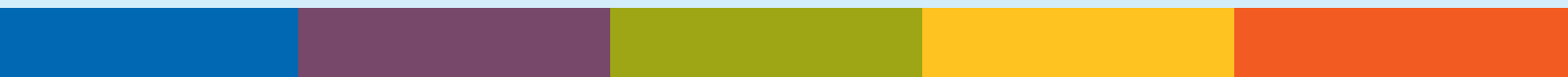




AUSTRALIAN CAPITAL TERRITORY

PRE-ELECTION 2012-13

BUDGET UPDATE



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FORWARD

Financial Management (Pre-Election Budget Update) 2012 (No 1)

Notifiable Instrument NI2012-504

made under the

Financial Management Act 1996, s20C Pre-Election Budget Update

I, Megan Smithies, Director-General, Treasury Directorate, do hereby exercise my authority under section 20C of the *Financial Management Act 1996* to present the Pre-Election Budget Update.

As required under section 20C, I have provided a Pre-Election Budget Update that includes the following information:

- a. Updated financial statements under the financial management guidelines for the 2012-13 financial year.
- b. Updated budget estimates for the financial year 2012-13 and each of the next three years for the:
 - i. General Government Sector;
 - ii. Public Trading Enterprise Sector; and
 - iii. Total Territory.
- c. A Statement of Economic and Other Assumptions used in preparing the updated financial statements and budget estimates.
- d. A Statement of Sensitivity of the updated financial statements, budget estimates and other assumptions.
- e. A Statement of Risk, quantified where possible, affecting economic or other assumptions including:
 - i. contingent liabilities; and
 - ii. publicly announced government commitments not yet included in the updated statements and estimates.

This update takes account of government decisions and other circumstances that may have a material effect on the statements and estimates, and can be quantified at this time.

This update is current as at 17 September 2012.



Megan Smithies
Director-General
Treasury Directorate
20 September 2012

BACKGROUND

Section 20C of the *Financial Management Act 1996* (FMA) requires a Pre-Election Budget Update be provided to the Parliamentary Counsel for notification, at least 30 days before the polling day of an ordinary election.

The purpose of the Pre-Election Budget Update is to provide the electorate with an updated picture of the Territory's financial position before the election, and to allow for the assessment of the government's financial performance against its financial policy objectives and strategies as set out in the 2012-13 Budget Papers.

Principles of the Pre-Election Budget Update

The Pre-Election Budget Update incorporates Government decisions and announcements, technical changes and impacts of known external factors, where they are certain and quantifiable, since the time of the Budget. The flow-on impacts of the 2011-12 outcome have also been incorporated. Where significant issues have been identified, but are not certain or unable to be quantified with reasonable certainty, they have been identified as potential risks in the Statement of Risks section.

Known and advised changes in Commonwealth estimates, and the impact of agreed and signed intergovernmental agreements are included in the Pre-Election Budget Update forecasts, where they impact the financial position of the Territory.

Certain information that remains unchanged from that presented within the 2012-13 Budget Papers may not be reproduced in this report. A statement has been made where the information has remained unchanged.

The Pre-Election Budget Update incorporates information up to 17 September 2012.

CHAPTER 1: UPDATE TO THE 2012-13 BUDGET ESTIMATES

Overview

The Territory's financial performance remains within the boundaries outlined in 2012-13 Budget fiscal strategy and Budget Plan. The Budget continues to forecast a return to surplus by 2015-16.

The outlook for the GGS Headline Net Operating Balance for 2012-13 has, however, declined since the publication of the Budget, largely due to the fall in the discount rate used to value superannuation liabilities at 30 June 2012.

Across the forward estimates, GST revenue is projected to increase, following the release of preliminary estimates of resident population by the Australian Bureau of Statistics reflecting the result of the 2011 Census. This has increased the Territory's estimated share of the GST revenue pool.

Insurance claims expenses are forecast to decrease across the Budget and forward estimates, following the 2011-12 actuarial revaluation of claims.

Taxation revenues remain broadly in line with the budgeted estimates, with some minor changes resulting from the flow-on of the 2011-12 outcome.

The Update also incorporates the impact of quantifiable Government announcements, including a provision for the National Disability Insurance Scheme pilot and reduced revenue from Extension of Time to Commence and Complete Fees.

The Territory's economy performed well in 2011-12. Economic activity as measured by State Final Demand grew stronger than forecast, mainly underpinned by Commonwealth Government spending. Employment growth moderated in line with expectations and inflation remained contained.

The economic forecasts remain unchanged from those published in the 2012-13 Budget. These forecasts incorporated a moderation in economic and employment growth for 2012-13 as the Territory is impacted in the short term by the Commonwealth Government's fiscal consolidation task and ongoing global economic uncertainty.

The following table provides a summary of the update to the Headline Net Operating Balance for the 2012-13 Budget and forward estimates.

Table 1: 2012-13 Pre-Election Budget Update

| Headline Net Operating Balance | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|--------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| General Government Sector | -318.3 | -381.1 | -117.6 | -40.4 | 45.6 |
| Public Trading Sector | 140.3 | 122.4 | 171.9 | 199.5 | 240.0 |
| Total Territory | -365.8 | -500.1 | -186.9 | -75.4 | 0.6 |

Revised financial statements are at **Appendix 2** to this Report.

Headline Net Operating Balance – General Government Sector

The GGS Headline Net Operating Balance is now forecast to be in deficit by \$381.1 million in 2012-13. This reflects a decline from the \$318.3 million deficit estimated at the time of the 2012-13 Budget, largely resulting from the fall in the discount rate used to value superannuation liabilities at 30 June 2012.

Table 2: General Government Sector Headline Net Operating Balance

| | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|---|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Revenue | 3,951.7 | 3,968.2 | 4,289.9 | 4,554.0 | 4,775.1 |
| Total Expenses | 4,347.4 | 4,428.3 | 4,484.7 | 4,676.4 | 4,816.0 |
| UPF Net Operating Balance | -395.7 | -460.1 | -194.8 | -122.3 | -40.9 |
| <i>Plus</i> | | | | | |
| Expected long term capital gains on superannuation investments | 77.4 | 79.0 | 77.2 | 81.9 | 86.5 |
| Headline Net Operating Balance | -318.3 | -381.1 | -117.6 | -40.4 | 45.6 |

Reconciliation to the Budget Position – GGS Operating Statement

Table 3 below provides a reconciliation between the General Government Sector (GGS) Net Operating Balance published in the 2012-13 Budget and the revised estimates presented in the 2012-13 Pre-Election Update. Details of these variations have been split between policy and parameter variations.

Table 3: Summary of Movements in the Headline Net Operating Balance

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--|---------------|---------------|---------------|-------------|
| | \$m | \$m | \$m | \$m |
| GGS Headline Net Operating Balance – 2012-13 Budget | -318.3 | -130.2 | -51.3 | 25.2 |
| Parameter Impact | | | | |
| GST Revenue | 17.1 | 14.5 | 17.2 | 20.1 |
| Other Commonwealth Revenue | -5.5 | 0.0 | 0.0 | 0.0 |
| Superannuation Expenses | -83.0 | 0.0 | 0.0 | 0.0 |
| Superannuation Investment Earnings | 0.0 | -6.6 | -6.7 | -6.8 |
| Taxation Revenue – Conveyance | 4.3 | -5.1 | -2.7 | 0.0 |
| Taxation Revenue – Payroll | 3.7 | 3.9 | 4.1 | 4.4 |
| Taxation Revenue – Other | 0.3 | -0.5 | -1.3 | -2.2 |
| Land Rent Scheme | 1.6 | 2.1 | 2.1 | 2.1 |
| Dividends and Income Tax Equivalents | -2.8 | 9.1 | -2.7 | -2.7 |
| Territory Banking Account – Interest (net) | -2.0 | -3.1 | -2.5 | -1.6 |
| Insurance Claims Expense | 3.4 | 7.5 | 8.7 | 9.2 |
| Policing Agreement Indexation | 0.0 | 0.0 | 0.0 | 3.5 |
| Other / End of Year Outcome Flow-on | 2.3 | 0.2 | 0.3 | 0.3 |
| Sub-Total | -60.7 | 22.0 | 16.5 | 26.2 |
| Policy Impact | | | | |
| Grant to Pace Farm ^(a) | 0.0 | -3.8 | 0.0 | 0.0 |
| National Disability Insurance Scheme – Respite Pilot | 0.0 | -3.7 | -3.7 | -3.7 |
| Revenue Reduction – Extension of Time to Commence and Complete Fees | -2.1 | -2.2 | -2.3 | -2.4 |
| University of Canberra – Extension of Borrowings | 0.1 | 0.3 | 0.4 | 0.4 |
| Sub-Total | -2.0 | -9.4 | -5.6 | -5.7 |
| Revised GGS Headline Net Operating Balance – 2012-13 Pre-Election Budget Update | -381.1 | -117.6 | -40.4 | 45.6 |
| <i>Less – Commonwealth Grant for Majura Parkway</i> | <i>0.0</i> | <i>50.0</i> | <i>64.5</i> | <i>20.0</i> |
| Revised GGS Underlying Net Operating Balance – 2012-13 Pre-Election Budget Update | -381.1 | -167.6 | -104.9 | 25.6 |

Figures may not add due to rounding

(a) A grant of \$3.750 million will be provided in 2012-13, this will be funded from the Treasurer's Advance provision and is therefore budget neutral.

Details of Parameter Variations and Cost Pressures

GST Revenue

Estimates of GST revenue grants to the ACT have been updated following the release of preliminary estimates of resident population by the Australian Bureau of Statistics as a result of the 2011 Census.

This reflects an increase resulting from the Territory's relative population share.

Other Commonwealth Revenue

The Territory received revenue in advance in 2011-12 for a range of National Partnership Payments for ACT Health. This will result in reduced revenue in 2012-13 due to the funds being received in advance in 2011-12. The appropriation to Health and expenditure profiles remain in line with the published Budget.

The change to Financial Assistance Grants reflects advice from the Commonwealth on the 2012-13 revised payment flowing from the 2011-12 outcome.

Superannuation Expenses

Increased superannuation expenses in 2012-13 reflect a lower discount rate at 30 June 2012 of 3.41 per cent, as compared to the budget long term discount rate estimate of 6 per cent.

Superannuation Investments

Decreased expected superannuation investment returns due to a lower investment base at 30 June 2012.

Taxation Revenue

The revised total taxation revenue forecast over the period 2012-13 to 2015-16 is an increase of \$8.9 million from that presented in the Budget.

The variation is largely driven by the positive flow-on impact of end of year outcomes of \$12.4 million, mainly for payroll tax, offset by a \$3.5 million reduction in conveyance revenue associated with some further softening of the housing market towards the end of 2011-12.

Land Rent Scheme

The increased estimated rental returns from the Land Rent Scheme reflect a higher take-up of properties purchased under the scheme than estimated at the end of 2011-12. The cashflow incorporates the impact of an additional \$70 million being required for the Scheme.

Dividends and Income Tax Equivalent

ACTEW's dividend and income tax equivalent estimates have been revised to reflect the impacts of the 2011-12 outcome, additional borrowings and cash payments associated with the additional income tax relating to the ATO Tax Ruling on the unbilled supply of energy, and changes to tax depreciation associated with the delay in capitalisation of the enlarged Cotter Dam works.

The increase in income tax in 2013-14 largely relates to the reversal of deferred unbilled income resulting from the change in the ATO Tax Ruling.

Territory Banking Account – Interest (net)

Net Interest Outflows reflect a higher borrowing requirement largely relating to additional borrowings to the University of Canberra, and the impact of the further interest rate cut in June 2012. Borrowings will increase by \$85 million in 2012-13.

Insurance Claims Expense

The improved operating result for ACTIA is a result of an actuarial revaluation of the outstanding claims liabilities at 30 June 2012.

Based on 30 June 2012 data, the expected value of large medical malpractice and public liability claims was revalued downwards. This results in a reduction in the estimate of the claims expenses for each year.

Policing Agreement Indexation

Indexation was inadvertently applied in 2015-16, which did not align with the current parameters of the Policing Agreement. This indexation has been removed in this Update.

Other

Other variations to the Budget and forward estimates are mainly attributable to the flow-on impact of variations from the 2011-12 outcome.

Details of Policy Changes

Grant to Pace Farm

The Government has agreed to provide a grant of \$7.5 million over two years to Pace Farm to facilitate the conversion of the Parkwood Farm from cage egg to barn egg production.

The first year impact is offset by a payment from the Treasurer's Advance.

National Disability Insurance Scheme

The Update includes a provision of \$3.7 million per annum, representing the ACT Government's contribution to expanding respite services under the trial of the National Disability Insurance Scheme. The cost of the full roll-out from 2014-15 is subject to on-going negotiations with the Commonwealth and remains to be determined. This is further addressed in the Statement of Risks section.

University of Canberra – Extension of Borrowings

An additional \$50 million loan facility was provided to the University of Canberra (UC) to support new purpose-built, on-campus accommodation for 420 students, due to begin construction in 2012, and which has been made possible as part of the Commonwealth's National Rental Affordability Scheme.

Reduced Revenue – Extension of Time to Commence and Complete Fees

The amendments to *Planning and Development Regulation 2008* implement a policy of significantly reduced Extension of Time Fees for commence and complete provisions in leases. The fee is set at 1 per cent of general rates for the time of extension up to four years. The reduced fees are applicable for all developments including commercial, mixed use, residential and industrial developments, resulting in revenue foregone for the Territory.

Financial Position – General Government Sector (GGS)

Net Debt

Net Debt is a key balance sheet measure in the GFS framework which takes into account gross debt liabilities, as well as assets (such as cash reserves and investments). Net Debt is calculated as the sum of deposits held, advances received and borrowings, less the sum of cash and deposits, advances paid and investments loans and placements. Superannuation Investments have been excluded in determining Net Debt.

The GGS Net Debt, excluding superannuation investments, is forecast to be *positive* \$340.9 million, an improvement of \$76.3 million compared to the Budget forecast of *positive* \$417.2 million.

A negative Net Debt indicates that GGS cash reserves and investments are greater than debt liabilities.

The improvement largely reflects higher Cash and Advances balances carried over from the 2011-12 outcome, offset by higher borrowings.

Table 4: Net Debt

| General Government Sector | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|---|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Cash and Deposits | 203.9 | 316.4 | 320.6 | 332.5 | 345.7 |
| Advances Paid | 1,450.2 | 1,506.9 | 1,565.3 | 1,620.1 | 1,664.9 |
| Investments, Loans and Placements | 3,026.2 | 2,944.4 | 3,115.5 | 3,396.6 | 3,564.4 |
| <i>Less: Superannuation Investments</i> | <i>2,505.1</i> | <i>2,410.3</i> | <i>2,560.8</i> | <i>2708.2</i> | <i>2,852.3</i> |
| Deposits Held | 35.5 | 32.2 | 36.5 | 123.8 | 126.1 |
| Advances Received | 86.4 | 86.4 | 83.0 | 79.4 | 75.7 |
| Borrowings* | 2,470.4 | 2,579.6 | 2,860.5 | 2,805.6 | 2,438.5 |
| Net Debt | 417.2 | 340.9 | 539.4 | 367.7 | -82.4 |

* Borrowings include finance leases

Net Financial Liabilities

Net Financial Liabilities take into account unfunded superannuation liabilities and provide 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 equity held by the GGS in public corporations (for example, ACTEW).

The revised forecast for Net Financial Liabilities for 2012-13 is \$3,771.2 million, a decrease of \$43.7 million compared to the Budget forecast of \$3,814.9 million. The decrease in the Net Financial Liabilities position is largely due to a net increase in financial assets (less equity investments) associated with end of year outcomes.

Table 5: Net Financial Liabilities

| General Government Sector | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|----------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Financial Assets | 10,767.9 | 10,889.0 | 11,287.8 | 11,778.6 | 12,149.7 |
| Less: Equity Investments in PTEs | 5,689.0 | 5,624.8 | 5,738.6 | 5,853.3 | 5,973.8 |
| Total Liabilities | 8,893.9 | 9,035.4 | 9,658.7 | 10,002.7 | 9,950.9 |
| Net Financial Liabilities | 3,814.9 | 3,771.2 | 4,109.6 | 4,077.4 | 3,775.1 |

Net Worth

Net Worth provides a broad measure of the Territory's balance sheet, and is calculated as total assets less total liabilities including superannuation.

The forecast GGS Net Worth for 2012-13 has been revised to \$16,359.3 million, an improvement of \$439.5 million compared to the budget forecast of \$15,919.8 million. The improvement in Net Worth is largely due to the finalisation and capitalisation of infrastructure projects and the revaluation of property, plant and equipment assets at the end of the year undertaken as part of the 2011-12 audit.

Table 6: Net Worth

| General Government Sector | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|---------------------------|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Assets | 24,813.7 | 25,394.7 | 26,308.6 | 26,962.4 | 27,356.5 |
| Total Liabilities | 8,893.9 | 9,035.4 | 9,658.7 | 10,002.7 | 9,950.9 |
| Net Worth | 15,919.8 | 16,359.3 | 16,649.9 | 16,959.7 | 17,405.6 |

Net Operating Cash – General Government Sector

The Net Operating Cash balance is the cash counterpart to the accrual Net Operating Balance. It measures all operating cash receipts for a financial year (for example, taxes, fees and fines, and operating grants from the Commonwealth Government) less all operating cash payments (including wages and salaries, cash superannuation payments and payments for goods and services).

The revised forecast for the GGS Net Operating Cash at the end of 2012-13 is a \$330.3 million surplus, an increase of \$145.4 million compared to the 2012-13 Budget forecast of \$184.9 million.

Table 7: Net Operating Cash Balance

| General Government Sector | 2012-13 Budget \$m | 2013-14 Estimate \$m | 2014-15 Estimate \$m | 2015-16 Estimate \$m |
|--|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| 2012-13 Budget Net Operating Cash | 184.9 | 345.0 | 452.8 | 529.1 |
| 2012-13 Pre-Election Budget Update Net Operating Cash | 330.3 | 583.4 | 669.3 | 792.3 |

Total Territory Revised Estimates

The 2012-13 Budget forecast a Total Territory Headline Net Operating Deficit of \$365.8 million in 2012-13. A Total Territory Headline Net Operating Deficit of \$500.1 million is now anticipated, indicating a decline of \$134.3 million, largely reflecting the movements as outlined in the General Government Sector Headline Net Operating Balance.

Table 8: Total Territory Revised Budget and Forward Estimates

| | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|---|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Revenue | 4,255.1 | 4,217.1 | 4,559.9 | 4,916.0 | 5,210.4 |
| Total Expenses | 4,698.2 | 4,796.2 | 4,824.0 | 5,073.4 | 5,296.3 |
| UPF Net Operating Balance | -443.1 | -579.1 | -264.1 | -157.4 | -86.0 |
| <i>Plus</i> | | | | | |
| Expected Long-Term Capital Gains on Superannuation Investments | 77.4 | 79.0 | 77.2 | 81.9 | 86.5 |
| Headline Net Operating Balance | -365.8 | -500.1 | -186.9 | -75.4 | 0.6 |
| Net Worth | 16,109.5 | 16,425.0 | 16,655.9 | 16,942.5 | 17,367.5 |
| Net Debt (excluding superannuation related investments) | 1,718.4 | 1,676.6 | 1,894.6 | 1,666.8 | 1,263.0 |
| Net Financial Worth | -4,844.6 | -4,901.1 | -5,337.5 | -5,263.0 | -4,993.9 |

Public Trading Enterprises (PTE) Revised Estimates

A PTE Net Operating Balance of \$122.4 million is now forecast in 2012-13, indicating a decline of \$17.9 million from the original budget of \$140.3 million.

Table 9: Public Trading Enterprise Revised Budget and Forward Estimates

| | 2012-13 Original Budget \$m | 2012-13 Revised Budget \$m | 2013-14 Revised Estimate \$m | 2014-15 Revised Estimate \$m | 2015-16 Revised Estimate \$m |
|----------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Total Revenue | 975.8 | 975.5 | 996.6 | 1,120.6 | 1,252.2 |
| Total Expenses | 835.5 | 853.1 | 824.7 | 921.1 | 1,012.3 |
| UPF Net Operating Balance | 140.3 | 122.4 | 171.9 | 199.5 | 240.0 |
| Net Worth | 5,689.0 | 5,624.8 | 5,738.6 | 5,853.3 | 5,973.8 |
| Net Financial Worth | -1,246.8 | -1,250.7 | -1,288.7 | -1,222.8 | -1,234.8 |
| Net Debt | 1,301.1 | 1,335.7 | 1,355.2 | 1,299.1 | 1,345.4 |

CHAPTER 2: FINANCIAL POLICY OBJECTIVES AND STRATEGIES

The Government's financial policy objectives and strategy, as detailed in the 2012-13 Budget presented to the Assembly on 5 June 2012, are based on the acceptance of temporary deficits in order to maintain reasonable levels of expenditure and investment.

In the context of a moderating economy and Commonwealth contraction in expenditure, the focus is on supporting the economy, jobs and services to the community.

A highlight of the strategy is the provision of infrastructure investments to grow and increase the productive capacity of the economy and reduce future costs.

The Budget reverts to the original target of return to surplus in 2015-16. The Pre-Election Budget Update maintains this target.

Fiscal discipline is maintained, and capacity to respond to growth in demand for priority services has been provided for in the Budget through efficiency improvements.

Under the Budget Plan, the savings task is to be progressively undertaken, and the expenditure and revenue trajectories are projected to converge through expenditure growth being constrained below revenue growth.

The Government's 2012-13 Financial Policy Objectives and Fiscal Strategy remain unchanged from those published in 2012-13 Budget Paper No. 3:

- to achieve a General Government Sector Net Operating Surplus;
- to maintain operating cash surpluses;
- to maintain a AAA credit rating;
- to manage debt prudently and maintain Net Financial Liabilities within the range of all AAA rated jurisdictions;
- to fully fund the Territory's unfunded superannuation liability by 2030;
- to maintain quality services and infrastructure;
- to make targeted investments to achieve strategic objectives of economic growth, reducing future costs and addressing chronic disadvantage; and
- to maintain taxation revenue at sustainable levels.

Objective: Achieve a General Government Sector Net Operating Surplus

The Government's objective is to achieve a General Government Sector Net Operating Surplus: temporary deficits must only occur if they are offset by surpluses at other times.

The achievement of this objective remains in line with the 2012-13 Budget.

Table 10: Comparison of 2012-13 Budget to Pre-Election Budget Net Operating Balance

| | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|---|---------------|---------------|--------------|-------------|
| | Budget | Estimate | Estimate | Estimate |
| | \$m | \$m | \$m | \$m |
| 2012-13 Budget | | | | |
| Headline Net Operating Balance | -318.3 | -130.2 | -51.3 | 25.2 |
| 2012-13 Pre-Election Budget Update | | | | |
| Headline Net Operating Balance | -381.1 | -117.6 | -40.4 | 45.6 |

Objective: Maintain a AAA Credit Rating

The current ACT Government credit rating provided by Standard & Poor's Rating Services is a 'AAA' (Triple A) long term credit rating and a 'A-1+' short term credit rating in both local and foreign currencies.

The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's.

Standard & Poor's also assessed the outlook for the ACT's finances as continuing to be 'Stable'.

While the 2012 Review is currently underway, Treasury considers the achievement of this objective remains on-track.

Table 11: Standard & Poor's Credit Rating

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

A Standard & Poor's credit rating is a current opinion of a borrower's overall financial capacity (its creditworthiness) to repay principal and interest with respect to a specific long or short-term obligation in a timely manner. The ratings are based, in varying degrees, on the following considerations:

- likelihood of payment-capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- nature of and provisions of the obligation; and
- protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganisation, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

An obligation/obligor rated AAA has the highest rating assigned and indicates that the obligator's capacity to meet its financial commitments is extremely strong. A short-term obligation/obligor rated A1+ is also the highest short-term rating assigned.

Objective: Maintain Strong Operating Cash Surpluses

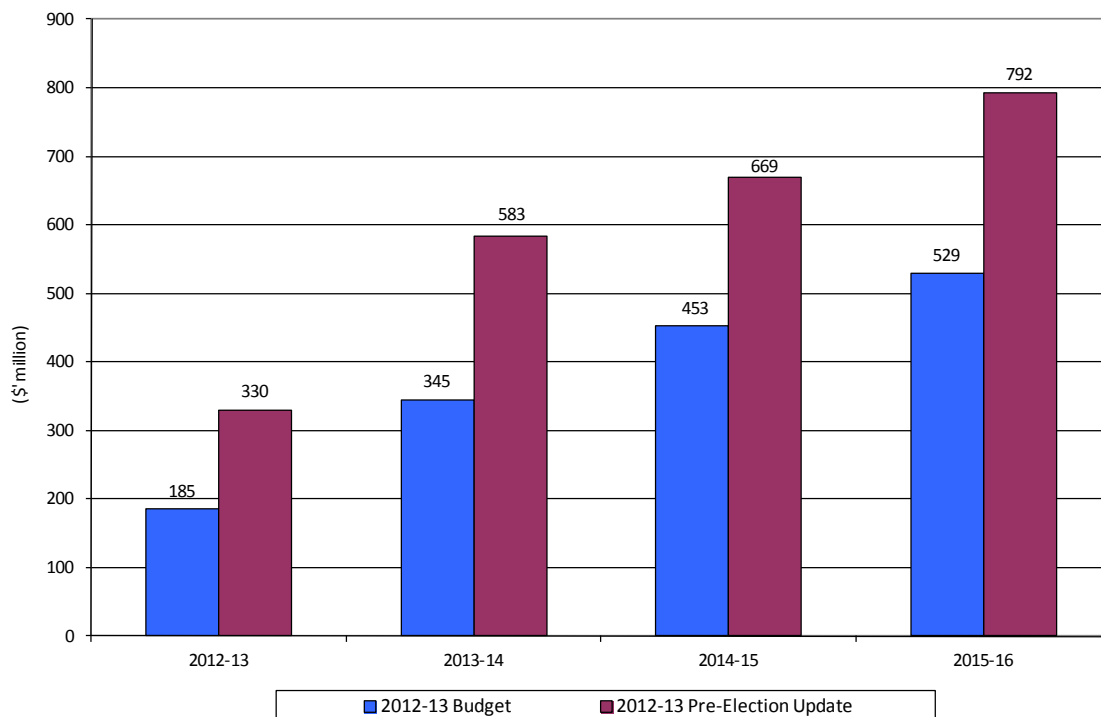
The Government's objective is to maintain strong operating cash surpluses in the General Government Sector at all times. The operating cash balance measures all operating cash receipts each year (for example, taxes, fees and fines, and operating grants from the Commonwealth Government) less all operating cash payments (including wages and salaries, cash superannuation payments and payments for goods and services).

Figure 1 below shows that the General Government Sector Operating Cash Surplus for 2012-13 is \$329 million. The variance from the original budget is largely due to an account reclassification from Net Cashflows from Investments in Non Financial Assets identified through the 2011-12 audit process.

A strong operating cash balance ensures that there is sufficient cash generated from operations to cover the net outlay of the capital investment, to repay debt, and to put aside to address unfunded superannuation liabilities.

The achievement of this objective remains on-track.

Figure 1: Net Cash Flows from Operating Activities – General Government Sector



Objective: Manage Debt prudently and maintain Net Financial Liabilities within the range of all AAA rated jurisdictions

The ACT continues to have one of the strongest balance sheets of any government in Australia. Measures announced in past budgets and continued in the 2012-13 Budget, combined with the overall improvement in the Australian economy will ensure the balance sheet remains strong.

Net Debt

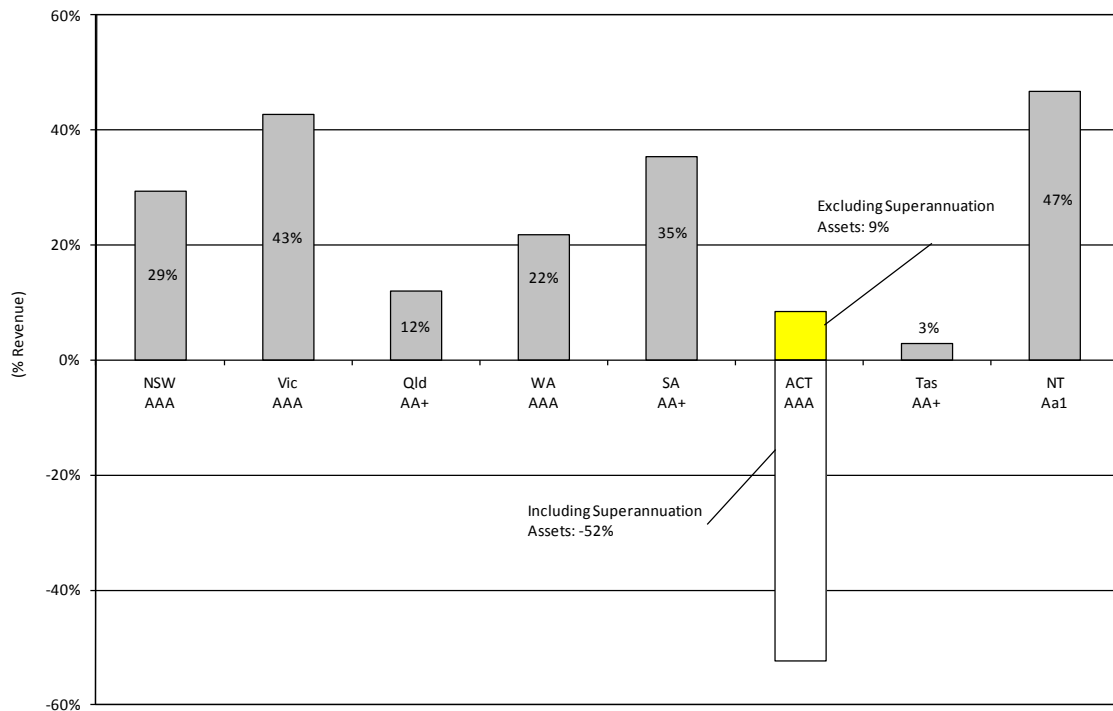
A key balance sheet measure in the GFS framework is Net Debt, which takes into account gross debt liabilities as well as assets (such as cash reserves and investments). The Commonwealth Government, for example, highlights net debt as the key measure of government debt.

Figure 2 below shows that the ACT is estimated to have negative General Government Sector Net Debt in 2012-13. This indicates that the Territory's General Government Sector cash reserves and investments are greater than its gross debt liabilities.

As indicated in the figure, net debt for some states, is reduced because of the impact of investments held to fund superannuation liabilities. However, even if these assets are excluded, the ACT has negative Net Debt (equivalent to around 9 per cent of revenue).

The achievement of this objective remains on-track.

Figure 2: Net Debt to Revenue Ratio – General Government Sector



Source: The interjurisdictional data utilised in this comparison is taken from each jurisdiction's 2012-13 Budget documentation, except for the Northern Territory, where the Pre-Election Fiscal Outlook Report was used.

Net Financial Liabilities

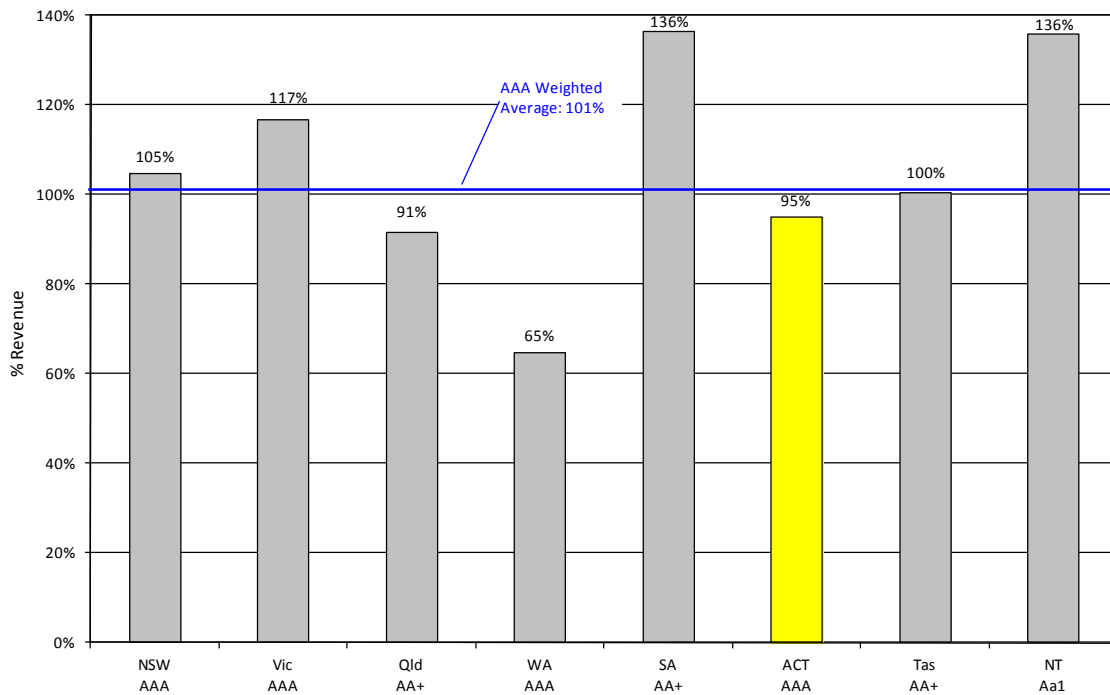
While net debt is a widely used measure in the GFS framework, it does not take into account all financial liabilities. Most particularly, it does not take into account unfunded superannuation liabilities. These unfunded superannuation liabilities are also a form of debt. As a consequence, a number of jurisdictions focus on a broader measure of debt, net financial liabilities, as a key balance sheet indicator.

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 in public corporations (for example, ACTEW Corporation).

Figure 3 below compares the ACT's net financial liabilities as a proportion of revenue with other jurisdictions. It shows that the ACT is below the weighted average level of net financial liabilities compared to other AAA rated jurisdictions.

The achievement of this objective remains on-track.

Figure 3: Net Financial Liabilities to Revenue Ratio – General Government Sector



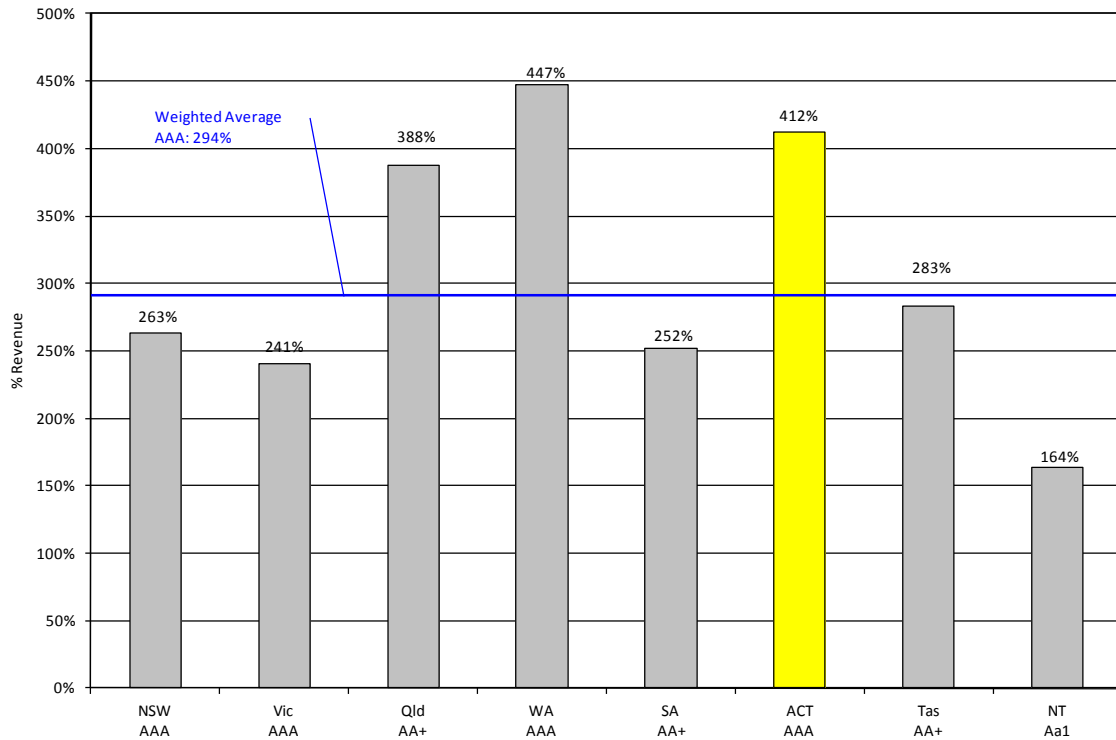
Source: The interjurisdictional data utilised in this comparison is taken from each jurisdiction's 2012-13 Budget documentation, except for the Northern Territory, where the Pre-Election Fiscal Outlook Report was used.

Net Worth

The broadest measure of a jurisdiction’s balance sheet is net worth, which measures the total value of all assets less all liabilities. The ACT has strong positive net worth, and as a proportion of revenue, one of the strongest of all Australian jurisdictions.

The achievement of this objective remains on-track.

Figure 4: Net Worth to Revenue Ratio – General Government Sector



Source: The interjurisdictional data utilised in this comparison is taken from each jurisdiction’s 2012-13 Budget documentation, except for the Northern Territory, where the Pre-Election Fiscal Outlook Report was used.

CHAPTER 3: STATEMENT OF ECONOMIC AND OTHER ASSUMPTIONS

Key Points

- State Final Demand (SFD) growth remained solid in 2011-12, mainly due to public final demand, but employment growth moderated noticeably.
- The current employment level is nevertheless well above the pre-GFC level and the unemployment rate remains well below the national average.
- The forecast for Gross State Product (GSP) growth in 2011-12 has been slightly revised upward, while the forecasts for economic parameters in 2012-13 are unchanged from those presented in the 2012-13 Budget.
- The ACT economy is expected to grow at a below-trend pace in 2012-13, mainly reflecting the contraction in Commonwealth public consumption.
- Employment growth in 2012-13 is expected to be flat in the context of planned Commonwealth Government job cuts, softening demand and global economic uncertainty that continues to weigh on business hiring.
- Consumer price inflation and wage growth in the Territory is expected to be well contained in 2012-13 in an environment of below-trend economic and employment growth.
- Growth in the ACT population in 2012-13 is expected to be mainly supported by natural increase and overseas migration.

Economic Assumptions

The economic forecasts for 2012-13 in the Pre-Election Budget Update (summarised in the table below) are unchanged from those forecast in the 2012-13 Budget. The 2011-12 forecasts published in the 2012-13 Budget have been updated to reflect actual outcomes.

**Table 12: Economic Forecasts
2012-13 Pre-Election Budget Update
Year-Average Percentage Change**

| | Actual | | Forecasts ¹ |
|-------------------------------------|---------|---------|------------------------|
| | 2010-11 | 2011-12 | 2012-13 ² |
| <u>ACT</u> | | | |
| Gross State Product ³ | 2.8 | 2¾ | 2 |
| Employment | 2.2 | 0.6 | 0 |
| State Final Demand | 4.3 | 4.1 | ½ |
| Consumer Price Index | 2.7 | 2.5 | 2¼ |
| Wage Price Index ⁴ | 3.6 | 3.3 | 3½ |
| Population ⁵ | 1.9 | 1½ | 1½ |
| <u>Australia</u> | | | |
| Gross Domestic Product ⁶ | 1.9 | 3.4 | 3¼ |

Notes:

1. Forecasts are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in forecasting economic parameters.
2. The forecasts incorporate the estimated impact of the Commonwealth carbon price scheme.
3. 2011-12 forecast. The actual Gross State Product (GSP) outcome for 2011-12 will become available on 21 November 2012.
4. Total hourly rates of pay excluding bonuses.
5. 2011-12 forecast. The population forecasts and projections reflect Chief Minister and Cabinet Directorate estimates. The forecasts are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other forecasts.
6. 2012-13 is the forecast in the 2012-13 Commonwealth Budget.

2011-12 Outcome

Expenditure in the ACT economy, as measured by SFD, increased by 4.1 per cent in 2011-12. This was much stronger than the Budget forecast of 2 per cent. The latest data from the Australian Bureau of Statistics reflect large revisions to Commonwealth Government consumption expenditure in particular in the first three quarters of 2011-12 that have contributed to the much stronger-than-expected SFD growth outcome for the financial year.

Household consumption growth remained below trend in 2011-12, reflecting ongoing consumer caution and the negative impact on household wealth due to lower share prices and the stabilisation in house prices. Since the GFC, households have become more cautious and are focusing on restoring their balance sheets by reducing debt and increasing savings.

Employment growth in the ACT in 2011-12 moderated to 0.6 per cent, broadly in line with the 2012-13 Budget forecast.

Total investment in the ACT continued to increase at a double-digit rate in 2011-12, mainly underpinned by Commonwealth Government investment. Total investment as a share of SFD continued to rise and reached a record level of around 20 per cent in 2011-12, well above its long-run average rate of around 14 per cent.

Consumer Price Index (CPI) growth eased over 2011-12 to 2.5 per cent in year-average terms, in line with the 2012-13 Budget estimate, mainly attributed to the large falls in fruit and vegetable prices, which were temporarily boosted in early 2011 as a consequence of natural disasters.

Annual Wage Price Index (WPI) growth in 2011-12 was 3.3 per cent, slightly lower than the Budget forecast of 3½ per cent. Wage growth in 2011-12 was impacted by delays in finalising some public sector enterprise bargaining agreements.

GSP growth was revised up to 2¾ per cent in 2011-12 in response to stronger-than-expected final demand and labour market conditions.

2012-13 Forecasts

The economic forecasts for 2012-13 in the Pre-Election Budget Update are unchanged from the 2012-13 Budget forecasts. A brief summary of the economic outlook is provided in the following.

Economic growth in the ACT is expected to be below trend in 2012-13, mainly reflecting the impact of the contraction in Commonwealth Government consumption expenditure. SFD and GSP growth in 2012-13 are estimated at ½ per cent and 2 per cent, respectively.

Employment growth is expected to be flat in 2012-13, consistent with weak final demand growth and the anticipated reduction in Commonwealth Government staffing levels.

The relatively low interest rate environment and solid population growth is supportive of household consumption expenditure, but the expected softening in the labour market and ongoing consumer caution will restrain local spending.

Public consumption expenditure in the ACT is forecast to decrease in 2012-13 given the Commonwealth Government's fiscal consolidation as it seeks to return its budget to surplus in 2012-13.

Total investment growth is expected to slow in 2012-13. The residential building cycle is expected to stabilise following the strength seen in recent years. Nevertheless, activity will remain at a high level, supported by the ACT Government residential land release program, population growth and low interest rates. Non-dwelling investment growth is expected to remain below trend in 2012-13. Public investment growth in 2012-13 is expected to moderate due to the withdrawal of the Commonwealth Government stimulus. Some other continuing projects, such as the enlargement of the Cotter Dam, as well as the commencement of the construction of the Majura Parkway, are nevertheless expected to support public investment in 2012-13.

The population growth forecast of 1½ per cent reflects the Chief Minister and Cabinet Directorate's population projections.

CPI inflation is expected to moderate further to 2¼ per cent, reflecting softer economic activity.

At 3½ per cent, WPI growth in 2012-13 is expected to be contained given the outlook for the labour market and moderate CPI.

Forward Year Projections

Forward year projections are included in Table 13 below. Projections are based on long-run averages and are provided for planning purposes only, and do not reflect an expectation (forecast) of actual outcomes.

There are no changes to the Economic Projections in the 2012-13 Pre-Election Budget Update to those published in the 2012-13 Budget.

**Table 13: Economic Projections
Year-Average Percentage Change**

| | Projections ¹ | | |
|-------------------------------------|--------------------------|---------|---------|
| | 2013-14 | 2014-15 | 2015-16 |
| ACT | | | |
| Gross State Product | 3 | 3 | 3 |
| Employment | 1¼ | 1¼ | 1¼ |
| State Final Demand | 4¾ | 4¾ | 4¾ |
| Consumer Price Index | 2½ | 2½ | 2½ |
| Wage Price Index ² | 4 | 4 | 4 |
| Population ³ | 1½ | 1½ | 1½ |
| Australia | | | |
| Gross Domestic Product ⁴ | 3 | 3 | 3 |

Notes:

1. Projections are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in estimating economic parameters.
2. Total hourly rates of pay excluding bonuses.
3. The population projections reflect Chief Minister and Cabinet Directorate estimates. The estimates are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other projections.
4. 2013-14 is a forecast year in the 2012-13 Commonwealth Budget.

Other Assumptions

Wage Negotiations

The original budget estimates incorporated all recent wage outcomes. A planning provision exists from 2013-14 and beyond for future wage negotiations.

Revenue Assumptions

Taxes, fees and fines, and other own source revenues have been updated in line with the 2011-12 outcome.

GST Revenue Grants have been updated to reflect the estimated increase in the ACT's share of the GST revenue pool following an upward revision to the Territory's population estimates. These are dependent on total GST revenue collected, which tends to closely correlate with the general level of economic activity. Relative to other states, the ACT has been assessed as having a below average capacity to raise revenue, largely due to the absence of mining, agriculture and manufacturing industries in the ACT. As a result, the ACT's share of GST funding is above the relative population share in 2012-13.

The Territory's relativity (used to allocate GST revenue among jurisdictions) has been held constant across the forward estimates period, in line with previous practice.

The land revenue estimates and targets remain unchanged from those outlined in the Budget for 2012-13 and the forward estimates.

Treasurer's Advance

As outlined in the 2012-13 Budget Papers, the forward year Budget estimates include an assumption that additional expenditure of approximately 0.75 per cent of total appropriations will be made in every year as Treasurer's Advance.

Capacity for Future Capital Works Programs

As detailed in the 2012-13 Budget, the forward year Budget estimates include an assumption that a new investment in capital works of around \$120 million will occur in each year beyond the Budget year.

Funding for capital upgrades has also been factored into the forward year Budget estimates to provide for works that extend the useful life or improve the service delivery capacity of existing Territory assets.

In addition, a provision for future works under the Urban Improvement Program is also estimated, however, this will be revisited annually on the basis of new allocations and revenue returns from the Lease Variation Charge.

CHAPTER 4: STATEMENT OF RISKS

The risks to Budget estimates are related to Economic Risks, Risks to Commonwealth Funding, Financial Risks, Guarantees and Contingent Liabilities. The 2012-13 Budget Paper No. 3 provides a comprehensive statement of significant new or ongoing fiscal risks. An update to this statement has been provided to include the following.

Economic Risks

These risks remain unchanged from those outlined in the 2012-13 Budget.

Commonwealth Funding

There are no changes to the risks to Commonwealth funding as detailed in the 2012-13 Budget.

Government Investments and Borrowings

There have been no substantial changes in the risks associated with Government Investment and Borrowings as outlined in the 2012-13 Budget Papers.

Changes to the sensitivity of assumptions associated with Government Investments and Borrowings have been updated as a result of the 30 June 2012 investment valuation and the recalculation of the potential impacts from this new starting base, these results are outlined in the Statement of Sensitivity at Chapter 5.

Superannuation Liabilities

These risks remain unchanged from those outlined in the 2012-13 Budget.

Other Risks

National Disability Insurance Scheme

The Government has agreed to host a launch site commencing in 2013-14 with expanded respite services. A provision of \$3.7 million per annum has been included in the Pre-Election Budget Update estimates.

Beyond 2013-14, specific details of the full roll-out concerning the timing, transition and offsets are yet to be settled with the Commonwealth. In addition, at the wider level, there is still work to be done on the eligibility criteria, assessment process, assistance packages, as well as demand modelling.

These factors lead to uncertainty around the final cost of the NDIS for the ACT Government. Given the potential impacts of the NDIS on future budgets, an estimate of the potential cost based on the cost sharing formula agreed at COAG has been developed.

Under the cost sharing formula the ACT's contribution will be capped for the period of the trial, with the Commonwealth taking responsibility for 100 per cent of upside risk for higher than anticipated client numbers and average package cost. Lower than anticipated client numbers or average package cost would reduce costs to the ACT Government.

The additional cost to the ACT Government for the full roll-out of NDIS to the ACT population has an estimated annual recurrent cost of around \$40 million in 2015-16. This timeframe is not certain and subject to negotiations with the Commonwealth. A transition over a longer period would defer the full NDIS roll-out cost beyond the forward estimates period. Similarly, the final scheme design will impact on future costs.

Commonwealth Fire Services Payment

Negotiations are continuing between the ACT Government and the Commonwealth Government relating to the Commonwealth Fire Services Payment. Any variation to the quantum of future revenue is unknown, pending the outcome of negotiations that are on-going at the time of this publication. The allowance for impairment losses in the 2011-12 financial statements has been increased by \$4.3 million to \$6.5 million recognising the risk to revenue collectable for the 2012-13 period.

Gonski Review of Funding for Schooling in Australia

The Gonski *Review of Funding for Schooling in Australia* recommended a new Schooling Resource Standard for each student, with additional funding “loadings” for those from disadvantaged, low socio-economic and Indigenous backgrounds or from rural and remote areas or who had limited English. Nationally, additional funding of around \$6.5 billion in 2012 was recommended, with the Commonwealth and States and Territories expected to contribute.

It is difficult, at this stage, to quantify the level of additional resources the ACT Government may be required to invest. ACT schools are already well resourced, achieve high educational outcomes, and have relatively low numbers of disadvantaged students. Any additional Commonwealth funding for States and Territories may be targeted at schools and students who do not achieve minimum standards in literacy and numeracy. In the longer term, there is also a risk that the ACT will receive a lower level of Commonwealth funding.

Pace Farm – Subsumed Lease

The Deed of Agreement associated with the grant to Pace Farm includes a provision whereby Pace Farm will surrender an unused portion of its existing lease and apply for a new lease (expiring in 2052) on the portion of the land retained. The relinquished land may be developed and sold for industrial use by the Territory at some point in the future. At this stage, the valuation and transfer process is not complete to allow for the land transfer transaction to be included in the financial statements.

Guarantees and Contingent Liabilities

Contingent liabilities are liabilities resulting from uncertain timing or amounts. They arise from past events, which are not recognised because the outflow of economic benefit is not probable or the liability cannot be reliably measured. Contingent liabilities can also occur when a liability is contingent on the outcome of an event outside the Territory’s control, such as the outcome of a court case.

Under the *Financial Management Act 1996*, it is the responsibility of the Government to identify contingent liabilities that may affect the budget estimates.

A summary of the Territory’s contingent liabilities as at 30 June 2012 is at **Appendix 3** to the Pre-Election Budget Update.

A summary of current guarantees and indemnities is also provided at **Appendix 3**.

CHAPTER 5: STATEMENT OF THE SENSITIVITY OF BUDGET ESTIMATES

The sensitivity of the General Government Sector Headline Net Operating Balance to changes in the budget assumptions presented within this section has been reviewed since they were presented in the 2012-13 Budget Papers.

Sensitivity of Budget Estimates

The following sensitivity analysis has been applied to economic parameters used in the formulation of the revised forward estimates.

Territory revenues are sensitive to changes in economic conditions, both in the ACT and nationally, for example, through GST revenues.

Territory expenses are less sensitive to economic conditions. However, over time, changes in demographic variables may affect the demand for government services. In response, policy decisions may be taken to vary expenditure levels to accommodate the change in demand.

The following table sets out the sensitivity of economic and other assumptions on the General Government Sector Headline Net Operating Balance. This represents a ‘rule of thumb’ for the magnitude of changes, based on 2012-13 information.

Table 14: Sensitivity of Budget Estimates

| Economic or other Assumption | Key Revenue / Expense Lines Effected | Movement in Economic Indicator | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|--------------------------------------|--|--------------------------------|------------|------------|------------|------------|
| | | | \$'000 | \$'000 | \$'000 | \$'000 |
| CPI | Taxation Revenue | +1% | 509 | 1,063 | 1,666 | 2,322 |
| | Sales of Goods and Services, Commonwealth Government Grants ¹ and Other Revenue | +1% | - | 8,177 | 18,007 | 27,572 |
| | Expenses | +1% | - | 18,485 | 39,063 | 61,266 |
| WPI | Taxation Revenue | +1% | - | 2,595 | 5,472 | 8,650 |
| | Sales of Goods and Services, Other Revenue | +1% | - | 4,704 | 9,733 | 15,093 |
| Conveyance – Volume | Conveyance Revenue | +1% | 2,242 | 4,744 | 7,524 | 10,601 |
| Conveyance – Price | Conveyance Revenue | +1% | 3,030 | 6,322 | 9,893 | 13,761 |
| Interest Rates | TBA – Interest Revenue | +/-1% | +/- 5,798 | +/- 5,043 | 5,938 | 6,826 |
| | SPA – Interest Revenue | | +/- 1,213 | +/- 1,291 | +/- 1,367 | +/- 1,442 |
| | TBA Borrowing Costs | | +/- 6,333 | +/- 10,140 | +/- 11,007 | +/- 11,342 |
| Currency Valuation (\$A) | SPA | +/-1% | +/- 4,832 | +/- 5,143 | +/- 5,449 | +/- 5,749 |
| Equity Valuations | SPA 1% change in valuation | +/-1% | +/- 14,497 | +/- 15,430 | +/- 16,347 | +/- 17,246 |
| Super Liability Discount Rate Change | SPA 1% change in discount rate | +1% | - 660,000 | - 680,000 | - 710,000 | - 730,000 |
| | | -1% | + 840,000 | + 870,000 | + 900,000 | + 920,000 |
| Super Expense Discount Rate Change | SPA 1% change in discount rate | +1% | - 25,000 | - 23,000 | - 21,000 | - 19,000 |
| | | -1% | + 29,000 | + 26,000 | + 24,000 | + 21,000 |

1. Refers to specific purpose payments only.

Sensitivity of Other Assumptions

Employee Wage Negotiations

Wages make up the single largest cost in providing government services. As a result, the budget estimates are sensitive to the outcome of certified agreement negotiations. The 2012-13 Budget and forward estimates make provision for a moderate level of wages growth.

APPENDIX 1: LEGISLATIVE REQUIREMENTS

The *Financial Management Act 1996* specifies the following requirements for the Pre-Election Budget Update:

20C Pre-election budget update

- (1) At least 30 days before the polling day for an ordinary election, the director-general must prepare a pre-election budget update and give it to the parliamentary counsel for notification.
- (2) At least 20 days before the polling day for an election mentioned in the Self-Government Act, section 16 (Dissolution of Assembly by Governor-General) or section 48 (Resolution of no confidence in Chief Minister), the director-general must prepare a pre-election budget update and give it to the parliamentary counsel for notification.
- (3) A pre-election budget update is a notifiable instrument.

Note: A notifiable instrument must be notified under the Legislation Act.

- (4) In this section:

ordinary election—see the *Electoral Act 1992*, dictionary.

polling day—see the *Electoral Act 1992*, dictionary.

20D Purpose and contents of pre-election budget update

- (1) The purpose of a pre-election budget update for an election is—
 - (a) to allow the assessment of the government's financial performance against the financial policy objectives and strategies set out in the latest financial policy objectives and strategies statement; and
 - (b) to give the electorate an accurate picture of the Territory's financial position before the election.
- (2) A pre-election budget update must be based on the latest financial policy objectives and strategies statement.
- (3) A pre-election budget update for an election must include—
 - (a) updated financial statements required under the financial management guidelines for the financial year in which the election is to be held; and
 - (b) updated budget estimates for the general government sector, the public trading enterprise sector and the Territory for that financial year and for each of the next 3 financial years; and
 - (c) a statement of the economic or other assumptions used in preparing the updated financial statements and budget estimates; and
 - (d) a statement about the sensitivity of the updated financial statements and budget estimates to changes in the economic or other assumptions; and
 - (e) a statement of the risks, quantified if possible, that may affect the economic or other assumptions, including—
 - (i) contingent liabilities; and
 - (ii) publicly announced government commitments that are not yet included in the updated financial statements and budget estimates.

- (4) Information in the pre-election budget update must—
 - (a) take into account government decisions and other circumstances that may have material effect on the financial statements and budget estimates; and
 - (b) state the date as at when the updating was done.
- (5) However, if particular information required to be included in the pre-election budget update is unchanged from information set out in full in the latest financial statements, the budget estimates mentioned in section 11 (Territory budgets) or budget review, the pre-election budget update may instead summarise the information and state that it is unchanged from that set out in the financial statements, budget estimates or budget review.

APPENDIX 2: DETAILED FINANCIAL PROJECTIONS

General Government Sector

- Operating Statement
- Balance Sheet
- Statement of Changes in Equity
- Cashflow Statement

Public Trading Sector

- Operating Statement
- Balance Sheet
- Statement of Changes in Equity
- Cashflow Statement

Total Territory

- Operating Statement
- Balance Sheet
- Statement of Changes in Equity
- Cashflow Statement

Australian Capital Territory General Government Sector Operating Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|--|--|--|--|--|--|
| Revenue | | | | | |
| 1,277,992 | Taxation Revenue | 1,286,202 | 1,345,062 | 1,419,846 | 1,494,758 |
| | Grants Revenue | | | | |
| 1,568,718 | Commonwealth Grants | 1,580,323 | 1,726,578 | 1,860,999 | 1,928,861 |
| 91,681 | Gains from Contributed Assets | 91,681 | 119,004 | 113,632 | 82,604 |
| 472,932 | Sales of Goods and Services | 472,277 | 489,166 | 503,699 | 518,229 |
| 142,775 | Interest Income | 140,987 | 146,300 | 156,138 | 165,643 |
| 282,858 | Dividend and Income Tax Equivalents Income | 279,134 | 343,966 | 377,618 | 459,862 |
| 114,765 | Other Revenue | 117,585 | 119,811 | 122,094 | 125,151 |
| 3,951,721 | Total Revenue | 3,968,189 | 4,289,887 | 4,554,026 | 4,775,108 |
| Expenses | | | | | |
| 1,527,566 | Employee Expenses | 1,527,567 | 1,557,652 | 1,611,142 | 1,657,471 |
| | Superannuation Expenses | | | | |
| 297,660 | Superannuation Interest Cost | 264,214 | 314,020 | 330,166 | 345,955 |
| 236,567 | Other Superannuation Expense | 352,922 | 236,161 | 237,696 | 244,312 |
| 324,488 | Depreciation and Amortisation | 324,488 | 342,157 | 356,123 | 358,606 |
| 112,728 | Interest Expense | 113,864 | 140,377 | 149,344 | 137,057 |
| | Other Operating Expenses | | | | |
| 888,385 | Supplies and Services | 880,404 | 893,257 | 954,925 | 991,117 |
| 199,840 | Other Operating Expenses | 199,653 | 210,068 | 214,656 | 223,701 |
| 760,187 | Grant Expenses | 765,153 | 791,017 | 822,320 | 857,791 |
| 4,347,421 | Total Expenses | 4,428,265 | 4,484,709 | 4,676,372 | 4,816,010 |
| -395,700 | UPF Net Operating Balance | -460,076 | -194,822 | -122,346 | -40,902 |
| Other Economic Flows - included in the Operating Result | | | | | |
| 12,228 | Dividends - Market Gains on Land Sales | 12,228 | 37,525 | 25,070 | 29,655 |
| 120,445 | Net Land Revenue (Undeveloped Land Value) | 120,445 | 265,656 | 218,433 | 254,601 |
| -379 | Net Gain/(Loss) on Sale of Non-Financial Assets | -379 | -186 | 80 | 346 |
| 77,376 | Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value | 72,472 | 77,222 | 81,945 | 86,527 |
| -3,350 | Doubtful Debts | -3,350 | -3,379 | -3,418 | -3,493 |
| -189,380 | Operating Result | -258,660 | 182,016 | 199,764 | 326,734 |

Australian Capital Territory General Government Sector Operating Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Other Economic Flows - Other Movements in Equity | | | | |
| - | Superannuation Prior Year | 2,754,765 | - | - | - |
| | Actuarial Movement | | | | |
| -1,271 | Other Movements | -1,271 | -1,453 | -158 | -175 |
| 13,604 | Increase/(Decrease) in Asset Revaluation Surplus | 15,914 | 18,725 | 18,767 | 19,450 |
| 571 | Increase/(Decrease) in Other Reserves | 1,042 | 1,931 | - | - |
| -176,476 | Total Comprehensive Income | 2,511,789 | 201,219 | 218,373 | 346,009 |
| -395,700 | UPF Net Operating Balance | -460,076 | -194,822 | -122,346 | -40,902 |
| | <i>less Net Acquisition of Non-Financial Assets</i> | | | | |
| 993,089 | Purchases of Non-Financial Assets | 1,014,505 | 708,476 | 418,050 | 283,944 |
| -4,548 | Sales of Non-Financial Assets | -4,548 | -2,415 | -2,374 | -2,619 |
| -134,766 | Land Revenue (Net Cash Receipts) | -134,766 | -228,265 | -210,833 | -247,001 |
| -324,488 | Depreciation and Amortisation | -324,488 | -342,157 | -356,123 | -358,606 |
| 90,657 | Other Movements in Non-Financial Assets | 90,657 | 117,376 | 113,003 | 81,965 |
| <i>619,944</i> | <i>Total Net Acquisition of Non-Financial Assets</i> | <i>641,360</i> | <i>253,015</i> | <i>-38,277</i> | <i>-242,317</i> |
| -1,015,644 | Net Lending / (Borrowing) | -1,101,436 | -447,837 | -84,069 | 201,415 |

| AUSTRALIAN CAPITAL TERRITORY NET OPERATING BALANCE | | | | | |
|--|--|-----------------|-----------------|----------------|---------------|
| -395,700 | UPF Net Operating Balance | -460,076 | -194,822 | -122,346 | -40,902 |
| 77,376 | Expected Long Term Capital Gains on Superannuation Investments | 78,985 | 77,222 | 81,945 | 86,527 |
| -318,324 | HEADLINE NET OPERATING BALANCE | -381,091 | -117,600 | -40,401 | 45,625 |

Australian Capital Territory General Government Sector Balance Sheet

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-----------------------------|--|--|--|--|--|
| Financial Assets | | | | | |
| 203,878 | Cash and Deposits | 316,356 | 320,562 | 332,513 | 345,715 |
| 1,450,190 | Advances Paid | 1,506,862 | 1,565,333 | 1,620,090 | 1,664,911 |
| 3,026,185 | Investments, Loans and Placements | 2,944,355 | 3,115,452 | 3,396,605 | 3,564,414 |
| 398,673 | Receivables | 496,632 | 547,777 | 576,057 | 600,796 |
| | Equity | | | | |
| 5,689,022 | Investments in Other Public Sector Entities | 5,624,838 | 5,738,646 | 5,853,302 | 5,973,840 |
| 10,767,948 | Total Financial Assets | 10,889,043 | 11,287,770 | 11,778,567 | 12,149,676 |
| Non-Financial Assets | | | | | |
| Produced Assets | | | | | |
| 10,540,867 | Property, Plant and Equipment | 11,024,137 | 11,610,814 | 11,754,832 | 11,669,811 |
| 2,500 | Investment Properties | 2,500 | 2,500 | 2,500 | 2,500 |
| 78,717 | Intangibles | 58,831 | 63,712 | 67,031 | 47,002 |
| 13,470 | Inventories | 12,790 | 13,106 | 13,421 | 13,736 |
| 1,135 | Assets Held for Sale | 1,040 | 1,019 | 998 | 978 |
| 779,190 | Capital Works-in-Progress | 882,027 | 699,174 | 603,092 | 613,768 |
| Non Produced Assets | | | | | |
| 2,603,826 | Property, Plant and Equipment | 2,495,881 | 2,602,037 | 2,713,522 | 2,830,606 |
| 26,045 | Biological Assets | 28,429 | 28,429 | 28,429 | 28,429 |
| 14,045,750 | Total Non-Financial Assets | 14,505,635 | 15,020,791 | 15,183,825 | 15,206,830 |
| 24,813,698 | Total Assets | 25,394,678 | 26,308,561 | 26,962,392 | 27,356,506 |
| Liabilities | | | | | |
| 35,466 | Deposits Held | 32,159 | 36,496 | 123,760 | 126,115 |
| 86,420 | Advances Received | 86,420 | 82,975 | 79,400 | 75,688 |
| Borrowings | | | | | |
| 24,131 | Finance Leases | 22,312 | 21,255 | 20,502 | 19,796 |
| 2,446,296 | Other Borrowings | 2,557,263 | 2,839,220 | 2,785,063 | 2,418,691 |
| 5,104,557 | Superannuation | 5,105,309 | 5,379,487 | 5,647,817 | 5,909,767 |
| 548,856 | Other Employee Benefits and Provisions | 558,881 | 584,048 | 607,846 | 630,968 |
| 626,698 | Payables | 647,967 | 673,795 | 723,635 | 755,077 |
| 21,432 | Other Liabilities | 25,083 | 41,424 | 14,628 | 14,822 |
| 8,893,856 | Total Liabilities | 9,035,394 | 9,658,700 | 10,002,651 | 9,950,924 |
| 15,919,842 | Net Assets | 16,359,284 | 16,649,861 | 16,959,741 | 17,405,582 |
| 5,689,022 | Equity in Public Trading Entities | 5,624,838 | 5,738,646 | 5,853,302 | 5,973,840 |
| 5,555,625 | Accumulated Funds | 5,591,829 | 5,747,942 | 5,924,399 | 6,230,252 |
| 4,677,126 | Asset Revaluation Surplus | 5,144,499 | 5,163,224 | 5,181,991 | 5,201,441 |
| -1,931 | Other Reserves | -1,882 | 49 | 49 | 49 |
| 15,919,842 | Net Worth | 16,359,284 | 16,649,861 | 16,959,741 | 17,405,582 |
| 1,874,092 | Net Financial Worth | 1,853,649 | 1,629,070 | 1,775,916 | 2,198,752 |
| 3,814,930 | Net Financial Liabilities | 3,771,189 | 4,109,576 | 4,077,386 | 3,775,088 |
| -2,087,940 | Net Debt (including Superannuation related Investments) | -2,069,419 | -2,021,401 | -2,340,483 | -2,934,750 |
| 417,201 | Net Debt (excluding Superannuation related Investments) | 340,912 | 539,351 | 367,737 | -82,407 |

Australian Capital Territory General Government Sector Statement of Changes in Equity

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Opening Equity | | | | |
| 5,569,410 | Opening Equity in Public Trading Entities | 5,521,934 | 5,624,838 | 5,738,646 | 5,853,302 |
| 5,794,794 | Opening Accumulated Funds | 3,146,760 | 5,591,829 | 5,747,942 | 5,924,399 |
| 4,663,522 | Opening Asset Revaluation Surplus | 5,128,585 | 5,144,499 | 5,163,224 | 5,181,991 |
| -2,502 | Opening Other Reserves | -2,924 | -1,882 | 49 | 49 |
| 16,025,224 | Opening Balance | 13,794,355 | 16,359,284 | 16,649,861 | 16,959,741 |
| | Comprehensive Income | | | | |
| -189,380 | Operating Result for the Period | -258,660 | 182,016 | 199,764 | 326,734 |
| - | Superannuation Prior Year Actuarial Movement | 2,754,765 | - | - | - |
| -1,271 | Other Movements | -1,271 | -1,453 | -158 | -175 |
| | <i>Included in Asset Revaluation Surplus:</i> | | | | |
| 13,604 | Increase/(Decrease) in Asset Revaluation Reserve Surpluses | 15,914 | 18,725 | 18,767 | 19,450 |
| | <i>Included in Other Reserves:</i> | | | | |
| 571 | Increase/(Decrease) in Other Reserves | 1,042 | 1,931 | - | - |
| -176,476 | Total Comprehensive Income | 2,511,789 | 201,219 | 218,373 | 346,009 |
| | Other | | | | |
| - | Transfer to/from Accumulated Funds | - | - | - | - |
| - | Movement in Asset Revaluation Surplus | - | - | - | - |
| 0 | Total Other | 0 | 0 | 0 | 0 |
| | Transactions Involving Owners Affecting Accumulated Funds | | | | |
| | <i>Included in Accumulated Funds:</i> | | | | |
| -48,518 | Capital Injections | -49,765 | -24,450 | -23,149 | -20,706 |
| | <i>Included in Equity in Public Trading Entities:</i> | | | | |
| 119,612 | Increase/(Decrease) in Net Assets of PTE Entities | 102,904 | 113,808 | 114,656 | 120,538 |
| 71,094 | Total Transactions Involving Owners Affecting Accumulated Funds | 53,139 | 89,358 | 91,507 | 99,832 |
| | Closing Equity | | | | |
| 5,689,022 | Closing Equity in Public Trading Entities | 5,624,838 | 5,738,646 | 5,853,302 | 5,973,840 |
| 5,555,625 | Closing Accumulated Funds | 5,591,829 | 5,747,942 | 5,924,399 | 6,230,252 |
| 4,677,126 | Closing Asset Revaluation Surplus | 5,144,499 | 5,163,224 | 5,181,991 | 5,201,441 |
| -1,931 | Closing Other Reserves | -1,882 | 49 | 49 | 49 |
| 15,919,842 | Balance at the End of the Reporting Period | 16,359,284 | 16,649,861 | 16,959,741 | 17,405,582 |

Australian Capital Territory General Government Sector Cash Flow Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|--|---|--|--|--|--|
| Cash Flows from Operating Activities | | | | | |
| <i>Cash Receipts</i> | | | | | |
| 1,279,178 | Taxes Received | 1,287,388 | 1,346,320 | 1,421,178 | 1,496,169 |
| 470,368 | Receipts from Sales of Goods and Services | 604,479 | 712,867 | 709,952 | 760,597 |
| 1,568,158 | Grants/Subsidies Received | 1,579,763 | 1,726,018 | 1,860,439 | 1,928,301 |
| 140,052 | Interest Receipts | 137,578 | 138,991 | 150,251 | 159,724 |
| 251,379 | Dividends and Income Tax Equivalents | 252,632 | 293,325 | 325,091 | 403,446 |
| 436,994 | Other Receipts | 419,591 | 421,352 | 423,899 | 431,456 |
| 4,146,129 | Total Cash Received from Operating Activities | 4,281,431 | 4,638,873 | 4,890,810 | 5,179,693 |
| <i>Cash Payments</i> | | | | | |
| -1,773,777 | Payments for Employees | -1,774,191 | -1,815,845 | -1,894,683 | -1,971,086 |
| -874,583 | Payments for Goods and Services | -871,207 | -889,665 | -958,845 | -998,476 |
| -773,610 | Grants and Subsidies Paid | -778,576 | -800,989 | -832,035 | -867,395 |
| -106,809 | Interest Paid | -108,611 | -129,426 | -137,950 | -125,618 |
| -432,410 | Other Payments | -418,490 | -419,578 | -398,047 | -424,821 |
| -3,961,189 | Total Cash Paid from Operating Activities | -3,951,075 | -4,055,503 | -4,221,560 | -4,387,396 |
| 184,940 | Net Cash Flows from Operating Activities | 330,356 | 583,370 | 669,250 | 792,297 |
| Cash Flows from Investing Activities | | | | | |
| <i>Cash Flows from Investments in Non-Financial Assets</i> | | | | | |
| 139,314 | Sales of Non-Financial Assets | 4,548 | 2,415 | 2,374 | 2,619 |
| -993,089 | Purchase of Non-Financial Assets | -1,014,505 | -708,476 | -418,050 | -283,944 |
| -853,775 | Net Cash Flows from Investments in Non-Financial Assets | -1,009,957 | -706,061 | -415,676 | -281,325 |
| <i>Cash Flows from Investments in Financial Assets for Policy Purposes</i> | | | | | |
| <i>Cash Receipts</i> | | | | | |
| 1,684 | Repayment of Loans | 1,684 | 1,680 | 1,703 | 1,738 |
| 12,228 | Dividends - Market Gains on Land Sales | 12,228 | 37,525 | 25,070 | 29,655 |
| 13,912 | Total Cash Received from Investments in Financial Assets for Policy Purposes | 13,912 | 39,205 | 26,773 | 31,393 |
| <i>Cash Payments</i> | | | | | |
| -3,902 | Issue of Loans | -4,902 | -64 | -64 | -62 |
| -48,518 | Capital Payments to Government Agencies | -49,765 | -24,450 | -23,149 | -20,706 |
| -52,420 | Total Cash Paid from Investments in Financial Assets for Policy Purposes | -54,667 | -24,514 | -23,213 | -20,768 |
| -38,508 | Net Cash Flows from Investments in Financial Assets for Policy Purposes | -40,755 | 14,691 | 3,560 | 10,625 |

Australian Capital Territory General Government Sector Cash Flow Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Cash Flows from Investments in Financial Assets for Liquidity Purposes | | | | |
| 553,129 | Sales of Investments | 568,385 | 21,063 | 109,896 | 24,637 |
| -389,115 | Purchase of Investments | -373,149 | -115,446 | -232,549 | -101,968 |
| 164,014 | Cash Flows from Investments in Financial Assets for Liquidity Purposes | 195,236 | -94,383 | -122,653 | -77,331 |
| -728,269 | Net Cash Flows from Investing Activities | -855,476 | -785,753 | -534,769 | -348,031 |
| | Cash Flows from Financing Activities | | | | |
| | <i>Cash Receipts</i> | | | | |
| 550,522 | Borrowings | 660,393 | 289,678 | 18,978 | 23,598 |
| 550,522 | Total Cash Received from Financing Activities | 660,393 | 289,678 | 18,978 | 23,598 |
| | <i>Cash Payments</i> | | | | |
| -15,350 | Borrowings | -71,061 | -83,089 | -144,508 | -451,662 |
| -15,350 | Total Cash Paid from Financing Activities | -71,061 | -83,089 | -144,508 | -451,662 |
| 535,172 | Net Cash Flows from Financing Activities | 589,332 | 206,589 | -125,530 | -428,064 |
| -8,157 | Net Increase/(Decrease) in Cash Held | 64,212 | 4,206 | 8,951 | 16,202 |
| 227,252 | Cash and Cash Equivalents at the Beginning of Reporting Period | 270,791 | 335,003 | 339,209 | 348,160 |
| 219,095 | Cash and Cash Equivalents at the End of Reporting Period | 335,003 | 339,209 | 348,160 | 364,362 |
| | Key Fiscal Aggregates | | | | |
| 184,940 | Net Cash from Operating Activities | 330,356 | 583,370 | 669,250 | 792,297 |
| -853,775 | Investments in Non-Financial Assets | -1,009,957 | -706,061 | -415,676 | -281,325 |
| -668,835 | Cash Surplus (+) / Deficit (-) | -679,601 | -122,691 | 253,574 | 510,972 |
| | A positive number denotes a cash inflow, a negative sign denotes a cash outflow | | | | |
| | Derivation of ABS GFS Cash Surplus/Deficit | | | | |
| -668,835 | Cash Surplus (+) / Deficit (-) | -679,601 | -122,691 | 253,574 | 510,972 |
| - | Acquisitions Under Finance Leases and Similar Arrangements ^(a) | - | - | - | - |
| -668,835 | ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements | -679,601 | -122,691 | 253,574 | 510,972 |

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

Australian Capital Territory Public Trading Enterprise Operating Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|---|--|--|--|--|
| | Revenue | | | | |
| 146,651 | Government Payment for Outputs | 146,651 | 140,595 | 141,486 | 142,112 |
| | Grants Revenue | | | | |
| 405 | Gains from Contributed Assets | 405 | 1,000 | - | - |
| | Sales of Goods and Services | | | | |
| | Revenue | | | | |
| 104,308 | Revenue from Associates and Joint Ventures | 104,308 | 85,330 | 85,072 | 88,589 |
| 452,448 | Other Sales of Goods and Services | 452,130 | 493,996 | 514,956 | 536,256 |
| 16,486 | Interest Income | 13,413 | 8,580 | 5,740 | 5,165 |
| | Distribution from Investments with the Territory Banking Account | 3,073 | 1,850 | 4,005 | 6,123 |
| | Other Revenue | | | | |
| 243,946 | Land Revenue (Value Add Component) | 243,946 | 256,800 | 360,734 | 465,106 |
| 11,569 | Other Revenue | 11,569 | 8,401 | 8,626 | 8,876 |
| 975,813 | Total Revenue | 975,495 | 996,552 | 1,120,619 | 1,252,227 |
| | Expenses | | | | |
| 160,916 | Employee Expenses | 160,916 | 161,268 | 165,551 | 169,641 |
| 18,933 | Superannuation Expenses | 18,933 | 18,980 | 18,807 | 18,684 |
| 66,092 | Depreciation and Amortisation | 66,012 | 73,253 | 75,426 | 77,625 |
| 93,336 | Interest Expenses | 93,336 | 90,303 | 94,374 | 99,996 |
| 70,225 | Other Property Expenses (Income Tax Expense) | 70,225 | 94,833 | 102,514 | 127,310 |
| | Other Operating Expenses | | | | |
| 156,551 | Supplies and Services | 158,420 | 155,199 | 159,573 | 162,736 |
| 182,133 | Other Operating Expenses | 182,133 | 122,813 | 205,336 | 286,576 |
| 87,292 | Grants Expenses | 103,082 | 108,044 | 99,549 | 69,695 |
| 835,478 | Total Expenses | 853,057 | 824,693 | 921,130 | 1,012,263 |
| 140,335 | UPF Net Operating Balance | 122,438 | 171,859 | 199,489 | 239,964 |
| | Other Economic Flows - included in the Operating Result | | | | |
| 17,469 | Land Revenue (Market Gains on Land Sales) | 17,469 | 53,608 | 35,814 | 42,365 |
| -23,582 | Net Gain/(Loss) on Sale of Non-Financial Assets | -23,582 | -35,645 | -31,310 | -17,852 |
| 298 | Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value | 298 | 437 | 431 | 424 |
| -1,904 | Doubtful Debts | -1,901 | -1,966 | -2,026 | -2,087 |
| 132,616 | Operating Result | 114,722 | 188,293 | 202,398 | 262,814 |

Australian Capital Territory Public Trading Enterprise Operating Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|---|--|--|--|--|--|
| | Other Economic Flows - Other Movements in Equity | | | | |
| 99,625 | Increase/(Decrease) in Asset Revaluation Surplus | 99,564 | 118,576 | 123,951 | 129,345 |
| 232,241 | Total Comprehensive Income | 214,286 | 306,869 | 326,349 | 392,159 |
| 140,335 | UPF Net Operating Balance | 122,438 | 171,859 | 199,489 | 239,964 |
| | <i>less Net Acquisition of Non-Financial Assets</i> | | | | |
| 258,096 | Purchases of Non-Financial Assets | 253,451 | 126,764 | 128,722 | 125,983 |
| -33,055 | Sales of Non-Financial Assets | -37,055 | -35,844 | -31,944 | -44,744 |
| -27,310 | Land Revenue (Net Cash Receipts) | -27,310 | -97,203 | -25,723 | -42,529 |
| -66,092 | Depreciation and Amortisation | -66,012 | -73,253 | -75,426 | -77,625 |
| -57,579 | Other Movements in Non-Financial Assets | -57,579 | -84,281 | -76,425 | -45,387 |
| 74,060 | <i>Total Net Acquisition of Non-Financial Assets</i> | 65,495 | -163,817 | -80,796 | -84,302 |
| 66,275 | Net Lending / (Borrowing) | 56,943 | 335,676 | 280,285 | 324,266 |
| AUSTRALIAN CAPITAL TERRITORY NET OPERATING BALANCE | | | | | |
| 140,335 | UPF Net Operating Balance | 122,438 | 171,859 | 199,489 | 239,964 |
| 140,335 | HEADLINE NET OPERATING BALANCE | 122,438 | 171,859 | 199,489 | 239,964 |

Australian Capital Territory Public Trading Enterprise Balance Sheet

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-----------------------------|--|--|--|--|--|
| Financial Assets | | | | | |
| 49,763 | Cash and Deposits | 61,954 | 72,070 | 92,941 | 84,007 |
| 89,751 | Investments, Loans and Placements | 64,206 | 72,155 | 158,773 | 165,590 |
| 130,526 | Receivables | 196,825 | 198,638 | 200,886 | 204,479 |
| 625,311 | Equity - Investments Accounted for Using the Equity Method | 627,714 | 632,849 | 655,667 | 686,789 |
| 895,351 | Total Financial Assets | 950,699 | 975,712 | 1,108,267 | 1,140,865 |
| Non-Financial Assets | | | | | |
| Produced Assets | | | | | |
| 3,323,821 | Property, Plant and Equipment | 3,288,358 | 3,368,276 | 3,441,868 | 3,500,537 |
| 24,702 | Intangibles | 21,739 | 21,651 | 21,687 | 21,851 |
| 219,909 | Inventories | 235,728 | 249,711 | 153,994 | 145,482 |
| 4,336 | Assets Held for Sale | 6,575 | 6,844 | 7,113 | 7,382 |
| 134,301 | Capital Works-in-Progress | 139,536 | 124,142 | 117,845 | 113,409 |
| Non Produced Assets | | | | | |
| 3,195,175 | Property, Plant and Equipment | 3,152,014 | 3,225,112 | 3,301,954 | 3,388,274 |
| Other Non-Financial Assets | | | | | |
| 27,551 | Deferred Tax Assets | 31,619 | 31,648 | 31,678 | 31,702 |
| 6,027 | Other Non-Financial Assets | 5 | 8 | 11 | 14 |
| 6,935,822 | Total Non-Financial Assets | 6,875,574 | 7,027,392 | 7,076,150 | 7,208,651 |
| 7,831,173 | Total Assets | 7,826,273 | 8,003,104 | 8,184,417 | 8,349,516 |
| Liabilities | | | | | |
| 1,439,815 | Advances Received | 1,460,854 | 1,498,465 | 1,549,785 | 1,593,929 |
| Borrowings | | | | | |
| 845 | Finance Leases | 978 | 996 | 1,016 | 1,035 |
| 177,485 | Other Employee Benefits and Provisions | 253,738 | 258,952 | 261,815 | 264,596 |
| 152,975 | Payables | 116,181 | 130,152 | 132,721 | 123,970 |
| Other Liabilities | | | | | |
| 16,754 | Current Tax Liability | 16,914 | 23,264 | 26,508 | 25,372 |
| 351,624 | Deferred Tax Liability | 327,790 | 327,593 | 335,472 | 342,976 |
| 2,653 | Other Liabilities | 24,980 | 25,036 | 23,798 | 23,798 |
| 2,142,151 | Total Liabilities | 2,201,435 | 2,264,458 | 2,331,115 | 2,375,676 |
| 5,689,022 | Net Assets | 5,624,838 | 5,738,646 | 5,853,302 | 5,973,840 |
| 2,177,395 | Accumulated Funds | 2,164,623 | 2,181,855 | 2,194,560 | 2,207,753 |
| 3,501,797 | Asset Revaluation Surplus | 3,447,375 | 3,543,951 | 3,645,902 | 3,753,247 |
| 9,830 | Other Reserves | 12,840 | 12,840 | 12,840 | 12,840 |
| 5,689,022 | Net Worth | 5,624,838 | 5,738,646 | 5,853,302 | 5,973,840 |
| -1,246,800 | Net Financial Worth | -1,250,736 | -1,288,746 | -1,222,848 | -1,234,811 |
| 1,301,146 | Net Debt (including Superannuation related Investments) | 1,335,672 | 1,355,236 | 1,299,087 | 1,345,367 |

Australian Capital Territory Public Trading Enterprise Statement of Changes in Equity

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Opening Equity | | | | |
| 2,135,408 | Opening Accumulated Funds | 2,139,283 | 2,164,623 | 2,181,855 | 2,194,560 |
| 3,424,172 | Opening Asset Revaluation Surplus | 3,369,811 | 3,447,375 | 3,543,951 | 3,645,902 |
| 9,830 | Opening Other Reserves | 12,840 | 12,840 | 12,840 | 12,840 |
| 5,569,410 | Opening Balance | 5,521,934 | 5,624,838 | 5,738,646 | 5,853,302 |
| | Comprehensive Income | | | | |
| | <i>Included in Accumulated Funds:</i> | | | | |
| 132,616 | Operating Result for the Period | 114,722 | 188,293 | 202,398 | 262,814 |
| | <i>Included in Asset Revaluation Surplus:</i> | | | | |
| 99,625 | Increase/(Decrease) in Asset Revaluation Surplus | 99,564 | 118,576 | 123,951 | 129,345 |
| 232,241 | Total Comprehensive Income | 214,286 | 306,869 | 326,349 | 392,159 |
| 22,000 | Transfer to/(from) Accumulated Funds | 22,000 | 22,000 | 22,000 | 22,000 |
| -22,000 | Movement in Asset Revaluation Surplus | -22,000 | -22,000 | -22,000 | -22,000 |
| 0 | Total Other | 0 | 0 | 0 | 0 |
| | Transactions Involving Owners Affecting Accumulated Funds | | | | |
| 48,518 | Capital Injections | 49,765 | 24,450 | 23,149 | 20,706 |
| -161,147 | Dividends Approved | -161,147 | -217,511 | -234,842 | -292,327 |
| -112,629 | Total Transactions Involving Owners Affecting Accumulated Funds | -111,382 | -193,061 | -211,693 | -271,621 |
| | Closing Equity | | | | |
| 2,177,395 | Closing Accumulated Funds | 2,164,623 | 2,181,855 | 2,194,560 | 2,207,753 |
| 3,501,797 | Closing Asset Revaluation Surplus | 3,447,375 | 3,543,951 | 3,645,902 | 3,753,247 |
| 9,830 | Closing Other Reserves | 12,840 | 12,840 | 12,840 | 12,840 |
| 5,689,022 | Balance at the End of the Reporting Period | 5,624,838 | 5,738,646 | 5,853,302 | 5,973,840 |

Australian Capital Territory Public Trading Enterprise Cash Flow Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|---|--|--|--|--|--|
| Cash Flows from Operating Activities | | | | | |
| <i>Cash Receipts</i> | | | | | |
| 857,456 | Receipts from Sales of Goods and Services | 865,260 | 1,074,995 | 1,110,767 | 1,289,188 |
| 146,651 | Grants/Subsidies Received | 146,651 | 140,595 | 141,486 | 142,112 |
| 16,139 | Interest Receipts | 13,066 | 8,206 | 5,337 | 6,762 |
| | Distributions from Investment with the Territory Banking Account | 3,073 | 1,850 | 4,005 | 6,123 |
| 85,262 | Other Receipts | 85,262 | 116,193 | 120,414 | 113,855 |
| 1,105,508 | Total Cash Received from Operating Activities | 1,113,312 | 1,341,839 | 1,382,009 | 1,558,040 |
| <i>Cash Payments</i> | | | | | |
| -188,262 | Payments for Employees | -178,718 | -179,150 | -183,246 | -187,197 |
| -147,518 | Payments for Goods and Services | -146,197 | -167,837 | -171,987 | -175,083 |
| -29,308 | Grants and Subsidies Paid | -29,308 | -22,816 | -23,659 | -24,468 |
| -86,417 | Interest Paid | -86,417 | -84,028 | -88,097 | -93,777 |
| -455,417 | Other Payments | -455,417 | -541,899 | -449,181 | -631,380 |
| -906,922 | Total Cash Paid from Operating Activities | -896,057 | -995,730 | -916,170 | -1,111,905 |
| 198,586 | Net Cash Flows from Operating Activities | 217,255 | 346,109 | 465,839 | 446,135 |
| Cash Flows from Investing Activities | | | | | |
| <i>Cash Flows from Investments in Non-Financial Assets</i> | | | | | |
| 33,055 | Sales of Non-Financial Assets | 37,055 | 35,844 | 31,944 | 44,744 |
| -258,096 | Purchase of Non-Financial Assets | -253,451 | -126,764 | -128,722 | -125,983 |
| -225,041 | Net Cash Flows from Investments in Non-Financial Assets | -216,396 | -90,920 | -96,778 | -81,239 |
| <i>Cash Flows from Investments in Financial Assets for Policy Purposes</i> | | | | | |
| <i>Cash Receipts</i> | | | | | |
| 48,518 | Capital Receipts from Government Agencies | 49,765 | 24,450 | 23,149 | 20,706 |
| 48,518 | Total Cash Received from Investment in Financial Assets for Policy Purposes | 49,765 | 24,450 | 23,149 | 20,706 |
| <i>Cash Payments</i> | | | | | |
| -12,228 | Dividends - Market Gains on Sales | -12,228 | -37,525 | -25,070 | -29,655 |
| -12,228 | Total Cash Paid from Investment in Financial Assets for Policy Purposes | -12,228 | -37,525 | -25,070 | -29,655 |
| 36,290 | Net Cash Flows from Investments in Financial Assets for Policy Purposes | 37,537 | -13,075 | -1,921 | -8,949 |
| <i>Cash Flows from Investments in Financial Assets for Liquidity Purposes</i> | | | | | |
| 188,341 | Sales of Investments | 170,999 | 99,324 | 90,775 | 81,306 |
| -60,000 | Purchase of Investments | -60,000 | -82,161 | -170,001 | -84,161 |
| 128,341 | Net Cash Flows from Investments in Financial Assets for Liquidity Purposes | 110,999 | 17,163 | -79,226 | -2,855 |
| -60,410 | Net Cash Flows from Investing Activities | -67,860 | -86,832 | -177,925 | -93,043 |

Australian Capital Territory Public Trading Enterprise Cash Flow Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Cash Flows from Financing Activities | | | | |
| | Cash Receipts | | | | |
| 16,814 | Borrowings | 41,814 | 62,773 | 77,147 | 72,039 |
| 16,814 | Total Cash Received from Financing Activities | 41,814 | 62,773 | 77,147 | 72,039 |
| | Cash Payments | | | | |
| -25,462 | Borrowings | -25,462 | -22,582 | -24,104 | -26,010 |
| -183,833 | Dividends Paid | -187,886 | -198,176 | -230,332 | -283,521 |
| -97,839 | Other Financing | -99,029 | -88,707 | -91,421 | -120,965 |
| -307,134 | Total Cash Paid from Financing Activities | -312,377 | -309,465 | -345,857 | -430,496 |
| -290,320 | Net Cash Flows from Financing Activities | -270,563 | -246,692 | -268,710 | -358,457 |
| -152,144 | Net Increase/(Decrease) in Cash Held | -121,168 | 12,585 | 19,204 | -5,365 |
| 266,256 | Cash and Cash Equivalents at the Beginning of Reporting Period | 221,018 | 99,850 | 112,435 | 131,639 |
| 114,112 | Cash and Cash Equivalents at the End of Reporting Period | 99,850 | 112,435 | 131,639 | 126,274 |
| | Key Fiscal Aggregates | | | | |
| 198,586 | Net Cash from Operating Activities | 217,255 | 346,109 | 465,839 | 446,135 |
| -225,041 | Net Cash Flows from Investments in Non-Financial Assets | -216,396 | -90,920 | -96,778 | -81,239 |
| -281,672 | Distributions Paid | -286,915 | -286,883 | -321,753 | -404,486 |
| -308,127 | Cash Surplus (+) / Deficit (-) | -286,056 | -31,694 | 47,308 | -39,590 |
| | A positive number denotes a cash inflow, a negative sign denotes a cash outflow | | | | |
| | Derivation of ABS GFS Cash Surplus/Deficit | | | | |
| -308,127 | Cash Surplus (+) / Deficit (-) | -286,056 | -31,694 | 47,308 | -39,590 |
| - | Acquisitions Under Finance Leases and Similar Arrangements ^(a) | - | - | - | - |
| -308,127 | ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements | -286,056 | -31,694 | 47,308 | -39,590 |

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

Australian Capital Territory Consolidated Total Territory Operating Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|--|--|--|--|--|--|
| Revenue | | | | | |
| 1,248,598 | Taxation Revenue | 1,256,816 | 1,312,012 | 1,382,348 | 1,454,807 |
| | Grants Revenue | | | | |
| 1,568,718 | Commonwealth Grants | 1,580,323 | 1,726,578 | 1,860,999 | 1,928,861 |
| 18,697 | Gains from Contributed Assets | 32,197 | 32,223 | 35,707 | 35,717 |
| | Sales of Goods and Services | | | | |
| 104,308 | Revenue from Associates and Joint Ventures | 104,308 | 85,330 | 85,072 | 88,589 |
| 856,344 | Other Sales of Goods and Services | 855,371 | 911,700 | 945,328 | 979,416 |
| 77,971 | Interest Income | 75,720 | 74,255 | 77,747 | 82,043 |
| 66,393 | Dividend and Income Tax Equivalents Income | 65,469 | 68,831 | 73,087 | 77,265 |
| 201,646 | Land Revenue (Value Add Component) | 131,646 | 234,500 | 338,434 | 442,806 |
| 112,387 | Other Revenue | 115,207 | 114,459 | 117,293 | 120,858 |
| 4,255,062 | Total Revenue | 4,217,057 | 4,559,888 | 4,916,015 | 5,210,362 |
| Expenses | | | | | |
| 1,688,477 | Employee Expenses | 1,688,478 | 1,718,920 | 1,776,693 | 1,827,112 |
| | Superannuation Expenses | | | | |
| 297,660 | Superannuation Interest Cost | 264,214 | 314,020 | 330,166 | 345,955 |
| 242,668 | Other Superannuation Expenses | 359,023 | 242,571 | 244,331 | 251,173 |
| 390,580 | Depreciation and Amortisation | 390,500 | 415,410 | 431,549 | 436,231 |
| 124,774 | Interest Expenses | 125,447 | 148,205 | 155,582 | 142,165 |
| | Other Operating Expenses | | | | |
| 1,013,176 | Supplies and Services | 1,007,064 | 1,014,794 | 1,079,879 | 1,118,239 |
| 286,145 | Other Operating Expenses | 285,966 | 285,325 | 338,361 | 422,253 |
| 654,710 | Grants Expenses | 675,466 | 684,735 | 716,847 | 753,198 |
| 4,698,190 | Total Expenses | 4,796,158 | 4,823,980 | 5,073,408 | 5,296,326 |
| -443,128 | UPF Net Operating Balance | -579,101 | -264,092 | -157,393 | -85,964 |
| Other Economic Flows - included in the Operating Result | | | | | |
| 17,469 | Land Revenue (Market Gains on Land Sales) | 17,469 | 53,608 | 35,814 | 42,365 |
| 120,445 | Net Land Revenue (Undeveloped Land Value) | 120,445 | 265,656 | 218,433 | 254,601 |
| -23,961 | Net Gain/(Loss) on Sale of Non-Financial Assets | -22,461 | -34,331 | -29,730 | -16,006 |
| 77,674 | Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value | 72,770 | 77,659 | 82,376 | 86,951 |
| -5,254 | Doubtful Debts | -5,251 | -5,345 | -5,444 | -5,580 |
| -256,755 | Operating Result | -396,129 | 93,155 | 144,056 | 276,367 |

Australian Capital Territory Consolidated Total Territory Operating Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|---|---|--|--|--|--|
| | Other Economic Flows - Other Movements in Equity | | | | |
| - | Superannuation Prior Year | 2,754,765 | - | - | - |
| | Actuarial Movement | | | | |
| -1,271 | Net Effect of a Correction for an Error | -1,271 | -1,453 | -158 | -175 |
| 113,229 | Increase/(Decrease) in Asset Revaluation Surplus | 100,478 | 137,301 | 142,718 | 148,795 |
| 571 | Increase/(Decrease) in Other Reserves | 1,042 | 1,931 | - | - |
| -144,226 | Total Comprehensive Income | 2,458,885 | 230,934 | 286,616 | 424,987 |
| -443,128 | UPF Net Operating Balance less Net Acquisition of Non-Financial Assets | -579,101 | -264,092 | -157,393 | -85,964 |
| 1,178,885 | Purchases of Non-Financial Assets | 1,125,656 | 812,940 | 524,472 | 387,627 |
| -37,603 | Sales of Non-Financial Assets | -41,603 | -38,259 | -34,318 | -47,363 |
| -132,076 | Land Revenue (Net Cash Receipts) | -132,076 | -325,468 | -236,556 | -289,530 |
| -390,580 | Depreciation and Amortisation | -390,500 | -415,410 | -431,549 | -436,231 |
| 18,078 | Other Movements in Non-Financial Assets | 31,578 | 31,595 | 35,078 | 35,078 |
| 636,704 | Total Net Acquisition of Non-Financial Assets | 593,055 | 65,398 | -142,873 | -350,419 |
| -1,079,832 | Net Lending / (Borrowing) | -1,172,156 | -329,490 | -14,520 | 264,455 |
| AUSTRALIAN CAPITAL TERRITORY NET OPERATING BALANCE | | | | | |
| -443,128 | UPF Net Operating Balance | -579,101 | -264,092 | -157,393 | -85,964 |
| 77,376 | Expected Long Term Capital Gains on Superannuation Investments | 78,985 | 77,222 | 81,945 | 86,527 |
| -365,752 | HEADLINE NET OPERATING BALANCE | -500,116 | -186,870 | -75,448 | 563 |

Australian Capital Territory Consolidated Total Territory Balance Sheet

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Financial Assets | | | | |
| 253,641 | Cash and Deposits | 378,310 | 392,632 | 425,454 | 429,722 |
| 95,399 | Advances Paid | 127,283 | 143,075 | 141,437 | 137,074 |
| 3,095,667 | Investments, Loans and Placements | 2,992,039 | 3,166,748 | 3,447,255 | 3,619,526 |
| 303,999 | Receivables | 335,596 | 321,495 | 316,388 | 315,581 |
| 625,311 | Investments Accounted for Using the Equity Method | 627,714 | 632,849 | 655,667 | 686,789 |
| 4,374,017 | Total Financial Assets | 4,460,942 | 4,656,799 | 4,986,201 | 5,188,692 |
| | Non-Financial Assets | | | | |
| | Produced Assets | | | | |
| 13,864,688 | Property, Plant and Equipment | 14,312,495 | 14,979,090 | 15,196,700 | 15,170,348 |
| 2,500 | Investment Properties | 2,500 | 2,500 | 2,500 | 2,500 |
| 103,419 | Intangibles | 80,570 | 85,363 | 88,718 | 68,853 |
| 231,379 | Inventories | 224,717 | 239,016 | 143,614 | 135,417 |
| 5,471 | Assets Held for Sale | 7,615 | 7,863 | 8,111 | 8,360 |
| 913,491 | Capital Works-in-Progress | 1,021,563 | 823,316 | 720,937 | 727,177 |
| | Non Produced Assets | | | | |
| 5,801,115 | Property, Plant and Equipment | 5,648,227 | 5,827,821 | 6,016,500 | 6,220,359 |
| 32,045 | Biological Assets | 28,429 | 28,429 | 28,429 | 28,429 |
| 27 | Other Non-Financial Assets | 5 | 8 | 11 | 14 |
| 20,954,135 | Total Non-Financial Assets | 21,326,121 | 21,993,406 | 22,205,520 | 22,361,457 |
| 25,328,152 | Total Assets | 25,787,063 | 26,650,205 | 27,191,721 | 27,550,149 |
| | Liabilities | | | | |
| 15,217 | Deposits Held | 15,657 | 15,657 | 15,657 | 15,657 |
| 171,444 | Advances Received | 167,695 | 159,182 | 150,532 | 141,780 |
| | Borrowings | | | | |
| 24,976 | Finance Leases | 23,290 | 22,251 | 21,518 | 20,831 |
| 2,446,296 | Other Borrowings | 2,557,263 | 2,839,220 | 2,785,063 | 2,418,691 |
| 5,104,731 | Superannuation | 5,105,572 | 5,379,752 | 5,648,082 | 5,910,033 |
| 673,424 | Other Employee Benefits and Provisions | 694,333 | 720,425 | 745,165 | 769,443 |
| 742,371 | Payables | 732,338 | 771,954 | 824,919 | 847,309 |
| 40,173 | Other Liabilities | 65,927 | 85,842 | 58,247 | 58,880 |
| 9,218,632 | Total Liabilities | 9,362,075 | 9,994,283 | 10,249,183 | 10,182,624 |
| 16,109,520 | Net Assets | 16,424,988 | 16,655,922 | 16,942,538 | 17,367,525 |
| 7,850,876 | Accumulated Funds | 7,765,334 | 7,879,036 | 8,044,934 | 8,343,126 |
| 8,250,745 | Asset Revaluation Surplus | 8,648,696 | 8,763,997 | 8,884,715 | 9,011,510 |
| 7,899 | Other Reserves | 10,958 | 12,889 | 12,889 | 12,889 |
| 16,109,520 | Net Worth | 16,424,988 | 16,655,922 | 16,942,538 | 17,367,525 |
| -4,844,615 | Net Financial Worth | -4,901,133 | -5,337,484 | -5,262,982 | -4,993,932 |
| 5,469,926 | Net Financial Liabilities | 5,528,847 | 5,970,333 | 5,918,649 | 5,680,721 |
| -786,774 | Net Debt (including Superannuation related Investments) | -733,727 | -666,145 | -1,041,376 | -1,589,363 |
| 1,718,367 | Net Debt (excluding Superannuation related Investments) | 1,676,604 | 1,894,607 | 1,666,844 | 1,262,980 |

Australian Capital Territory Consolidated Total Territory Statement of Changes in Equity

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|---|--|--|--|--|
| 16,253,746 | Opening Equity | | | | |
| 8,086,902 | Opening Accumulated Funds | 5,385,969 | 7,765,334 | 7,879,036 | 8,044,934 |
| 8,159,516 | Opening Asset Revaluation Surplus | 8,570,218 | 8,648,696 | 8,763,997 | 8,884,715 |
| 7,328 | Opening Other Reserves | 9,916 | 10,958 | 12,889 | 12,889 |
| 16,253,746 | Opening Balance | 13,966,103 | 16,424,988 | 16,655,922 | 16,942,538 |
| | Comprehensive Income | | | | |
| | <i>Included in Accumulated Funds:</i> | | | | |
| -256,755 | Operating Result for the Period | -396,129 | 93,155 | 144,056 | 276,367 |
| - | Superannuation Prior Year Actuarial Movement | 2,754,765 | - | - | - |
| -1,271 | Other Comprehensive Income | -1,271 | -1,453 | -158 | -175 |
| | <i>Included in Asset Revaluation Surplus:</i> | | | | |
| 113,229 | Increase/(Decrease) in Asset Revaluation Surplus | 100,478 | 137,301 | 142,718 | 148,795 |
| | <i>Included in Other Reserves:</i> | | | | |
| 571 | Increase/(Decrease) in Other Reserves | 1,042 | 1,931 | - | - |
| -144,226 | Total Comprehensive Income | 2,458,885 | 230,934 | 286,616 | 424,987 |
| 22,000 | Transfer to/(from) Accumulated Funds | 22,000 | 22,000 | 22,000 | 22,000 |
| -22,000 | Movement in Asset Revaluation Surplus | -22,000 | -22,000 | -22,000 | -22,000 |
| 0 | Total Other | 0 | 0 | 0 | 0 |
| | Closing Equity | | | | |
| 7,850,876 | Closing Accumulated Funds | 7,765,334 | 7,879,036 | 8,044,934 | 8,343,126 |
| 8,250,745 | Closing Asset Revaluation Surplus | 8,648,696 | 8,763,997 | 8,884,715 | 9,011,510 |
| 7,899 | Closing Other Reserves | 10,958 | 12,889 | 12,889 | 12,889 |
| 16,109,520 | Balance at the End of the Reporting Period | 16,424,988 | 16,655,922 | 16,942,538 | 17,367,525 |

Australian Capital Territory Consolidated Total Territory Cash Flow Statement

| 2012-13 Budget | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|-------------------|--|--|--|--|--|
| | Cash Flows from Operating Activities | | | | |
| | Cash Receipts | | | | |
| 1,249,784 | Taxes Received | 1,258,002 | 1,313,270 | 1,383,680 | 1,456,218 |
| 1,171,397 | Receipts from Sales of Goods and Services | 1,108,546 | 1,444,743 | 1,493,681 | 1,685,391 |
| 1,568,158 | Grants/Subsidies Received | 1,579,763 | 1,726,018 | 1,860,439 | 1,928,301 |
| 79,285 | Interest Receipts | 76,349 | 73,315 | 78,714 | 85,016 |
| 488,092 | Other Receipts | 470,689 | 503,018 | 509,547 | 510,214 |
| 4,556,716 | Total Cash Received from Operating Activities | 4,493,349 | 5,060,364 | 5,326,061 | 5,665,140 |
| | Cash Payments | | | | |
| -1,949,207 | Payments for Employees | -1,940,077 | -1,982,423 | -2,065,757 | -2,146,457 |
| -937,067 | Payments for Goods and Services | -932,370 | -964,135 | -1,036,112 | -1,077,838 |
| -668,539 | Grants and Subsidies Paid | -673,505 | -695,761 | -727,098 | -762,963 |
| -116,320 | Interest Paid | -117,660 | -137,722 | -145,168 | -131,802 |
| -721,263 | Other Payments | -711,341 | -660,027 | -560,890 | -734,434 |
| -4,392,396 | Total Cash Paid from Operating Activities | -4,374,953 | -4,440,068 | -4,535,025 | -4,853,494 |
| 164,320 | Net Cash Flows from Operating Activities | 118,396 | 620,296 | 791,036 | 811,646 |
| | Cash Flows from Investing Activities | | | | |
| | Cash Flows from Investments in Non-Financial Assets | | | | |
| 37,603 | Sales of Non-Financial Assets | 41,603 | 38,259 | 34,318 | 47,363 |
| -1,178,885 | Purchase of Non-Financial Assets | -1,125,656 | -812,940 | -524,472 | -387,627 |
| -1,141,282 | Net Cash Flows from Investments in Non-Financial Assets | -1,084,053 | -774,681 | -490,154 | -340,264 |
| | Cash Flows from Investments in Financial Assets for Policy Purposes | | | | |
| | Cash Receipts | | | | |
| 1,684 | Repayment of Loans | 1,684 | 1,680 | 1,703 | 1,738 |
| 1,684 | Total Cash Received from Investment in Financial Assets for Policy Purposes | 1,684 | 1,680 | 1,703 | 1,738 |
| | Cash Payments | | | | |
| -3,902 | Issue of Loans | -4,902 | -64 | -64 | -62 |
| -3,902 | Total Cash Paid from Investment in Financial Assets for Policy Purposes | -4,902 | -64 | -64 | -62 |
| -2,218 | Net Cash Flows from Investments in Financial Assets for Policy Purposes | -3,218 | 1,616 | 1,639 | 1,676 |
| | Cash Flows from Investments in Financial Assets for Liquidity Purposes | | | | |
| 583,971 | Sales of Investments | 595,225 | 63,387 | 55,831 | 46,943 |
| -291,724 | Purchase of Investments | -289,084 | -140,704 | -257,811 | -127,234 |
| 292,247 | Cash Flows from Investments in Financial Assets for Liquidity Purposes | 306,141 | -77,317 | -201,980 | -80,291 |
| -851,253 | Net Cash Flows from Investing Activities | -781,130 | -850,382 | -690,495 | -418,879 |

Australian Capital Territory Consolidated Total Territory Cash Flow Statement

| 2012-13 Budget \$'000 | | 2012-13 Revised Budget \$'000 | 2013-14 Revised Estimate \$'000 | 2014-15 Revised Estimate \$'000 | 2015-16 Revised Estimate \$'000 |
|---|--|--|--|--|--|
| Cash Flows from Financing Activities | | | | | |
| <i>Cash Receipts</i> | | | | | |
| 550,367 | Borrowings | 660,331 | 284,884 | 12,046 | 14,621 |
| - | Other Financing | - | - | - | - |
| 550,367 | Total Cash Received from Financing Activities | 660,331 | 284,884 | 12,046 | 14,621 |
| <i>Cash Payments</i> | | | | | |
| -23,735 | Borrowings | -54,554 | -38,007 | -84,432 | -396,551 |
| -23,735 | Total Cash Paid from Financing Activities | -54,554 | -38,007 | -84,432 | -396,551 |
| 526,632 | Net Cash Flows from Financing Activities | 605,777 | 246,877 | -72,386 | -381,930 |
| -160,301 | Net Increase/(Decrease) in Cash Held | -56,957 | 16,791 | 28,155 | 10,837 |
| 493,508 | Cash and Cash Equivalents at the Beginning of Reporting Period | 491,810 | 434,853 | 451,644 | 479,799 |
| 333,207 | Cash and Cash Equivalents at the End of Reporting Period | 434,853 | 451,644 | 479,799 | 490,636 |
| Key Fiscal Aggregates | | | | | |
| 164,320 | Net Cash from Operating Activities | 118,396 | 620,296 | 791,036 | 811,646 |
| -1,141,282 | Investments in Non-Financial Assets | -1,084,053 | -774,681 | -490,154 | -340,264 |
| -976,962 | Cash Surplus (+) / Deficit (-) | -965,657 | -154,385 | 300,882 | 471,382 |
| A positive number denotes a cash inflow, a negative sign denotes a cash outflow | | | | | |
| Derivation of ABS GFS Cash Surplus/Deficit | | | | | |
| -976,962 | Cash Surplus (+) / Deficit (-) | -965,657 | -154,385 | 300,882 | 471,382 |
| - | Acquisitions Under Finance Leases and Similar Arrangements (a) | - | - | - | - |
| -976,962 | ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements | -965,657 | -154,385 | 300,882 | 471,382 |

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

APPENDIX 3: GUARANTEES, CONTINGENT ASSETS, LIABILITIES AND INDEMNITIES

Details of the Territory's contingent assets, contingent liabilities, guarantees and indemnities as at 30 June 2012 are outlined below.

Table 15: Quantifiable Contingent Liabilities, Guarantees and Indemnities

| | 2011-12 \$'m |
|---|-----------------|
| Contingent Liabilities | 158 |
| Guarantees | - |
| Indemnities | - |
| Total Quantifiable Contingent Liabilities and Guarantees | 158 |

Contingent Liabilities and Assets

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.

Due to the nature of the liabilities it is difficult to put an exact value on these claims.

All taxation related claims 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. The Territory also has contingent liabilities relating to the provision of financial assistance, which is contingent on the recipients meeting milestones as detailed in individual contracts.

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 liabilities of some legal claims.

Table 16: Quantifiable Legal Claims against the Territory

| | 2011-12 \$'m |
|---|-----------------|
| <i>Quantifiable Legal Claims against the Territory include:</i> | |
| Public Liability Claims | 25 |
| Personal Injury Claims | 12 |
| Economic Loss Claims | - |
| Total Quantifiable Contingent Liabilities and Guarantees | 37 |

The contingent liabilities reported by agencies have used this methodology.

ACT Executive

The estimated value of possible legal claims for damages and/or costs is \$0.115 million as at 30 June 2012 (Nil at 30 June 2011).

Health Directorate

The Directorate is currently defending 142 actions (159 actions in 2011). These actions have an estimated net liability of \$5.530 million (\$11.515 million at 30 June 2011), which has not been provided for in the accounts. The estimated liability has been calculated net of the amounts covered under the Directorate's insurance policy. The reduction in the estimated net liability is due to the ACT Insurance Authority's acceptance, in 2012, of one previously declined high cost insurance claim.

Territory and Municipal Services Directorate

The Directorate is subject to various claims as at the reporting date with the total contingent liability being:

| <i>TAMS – Contingent Liabilities</i> | 2011-12 | 2010-11 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Replacement of Assets and Removal Expenses for Storm Damage | - | - |
| Legal Claims | 18,069 | 16,683 |
| Contaminated Sites | 103,200 | 91,130 |
| Total Quantifiable Contingent Liabilities - TAMS | 121,269 | 107,813 |

The ACT Government Solicitor is acting for the Directorate in relation to 101 individual unresolved matters of public liabilities as at 30 June 2012.

The Directorate is responsible for the management of 222 sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors.

ACTION

ACTION is subject to various claims as at the reporting date with the total estimated liability being \$4.842 million (\$5.634 million as at 30 June 2011). ACTION has contingent liabilities relating to third party accident claims. Due to the protracted nature of legal proceedings and the various discoveries that can be made over the period of these claims, it is not possible for ACTION to make an accurate assessment of such liabilities.

ACTION has insurance coverage through the ACT Insurance Authority for the majority of such legal claims. The contingent assets relating to these claims are \$4.342 million (\$4.684 million as at 30 June 2011).

Treasury Directorate (Controlled)

Totalcare Industries Limited (Totalcare) was deregistered on 2 May 2012.

Under the Deed of Transfer between Totalcare Industries Limited and the Australian Capital Territory (represented by the Treasury Directorate) dated 30 April 2012, Totalcare's residual assets were transferred to the Territory. The Territory also accepted responsibility for all claims against Totalcare arising in connection to an event or omission as set out under the Deed.

Treasury's entitlement to Totalcare's assets and its liability to any claims in the future are not considered significant.

Treasury Directorate – Revenue (Territorial)

Treasury collects payroll taxes and duties, and provides payroll tax waivers and duty waivers to various organisations. The financial assistance is contingent on organisations meeting milestones as detailed in individual contracts.

| <i>Treasury – Contingent Liabilities</i> | 2011-12 | 2010-11 |
|--|----------------|----------------|
| | \$'000 | \$'000 |
| Other Payroll Tax and Stamp Duty Waivers | 3,211 | 1,490 |
| Claims for Damages/Costs ¹ | 5,563 | 9,800 |
| Total Contingent Liabilities – Treasury Revenue | 8,774 | 11,290 |

¹ The Claims for Damages/Costs mainly relate to outstanding objections associated with payroll tax and duties and matters being settled by the Government Solicitor.

Treasury has an unquantifiable contingent asset for Goods and Services Tax (GST) refunds as a result of overpayments of GST on land rent transactions in the current and previous financial years. Treasury (through the Land Development Agency) has engaged external tax advisors to assist in reviewing its application of GST on past land rent transactions and it is likely that it will be entitled to refunds for overpaid GST. However, due to the complexity of the GST arrangements for land rent and the requirement to gather significant historical data, it was not possible to measure the amount of GST refund entitlements at the balance date.

Economic Development Directorate

The ACT Government Solicitor is acting for the Directorate in matters involving legal claims. As at 30 June 2012 the current estimate of potential claims is \$0.252 million.

Should the Directorate become liable for the amount detailed above, the insurance claims will be made in respect to policies held with the ACT Insurance Authority with expected receipts to total \$0.252 million.

Justice and Community Safety Directorate – Controlled

As at 30 June 2012, the Directorate had a number of legal matters which could result in contingent liabilities amounting to approximately \$1.824 million.

The Directorate has recognised a provision for the removal of decommissioned fuel tanks on Emergency Services sites. This provision is to undertake an independent assessment of each site, the estimated cost of removal of the tanks and soil testing. The soil testing may identify contamination of the site that will require further remediation. This potential further remediation work is not included in the provision recognised. As at 30 June 2012, the Directorate is unable to assess if further remediation will be required, and if so, the further estimated cost.

Justice and Community Safety Directorate – Territorial

As at 30 June 2012, the Territory has a number of continuing legal claims arising out of the 2003 fires. The value of these claims is difficult to estimate. The responsibility for meeting these claims and associated legal costs rests with the Territory's reinsurers. It is possible that claims will be made against the Territory in respect of damage to property sustained in the 2005 fires. Any such claims will be handled under the Territory's insurance arrangements with the ACT Insurance Authority.

Environment and Sustainable Development Directorate

The Directorate has contingent liabilities relating to compensation for leaseholders, a personal injury claim and a privacy claim. The estimate of contingent liabilities as advised by the ACT Government Solicitor is \$0.185 million (\$1.175 million as at 30 June 2011).

Community Services Directorate

The Directorate has contingent liabilities for several individual contingent claims against the Directorate where final financial ramifications are unclear pending legal settlement. The ACT Government Solicitor's Office has estimated the 23 contingent claims for 2012 at \$1.015 million (27 claims in 2011 estimates at \$1.350 million), these largely relate to personal injury claims.

Housing ACT

Housing ACT has contingent liabilities for public liability claims arising from operations amounting to \$2.405 million as at 30 June 2012 (\$2.560 million at 30 June 2011), which are currently with the ACT Government Solicitor's Office for assessment for the extent of Housing ACT's liability.

Education and Training Directorate

The Directorate has an estimated liability of \$5.437 million for known personal injury litigation cases not settled as at 30 June 2012 (\$3.533 million at 30 June 2011).

ACT Gambling and Racing Commission

On 26 August 2011 Sports Alive Pty Ltd, then a licensed sports bookmaker in the ACT, voluntarily entered into liquidation. Since that time the Commission has received indications of possible claims from some Sports Alive betting account holders that relate to their financial losses with the company. The total estimated liability of all account holders is approximately \$3 million.

The Commission manages unclaimed prize monies relating to winning prizes which have remained unclaimed for a period of greater than 6 months. The Commission's contingent liability amount on the potential claim is \$2.288 million (2010-11 \$2.164 million).

ACTEW Corporation

In March 2012, ACTEW's Water Security construction projects were affected by heavy rainfall and severe flooding. Works to the site resulted in an estimated cost of \$17 million. It is anticipated that a significant portion of this will be recovered from an external insurance provider.

Canberra Institute of Technology

As at 31 December 2011, the Canberra Institute of Technology was defending legal claims from third parties against the Institute with a potential value of \$0.730 million (2010 \$0.385 million).

Exhibition Park Corporation

There are three contingent liabilities that are currently being defended by Exhibition Park Corporation in relation to accident claims.

Legal advice indicates that the contingent liabilities for these claims amount to \$0.180 million. The Corporation has insurance coverage for such incidents through the ACT Insurance Authority for the legal claim. The contingent assets relating to these claims would be \$0.165 million.

Land Development Agency (LDA)

The ACT Government Solicitor is acting for the Land Development Agency in matters involving legal claims. At 30 June 2012, the current estimate of potential claims is \$0.350 million.

LDA has an unquantifiable contingent liability for dividend payments to Government, as a result of the contingent asset for GST refunds outlined below.

Should LDA become liable for the amount detailed above, the insurance claims will be made in respect to policies held with ACT Insurance Authority with expected receipts to total \$0.340 million. The \$10,000 difference from the contingent liabilities relates to the excess payable by LDA under the ACT insurance policy.

LDA has an unquantifiable contingent asset for GST refunds as a result of overpayments of GST on residential land sales in previous financial years. LDA has engaged external tax advisors to assist in reviewing its application of GST on past residential land sales and it is likely that it will be entitled to significant refunds for overpaid GST in previous financial years. However, due to the complexity of the GST arrangements for residential land sales and the requirement to gather significant historical data on the status of the land and associated estate development costs, it was not possible to measure the amount of LDA's GST refund entitlements at balance date.

LDA is responsible for Government land development and sales and is therefore responsible for the costs of any remediation work, where this is provided for in a contract of sale.

Indemnities

The Government has provided the following indemnities.

Rhodium Asset Solutions

On 9 February 2007, the Territory indemnified the Directors of the Rhodium Asset Solutions (Rhodium) Board and the Rhodium Management Team against any claim and all costs with regard to their assistance to the Territory in selling Rhodium.

On 12 March 2007, the Territory indemnified Rhodium against all liabilities, claims, and costs incurred by Rhodium in relation to, or arising out of, the sale of Rhodium and not otherwise met by Rhodium's resources or any indemnity, including under any policy of insurance or contract up to \$1.3 million.

On 1 July 2010, the Territory indemnified Toyota Finance Australia Ltd (TFM) against any financial loss incurred by TFM with regard to an Arrears Lease (i.e. a lease sold to TFM that was more than 60 days in arrears) as a result of any default by the lessee existing as at the transfer date or arising after the transfer date.

On 28 October 2010, the Territory confirmed and acknowledged that, to the extent that insurance does not apply, the Territory had previously indemnified Rhodium in respect of all claims, demands, costs and expenses incurred or arising out of operation and confirmed that indemnity will continue to apply on and after the transfer date of 31 October 2010.

Totalcare

Totalcare Industries Limited was deregistered on 2 May 2012. On 1 May 2012, the Territory confirmed and acknowledged that it is responsible for, and will indemnify Totalcare against, all claims arising in connection to an event or omission that occurred on a date in any financial year where the Territory agreed to maintain the solvency of Totalcare during its corporate existence and occurring on or after 1 May 2012.

Guarantees

Guarantees are legally binding promises whereby one party undertakes to another party to be responsible for the debt or obligations of a third party, should that third party default in some way.

Rhodium

As part of the transfer of wind-down operations of Rhodium Asset Solutions Limited (Rhodium), seven lease residual guarantee agreements were transferred to Treasury guaranteeing the residual value of the underlying assets to a second party who has the leases with a third party. One agreement matured in November 2010. The remaining six agreements mature between December 2012 and April 2013. The total residual value guaranteed against these six assets is \$0.501 million (inclusive of GST).

Solar Auction Guarantee

On 31 August 2012, the Treasurer signed a Guarantee in accordance with Section 47 of the *Financial Management Act 1996*, to *FRV Royalla Solar Farms Pty Limited*.

The Guarantee comes into effect if the *Electricity Feed-in (Large-scale Renewable Energy Generation) Act 2011* is repealed, amended, or has conditions imposed that amends the FiT entitlements. The Guarantee exists for the period between the date of the grant of the Feed in Tariff (FiT) entitlement and 31 March 2034.

The Guarantee entitles the proponent to be paid an amount, by the Territory, to place it in an equivalent financial position as it would have been in, had the FiT entitlement not been varied.

The undertaking does not include payment for loss of future earnings / profit.

APPENDIX 4: TREASURER'S ADVANCE

Treasurer's Advance allows the Treasurer to authorise expenditure under Section 18 of the *Financial Management Act 1996*.

Treasurer's Advance is provided to agencies requesting funding for items and issues that were not addressed through the last available appropriation, being the *Appropriation Act 2012-2013*, as agreed by the Treasurer.

The financial impacts of the use of Treasurer's Advance are largely budget neutral, as the budget anticipates this expenditure, and therefore do not impact on the Headline Net Operating Balance. The authorised limit for the Treasurer's Advance for 2012-13 is \$31.3 million.

Table 18 below shows the payments actually authorised against the Advance.

Table 18: Treasurer's Advance

| | 2012-13 Projection \$'000 |
|---|---------------------------------|
| Authorised Limit | 31,300 |
| Total authorised against Treasurer's Advance | |
| Comprising | |
| - Recurrent Expenditure (Authorised Payments) | 3,880 |
| - Capital Injection (Authorised Payments) | 1,000 |
| Remaining Balance | 26,420 |

Authorised Payments

Economic Development Directorate – Pace Farm (\$3.750 million) – the Government has agreed to provide a grant \$7.5 million over two years to Pace Farm to facilitate the conversion of Parkwood Farm from cage egg to barn egg production. The payment in 2012-13 will be facilitated through a Treasurer's Advance.

Economic Development Directorate – *Youth Pioneers* program (\$0.040 million) – to enable the participation of two ACT residents in the *Young Pioneers* program run by the Foundation of Young Australians. The program provides professional training, skill building, mentoring and networking to young people and encourages business practices that turn ideas into sustainable initiatives.

Community Services Directorate – Community Hub (\$0.090 million) – to assist with start up costs of the single service hub run by Diversity ACT for the ACT Lesbian, Gay, Bisexual, Transgender and Intersex community. This funding is to provide assistance for business costs associated with establishing the hub, premise fit out, and research into other similar centres.

Community Services Directorate – Boundless Canberra (\$1 million) – a repayable grant to assist in managing the cashflow for the first stage of the Boundless national 'all-abilities' playground, as fundraising efforts are projected to lag the timing for upfront capital costs.