
Other payables		11,075	19,337	38,512	49,226
Total current payables		192,192	256,544	284,442	406,380
<i>Non-current payables</i>					
Other payables		-	1,372	-	1,322
Total non-current payables		-	1,372	-	1,322
Total payables		192,192	257,917	284,442	407,702
Payables are aged as follows:					
Not overdue		190,072	255,733	282,079	405,357
Overdue for less than 30 days		1,968	2,047	2,167	2,193
Overdue for 30 to 60 days		114	112	99	116
Overdue for more than 60 days		39	24	97	37
Total payables		192,192	257,917	284,442	407,702

27 CONTRACT LIABILITIES

Contract liabilities arising from contracts with customers

Contract liabilities relate to consideration received in advance from customers in respect of land sales contracts exchanged but not yet settled, amounts owed to Electrix Pty Ltd for the upgrade of street lights, burial fees, water and sewerage contracts and public transport fees.

Contract liabilities arising from assets being constructed or acquired which will be controlled by the Territory

Contract liabilities relate to funds received in advance in relation to water and sewerage capital contributions.

	2019-20	1 July 2019	2019-20	1 July 2019
	Actual	adjusted	Actual	adjusted
	\$'000	\$'000	\$'000	\$'000
Amounts received related to contracts with customers where the performance obligations has not yet been satisfied	41,828	25,609	102,988	25,608
Amounts received in relation to acquisition or construction of an asset to be controlled by the Territory which is not complete	735	-	1,411	371
Total contract liabilities	42,563	25,609	104,398	25,979

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

28 RECONCILIATION OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents at the end of the reporting period in the Balance sheet to the Statement of cash flows.

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Cash and cash equivalents in the Balance sheet				
Cash and deposits	2,108,325	1,254,689	2,260,029	1,515,181
Short-term securities and other cash equivalents	-	-	33,000	37,000
Bank overdraft	-8,986	-37,211	-8,986	-37,211
Cash and cash equivalents as per the Cash flow statement	2,099,337	1,217,477	2,284,042	1,514,970

(b) Reconciliation of the *Operating result* to *Net cash flows from operating activities*.

Operating result	-912,212	-147,913	-967,344	-202,460
<i>Add/(less) non-cash movements:</i>				
Depreciation and amortisation	465,827	403,478	604,505	522,665
Revaluation of non-financial assets	4,041	40,736	4,674	40,748
Bad debts	14,765	13,410	18,175	17,162
Capitalised distributions from associates and joint ventures	-	-	-2,055	-29,403
Waivers	6,711	2,223	7,267	2,223
Gains from contributed assets	-182,098	-114,896	-95,818	-90,433
Asset transfer to another entity	93,435	3,644	91,476	2,145
Assets required to be expensed	13,262	99,872	13,262	99,872
<i>Add/(less) items classified as investing or financing:</i>				
(Gains) on loose-fill asbestos insulation eradication scheme	-10,054	-25,899	-10,054	-25,899
Dividends (market gains on land sales)	-11,783	-42,815	-	-
Net (Gains)/losses on investments	9,235	-217,280	9,102	-217,458
Net (gains)/losses on disposal of non-current assets	-164	73,380	22,480	216,762
Cash before changes in operating assets and liabilities	-509,035	87,939	-304,329	335,924
<i>Change in operating assets and liabilities:</i>				
(Increase)/decrease in receivables	-104,569	-568,865	-231,830	-475,651
(Increase)/decrease in inventories	-3,289	177	-166,083	-124,627
Increase/(decrease) in payables	-65,724	58,752	-123,260	113,515
Increase/(decrease) in contract liabilities	42,563	-	104,398	-
Increase/(decrease) in employee benefits and provisions	534,423	777,503	546,978	803,178
Increase/(decrease) in other liabilities	1,133	-12,953	15,069	-12,529
Net cash flows from operating activities	-104,499	342,554	-159,058	639,810

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

29 OPERATING LEASE COMMITMENTS

From 2019-20 most operating lease commitments will no longer be reported as commitments and will be recorded in the Territory's Balance Sheet due to the implementation of AASB 16: 'Leases'. Refer to note 22 for further information. Commitments in 2019-20 reflect the impact of commitments to enter into operating lease arrangements, including the new Civic government office block after it is ready to be occupied.

The Territory had the following obligations under non-cancellable operating leases (these obligations were not recognised as liabilities):

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Payable:				
Within one year	13,139	71,941	13,139	75,390
Later than one year but not later than five years	74,255	229,182	74,255	238,286
Later than five years	362,554	841,400	362,554	842,336
Total operating lease commitments	449,948	1,142,523	449,948	1,156,012

30 CAPITAL COMMITMENTS

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

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

Payable:				
Within one year	168,841	151,300	282,309	189,668
Later than one year but not later than five years	28,052	21,531	73,416	49,272
Later than five years	2,129	2,642	2,129	3,568
Total property, plant and equipment capital commitments^(a)	199,021	175,473	357,853	242,508

Note: (a) The increase in Total Territory capital commitments is mainly due to construction contracts for the Acton Waterfront, upgrades to streetscapes and footpaths in the City, Braddon and Dickson, the New Woden Bus Depot, new buses and expanded programs under the Growing and Renewing Public Housing initiative.

31 OTHER COMMITMENTS

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

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

Payable:				
Within one year	947,065	962,568	1,026,580	1,033,903
Later than one year but not later than five years	804,303	1,235,724	885,276	1,353,783
Later than five years	71,838	10,279	80,020	10,279
Total other commitments^(a)	1,823,207	2,208,571	1,991,876	2,397,965

Note: (a) The decrease is associated with aligning commitments for the four-year ACT Policing Agreement with one year remaining out of the four year agreement and other contracts expiring in June 2021.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

32 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	
	2019-20	2018-19	2019-20	2018-19
	Actual	Actual	Actual	Actual
	\$'000	\$'000	\$'000	\$'000
<i>Quantifiable contingent liabilities and guarantees</i>				
Contingent liabilities	181,651	198,871	188,106	210,346
Total quantifiable contingent liabilities and guarantees	181,651	198,871	188,106	210,346

Contingent liabilities

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

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

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

Quantifiable legal claims against the Territory include:

Public liability claims	10,028	2,138	10,618	2,828
Personal injury claims	10,483	8,368	10,483	8,368
Taxation related claims	27,790	33,157	27,790	33,157
Economic loss claims	5,290	1,867	11,155	12,652
Total quantifiable legal claims against the Territory	53,591	45,530	60,046	57,005

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

32 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Other contingent liabilities of the GGS and the Territory as at 30 June 2020 include:

- * the Territory is responsible for the management of 294 sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors. The contingent liability at 30 June 2020 is \$119.9 million (30 June 2019: \$113.1 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 2020 is \$27.8 million (30 June 2019: \$33.2 million);
- * the Territory has contingent liabilities in relation to payments for the modifications and risk items for the final completion of light rail. The amount payable at 30 June 2020 is \$10 million and is contingent on achieving final completion as certified by the independent certifier;
- * the Territory is currently defending 143 health related actions (2019 – 120 actions) with an estimated net liability of \$6.4 million at 30 June 2020 (30 June 2019: \$5.0 million);
- * 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 2020, 18 affected properties are under offer by the Territory (30 June 2019: 24 properties), and this offer has been accepted by homeowners, but settlement on these properties has not yet occurred. The contingent liability at 30 June 2020 is \$2.5 million (30 June 2019: \$3.3 million);
- * the Territory has contingent liabilities in relation to outstanding education litigation claims with an estimated value of \$3.8 million (30 June 2019: \$3.0 million); and
- * the Territory holds unclaimed lottery prize monies relating to winning prizes which have remained unclaimed for a period of greater than six months. The Territory's contingent liability at 30 June 2020 is estimated at \$2.4 million (30 June 2019: \$2.4 million).

Contingent assets

General Government Sector and Total Territory

- * The Territory has a contingent asset relating to prepayments made to a service provider for out of home care services. As at 30 June 2020, the Territory's reconciliation indicated a higher offsetting prepayment of between \$1.2 million to \$2 million. This contingent asset is subject to consideration by and agreement with the service provider.

33 THIRD PARTY MONIES

Third party monies held in trust by the Territory

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
ACT Long Service Leave Authority	17,976	44,964	17,976	44,964
Rental Bonds Board	162,403	155,086	162,403	155,086
Nominal Defendant Insurance Fund	3,531	6,744	3,531	6,744
Road User Services Trust	5,286	2,623	5,286	2,623
Health Professional Registration	-	363	-	363
Health Private Practice Fund	53,993	50,191	53,993	50,191
Public Trustee Common Fund	395,334	391,320	395,334	391,320
ACT Civil and Administrative Tribunal	37,824	43,717	37,824	43,717
Other third party monies	32,663	32,581	32,663	32,581
Total monies held in trust	709,010	727,588	709,010	727,588

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

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

34 RELATED PARTY DISCLOSURES

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

The related parties of the Territory are the Cabinet Ministers compensated by the ACT Executive; and the Head of Service compensated by the Chief Minister, Treasury and Economic Development Directorate. The Territory had nine KMP in 2019-20 (2018-19: nine) . Compensation is set out below.

	2019-20 \$'000	2018-19 \$'000
Cabinet Ministers and Head of Service	3,504	3,441
Total compensation	3,504	3,441

35 INTEREST IN JOINT ARRANGEMENTS

General Government Sector (GGS)

The GGS has entered into a joint venture with the Catholic Education Office for the management of shared educational facilities at the Gold Creek and Holy Spirit Primary Schools. All assets and liabilities relating to the shared facilities are jointly 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 partnerships with AGL ACT Retail Investments Pty Ltd 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 Suburban Land Agency represents the Territory in the West Belconnen Joint Venture with:

- a) Reid & Stevens Pty Limited;
- b) Corkhill Bros Pty Limited; and
- c) Riverview Developments (ACT) Pty Ltd.

The Territory has a 60 per cent participating interest in the West Belconnen Joint Venture which is recorded as a joint operation.

	General Government Sector		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Share of joint operation profit:				
Revenue	91	94	497,833	486,563
Expenses	172	155	435,634	401,448
Operating profit	-81	-61	62,199	85,115
Summarised Balance sheet				
Current assets	93	104	197,360	187,165
Non-current assets	3,325	3,393	757,539	728,596
Total assets	3,418	3,497	954,899	915,761
Current liabilities	4	4	125,342	118,352
Non-current liabilities	-	-	25,144	12,866
Total liabilities	4	4	150,486	131,217
Total net assets	3,414	3,493	804,413	784,544

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

36 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 40 per cent of the Territory's revenue (refer to Note 6: 'Commonwealth grants').

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.

37 THE TERRITORY'S CREDIT RATING

The Territory maintains a 'AAA' and 'A-1+' credit rating assigned by Standard & Poor's Rating Services (AAA rating 2018-19).

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2020 Economic and Fiscal Update. The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's Rating Services.

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

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

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

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

38 AUDITOR'S REMUNERATION

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

The amounts included in the table below represent the full amounts paid by the General Government Sector (GGS) and the Territory for audits undertaken during 2019-20. 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	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
<i>Audit services paid or payable</i>				
Financial audits (fees for service)	3,206	2,541	3,965	3,241
Other services (direct appropriation funded)	845	795	845	795
Total Auditor's remuneration	4,051	3,336	4,810	4,036

The ACT Audit Office paid \$11,539 excluding GST for the independent audit of its own 2019-20 financial statements (2018-19: \$11,258 excluding GST).

No other services were provided by the ACT Audit Office.

39 EVENTS AFTER THE REPORTING PERIOD

From 1 July 2020, the Office of the Work Health and Safety Commissioner (known as WorkSafe ACT) was established. WorkSafe ACT's role is to enforce the Territory's health and safety and workers' compensation laws through a mixture of education and compliance activities. WorkSafe ACT will be classified as a General Government Sector entity and was previously part of the Chief Minister, Treasury and Economic Development Directorate.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS

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

The most significant investments and borrowings of the General Government Sector (GGS) and Territory are the investments and borrowings undertaken through the Territory Banking Account.

The Territory's financial investments are valued daily based on best available prices and values of the underlying investments.

The following represents the classification of the Territory's financial assets:

Items	Business model held to collect principal and interest/sell	Solely for payment of principal and interest SPPI test (basic lending characteristics)	Classification
Cash and deposits	Held to collect	Yes	Amortised cost
Loans	Held to collect	Yes	Amortised cost
Investment	Held to collect /& sell	No	Fair value through profit and loss

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial market instrument will fluctuate because of changes in prevailing levels of market interest rates. The financial instruments of the Territory are exposed to interest rate risk on its variable and fixed interest rate financial instruments which are remeasured to fair value.

Sensitivity analysis is performed on cash at bank, directly held debt securities, variable rate loans provided to other agencies and short-term variable rate borrowings.

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

	Fixed rate instruments		Variable rate instruments	
	2019-20 \$'000	2018-19 \$'000	2019-20 \$'000	2018-19 \$'000
Financial assets	117,528	253,712	2,434,603	1,564,950
Net exposure before the effect of derivatives	117,528	253,712	2,434,603	1,564,950

Sensitivity disclosure analysis

At 30 June 2020, the interest rate profiles of the interest-bearing financial instruments of the GGS and the Territory comprised two main types of financial instruments, namely fixed and variable rate instruments. The impact of interest rate changes on these instruments is immaterial and sensitivity analysis is not disclosed on this basis.

Price risk and inflation risk

Financial instrument investments held by the GGS and the Territory are also exposed to price and inflation risk. Price risk is the risk that the fair value of a financial instrument will change as a result of changes in the market prices (other than those arising from interest rate risk) in the relevant indices levels and the prices of individual holdings. The Territory is exposed to price risk from exposure to equities and unit trusts.

To manage exposures to price risk, the Territory's investment portfolio is diversified in accordance with a particular investment strategy. The investment management agreements and the relevant pooled trust product disclosure statement set out the maximum allowable limits by issuer, ratings, duration and asset class to provide diversification across asset class sectors.

Inflation risk is the risk that future cash flows on an inflation linked instrument may fluctuate as a result of changes in inflation rates. Inflation risk arises from inflation indexed bonds which are exposed to inflation rates.

The below table summarises the main exposure to price risk and inflation risk at 30 June.

	2019-20 \$'000	2018-19 \$'000
Price Risk		
Investment Assets		
Fixed Income	827,623	779,713
Equities	2,708,904	2,697,131
Property	398,686	417,994
Infrastructure	64,013	5,272
Total Exposure	3,999,226	3,900,110
Inflation Risk		
Financial Assets (Inflation Linked Bonds)	712,403	736,414
Financial Liabilities (Inflation Linked Bonds)	712,068	735,753
Net Exposure	335	661

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS - CONTINUED

Taking into account past performance, future expectations and economic forecasts, the estimated impact on profit or loss and the impact on equity in the table below are considered reasonably possible over the next 12 months if price and inflation risk changes by the following volatility factors from the target benchmarks with all other variables held constant.

General Government Sector and Total Territory				
30 June 2020	% increase in index		% decrease in index	
	Profit/ (loss) impact	Equity impact	Profit/ (loss) impact	Equity impact
	\$'000	\$'000	\$'000	\$'000
Investment assets				
Fixed income (+/- 4%)	33,105	33,105	-33,105	-33,105
Equities (+/-14-20%)	412,871	412,871	-412,871	-412,871
Property (+/-8%)	31,895	31,895	-31,895	-31,895
Infrastructure (+/-10%)	6,401	6,401	-6,401	-6,401
Inflation Rate (+/-1%)	129	129	-129	-129

General Government Sector and Total Territory				
30 June 2019	% increase in index		% decrease in index	
	Profit/ (loss) impact	Equity impact	Profit/ (loss) impact	Equity impact
	\$'000	\$'000	\$'000	\$'000
Investment assets				
Fixed income (+/- 4-6%)	38,991	38,991	-38,991	-38,991
Equities (+/-17-20%)	488,764	488,764	-488,764	-488,764
Property (+/-11%)	45,979	45,979	-45,979	-45,979
Infrastructure (+/-17%)	896	896	-896	-896
Inflation Rate (+/-1%)	204	204	-204	-204

Currency risk

The Territory holds monetary and non-monetary assets that are denominated in currencies other than the Australian dollar. The Territory is exposed to risk that the exchange rate of the Australian dollar relative to other foreign currencies will change in a manner that has an adverse effect on the fair value or future cash flows of investments denominated in currencies other than the Australian dollar.

A significant allocation of the Territory's investment portfolio is denominated in foreign currency through the purchase and holding of international equity and fixed interest securities. Currency forward rate agreements are used by the relevant investment managers to manage foreign currency risks within approved limits. All international fixed interest investment exposures are fully hedged to Australian dollars, with the international equity exposure being 35 per cent hedged to Australian dollars.

The below table summarises the main exposure to foreign currency risk at 30 June.

Currency as at 30 June 2020 General Government Sector and Total Territory	Cash	Assets at fair value through profit or loss	Other assets	Total assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total liabilities	Net assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AUD	133,820	3,045,350	65,489	3,244,659	78,541	76,652	155,193	3,089,466
USD	7,628	1,216,159	871	1,224,658	4,115	116	4,231	1,220,427
JPY	1,093	147,228	186	148,507	351	-	351	148,156
EUR	964	180,081	1,400	182,445	10	-	10	182,435
GBP	254	65,775	214	66,243	58	-	58	66,185
Other	1,357	174,441	2,092	177,890	13	-	13	177,877
Total A\$'000	145,116	4,829,034	70,252	5,044,402	83,088	76,768	159,856	4,884,546

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS - CONTINUED

Currency as at 30 June 2019 General Government Sector and Total Territory	Cash	Assets at fair value through profit or loss	Other assets	Total assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total liabilities	Net assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AUD	62,229	3,156,125	29,567	3,247,921	61,969	57,091	119,060	3,128,861
USD	7,439	1,102,577	835	1,110,851	2,275	-	2,275	1,108,576
JPY	1,219	143,807	195	145,221	318	-	318	144,903
EUR	903	188,126	1,206	190,235	153	-	153	190,082
GBP	163	76,728	491	77,382	42	-	42	77,340
Other	1,915	177,838	2,144	181,897	163	-	163	181,734
Total A\$'000	73,868	4,845,201	34,438	4,953,507	64,920	57,091	122,011	4,831,496

Sensitivity disclosure analysis

The table below summarises the reasonably possible impact of +/-10 per cent strengthening or weakening of the Australian dollar against foreign currency cash balances on the Territory's operating deficit for the year and on equity. Foreign exchange risk relating to non-monetary investments is considered a component of price risk.

30 June 2020 General Government Sector and Total Territory	(+/- impact) 10%	
	Profit/ (loss) impact	Equity impact
	\$'000	\$'000
Currency		
USD	904	904
EUR	284	284
JPY	153	153
GBP	56	56
Other	414	414
Total increase/(decrease)	1,811	1,811

30 June 2019 General Government Sector and Total Territory	(+/- impact) 10%	
	Profit/ (loss) impact	Equity impact
	\$'000	\$'000
Currency		
USD	827	827
EUR	211	211
JPY	141	141
GBP	65	65
Other	406	406
Total increase/(decrease)	1,650	1,650

Credit risk

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

The maximum exposure to credit risk is limited to the carrying amount of the cash and cash equivalents and investments of the Territory. The main concentration of credit risk arises from the Territory's direct exposure to investments in fixed income (debt) securities. For the purposes of sensitivity analysis, exposure to credit risk is performed on securities directly held by the Territory at reporting date.

Financial dealings are only undertaken with appropriately rated counterparties. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the Territory's financial investment assets. None of these assets were impaired (30 June 2019: nil).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS - CONTINUED

The below table summarises the credit risk exposure at 30 June.

Credit risk - continued

General Government Sector and Total Territory

	Credit quality				
	AAA	AA	A	BBB	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2020					
Directly held					
Debt instruments	329,583	273,179	87,661	33,820	724,243
Total	329,583	273,179	87,661	33,820	724,243
30 June 2019					
Directly held					
Debt instruments	392,632	291,529	140,613	47,812	872,586
Total	392,632	291,529	140,613	47,812	872,586

Liquidity risk

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

One of the Territory's key objectives is to maintain a high liquidity balance. This enables the Territory to maintain sufficient liquidity to meet budget appropriation payment requirements and debt servicing obligations, including interest and principal repayments. It is also a key factor in the credit rating assessment undertaken by the international ratings agencies and a high liquidity provision assists the Territory in meeting cash payment obligations on an ongoing basis.

Liquidity risk is managed by maintaining a high cash balance and investing in a diversified pool of high-grade securities. Projected cash flows and borrowing maturities are maintained to ensure sufficient funding is available for any debt servicing obligations and required settlements. Liquidity risk in relation to the Superannuation Provision Account is managed by monitoring financial obligations as they fall due. More immediate liquidity needs are for funding working capital, meeting the annual emerging cost benefit payments to the Commonwealth Superannuation Corporation and for managing fund flows for investment asset classes in accordance with the strategic asset allocation. Over a longer term horizon, the annual emerging cost benefit payments to the Commonwealth Superannuation Corporation are to be funded through a combination of budget capital injections and investment assets. The exposure to liquidity risk is insignificant based on the assessment of current and future cash flow requirements, current budget appropriations and total investment assets.

The Territory borrowing program is available to source both short and longer term funding as required. Sufficient liquidity is maintained to meet expenditure allocations as set out in the Territory Budget.

Analysis of the Territory's financial liabilities based on management expectation

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

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

30 June 2020	Less than 3	3-12	1-5 years	> 5	Total
General Government Sector	months	months		years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Derivatives					
Payables	96,096	96,096	-		192,192
Interest-bearing liabilities (current/non-current)	8,016	365,763	3,740,174	4,397,649	8,511,602
Estimated superannuation liabilities	77,248	231,745	1,858,632	23,679,383	25,847,008
Total non-derivatives	181,360	693,604	5,598,806	28,077,032	34,550,802
Derivatives					
Net settled derivatives (interest rate swaps and futures)	15,335	-1,590	-27,697	-47,993	-61,945
Total derivatives	15,335	-1,590	-27,697	-47,993	-61,945

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS - CONTINUED

Liquidity risk - continued

30 June 2019	Less than 3	3-12	1-5 years	> 5	Total
General Government Sector	months	months		years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	128,272	128,272	1,372	-	257,917
Interest-bearing liabilities (current/non-current)	15,206	1,172,741	2,444,791	3,209,029	6,841,767
Estimated superannuation liabilities	72,453	217,358	1,361,558	24,326,071	25,977,440
Total non-derivatives	215,931	1,518,371	3,807,721	27,535,100	33,077,124
Derivatives					
Net settled derivatives (interest rate swaps and futures)	8,969	2,274	16,093	41,226	68,562
Total derivatives	8,969	2,274	16,093	41,226	68,562
30 June 2020	Less than 3	3-12	1-5 years	> 5	Total
Total Territory	months	months		years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	142,221	142,221	-	-	284,442
Interest-bearing liabilities (current/non-current)	8,016	365,763	3,740,174	4,397,649	8,511,602
Estimated superannuation liabilities	77,248	231,745	1,858,632	23,679,383	25,847,008
Total non-derivatives	227,485	739,729	5,598,806	28,077,032	34,643,052
Derivatives					
Net settled derivatives (interest rate swaps and futures)	15,335	-1,590	-27,697	-47,993	-61,945
Total derivatives	15,335	-1,590	-27,697	-47,993	-61,945
30 June 2019	Less than 3	3-12	1-5 years	> 5	Total
Total Territory	months	months		years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Derivatives					
Payables	203,190	203,190	1,322	-	407,702
Interest-bearing liabilities (current/non-current)	15,206	1,172,741	2,444,791	3,209,029	6,841,767
Estimated superannuation liabilities	72,453	217,358	1,361,558	24,326,071	25,977,440
Total non-derivatives	290,849	1,593,289	3,807,671	27,535,100	33,226,909
Derivatives					
Net settled derivatives (interest rate swaps and futures)	8,969	2,274	16,093	41,226	68,562
Total derivatives	8,969	2,274	16,093	41,226	68,562

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

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 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	2019-20		2018-19	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash and deposits	2,108,325	2,108,325	1,254,689	1,254,689
Advances paid	1,850,505	2,338,346	1,794,820	2,039,809
Investments and loans	4,896,253	4,896,253	4,843,354	4,843,354
Receivables ^(a)	1,095,985	1,095,985	1,013,533	1,013,533
Equity investments in other public sector entities	7,622,993	7,622,993	7,190,126	7,190,126
Total financial assets	17,574,061	18,061,902	16,096,522	16,341,511
Financial liabilities				
Advances received	59,357	59,357	963,676	963,676
Borrowings	7,026,028	8,291,805	4,476,494	4,993,608
Payables	192,192	192,192	257,917	257,917
Other liabilities	29,693	29,693	28,560	28,560
Total financial liabilities	7,307,271	8,573,048	5,726,647	6,243,761
Net financial assets	10,266,790	9,488,854	10,369,875	10,097,750

Note: (a) Receivables has been adjusted to remove right to receive infrastructure and prepayments.

Total Territory	2019-20		2018-19	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash and deposits	2,260,029	2,260,029	1,515,181	1,515,181
Advances paid	93,732	93,732	63,593	63,593
Investments and loans	4,929,253	4,929,253	4,890,354	4,890,354
Receivables ^(a)	778,310	778,310	849,278	849,278
Investments accounted for using the equity method	1,043,771	1,043,771	1,031,716	1,031,716
Total financial assets	9,105,095	9,105,095	8,350,123	8,350,123
Financial liabilities				
Advances received	108,326	108,326	1,017,156	1,017,156
Borrowings	7,026,028	8,291,805	4,476,494	5,510,722
Payables	284,442	284,442	407,702	407,702
Other liabilities	45,878	45,878	30,810	30,810
Total financial liabilities	7,464,675	8,730,452	5,932,162	6,966,390
Net financial assets	1,640,420	374,643	2,417,961	1,383,733

Note: (a) Receivables has been adjusted to remove right to receive infrastructure and prepayments.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 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 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities at fair value				
Financial assets				
Investment assets	2,627,610	1,923,812	194,526	4,745,948
Financial liabilities				
Agencies investment deposits	-	4,657,820	-	4,657,820
Assets and liabilities for which fair values are disclosed				
Financial assets				
Loans and receivables	-	2,900,371	-	2,900,371
Financial liabilities				
Interest bearing liabilities	-	8,341,757	-	8,341,757
Net assets/(liabilities)	2,627,610	-8,175,394	194,526	-5,353,258

Fair value hierarchy - continued

30 June 2019	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities at fair value				
Financial assets				
Investment assets	2,580,063	2,028,255	171,963	4,780,282
Financial liabilities				
Agencies investment deposits	-	4,569,513	-	4,569,513
Assets and liabilities for which fair values are disclosed				
Financial assets				
Loans and receivables	-	2,678,735	-	2,678,735
Financial liabilities				
Interest bearing liabilities	-	5,919,528	-	5,919,528
Net assets/(liabilities)	2,580,063	-5,782,051	171,963	-3,030,024

Fair value measurement

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.

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy - continued

Fair value measurement - continued

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.

For unlisted infrastructure unit trusts, the fair value of the underlying investments is determined at least annually or more frequently as required by an external valuer using the most appropriate valuation approach for each investment. The fair value methodologies adopted include discounted cash flow and comparative analysis. The fair values of unlisted infrastructure units are included within level 2.

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

Fair value for loans and receivables and interest bearing liabilities has been determined by reference to published price quotations in active markets and applying the appropriate revaluation technique for the instrument including observable market pricing and discounted cashflow methodology.

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 investment manager performs monthly, quarterly and annual valuations.

Sensitivity analysis to significant changes in unobservable inputs within level 3 hierarchy

Description at 30 June 2020	Input	Sensitivity used (%) ^(a)	Effect on fair value
Unit trust - private equity	Latest Net Asset Value from Investment Manager	0.000 – 2.143(0.658)	Fair value increase if the latest Net Asset Values from Investment Manager were higher
	Contributions since latest Net Asset Value from Investment Manager	0.000 – 1.000(0.130)	Fair value increase if there have been contributions since latest Net Asset Value from Investment Manager
	Distributions since latest Net Asset Value from Investment Manager	0.000 – 0.607(0.030)	Fair value decrease if there have been distributions since latest Net Asset Value

Note: (a) For private equity, metric is the range (average) as a % of commitment.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

40 FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy - continued

Sensitivity analysis to significant changes in unobservable inputs within level 3 hierarchy

Description at 30 June 2019	Input	Sensitivity used (%)	Effect on fair value
Unit trust - private equity	Latest net asset value from investment manager	0.000 - 2.255(0.655)	Fair value increase if the latest net asset values from investment manager were higher
	Contributions since latest net asset value from investment manager	0.000 – 1.000(0.126)	Fair value increase if there have been contributions since latest net asset value from investment manager
	Distributions since latest Net Asset Value from Investment Manager	0.000-3.988(0.167)	Fair value decrease if there have been distributions since latest Net Asset Value
Unit trust - infrastructure	Latest net asset value from investment manager	Future cash flows of the underlying investments	An increase in the future cash flows would increase the fair value of the investment
		Discount rates	An increase in the discount rate would decrease the fair value of the investment

Transfers between levels

Net financial assets	Unit trusts \$'000	Total \$'000
Transfer between Levels		
Level 1	-	-
Level 2	5,272	5,272
Level 3	-5,272	-5,272
	-	-

There were no transfers between levels for the year ended 30 June 2019. The transfers for the year ended 30 June 2020 relate to investments in unlisted infrastructure made through unlisted pool unit trusts that are priced monthly.

Level 3 reconciliations

30 June 2020	Listed securities \$'000	Unit trusts \$'000
Balance at 1 July 2019	1,480	170,483
Purchases during year	-	7,005
Sales during year	-1,480	-
Settlements during the year	-	23,990
Transfers into Level 3	-	5,272
Total gains/(losses)	-	-12,224
Balance at 30 June 2020	-	194,526
30 June 2019	Listed securities \$'000	Unit trusts \$'000
Balance at 1 July 2018	2,509	152,745
Purchases during year	-	5,084
Sales during year	-1	-128
Settlements during the year	-16	19,587
Transfers into Level 3	16	-
Total gains/(losses)	-1,028	-6,805
Balance at 30 June 2019	1,480	170,483

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

41 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 Finance Statistics Framework. A description of the major groups of the Classification of Functions of Government (COFOG) are listed below.

General public services (01) : includes transactions from executive and legislative organs; financial and fiscal affairs (including superannuation interest cost); external affairs; foreign economic aid; general services; basic research; research and development on general public services; general public services not elsewhere classified, public debt transactions; and transfers of a general character between different levels of government.

Public order and safety (03) : includes transactions from police services; fire protection services; law courts; prisons; research and development on public order and safety; and public order and safety not elsewhere classified.

Economic affairs (04) : includes transactions from general and economic affairs, commercial, and labour affairs; agriculture, forestry, fishing and hunting; fuel and energy; mining, manufacturing and construction; communication; other industries; research and development on economic affairs; and economic affairs not elsewhere classified.

Environmental protection (05) : includes transactions from waste management; waste water management; pollution abatement; protection of biodiversity and landscape; research and development on environmental protection; and environmental protection not elsewhere classified.

Housing and community amenities (06) : includes transactions from housing development; community development; water supply; street lighting; research and development on housing and community amenities; and housing and community amenities not elsewhere classified.

Health (07) includes transactions from medical products, appliances and equipment; outpatient services; hospital services; mental health institutions; community health services; public health services; research and development on health; and health not elsewhere classified.

Recreation, culture and religion (08) : includes transactions from recreational and sporting services; cultural services; broadcasting, publishing and film production services; religious and other community services; research and development on recreation, culture and religion; and recreation, culture and religion not elsewhere classified.

Education (09) : includes transactions from pre-primary and primary education; secondary education; tertiary education; education not definable by level; subsidiary services to education; research and development on education; and education not elsewhere classified.

Social protection (10) : includes transactions from sickness and disability; old age; survivors; family and children; unemployment; housing; social exclusion not elsewhere classified; research and development on social protection; and social protection not elsewhere classified.

Transport (11) : includes transactions from road transport; bus transport; water transport; railway transport; air transport; multi-mode urban transport; pipeline and other transport; research and development on transport and transport not elsewhere classified.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

		General Government Sector		Total Territory	
		2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
41	EXPENSES AND ASSETS BY FUNCTION - CONTINUED				
The following table provides a disaggregation of General Government Sector (GGS) and Total Territory total expenses by function.					
01	General public services	1,030,195	925,103	1,011,532	920,801
03	Public order and safety	522,658	482,800	522,498	482,272
04	Economic affairs	132,863	95,393	132,493	94,130
05	Environmental protection	216,330	124,200	310,151	213,367
06	Housing and community amenities	38,655	79,195	134,382	254,958
07	Health	1,847,755	1,715,930	1,848,822	1,714,776
08	Recreation, culture and religion	207,324	197,775	217,256	193,618
09	Education	1,495,424	1,407,572	1,541,117	1,445,785
10	Social protection	551,707	418,690	616,873	481,855
11	Transport	474,658	472,745	476,349	469,745
Total expenses		6,517,568	5,919,403	6,811,472	6,271,307

The following table provides a disaggregation of GGS and Total Territory total assets by function:

01	General public services	16,593,064	14,890,811	8,715,812	7,460,086
03	Public order and safety	627,477	560,927	614,614	560,717
04	Economic affairs	2,023,635	1,848,441	1,271,853	1,141,986
05	Environmental protection	595,022	434,730	1,737,913	1,569,939
06	Housing and community amenities	53,816	45,750	2,377,305	2,321,983
07	Health	1,542,298	1,447,287	1,496,900	1,446,537
08	Recreation, culture and religion	1,608,257	1,546,868	1,602,884	1,546,408
09	Education	2,491,835	2,270,610	2,509,568	2,316,083
10	Social protection	409,056	751,728	5,955,671	6,214,526
11	Transport	9,071,660	9,694,161	9,980,847	9,847,949
Total assets		35,016,118	33,491,312	36,263,368	34,426,215

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Revenue								
Controlled recurrent payments	-	-	264,988	186,122	-264,988	-186,122	-	-
Taxation revenue	1,949,207	1,934,050	-	-	-46,958	-45,073	1,902,249	1,888,977
Commonwealth grants	2,363,407	2,333,207	2,023	2,367	-	-	2,365,430	2,335,574
Sales of goods and services								
Revenue from associates and joint ventures	-	-	57,805	88,403	-	-	57,805	88,403
Other sales of goods and services from contracts with customers	546,992	561,142	454,055	433,296	-82,355	-80,337	918,691	914,102
Investment revenue	234,986	228,662	6,031	5,619	-74,791	-69,042	166,227	165,239
Dividend and income tax equivalents income	157,661	288,188	-	-	-157,661	-288,188	-	-
Other revenue								
Land revenue (value-add component)	-	-	185,014	402,156	-7,244	-445	177,770	401,711
Other revenue	170,596	148,136	16,018	23,040	-20,623	-21,204	165,991	149,972
Gains from contributed assets	182,098	114,896	18,236	17,591	-104,515	-42,054	95,818	90,433
Total revenue	5,604,947	5,608,280	1,004,169	1,158,595	-759,135	-732,465	5,849,981	6,034,410
Expenses								
Employee expenses	2,325,368	2,117,974	203,709	184,631	-	-	2,522,733	2,302,606
Superannuation expenses								
Superannuation interest cost	228,635	305,767	-	-	-	-	228,635	305,767
Other superannuation expense	473,542	407,702	29,634	24,896	-13,151	-9,010	490,024	423,588
Depreciation and amortisation	465,827	403,478	138,678	119,187	-	-	604,505	522,665
Interest expense	206,461	178,002	96,456	71,932	-74,791	-69,070	228,126	180,864
Other property expenses (income tax equivalents)	-	-	62,006	122,519	-62,006	-122,519	-	-
Other operating expenses								
Supplies and services	1,041,026	1,053,664	269,201	217,503	-46,338	-52,309	1,263,889	1,218,858
Other operating expenses	357,087	335,562	27,136	128,333	-98,222	-103,551	286,001	360,344
Grants and purchased services	1,419,622	1,117,254	125,447	58,355	-357,511	-218,994	1,187,558	956,615
Total expenses	6,517,568	5,919,403	952,267	927,357	-658,363	-575,453	6,811,472	6,271,307
UPF net operating balance	-912,621	-311,123	51,902	231,238	-100,772	-157,012	-961,491	-236,897

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Other economic flows - included in the operating result								
Dividends (market gains on land sales)	11,783	42,815	-	-	-11,783	-42,815	-	-
Land revenue (market gains on land sales)	-	-	16,540	62,575	-	-	16,540	62,575
Net land revenue (undeveloped land value)	16,503	51,441	-	-	15,536	-1,564	32,038	49,877
Net gain/(loss) on sale of non-financial assets	-3,877	-134,916	-7,743	-143,394	-15,535	-	-27,155	-278,310
Net gain/(loss) on financial assets or liabilities at fair value	-9,235	217,280	133	205	-	-27	-9,102	217,458
Doubtful debts	-14,765	-13,410	-3,410	-3,780	-	28	-18,175	-17,162
Operating surplus/(deficit)	-912,212	-147,913	57,422	146,844	-112,555	-202,391	-967,344	-202,460
Other economic flows - other comprehensive income								
Items that will not be subsequently reclassified to profit or loss								
Payments to ACT Government agencies	-72,924	-26,881	-	-	72,924	26,881	-	-
Capital distributions	-	74,622	-	-	-	-74,622	-	-
Transfer of assets to the public trading enterprises (PTE) sector	-502,040	-122,616	-	-	502,040	122,616	-	-
Superannuation actuarial gain/(loss)	-57,384	-1,758,234	-	-	-	-	-57,384	-1,758,234
Other movements	-12,107	-24,971	-98,723	242	98,308	-	-12,522	-24,729
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	121,694	549,455	24,443	152,102	-24,972	-25,914	121,165	675,644
Increase/(decrease) in other reserves	-	130	3,006	-3,006	-118,990	118,990	-115,984	116,114
Items that may be subsequently reclassified to profit or loss								
Increase/(decrease) in net assets of PTE	432,866	145,783	-	-	-432,866	-145,783	-	-
Total comprehensive income/(deficit)	-1,002,106	-1,310,623	-13,853	296,183	-16,111	-180,224	-1,032,070	-1,193,664

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Key fiscal aggregates								
UPF net operating balance	-912,621	-311,123	51,902	231,238	-100,772	-157,012	-961,491	-236,897
less net acquisition of non-financial assets								
Payments for non-financial assets	579,337	705,054	195,349	163,023	-6,964	-5,448	767,721	862,630
Sales of non-financial assets	-87,130	-137,589	-45,832	-35,276	13,634	-	-119,327	-172,865
Change in inventories	3,289	-177	162,794	80,275	-	44,529	166,083	124,627
Depreciation and amortisation	-465,827	-403,478	-138,678	-119,187	-	-	-604,505	-522,665
Other movements in non-financial assets	86,955	110,300	-86,280	-26,608	1,959	3,644	2,634	87,336
<i>Total net acquisition of non-financial assets</i>	<i>116,624</i>	<i>274,110</i>	<i>87,353</i>	<i>62,228</i>	<i>8,629</i>	<i>42,726</i>	<i>212,606</i>	<i>379,064</i>
Net lending/(borrowing)	-1,029,245	-585,233	-35,451	169,011	-109,401	-199,738	-1,174,097	-615,961

The consolidated Operating statement by sector should be read in conjunction with the accompanying notes. Also refer to Note 2: 'Disaggregated information'.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AT 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Financial assets								
Cash and deposits	2,108,325	1,254,689	151,704	260,493	-	-	2,260,029	1,515,181
Advances paid	1,850,505	1,794,820	29,570	-	-1,786,343	-1,731,227	93,732	63,593
Investments and loans	4,896,253	4,843,354	33,000	47,000	-	-	4,929,253	4,890,354
Receivables	1,127,441	1,037,910	118,016	149,177	-407,391	-271,421	838,066	915,667
Equity investments								
Investments in other public sector enterprises	7,622,993	7,190,126	-	-	-7,622,993	-7,190,126	-	-
Investments accounted for using the equity method	20	20	1,043,771	1,031,716	-20	-20	1,043,771	1,031,716
Total financial assets	17,605,536	16,120,919	1,376,061	1,488,386	-9,816,746	-9,192,794	9,164,851	8,416,511
Non-financial assets								
Produced assets								
Property, plant and equipment	12,583,301	12,451,936	4,955,687	4,051,773	-	-	17,538,988	16,503,710
Investment properties	7,920	7,920	17,990	18,777	-	-	25,910	26,697
Intangibles	215,697	226,577	42,434	44,558	-	-	258,131	271,135
Inventories	22,364	19,075	516,439	353,646	-	-	538,803	372,720
Non-current assets held for sale	44,196	68,608	15,899	12,730	-	-	60,096	81,338
Capital works-in-progress	521,122	589,571	181,529	181,762	-	-	702,651	771,333
Non produced assets								
Property, plant and equipment	3,988,003	3,969,992	3,957,572	3,976,065	-	-	7,945,575	7,946,057
Biological assets	25,494	28,798	-	-	-	-	25,494	28,798
Other non-financial assets								
Deferred tax assets	-	-	21,513	22,646	-21,513	-22,646	-	-
Other non-financial assets	2,485	7,915	385	-	-	-	2,870	7,915
Total non-financial assets	17,410,582	17,370,393	9,709,447	8,661,957	-21,513	-22,646	27,098,517	26,009,704
Total assets	35,016,118	33,491,312	11,085,509	10,150,343	-9,838,259	-9,215,440	36,263,368	34,426,215

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AT 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Liabilities								
Advances received	59,357	963,676	1,835,311	1,784,707	-1,786,343	-1,731,227	108,326	1,017,156
Borrowings			-					
Finance leases	-	431,308	-	-	-	-	-	431,308
Lease liabilities	744,022	-	316,031	-	-	-	1,060,053	-
Other borrowings	7,026,028	4,476,494	-	-	-	-	7,026,028	4,476,494
Superannuation	12,055,934	11,776,168	10	127	-	-	12,055,943	11,776,295
Employee benefits	863,512	747,394	75,661	66,984	-	-	939,173	814,378
Other provisions	972,473	776,550	165,406	132,712	-75,923	-47,225	1,061,955	862,037
Payables	192,192	257,917	129,204	233,769	-36,954	-83,984	284,442	407,702
Contract liabilities	42,563	-	63,488	-	-1,653	-	104,398	-
Other liabilities								
Current tax liability	-	-	-15,682	53,632	15,682	-53,632	-	-
Deferred tax liability	-	-	647,853	530,791	-647,853	-530,791	-	-
Other liabilities	29,693	28,560	245,235	157,495	-229,050	-155,245	45,878	30,810
Total liabilities	21,985,775	19,458,067	3,462,516	2,960,217	-2,762,094	-2,602,105	22,686,198	19,816,179
Net assets	13,030,343	14,033,245	7,622,993	7,190,126	-7,076,165	-6,613,335	13,577,170	14,610,035
Equity in public trading enterprises	7,622,993	7,190,126	-	-	-7,622,993	-7,190,126	-	-
Accumulated funds	-946,123	599,021	3,279,392	2,836,024	90,603	-23,395	2,423,873	3,411,650
Asset revaluation surplus	6,352,243	6,242,867	4,343,600	4,357,108	456,224	481,196	11,152,068	11,081,171
Other reserves	1,230	1,230	-	-3,006	-	118,990	1,230	117,214
Net worth	13,030,343	14,033,245	7,622,993	7,190,126	-7,076,165	-6,613,335	13,577,170	14,610,035
Key fiscal aggregates								
Net financial worth	-4,380,239	-3,337,148	-2,086,455	-1,471,831	-7,054,652	-6,590,689	-13,521,346	-11,399,668
Net financial liabilities	12,003,232	10,527,275	-	-	2,561,886	1,904,110	14,565,118	12,431,385
Net debt (excluding superannuation related investments)	3,296,704	2,215,713	1,937,069	1,477,214	-	-	5,233,773	3,692,927

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Opening equity								
Opening equity in public trading enterprises (PTE)	7,190,126	7,044,343	-	-	-7,190,126	-7,044,343	-	-
Opening accumulated funds	599,021	2,600,496	2,836,024	2,670,357	-23,395	-47,278	3,411,650	5,223,575
Opening asset revaluation surplus	6,242,867	5,697,929	4,357,108	4,373,986	481,196	507,110	11,081,171	10,579,025
Opening other reserves	1,230	1,100	-3,006	-	118,990	-	117,214	1,100
Opening balance	14,033,245	15,343,868	7,190,126	7,044,343	-6,613,335	-6,584,511	14,610,035	15,803,699
Comprehensive income								
<i>Included in accumulated funds:</i>								
Operating result for the period	-912,212	-147,913	57,422	146,844	-112,555	-201,391	-967,344	-202,460
Payments to ACT government agencies	-72,924	-26,881	-	-	72,924	26,881	-	-
Capital distributions	-	74,622	-	-	-	-74,622	-	-
Transfer of assets to the PTE sector	-502,040	-122,616	-	-	502,040	122,616	-	-
Superannuation actuarial gain/(loss)	-57,384	-1,758,234	-	-	-	-	-57,384	-1,758,234
Other movements	-12,107	-24,971	-98,723	242	98,308	-	-12,522	-24,729
<i>Included in equity in PTE:</i>								
Increase/(decrease) in net assets of PTE	432,866	145,783	-	-	-432,866	-145,783	-	-
<i>Included in the asset revaluation surplus:</i>								
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	121,694	549,455	24,443	152,102	-24,972	-25,914	121,165	675,644
<i>Included in other reserves:</i>								
Increase/(decrease) in other reserves	-	130	3,006	-3,006	-118,990	118,990	-115,984	116,114
Total comprehensive income/(deficit)	-1,002,106	-1,310,623	-13,853	296,183	-16,111	-179,224	-1,032,070	-1,193,664
Other								
Transfer to/(from) accumulated funds	12,318	4,517	37,951	168,980	-	-	50,269	173,497
Transfer to/(from) the asset revaluation surplus	-12,318	-4,517	-37,951	-168,980	-	-	-50,269	-173,497
Total other	0	0	0	0	0	0	0	0

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Transactions involving owners affecting accumulated funds								
Capital injections	-	-	72,924	26,881	-72,924	-26,881	-	-
Capital distributions	-	-	-	-74,622	-	74,622	-	-
Transfer of assets from the General Government Sector	-	-	502,040	122,616	-502,040	-122,616	-	-
Dividends approved	-	-	-128,245	-225,275	128,245	225,275	-	-
Total transactions involving owners affecting accumulated funds	0	0	446,719	-150,400	-446,719	150,400	0	0
Closing equity								
Closing equity in PTE	7,622,993	7,190,126	-	-	-7,622,993	-7,190,126	-	-
Closing accumulated funds	-946,123	599,021	3,279,392	2,836,024	90,603	-23,395	2,423,873	3,411,650
Closing asset revaluation surplus	6,352,243	6,242,867	4,343,600	4,357,108	456,224	481,196	11,152,068	11,081,171
Closing other reserves	1,230	1,230	-	-3,006	-	118,990	1,230	117,214
Closing balance	13,030,343	14,033,245	7,622,993	7,190,126	-7,076,165	-6,613,335	13,577,170	14,610,035

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Cash flows from operating activities								
Receipts								
Taxes received	1,653,322	1,762,621	-	-	-50,523	-66,419	1,602,799	1,696,202
Sales of goods and services from contracts with customers	792,097	719,674	655,572	977,369	-79,504	-91,038	1,368,166	1,606,004
Grants and contributions	2,504,053	2,334,010	272,770	188,865	-270,736	-186,517	2,506,088	2,336,357
Investment receipts	208,809	232,496	5,136	4,653	-67,718	-62,392	146,227	174,757
Dividends and income tax equivalents	160,996	167,371	-	-	-160,996	-167,371	-	-
Other receipts	418,821	594,503	115,344	113,947	-19,678	-26,282	514,486	682,168
Total receipts from operating activities	5,738,097	5,810,674	1,048,822	1,284,833	-649,154	-600,020	6,137,765	6,495,488
Payments								
Payments for employees	-2,734,046	-2,554,009	-226,610	-211,541	19,501	10,324	-2,941,155	-2,755,226
Payments for goods and services	-1,091,672	-1,064,628	-268,209	-225,070	82,445	74,055	-1,277,435	-1,215,644
Grants/subsidies paid	-1,321,063	-1,082,480	-28,909	-23,928	258,945	181,249	-1,091,027	-925,160
Interest paid	-196,055	-166,504	-94,047	-65,006	67,718	62,392	-222,384	-169,119
Other payments	-499,761	-600,498	-331,512	-277,030	66,451	86,999	-764,822	-790,529
Total payments from operating activities	-5,842,597	-5,468,120	-949,286	-802,576	495,060	415,018	-6,296,823	-5,855,678
Net cash flows from operating activities	-104,499	342,554	99,536	482,258	-154,095	-185,003	-159,058	639,810
Cash flows from investing activities								
Cash flows from investments in non-financial assets								
Sales of non-financial assets	87,130	137,589	45,832	35,276	-13,634	-	119,327	172,865
Payments for non-financial assets	-579,337	-705,054	-195,349	-163,023	6,964	5,448	-767,721	-862,630
Net cash flows from investments in non-financial assets	-492,207	-567,465	-149,517	-127,747	-6,670	5,448	-648,394	-689,765

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Cash flows from investments in financial assets for policy purposes								
<i>Receipts</i>								
Repayment of loans	-576	2,677	-	-	-	-	-576	2,677
Capital receipts from government agencies	5,940	115,475	72,924	26,881	-78,864	-142,356	-	-
Dividends (market gains on land sales)	11,783	42,815	-	-	-11,783	-42,815	-	-
Total receipts from investment in financial assets for policy purposes	17,147	160,967	72,924	26,881	-90,647	-185,170	-576	2,677
<i>Payments</i>								
Issue of loans	-	-	-850	-13,821	-	-	-850	-13,821
Capital payments to government agencies	-72,924	-26,881	-	-	72,924	26,881	-	-
Dividends (market gains on land sales)	-	-	-11,783	-42,815	11,783	42,815	-	-
Distributions to government	-	-	-5,940	-115,475	5,940	115,475	-	-
Total payments from investment in financial assets for policy purposes	-72,924	-26,881	-18,573	-172,111	90,647	185,170	-850	-13,821
Net cash flows from investments in financial assets for policy purposes	-55,777	134,087	54,351	-145,230	-	-	-1,426	-11,144
Cash flows from investments in financial assets for liquidity purposes								
Sales of investments	4,843	199,974	2,549	2,783	-	-	7,392	202,757
Payments for investments	-35,809	-61,226	0	-10,087	24	-	-35,785	-71,313
Net cash flows from investments in financial assets for liquidity purposes	-30,966	138,748	2,549	-7,304	-	-	-28,393	131,444
Net cash flows from investing activities	-578,950	-294,630	-92,617	-280,282	-6,646	5,448	-678,214	-569,465

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2020**

42 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2018-19 Actual \$'000
Cash flows from financing activities								
<i>Receipts</i>								
Borrowings	2,900,584	1,031,459	384,249	84,566	-712,898	-115,223	2,571,936	1,000,801
Total receipts from financing activities	2,900,584	1,031,459	384,249	84,566	-712,898	-115,223	2,571,936	1,000,801
<i>Payments</i>								
Borrowings	-1,281,641	-137,928	-329,869	-36,138	706,768	115,325	-904,742	-58,741
Repayment of finance lease liabilities - principal	-	-377,973	-	-	-	-101	-	-378,074
Repayment of lease liabilities - principal	-47,503	-	-13,346	-	-	-	-60,850	-
Dividends paid	-	-	-49,406	-95,544	49,406	95,544	-	-
Other financing	-6,129	-	-111,335	-84,012	117,464	84,012	-	-
Total payments from financing activities	-1,335,274	-515,901	-503,956	-215,693	873,638	294,779	-965,592	-436,815
Net cash flows from financing activities	1,565,310	515,558	-119,708	-131,127	160,741	179,555	1,606,343	563,986
Net increase/(decrease) in cash and cash equivalents	881,861	563,482	-112,789	70,849	-	0	769,072	634,331
Cash and cash equivalents at the beginning of reporting period	1,217,477	653,995	297,493	226,644	-	-	1,514,970	880,640
Cash and cash equivalents at the end of reporting period	2,099,337	1,217,477	184,704	297,493	-	-	2,284,042	1,514,970
Key fiscal aggregates								
Net cash from operating activities	-104,499	342,554	99,536	482,258	-154,095	-185,003	-159,058	639,810
Investments in non-financial assets	-492,207	-567,465	-149,517	-127,747	-6,670	5,448	-648,394	-689,765
Distributions paid	-6,129	-	-160,741	-179,555	166,870	179,555	-	-
Cash surplus (+)/deficit (-)	-602,836	-224,911	-210,722	174,955	6,105	-	-807,452	-49,956

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

43 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, an explanation of the differences is required to be provided.

GFS net operating balance: In the public trading enterprises sector, dividend payments are classified as expense in the GFS measure of the net operating balance.

GFS net lending/(borrowing): In the public trading enterprises sector, dividend payments are classified as expense in the GFS measure of the net operating balance which forms part of net lending/(borrowing).

GFS net worth: In the general government sector and total territory the GFS measure excludes provisions relating to remediation of waste sites and the loose-fill asbestos insulation eradication scheme.

In all sectors the GFS measure excludes finance leases recognised under AASB 16 and maintains a distinction between finance and operating leases.

GFS net financial worth: In the general government sector and total territory the GFS measure excludes provisions relating to remediation of waste sites and the loose-fill asbestos insulation eradication scheme.

In all sectors the GFS measure excludes finance leases recognised under AASB 16 and maintains a distinction between finance and operating leases.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX A

VARIANCE EXPLANATIONS - 2019-20 Actual compared to 2019-20 Budget

Variance explanations are included for variances greater than 10 per cent and greater than \$25 million of the financial statement line item for the General Government Sector. Variance explanations are also included where they are considered of importance to users of the consolidated annual financial statements.

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

	2019-20 Actual \$'000	2019-20 Budget \$'000	Variance \$'000	Variance %
Dividend and income tax equivalents income	157,661	271,501	-113,840	-42%
The variance is mainly due to lower residential land sales largely due to subdued market conditions during the first half of the year and impacts of the COVID-19 pandemic.				
Gains from contributed assets	182,098	142,292	39,806	28%
The variance is primarily due to an increase in the valuation of Large-scale generation certificates.				
Other operating expenses	357,087	273,827	83,260	30%
The variance is mainly due to a higher than anticipated number of new participants in the Lifetime Care and Support Fund, the expensing of costs such as landscaping, demolition and planning that were forecast to be capitalised and higher than forecast health costs in response to the COVID-19 pandemic.				
Grants and purchased services	1,419,622	1,251,476	168,146	13%
Higher grants and purchased services are mainly due to the surrender of Large-Scale Generation Certificates to meet the ACT Government's renewable energy targets and payments to health service providers, including private hospitals, in response to the COVID-19 pandemic.				
Dividends (market gains on land sales)	11,783	60,563	-48,780	-81%
The lower than budgeted dividends (market gains on land sales) are largely due to deferred settlement of asset recycling initiative sites to future years.				
Net land revenue (undeveloped land value)	16,503	55,982	-39,479	-71%
The variance is mainly due to lower residential land sales largely due to subdued market conditions during the first half of the year and impacts of the COVID-19 pandemic.				
Net gain/(loss) on sale/(disposal) of non-financial assets	-3,877	-52,995	49,118	93%
The lower loss is primarily due to lower than forecast impairment in relation to the valuation of Large-scale generation certificates due to a lower rate per certificate being forecast at the time of the 2019-20 Budget.				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX A - CONTINUED

Net gain/(loss) on financial assets or liabilities at fair value	-9,235	198,076	-207,311	-105%
The lower net gains on financial assets or liabilities at fair value are mainly due to 2019-20 investment returns underperforming relative to the underlying targeted return objectives.				
Superannuation actuarial gain/(loss)	-57,384	-	-57,384	#
This variance is due to a change in the discount rate assumption used to value the superannuation liability from 1.92 per cent in 2018-19 to 1.73 per cent in 2019-20. The use of a lower discount rate increases the liability valuation.				
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	121,694	11,728	109,966	938%
The variance is mainly related to revaluations undertaken by the Transport Canberra and City Services and Education Directorates particularly for buildings and ground improvements. Land under roads also increased in value resulting from a higher value per square metre.				
Cash and deposits	2,108,325	759,991	1,348,334	177%
The increase in cash and deposits is largely associated with short term borrowings raised for end of year cash and liquidity management purposes to support the Territory's COVID-19 response.				
Receivables	1,127,441	832,824	294,617	35%
The increase is mainly due to the recognition of amounts to be paid to the Territory from Comcare as a result of the Territory exiting the Comcare scheme and becoming self insured. The amount receivable represents the net central estimate of claims liabilities determined by an independent actuary. This receivable is offset by a liability claims provision.				
Intangibles	215,697	519,271	-303,574	-58%
The lower than anticipated intangibles is associated with the surrender of Large-Scale Generation Certificates to meet the ACT Government's renewable energy targets and the timing of completion of ICT related projects including Moving Delivery of More Community Services Online projects and upgrades to iConnect.				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX A - CONTINUED

Capital works-in-progress	521,122	613,668	-92,546	-15%
The lower than budgeted result is mainly due to the early completion of projects such as ACT Healthy Waterways project and the Weston Creek and Stromlo swimming pool and leisure centre. The lower amount is also reflective of the deferral of capital works projects to future years.				
Advances received	59,357	909,357	-850,000	-93%
The decrease in Commonwealth borrowings is due to the outstanding principal balance of the Commonwealth Asbestos Scheme Loan being repaid in full after securing replacement financing at a lower cost of funds.				
Borrowings				
Lease Liabilities	744,022	568,859	175,163	31%
Other borrowings	7,026,028	4,772,213	2,253,815	47%
Total	7,770,050	5,341,072	2,428,978	45%
The increase in borrowings is due to an increase in budget funding requirements to support the Territory's COVID-19 response. The increase is also reflective of higher lease liabilities due to the inclusion of the lease for the new Civic office accommodation for statutory office holders and the inclusion of lease extension options.				
Superannuation	12,055,934	8,064,786	3,991,148	49%
The higher than expected superannuation liability is predominantly due to the higher than estimated valuation at 30 June 2020 as a result of using two different discount rates for budget estimates and actual. The discount rate of 5 per cent was applied in the 2019-20 Budget, compared to 1.73 per cent at 30 June 2020. This rate is required by Australian accounting standards, and referenced to the yield on a suitable Commonwealth Government bond.				
Employee benefits	863,512	756,653	106,859	14%
The increase is associated with higher employee benefits in Canberra Health Services and Education due to lower levels of leave during 2019-20 and increased staffing resulting in higher leave entitlements. The increase is also due a change in the present value factor used to value long service leave from 110 per cent in 2018-19 to 113.6 per cent in 2019-20.				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX A - CONTINUED

Other provisions	972,473	733,245	239,228	33%
This variance mainly relates to a provision for refunding GST revenue as a result of an overpayment from the Commonwealth in 2019-20. COVID-19 has significantly reduced jurisdiction entitlements, and it is anticipated the Commonwealth will recoup the overpayment in 2020-21. The increase is also attributed to higher workers compensation claims liabilities as well as an increase in the expected number and size of other claims.				
Payables	192,192	253,097	-60,905	-24%
The decrease is mainly due to a change in accounting treatment related to the recognition of contract liabilities in accordance with AASB 15: 'Revenue from Contracts with Customers'. These types of liabilities are now recognised as contract liabilities.				
Contract Liabilities	42,563	-	42,563	#
The increase is mainly due to a change in accounting treatment related to the recognition of contract liabilities in accordance with AASB 15: 'Revenue from Contracts with Customers'. These types of liabilities were previously recognised as payables.				

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

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

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

- (i) an Operating statement for the year;
- (ii) a Balance sheet at the end of the year;
- (iii) a Statement of changes in equity for the year;
- (iv) a Statement of cash flows for the year;
- (v) a Statement of appropriation for the year;
- (vi) the significant accounting policies adopted for the year; and
- (vii) other statements as necessary to fairly reflect the financial operations of the Territory during the year and its financial position at the end of the year.

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

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

- (i) Australian accounting standards; and
- (ii) ACT Government accounting and disclosure policies.

The Territory's financial statements have been prepared using the accrual basis of accounting. 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.

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

b) Compliance framework

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

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

The financial statements for the Territory have also been prepared in accordance with the principles and rules of the Australian Bureau of Statistics Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015 (ABS GFS manual).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

b) Compliance framework - continued

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

The General Government Sector (GGS) is a component of the whole of government reporting entity of the Territory. The GGS is determined in accordance with the principles and rules contained in the ABS GFS Manual. The GGS consists of agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenue and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges 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 10: 'Consolidated Financial Statements' (AASB 10) and AASB 9: 'Financial Instruments' (AASB 9), where full application is not required. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the PTE sector are not separately recognised in the financial statements. Instead, the GGS financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

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

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

c) The reporting period

These consolidated financial statements state the financial performance, changes in equity and cash flows of the Territory for the financial year ended 30 June 2020 together with the financial position of the Territory as at 30 June 2020.

d) Budget figures

To facilitate a comparison with the budget papers, as required by the FMA, budget information for 2019-20 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2019-20 Budget papers.

The 2019-20 Budget papers were prepared in accordance with the requirements of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049) except for the calculation of the 'Headline net operating balance' in the budget papers which is not shown in the Operating statement of this report as this calculation is not required under AASB 1049.

The 2019-20 Budget presented in these statements has been amended in presentation to allow comparison for the adoption of AASB 15: 'Revenue from Contracts with Customers', AASB 1058: 'Income of Not-for-Profit Entities' and AASB 16: 'Leases'. These amendments are presentational in nature only and do not affect the total of any line items.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

e) Prior year comparatives

Comparative information has been disclosed in respect of the previous period for amounts reported in the Territory's financial statements, except where an Australian accounting standard does not require comparative information to be disclosed.

Where the presentation or classification of items in the Territory's financial statements are amended, the comparative amounts have been reclassified where material. Where a reclassification has occurred, the nature, amount and reason for the reclassification is provided.

The Territory has applied the modified retrospective approach to the adoption of AASB 15: 'Revenue from Contracts with Customers', AASB 1058: 'Income of Not-for-Profit Entities' and AASB 16: 'Leases' and comparative information is not restated. Changes from the adoption of these standards have been recognised against the opening equity at 1 July 2019.

f) Rounding

All amounts in the Territory's financial statements have been rounded to the nearest thousand dollars (\$'000).

Use of a hyphen ("-") represents zero amounts, or amounts rounded down to zero.

g) Basis of consolidation

In accordance with AASB 10: 'Consolidated Financial Statements' (AASB 10) 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 are eliminated in preparing the Territory's financial statements.

Full application of AASB 10 has not been applied for the GGS financial statements as per the disclosure contained in Appendix B(b): 'Compliance framework'.

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

h) Revenue recognition

Revenue is recognised in accordance with AASB 15: 'Revenue from Contracts with Customers' (AASB 15) where the contract is enforceable and contains sufficiently specific performance obligations, otherwise revenue is in the scope of AASB 1058: 'Income of Not-for-Profit Entities' (AASB 1058).

AASB 15

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

- (1) identify the contract with the customer;
- (2) identify the performance obligations;
- (3) determine the transaction price;
- (4) allocate the transaction price; and
- (5) recognise revenue as or when control of the performance obligation is transferred to the customer.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Territory have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue recognition - continued

AASB 1058

Where revenue streams are in the scope of AASB 1058, the Territory recognises the asset received (generally cash or other financial asset) at fair value, recognises any related amount (e.g. liability or equity) in accordance with an accounting standard and recognises revenue as the residual between the fair value of the asset and the related amount on receipt of the asset.

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 at the time when an assessment is raised. Fees are either recognised as revenue at the time of receipt or when the fee is incurred. Fines are recognised as revenue on the issue of the relevant infringement notice. Where the fine attracts a penalty for late payments, the penalty amount is recognised as revenue on issue of the late payment notice. Licence revenue, apart from short-term licenses (12 months or less) and low-value licenses (\$10,000 or less) are recognised consistent with the licence's performance obligations. In which case licence revenue is either recognised when the licence is issued or amortised over the licence term.

Sales of goods and services from contracts with customers

Revenue is recognised when the Territory satisfies the performance obligations, where the contracts are enforceable and contain sufficiently specific performance obligations, which can be at a point in time or as it fulfils performance obligations over time. The performance obligation is satisfied when the good or service is physically transferred to the customer and control is transferred. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

A receivable in relation to these services is recognised when invoiced, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment.

Sales of goods and services from contracts with customers revenue is recognised upon delivery of the related service to customers, or by reference to the stage of completion of contracts or agreements for the services involved. The stage of completion is determined on the basis of the ratio of costs incurred to date to the estimated total costs of the transaction.

Interest revenue

Interest revenue is recognised using the effective interest rate method.

Gains on investments at fair value through profit and loss

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

Commonwealth Government grants

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

Land revenue

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

Sales under the land rent scheme are recognised in the PTE sector on settlement at an 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

h) Revenue recognition - continued

Land revenue - continued

Some sales contracts include the requirement of purchasers to construct and return specific infrastructure assets to the Territory, at their own cost. The estimated cost of the infrastructure is contained within the Deed of Agreement or Prescribed Conditions within the sales contract, and this becomes the agreed infrastructure asset value that will be transferred to the upon practical completion. The infrastructure revenue is recognised upon settlement of the contract, as non-cash consideration in line with land sales revenue.

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.

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.

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.

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.

i) Borrowing costs

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

j) 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 13: 'Waivers, impairment losses and write-offs'.

k) 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

l) '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.

m) 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 and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash flow statement but not in cash and deposits in the Balance sheet.

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'.

n) Receivables

Receivables (including trade and other receivables) are 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 its completion and handover to the Territory by the purchaser, the receivables relating to infrastructure works are classified 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 expected credit losses represents the amount of trade receivables and other receivables the Territory estimates will not be repaid. The Territory measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The amount of the expected credit loss is recognised in the Operating statement. The allowance for impairment losses is written off against the receivables account when the Territory ceases action to collect the debt as it considers that it will cost more to recover than the debt is worth.

The Territory applied AASB 9: 'Financial Instruments', based on information collected from each agency's financial statements and by assigning a weight to each agency to ensure that the final average credit loss estimation reflects the relative importance of each agency's credit loss value.

Where the Territory has no reasonable expectation of recovering an amount owed by a debtor and ceases action to collect the debt, as the cost to recover the debt is more than the debt is worth, the debt is written-off by directly reducing the receivable against the loss allowance.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

o) Contract assets

Where the amounts billed to customers are based on the achievement of various milestones established in the contract, the amounts recognised as revenue in a given period do not necessarily coincide with the amounts billed to or certified by the customer.

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or the before payment is due, the Territory presents the contract as a contract asset, unless the Territory's rights to that amount of consideration are unconditional, in which case a receivable is recognised.

Contract cost assets

Where costs are incurred to fulfil a contract, they are accounted for under the relevant accounting standard, otherwise if the costs relate directly to a contract, the costs generate or enhance resources of the Territory that will be used to satisfy performance obligations in the future and the costs are expected to be recovered then they are capitalised as contract costs assets and released to the Operating statement on a systematic basis consistent with the transfer to the customer of the goods or services to which the asset relates.

p) Advances paid

Advances paid by the Territory include home loans to members of the public and loans provided on behalf of 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 2019-20 Budget supplementary material (Summary and terms of debt capital injection) at <https://apps.treasury.act.gov.au/budget/budget-2019-20/budget-papers>.

q) Investments

Initial recognition

The Territory's investment assets are designated at fair value through the Operating statement. The Territory's superannuation investments are recognised when the Territory becomes party to the contractual agreement (trade date).

Subsequent measurement

Subsequent to 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 as Investment revenue.

Derecognition

Investments are derecognised when the obligation specified in the contract is discharged or cancelled, transferred, or expired. Transaction costs for such investments are recognised directly in the Operating statement.

Determination of fair value

For the Territory's investments, fair value represents the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal of the most advantageous market must be accessible to the Territory. The fair value 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

q) Investments - continued

Determination of fair value - continued

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 40: 'Financial instruments'.

Financial investments are exposed to a range of underlying asset class sectors in accordance with the strategic asset allocation structured to achieve the Territory's long-term investment objective.

Underlying investment exposures include cash, money market securities, fixed rate bonds (domestic and international), equities (domestic and international), private equity, property and infrastructure. Investment exposures are maintained in line with the strategic asset allocation considered to represent an efficient portfolio (acceptable risk return outcome) to achieve the Territory's long-term investment objective. Under the investment structure, investments are diversified by geography, sector and financial instrument type to manage the risks associated with changing financial and economic conditions. Investment exposures are managed to an agreed investment plan which is designed to achieve the long-term investment return objective (CPI plus 4.75 per cent per annum).

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 and pooled unit trusts include exposure to futures, options, forward rate agreements and swaps, where the derivatives are held to gain underlying market exposure or to manage financial risks.

The fair values of derivative instruments are 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 the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. Derivatives are classified as either Level 1 or Level 2.

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 City Renewal Authority (CRA) and the Suburban Land Agency (SLA) when operational acceptance is provided by the Environment, Planning and Sustainable Development Directorate (EPSDD) and the land becomes available for sale.

Land acquisitions

Unleased Territory land is acquired at market value by the CRA and SLA who make payment to EPSDD (the General Government Sector) when the land is sold to third parties. The CRA and SLA also purchase land from third parties at market value as required. They also receive land for no cost through transfers from other ACT Government agencies.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

r) Inventories - continued

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. Land sites held for development and sale are classified as current assets when they are expected to be sold within 12 months.

Project costing

Significant judgements have been applied to costs expected to be incurred over the life of all individual land projects by the CRA and SLA. Any adjustments as a result of the reviews has an impact on the value of inventory and cost of land sold. The overall impact of the 2019-20 adjustment was to decrease cost of land sold by \$1.989 million.

s) Non-current assets held for sale

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

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

Right of use assets are initially measured at cost. After the commencement date, right of use assets are measured at cost less any accumulated depreciation and accumulated losses and adjusted for any re-measurement of the lease liability. Right of use assets are presented in property, plant and equipment under the relevant asset class.

Land, buildings, infrastructure assets, leasehold improvements and community and heritage assets are revalued every three years. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to buildings, leasehold improvements and community and heritage assets at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any accumulated depreciation relating to infrastructure assets is restated proportionally with the change in the gross carrying amount so that the net carrying amount of those assets after revaluation equals its revalued amount.

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

u) Measurement of property, plant and equipment after initial recognition - continued

Infrastructure assets and some community and heritage assets have been recorded at fair value based on current 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.

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.

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.

v) Impairment of assets

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 expensed 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.

Impairment losses for plant and equipment, leasehold improvements and intangible assets are recognised in the Operating statement, as plant and equipment and intangibles are carried at cost, and leasehold improvements are carried at fair value, but do not have an Asset Revaluation Surplus attached to them. The carrying amount of the asset is reduced to its recoverable amount. Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date. No impairment losses were recognised in relation to contract assets.

w) Land under roads

Significant judgement has been made in determining the fair value of land under roads. The Valuer General has 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.

x) Investment properties

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

y) Intangible assets

The Territory's intangible assets are comprised of internally generated 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 ten years.

Other intangible assets held by the Territory include large scale generation certificates (Certificates) from Large-scale Renewable Energy Generators (LREG's) as part of the LREG's obligations under a deed of entitlement. These certificates are created through the generation of renewable energy (electricity) by an LREG. The rights to the certificates are required to be surrendered to the Territory when the LREG feeds the renewable energy generated into the ACT electricity network through ACT's licensed electricity distributor, ActewAGL. An intangible asset (the right to receive certificates) is recorded on the payment of feed-in tariff support to the LREG generators. When legal title to the certificate transfers the right to receive certificates (intangible asset) is derecognised and a Large-scale Generation Certificate (intangible asset) is recognised. Both types of intangible assets are transferred at no cost.

Large-Scale Generation Certificates are initially recognised at fair value. After the initial recognition, both the right to receive and received, are revalued each year. The valuation is done internally and is based on the market rate at 30 June each year. Revaluation increments and decrements are recorded in the Operating statement. The Territory uses the spot price per certificate as quoted by Green Energy Markets to revalue the intangible assets. The Territory has determined the certificates have an indeterminate useful life and therefore no amortisation expense is recorded in the financial statements.

The certificates are recognised and recorded at market value on the date the Territory gains control of the certificates. They are valued based on one certificate for every megawatt hour of renewable energy generated and fed into the ACT electricity network. The price attributed to certificates upon initial recognition is determined using the market price at the time of the creation of the certificate. The certificates, both right to receive or received, are revalued each year. The valuation is performed internally and is based on the market rate at 30 June each year.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

z) Depreciation and amortisation

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 have an unlimited useful life and are therefore not depreciated.

Right of use leasehold improvements and plant and equipment are depreciated over the estimated useful life of each asset or the unexpired period of the lease, whichever is shorter.

All depreciation and amortisation are 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	Useful Life
Buildings	Straight Line	2-100
Leasehold improvements	Straight Line	2-40
Plant and Equipment	Straight Line	2-123
Infrastructure	Straight Line	3-138
Externally Purchased intangibles	Straight Line	2-10
Internally Generated intangibles	Straight Line	2-10
Community and Heritage Assets	Straight Line	3-100
Land improvements are included with buildings.		

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

z) Payables

Payables are initially recognised at fair value based on the transaction cost and subsequent to initial recognition at amortised cost, with any adjustments to the carrying amount being recorded in the Operating statement. All amounts are normally settled within 30 days after the invoice date.

Payables include trade creditors, GST payable, accrued expenses and other payables.

aa) Contract liabilities

When an amount of consideration is received from a customer prior to the Territory transferring a good or service to the customer, the balance of the consideration which has not been transferred is presented as a contract liability.

ab) 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 and the provision of home loans to low income members of the public to assist with home ownership.

ac) Joint arrangements

A joint arrangement is an 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. 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ac) Joint arrangements - continued

Joint ventures

The Territory uses the equity method to account for its interest in its joint ventures. Under the equity method, on initial recognition, the investment in a joint venture is recognised at cost and the carrying amount is increased or decreased to recognise the Territory's share of the profit or loss of the joint venture after the date of acquisition. The Territory's share of the joint venture's profit or loss is recognised in the Operating statement. Distributions received from a joint venture reduce the carrying amount of the investment.

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.

Further information on the Territory's Joint Arrangements can be found at Note 35: 'Interest in joint arrangements'.

ad) Interest-bearing liabilities

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

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

ae) Employee benefits

Employee benefits include short-term employee benefits that are expected to be settled wholly before 12 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, 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 2020, the rate used to estimate the value of future payments for long service leave is 113.6 per cent for not-for-profit agencies (110.1 per cent at 30 June 2019). The amount used to estimate the future payments of annual leave is 100.9 per cent for not-for-profit agencies at 30 June 2020 (101.6 per cent at 30 June 2019).

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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ae) Employee benefits - continued

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.

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.

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 April 2019. The next actuarial review is expected to be undertaken by early 2022.

af) Superannuation

The Territory recognises its superannuation liability in respect of current and former employees who are members of Commonwealth Government defined benefit superannuation schemes, including the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). The total superannuation liability represents the estimated financial obligation of the Territory to make payments to the Commonwealth Government in respect of superannuation arising from Territory employment. Membership of the CSS closed to new Territory employees from 1 July 1990 with new employees assuming membership of the PSS until 30 June 2005.

The administration of the CSS and PSS is undertaken by the Commonwealth Government agency, Commonwealth Superannuation Corporation, with all benefits paid to entitled CSS and PSS members by the Commonwealth Superannuation Corporation. The Territory reimburses the Commonwealth Superannuation Corporation annually for the Territory's share of employer superannuation benefits paid to entitled Territory employees who are members of the CSS or PSS.

The CSS and PSS are types of defined benefit superannuation schemes, in which some or all of the benefits payable to members are defined in advance according to a set of formulas which are linked to factors such as years of service, final average salary and level of individual member contribution over time. The defined benefit liability is determined on an annual basis. The annual liability determination incorporates updates to salary and membership data as at the reporting date, financial and demographic assumptions, and the relevant discount rate as required. A more comprehensive triennial actuarial review, which incorporates a full assessment of all the financial and demographic assumptions, is conducted every three years. The employer financed component of entitlements is unfunded and is not required to be paid until a member receives their benefit entitlement. As the employer financial obligations may be settled many years in the future, the estimated financial obligation is measured on a discounted basis. The ultimate cost of the financial obligation will be influenced by many factors and actuarial assumptions of future events are required to measure the liability and expense. The net defined benefit liability recognised at financial year end is the total annual percentage accrual of each member multiplied by the members' basic salary as per member entitlement.

The Territory recognises actuarial gains and losses by applying the direct to equity method under AASB 119: 'Employee Benefits'.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

af) Superannuation - continued

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 (1.92 per cent) to estimate the closing 30 June 2020 superannuation liability. The closing liability as at 30 June 2020 is estimated at the present value rate as at 30 June 2020 of 1.73 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2020 minus the liability as at 30 June 2019, adjusted for the projected 2019-20 interest and service cost and actual benefit payments.

The ultimate cost of the defined benefit obligation will be influenced by many financial and demographic variables. Key financial and demographic variables include salary growth, rate of inflation, employee contributions, employee turnover, employee benefit election, and changes in life expectancy for pensioners. The present value valuation of the superannuation liability is also significantly impacted by the discount rate.

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 ACT's superannuation liabilities are estimated by the Government's consultant actuary, Willis Towers Watson. The liability estimate as at 30 June 2020 is based on the following assumptions:

Data:

The estimate of the superannuation liability incorporates Territory employee CSS/PSS membership data at 30 June 2019. Commonwealth Superannuation Corporation supplied at 30 June 2019 those members who are currently employed by the Territory (Group A) and those members who are not currently employed by the Territory (Group B).

As the Commonwealth Superannuation Corporation is unable to provide membership data at 30 June 2020 in time for the valuation of the estimated superannuation liability at 30 June 2020, the valuation estimate incorporates membership data at 30 June 2019, but projected forward to 30 June 2020. This allows for projected service and salaries at 30 June 2020, expected exits over the 2019-20 financial year, actual crediting rates on member and productivity accounts to 30 June 2020, as well as actual pension indexation rates.

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.

Limitations in salary and membership data

Detailed checks are carried out by the Territory's actuary to test the integrity of the salary and membership data, including a detailed reconciliation of the current data with the data used for the previous valuation. This process results in some data queries being resolved with CSC.

In the small number of cases where issues may not be resolved, or in the case of limited data availability, conservative judgements are made by the actuary to complete the valuation exercise. The value of accrued defined benefit employer superannuation liabilities is calculated as the present value of the future payment of retirement benefits that have accrued in respect of service as at the calculation date. This approach is in accordance with Australian Accounting Standard AASB 119: 'Employee Benefits' (AASB 119) and the requirement to use a projected unit credit valuation approach.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

af) Superannuation - continued

Demographic assumptions:

The key demographic assumptions that are incorporated by the actuary and that impact on the estimated superannuation liability include: increases in salary through promotion; 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. The valuation of the accrued liability and projection of the estimated annual benefit costs requires assumptions about the future experience of the membership of the CSS and PSS.

Financial assumptions:

	2020	2019
Discount rate	1.73%	1.92%
Salary increase	2.00%	2.25%
CPI	1.50%	1.75%

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.

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. The liability valuation impacts have been estimated by changing each individual assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. Sensitivity of the liability to valuation changes in the major financial assumptions is outlined below:

Liability valuation sensitivity analysis as at 30 June 2020:

	Increase in assumption \$'m	Decrease in assumption ..
Financial assumptions		
Discount rate (+/- 1 per cent)	(2,020)	2,663
CPI (+/- 1 per cent)	1,943	(1,573)
Salary inflation (+/- 1 per cent)	500	(496)
Demographic assumptions		
PSS pensioner election rate (+/- 10 per cent)	446	(447)

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

ag) 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 purchases reinsurance to cover catastrophic and accumulated risk exposures for those major insurance classes which it underwrites, this includes insurance against loss, damage, or destruction of Territory assets; and the legal liabilities incurred by the Territory for third party property damage and personal injury to third parties.

The Territory's Insurance Authority works to protect the assets and services of the Territory by providing risk management and insurance services. To limit the Authority's exposure to accumulation of financial loss from catastrophic events the Authority purchases reinsurance policies for major insurance classes, including public liability, medical malpractice, professional indemnity, property damage and directors and officers, to limit exposure to any single event. The main exposure risk for property assets are bushfire, earthquake and storm damage.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ah) Lease liabilities

Lease liabilities include the net present value of the following lease payments:

- * fixed payments (including in-substance fixed payments), less any lease incentive receivables;
- * variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- * amounts expected to be payable by the lessee under residual value guarantees;
- * the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- * payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that termination option.

After the commencement date, lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined the rate on the ACT Accounting website is used. <https://apps.treasury.act.gov.au/accounting>. This rate reflects the lessee's incremental borrowing rate consistent with Territory policy.

Territory as lessee:

At inception of a contract, the Territory assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- * the contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset;
- * the Territory has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- * the Territory has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The Territory has elected not to separate non-lease components from lease components for leases.

At the lease commencement date, the Territory recognises a right of use asset and associated lease liability for the lease term. The lease term includes extension periods where the Territory is reasonably certain that the option will be exercised.

The right of use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right of use asset is depreciated over the lease term on a straight line basis and assessed for impairment.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Territory uses the incremental borrowing rate published by the Territory which most closely matches the remaining lease term.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ah) Lease liabilities - continued

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Territory's assessment of lease term.

Where the lease liability is remeasured, the right of use asset is adjusted to reflect the remeasurement or is recorded in the Operating statement if the carrying amount of the right of use asset has been reduced to zero.

Exceptions to lease accounting

The Territory has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets.

The Territory recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Territory as a Lessor

For arrangements where the Territory is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When the Territory has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right of use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 16.

The lease income from operating leases is recognised on a straight line basis over the lease term. Finance income under a finance lease is recognised on a basis to reflect a constant periodic rate of return on the Territory's net investment in the lease.

Rental income

The recognition pattern for rental income of properties (including investment properties) is recognised on a straight-line basis over the term of the lease.

Public private partnerships (PPP)

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

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.

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 to the recognition of assets in a PPP arrangement. Application of the requirements of FRS 5 result in such arrangements being accounted for by the Territory as leases in accordance with AASB 116: 'Leases'. (AASB 117).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ah) Lease liabilities - continued

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 is recognised by the Territory.

Initial direct costs incurred by the Territory are capitalised when incurred and are added to the finance lease assets on initial recognition at commercial acceptance.

The remaining components are accounted for as commitments which are recognised as they are incurred.

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.

ai) Service concession arrangements

ACT law courts facilities: The Territory entered a long term contract with Juris Partnership (the Consortium) since December 2015 for the construction of the new ACT Courts. This is 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 upgrades to the existing Magistrates Court and construction of a new Supreme Court (Stage 1) and complete renovation of the existing Supreme Court building (Stage 2). This will deliver all of the new-build facilities, including six new Supreme Court courtrooms. Stage 2 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 Territory has recognised a finance lease liability and leased asset in the 2019-20 year. The finance lease term is 24 years which has been shortened from the original 25 year term to account for delays in the construction finalisation of the ACT Courts Facilities PPP Project. The payments will include amounts for:

- * the servicing of debt and equity raised by the Consortium to finance the construction of the 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.

The term of 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ai) Service concession arrangements - continued

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.

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).

Canberra Light Rail Stage 1: On 25 May 2016, the Territory entered into a 20 year public private partnership arrangement with private sector consortium (Canberra Metro) to design, finance, construct and operate/maintain assets over a concession term. The Territory retains the significant residual interest in the assets at the end of the 20 year term.

Canberra Metro receives service payments from the Territory over the life of the contract which is intended to cover the costs incurred by the consortium in constructing, delivering and maintaining and operating the infrastructure assets over the term of the contract. The Territory is making monthly service payments to Canberra Metro. These payments are split between the component related to the design and construction or upgrading of the asset and ongoing operation and maintenance of the asset. The components relating to the design and construction or upgrading of the asset are accounted for as a finance lease, whereas the remaining components are accounted for as commitments for operating costs which are expensed in the Operating statement as they are incurred.

This PPP in the absence of an Australian Accounting Standard has been accounted for under UK FRS 5 'Reporting the Substance of Transactions: Application Note F Private Finance Initiative and Similar Contracts', as required by the ACT Accounting Policy 'Public Private Partnerships Financed by the Operator the Assets being Territory Assets at the end of the Arrangement'. FRS 5 applies a risks and rewards approach to the recognition of assets in a PPP resulting in them being accounted for as leases in accordance with AASB 117.

The project agreement can be terminated under a number of scenarios. Where it is terminated before expiry of the 20 year operating phase, Canberra Metro may be entitled to a termination payment (depending on the reason for termination). The three types of termination scenarios set out in the project agreement are summarised below:

- * Termination for convenience: the Territory may terminate the project agreement at any time by giving no less than 60 business days notice in writing to Canberra Metro. If the project agreement is terminated for convenience, the Territory will pay Canberra Metro a termination for convenience payment. This amount is generally calculated as Canberra Metro's outstanding project debt, plus the fair market value of Canberra Metro's equity, plus any other reasonable costs incurred by Canberra Metro as a result of termination.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

ai) Service concession arrangements - continued

- * Force majeure termination event: Where the project agreement is terminated for force majeure (for example, earthquake, bushfire, landslide), or the light rail project is wholly or substantially damaged or destroyed upon the occurrence of an uninsurable risk, the Territory will pay Canberra Metro the general termination event payment. This amount is generally calculated as Canberra Metro's outstanding project debt plus any other reasonable costs incurred by Canberra Metro as a result of the termination, less any insurance proceeds.
- * Termination for Canberra Metro default: Where the project agreement is terminated for Canberra Metro's default, the Territory will pay Canberra Metro the fair market value of the project determined by an independent expert or as a result of a re-tender of the contract to the market.

A default by Canberra Metro under the project agreement will entitle the Territory to various remedies. Where a default has occurred, the Territory will in most circumstances be required to give Canberra Metro an opportunity to remedy the default. If the default is not remedied by Canberra Metro within the required period, then it will escalate to a major default. The project agreement also states that a number of events are automatically classified as a major default (for example, when there are persistent breaches or frequent service failures).

In respect of major defaults, Canberra Metro will be given the opportunity to develop a plan to remedy the default (if the default is capable of remedying) or a prevention plan to prevent the default from recurring (in circumstances where the default is not capable of remedy). Where Canberra Metro fails to remedy the major default within the required period or fails to comply with an agreed remedy or prevention plan (as applicable), this will generally give rise to the Territory's right to terminate the project agreement.

Certain events of default are so severe that they are not subject to a remedy regime. They give rise to a Territory termination right immediately upon their occurrence (for example, insolvency of Canberra Metro). These events are called default termination events.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

APPENDIX C - IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board 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 1059 Service Concession Arrangements: Grantor (application date 1 January 2020): This standard was released by the AASB on 14 July 2017. This new accounting standard prescribes the accounting for service concession arrangements including Public Private Partnerships (PPPs) from the perspective of the public sector grantor. AASB 1059 mainly impacts the recognition of assets and liabilities and associated expenses that relate to PPPs.

The Territory notes that there could be potential impact on the recognition of some assets and liabilities associated with the Light Rail Stage 1. Light Rail Stage 1 is a public-to-private service concession arrangement and is within the scope of AASB 1059. Under AASB 1059, light rail assets that are recognised in the property, plant and equipment note will be reclassified as 'service concession assets'. The Territory has assessed the adoption of this standard to be a reclassification with no expected impact on the financial statements.

- * AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (application date 1 January 2022): This standard makes amendments to address the inconsistency between the requirements in AASB 10 and AASB 128 (August- 2011).

The effective date for this standard has been deferred to 1 January 2022 by AASB 2017-5. The Territory has determined that this standard will not have a material impact.

- * AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions (application date 1 June 2020): This standard amends AASB 16 Leases to provide a practical expedient that allows lessors not to assess whether rent concessions as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications. Instead, a lessee would account for those COVID-19 related rent concessions as if they were not lease modifications. The Territory is assessing the impact of this new standard.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX D - CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

Appendix D reflects changes in accounting policy and accounting estimates which apply to the Territory's financial statements.

a) Change in accounting policy

Information provided below explains the impact of the adoption of AASB 15: 'Revenue from Contracts with Customers' (AASB 15), AASB 1058: 'Income of Not-for-Profit Entities' (AASB 1058) and AASB 16: 'Leases' (AASB 16) on the Territory's financial statements.

Initial application of AASB 15 and AASB 1058:

AASB 15 replaces AASB 118: 'Revenue', AASB 111: 'Construction Contracts', AASB 1004: 'Contributions' and related interpretations for annual reporting periods beginning on or after 1 January 2019 for not-for-profit entities.

The Territory has adopted the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information has been reinstated under this approach, and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of equity as at the date of initial application (1 July 2019).

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

Revenue recognition under AASB 1058:

A number of the Territory's agencies receive income that either does not arise from an enforceable contract with customers or which do not have sufficiently specific performance obligations. The timing of income recognition under AASB 1058 depends on whether the transaction gives rise to a liability or a contribution by the owners, related to an asset (such as cash or another asset).

When either party to the contract has performed the required obligation, both parties must present the contract in the Balance sheet as a contract asset or contract liability. Any unconditional rights to consideration are presented separately as receivables.

To clarify:

- * a contract asset is recognised if the Territory transfers goods or services to a customer before the customer pays consideration or the payment is due;
- * a contract liability is recognised if a customer pays consideration before the Territory transfers a good or service to the customer; and
- * a receivable is recognised when the Territory's right to consideration is unconditional and only passage of time is required before payment of the consideration is due.

Significant changes to accounting for revenue on adoption of AASB 15 and AASB 1058:

The main impact of adoption of the two new revenue standards resulted in changes to the presentation of line items on the Operating Statement. There was no material impact to the amounts of revenue recognised in the reporting period as a result.

Contract liabilities are also recognised on the Balance sheet with these amounts previously being classified as payables.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX D - CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES - CONTINUED

Implementation of AASB 16:

For reporting periods beginning on or after 1 January 2019, AASB 16 supersedes AASB 117: 'Leases' (AASB 117). Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases - Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of lessees and lessors. The main changes introduced by the new standard include identification of a lease within a contract and a new lease accounting model for lessees that requires that requires lessees to recognise all leases (previously operating and finance leases) in the Balance sheet as a right of use asset and lease liability, except for short-term leases (leases of 12 months or less at commencement date) and low-value assets (valued at less than \$10,000).

The operating and finance lease distinction no longer exists.

The Territory has applied the modified retrospective approach on initial adoption. The cumulative effect of initially applying this standard is shown as an adjustment to the opening balance of equity. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate.

Given the Territory has adopted AASB 16 using the modified retrospective (cumulative catch-up) approach from 1 July 2019, comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 and associated accounting interpretations.

The Territory has applied the Territory Policy for Transition on AASB 16 Leases – see the Accounting Policy website: <https://apps.treasury.act.gov.au/accounting>

Impact of adoption of AASB 16 (the Territory as a lessee):

Under AASB 117, The Territory assessed whether leases were operating or finance leases based on its assessment of whether significant risks and rewards of ownership had been transferred to the Territory or remained with the lessor.

Under AASB 16, the distinction between operating and finance leases no longer exists for the lessee and therefore all leases that meet the definition of a lease are recognised on the Balance sheet. The Territory has elected to use the exception to lease accounting for short-term leases and leases of low value assets so the lease expense relating to these leases is recognised in the operating statement on a straight-line basis.

AASB 16 includes several practical expedients that can be used on transition. The Territory has used the following expedients:

- * contracts that had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- * lease liabilities have been discounted using the Territory's incremental borrowing rate at 1 July 2019 based on the remaining lease term;
- * right of use assets at 1 July 2019 have been measured at an amount equal to the lease liability for all non-building leases, and adjusted by the prepaid or accrued lease payments for building leases where the historical information is not readily available;
- * leases with an expiry date prior to 30 June 2020 have been excluded from the Balance sheet and lease expenses for these leases have been recorded on a straight-line basis over the remaining term; and
- * hindsight was used when determining the lease term for contracts containing options to extend or terminate the lease.

The Territory has a total negative net impact of \$35.3 million on retained earnings on 1 July 2019 from the adoption of AASB 16 and a lease liability impact of \$409 million which impacts net debt.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX D - CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES - CONTINUED

Effect of adopting AASB 16:

	Adjustments 1 July 2019 \$'000
Assets	
Right of use assets	373,672
Total assets	373,672
Liabilities	
Lease liabilities	408,962
Total liabilities	408,962
Net assets	-35,290
Equity	
Accumulated surplus/deficit	-35,290
Total equity	-35,290

The table below provides a reconciliation of the difference between the operating lease commitments note at 30 June 2019 and the recorded lease liability at 1 July 2019.

Measurement of lease liabilities	\$'000
Operating lease commitments disclosed as at 30 June 2019	1,178,110
Add: Extension options reasonably certain to be exercised not included in commitments note	176,420
Add: Deferred rent and lease incentive	863
Add: Finance lease liabilities recognised as at 30 June 2019	520
Add: Variable lease payments linked to an index	56
Less: Removal of GST from commitments disclosed as at 30 June 2019	-97,620
Less: Adjusted for operating lease commitments not commenced as at 1 July	-684,714
Less: Discounted using incremental borrowing rate at date of initial	-73,249
Less: Short-term leases included in commitments note	-11,929
Less: Low value leases included in commitments note	-429
Less: Discounted impacts of extension options exercised	-79,067
Lease Liability recognised as at 1 July 2019	408,962

Classification of rural land parcels:

The Territory currently holds rural land parcels within different locations. During 2019-20, a strategic assessment was undertaken to determine if any future developments will take place on land held. It was discovered that certain blocks of land that were previously classified as property, plant and equipment are anticipated but not yet confirmed to be developed in the future. Therefore the land that is intended for development was reclassified to inventory, resulting in a \$24.7 million change from property, plant and equipment to inventories.

b) Change in accounting estimates

The Territory has changed its accounting estimates during this reporting period. The Territory will now revalue its housing portfolio tri-annually instead of annually, with the next full revaluation due in 2022.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX E – GLOSSARY

KEY FISCAL AGGREGATES

Net Debt

The sum of deposits held, advances received and borrowings minus the sum of cash and deposits, advances paid, investments, loans and placements. Net debt is a useful measure to judge the overall strength of the Government's fiscal position. A positive position indicates that cash reserves and investments are lower than gross liabilities placing a call on future revenues to service these liabilities. A negative position indicates that cash reserves and investments are greater than gross liabilities.

Net Financial Liabilities

Net financial liabilities takes into account unfunded superannuation liabilities and provides a broader measure of debt than net debt. Net financial liabilities is calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets but excludes the value of equity held by the General Government Sector (GGS) in public corporations.

Net Financial Worth

The amount by which total financial assets exceed financial liabilities. It is a measure of net holdings of financial assets.

Net Increase / (Decrease) in Cash Held

The sum of the net cash flows from all operating, investing and financing activities.

Net Lending / (Borrowing)

The financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position and a negative result reflects a net borrowing position.

Net Operating Balance

This is calculated on the harmonised whole of government operating statement as revenue minus expenses. It is equivalent to the change in net worth arising from transactions.

Net Worth

Defined as total assets less total liabilities. It is an economic measure of wealth and reflects the contribution of jurisdictions to the wealth of Australia.

OTHER DEFINITIONS

Australian Bureau of Statistics GFS Manual

The Australian Bureau of Statistics publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015*.

Cash Surplus/ (Deficit)

The net cash received from operating activities less net sales and purchases of non-financial assets. A cash surplus indicates there was sufficient cash generated from operations to more than cover the net outlay of capital purchases. This measure is located at the bottom of the consolidated harmonised cash flow statement.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX E – GLOSSARY – CONTINUED

Contract Liability

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

Controlled Recurrent Payment

An amount provided, or to be provided, to an entity for the delivery of goods and services provided by the entity or a person providing goods and services on behalf of the entity.

Current Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised or is intended for sale or consumption in the Territory entity's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or
- it is cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Territory entity's normal operation cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date; or
- the Territory entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debt

A legal obligation to make payments of principal and (in some cases) interest according to a predetermined schedule. Debt includes obligations arising from loans (including advances from the Commonwealth Government), bonds, notes and other securities on issue, the capitalised value of outstanding lease commitments under finance lease arrangements (including Public Private Partnerships), supplier/buyer credits, bank overdrafts, and deferred contract payments.

Financial Management Act 1996 (FMA)

The FMA is an Act sets out the legislative framework for the administration of financial affairs of the ACT Government and its agencies.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX E – GLOSSARY – CONTINUED

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.

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*', standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

Lessee

An entity that obtains the right to use an underlying asset for a period of time in exchange for consideration.

Lessor

An entity that provides the right to use an underlying asset for a period of time in exchange for consideration.

Materiality

Materiality is the concept of establishing the importance of financial data. In general, an item of information is material if its omission, non-disclosure or misstatement would cause the financial statements to mislead users when making evaluations or decisions. The size or nature of the item, or a combination of both, could be a determining factor.

National Partnership Payment (NPP)

A NPP is a Commonwealth payment to the States and Territories within the scope of the IGA-FFR, in respect of a National Partnership Agreement, to support the delivery of specified projects, to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

Non-Financial Non-Produced Assets

Non-Financial Non-Produced Assets refers to assets held by producers mainly for the purpose of production that have not themselves been produced. They mainly include land and subsoil assets such as mineral deposits; non-cultivated biological resources and water resources such as virgin forests, fishing grounds and natural water resources; and intangible non-produced assets such as patents, copyrights and goodwill.

Non-Financial Produced Assets

Non-Financial Produced Assets refers to assets created by a production process and held by producers mainly for the purposes of production; includes produced assets, such as buildings (including dwellings), infrastructure (eg railways, roads, tunnels, airports and dams), plant and equipment, cultivated assets (eg livestock, vineyards and orchards), intangible assets (eg computer software), inventories (including materials, supplies, defence weapon platforms, works in progress, finished goods and goods for resale), and valuables (eg precious metals and stones and antiques).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

APPENDIX E – GLOSSARY – CONTINUED

Other Economic Flows

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

Public Trading Enterprises (PTEs)

This is an ABS categorisation of certain public sector agencies. It comprises government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

Revenue from Contracts with Customers

An entity's revenue recognised by agreeing with a customer to create obligations to transfer goods or services that are an output of the entity's ordinary activities in exchange for consideration.

Right of Use Asset

An asset that represents a lessee's right to use an underlying asset for the lease term.

Total Territory

The Total Territory includes transactions with external parties by the General Government Sector and Public Trading Enterprises.

Underlying Asset

An asset that is the subject of a lease, for which the right to use that asset has been provided by a lessor to a lessee.

Uniform Presentation Framework (UPF)

By agreement between the Commonwealth Government and the States and Territories, each jurisdiction presents financial information on a UPF basis in their budget papers, and in mid-year budget updates and in budget outcome reporting. The primary objective of the UPF is to ensure that the Commonwealth, State and Territory governments provide a common 'core' of financial information in their budget papers to enable direct comparisons of each government's budget and financial results. The UPF is based on the harmonised whole of government reporting standard.