

Australian Capital Territory Government  
**Consolidated Annual  
Financial Statements**

**2018-2019 Financial Year**



**ACT**  
Government

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Contents**

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

**Note index**

Note 1 - The Australian Capital Territory Government  
Note 2 - Disaggregated information  
Note 3 - Australian Capital Territory Government controlled entities  
Note 4 - Taxation revenue  
Note 5 - Commonwealth grants  
Note 6 - Other sales of goods and services  
Note 7 - Dividend and income tax equivalents income  
Note 8 - Employee expenses  
Note 9 - Superannuation expenses  
Note 10 - Supplies and services  
Note 11 - Grants and purchased services  
Note 12 - Net gain/(loss) on financial assets or liabilities at fair value  
Note 13 - Waivers, impairment losses and write-offs  
Note 14 - Act of grace payments  
Note 15 - Advances paid  
Note 16 - Investments and loans  
Note 17 - Receivables  
Note 18 - Property, plant and equipment  
Note 19 - Intangibles  
Note 20 - Loose-fill asbestos insulation eradication scheme land  
Note 21 - Advances received  
Note 22 - Finance leases  
Note 23 - Other borrowings  
Note 24 - Superannuation  
Note 25 - Employee benefits  
Note 26 - Payables  
Note 27 - Reconciliation of cash flows

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**Note index (continued)**

- Note 28 - Operating lease commitments
  - Note 29 - Capital commitments
  - Note 30 - Other commitments
  - Note 31 - Public private partnership commitments
  - Note 32 - Contingencies, guarantees and indemnities
  - Note 33 - Third party monies
  - Note 34 - Related party disclosures
  - Note 35 - Interest in joint arrangements
  - Note 36 - Economic dependency
  - Note 37 - The Territory's credit rating
  - Note 38 - Auditor's remuneration
  - Note 39 - Events subsequent to balance date
  - Note 40 - Financial instruments
  - Note 41 - Expenses by function
  - Note 42 - Disaggregated sector information
  - Note 43 - Reconciliations to ABS GFS measures
- 
- Appendix A - Variance explanations: 2018-19 actual compared to 2018-19 Budget
  - Appendix B - Significant accounting policies
  - Appendix C - Impact of accounting standards issued but yet to be applied
  - Appendix D - Glossary

## INDEPENDENT AUDITOR'S REPORT

### To the Members of the ACT Legislative Assembly

#### Opinion

I have audited the financial statements of the Australian Capital Territory Government (Territory's financial statements) for the year ended 30 June 2019 which comprise the:

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

In my opinion, the financial statements:

- (i) present fairly, in all material respects, the Territory's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended; and
- (ii) are presented in accordance with the *Financial Management Act 1996* and comply with Australian Accounting Standards and other mandatory financial reporting requirements in Australia.

#### Basis for opinion

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

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

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

#### Responsibility of the Territory for the financial statements

The Treasurer and Under Treasurer are responsible for:

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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



Michael Harris  
Auditor-General  
31 October 2019

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

**Statement of responsibility by the Treasurer**

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

It is my opinion that the attached financial statements for the year ended 30 June 2019 fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.



Andrew Barr MLA  
Treasurer

Date: 31 October 2019

**Statement of responsibility by the Under Treasurer**

It is my opinion that the attached financial statements for the year ended 30 June 2019 have been prepared in accordance with Australian Accounting Standards and the requirements of the FMA. These accounts fairly reflect the financial operations of the Territory during the financial year, and the financial position of the Territory at the end of the financial year.



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

Date: 29 October 2019

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note No.	General Government Sector			Total Territory		
		2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Revenue</b>							
Taxation revenue	4	1,934,050	1,898,190	1,718,274	1,888,977	1,852,103	1,674,631
Commonwealth grants	5	2,333,207	2,311,269	2,280,648	2,335,574	2,312,919	2,282,487
Sales of goods and services							
Revenue from associates and joint ventures		-	-	-	88,403	75,516	93,372
Other sales of goods and services	6	561,142	542,093	532,712	914,102	888,197	896,465
Interest income		109,171	118,534	136,675	45,748	44,745	68,594
Distributions from financial investments		43,047	38,633	35,426	43,047	38,633	35,426
Dividend and income tax equivalents income	7	364,632	397,462	375,597	76,444	56,516	60,215
Other revenue							
Land revenue (value add component)		-	-	-	401,711	477,311	315,838
Other revenue		148,136	144,609	163,723	149,972	137,912	167,830
Gains from contributed assets		114,896	220,515	158,477	90,433	193,327	97,183
<b>Total revenue</b>		<b>5,608,280</b>	<b>5,671,305</b>	<b>5,401,532</b>	<b>6,034,410</b>	<b>6,077,179</b>	<b>5,692,041</b>
<b>Expenses</b>							
Employee expenses	8	2,117,974	2,060,032	2,004,835	2,302,606	2,246,559	2,184,468
Superannuation expenses							
Superannuation interest cost	9	305,767	378,066	303,750	305,767	378,066	303,750
Other superannuation expense	9	407,702	328,592	356,952	423,588	338,855	369,788
Depreciation and amortisation		403,478	435,806	396,975	522,665	537,684	496,163
Interest expense		178,002	199,977	185,174	180,864	203,761	187,912
Other operating expenses							
Supplies and services	10	1,053,664	1,108,504	962,418	1,218,858	1,307,531	1,126,844
Other operating expenses		335,562	224,202	188,968	360,344	275,905	144,350
Grants and purchased services	11	1,117,254	1,082,992	1,083,420	956,615	920,190	921,213
<b>Total expenses</b>		<b>5,919,403</b>	<b>5,818,171</b>	<b>5,482,493</b>	<b>6,271,307</b>	<b>6,208,551</b>	<b>5,734,488</b>
<b>UPF<sup>(a)</sup> net operating balance</b>		<b>-311,123</b>	<b>-146,866</b>	<b>-80,961</b>	<b>-236,897</b>	<b>-131,372</b>	<b>-42,447</b>
<b>Other economic flows - included in the operating result</b>							
Dividends (market gains on land sales)		42,815	84,565	28,922	-	-	-
Land revenue (market gains on land sales)		-	-	-	62,575	126,131	43,879
Net land revenue (undeveloped land value)		51,441	82,090	91,168	49,877	82,090	90,748
Net gain/(loss) on sale/(disposal) of non-financial assets		-134,916	-13,983	-4,857	-278,310	-148,131	-82,152
Net gain/(loss) on financial assets or liabilities at fair value	12	217,280	183,325	244,235	217,458	183,425	244,789
Doubtful debts		-13,410	-7,139	-7,716	-17,162	-9,531	-7,487
<b>Operating surplus/(deficit)</b>		<b>-147,913</b>	<b>181,992</b>	<b>270,790</b>	<b>-202,460</b>	<b>102,612</b>	<b>247,330</b>
<b>Other economic flows - other comprehensive income</b>							
<b>Items that will not be subsequently reclassified to profit or loss</b>							
Payments to ACT Government agencies		-26,881	-80,681	-30,845	-	-	-
Capital distributions		74,622	122,386	86,269	-	-	11,300
Transfer of assets to the Public Trading Enterprises (PTE) sector		-122,616	-170,783	-145,191	-	-	-
Superannuation actuarial gain/(loss)		-1,758,234	-	-895,977	-1,758,234	-	-895,977
Other movements		-24,971	-438	-19,494	-24,729	-438	-46,993
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations		549,455	63,763	-65,281	675,644	205,975	410,530
Increase/(decrease) in other reserves		130	-	-	116,114	-	-9,820
<b>Items that may be subsequently reclassified to profit or loss</b>							
Increase/(decrease) in net assets of PTE		145,783	255,990	479,744	-	-	-
<b>Total comprehensive income/(deficit)</b>		<b>-1,310,623</b>	<b>372,229</b>	<b>-319,985</b>	<b>-1,193,664</b>	<b>308,149</b>	<b>-283,630</b>

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
OPERATING STATEMENT - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note No.	General Government Sector			Total Territory		
		2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Key fiscal aggregates</b> (refer to Appendix D - Glossary)							
<b>UPF net operating balance</b>		<b>-311,123</b>	<b>-146,866</b>	<b>-80,961</b>	<b>-236,897</b>	<b>-131,372</b>	<b>-42,447</b>
<b>less net acquisition of non-financial assets</b>							
Payments for non-financial assets		705,054	708,886	714,495	862,630	879,787	884,819
Sales of non-financial assets		-137,589	-233,319	-313,137	-172,865	-272,715	-365,917
Land revenue (net cash receipts)		-	-47,204	-	-	-169,335	-
Change in inventories		-177	-	-11	124,627	-	-3,711
Depreciation and amortisation		-403,478	-435,806	-396,975	-522,665	-537,684	-496,163
Other movements in non-financial assets		110,300	215,610	144,937	87,336	192,635	96,649
<i>Total net acquisition of non-financial assets</i>		<i>274,110</i>	<i>208,167</i>	<i>149,309</i>	<i>379,064</i>	<i>92,688</i>	<i>115,677</i>
<b>Net lending/(borrowing)</b>		<b>-585,233</b>	<b>-355,033</b>	<b>-230,270</b>	<b>-615,961</b>	<b>-224,060</b>	<b>-158,124</b>

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
BALANCE SHEET  
AT 30 JUNE 2019**

	Note No.	General Government Sector			Total Territory		
		2018-19 Actual	2018-19 Budget	2017-18 Actual	2018-19 Actual	2018-19 Budget	2017-18 Actual
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>							
Cash and deposits		1,254,689	606,728	662,508	1,515,181	718,626	834,152
Advances paid	15	1,794,820	1,813,259	1,736,813	63,593	89,430	66,036
Investments and loans	16	4,843,354	4,599,008	4,771,723	4,890,354	4,628,988	4,826,748
Receivables	17	1,037,910	543,745	600,643	915,667	410,244	480,330
Equity investments							
Investments in other public sector enterprises		7,190,126	7,144,765	7,044,343	-	-	-
Investments accounted for using the equity method		20	-	-	1,031,716	1,023,917	1,002,313
<b>Total financial assets</b>		<b>16,120,919</b>	<b>14,707,505</b>	<b>14,816,030</b>	<b>8,416,511</b>	<b>6,871,205</b>	<b>7,209,579</b>
<b>Non-financial assets</b>							
<b>Produced assets</b>							
Property, plant and equipment	18	12,451,936	12,459,689	11,120,086	16,503,710	16,315,022	15,076,040
Investment properties		7,920	5,410	5,410	26,697	14,113	13,402
Intangibles	19	226,577	353,469	190,912	271,135	402,665	216,287
Inventories		19,075	19,545	19,252	372,720	391,226	248,093
Assets held for sale		68,608	7,901	110,618	81,338	10,976	236,687
Capital works-in-progress		589,571	544,037	661,673	771,333	713,214	844,369
<b>Non-produced assets</b>							
Property, plant and equipment	18,20	3,969,992	3,663,938	3,856,513	7,946,057	7,757,466	7,677,738
Biological assets		28,798	29,917	29,769	28,798	29,917	29,769
Other non-financial assets		7,915	14,922	11,799	7,915	15,056	11,799
<b>Total non-financial assets</b>		<b>17,370,393</b>	<b>17,098,828</b>	<b>16,006,034</b>	<b>26,009,704</b>	<b>25,649,655</b>	<b>24,354,186</b>
<b>Total assets</b>		<b>33,491,312</b>	<b>31,806,333</b>	<b>30,822,063</b>	<b>34,426,215</b>	<b>32,520,860</b>	<b>31,563,764</b>
<b>Liabilities</b>							
Deposits held		-	15,632	15,618	-	15,632	15,618
Advances received	21	963,676	963,676	1,015,617	1,017,156	1,017,156	1,073,716
<b>Borrowings</b>							
Finance leases	22	431,308	488,040	1,301	431,308	488,040	1,301
Other borrowings	23	4,476,494	3,523,614	3,440,607	4,476,494	3,523,614	3,440,607
Superannuation	24	11,776,168	7,803,892	9,735,968	11,776,295	7,803,907	9,735,968
Employee benefits	25	747,394	709,738	675,270	814,378	766,981	739,520
Other provisions		776,550	400,692	353,137	862,037	479,226	415,810
Payables	26	257,917	228,738	199,164	407,702	442,415	294,187
Other liabilities		28,560	37,964	41,513	30,810	38,331	43,338
<b>Total liabilities</b>		<b>19,458,067</b>	<b>14,171,986</b>	<b>15,478,196</b>	<b>19,816,179</b>	<b>14,575,302</b>	<b>15,760,065</b>
<b>Net assets</b>		<b>14,033,245</b>	<b>17,634,347</b>	<b>15,343,868</b>	<b>14,610,035</b>	<b>17,945,558</b>	<b>15,803,699</b>
Equity in public trading enterprises		7,190,126	7,144,765	7,044,343	-	-	-
Accumulated funds		599,021	4,718,613	2,600,496	3,411,650	7,251,201	5,223,575
Asset revaluation surplus		6,242,867	5,769,869	5,697,929	11,081,171	10,683,437	10,579,025
Other reserves		1,230	1,100	1,100	117,214	10,920	1,100
<b>Net worth</b>		<b>14,033,245</b>	<b>17,634,347</b>	<b>15,343,868</b>	<b>14,610,035</b>	<b>17,945,558</b>	<b>15,803,699</b>
<b>Key fiscal aggregates (refer to Appendix D - Glossary)</b>							
<b>Net financial worth</b>		-3,337,148	535,519	-662,186	-11,399,668	-7,704,097	-8,550,486
<b>Net financial liabilities</b>		10,527,275	6,609,246	7,706,509	12,431,385	8,728,014	9,552,799
<b>Net debt (excluding superannuation related investments)</b>		2,215,713	2,108,347	1,302,158	3,692,927	3,743,778	2,804,365

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note No.	General Government Sector			Total Territory		
		2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Opening equity</b>							
Opening equity in public trading enterprises (PTE)		7,044,343	6,888,775	6,564,599	-	-	-
Opening accumulated funds		2,600,496	4,666,137	3,334,169	5,223,575	7,256,280	5,830,691
Opening asset revaluation surplus		5,697,929	5,706,106	5,763,209	10,579,025	10,370,209	10,245,718
Opening other reserves		1,100	1,100	1,100	1,100	10,920	10,920
<b>Opening balance</b>		<b>15,343,868</b>	<b>17,262,118</b>	<b>15,663,078</b>	<b>15,803,699</b>	<b>17,637,409</b>	<b>16,087,329</b>
<b>Comprehensive income</b>							
<i>Included in accumulated funds:</i>							
Operating result for the period		-147,913	181,992	270,790	-202,460	102,612	247,330
Payments to ACT Government agencies		-26,881	-80,681	-30,845	-	-	-
Capital distributions		74,622	122,386	86,269	-	-	11,300
Transfer of assets to the PTE sector		-122,616	-170,783	-145,191	-	-	-
Superannuation actuarial gain/(loss)		-1,758,234	-	-895,977	-1,758,234	-	-895,977
Other movements		-24,971	-438	-19,494	-24,729	-438	-46,993
<i>Included in equity in PTE:</i>							
Increase/(decrease) in net assets of PTE entities		145,783	255,990	479,744	-	-	-
<i>Included in the asset revaluation surplus:</i>							
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations		549,455	63,763	-65,281	675,644	205,975	410,530
<i>Included in other reserves:</i>							
Increase/(decrease) in other reserves		130	-	-	116,114	-	-9,820
<b>Total comprehensive income/(deficit)</b>		<b>-1,310,623</b>	<b>372,229</b>	<b>-319,985</b>	<b>-1,193,664</b>	<b>308,149</b>	<b>-283,630</b>
<b>Other</b>							
Transfer to/(from) accumulated funds		4,517	-	-	173,497	-107,253	77,224
Transfer to/(from) the asset revaluation surplus		-4,517	-	-	-173,497	107,253	-77,224
<b>Total other</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing equity</b>							
Closing equity in PTE		7,190,126	7,144,765	7,044,343	-	-	-
Closing accumulated funds		599,021	4,718,613	2,600,496	3,411,650	7,251,201	5,223,575
Closing asset revaluation surplus		6,242,867	5,769,869	5,697,929	11,081,171	10,683,437	10,579,025
Closing other reserves		1,230	1,100	1,100	117,214	10,920	1,100
<b>Closing balance</b>		<b>14,033,245</b>	<b>17,634,347</b>	<b>15,343,868</b>	<b>14,610,035</b>	<b>17,945,558</b>	<b>15,803,699</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note No.	General Government Sector			Total Territory		
		2018-19 Actual	2018-19 Budget	2017-18 Actual	2018-19 Actual	2018-19 Budget	2017-18 Actual
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>							
<i>Cash receipts</i>							
Taxes received		1,762,621	1,903,494	1,581,590	1,696,202	1,856,128	1,559,699
Receipts from sales of goods and services		719,674	590,340	655,627	1,606,004	1,530,369	1,378,900
Grants/subsidies received		2,334,010	2,317,886	2,282,167	2,336,357	2,318,587	2,284,001
Distributions from financial investments		13,967	38,633	33,432	13,967	38,633	33,432
Interest receipts		119,606	110,245	129,919	61,867	43,527	69,548
Dividends and income tax equivalents		266,293	356,605	434,258	98,922	56,516	62,355
Other receipts		594,503	398,267	431,163	682,168	457,607	571,681
<b>Total cash received from operating activities</b>		<b>5,810,674</b>	<b>5,715,470</b>	<b>5,548,156</b>	<b>6,495,488</b>	<b>6,301,367</b>	<b>5,959,616</b>
<i>Cash payments</i>							
Payments for employees		-2,554,009	-2,489,976	-2,365,732	-2,755,226	-2,633,457	-2,549,336
Payments for goods and services		-1,064,628	-1,079,168	-979,330	-1,215,644	-1,274,746	-1,136,311
Grants/subsidies paid		-1,082,480	-1,076,805	-1,078,089	-925,160	-918,216	-928,859
Interest paid		-166,504	-188,792	-176,531	-169,119	-202,543	-179,356
Other payments		-600,498	-445,062	-424,918	-790,529	-698,955	-609,264
<b>Total cash paid from operating activities</b>		<b>-5,468,120</b>	<b>-5,279,803</b>	<b>-5,024,600</b>	<b>-5,855,678</b>	<b>-5,727,917</b>	<b>-5,403,126</b>
<b>Net cash flows from operating activities</b>	27(b)	<b>342,554</b>	<b>435,667</b>	<b>523,556</b>	<b>639,810</b>	<b>573,450</b>	<b>556,490</b>
<b>Cash flows from investing activities</b>							
<b>Cash flows from investments in non-financial assets</b>							
Sales of non-financial assets		137,589	233,319	313,137	172,865	272,715	365,917
Payments for non-financial assets		-705,054	-708,886	-714,495	-862,630	-879,787	-884,819
<b>Net cash flows from investments in non-financial assets</b>		<b>-567,465</b>	<b>-475,567</b>	<b>-401,358</b>	<b>-689,765</b>	<b>-607,072</b>	<b>-518,902</b>
<b>Cash flows from investments in financial assets for policy purposes</b>							
<i>Cash receipts</i>							
Repayment of loans		2,677	2,677	2,782	2,677	11,240	2,782
Capital receipts from government agencies		115,475	170,179	77,981	-	-	11,300
Dividends (market gains on land sales)		42,815	84,565	28,922	-	-	-
<b>Total cash received from investments in financial assets for policy purposes</b>		<b>160,967</b>	<b>257,421</b>	<b>109,684</b>	<b>2,677</b>	<b>11,240</b>	<b>14,082</b>
<i>Cash payments</i>							
Issue of loans		-	-	-	-13,821	-18,821	-3,522
Capital payments to government agencies		-26,881	-80,681	-30,845	-	-	-
<b>Total cash paid from investments in financial assets for policy purposes</b>		<b>-26,881</b>	<b>-80,681</b>	<b>-30,845</b>	<b>-13,821</b>	<b>-18,821</b>	<b>-3,522</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>		<b>134,087</b>	<b>176,740</b>	<b>78,839</b>	<b>-11,144</b>	<b>-7,581</b>	<b>10,560</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>							
Sales of investments		199,974	405,903	134,532	202,757	406,306	137,098
Payments for investments		-61,226	-91,409	-198,155	-71,313	-91,409	-198,155
<b>Net cash flows from investments in financial assets for liquidity purposes</b>		<b>138,748</b>	<b>314,494</b>	<b>-63,622</b>	<b>131,444</b>	<b>314,897</b>	<b>-61,056</b>
<b>Net cash flows from investing activities</b>		<b>-294,630</b>	<b>15,667</b>	<b>-386,141</b>	<b>-569,465</b>	<b>-299,756</b>	<b>-569,399</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY  
CASH FLOW STATEMENT- CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

	Note No.	General Government Sector			Total Territory		
		2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Cash flows from financing activities</b>							
<i>Cash receipts</i>							
Borrowings		1,031,459	108,187	469,810	1,000,801	81,320	227
<b>Total cash received from financing activities</b>		<b>1,031,459</b>	<b>108,187</b>	<b>469,810</b>	<b>1,000,801</b>	<b>81,320</b>	<b>227</b>
<i>Cash payments</i>							
Borrowings		-515,901	-536,261	-705,252	-436,815	-436,302	-165,535
<b>Total cash paid from financing activities</b>		<b>-515,901</b>	<b>-536,261</b>	<b>-705,252</b>	<b>-436,815</b>	<b>-436,302</b>	<b>-165,535</b>
<b>Net cash flows from financing activities</b>		<b>515,558</b>	<b>-428,074</b>	<b>-235,442</b>	<b>563,986</b>	<b>-354,982</b>	<b>-165,307</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>563,482</b>	<b>23,260</b>	<b>-98,027</b>	<b>634,331</b>	<b>-81,288</b>	<b>-178,217</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>		<b>653,995</b>	<b>612,503</b>	<b>752,022</b>	<b>880,640</b>	<b>858,949</b>	<b>1,058,855</b>
<b>Cash and cash equivalents at the end of reporting period</b>	27(a)	<b>1,217,477</b>	<b>635,763</b>	<b>653,995</b>	<b>1,514,970</b>	<b>777,661</b>	<b>880,640</b>
<b>Key fiscal aggregates (refer to Appendix D - Glossary)</b>							
Net cash from operating activities		342,554	435,667	523,556	639,810	573,450	556,490
Investments in non-financial assets		-567,465	-475,567	-401,358	-689,765	-607,072	-518,902
<b>Cash surplus (+)/deficit (-)</b>		<b>-224,911</b>	<b>-39,900</b>	<b>122,198</b>	<b>-49,956</b>	<b>-33,622</b>	<b>37,587</b>

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Revenue</b>			
Controlled recurrent payments	186,122	200,946	176,899
Commonwealth grants	2,367	1,650	1,839
Sales of goods and services revenue			
Revenue from associates and joint ventures	88,403	75,516	93,372
Other sales of goods and services	433,296	429,519	447,378
Interest income	5,619	4,687	9,732
Other revenue			
Land revenue (value add component)	402,156	527,311	327,976
Other revenue	23,040	14,313	19,568
Gains from contributed assets	17,591	21,123	27,434
<b>Total revenue</b>	<b>1,158,595</b>	<b>1,275,065</b>	<b>1,104,198</b>
<b>Expenses</b>			
Employee expenses	184,631	186,527	179,633
Superannuation expenses	24,896	25,515	23,618
Depreciation and amortisation	119,187	101,878	99,187
Interest expense	71,932	82,260	80,524
Other property expenses (income tax equivalents)	122,519	131,370	116,762
Other operating expenses			
Supplies and services	217,503	262,684	211,987
Other operating expenses	128,333	161,609	53,583
Grants and purchased services	58,355	61,877	90,208
<b>Total expenses</b>	<b>927,357</b>	<b>1,013,720</b>	<b>855,503</b>
<b>UPF<sup>(a)</sup> net operating balance</b>	<b>231,238</b>	<b>261,345</b>	<b>248,694</b>
<b>Other economic flows - included in the operating result</b>			
Land revenue (market gains on land sales)	62,575	126,131	43,879
Net gain/(loss) on sale/(disposal) of non-financial assets	-143,394	-134,148	-77,295
Net gain/(loss) on financial assets or liabilities at fair value	205	100	527
Doubtful debts	-3,780	-2,392	-21
<b>Operating surplus/(deficit)</b>	<b>146,844</b>	<b>251,036</b>	<b>215,784</b>
<b>Other economic flows - other comprehensive income</b>			
<b>Items that will not be subsequently reclassified to profit or loss</b>			
Other movements	242	-	-27,500
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	152,102	170,017	452,323
Increase/(decrease) in other reserves	-3,006	-	-9,820
<b>Total comprehensive income/(deficit)</b>	<b>296,183</b>	<b>421,053</b>	<b>630,788</b>

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR OPERATING STATEMENT - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Key fiscal aggregates</b> (refer to Appendix D - Glossary)			
<b>UPF net operating balance</b>	<b>231,238</b>	<b>261,345</b>	<b>248,694</b>
<b>less net acquisition of non-financial assets</b>			
Payments for non-financial assets	163,023	220,901	187,873
Sales of non-financial assets	-35,276	-39,396	-52,780
Land revenue (net cash receipts)	-	-122,131	-
Change in inventories	80,275	-	13,349
Depreciation and amortisation	-119,187	-101,878	-99,187
Other movements in non-financial assets	-26,608	-17,212	-48,449
<i>Total net acquisition of non-financial assets</i>	<i>62,228</i>	<i>-59,716</i>	<i>805</i>
<b>Net lending/(borrowing)</b>	<b>169,011</b>	<b>321,061</b>	<b>247,889</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR BALANCE SHEET  
AT 30 JUNE 2019**

	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Financial assets</b>			
Cash and deposits	260,493	111,898	171,644
Advances paid	-	25,377	-
Investments and loans	47,000	30,000	55,044
Receivables	149,177	151,127	164,336
Investments accounted for using the equity method	1,031,716	1,023,917	1,002,313
<b>Total financial assets</b>	<b>1,488,386</b>	<b>1,342,319</b>	<b>1,393,338</b>
<b>Non-financial assets</b>			
Produced assets			
Property, plant and equipment	4,051,773	3,855,333	3,955,954
Investment properties	18,777	8,703	7,992
Intangibles	44,558	49,196	25,375
Inventories	353,646	371,681	273,371
Assets held for sale	12,730	3,075	126,069
Capital works-in-progress	181,762	169,177	182,696
Non produced assets			
Property, plant and equipment	3,976,065	4,093,528	3,821,225
Other non-financial assets			
Deferred tax assets	22,646	30,939	22,225
Other non-financial assets	-	134	-
<b>Total non-financial assets</b>	<b>8,661,957</b>	<b>8,581,766</b>	<b>8,414,906</b>
<b>Total assets</b>	<b>10,150,343</b>	<b>9,924,085</b>	<b>9,808,244</b>
<b>Liabilities</b>			
Advances received	1,784,707	1,802,686	1,728,875
Superannuation	127	-	-
Employee benefits	66,984	57,243	64,250
Other provisions	132,712	122,419	128,733
Payables	233,769	149,696	236,121
Other liabilities			
Current tax liability	53,632	62,233	32,022
Deferred tax liability	530,791	436,703	506,611
Other liabilities	157,495	148,325	67,288
<b>Total liabilities</b>	<b>2,960,217</b>	<b>2,779,320</b>	<b>2,763,901</b>
<b>Net assets</b>	<b>7,190,126</b>	<b>7,144,765</b>	<b>7,044,343</b>
Accumulated funds	2,836,024	2,654,221	2,670,357
Asset revaluation surplus	4,357,108	4,480,724	4,373,986
Other reserves	-3,006	9,820	-
<b>Net worth</b>	<b>7,190,126</b>	<b>7,144,765</b>	<b>7,044,343</b>
<b>Key fiscal aggregates</b> (refer to Appendix D - Glossary)			
<b>Net financial worth</b>	-1,471,831	-1,437,001	-1,370,563
<b>Net debt</b>	1,477,214	1,635,411	1,502,187

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Opening equity</b>			
Opening accumulated funds	2,670,357	2,675,501	2,555,893
Opening asset revaluation surplus	4,373,986	4,203,454	3,998,886
Opening other reserves	-	9,820	9,820
<b>Opening balance</b>	<b>7,044,343</b>	<b>6,888,775</b>	<b>6,564,599</b>
<b>Comprehensive income</b>			
<i>Included in accumulated funds:</i>			
Operating result for the period	146,844	251,036	215,784
Other movements	242	-	-27,500
<i>Included in the asset revaluation surplus:</i>			
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	152,102	170,017	452,323
<i>Included in other reserves:</i>			
Increase/(decrease) in other reserves	-3,006	-	-9,820
<b>Total comprehensive income/(deficit)</b>	<b>296,183</b>	<b>421,053</b>	<b>630,788</b>
<b>Other</b>			
Transfer to/(from) accumulated funds	168,980	-107,253	77,224
Transfer to/(from) the asset revaluation surplus	-168,980	107,253	-77,224
<b>Total other</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions involving owners affecting accumulated funds</b>			
Capital injections	26,881	80,681	30,845
Capital distributions	-74,622	-122,386	-74,969
Transfer of assets from the General Government Sector	122,616	170,783	145,191
Dividends approved	-225,275	-294,141	-252,112
<b>Total transactions involving owners affecting accumulated funds</b>	<b>-150,400</b>	<b>-165,063</b>	<b>-151,044</b>
<b>Closing equity</b>			
Closing accumulated funds	2,836,024	2,654,221	2,670,357
Closing asset revaluation surplus	4,357,108	4,480,724	4,373,986
Closing other reserves	-3,006	9,820	-
<b>Closing balance</b>	<b>7,190,126</b>	<b>7,144,765</b>	<b>7,044,343</b>

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2019**

	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Cash flows from operating activities</b>			
<i><b>Cash receipts</b></i>			
Receipts from sales of goods and services	977,369	1,117,462	832,775
Grants/subsidies received	188,865	202,596	177,658
Interest receipts	4,653	3,517	9,179
Other receipts	113,947	100,797	169,491
<b>Total cash received from operating activities</b>	<b>1,284,833</b>	<b>1,424,372</b>	<b>1,189,104</b>
<i><b>Cash payments</b></i>			
Payments for employees	-211,541	-158,737	-194,386
Payments for goods and services	-225,070	-343,470	-209,628
Grants/subsidies paid	-23,928	-23,542	-22,007
Interest paid	-65,006	-83,986	-72,375
Other payments	-277,030	-326,765	-268,322
<b>Total cash paid from operating activities</b>	<b>-802,576</b>	<b>-936,500</b>	<b>-766,719</b>
<b>Net cash flows from operating activities</b>	<b>482,258</b>	<b>487,872</b>	<b>422,385</b>
<b>Cash flows from investing activities</b>			
<b>Cash flows from investments in non-financial assets</b>			
Sales of non-financial assets	35,276	39,396	52,780
Payments for non-financial assets	-163,023	-220,901	-187,873
<b>Net cash flows from investments in non-financial assets</b>	<b>-127,747</b>	<b>-181,505</b>	<b>-135,093</b>
<b>Cash flows from investments in financial assets for policy purposes</b>			
<i><b>Cash receipts</b></i>			
Repayment of loans	-	8,563	-
Capital receipts from government agencies	26,881	80,681	30,845
<b>Total cash received from investments in financial assets for policy purposes</b>	<b>26,881</b>	<b>89,244</b>	<b>30,845</b>
<i><b>Cash payments</b></i>			
Issue of loan	-13,821	-18,821	-3,522
Dividends (market gains on land sales)	-42,815	-84,565	-28,922
Distributions to government	-115,475	-170,179	-66,681
<b>Total cash paid from investments in financial assets for policy purposes</b>	<b>-172,111</b>	<b>-273,565</b>	<b>-99,125</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-145,230</b>	<b>-184,321</b>	<b>-68,279</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>			
Sales of investments	2,783	403	2,565
Payments for Investments	-10,087	-	-
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-7,304</b>	<b>403</b>	<b>2,565</b>
<b>Net cash flows from investing activities</b>	<b>-280,282</b>	<b>-365,423</b>	<b>-200,807</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
PUBLIC TRADING ENTERPRISES SECTOR CASH FLOW STATEMENT- CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

	2018-19 Actual \$'000	2018-19 Budget \$'000	2017-18 Actual \$'000
<b>Cash flows from financing activities</b>			
<i><b>Cash receipts</b></i>			
Advances received	84,566	96,300	546,657
<b>Total cash received from financing activities</b>	<b>84,566</b>	<b>96,300</b>	<b>546,657</b>
<i><b>Cash payments</b></i>			
Advances paid	-36,138	-23,208	-476,523
Dividends paid	-95,544	-168,452	-259,136
Other financing	-84,012	-131,637	-112,767
<b>Total cash paid from financing activities</b>	<b>-215,693</b>	<b>-323,297</b>	<b>-848,426</b>
<b>Net cash flows from financing activities</b>	<b>-131,127</b>	<b>-226,997</b>	<b>-301,768</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>70,849</b>	<b>-104,548</b>	<b>-80,191</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>226,644</b>	<b>246,446</b>	<b>306,835</b>
<b>Cash and cash equivalents at the end of reporting period</b>	<b>297,493</b>	<b>141,898</b>	<b>226,644</b>
<b>Key fiscal aggregates</b> (refer to Appendix D - Glossary)			
Net cash from operating activities	482,258	487,872	422,385
Net cash flows from investments in non-financial assets	-127,747	-181,505	-135,093
Distributions paid	-179,555	-300,089	-371,903
<b>Cash surplus (+)/deficit (-)</b>	<b>174,955</b>	<b>6,278</b>	<b>-84,611</b>

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION  
FOR THE YEAR ENDED 30 JUNE 2019**

Entity	Appropriation Act 2018-19 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
<b>ACT Executive</b>							
Payments on behalf of the Territory	10,620	361		549		11,530	11,354
<b>ACT Gambling and Racing Commission</b>							
Controlled recurrent payments	5,037					5,037	5,037
Capital injection	15					15	15
<b>ACT Health Directorate</b>							
Controlled recurrent payments		208,325			18,336	226,661	193,643
Capital injection		29,978			1,118	31,096	7,730
Payments on behalf of the Territory		2,620			532	3,152	2,840
<b>ACT Local Hospital Network</b>							
Controlled recurrent payments	669,990					669,990	654,588
<b>Auditor-General</b>							
Controlled recurrent payments	2,949					2,949	2,927
Capital injection	9					9	9
<b>Canberra Health Services</b>							
Controlled recurrent payments	310,654	(217,393)			8,665	101,926	101,926
Capital injection	123,012	(20,410)			3,914	106,516	74,788
Payments on behalf of the Territory	2,620	(2,620)					
<b>Canberra Institute of Technology</b>							
Controlled recurrent payments	73,134		548			73,682	73,682
Capital injection	5,245					5,245	4,502
<b>Chief Minister, Treasury and Economic Development Directorate</b>							
Controlled recurrent payments	332,866	(1,406)	579	3,664	10,649	346,352	321,147
Capital injection	133,633	(444)		1,188	4,966	139,343	72,279
Payments on behalf of the Territory	67,306			18,128	58	85,492	85,434
<b>City Renewal Authority</b>							
Controlled recurrent payments	8,013	600			786	9,399	8,752
Capital injection	18,118	(600)			2,705	20,223	4,972

\* Additional approved appropriations relate to act of grace payments and transfer of undispersed 2017-18 appropriation from 2017-18 to 2018-19 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

Entity	Appropriation Act 2018-19 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
<b>Community Services Directorate</b>							
Controlled recurrent payments	269,097				174	269,271	266,707
Capital injection	3,979				521	4,500	2,923
<b>Cultural Facilities Corporation</b>							
Controlled recurrent payments	9,039					9,039	9,039
Capital injection	2,222					2,222	1,598
<b>Education Directorate</b>							
Controlled recurrent payments	707,538	750	1,502	3,700	2,356	715,846	708,562
Capital injection	84,098	380			5,416	89,894	89,893
Payments on behalf of the Territory	300,018	(750)	19,288		46	318,602	317,713
<b>Electoral Commissioner</b>							
Controlled recurrent payments	3,237					3,237	3,188
Capital injection	203				91	294	98
<b>Environment, Planning and Sustainable Development Directorate</b>							
Controlled recurrent payments	133,079		21		36,726	169,826	131,265
Capital injection	152,915				2,034	154,949	126,102
Payments on behalf of the Territory	2,209				297	2,506	1,577
<b>Housing ACT</b>							
Controlled recurrent payments	48,637		712			49,349	48,887
Capital injection	9,310					9,310	5,333
<b>Icon Water Limited</b>							
Controlled recurrent payments	12,279					12,279	12,279

\* Additional approved appropriations relate to act of grace payments and transfer of undispersed 2017-18 appropriation from 2017-18 to 2018-19 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

Entity	Appropriation Act 2018-19 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
<b>Independent Competition and Regulatory Commission</b>							
Controlled recurrent payments	893					893	893
Capital injection	1					1	1
<b>Justice and Community Safety Directorate</b>							
Controlled recurrent payments	310,269		296		1,366	311,931	298,996
Capital injection	27,119				2,024	29,143	23,617
Payments on behalf of the Territory	183,136			3,700		186,836	185,151
<b>Legal Aid Commission (ACT)</b>							
Controlled recurrent payments	13,410	(280)				13,130	13,130
Capital injection	35	280				315	315
<b>Office of the Legislative Assembly</b>							
Controlled recurrent payments	10,968	(19)				10,949	10,062
Capital injection	1,019	100			52	1,171	1,171
Payments on behalf of the Territory	9,994	(442)				9,552	8,945
<b>Public Trustee and Guardian</b>							
Controlled recurrent payments	2,200					2,200	2,098
<b>Superannuation Provision Account</b>							
Capital injection	194,070					194,070	194,070
<b>Transport Canberra and City Services Directorate</b>							
Controlled recurrent payments	390,745	970	28			391,743	357,694
Capital injection	694,506		382		9,634	704,522	599,112

\* Additional approved appropriations relate to act of grace payments and transfer of undispersed 2017-18 appropriation from 2017-18 to 2018-19 under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
STATEMENT OF APPROPRIATION - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2019**

Entity	Appropriation Act 2018-19 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
<b>Sub totals for appropriation classes</b>							
Controlled recurrent payments	3,314,034	(8,453)	3,686	7,364	79,058	3,395,689	3,224,501
Capital injection	1,449,509	9,284	382	1,188	32,475	1,492,838	1,208,528
Payments on behalf of the Territory	575,903	(831)	19,288	22,377	933	617,670	613,014
Treasurer's advance	53,394					53,394	
<b>Total appropriations</b>	<b>5,392,840</b>	<b>-</b>	<b>23,356</b>	<b>30,929</b>	<b>112,466</b>	<b>5,559,591</b>	<b>5,046,044</b>

\* Additional approved appropriations relate to act of grace payments and transfer of undispersed 2017-18 appropriation from 2017-18 to 2018-19 under the *Financial Management Act 1996*.

The variances between the total appropriated and final appropriation drawn columns for 2018-19 are largely due to the following:

**Controlled recurrent payments:** The variation is largely due to the deferral of expenditure from 2018-19 to future years, as well as lower expenditure than anticipated in multiple projects, initiatives and grant programs including Northside Hospital Scoping Study, Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre, Healthy Canberra Grants, Safer Families Initiatives, light rail stage 1 and various ICT programs. The details of these deferrals can be found in agencies' 2018-19 Budget statements (changes to appropriation table) and are also disclosed in agencies' financial statements (statement of appropriation).

**Capital injection:** The variation is largely due to the deferral of expenditure from 2018-19 to future years, the most significant of which relate to capital infrastructure projects including light rail stage 1, expansion of the rapid bus network, Woden bus depot, expansion of Centenary Hospital for Women and Children, Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre and Building a better city - Civic and Dickson office accommodation. The details of these deferrals can be found in agencies' 2018-19 Budget statements (changes to appropriation table) and are also disclosed in agencies' financial statements (statement of appropriation).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**

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

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

Financial administration and preparation of consolidated financial statements

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

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

**2 DISAGGREGATED INFORMATION**

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

**General Government Sector (GGS)**

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

**Public Trading Enterprises (PTE)**

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**3 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES**

**General Government Sector**

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

**Public Trading Enterprises**

ACTION  
CIT Solutions Pty Limited  
City Renewal Authority  
Housing ACT  
Icon Water Limited  
Suburban Land Agency

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

<u>REVENUE</u>	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>4 TAXATION REVENUE</b>				
Duties	280,654	257,771	279,882	256,908
Payroll tax <sup>(a)</sup>	549,238	486,050	536,656	473,247
General rates <sup>(b)</sup>	558,484	491,482	540,162	473,959
Motor vehicle registration fees	144,243	134,119	144,243	134,119
Land tax	137,074	133,924	137,074	133,924
Gambling taxes	59,691	51,094	59,691	51,094
Fire and emergency services levy	84,135	73,733	81,373	71,108
Utilities (network facilities) tax	41,043	36,942	30,562	27,273
Lease variation charge <sup>(c)</sup>	32,847	6,194	32,847	6,194
Ambulance levy	22,532	24,090	22,532	24,090
Energy industry levy	3,955	3,591	3,955	3,591
Lifetime care and support levy	20,153	19,284	20,000	19,125
<b>Total taxation revenue</b>	<b>1,934,050</b>	<b>1,718,274</b>	<b>1,888,977</b>	<b>1,674,631</b>

**Notes:** (a) The increase in payroll tax is primarily due to growth in the payroll tax base.

(b) The increase in general rates is largely due to tax reform which is working towards replacing conveyance duty with general rates over the long-term.

(c) The increase in lease variation charge is mainly due to the introduction of the deferred payment scheme that commenced in May 2018.

<b>5 COMMONWEALTH GRANTS</b>				
GST revenue grants <sup>(a)</sup>	1,308,527	1,292,395	1,308,527	1,292,395
Municipal service payments	40,116	39,562	40,116	39,562
National specific purpose and reform grants <sup>(b)</sup>	798,303	740,502	798,303	740,502
National partnership payments <sup>(c)</sup>	103,353	128,284	103,353	128,284
<i>Other grants:</i>				
Finance assistance grants <sup>(d)</sup>	53,894	52,219	53,894	52,219
Other grants	29,014	27,686	31,381	29,525
<b>Total grants revenue</b>	<b>2,333,207</b>	<b>2,280,648</b>	<b>2,335,574</b>	<b>2,282,487</b>

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

(b) National specific purpose and reform grants are Commonwealth financial contributions to support delivery of services in specified sectors and are subject to conditions on expenditure. The Territory (through the General Government Sector) receives funding for healthcare, schools, skills and workforce development, affordable housing and disability purposes.

(c) National partnership payments are received to support the delivery of specified projects, to facilitate reforms or to reward jurisdictions that deliver on national reforms or achieve service delivery improvements. The decrease in 2018-19 is associated with the completion of funding from the Commonwealth for the ACT Healthy Waterways Project.

(d) Finance assistance grants are received for the purpose of local government activities. As the Territory has responsibility for both state and municipal functions, these grants are paid directly to the Territory.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**6 OTHER SALES OF GOODS AND SERVICES**

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

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
Water, sewerage and other related services	-	-	283,031	289,090
Residential housing tenants and rental income	11,042	10,886	95,877	95,431
Health cross-border revenue <sup>(a)</sup>	120,334	105,028	120,334	105,028
Hospital and other health services <sup>(b)</sup>	119,579	113,706	119,579	113,706
Regulatory services <sup>(c)</sup>	114,189	112,476	113,430	111,950
Service receipts and fees <sup>(d)</sup>	164,646	159,484	181,510	180,939
Water abstraction charge	31,352	31,132	341	320
<b>Total other sales of goods and services</b>	<b>561,142</b>	<b>532,712</b>	<b>914,102</b>	<b>896,465</b>

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

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

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

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

**7 DIVIDEND AND INCOME TAX EQUIVALENTS INCOME**

Dividends from public trading enterprises <sup>(a)</sup>	182,460	223,190	-	-
Dividends from superannuation investments	76,444	60,215	76,444	60,215
Income tax equivalents from public trading enterprises	105,728	92,192	-	-
<b>Total dividend and income tax equivalents income</b>	<b>364,632</b>	<b>375,597</b>	<b>76,444</b>	<b>60,215</b>

**Note:** (a) The decrease in dividends from public trading enterprises is mainly due to Icon Water's lower operating result associated with lower water sewerage profit due to lower prices set by the regulator, higher depreciation expense and lower joint venture income due to reduced electricity and gas margins.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**EXPENSES**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>8 EMPLOYEE EXPENSES</b>				
Wages and salaries	1,949,261	1,836,356	2,116,927	1,996,077
Long service leave and annual leave	126,619	111,791	135,555	121,057
Workers' compensation insurance premiums	37,210	48,798	45,361	58,173
Other employee benefits and on-costs	4,884	7,890	4,763	9,160
<b>Total employee expenses</b>	<b>2,117,974</b>	<b>2,004,835</b>	<b>2,302,606</b>	<b>2,184,468</b>

**9 SUPERANNUATION EXPENSES**

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

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

Superannuation interest cost <sup>(a)</sup>	305,767	303,750	305,767	303,750
Other superannuation expenses <sup>(b)</sup>	407,702	356,952	423,588	369,788
<b>Total superannuation expenses</b>	<b>713,469</b>	<b>660,702</b>	<b>729,355</b>	<b>673,538</b>

Represented by:

Superannuation expenses (CSS and PSS)	535,124	508,634	535,124	508,634
Superannuation payment to CSC (for the PSSap)	9,122	8,186	9,550	8,533
Productivity benefit	27,018	15,048	28,046	16,091
Superannuation to other external providers, including fund of choice	142,205	128,835	156,636	140,279
<b>Total superannuation expenses</b>	<b>713,469</b>	<b>660,702</b>	<b>729,355</b>	<b>673,538</b>

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

(b) The increase in other superannuation expenses is mainly due to the reduction in the superannuation liability discount rate from 3.11 per cent at 30 June 2018 to 1.92 per cent at 30 June 2019. This increase was also attributed to by higher superannuation expenses associated with wage increases under revised enterprise bargaining agreements and growth in health and education.

**10 SUPPLIES AND SERVICES**

Communication, travel and staff development <sup>(a)</sup>	101,769	76,775	109,315	87,627
Materials, equipment and supplies	279,918	259,193	375,837	352,722
Property rental and occupancy expenses (including utilities)	88,301	83,130	80,319	73,375
Repairs and maintenance	144,952	135,085	188,116	178,253
Consultant fees, contractor payments and professional services	238,012	228,598	259,558	250,803
Community policing	166,482	159,091	166,482	159,091
Other supplies and services	34,230	19,546	39,231	23,973
<b>Total supplies and services</b>	<b>1,053,664</b>	<b>962,418</b>	<b>1,218,858</b>	<b>1,126,844</b>

**Note:** (a) The increase in communication, travel and staff development is largely due to growth in health services, and higher Microsoft licencing costs due to changes in licencing agreements and an increase in the number of licences required.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**11 GRANTS AND PURCHASED SERVICES**

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

Government grants and purchased services expense comprised amounts relating to:

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
Grants to non-government schools	316,551	295,396	316,551	295,396
Grant payment (education and community services)	4,077	2,481	25,793	24,123
First home owners' grant	7,844	14,642	7,844	14,642
Capital grants	6,047	24,651	6,047	24,651
Appropriation payments to agencies and asset transfers to another entity	74,181	79,603	2,764	676
Skills Canberra	26,976	21,768	26,976	21,768
Sport, recreation and VisitCanberra	14,301	12,361	14,301	12,361
Other current grants	27,504	40,933	27,945	40,658
<b>Total grants</b>	<b>477,480</b>	<b>491,835</b>	<b>428,220</b>	<b>434,275</b>
Purchase of transport services from ACTION	111,182	104,647	-	-
Purchase of health services from Calvary Hospital	223,233	207,372	223,233	207,372
Purchase of health services from other jurisdictions	46,536	42,993	46,536	42,993
Payments to non-government organisations (health and disability)	258,746	236,574	258,746	236,574
Other purchased services	77	-	-	-
<b>Total purchased services</b>	<b>639,774</b>	<b>591,586</b>	<b>528,515</b>	<b>486,939</b>
<b>Total grants and purchased services</b>	<b>1,117,254</b>	<b>1,083,420</b>	<b>956,615</b>	<b>921,213</b>

**OTHER ECONOMIC FLOWS**

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

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

Realised and unrealised gains on investments <sup>(a)</sup>	236,334	276,195	236,511	276,749
Realised and unrealised losses on investments	-19,053	-31,960	-19,053	-31,960
<b>Total net gain/(loss) on financial assets or liabilities</b>	<b>217,280</b>	<b>244,235</b>	<b>217,458</b>	<b>244,789</b>

**Note:** (a) The decrease in realised and unrealised gains on investments is largely as a result of achieving an investment return of 7.72 per cent which is lower than the 2017-18 return of 9.53 per cent.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**13 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS**

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

A waiver is the relinquishment of a legal claim to a debt. The write-off of a debt is the accounting action taken to remove a debt from the books, but does not relinquish the legal right of the Territory to recover the amount. The write-off of debts may occur for reasons other than waivers. An impairment loss is the amount by which the carrying amount of an asset (or a cash-generating unit) exceeds its recoverable amount. The recoverable amount is the higher of 'fair value less the cost to sell' and its 'value in use'.

The waivers and write-offs listed below have occurred during the reporting period for the General Government Sector and the Territory.

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Waivers</b>				
Other waivers	2,372	2,190	2,372	2,190
<b>Total waivers <sup>(a)</sup></b>	<b>2,372</b>	<b>2,190</b>	<b>2,372</b>	<b>2,190</b>
<b>Impairment losses</b>				
<i>Impairment loss from receivables</i>				
Receivables	8,417	5,419	8,898	5,417
<b>Total impairment loss from receivables</b>	<b>8,417</b>	<b>5,419</b>	<b>8,898</b>	<b>5,417</b>
<i>Impairment loss from property, plant and equipment</i>				
Plant and equipment	35	8,560	41	10,072
<b>Total impairment loss from property, plant and equipment</b>	<b>35</b>	<b>8,560</b>	<b>41</b>	<b>10,072</b>
<b>Total impairment losses</b>	<b>8,452</b>	<b>13,979</b>	<b>8,939</b>	<b>15,489</b>
<b>Write-offs</b>				
Write-offs	5,640	2,968	8,070	5,743
<b>Total write-offs</b>	<b>5,640</b>	<b>2,968</b>	<b>8,070</b>	<b>5,743</b>
<b>Total waivers, impairment losses and write-offs</b>	<b>16,464</b>	<b>19,137</b>	<b>19,381</b>	<b>23,422</b>

**Note:** (a) There were 408 waivers approved in 2018-19 for the General Government Sector (GGS) (2017-18: 583) and 408 for the Territory (2017-18: 583). The number of Courts waivers and value in 2017-18 have been updated to exclude exemptions which were incorrectly reported as 'Courts Waivers'.

**14 ACT OF GRACE PAYMENTS**

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

There were 122 act of grace payments made by the General Government Sector (GGS) and the Territory (2017-18: 2) during the reporting period pursuant to Section 130 of the *Financial Management Act 1996* (FMA), totalling \$61,000 (2017-18: \$211,000). Act of Grace Payments are reflected under Other operating expenses in the Operating statement.

The FMA requires act of grace payments made by the Territory to be reported in the notes to agencies' financial statements in the financial year the payments were made. Details of act of grace payments made can be found in the financial statements of Environment, Planning and Sustainable Development Directorate and Chief Minister, Treasury and Economic Development Directorate (act of grace payments note).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**ASSETS**

**15 ADVANCES PAID**

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

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
Current loans receivable	331,233	29,732	2,576	2,565
Non-current loans receivable	1,463,587	1,707,080	61,016	63,471
<b>Total advances paid</b>	<b>1,794,820</b>	<b>1,736,813</b>	<b>63,593</b>	<b>66,036</b>

**16 INVESTMENTS AND LOANS**

Current investments are comprised of securities and standard market instruments which must conform to applicable standard market conventions and requirements. The bulk of non-current investments represents superannuation related investments, which are managed by external professional funds managers in accordance with the *Territory Superannuation Provision Protection Act 2000* and the Superannuation Management Guidelines 2011.

*Current investments*

Short-term securities	-	-	37,000	55,000
Government Fixed Interest Bonds	1,023,466	-	1,023,466	-
Shares and Equities	2,728,431	-	2,728,431	-
Investment in Property Trusts	417,534	-	417,534	-
Other current investments	670,101	1,051,834	680,101	1,051,859

**Total current investments<sup>(a)</sup>**

<b>4,839,533</b>	<b>1,051,834</b>	<b>4,886,533</b>	<b>1,106,859</b>
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*Non-current investments*

Government fixed interest bonds	-	920,651	-	920,651
Shares and equities	-	2,396,898	-	2,396,898
Investment in property trusts	-	399,258	-	399,258
Other non-current investments	3,821	3,083	3,821	3,083

**Total non-current investments<sup>(a)</sup>**

<b>3,821</b>	<b>3,719,889</b>	<b>3,821</b>	<b>3,719,889</b>
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**Total investments and loans**

<b>4,843,354</b>	<b>4,771,723</b>	<b>4,890,354</b>	<b>4,826,748</b>
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**Note:** (a) The increase and decrease in current and non-current investments has been influenced by a change in the Territory's investment structure across a range of asset classes in line with agency investment strategies, the most material of which relates to the Territory's superannuation investments. Overall, total investments and loans are broadly consistent with the prior year.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>17 RECEIVABLES</b>				
<i>Current receivables</i>				
Trade receivables	251,010	236,243	321,008	250,610
Right to receive infrastructure from land developers <sup>(a)</sup>	-	-	20,025	17,525
Prepayments	23,675	26,983	35,794	37,092
Less: Allowance for impairment losses	-24,543	-21,896	-33,910	-29,639
<b>Net current trade receivables</b>	<b>250,142</b>	<b>241,330</b>	<b>342,916</b>	<b>275,588</b>
Accrued revenue	195,470	193,885	76,428	62,099
Other current receivables	148,641	163,598	105,663	85,867
Receivable from Comcare <sup>(b)</sup>	305,902	-	305,902	-
<b>Total current receivables</b>	<b>900,155</b>	<b>598,813</b>	<b>830,910</b>	<b>423,553</b>
<i>Non-current trade receivables</i>				
Trade receivables	21,418	783	21,433	802
Prepayments	702	1,352	10,570	1,352
Less: Allowance for impairment losses	-21	-305	-21	-305
<b>Net non-current trade receivables</b>	<b>22,099</b>	<b>1,830</b>	<b>31,982</b>	<b>1,849</b>
Other receivables <sup>(c)</sup>	115,657	-	52,775	54,928
<b>Total non-current receivables</b>	<b>137,756</b>	<b>1,830</b>	<b>84,757</b>	<b>56,776</b>
<b>Total receivables</b>	<b>1,037,910</b>	<b>600,643</b>	<b>915,667</b>	<b>480,330</b>

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

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

(b) The amount receivable from Comcare reflects the recognition of amounts to be paid to the Territory for exiting the comcare scheme. This receivable is partially offset by a liability claims provision.

(c) The increase in non-current other receivables is due to a portion of dividends from the Suburban Land Agency which will be paid more than a year after the period to which they relate.

**Reconciliation of the allowance for impairment losses**

Allowance for impairment losses at the beginning of the reporting period	22,201	20,428	29,944	28,358
Remeasurement under AASB 9	-790	-	-331	-
Restated allowance for impairment losses at the beginning of the reporting period	21,411	20,428	29,613	28,358
Additional allowance recognised during the reporting period	2,866	5,377	2,874	2,440
Less: reduction in allowance from amounts recovered during the reporting period	-2,469	-3,605	-2,564	-854
Less: Reduction in allowance from amounts written-off during the reporting period	-2,529	-	-5,066	-
Expected credit loss expense	5,285	-	9,074	-
<b>Allowance for impairment losses at the end of the reporting period</b>	<b>24,564</b>	<b>22,201</b>	<b>33,931</b>	<b>29,944</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**17 RECEIVABLES - CONTINUED**

**Ageing of receivables - General Government Sector**

	Not Overdue	Overdue				Total
		1-30 Days	31 to 60 Days	61 to 90 Days	> 91 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2019</b>						
Expected credit loss rate (%)	1%	12%	17%	34%	71%	12%
Estimated total gross carrying amount at default	88,714	4,943	2,201	3,165	15,163	114,185
<b>Expected credit losses</b>	<b>709</b>	<b>582</b>	<b>382</b>	<b>1,081</b>	<b>10,789</b>	<b>13,544</b>
<b>1 July 2018 (remeasurement)</b>						
Expected credit loss rate (%)	1%	12%	17%	38%	56%	10%
Estimated total gross carrying amount at default	95,314	5,572	3,601	3,096	15,685	123,268
<b>Expected credit losses</b>	<b>563</b>	<b>656</b>	<b>626</b>	<b>1,182</b>	<b>8,764</b>	<b>11,790</b>

**Ageing of receivables - Total Territory**

	Not Overdue	Overdue				Total
		1-30 Days	31 to 60 Days	61 to 90 Days	> 91 Days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2019</b>						
Expected credit loss rate (%)	1%	11%	14%	31%	64%	12%
Estimated total gross carrying amount at default	134,001	7,321	3,879	3,620	29,317	178,138
<b>Expected credit losses</b>	<b>845</b>	<b>828</b>	<b>561</b>	<b>1,129</b>	<b>18,623</b>	<b>21,985</b>
<b>1 July 2018 (remeasurement)</b>						
Expected credit loss rate (%)	1%	8%	11%	8%	56%	9%
Estimated total gross carrying amount at default	87,472	8,152	5,598	14,001	15,685	130,907
<b>Expected credit losses</b>	<b>1,161</b>	<b>656</b>	<b>626</b>	<b>1,183</b>	<b>8,764</b>	<b>12,390</b>



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**18 PROPERTY, PLANT AND EQUIPMENT**

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

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

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

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

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

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED</b>				
<b>LAND AND BUILDINGS</b>				
Land at fair value	3,958,851	3,841,307	7,934,916	7,662,533
Landfill restoration at fair value	32,138	32,138	32,138	32,138
Less: accumulated depreciation on landfill restoration	27,622	26,324	27,622	26,324
<b>Total land at fair value</b>	<b>3,963,367</b>	<b>3,847,121</b>	<b>7,939,432</b>	<b>7,668,347</b>
Buildings at fair value	3,864,863	3,726,672	5,503,798	5,308,414
Less: accumulated depreciation	224,576	117,290	236,183	135,973
Less: accumulated impairment losses	2,449	667	6,061	4,024
<b>Total buildings at fair value</b>	<b>3,637,838</b>	<b>3,608,715</b>	<b>5,261,553</b>	<b>5,168,417</b>
Leased buildings at fair value	202,417	-	202,417	-
Less: accumulated depreciation	2,384	-	2,384	-
<b>Total leased buildings at fair value <sup>(a)</sup></b>	<b>200,033</b>	<b>-</b>	<b>200,033</b>	<b>-</b>
<b>Total written down value of land and buildings</b>	<b>7,801,238</b>	<b>7,455,836</b>	<b>13,401,018</b>	<b>12,836,764</b>
<b>PLANT AND EQUIPMENT</b>				
Plant and equipment at cost	514,242	468,175	515,114	468,303
Less: accumulated depreciation	333,335	292,707	333,376	292,718
<b>Total plant and equipment at cost</b>	<b>180,907</b>	<b>175,468</b>	<b>181,738</b>	<b>175,574</b>
Plant and equipment at fair value	79,242	67,998	235,101	197,245
Less: accumulated depreciation	23,032	13,951	46,946	26,227
Less: accumulated impairment losses	137	0	137	0
<b>Total plant and equipment at fair value</b>	<b>56,073</b>	<b>54,046</b>	<b>188,018</b>	<b>171,018</b>
Plant and equipment under a finance lease at cost	200	-	200	-
Less: accumulated depreciation	150	-	150	-
Plant and equipment under a finance lease at fair value	176,012	-	176,012	-
Less: accumulated depreciation	1,099	-	1,099	-
<b>Total plant and equipment under a finance lease <sup>(a)</sup></b>	<b>174,963</b>	<b>-</b>	<b>174,963</b>	<b>-</b>
<b>Total written down value of plant and equipment</b>	<b>411,943</b>	<b>229,514</b>	<b>544,719</b>	<b>346,592</b>
<b>LEASEHOLD IMPROVEMENTS</b>				
Leasehold improvements at cost	23,530	26,478	24,195	26,768
Less: accumulated depreciation	21,736	21,319	22,070	21,394
<b>Total leasehold improvements at cost</b>	<b>1,794</b>	<b>5,158</b>	<b>2,125</b>	<b>5,374</b>
Leasehold improvements at fair value	67,800	60,200	67,816	60,691
Less: accumulated depreciation	19,817	11,934	19,822	12,168
<b>Total leasehold improvements at fair value</b>	<b>47,983</b>	<b>48,266</b>	<b>47,994</b>	<b>48,523</b>
<b>Total written down value of leasehold improvements</b>	<b>49,776</b>	<b>53,425</b>	<b>50,119</b>	<b>53,897</b>

**Note:** (a) The increase in leased assets is largely due to the recognition of leased assets for light rail stage 1 and the courts public private partnership.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>18 PROPERTY, PLANT AND EQUIPMENT - CONTINUED</b>				
<b>INFRASTRUCTURE ASSETS</b>				
Infrastructure assets at cost	-	-	15,529	-
Less: accumulated depreciation	-	-	325	-
<b>Total infrastructure assets at cost</b>	<b>-</b>	<b>-</b>	<b>15,204</b>	<b>-</b>
Infrastructure assets at fair value	8,127,878	7,208,503	10,684,082	9,908,447
Less: accumulated depreciation	199,528	201,430	476,458	623,134
Less: accumulated impairment losses	5,964	4,918	5,964	4,918
<b>Total infrastructure assets at fair value <sup>(a)</sup></b>	<b>7,922,386</b>	<b>7,002,155</b>	<b>10,201,660</b>	<b>9,280,394</b>
<b>Total written down value of infrastructure assets</b>	<b>7,922,386</b>	<b>7,002,155</b>	<b>10,216,864</b>	<b>9,280,394</b>
<b>HERITAGE AND COMMUNITY ASSETS</b>				
Heritage and community assets at cost	-	-	442	-
Less: accumulated depreciation	-	-	-	-
<b>Total heritage and community assets at cost</b>	<b>-</b>	<b>-</b>	<b>442</b>	<b>-</b>
Heritage and community assets at fair value	234,662	228,095	234,682	228,558
Less: accumulated depreciation	4,638	1,818	4,638	1,818
Less: accumulated impairment losses	64	-	64	-
<b>Total heritage and community assets at fair value</b>	<b>229,960</b>	<b>226,277</b>	<b>229,980</b>	<b>226,740</b>
<b>Total written down value of community and heritage assets</b>	<b>229,960</b>	<b>226,277</b>	<b>230,423</b>	<b>226,740</b>
<b>Total written down value of property, plant and equipment</b>	<b>16,415,304</b>	<b>14,967,207</b>	<b>24,443,142</b>	<b>22,744,387</b>

(Refer to Appendix B(s): 'Acquisition and recognition of property, plant and equipment').

**Valuation of non-current assets**

The majority of the Territory's assets are valued either by an independent and qualified valuer, or internally by Officers of Directorates using ACT policy. The majority of the Territory's assets are valued on a three year rolling basis. (Refer to Appendix B(t): 'Measurement of property, plant and equipment after initial recognition'). Some assets are valued annually by Housing ACT.

**Note:** (a) The increase in infrastructure assets is mainly as a result of the completion of major projects including, but not limited to, Ashley Drive and Gundaroo Drive as well as additional infrastructure transferred from the Suburban Land Agency and private developers.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**Reconciliation of property, plant and equipment - General Government Sector**

The following table shows the movement in each class of property, plant and equipment during 2018-19.

	Land \$'000	Buildings \$'000	Leased buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
<b>Balance at 1 July 2018</b>	<b>3,847,121</b>	<b>3,608,715</b>	-	<b>229,514</b>	-	<b>53,425</b>	<b>7,002,155</b>	<b>226,277</b>	<b>14,967,207</b>
Additions	3,918	162,609	201,780	64,688	176,069	4,799	718,967	7,619	<b>1,340,449</b>
Assets classified as held for sale	-38,835	-	-	-	-	-	-	-	<b>-38,835</b>
Revaluation adjustments	123,720	6,788	-	-	-	-1,720	362,620	57,523	<b>548,930</b>
Impairment losses recognised directly in equity	-	-2,040	-	9	-	-	-1,046	-1,430	<b>-4,507</b>
Depreciation	-1,298	-123,830	-1,747	-52,582	-1,106	-10,742	-168,586	-5,737	<b>-365,629</b>
Assets transferred	-13,205	-2,057	-	-1	-	-1	-	-	<b>-15,264</b>
Disposals	-14,411	-2,644	-	-2,965	-	-	-1,973	-15	<b>-22,008</b>
Other movements/reclassifications	56,357	-9,702	-	-1,683	-	4,015	10,249	-54,277	<b>4,959</b>
<b>Balance at 30 June 2019</b>	<b>3,963,367</b>	<b>3,637,838</b>	<b>200,033</b>	<b>236,980</b>	<b>174,963</b>	<b>49,776</b>	<b>7,922,386</b>	<b>229,960</b>	<b>16,415,304</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**Reconciliation of property, plant and equipment - General Government Sector - continued**

The following table shows the movement in each class of property, plant and equipment during 2017-18.

	Land	Buildings	Leased	Plant and	Leased plant	Leasehold	Infrastructure	Heritage and	Total
	\$'000	\$'000	buildings	equipment	and equipment	improvements	assets	community	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	assets	\$'000
								\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>3,508,800</b>	<b>3,745,596</b>	-	<b>229,534</b>	-	<b>53,856</b>	<b>6,993,619</b>	<b>412,000</b>	<b>14,943,405</b>
Additions	404,470	356,413	-	69,182	-	7,519	137,441	-	975,026
Assets classified as held for sale	-62,645	-	-	-	-	-	-	-	-62,645
Revaluation adjustments	42,234	-64,717	-	6	-	446	-163,806	134,138	-51,699
Impairment losses recognised directly in equity	-	-7,917	-	-52	-	-128	-	-	-8,097
Depreciation	-658	-127,679	-	-49,032	-	-9,594	-180,911	-6,037	-373,912
Assets transferred	-34,752	-75,991	-	96	-	-	13	52	-110,583
Disposals	-530	-3,368	-	-3,447	-	-3,256	-257	-	-10,858
Other movements/reclassifications	-9,797	-213,621	-	-16,774	-	4,582	216,056	-313,876	-333,429
<b>Balance at 30 June 2018</b>	<b>3,847,121</b>	<b>3,608,715</b>	-	<b>229,514</b>	-	<b>53,425</b>	<b>7,002,155</b>	<b>226,277</b>	<b>14,967,207</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**Reconciliation of property, plant and equipment - Total Territory**

The following table shows the movement in each class of property, plant and equipment during 2018-19.

	Land \$'000	Buildings \$'000	Leased buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
<b>Balance at 1 July 2018</b>	<b>7,668,347</b>	<b>5,168,417</b>	-	<b>346,592</b>	-	<b>53,897</b>	<b>9,280,394</b>	<b>226,740</b>	<b>22,744,387</b>
Additions	29,029	278,106	201,780	91,287	176,069	4,804	803,952	7,619	<b>1,592,644</b>
Assets classified as held for sale	-66,589	-6,953	-	-	-	-	-	-	<b>-73,542</b>
Revaluation adjustments	275,892	11,586	-	-	-	-1,720	362,620	57,523	<b>705,901</b>
Impairment losses recognised directly in equity	-8,780	-2,295	-	6	-	-	-1,046	-1,430	<b>-13,545</b>
Depreciation	-1,298	-171,435	-1,747	-64,252	-1,106	-10,877	-226,706	-5,737	<b>-483,158</b>
Disposals	-14,411	-4,551	-	-2,969	-	-	-1,973	-15	<b>-23,918</b>
Other movements/reclassifications	57,243	-11,324	-	-910	-	4,016	-377	-54,277	<b>-5,628</b>
<b>Balance at 30 June 2019</b>	<b>7,939,432</b>	<b>5,261,553</b>	<b>200,033</b>	<b>369,755</b>	<b>174,963</b>	<b>50,119</b>	<b>10,216,864</b>	<b>230,423</b>	<b>24,443,142</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**Reconciliation of property, plant and equipment - Total Territory - continued**

The following table shows the movement in each class of property, plant and equipment during 2017-18.

	Land \$'000	Buildings \$'000	Leased buildings \$'000	Plant and equipment \$'000	Leased plant and equipment \$'000	Leasehold improvements \$'000	Infrastructure assets \$'000	Heritage and community assets \$'000	Total \$'000
<b>Balance at 1 July 2017</b>	<b>7,121,003</b>	<b>5,236,559</b>	-	<b>346,895</b>	-	<b>54,509</b>	<b>9,055,021</b>	<b>411,962</b>	<b>22,225,949</b>
Additions	415,827	389,491	-	77,693	-	7,552	225,931	-	<b>1,116,495</b>
Assets classified as held for sale	-96,958	-8,565	-	-3	-	-	-	-	<b>-105,526</b>
Revaluation adjustments	357,740	-57,701	-	1,471	-	446	14,279	134,357	<b>450,591</b>
Impairment losses recognised directly in equity	-	-9,726	-	-175	-	-460	-	-	<b>-10,361</b>
Depreciation	-658	-167,068	-	-59,709	-	-10,477	-228,356	-5,837	<b>-472,106</b>
Assets transferred	711	-194	-	-	-	-	13	352	<b>882</b>
Disposals	-530	-7,588	-	-3,458	-	-3,256	-261	-	<b>-15,093</b>
Other movements/reclassifications	-128,787	-206,790	-	-16,122	-	5,582	213,767	-314,094	<b>-446,444</b>
<b>Balance at 30 June 2018</b>	<b>7,668,347</b>	<b>5,168,417</b>	-	<b>346,592</b>	-	<b>53,897</b>	<b>9,280,394</b>	<b>226,740</b>	<b>22,744,387</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY**

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

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

Details of the Territory's property, plant and equipment at fair value and information about the fair value hierarchy at 30 June 2019 and for the prior reporting period is provided below.

<b>General Government Sector - 2018-19</b>	<b>Classification according to the fair value hierarchy</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property, plant and equipment at fair value</b>				
Land	-	3,316,172	647,196	<b>3,963,367</b>
Buildings	-	381,855	3,255,983	<b>3,637,838</b>
Leased buildings	-	-	200,033	<b>200,033</b>
Plant and equipment	-	2,876	53,197	<b>56,073</b>
Leased plant and equipment	-	-	174,963	<b>174,963</b>
Leasehold improvements	-	2,344	45,638	<b>47,983</b>
Infrastructure assets	-	6,082	7,916,304	<b>7,922,386</b>
Heritage and community assets	-	86,929	143,031	<b>229,960</b>
	<b>-</b>	<b>3,796,258</b>	<b>12,436,345</b>	<b>16,232,603</b>

<b>General Government Sector - 2017-18</b>	<b>Classification according to the fair value hierarchy</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Property, plant and equipment at fair value</b>				
Land	-	2,934,932	912,190	<b>3,847,121</b>
Buildings	-	380,170	3,228,544	<b>3,608,715</b>
Plant and equipment	-	3,094	50,952	<b>54,046</b>
Leasehold improvements	-	-	48,266	<b>48,266</b>
Infrastructure assets	-	-4,119	7,006,274	<b>7,002,155</b>
Heritage and community assets	-	87,339	138,938	<b>226,277</b>
<b>Total property, plant and equipment at fair value</b>	<b>-</b>	<b>3,401,416</b>	<b>11,385,165</b>	<b>14,786,581</b>



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY - CONTINUED**

	<u>Classification according to the fair value hierarchy</u>			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Total Territory - 2018-19</b>				
<b>Property, plant and equipment at fair value</b>				
Land	-	7,257,433	681,999	<b>7,939,432</b>
Buildings	-	1,955,206	3,306,347	<b>5,261,553</b>
Leased buildings	-	-	200,033	<b>200,033</b>
Plant and equipment	-	3,876	184,141	<b>188,018</b>
Leased plant and equipment	-	-	174,963	<b>174,963</b>
Leasehold improvements	-	2,344	45,650	<b>47,994</b>
Infrastructure assets	-	-1,395	10,203,055	<b>10,201,660</b>
Heritage and community assets	-	86,949	143,031	<b>229,980</b>
<b>Total property, plant and equipment at fair value</b>	<b>-</b>	<b>9,304,414</b>	<b>14,939,218</b>	<b>24,243,633</b>

	<u>Classification according to the fair value hierarchy</u>			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Total Territory - 2017-18</b>				
<b>Property, plant and equipment at fair value</b>				
Land	-	6,745,522	922,825	<b>7,668,347</b>
Buildings	-	1,921,770	3,246,647	<b>5,168,417</b>
Plant and equipment	-	8,207	162,811	<b>171,018</b>
Leasehold improvements	-	257	48,266	<b>48,523</b>
Infrastructure assets	-	-8,141	9,288,535	<b>9,280,394</b>
Heritage and community assets	-	87,359	139,381	<b>226,740</b>
<b>Total property, plant and equipment at fair value</b>	<b>-</b>	<b>8,754,975</b>	<b>13,808,465</b>	<b>22,563,439</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY - CONTINUED**

**Valuation techniques, inputs and processes**

**Level 2 valuation techniques and inputs**

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

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

**Level 3 valuation techniques and inputs**

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

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

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

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY - CONTINUED**

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

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2018-19</b>									
<b>Fair value at the beginning of the reporting period</b>	<b>912,190</b>	<b>3,228,544</b>	<b>-</b>	<b>50,952</b>	<b>-</b>	<b>48,266</b>	<b>7,006,274</b>	<b>138,938</b>	<b>11,385,165</b>
Additions	1,053	147,350	202,417	11,962	176,062	5,147	708,751	7,529	<b>1,260,272</b>
Revaluation increments/(decrements) recognised in profit or loss	26	-	-	-	-	-	-	318	<b>344</b>
Revaluation increments/(decrements) recognised in other comprehensive income	71,389	-1,931	-	-	-	-	363,235	57,205	<b>489,898</b>
Impairment losses recognised in other comprehensive income	-	-2,040	-	12	-	-	-1,046	-	<b>-3,074</b>
Depreciation	-1,353	-104,966	-2,384	-9,097	-1,099	-8,522	-170,905	-5,630	<b>-303,957</b>
Disposal of assets	-17,789	-2,824	-	-408	-	-917	-1,973	-	<b>-23,910</b>
Other movements/reclassifications	-318,320	-8,151	-	-223	-	1,664	11,968	-55,328	<b>-368,390</b>
<b>Fair value at the end of the reporting period</b>	<b>647,196</b>	<b>3,255,983</b>	<b>200,033</b>	<b>53,197</b>	<b>174,963</b>	<b>45,638</b>	<b>7,916,304</b>	<b>143,031</b>	<b>12,436,345</b>
Total gains/(losses) for the period included in profit or loss under 'other gains'	-	-	-	48,739	-	-	-	340	49,079
Change in unrealised gains or (losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	-	-796	-	-106	-	-111	-136	-84	-1,233

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY - CONTINUED**

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

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
<b>2017-18</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value at the beginning of the reporting period</b>	<b>736,000</b>	<b>3,283,500</b>	<b>-</b>	<b>58,050</b>	<b>-</b>	<b>47,931</b>	<b>7,003,961</b>	<b>291,700</b>	<b>11,421,141</b>
Additions	83,181	262,443	-	6,865	-	7,256	130,813	32,462	<b>523,019</b>
Revaluation increments/(decrements) recognised in profit or loss	-	488	-	-	-	1,962	-17,872	-1,239	<b>-16,661</b>
Revaluation increments/(decrements) recognised in other comprehensive income	9,153	-46,468	-	-7	-	-1,516	-145,535	222,497	<b>38,124</b>
Transfers to level 2	-88,594	-	-	-	-	-	-	-	<b>-88,594</b>
Impairment losses recognised in the operating statement	-	-7,917	-	-	-	-128	-	-	<b>-8,045</b>
Depreciation	-658	-107,247	-	-8,500	-	-8,489	-181,307	-6,001	<b>-312,202</b>
Disposal of assets	-8,291	-188,731	-	346	-	-3,256	223,778	-167,354	<b>-143,508</b>
Other movements/reclassifications	181,399	33,475	-	-5,802	-	4,507	-7,564	-233,127	<b>-27,112</b>
<b>Fair value at the end of the reporting period</b>	<b>912,190</b>	<b>3,228,544</b>	<b>-</b>	<b>50,952</b>	<b>-</b>	<b>48,266</b>	<b>7,006,274</b>	<b>138,938</b>	<b>11,385,165</b>
Total gains/(losses) for the period included in profit or loss under 'other gains'	-	4,097	-	590	-	-	95,008	151	<b>99,846</b>
Change in unrealised gains or (losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	-	-581	-	-287	-	-166	-313	-	<b>-1,347</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY - CONTINUED**

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

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
<b>2018-19</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value at the beginning of the reporting period</b>	<b>922,825</b>	<b>3,246,647</b>	<b>-</b>	<b>162,811</b>	<b>-</b>	<b>48,266</b>	<b>9,288,535</b>	<b>139,381</b>	<b>13,808,465</b>
Additions	21,846	176,327	202,417	41,573	176,062	5,147	778,207	7,529	<b>1,409,107</b>
Revaluation increments/(decrements) recognised in profit or loss	26	-521	-	-	-	-	-	318	<b>-177</b>
Revaluation increments/(decrements) recognised in other comprehensive income	74,764	9,333	-	-	-	-	363,235	57,205	<b>504,537</b>
Reversal of impairment losses recognised in the operating statement	-	-	-	12	-	-	-	-	
Impairment losses recognised in other comprehensive income	-	-2,040	-	12	-	-	-1,046	-	<b>-3,074</b>
Depreciation	-1,353	-106,920	-2,384	-20,385	-1,099	-8,524	-170,905	-5,630	<b>-317,201</b>
Disposal of assets	-17,789	-2,824	-	356	-	-917	-66,938	-	<b>-88,111</b>
Other movements/reclassifications	-318,320	-13,655	-	-238	-	1,678	11,966	-55,771	<b>-374,339</b>
<b>Fair value at the end of the reporting period</b>	<b>681,999</b>	<b>3,306,347</b>	<b>200,033</b>	<b>184,141</b>	<b>174,963</b>	<b>45,650</b>	<b>10,203,055</b>	<b>143,031</b>	<b>14,939,218</b>
Total gains/(losses) for the period included in profit or loss under 'other gains'	-	-	-	48,739	-	-	-	340	<b>49,079</b>
Change in unrealised gains or (losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	-	-796	-	-106	-	-111	-136	-84	<b>-1,233</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**FAIR VALUE HIERARCHY - CONTINUED**

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

	Land	Buildings	Leased buildings	Plant and equipment	Leased plant and equipment	Leasehold improvements	Infrastructure assets	Heritage and community assets	Total
<b>2017-18</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Fair value at the beginning of the reporting period</b>	<b>736,008</b>	<b>3,301,169</b>	<b>-</b>	<b>172,775</b>	<b>-</b>	<b>47,955</b>	<b>9,065,473</b>	<b>291,924</b>	<b>13,615,304</b>
Additions	83,173	263,421	-	13,444	-	7,231	219,704	32,462	619,435
Revaluation increments/(decrements) recognised in profit or loss	-	388	-	-	-	1,962	160,213	-1,239	161,324
Revaluation increments/(decrements) recognised in other comprehensive income	9,153	-46,568	-	1,402	-	-1,516	-145,535	222,497	39,433
Transfers to level 2	-88,594	-	-	-	-	-	-	-20	-88,614
Impairment losses recognised in the operating statement	-	-9,354	-	-	-	-128	-	-	-9,482
Depreciation	-658	-108,390	-	-18,261	-	-8,489	-228,352	-5,762	-369,912
Disposal of assets	-8,291	-188,731	-	255	-	-3,256	223,774	-167,354	-143,603
Other movements/reclassifications	192,034	34,712	-	-5,806	-	4,507	-7,742	-233,127	-15,422
<b>Fair value at the end of the reporting period</b>	<b>922,825</b>	<b>3,246,647</b>	<b>-</b>	<b>162,811</b>	<b>-</b>	<b>48,266</b>	<b>9,288,535</b>	<b>139,381</b>	<b>13,808,465</b>
Total gains/(losses) for the period included in profit or loss under 'other gains'	-	4,097	-	590	-	-	95,008	151	99,846
Change in unrealised gains or (losses) for the reporting period included in profit or loss for assets held at the end of the reporting period	-	-581	-	-287	-	-166	-313	-	-1,347

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**19 INTANGIBLES**

The Territory has internally generated and externally purchased software. The internally generated software includes the patient administration system, and finance system software, while externally purchased software includes human resource management and communications software. Other intangibles include large-scale generation certificates held by the Environment, Planning and Sustainable Development Directorate.

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Computer software</b>				
<i>Internally generated software</i>				
Computer software at cost	200,202	163,646	200,202	164,658
Less: accumulated amortisation	124,014	101,209	124,014	101,755
<b>Total internally generated software</b>	<b>76,188</b>	<b>62,436</b>	<b>76,188</b>	<b>62,903</b>
<i>Externally purchased software</i>				
Computer software at cost	77,815	65,350	128,941	95,724
Less: accumulated amortisation	33,571	25,417	40,580	30,882
<b>Total externally purchased software</b>	<b>44,244</b>	<b>39,934</b>	<b>88,361</b>	<b>64,842</b>
<b>Total computer software</b>	<b>120,432</b>	<b>102,370</b>	<b>164,549</b>	<b>127,745</b>
<i>Externally purchased other intangibles</i>				
Other intangible assets at cost <sup>(a)</sup>	106,144	88,542	106,775	88,542
Less: accumulated impairment losses	-	-	190	-
<b>Total externally purchased other intangibles</b>	<b>106,144</b>	<b>88,542</b>	<b>106,585</b>	<b>88,542</b>
<b>Total other intangibles</b>	<b>106,144</b>	<b>88,542</b>	<b>106,585</b>	<b>88,542</b>
<b>Total intangible assets</b>	<b>226,577</b>	<b>190,912</b>	<b>271,135</b>	<b>216,287</b>

**Note:** (a) The increase in other intangibles is related to Large-scale Generation Certificates from Large-scale Renewable Energy Generators (LREG's) as part of the LREG's obligations under a deed of entitlement (refer Appendix B(x): 'Intangible assets').

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**19 INTANGIBLES - CONTINUED**

**Reconciliation of intangible assets - General Government Sector (GGS)**

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

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

The following table shows the movement of each class of intangible assets held by the GGS during 2017-18.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>69,742</b>	<b>4,079</b>	<b>24,784</b>	<b>98,605</b>
Additions	15,211	42,259	64,486	121,956
Amortisation	-21,264	-5,248	-	-26,512
Other changes	-1,253	-1,157	-728	-3,137
<b>Balance at 30 June 2018</b>	<b>62,436</b>	<b>39,934</b>	<b>88,542</b>	<b>190,912</b>



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**19 INTANGIBLES - CONTINUED**

**Reconciliation of intangible assets - Total Territory**

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

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

The following table shows the movement of each class of intangible assets held by the Territory during 2017-18.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2017</b>	<b>70,337</b>	<b>17,347</b>	<b>24,784</b>	<b>112,467</b>
Additions	15,211	59,149	64,924	139,284
Amortisation	-21,810	-6,383	-	-28,193
Other changes	-834	-5,271	-1,166	-7,271
<b>Balance at 30 June 2018</b>	<b>62,903</b>	<b>64,842</b>	<b>88,542</b>	<b>216,287</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**20 LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME LAND**

*Loose-fill asbestos insulation eradication scheme land:* is land acquired by the ACT Government for the purpose of remediation.

	General Government		Total Territory	
	Sector			
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Loose-fill asbestos insulation eradication scheme land</b>				
Loose-fill asbestos insulation eradication scheme land at cost	6,625	9,392	6,625	9,392

The following table shows the movement of loose-fill asbestos insulation eradication scheme land during 2018-19 and 2017-18:

	2018-19 \$'000	2017-18 \$'000
<b>Carrying amount at the beginning of the reporting period</b>	9,392	123,089
Additions	6,471	11,462
Assets classified as held for sale	-9,238	-125,159
<b>Carrying amount at the end of the reporting period</b>	<b>6,625</b>	<b>9,392</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	General Government		Total Territory	
	Sector		2018-19 Actual \$'000	2017-18 Actual \$'000
	2018-19 Actual \$'000	2017-18 Actual \$'000		
<b>LIABILITIES</b>				
<b>21 ADVANCES RECEIVED</b>				
Current advances from the Commonwealth Government	54,319	54,157	58,830	58,776
Non-current advances from the Commonwealth Government	909,357	961,460	958,326	1,014,939
<b>Total advances received</b>	<b>963,676</b>	<b>1,015,617</b>	<b>1,017,156</b>	<b>1,073,716</b>

**22 FINANCE LEASES**

At the reporting date, the General Government Sector and the Territory had the following commitments under finance leases. This includes public private partnership contracts.

Within one year	38,794	189	38,794	189
Later than one year but not later than five years	155,178	808	155,178	808
Later than five years	579,230	763	579,230	763
<b>Minimum lease payments</b>	<b>773,202</b>	<b>1,761</b>	<b>773,202</b>	<b>1,761</b>
Less: future finance lease charges	341,894	460	341,894	460
<b>Amount recognised as a liability</b>	<b>431,308</b>	<b>1,301</b>	<b>431,308</b>	<b>1,301</b>
<b>Total present value of minimum lease payments</b>	<b>431,308</b>	<b>1,301</b>	<b>431,308</b>	<b>1,301</b>
The present value of the minimum lease payments are as follows:				
Within one year	11,516	121	11,516	121
Later than one year but not later than five years	54,402	560	54,402	560
Later than five years	365,390	620	365,390	620
<b>Total present value of minimum lease payments</b>	<b>431,308</b>	<b>1,301</b>	<b>431,308</b>	<b>1,301</b>
Represented by:				
Current liability	11,516	149	11,516	149
Non-current liability	419,792	1,152	419,792	1,152
<b>Total present value of minimum finance lease payments<sup>(a)</sup></b>	<b>431,308</b>	<b>1,301</b>	<b>431,308</b>	<b>1,301</b>

**Note:** (a) The increase in finance leases is largely due to the recognition of lease liabilities for light rail stage 1 and the courts public private partnership.

**23 OTHER BORROWINGS**

*Current borrowings*

Banks and financial institutions <sup>(a)</sup>	37,757	9,200	37,757	9,200
Bonds and bills <sup>(b)</sup>	961,434	26,540	961,434	26,540
<b>Total current borrowings</b>	<b>999,191</b>	<b>35,740</b>	<b>999,191</b>	<b>35,740</b>

*Non-current borrowings*

Bonds and bills	3,477,303	3,404,867	3,477,303	3,404,867
<b>Total non-current borrowings</b>	<b>3,477,303</b>	<b>3,404,867</b>	<b>3,477,303</b>	<b>3,404,867</b>

**Total other borrowings**

	<b>4,476,494</b>	<b>3,440,607</b>	<b>4,476,494</b>	<b>3,440,607</b>
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**Notes:** (a) The Chief Minister, Treasury and Economic Development Directorate operated an account in overdraft for receipt and payment of capital works expenditure. No interest was charged on this overdraft.

(b) Current borrowings has increased due to the repayment of a maturing fixed rate medium term note which will be refinanced by new borrowings in 2019-20. The increase is also due to the raising of short-term borrowings for end of financial year cash and liquidity management purposes.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>24 SUPERANNUATION</b>				
<b>Superannuation liability at the beginning of the reporting period</b>	<b>9,735,868</b>	<b>8,574,458</b>	<b>9,735,868</b>	<b>8,574,502</b>
Expense accrued during the period for Commonwealth superannuation	534,842	508,456	534,842	508,456
Other superannuation expenses	178,628	152,447	194,514	165,282
<b>Superannuation expense</b>	<b>713,469</b>	<b>660,902</b>	<b>729,355</b>	<b>673,738</b>
Less: actuarial gain/(loss) from actuarial review	-1,758,234	-895,977	-1,758,234	-895,977
Less: payments during the reporting period for superannuation	431,503	395,469	447,262	408,349
<b>Superannuation liability at the end of the reporting</b>	<b>11,776,168</b>	<b>9,735,868</b>	<b>11,776,295</b>	<b>9,735,868</b>
Represented by:				
Current estimated employee superannuation liability	292,458	269,070	292,585	269,070
Non-current estimated employee superannuation liability <sup>(a)</sup>	11,483,710	9,466,898	11,483,710	9,466,898
<b>Total superannuation liabilities</b>	<b>11,776,168</b>	<b>9,735,968</b>	<b>11,776,295</b>	<b>9,735,968</b>

**Note:** (a) The increased superannuation liability reflects the discount rate falling from 3.11 per cent at 30 June 2018 to 1.92 per cent at 30 June 2019. The use of a lower discount rate increases the liability valuation.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>25 EMPLOYEE BENEFITS</b>				
<b>Employee benefits</b>				
<i>Current employee benefits</i>				
Accrued wages and salaries	31,047	37,423	33,828	41,901
Annual leave	263,665	244,629	282,959	262,816
Long service leave	405,986	351,631	446,342	389,132
Other employee benefits	979	2,016	2,323	3,344
<b>Total current employee benefits</b>	<b>701,676</b>	<b>635,700</b>	<b>765,452</b>	<b>697,193</b>
<i>Non-current employee benefits</i>				
Long service leave	45,718	39,570	48,926	42,327
<b>Total non-current employee benefits</b>	<b>45,718</b>	<b>39,570</b>	<b>48,926</b>	<b>42,327</b>
<b>Total employee benefits</b>	<b>747,394</b>	<b>675,270</b>	<b>814,378</b>	<b>739,520</b>
<b>Estimated amount payable within 12 months</b>				
Accrued wages and salaries	30,632	37,928	33,414	42,407
Annual leave	167,938	157,278	181,557	170,314
Long service leave	36,777	29,222	1,147	48,254
Other employee benefits	1,390	1,557	56,662	2,885
<b>Total employee benefits payable within 12 months</b>	<b>236,736</b>	<b>225,985</b>	<b>272,781</b>	<b>263,860</b>
<b>Estimated amount payable after 12 months</b>				
Annual leave	95,731	87,302	101,405	92,451
Long service leave	414,927	361,983	440,192	383,209
<b>Total employee benefits payable after 12 months</b>	<b>510,658</b>	<b>449,285</b>	<b>541,597</b>	<b>475,660</b>
<b>Total employee benefits<sup>(a)</sup></b>	<b>747,394</b>	<b>675,270</b>	<b>814,378</b>	<b>739,520</b>

The General Government Sector had approximately 19,843 full time equivalent employees (FTEs) as at 30 June 2019 (19,625 FTEs as at 30 June 2018). The Territory had approximately 21,628 FTEs as at 30 June 2019 (21,363 FTEs as at 30 June 2018).

**Note:** (a) The increase in total employee benefits is mainly due to a change in the present value factor used to calculate long service leave and annual leave.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>26 PAYABLES</b>				
<i>Current payables</i>				
Trade payables	35,978	31,308	44,316	37,270
Accrued expenses <sup>(a)</sup>	163,137	105,113	210,211	130,196
GST liability	6,325	6,963	8,090	14,404
Revenue received in advance	31,767	41,368	94,538	74,240
Other payables	19,337	13,750	49,226	37,414
<b>Total current payables</b>	<b>256,544</b>	<b>198,501</b>	<b>406,380</b>	<b>293,524</b>
<i>Non-current payables</i>				
Other payables	1,372	663	1,322	663
<b>Total non-current payables</b>	<b>1,372</b>	<b>663</b>	<b>1,322</b>	<b>663</b>
<b>Total payables</b>	<b>257,917</b>	<b>199,164</b>	<b>407,702</b>	<b>294,187</b>
<b>Payables are aged as follows:</b>				
Not overdue	255,733	197,822	405,357	292,798
Overdue for less than 30 days	2,047	1,229	2,193	1,259
Overdue for 30 to 60 days	112	75	116	81
Overdue for more than 60 days	24	37	37	49
<b>Total payables</b>	<b>257,917</b>	<b>199,164</b>	<b>407,702</b>	<b>294,187</b>

**Note:** (a) The increase in accrued expenses is associated with the recognition of ACT residents receiving healthcare interstate in addition to the timing of the receipt of invoices compared to the year before.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**27 RECONCILIATION OF CASH FLOWS**

(a) Reconciliation of cash and cash equivalents at the end of the reporting period in the Balance sheet to the Cash flow statement.

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Cash and cash equivalents in the Balance sheet</b>				
Cash and deposits	1,254,689	662,508	1,515,181	834,152
Short-term securities and other cash equivalents	-	1	37,000	54,999
Bank overdraft	-37,211	-8,511	-37,211	-8,511
<b>Cash and cash equivalents as per the Cash flow statement</b>	<b>1,217,477</b>	<b>653,995</b>	<b>1,514,970</b>	<b>880,639</b>

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

<b>Operating result</b>	<b>-147,913</b>	<b>270,790</b>	<b>-202,460</b>	<b>247,330</b>
<i>Add/(less) non-cash movements:</i>				
Depreciation and amortisation	403,478	396,975	522,665	496,163
Revaluation of non-financial assets	40,736	1,594	40,748	1,634
Bad debts	13,410	7,716	17,162	7,487
Capitalised distributions from associates and joint ventures	-	-	-29,403	-26,872
Waivers	2,223	2,077	2,223	2,077
Gains from contributed assets	-114,896	-158,477	-90,433	-97,183
Asset transfer to another entity	3,644	13,006	2,145	-
Assets required to be expensed	99,872	-	99,872	-
<i>Add/(less) items classified as investing or financing:</i>				
(Gains) on loose-fill asbestos insulation eradication scheme	-25,899	-68,985	-25,899	-68,985
Dividends (market gains on land sales)	-42,815	-28,922	-	-
Net (Gains)/losses on Investments	-217,280	-244,235	-217,458	-244,789
Net (gains)/losses on disposal of non-current assets	73,380	3,264	216,762	80,518
<b>Cash before changes in operating assets and liabilities</b>	<b>87,939</b>	<b>194,804</b>	<b>335,924</b>	<b>397,382</b>
<i>Change in operating assets and liabilities:</i>				
(Increase)/decrease in receivables	-568,865	71,012	-475,651	-28,552
(Increase)/decrease in inventories	177	11	-124,627	4,162
Increase/(decrease) in payables	58,752	-8,865	113,515	-24,047
Increase/(decrease) in employee benefits and provisions	777,503	272,574	803,178	212,200
Increase/(decrease) in other liabilities	-12,953	-5,980	-12,529	-4,655
<b>Net cash flows from operating activities</b>	<b>342,554</b>	<b>523,556</b>	<b>639,810</b>	<b>556,490</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**28 OPERATING LEASE COMMITMENTS**

The Territory has various non-cancellable operating leases for buildings and vehicles. The leases have varying terms, escalation clauses and renewal rights. There are no conditions in the lease agreements requiring the Territory to restore sites that the leased buildings are situated on. The operating lease agreements give the Territory the right to renew leases. Renegotiations of the lease terms occur on renewal of the leases. From 2019-20 most of these commitments will no longer be reported as commitments and will be recorded in the Territory's Balance Sheet due to the implementation of AASB 16: 'Leases'.

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

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Payable:</b>				
Within one year	71,941	60,942	75,390	65,724
Later than one year but not later than five years	229,182	169,717	238,286	180,792
Later than five years	841,400	191,635	842,336	193,528
<b>Total operating lease commitments<sup>(a)</sup></b>	<b>1,142,523</b>	<b>422,294</b>	<b>1,156,012</b>	<b>440,045</b>

**Note:** (a) The increase in operating lease commitments is largely due to lease contracts for the new government office buildings in Dickson and Civic.

**29 CAPITAL COMMITMENTS**

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

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

<b>Payable:</b>				
Within one year	151,300	164,231	189,668	303,905
Later than one year but not later than five years	21,531	77,942	49,272	77,942
Later than five years	2,642	10,375	3,568	10,375
<b>Total property, plant and equipment capital commitments<sup>(a)</sup></b>	<b>175,473</b>	<b>252,548</b>	<b>242,508</b>	<b>392,222</b>

**Note:** (a) The decrease in capital commitments is mainly due to a change in methodology for health related capital commitments following a comprehensive review of the capital works reporting process. Commitments recognised in 2018-19 include contractual commitments relating to capital works projects compared to recognising contractual and budget commitments in previous financial years. The decrease is also attributed to the completion of projects including Horse Park Drive, Gundaroo Drive (stage 2 - phase 1) and green waste bins.

**30 OTHER COMMITMENTS**

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

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

<b>Payable:</b>				
Within one year	962,568	521,190	1,033,903	548,244
Later than one year but not later than five years	1,235,724	1,032,989	1,353,783	1,192,301
Later than five years	10,279	34,578	10,279	34,578
<b>Total other commitments<sup>(a)</sup></b>	<b>2,208,571</b>	<b>1,588,757</b>	<b>2,397,965</b>	<b>1,775,122</b>

**Note:** (a) The increase in other commitments is associated with a higher cash contribution to the National Disability Insurance Scheme (NDIS) in line with the bi-lateral agreement between the Territory and the Commonwealth for the NDIS over four years from 2019-20 to 2022-23, as well as new ICT agreements, Oracle licensing and Microsoft Office licensing.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**31 PUBLIC PRIVATE PARTNERSHIP COMMITMENTS**

In 2015-16, the Territory entered into public private partnership (PPP) arrangements for the ACT Law Courts Facilities and Canberra Light Rail Stage 1. Please refer to Appendix B(ah) for further information on the accounting treatment of PPPs. Further details on the commitments associated with the ACT Law Courts Facilities and the Canberra Light Rail Stage 1 Project can be found in the commitments notes to the financial statements for the Justice and Community Safety Directorate (note 28) and Transport Canberra and City Services Directorate (note 28), respectively.

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

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
	<b>PPP commitments by project:</b>			
ACT law courts facilities	434,033	690,369	434,033	690,369
Canberra light rail stage 1	1,288,738	1,649,352	1,288,738	1,649,352
<b>Total PPP commitments</b>	<b>1,722,771</b>	<b>2,339,721</b>	<b>1,722,771</b>	<b>2,339,721</b>

**PPP commitments comprise the following three commitments:**

*Capital commitments<sup>(a)(b)</sup>*

**Payable:**

Within one year	-	-	-	-
Later than one year but not later than five years	6,017	4,723	6,017	4,723
Later than five years	112,734	114,027	112,734	114,027
<b>Total capital commitments</b>	<b>118,751</b>	<b>118,750</b>	<b>118,751</b>	<b>118,750</b>

(a) The capital commitment relates to ACT Law Court payments of lifecycle replacement costs which represent the cost of capital improvements.

*Operating commitments<sup>(b)</sup>*

**Payable:**

Within one year	34,885	25,055	34,885	25,055
Later than one year but not later than five years	150,620	133,539	150,620	133,539
Later than five years	775,223	757,516	775,223	757,516
<b>Total operating commitments</b>	<b>960,728</b>	<b>916,110</b>	<b>960,728</b>	<b>916,110</b>

*Minimum finance lease payments<sup>(b)</sup>*

**Payable:**

Within one year	33,067	398,236	33,067	398,236
Later than one year but not later than five years	133,317	173,691	133,317	173,691
Later than five years	476,908	732,934	476,908	732,934
<b>Total minimum lease payments</b>	<b>643,292</b>	<b>1,304,861</b>	<b>643,292</b>	<b>1,304,861</b>

**Finance lease payments comprise the following two charges:**

*Finance charge<sup>(b)</sup>*

**Payable:**

Within one year	22,339	22,964	22,339	22,964
Later than one year but not later than five years	83,066	121,779	83,066	121,779
Later than five years	162,854	303,194	162,854	303,194
<b>Total finance charge</b>	<b>268,259</b>	<b>447,937</b>	<b>268,259</b>	<b>447,937</b>

*Present value of minimum finance lease payments<sup>(b)</sup>*

**Payable:**

Within one year	10,728	1,348	10,728	1,348
Later than one year but not later than five years	50,252	51,912	50,252	51,912
Later than five years	314,054	429,740	314,054	429,740
<b>Total minimum lease payments</b>	<b>375,033</b>	<b>483,000</b>	<b>375,033</b>	<b>483,000</b>

(b) Amounts are GST exclusive.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**32 CONTINGENCIES, GUARANTEES AND INDEMNITIES**

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

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

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

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<i>Quantifiable contingent liabilities and guarantees</i>				
Contingent liabilities <sup>(a)</sup>	198,871	130,789	210,346	132,141
<b>Total quantifiable contingent liabilities and guarantees</b>	<b>198,871</b>	<b>130,789</b>	<b>210,346</b>	<b>132,141</b>

**Contingent liabilities**

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

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

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

*Quantifiable legal claims against the Territory include:*

Public liability claims	2,138	3,156	2,828	3,666
Personal injury claims	8,368	8,351	8,368	8,351
Economic loss claims <sup>(b)</sup>	35,024	8,013	45,809	8,855
<b>Total quantifiable legal claims against the Territory</b>	<b>45,530</b>	<b>19,520</b>	<b>57,005</b>	<b>20,872</b>

**Notes:** (a) The increase in contingent liabilities is mainly due to newly identified contaminated land sites for which there is no present obligation to remediate and the higher economic loss claims referred to below.

(b) The increase in economic loss claims mainly reflects higher ACT Civic and Administrative Tribunal appeals and objections to tax assessments and valuations.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

Other contingent liabilities of the GGS and the Territory as at 30 June 2019 include:

- \* the Territory is responsible for the management of 247 sites of contaminated land. The liability associated with the remediation of these sites is contingent on various factors. The contingent liability is \$113.1 million (30 June 2018: \$81.5 million);
- \* the Territory has a number of claims for damages and costs relating to outstanding objections associated with payroll tax and duties. The total contingent liability is \$33.2 million (30 June 2018: \$6.6 million);
- \* the Territory has a contingent liability relating to the estimated cost of land remediation for potentially affected sites as at 30 June 2019 that the Government has either sold or is preparing for sale under the asset recycling initiative scheme. The contingent liability at 30 June 2019 is \$7 million (30 June 2018: nil);
- \* the Territory is currently defending 120 health related actions (2018 – 136 actions) with an estimated net liability of \$5.0 million at 30 June 2019 (30 June 2018: \$5.3 million);
- \* the Territory has a contingent liability relating to the estimated cost of building demolition and land remediation for the Loose-fill Asbestos Insulation Eradication Scheme. At 30 June 2019, 24 affected properties are under offer by the Territory (30 Jun 2018: 36 properties), and this offer has been accepted by homeowners, but settlement on these properties has not yet occurred. The contingent liability is \$3.3 million (30 June 2018: \$5.1 million);
- \* the Territory has contingent liabilities in relation to outstanding education litigation claims with an estimated value of \$3.0 million (30 June 2018: \$2.9 million); and
- \* the Territory holds unclaimed lottery prize monies relating to winning prizes which have remained unclaimed for a period of greater than six months. The Territory's contingent liability is estimated at \$2.4 million (30 June 2018: \$2.4 million).

**Contingent assets**

*General Government Sector and Total Territory*

- \* The Territory has a contingent asset relating to the 24 asbestos affected properties (2017-18: 36 properties) that the Government has made an offer to buy under the Loose-Fill Asbestos Insulation Eradication Scheme and the value of land following the completion of demolition and remediation works, and this offer has been accepted by the homeowners. The Government is yet to acquire/settle on these properties. The contingent asset in relation to this is \$12.5 million at 30 June 2019 (30 June 2018: \$17.2 million).

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>33 THIRD PARTY MONIES</b>				
<i>Third party monies held in trust by the Territory</i>				
ACT Long Service Leave Authority	44,964	40,473	44,964	40,473
Rental Bonds Board	155,086	147,748	155,086	147,748
Nominal Defendant Insurance Fund	6,744	6,012	6,744	6,012
Road User Services Trust	2,623	3,619	2,623	-
Health Professional Registration	363	361	363	361
Health Private Practice Fund	50,191	45,849	50,191	45,849
Public Trustee Common Fund	391,320	346,000	391,320	346,000
ACT Civil and Administrative Tribunal	43,717	46,918	43,717	46,918
Other third party monies	32,581	31,106	32,581	34,746
<b>Total monies held in trust</b>	<b>727,588</b>	<b>668,086</b>	<b>727,588</b>	<b>668,107</b>

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**34 RELATED PARTY DISCLOSURES**

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

The related parties of the Territory are the Cabinet Ministers compensated by the ACT Executive; and the Head of Service compensated by the Chief Minister, Treasury and Economic Development Directorate. The Territory had 9 KMP in 2018-19. Compensation is set out below.

	2018-19 \$'000	2017-18 \$'000
Cabinet Ministers and Head of Service	3,441	3,087
<b>Total compensation</b>	<b>3,441</b>	<b>3,087</b>

**35 INTEREST IN JOINT ARRANGEMENTS**

*General Government Sector (GGS)*

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

*Total Territory*

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

The Suburban Land Agency represents the Territory in the West Belconnen Joint Venture with:

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

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

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Share of joint operation profit:</b>				
Revenue	94	104	486,563	468,680
Expenses	155	152	401,448	375,836
<b>Operating profit/(loss)</b>	<b>-61</b>	<b>-48</b>	<b>85,115</b>	<b>92,844</b>
<b>Summarised Balance sheet</b>				
Current assets	104	105	187,165	151,956
Non-current assets	3,393	3,455	728,596	709,887
<b>Total assets</b>	<b>3,497</b>	<b>3,560</b>	<b>915,761</b>	<b>861,843</b>
Current liabilities	4	6	118,352	109,654
Non-current liabilities	-	-	12,866	13,339
<b>Total liabilities</b>	<b>4</b>	<b>6</b>	<b>131,217</b>	<b>122,993</b>
<b>Total net assets</b>	<b>3,493</b>	<b>3,554</b>	<b>784,544</b>	<b>738,850</b>
<b>Share of joint operation commitments</b>				
Lease commitments	-	-	18,171	21,230
Total expenditure commitments	-	-	18,171	21,230
Capital and other commitments	-	-	7,373	12,075
<b>Total share of joint venture commitments</b>	<b>-</b>	<b>-</b>	<b>25,544</b>	<b>33,305</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**36 ECONOMIC DEPENDENCY**

The Australian Capital Territory is a body politic established under the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* and the ACT Executive (the Government) was vested with financial initiative under that Act. Commonwealth Government funding accounts for approximately 39 per cent of the Territory's revenue (refer to Note 5: 'Commonwealth grants').

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

The Territory has no economic dependency on any other party.

**37 THE TERRITORY'S CREDIT RATING**

The Territory maintains a 'AAA' and 'A-1+' credit rating assigned by Standard & Poor's Rating Services (AAA rating 2017-18).

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2019-20 Budget. The 'AAA' and 'A-1+' ratings are the highest ratings assigned by Standard & Poor's Rating Services.

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

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

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

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

**38 AUDITOR'S REMUNERATION**

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

The amounts included in the table below represent the full amounts paid by the General Government Sector (GGS) and the Territory for audits undertaken during 2018-19. The specific amounts below are not consolidated into expenses of the GGS or the Territory as they are internal transactions between Government agencies and the ACT Audit Office.

	General Government Sector		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<i>Audit services paid or payable</i>				
Financial audits (fees for service)	2,541	2,520	3,241	3,160
Other services (direct appropriation funded)	795	808	795	808
<b>Total Auditor's remuneration</b>	<b>3,336</b>	<b>3,328</b>	<b>4,036</b>	<b>3,968</b>

The ACT Audit Office paid \$11,258 excluding GST for the independent audit of its own 2018-19 financial statements (2017-18: \$10,984 excluding GST).

No other services were provided by the ACT Audit Office.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

**39 EVENTS SUBSEQUENT TO BALANCE DATE**

From 1 July 2019, Major Projects Canberra was established to lead procurement and delivery of the Territory's infrastructure program. Major Projects Canberra will be classified as a General Government Sector entity.

In 2019, the ACT Integrity Commission will be established as an independent body with the power to investigate corruption in public administration and strengthen public confidence in government integrity. The ACT Integrity Commission will be classified as a General Government Sector entity.

From 1 July 2019, Light Rail Stage 1 will be transferred from the Transport Canberra and City Services Directorate (a General Government Sector entity) to Transport Canberra Operations (previously known as ACTION, a Public Trading Enterprises entity).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS**

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

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

The main risks resulting from the Territory's financial instruments are set out below.

**Interest rate risk**

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

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

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

	<b>Fixed rate instruments</b>		<b>Variable rate instruments</b>	
	<b>2018-19 \$'000</b>	<b>2017-18 \$'000</b>	<b>2018-19 \$'000</b>	<b>2017-18 \$'000</b>
Financial assets	253,712	308,223	1,564,950	1,433,551
Financial liabilities	-	128,024	-	635,030
<b>Net exposure before the effect of derivatives</b>	<b>253,712</b>	<b>180,199</b>	<b>1,564,950</b>	<b>798,521</b>

*Sensitivity disclosure analysis*

At 30 June 2019, the interest rate profiles of the interest-bearing financial instruments of the GGS and the Territory comprised two main types of financial instruments, namely fixed and variable rate instruments. The impact of interest rate changes on these instruments is immaterial and sensitivity analysis is not disclosed on this basis.

**Price risk and inflation risk**

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

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

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

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

	<b>2018-19 \$'000</b>	<b>2017-18 \$'000</b>
<b>Price Risk</b>		
<b>Investment Assets</b>		
Fixed Income	779,713	283,881
Equities	2,697,131	-
Property	417,994	-
Infrastructure	5,272	-
<b>Total Exposure</b>	<b>3,900,110</b>	<b>283,881</b>
<b>Inflation Risk</b>		
Financial Assets (Inflation Linked Bonds)	736,414	761,226
Financial Liabilities (Inflation Linked Bonds)	735,753	760,304
<b>Net Exposure</b>	<b>661</b>	<b>922</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

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

<b>General Government Sector and Total Territory</b>				
<b>30 June 2019</b>	<b>% increase in index</b>		<b>% decrease in index</b>	
	<b>Profit/ (loss) impact</b>	<b>Equity impact</b>	<b>Profit/ (loss) impact</b>	<b>Equity impact</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment assets</b>				
Fixed income (+/- 4-6%)	38,991	38,991	-38,991	-38,991
Equities (+/-17-20%)	488,764	488,764	-488,764	-488,764
Property (+/-11%)	45,979	45,979	-45,979	-45,979
Infrastructure (+/-17%)	896	896	-896	-896
Inflation Rate (+/-1%)	204/60	204/60		

<b>General Government Sector and Total Territory</b>				
<b>30 June 2018</b>	<b>% increase in index</b>		<b>% decrease in index</b>	
	<b>Profit/ (loss) impact</b>	<b>Equity impact</b>	<b>Profit/ (loss) impact</b>	<b>Equity impact</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment assets</b>				
Cash (+/-0.5%)	2,785	2,785	-2,785	-2,785
Superannuation fixed income (+/-4-6%)	22,841	22,841	-22,841	-22,841
Territory Banking Account fixed income (+/-6%)	14,405	14,405	-14,405	-14,405
Equities (+/-17-20%)	430,809	430,809	-430,809	-430,809
Property (+/-11%)	43,594	43,594	-43,594	-43,594
Conservative indexed fund (+/- 6%)	1,244	1,244	-1,244	-1,244
Balanced indexed fund (+/- 9%)	2,073	2,073	-2,073	-2,073
Inflation Rate (+/-1%)	248/59	204/60		

**Currency risk**

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

A significant allocation of the Territory's investment portfolio is denominated in foreign currency through the purchase and holding of international equity and fixed interest securities. Currency forward rate agreements are used by the relevant investment managers to manage foreign currency risks within approved limits. All international fixed interest investment exposures are fully hedged to Australian dollars, with the international equity exposure being 30 per cent hedged to Australian dollars.

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

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

Currency as at 30 June 2018 General Government Sector and Total Territory	Cash	Assets at fair value through profit or loss	Other assets	Total assets	Financial liabilities at fair value through profit or loss	Other liabilities	Total liabilities	Net assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AUD	51,082	4,043,490	67,561	4,162,133	29,774	196,703	226,477	3,935,656
USD	6,072	863,201	2,516	871,789	1,389	154	1,543	870,246
JPY	1,516	127,520	1,168	130,204	512	23	535	129,669
EUR	2,434	169,039	1,208	172,681	23	31	54	172,627
GBP	1,091	70,895	497	72,483	56	2	58	72,425
Other	1,368	139,371	1,679	142,418	113	1	114	142,304
<b>Total A\$'000</b>	<b>63,563</b>	<b>5,413,516</b>	<b>74,629</b>	<b>5,551,708</b>	<b>31,867</b>	<b>196,914</b>	<b>228,781</b>	<b>5,322,927</b>

*Sensitivity disclosure analysis*

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

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

30 June 2018 General Government Sector and Total Territory	(+/- impact) 10%	
	Profit/ (loss) impact	Equity impact
	\$'000	\$'000
<b>Currency</b>		
USD	843	843
JPY	361	361
EUR	266	266
GBP	159	159
Other	305	305
<b>Total increase/(decrease)</b>	<b>1,934</b>	<b>1,934</b>

**Credit risk**

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

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

Financial dealings are only undertaken with appropriately rated counterparties. The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the Territory's financial investment assets. None of these assets were impaired (30 June 2018: nil).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

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

**Credit risk - continued**

**General Government Sector and Total Territory**

	Credit quality				Total \$'000
	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	
<b>30 June 2019</b>					
<b>Directly held</b>					
Debt instruments	392,632	291,529	140,613	47,812	<b>872,586</b>
<b>Total</b>	<b>392,632</b>	<b>291,529</b>	<b>140,613</b>	<b>47,812</b>	<b>872,586</b>
<b>30 June 2018</b>					
<b>Directly held</b>					
Cash enhanced money market and fixed interest	346,179	258,948	323,697	97,532	<b>1,026,356</b>
<b>Indirectly held</b>					
Unit trust (debt instruments)	157,377	39,654	128,854	-	<b>325,885</b>
<b>Total</b>	<b>503,556</b>	<b>298,602</b>	<b>452,551</b>	<b>97,532</b>	<b>1,352,241</b>

**Liquidity risk**

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

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

The Territory's objective is to maintain sufficient cash and short-term investments to ensure that financial obligations can be met as and when they fall due. Liquidity risk is managed by investing in high grade securities and maintaining a high cash balance. Investments are made in liquid markets and are readily redeemable if required.

The Territory borrowing program is available to seek short or long term funding as required. Forecasts of future cash flows and borrowing maturities are maintained to ensure that there is sufficient funding available for any required settlements. Sufficient cash is maintained to meet expenditure allocation set out in the budget.

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

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

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

<b>30 June 2019</b>	<b>Less than 3</b>	<b>3-12</b>	<b>1-5</b>	<b>years</b>	<b>&gt; 5</b>	<b>Total</b>
<b>General Government Sector</b>	<b>months</b>	<b>months</b>			<b>years</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>
<b>Non-Derivatives</b>						
Payables	128,272	128,272	1,372		-	<b>257,917</b>
Interest-bearing liabilities (current/non-current)	15,206	1,172,741	2,444,791	3,209,029		<b>6,841,767</b>
Estimated superannuation liabilities	72,453	217,358	1,361,558	24,326,071		<b>25,977,440</b>
<b>Total non-derivatives</b>	<b>215,931</b>	<b>1,518,371</b>	<b>3,807,721</b>	<b>27,535,100</b>		<b>33,077,124</b>
<b>Derivatives</b>						
Net settled derivatives (interest rate swaps and futures)	8,969	2,274	16,093	41,226		<b>68,562</b>
<b>Total derivatives</b>	<b>8,969</b>	<b>2,274</b>	<b>16,093</b>	<b>41,226</b>		<b>68,562</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

**Liquidity risk - continued**

<b>30 June 2018</b>	<b>Less than 3</b>	<b>3-12</b>	<b>1-5</b>	<b>years</b>	<b>&gt; 5</b>	<b>Total</b>
<b>General Government Sector</b>	<b>months</b>	<b>months</b>			<b>years</b>	
	<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-derivatives</b>						
Payables	99,251	99,251		663	-	199,164
Interest-bearing liabilities (current/non-current)	15,000	225,933	2,040,205	3,637,610		5,918,748
Estimated superannuation liabilities	67,268	201,803	1,277,033	24,442,974		25,989,078
<b>Total non-derivatives</b>	<b>181,519</b>	<b>526,987</b>	<b>3,317,901</b>	<b>28,080,584</b>		<b>32,106,990</b>
<b>Derivatives</b>						
Net settled derivatives (interest rate swaps and futures)	4,117	940		5,276	11,595	21,928
<b>Total derivatives</b>	<b>4,117</b>	<b>940</b>		<b>5,276</b>	<b>11,595</b>	<b>21,928</b>
<b>30 June 2019</b>						
<b>Total Territory</b>	<b>Less than 3</b>	<b>3-12</b>	<b>1-5</b>	<b>years</b>	<b>&gt; 5</b>	<b>Total</b>
	<b>months</b>	<b>months</b>			<b>years</b>	
	<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-derivatives</b>						
Payables	203,190	203,190		1,322	-	407,702
Interest-bearing liabilities (current/non-current)	15,206	1,172,741	2,444,791	3,209,029		6,841,767
Estimated superannuation liabilities	72,453	217,358	1,361,558	24,326,071		25,977,440
<b>Total non-derivatives</b>	<b>290,849</b>	<b>1,593,289</b>	<b>3,807,671</b>	<b>27,535,100</b>		<b>33,226,909</b>
<b>Derivatives</b>						
Net settled derivatives (interest rate swaps and futures)	8,969	2,274		16,093	41,226	68,562
<b>Total derivatives</b>	<b>8,969</b>	<b>2,274</b>		<b>16,093</b>	<b>41,226</b>	<b>68,562</b>
<b>30 June 2018</b>						
<b>Total Territory</b>	<b>Less than 3</b>	<b>3-12</b>	<b>1-5</b>	<b>years</b>	<b>&gt; 5</b>	<b>Total</b>
	<b>months</b>	<b>months</b>			<b>years</b>	
	<b>\$'000</b>	<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-Derivatives</b>						
Payables	146,762	146,762		663	-	294,187
Interest-bearing liabilities (current/non-current)	15,000	225,933	2,040,205	3,637,610		5,918,748
Estimated superannuation liabilities	67,268	201,803	1,277,033	24,442,974		25,989,078
<b>Total non-derivatives</b>	<b>229,030</b>	<b>574,498</b>	<b>3,317,901</b>	<b>28,080,584</b>		<b>32,202,013</b>
<b>Derivatives</b>						
Net settled derivatives (interest rate swaps and futures)	4,117	940		5,276	11,595	21,928
<b>Total derivatives</b>	<b>4,117</b>	<b>940</b>		<b>5,276</b>	<b>11,595</b>	<b>21,928</b>

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

**Categorisation of financial assets and liabilities**

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

General Government Sector	2018-19		2017-18	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and deposits	1,254,689	1,254,689	662,508	662,508
Advances paid	1,794,820	2,039,809	1,736,813	1,902,216
Investments and loans	4,843,354	4,843,354	4,771,703	4,771,703
Receivables <sup>(a)</sup>	1,013,533	1,013,533	572,308	572,308
Equity investments in other public sector entities	7,190,126	7,190,126	7,044,343	7,044,343
<b>Total financial assets</b>	<b>16,096,522</b>	<b>16,341,511</b>	<b>14,787,675</b>	<b>14,953,078</b>
<b>Financial liabilities</b>				
Deposits held	-	-	15,618	15,618
Advances received	963,676	963,676	1,015,617	1,015,617
Finance leases	431,308	431,308	1,301	1,301
Borrowings	4,476,494	4,993,608	3,440,607	3,737,318
Payables	257,917	257,917	199,164	199,164
Other liabilities	28,560	28,560	41,513	41,513
<b>Total financial liabilities</b>	<b>6,157,955</b>	<b>6,675,069</b>	<b>4,713,821</b>	<b>5,010,532</b>
<b>Net financial assets</b>	<b>9,938,567</b>	<b>9,666,442</b>	<b>10,073,854</b>	<b>9,942,546</b>

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

Total Territory	2018-19		2017-18	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and deposits	1,515,181	1,515,181	834,152	834,152
Advances paid	63,593	63,593	66,036	66,036
Investments and loans	4,890,354	4,890,354	4,826,748	4,826,748
Receivables <sup>(a)</sup>	849,278	849,278	424,361	424,361
Investments accounted for using the equity method	1,031,716	1,031,716	1,002,313	1,002,313
<b>Total financial assets</b>	<b>8,350,123</b>	<b>8,350,123</b>	<b>7,153,610</b>	<b>7,153,610</b>
<b>Financial liabilities</b>				
Deposits held	-	-	15,618	15,618
Advances received	1,017,156	1,017,156	1,073,716	1,073,716
Finance leases	431,308	431,308	1,301	1,301
Borrowings	4,476,494	5,510,722	3,440,607	3,737,318
Payables	407,702	407,702	294,187	294,187
Other liabilities	30,810	30,810	43,338	43,338
<b>Total financial liabilities</b>	<b>6,363,470</b>	<b>7,397,698</b>	<b>4,868,767</b>	<b>5,165,478</b>
<b>Net financial assets</b>	<b>1,986,653</b>	<b>952,425</b>	<b>2,284,842</b>	<b>1,988,131</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair value hierarchy**

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

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

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

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

<b>30 June 2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets and liabilities at fair value</b>				
<b>Financial assets</b>				
Investment assets	2,580,063	2,028,255	171,963	<b>4,780,282</b>
<b>Financial liabilities</b>				
Agencies investment deposits	-	4,569,513	-	<b>4,569,513</b>
<b>Assets and liabilities for which fair values are disclosed</b>				
<b>Financial assets</b>				
Loans and receivables	-	2,543,147	-	<b>2,543,147</b>
<b>Financial liabilities</b>				
Interest bearing liabilities	-	5,919,528	-	<b>5,919,528</b>
<b>Net assets</b>	<b>2,580,063</b>	<b>-5,917,639</b>	<b>171,963</b>	<b>-3,165,612</b>

**Fair value hierarchy - continued**

<b>30 June 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Assets and liabilities at fair value</b>				
<b>Financial assets</b>				
Investment assets	164,926	1,144,885	-	<b>1,309,811</b>
<b>Financial liabilities</b>				
Agencies investment deposits	-	980,987	-	<b>980,987</b>
<b>Assets and liabilities for which fair values are disclosed</b>				
<b>Financial assets</b>				
Loans and receivables	-	2,383,366	-	<b>2,383,366</b>
<b>Financial liabilities</b>				
Interest bearing liabilities	-	4,743,735	-	<b>4,743,735</b>
<b>Net assets</b>	<b>164,926</b>	<b>-2,196,471</b>	<b>-</b>	<b>-2,031,545</b>

*Fair value measurement*

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair value hierarchy - continued**

*Fair value measurement - continued*

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

For unlisted infrastructure unit trusts, the fair value of the underlying investments is determined at least annually or more frequently as required by an external valuer using the most appropriate valuation approach for each investment. The fair value methodologies adopted include discounted cash flow and comparative analysis. The fair values of unlisted infrastructure units are included within level 3.

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

Fair value for loans and receivables and interest bearing liabilities has been determined by reference to published price quotations in active markets and applying the appropriate revaluation technique for the instrument including observable market pricing and discounted cashflow methodology. The own non-performance risk as at 30 June 2019 was assessed to be insignificant.

*Valuation process for level 3 valuations*

Investments of unlisted trust and limited partnerships are recorded at redemption value per unit as reported by their respective investment managers. In the absence of quoted values, securities are valued using appropriate valuation techniques as reasonably determined by the investment manager. The investment manager performs monthly, quarterly and annual valuations.

*Transfers between levels*

There were no transfers between level 1, 2 and 3 during the year.

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**40 FINANCIAL INSTRUMENTS - CONTINUED**

**Fair value hierarchy - continued**

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

Description at 30 June 2019	Input	Sensitivity used (%)	Effect on fair value
Unit trust - private equity	Latest net asset value from investment manager	0.000 - 2.688(0.844)	Fair value increase if the latest net asset values from investment manager were higher
	Contributions since latest net asset value from investment manager	0.000 – 1.000(0.238)	Fair value increase if there have been contributions since latest net asset value from investment manager
	Distributions since latest Net Asset Value from Investment Manager	0.000-0.816(0.087)	Fair value decrease if there have been distributions since latest Net Asset Value from Investment Manager

*Level 3 reconciliations*

30 June 2019	Listed securities \$'000	Unit trusts \$'000
<b>Balance at 1 July 2018</b>	2,509	152,745
Purchases during year	-	5,084
Sales during year	-1	-128
Settlements during the year	-16	19,587
Transfers into Level 3	16	-
<b>Total gains/(losses)</b>	<b>-1,028</b>	<b>-6,805</b>
<b>Balance at 30 June 2019</b>	<b>1,480</b>	<b>170,483</b>
<hr/>		
30 June 2018	Listed securities \$'000	Unit trusts \$'000
<b>Balance at 1 July 2017</b>	297	136,000
Settlements during the year	297	19,124
Transfers into Level 3	1,618	-
<b>Total gains/(losses)</b>	<b>297</b>	<b>-1,379</b>
<b>Balance at 30 June 2018</b>	<b>2,509</b>	<b>152,745</b>

Gains and losses are disclosed in the line net gain/(loss) on financial assets or liabilities at fair value in the Territory's Operating statement.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**41 EXPENSES AND ASSETS BY FUNCTION**

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

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

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

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

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

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

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

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

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

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

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



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

	General Government		Total Territory	
	Sector			
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>41 EXPENSES BY FUNCTION - CONTINUED</b>				
The following table provides a disaggregation of General Government Sector (GGS) and Total Territory total expenses by function.				
01 General public services	925,103	1,190,993	920,801	1,201,152
03 Public order and safety	482,800	432,415	482,272	431,919
04 Economic affairs	95,393	102,481	94,130	101,283
05 Environmental protection	124,200	120,293	213,367	203,335
06 Housing and community amenities	79,195	79,117	254,958	167,788
07 Health	1,715,930	1,487,028	1,714,776	1,486,626
08 Recreation, culture and religion	197,775	167,581	193,618	159,407
09 Education	1,407,572	1,182,109	1,445,785	1,217,763
10 Social protection	418,690	391,788	481,855	434,623
11 Transport	472,745	328,689	469,745	330,591
<b>Total expenses</b>	<b>5,919,403</b>	<b>5,482,493</b>	<b>6,271,307</b>	<b>5,734,488</b>

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

01 General public services	14,890,811	13,543,041	7,460,086	6,273,742
03 Public order and safety	560,927	414,126	560,717	414,124
04 Economic affairs	1,848,441	2,021,352	1,141,986	1,345,923
05 Environmental protection	434,730	346,581	1,569,939	1,443,830
06 Housing and community amenities	45,750	56,563	2,321,983	2,061,841
07 Health	1,447,287	1,428,292	1,446,537	1,428,290
08 Recreation, culture and religion	1,546,868	1,550,771	1,546,408	1,550,703
09 Education	2,270,610	2,268,855	2,316,083	2,309,161
10 Social protection	751,728	741,790	6,214,526	6,127,143
11 Transport	9,694,161	8,450,692	9,847,949	8,609,007
<b>Total assets</b>	<b>33,491,312</b>	<b>30,822,063</b>	<b>34,426,215</b>	<b>31,563,764</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED OPERATING STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Revenue</b>								
Controlled recurrent payments	-	-	186,122	176,899	-186,122	-176,899	-	-
Taxation revenue	1,934,050	1,718,274	-	-	-45,073	-43,643	1,888,977	1,674,631
Commonwealth grants	2,333,207	2,280,648	2,367	1,839	-	-	2,335,574	2,282,487
Sales of goods and services								
Revenue from associates and joint ventures	-	-	88,403	93,372	-	-	88,403	93,372
Other sales of goods and services	561,142	532,712	433,296	447,378	-80,337	-83,625	914,102	896,465
Interest income	109,171	136,675	5,619	9,732	-69,042	-77,813	45,748	68,594
Distributions from financial investments	43,047	35,426	-	-	-	-	43,047	35,426
Dividend and income tax equivalents income	364,632	375,597	-	-	-288,188	-315,383	76,444	60,215
Other revenue								
Land revenue (value-add component)	-	-	402,156	327,976	-445	-12,137	401,711	315,838
Other revenue	148,136	163,723	23,040	19,568	-21,204	-15,461	149,972	167,830
Gains from contributed assets	114,896	158,477	17,591	27,434	-42,054	-88,728	90,433	97,183
<b>Total revenue</b>	<b>5,608,280</b>	<b>5,401,532</b>	<b>1,158,595</b>	<b>1,104,198</b>	<b>-732,465</b>	<b>-813,689</b>	<b>6,034,410</b>	<b>5,692,041</b>
<b>Expenses</b>								
Employee expenses	2,117,974	2,004,835	184,631	179,633	-	-	2,302,606	2,184,468
Superannuation expenses								
Superannuation interest cost	305,767	303,750	-	-	-	-	305,767	303,750
Other superannuation expense	407,702	356,952	24,896	23,618	-9,010	-10,782	423,588	369,788
Depreciation and amortisation	403,478	396,975	119,187	99,187	-	-	522,665	496,163
Interest expense	178,002	185,174	71,932	80,524	-69,070	-77,785	180,864	187,912
Other property expenses (income tax equivalents)	-	-	122,519	116,762	-122,519	-116,762	-	-
Other operating expenses								
Supplies and services	1,053,664	962,418	217,503	211,987	-52,309	-47,562	1,218,858	1,126,844
Other operating expenses	335,562	188,968	128,333	53,583	-103,551	-98,202	360,344	144,350
Grants and purchased services	1,117,254	1,083,420	58,355	90,208	-218,994	-252,415	956,615	921,213
<b>Total expenses</b>	<b>5,919,403</b>	<b>5,482,493</b>	<b>927,357</b>	<b>855,503</b>	<b>-575,453</b>	<b>-603,509</b>	<b>6,271,307</b>	<b>5,734,488</b>
<b>UPF net operating balance</b>	<b>-311,123</b>	<b>-80,961</b>	<b>231,238</b>	<b>248,694</b>	<b>-157,012</b>	<b>-210,180</b>	<b>-236,897</b>	<b>-42,447</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED OPERATING STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Other economic flows - included in the operating result</b>								
Dividends (market gains on land sales)	42,815	28,922	-	-	-42,815	-28,922	-	-
Land revenue (market gains on land sales)	-	-	62,575	43,879	-	-	62,575	43,879
Net land revenue (undeveloped land value)	51,441	91,168	-	-	-1,564	-420	49,877	90,748
Net gain/(loss) on sale of non-financial assets	-134,916	-4,857	-143,394	-77,295	-	-	-278,310	-82,152
Net gain/(loss) on financial assets or liabilities at fair value	217,280	244,235	205	527	-27	554	217,458	244,789
Doubtful debts	-13,410	-7,716	-3,780	-21	28	250	-17,162	-7,487
<b>Operating surplus/(deficit)</b>	<b>-147,913</b>	<b>270,790</b>	<b>146,844</b>	<b>215,784</b>	<b>-202,391</b>	<b>-239,718</b>	<b>-202,460</b>	<b>247,330</b>
<b>Other economic flows - other comprehensive income</b>								
<b>Items that will not be subsequently reclassified to profit or loss</b>								
Payments to ACT Government agencies	-26,881	-30,845	-	-	26,881	30,845	-	-
Capital distributions	74,622	86,269	-	-	-74,622	-74,969	-	11,300
Transfer of assets to the public trading enterprises (PTE) sector	-122,616	-145,191	-	-	122,616	145,191	-	-
Superannuation actuarial gain/(loss)	-1,758,234	-895,977	-	-	-	-	-1,758,234	-895,977
Other movements	-24,971	-19,494	242	-27,500	-	-	-24,729	-46,993
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	549,455	-65,281	152,102	452,323	-25,914	23,488	675,644	410,530
Increase/(decrease) in other reserves	130	-	-3,006	-9,820	118,990	-	116,114	-9,820
<b>Items that may be subsequently reclassified to profit or loss</b>								
Increase/(decrease) in net assets of PTE	145,783	479,744	-	-	-145,783	-479,744	-	-
<b>Total comprehensive income/(deficit)</b>	<b>-1,310,623</b>	<b>-319,985</b>	<b>296,183</b>	<b>630,788</b>	<b>-180,224</b>	<b>-594,905</b>	<b>-1,193,664</b>	<b>-283,630</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED OPERATING STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Key fiscal aggregates</b>								
<b>UPF net operating balance</b>	<b>-311,123</b>	<b>-80,961</b>	<b>231,238</b>	<b>248,694</b>	<b>-157,012</b>	<b>-210,180</b>	<b>-236,897</b>	<b>-42,447</b>
<b>less net acquisition of non-financial assets</b>								
Payments for non-financial assets	705,054	714,495	163,023	187,873	-5,448	-17,548	862,630	884,819
Sales of non-financial assets	-137,589	-313,137	-35,276	-52,780	-	-	-172,865	-365,917
Change in inventories	-177	-11	80,275	13,349	44,529	-17,049	124,627	-3,711
Depreciation and amortisation	-403,478	-396,975	-119,187	-99,187	-	-	-522,665	-496,163
Other movements in non-financial assets	110,300	144,937	-26,608	-48,449	3,644	161	87,336	96,649
<i>Total net acquisition of non-financial assets</i>	<i>274,110</i>	<i>149,309</i>	<i>62,228</i>	<i>805</i>	<i>42,726</i>	<i>-34,437</i>	<i>379,064</i>	<i>115,677</i>
<b>Net lending/(borrowing)</b>	<b>-585,233</b>	<b>-230,270</b>	<b>169,011</b>	<b>247,889</b>	<b>-199,738</b>	<b>-175,743</b>	<b>-615,961</b>	<b>-158,124</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED BALANCE SHEET BY SECTOR  
AT 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Financial assets</b>								
Cash and deposits	1,254,689	662,508	260,493	171,644	-	-	1,515,181	834,152
Advances paid	1,794,820	1,736,813	-	-	-1,731,227	-1,670,776	63,593	66,036
Investments and loans	4,843,354	4,771,723	47,000	55,044	-	-	4,890,354	4,826,748
Receivables	1,037,910	600,643	149,177	164,336	-271,421	-284,649	915,667	480,330
Equity investments								
Investments in other public sector entities	7,190,126	7,044,343	-	-	-7,190,126	-7,044,343	-	-
Investments accounted for using the equity method	20	-	1,031,716	1,002,313	-20	-	1,031,716	1,002,313
<b>Total financial assets</b>	<b>16,120,919</b>	<b>14,816,030</b>	<b>1,488,386</b>	<b>1,393,338</b>	<b>-9,192,794</b>	<b>-8,999,768</b>	<b>8,416,511</b>	<b>7,209,579</b>
<b>Non-financial assets</b>								
Produced assets								
Property, plant and equipment	12,451,936	11,120,086	4,051,773	3,955,954	-	-	16,503,710	15,076,040
Investment properties	7,920	5,410	18,777	7,992	-	-	26,697	13,402
Intangibles	226,577	190,912	44,558	25,375	-	-	271,135	216,287
Inventories	19,075	19,252	353,646	273,371	-	-44,529	372,720	248,093
Assets held for sale	68,608	110,618	12,730	126,069	-	-	81,338	236,687
Capital works-in-progress	589,571	661,673	181,762	182,696	-	-	771,333	844,369
Non produced assets								
Property, plant and equipment	3,969,992	3,856,513	3,976,065	3,821,225	-	-	7,946,057	7,677,738
Biological assets	28,798	29,769	-	-	-	-	28,798	29,769
Other non-financial assets								
Deferred tax assets	-	-	22,646	22,225	-22,646	-22,225	-	-
Other non-financial assets	7,915	11,799	-	-	-	-	7,915	11,799
<b>Total non-financial assets</b>	<b>17,370,393</b>	<b>16,006,034</b>	<b>8,661,957</b>	<b>8,414,906</b>	<b>-22,646</b>	<b>-66,754</b>	<b>26,009,704</b>	<b>24,354,186</b>
<b>Total assets</b>	<b>33,491,312</b>	<b>30,822,063</b>	<b>10,150,343</b>	<b>9,808,244</b>	<b>-9,215,440</b>	<b>-9,066,522</b>	<b>34,426,215</b>	<b>31,563,764</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED BALANCE SHEET BY SECTOR  
AT 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Liabilities</b>								
Deposits held	-	15,618	-	-	-	-	-	15,618
Advances received	963,676	1,015,617	1,784,707	1,728,875	-1,731,227	-1,670,776	1,017,156	1,073,716
Borrowings								
Finance leases	431,308	1,301	-	-	-	-	431,308	1,301
Other borrowings	4,476,494	3,440,607	-	-	-	-	4,476,494	3,440,607
Superannuation	11,776,168	9,735,968	127	-	-	-	11,776,295	9,735,968
Employee benefits	747,394	675,270	66,984	64,250	-	-	814,378	739,520
Other provisions	776,550	353,137	132,712	128,733	-47,225	-66,060	862,037	415,810
Payables	257,917	199,164	233,769	236,121	-83,984	-141,098	407,702	294,187
Other liabilities								
Current tax liability	-	-	53,632	32,022	-53,632	-32,022	-	-
Deferred tax liability	-	-	530,791	506,611	-530,791	-506,611	-	-
Other liabilities	28,560	41,513	157,495	67,288	-155,245	-65,463	30,810	43,338
<b>Total liabilities</b>	<b>19,458,067</b>	<b>15,478,196</b>	<b>2,960,217</b>	<b>2,763,901</b>	<b>-2,602,105</b>	<b>-2,482,031</b>	<b>19,816,179</b>	<b>15,760,065</b>
<b>Net assets</b>	<b>14,033,245</b>	<b>15,343,868</b>	<b>7,190,126</b>	<b>7,044,343</b>	<b>-6,613,335</b>	<b>-6,584,491</b>	<b>14,610,035</b>	<b>15,803,699</b>
Equity in public trading enterprises	7,190,126	7,044,343	-	-	-7,190,126	-7,044,343	-	-
Accumulated funds	599,021	2,600,496	2,836,024	2,670,357	-23,395	-47,278	3,411,650	5,223,575
Asset revaluation surplus	6,242,867	5,697,929	4,357,108	4,373,986	481,196	507,110	11,081,171	10,579,025
Other reserves	1,230	1,100	-3,006	-	118,990	-	117,214	1,100
<b>Net worth</b>	<b>14,033,245</b>	<b>15,343,868</b>	<b>7,190,126</b>	<b>7,044,343</b>	<b>-6,613,335</b>	<b>-6,583,511</b>	<b>14,610,035</b>	<b>15,803,699</b>
<b>Key fiscal aggregates</b>								
<b>Net financial worth</b>	-3,337,148	-662,186	-1,471,831	-1,370,563	-6,590,689	-6,517,737	-11,399,668	-8,550,486
<b>Net financial liabilities</b>	10,527,275	7,706,509	-	-	1,904,110	1,846,271	12,431,385	9,552,799
<b>Net debt (excluding superannuation related investments)</b>	2,215,713	1,302,158	1,477,214	1,502,187	-	-	3,692,927	2,804,365

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Opening equity</b>								
Opening equity in public trading enterprises (PTE)	7,044,343	6,564,599	-	-	-7,044,343	-6,564,599	-	-
Opening accumulated funds	2,600,496	3,334,199	2,670,357	2,555,893	-47,278	-59,371	5,223,575	5,830,691
Opening asset revaluation surplus	5,697,929	5,763,209	4,373,986	3,998,886	507,110	483,622	10,579,025	10,245,718
Opening other reserves	1,100	1,100	-	9,820	-	-	1,100	10,920
<b>Opening balance</b>	<b>15,343,868</b>	<b>15,663,078</b>	<b>7,044,343</b>	<b>6,564,599</b>	<b>-6,584,511</b>	<b>-6,140,348</b>	<b>15,803,699</b>	<b>16,087,329</b>
<b>Comprehensive income</b>								
<i>Included in accumulated funds:</i>								
Operating result for the period	-147,913	270,790	146,844	215,784	-201,391	-239,244	-202,460	247,330
Payments to ACT government agencies	-26,881	-30,845	-	-	26,881	30,845	-	-
Capital distributions	74,622	86,269	-	-	-74,622	-74,969	-	11,300
Transfer of assets to the PTE sector	-122,616	-145,191	-	-	122,616	145,191	-	-
Superannuation actuarial gain/(loss)	-1,758,234	-895,977	-	-	-	-	-1,758,234	-895,977
Other movements	-24,971	-19,494	242	-27,500	-	-	-24,729	-46,993
<i>Included in equity in public trading enterprises:</i>								
Increase/(decrease) in net assets of PTE	145,783	479,744	-	-	-145,783	-479,744	-	-
<i>Included in the asset revaluation surplus:</i>								
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	549,455	-65,281	152,102	452,323	-25,914	23,488	675,644	410,530
<i>Included in other reserves:</i>								
Increase/(decrease) in other reserves	130	-	-3,006	-9,820	118,990	-	116,114	-9,820
<b>Total comprehensive income/(deficit)</b>	<b>-1,310,623</b>	<b>-319,985</b>	<b>296,183</b>	<b>630,788</b>	<b>-179,224</b>	<b>-594,432</b>	<b>-1,193,664</b>	<b>-283,630</b>
<b>Other</b>								
Transfer to/(from) accumulated funds	4,517	-	168,980	77,224	-	-	173,497	77,224
Transfer to/(from) the asset revaluation surplus	-4,517	-	-168,980	-77,224	-	-	-173,497	-77,224
<b>Total other</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Transactions involving owners affecting accumulated funds</b>								
Capital injections	-	-	26,881	30,845	-26,881	-30,845	-	-
Capital distributions	-	-	-74,622	-74,969	74,622	74,969	-	-
Transfer of assets from the General Government Sector	-	-	122,616	145,191	-122,616	-145,191	-	-
Dividends approved	-	-	-225,275	-252,112	225,275	252,112	-	-
<b>Total transactions involving owners affecting accumulated funds</b>	<b>0</b>	<b>0</b>	<b>-150,400</b>	<b>-151,044</b>	<b>150,400</b>	<b>151,044</b>	<b>0</b>	<b>0</b>
<b>Closing equity</b>								
Closing equity in PTE	7,190,126	7,044,343	-	-	-7,190,126	-7,044,343	-	-
Closing accumulated funds	599,021	2,600,496	2,836,024	2,670,357	-23,395	-47,278	3,411,650	5,223,575
Closing asset revaluation surplus	6,242,867	5,697,929	4,357,108	4,373,986	481,196	507,110	11,081,171	10,579,025
Closing other reserves	1,230	1,100	-3,006	-	118,990	-	117,214	1,100
<b>Closing balance</b>	<b>14,033,245</b>	<b>15,343,868</b>	<b>7,190,126</b>	<b>7,044,343</b>	<b>-6,613,335</b>	<b>-6,584,511</b>	<b>14,610,035</b>	<b>15,803,699</b>



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Cash flows from operating activities</b>								
<i>Cash receipts</i>								
Taxes received	1,762,621	1,581,590	-	-	-66,419	-21,892	1,696,202	1,559,699
Receipts from sales of goods and services	719,674	655,627	977,369	832,775	-91,038	-109,501	1,606,004	1,378,900
Grants/subsidies received	2,334,010	2,282,167	188,865	177,658	-186,517	-175,824	2,336,357	2,284,001
Distributions from financial investments	13,967	33,432	-	-	-	-	13,967	33,432
Interest receipts	119,606	129,919	4,653	9,179	-62,392	-69,550	61,867	69,548
Dividends and income tax equivalents	266,293	434,258	-	-	-167,371	-371,903	98,922	62,355
Other receipts	594,503	431,163	113,947	169,491	-26,282	-28,973	682,168	571,681
<b>Total cash received from operating activities</b>	<b>5,810,674</b>	<b>5,548,156</b>	<b>1,284,833</b>	<b>1,189,104</b>	<b>-600,020</b>	<b>-777,644</b>	<b>6,495,488</b>	<b>5,959,616</b>
<i>Cash payments</i>								
Payments for employees	-2,554,009	-2,365,732	-211,541	-194,386	10,324	10,782	-2,755,226	-2,549,336
Payments for goods and services	-1,064,628	-979,330	-225,070	-209,628	74,055	52,647	-1,215,644	-1,136,311
Grants/subsidies paid	-1,082,480	-1,078,089	-23,928	-22,007	181,249	171,237	-925,160	-928,859
Interest paid	-166,504	-176,531	-65,006	-72,375	62,392	69,550	-169,119	-179,356
Other payments	-600,498	-424,918	-277,030	-268,322	86,999	83,976	-790,529	-609,264
<b>Total cash paid from operating activities</b>	<b>-5,468,120</b>	<b>-5,024,600</b>	<b>-802,576</b>	<b>-766,719</b>	<b>415,018</b>	<b>388,193</b>	<b>-5,855,678</b>	<b>-5,403,126</b>
<b>Net cash flows from operating activities</b>	<b>342,554</b>	<b>523,556</b>	<b>482,258</b>	<b>422,385</b>	<b>-185,003</b>	<b>-389,451</b>	<b>639,810</b>	<b>556,490</b>
<b>Cash flows from investing activities</b>								
<b>Cash flows from investments in non-financial assets</b>								
Sales of non-financial assets	137,589	313,137	35,276	52,780	-	-	172,865	365,917
Payments for non-financial assets	-705,054	-714,495	-163,023	-187,873	5,448	17,548	-862,630	-884,819
<b>Net cash flows from investments in non-financial assets</b>	<b>-567,465</b>	<b>-401,358</b>	<b>-127,747</b>	<b>-135,093</b>	<b>5,448</b>	<b>17,548</b>	<b>-689,765</b>	<b>-518,902</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Cash flows from investments in financial assets for policy purposes</b>								
<i><b>Cash receipts</b></i>								
Repayment of loans	2,677	2,782	-	-	-	-	2,677	2,782
Capital receipts from government agencies	115,475	77,981	26,881	30,845	-142,356	-97,526	-	11,300
Dividends (market gains on land sales)	42,815	28,922	-	-	-42,815	-28,922	-	-
<b>Total cash received from investment in financial assets for policy purposes</b>	<b>160,967</b>	<b>109,684</b>	<b>26,881</b>	<b>30,845</b>	<b>-185,170</b>	<b>-126,448</b>	<b>2,677</b>	<b>14,082</b>
<i><b>Cash payments</b></i>								
Issue of loans	-	-	-13,821	-3,522	-	-	-13,821	-3,522
Capital payments to government agencies	-26,881	-30,845	-	-	26,881	30,845	-	-
Dividends (market gains on land sales)	-	-	-42,815	-28,922	42,815	28,922	-	-
Distributions to government	-	-	-115,475	-66,681	115,475	66,681	-	-
<b>Total cash paid from investment in financial assets for policy purposes</b>	<b>-26,881</b>	<b>-30,845</b>	<b>-172,111</b>	<b>-99,125</b>	<b>185,170</b>	<b>126,448</b>	<b>-13,821</b>	<b>-3,522</b>
<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>134,087</b>	<b>78,839</b>	<b>-145,230</b>	<b>-68,279</b>	<b>-</b>	<b>-</b>	<b>-11,144</b>	<b>10,560</b>
<b>Cash flows from investments in financial assets for liquidity purposes</b>								
Sales of investments	199,974	134,532	2,783	2,565	-	1	202,757	137,098
Payments for investments	-61,226	-198,155	-10,087	-	-	-	-71,313	-198,155
<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>138,748</b>	<b>-63,622</b>	<b>-7,304</b>	<b>2,565</b>	<b>-</b>	<b>1</b>	<b>131,444</b>	<b>-61,056</b>
<b>Net cash flows from investing activities</b>	<b>-294,630</b>	<b>-386,141</b>	<b>-280,282</b>	<b>-200,807</b>	<b>5,448</b>	<b>17,549</b>	<b>-569,465</b>	<b>-569,399</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
CONSOLIDATED CASH FLOW STATEMENT BY SECTOR  
FOR THE YEAR ENDED 30 JUNE 2019**

**42 DISAGGREGATED SECTOR INFORMATION - CONTINUED**

	General Government Sector		Public Trading Enterprises		Eliminations		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>Cash flows from financing activities</b>								
<i>Cash receipts</i>								
Borrowings	1,031,459	469,810	84,566	546,657	-115,223	-1,016,240	1,000,801	227
<b>Total cash received from financing activities</b>	<b>1,031,459</b>	<b>469,810</b>	<b>84,566</b>	<b>546,657</b>	<b>-115,223</b>	<b>-1,016,240</b>	<b>1,000,801</b>	<b>227</b>
<i>Cash payments</i>								
Borrowings	-515,901	-705,252	-36,138	-476,523	115,224	1,016,240	-436,815	-165,535
Dividends paid	-	-	-95,544	-259,136	95,544	259,136	-	-
Other financing	-	-	-84,012	-112,767	84,012	112,767	-	-
<b>Total cash paid from financing activities</b>	<b>-515,901</b>	<b>-705,252</b>	<b>-215,693</b>	<b>-848,426</b>	<b>294,779</b>	<b>1,388,143</b>	<b>-436,815</b>	<b>-165,535</b>
<b>Net cash flows from financing activities</b>	<b>515,558</b>	<b>-235,442</b>	<b>-131,127</b>	<b>-301,768</b>	<b>179,555</b>	<b>371,903</b>	<b>563,986</b>	<b>-165,307</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>563,482</b>	<b>-98,027</b>	<b>70,849</b>	<b>-80,191</b>	<b>0</b>	<b>1</b>	<b>634,331</b>	<b>-178,217</b>
<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>653,995</b>	<b>752,022</b>	<b>226,644</b>	<b>306,835</b>	<b>-</b>	<b>-1</b>	<b>880,639</b>	<b>1,058,856</b>
<b>Cash and cash equivalents at the end of reporting period</b>	<b>1,217,477</b>	<b>653,995</b>	<b>297,493</b>	<b>226,644</b>	<b>-</b>	<b>-</b>	<b>1,514,970</b>	<b>880,640</b>
<b>Key fiscal aggregates</b>								
Net cash from operating activities	342,554	523,556	482,258	422,385	-185,003	-389,451	639,810	556,490
Investments in non-financial assets	-567,465	-401,358	-127,747	-135,093	5,448	17,548	-689,765	-518,902
Distributions paid	-	-	-179,555	-371,903	179,555	371,903	-	-
<b>Cash surplus (+)/deficit (-)</b>	<b>-224,911</b>	<b>122,198</b>	<b>174,955</b>	<b>-84,611</b>	<b>-</b>	<b>-</b>	<b>-49,956</b>	<b>37,587</b>

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**43 RECONCILIATIONS TO ABS GFS MEASURES**

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

The following material differences have occurred:

	General Government Sector		Public Trading Enterprises		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>(a) Reconciliation to GFS net operating balance</b>						
Net result from transactions - UPF net operating balance	-311,123	-80,961	231,238	248,694	-236,897	-42,447
Convergence differences:						
Dividend payments (GFS classifies dividends paid by public trading enterprises as an expense)	-	-	-162,699	-208,233	-	-
<b>GFS net operating balance</b>	<b>-311,123</b>	<b>-80,961</b>	<b>68,539</b>	<b>40,461</b>	<b>-236,897</b>	<b>-42,447</b>
<b>(b) Reconciliation to GFS net lending/(borrowing)</b>						
Net lending/(borrowing)	-585,233	-230,270	169,011	247,889	-615,961	-158,124
Convergence differences:						
Relating to the net operating balance (as above)	-	-	-162,699	-208,233	-	-
<b>GFS fiscal balance</b>	<b>-585,233</b>	<b>-230,270</b>	<b>6,311</b>	<b>39,656</b>	<b>-615,961</b>	<b>-158,124</b>
<b>(c) Reconciliation to GFS net worth</b>						
Net worth	14,033,245	15,343,868	7,190,126	7,044,343	14,610,035	15,803,699
Convergence differences:						
Waste sites remediation provision (Relating to the provision to restore Mugga Lane and Belconnen waste landfill sites, excluded under GFS)	23,670	25,434	-	-	23,670	25,434
Loose-fill asbestos insulation eradication scheme provision (Relating to the provision to properties for homeowners who have opted into the scheme, excluded under GFS)	40,312	48,226	-	-	40,312	48,226
<b>GFS net worth</b>	<b>14,097,227</b>	<b>15,417,528</b>	<b>7,190,126</b>	<b>7,044,343</b>	<b>14,674,017</b>	<b>15,877,359</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

	General Government Sector		Public Trading Enterprises		Total Territory	
	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2017-18 Actual \$'000
<b>(d) Reconciliation to GFS net financial worth</b>						
Net financial worth	-3,337,148	-662,186	-1,471,831	-1,370,563	-11,399,668	-8,550,486
Convergence differences:						
Waste sites remediation provision (Relating to the provision to restore Mugga Lane and Belconnen waste landfill sites, excluded under GFS)	23,670	25,434	-	-	23,670	25,434
Loose-fill asbestos insulation eradication scheme provision (Relating to the provision to properties for homeowners who have opted into the scheme, excluded under GFS)	40,312	48,226	-	-	40,312	48,226
<b>GFS net financial worth</b>	<b>-3,273,166</b>	<b>-588,526</b>	<b>-1,471,831</b>	<b>-1,370,563</b>	<b>-11,335,686</b>	<b>-8,476,826</b>

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX A**

**VARIANCE EXPLANATIONS - 2018-19 Actual compared to 2018-19 Budget**

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

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

	<b>2018-19 Actual \$'000</b>	<b>2018-19 Budget \$'000</b>	<b>Variance \$'000</b>	<b>Variance %</b>
<b>Gains from contributed assets</b>	114,896	220,515	-105,619	-48%
The variance is due to lower than anticipated gains from contributed assets from the Suburban Land Agency and private developers related to a decline in property market conditions, and a decrease in the valuation of Large-scale generation certificates.				
<b>Other operating expenses</b>	335,562	224,202	111,360	50%
The higher than budgeted other operating expenses is mainly as a result of the recognition of expenses related to underground utilities diversions for Light Rail Stage 1 and costs such as landscaping, demolition and planning relating to other projects. These expenses were forecast in the 2018-19 Budget to be capitalised.				
<b>Dividends (market gains on land sales)</b>	42,815	84,565	-41,750	-49%
The lower than budgeted dividends (market gains on land sales) is largely due to deferred settlement of three asset recycling initiative sites to 2019-20.				
<b>Net land revenue (undeveloped land value)</b>	51,441	82,090	-30,649	-37%
The variance is mainly due to lower than estimated undeveloped land sales by the General Government Sector to the Suburban Land Agency related to a decline in market conditions impacting settlements for single residential blocks.				
<b>Net gain/(loss) on sale/(disposal) of non-financial assets</b>	-134,916	-13,983	-120,933	-865%
The higher than expected loss is largely due to a reduction in the value of large-scale generation certificates and a change in the rate used to estimate the present value of long service employee benefits from 100.9 per cent in 2017-18 to 110.1 per cent in 2018-19. Variations to expenses arising from changes in present value rates are recognised as other gains for the Territory's reporting purposes.				
<b>Net gain/(loss) on financial assets or liabilities at fair value</b>	217,280	183,325	33,955	19%
The higher net gains on financial assets or liabilities at fair value is mainly due to strong returns achieved on the Territory's investments for domestic and global share markets over the month of June.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX A**

**VARIANCE EXPLANATIONS - 2018-19 Actual compared to 2018-19 Budget**

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

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

	<b>2018-19 Actual \$'000</b>	<b>2018-19 Budget \$'000</b>	<b>Variance \$'000</b>	<b>Variance %</b>
<b>Superannuation actuarial gain/(loss)</b>	-1,758,234	-	-1,758,234	-100%
This variance is due to a change in the discount rate assumption used to value the superannuation liability from 3.11 per cent in 2017-18 to 1.92 per cent in 2018-19. The use of a lower discount rate increases the liability valuation.				
<b>Increase/(decrease) in asset revaluation reserve surpluses due to revaluations</b>	549,455	63,763	485,692	762%
The variance is mainly related to revaluations undertaken by the Transport Canberra and City Services Directorate, particularly for stormwater infrastructure assets caused by higher price of materials and labour, and refinement to the valuation methodology. Land under roads also increased in value resulting from a higher value per square metre and a higher area of land under roads.				
<b>Cash and deposits</b>	1,254,689	606,728	647,961	107%
The variance is largely associated with short term borrowings raised for end of year cash and liquidity management purposes as well as 2019-20 pre-funding borrowings.				
<b>Receivables</b>	1,037,910	543,745	494,165	91%
The increase is mainly due to the recognition of amounts to be paid to the Territory from Comcare as a result of the Territory exiting the Comcare scheme and becoming self insured. The amount receivable represents the net central estimate of claims liabilities determined by an independent actuary. This receivable is partially offset by a liability claims provision. The increase also reflects a higher than estimated dividend and income tax receivable from the Suburban Land Agency due to the deferral of dividend payments to future years to assist the maintenance of working capital and trading conditions.				
<b>Intangibles</b>	226,577	353,469	-126,892	-36%
This lower than expected Intangibles is related to a lower level of large-scale generation certificates recognised than forecast combined with a reduction in the fair value of certificates already held, and delays in a number of software projects for the Transport Canberra and City Services and Justice and Community Safety Directorates.				

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX A**

**VARIANCE EXPLANATIONS - 2018-19 Actual compared to 2018-19 Budget**

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

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

	<b>2018-19 Actual \$'000</b>	<b>2018-19 Budget \$'000</b>	<b>Variance \$'000</b>	<b>Variance %</b>
<b>Assets held for sale</b>	68,608	7,901	60,707	768%
The variance is largely driven by a higher number of blocks held for sale under the loose-fill asbestos insulation eradication scheme as a result of lower land sales associated with the softening observed in the property market.				
<b>Borrowings</b>				
<b>Finance leases</b>	431,308	488,040	-56,732	-12%
<b>Other borrowings</b>	4,476,494	3,523,614	952,880	27%
<b>Total</b>	4,907,802	4,011,654	896,148	22%
This variance is associated with short-term borrowings raised for end of financial year cash and liquidity management purposes, 2019-20 pre-funding borrowings and new borrowings for Icon Water.				
<b>Superannuation</b>	11,776,168	7,803,892	3,972,276	51%
The higher than expected superannuation liability is predominantly due to the higher than estimated valuation at 30 June 2019 as a result of using two different discount rates for budget estimates and actual. The discount rate of 5 per cent was applied in the 2018-19 Budget, compared to 1.92 per cent at 30 June 2019. This rate is required by Australian accounting standards, and referenced to the yield on a suitable Commonwealth Government bond.				
<b>Other provisions</b>	776,550	400,692	375,858	94%
This variance relates to outstanding workers compensation claims recognised by the Territory as a result of exiting the Comcare scheme and becoming self insured.				
<b>Payables</b>	257,917	228,738	29,179	13%
The increase in payables is mainly due to larger than anticipated growth in health services provided to ACT residents by other States and the Northern Territory.				



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX B - SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of preparation**

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

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

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

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

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

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

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

The Territory's financial statements are presented in Australian dollars.

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

**b) Compliance framework**

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**b) Compliance framework - continued**

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

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

The GGS financial statements, contained within the Territory's financial statements, are prepared in accordance with AASB 1049 except for AASB 10: 'Consolidated Financial Statements' (AASB 10) and AASB 9: 'Financial Instruments' (AASB 9), where full application is not required. Assets, liabilities, income, expenses and cash flows of government controlled entities that are in the PTE sector are not separately recognised in the financial statements. Instead, the GGS financial statements recognise an asset, being the controlling equity investment in those entities, and recognise a gain or loss relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

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

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

**c) The reporting period**

These consolidated financial statements state the financial performance, changes in equity and cash flows of the Territory for the financial year ended 30 June 2019 together with the financial position of the Territory as at 30 June 2019.

**d) Budget figures**

To facilitate a comparison with the budget papers, as required by the FMA, budget information for 2018-19 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2018-19 Budget papers.

The 2018-19 Budget papers were prepared in accordance with the requirements of AASB 1049: 'Whole of Government and General Government Sector Financial Reporting' (AASB 1049) except for the calculation of the 'Headline net operating balance' in the budget papers which is not shown in the Operating statement of this report as this calculation is not required under AASB 1049.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**e) Prior year comparatives**

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

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

**f) Rounding**

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

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

**g) Basis of consolidation**

In accordance with AASB 10: 'Consolidated Financial Statements' (AASB 10) the Territory's financial statements include the values of all assets, liabilities, equities, revenues and expenses controlled by the Territory.

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

Transactions between Territory-controlled entities are eliminated in preparing the Territory's financial statements.

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

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

**h) Revenue recognition**

A number of the Territory's for-profit entities have adopted the new accounting standard, AASB 15 Revenue from Contracts with Customers (AASB 15). The Territory has assessed any potential impact of this application and concluded that no adjustments are required in relation to the adoption by for-profit entities.

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

*Taxes, fees and fines*

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

*Sale of goods*

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**h) Revenue recognition - continued**

*Rendering of services*

Revenue from rendering of services is recognised when the outcome of a transaction can be estimated reliably at the stage of completion of the transaction and the costs of rendering those services can be measured reliably.

*Interest*

Interest revenue is recognised using the effective interest rate method.

*Gains on investments at fair value through profit and loss*

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

*Commonwealth Government grants*

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

*Land revenue*

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

Sales under the land rent scheme are recognised in the PTE sector on settlement at an amount that would have been received if the sale had been a capital sum sale rather than a not for capital sum (rent lease) sale.

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

The Territory apportions land revenue between the 'undeveloped land value', 'value add component' and 'market gains on land sales'. Land revenue (undeveloped land value) is determined by independent valuation (through a panel of valuers) prior to the land sales transaction. The Territory and the valuer use significant judgement to determine the value of revenue attributable to the 'value add component' and 'market gains' of land sales, as these two components cannot be readily disaggregated.

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**h) Revenue recognition - continued**

*Dividends*

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

For the GGS, the component of dividends from the PTE sector is classified according to the underlying nature of the sales transaction/s. As a result, the total value of dividends recognised by the GGS is classified as either 'dividend income', included in 'Dividend and income tax equivalents income' in 'Revenue' on the Operating statement, or 'Dividends (market gains on land sales)' in 'Other economic flows' on the Operating statement.

*Revenue received in advance*

Revenue received in advance is recognised as a liability if there is a present obligation to return the funds received.

**i) Borrowing costs**

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

**j) Waivers of debt**

Debts that are waived under Section 131 of the FMA are expensed during the year in which the right to payment was waived. Further details of such waivers are disclosed in Note 13: 'Waivers, impairment losses and write-offs'.

**k) Taxation expense**

The Territory is exempt from all forms of Commonwealth taxation except fringe benefits tax and goods and services tax. While certain agencies are subject to ACT taxation, including Commonwealth taxation equivalents, which is shown as relevant in the disaggregated sector information, related amounts are eliminated in the Territory's financial statements.

**l) 'Financial' and 'non-financial' assets and liabilities**

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

**m) Cash**

*Cash and cash equivalents*

Cash includes cash at bank, cash on hand, short-term deposits and overnight cash. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included in cash and cash equivalents in the Cash flow statement but not in cash and deposits in the Balance sheet.

The inclusion of movements in short-term securities in 'cash' for the purpose of the Cash flow statement is the principal difference between 'Cash and deposits' and 'Cash and cash equivalents'.

**n) Receivables**

Receivables (including trade and other receivables) are measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating statement.

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**n) Receivables - continued**

The allowance for expected credit losses represents the amount of trade receivables and other receivables the Territory estimates will not be repaid. The Territory measures expected credit losses of a financial instrument in a way that reflects:

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

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

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

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

**o) Advances paid**

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

Loans provided to Community Housing Canberra Limited are to support the increase of the supply of affordable housing properties for sale or rent by eligible participants. Terms and conditions of the loans are set out in the 2018-19 Budget supplementary material (Summary and terms of debt capital injection) at <https://apps.treasury.act.gov.au/budget/budget-2018-2019/budget-papers>.

**p) Investments**

*Initial recognition*

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

*Subsequent measurement*

Subsequent to initial measurement, investment assets which are classified as fair value through profit or loss are measured at fair value. Subsequent changes in the fair value of those investments are recorded in the Territory's Operating statement as 'Net gain/(loss) on financial assets at fair value'. Interest, dividends and distributions on these investments are separately recorded in the Territory's Operating statement.

*Derecognition*

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**p) Investments - continued**

*Determination of fair value*

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

Investment assets and liabilities for which fair value is measured or disclosed in the Territory's financial statements are categorised within the fair value hierarchy. Further information can be found at Note 40: 'Financial instruments'.

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

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

*Financial derivative instruments*

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**q) Inventories**

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

*Land acquisitions*

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

*Capitalised development costs*

Costs of development are those that directly relate to preparing sites for sale as serviced land. These include expenditure associated with the implementation of estate planning, demolition, remediation activities, and relocation or construction of infrastructure services. Costs associated with marketing and selling activities are not considered to be directly related to the preparation of the sites for sale as serviced land, and are expensed as incurred. Land sites held for development and sale are classified as current assets when they are expected to be sold within 12 months.

*Project costing*

Significant judgements have been applied to costs expected to be incurred over the life of all individual land projects by the CRA and SLA. Any adjustments as a result of the reviews has an impact on the value of inventory and cost of land sold. The overall impact of the 2018-19 adjustment was to decrease cost of land sold by \$2.185 million.

**r) Assets held for sale**

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

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

**s) Acquisition and recognition of property, plant and equipment**

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

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

**t) Measurement of property, plant and equipment after initial recognition**

Property, plant and equipment is valued using the cost or revaluation model of valuation. Land, buildings, infrastructure assets and community and heritage assets are measured at fair value. Plant and equipment and leasehold improvements are measured at cost or fair value.



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

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

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

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

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

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

The estimation of useful lives of PPE has been based on historical experience of similar assets and in some cases on valuations provided by independent valuers. The useful lives are reassessed on an annual basis and any adjustments are made when considered necessary.

The Territory's physical assets are assessed annually for indicators of impairment. If this assessment indicates an asset is impaired, then the asset's recoverable amount will be estimated to determine whether an impairment loss must be recognised.

**u) Impairment of assets**

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

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

Impairment losses for plant and equipment, leasehold improvements and intangible assets are recognised in the Operating statement, as plant and equipment and intangibles are carried at cost, and leasehold improvements are carried at fair value, but do not have an Asset Revaluation Surplus attached to them. The carrying amount of the asset is reduced to its recoverable amount. Non-financial assets that have previously been impaired are reviewed for possible reversal of impairment at each reporting date.

**v) Land under roads**

The method used to value land under roads is consistent with the statutory land value method and was revalued at 30 June 2019 by using a value per square metre of land is estimated by dividing the total unimproved value of rateable land in the Territory by the total area of the Territory.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**v) Land under roads - continued**

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

In applying this statutory land value method, the fair value for land under roads is measured on an unimproved rateable land valuation basis.

**w) Investment properties**

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

**x) Intangible assets**

The Territory's intangible assets include internally generated and externally acquired software for internal use.

Externally acquired software is recognised and capitalised when:

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

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

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

Other intangible assets held by the Territory include large scale generation certificates (Certificates) from Large scale Renewable Energy Generators (LREG's) as part of the LREG's obligations under a deed of entitlement. These Certificates are created through the generation of renewable energy (electricity) by an LREG. The rights to the Certificates are required to be surrendered to the Territory when the LREG feeds the renewable energy generated into the ACT Electricity Network through ACT's licensed electricity distributor, ActewAGL. The certificates have an indeterminate life and are not subject to amortisation.

The certificates are recognised and recorded at market value on the date the Territory gains control of the certificates. They are valued based on one certificate for every megawatt hour of renewable energy generated and fed into the ACT electricity network. The price attributed to certificates upon initial recognition is determined using the market price at the time of the creation of the certificate. The certificates, both right to receive or received, are revalued each year. The valuation is performed internally and is based on the spot price per certificate as quoted by Green Energy Markets at 30 June each year. Revaluation increments are recognised in other comprehensive income and equity. Increases are recognised in the Operating statement to the extent that they reverse a revaluation decrease previously recognised.

The Territory has determined the certificates have an indeterminate useful life and no amortisation expense is recognised.

**y) Depreciation and amortisation**

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**y) Depreciation and amortisation - continued**

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

Class of Asset	Depreciation /Amortisation	Useful Life (Years)
Buildings and land improvements	Straight line	1-100
Leasehold improvements	Straight line	2-40
Plant and equipment	Straight line	2-125
Infrastructure	Straight line	2-136
Externally purchased intangibles	Straight line	2-10
Internally generated intangibles	Straight line	2-10
Community and heritage assets	Straight line	3-100

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

**z) Payables**

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

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

**aa) Advances received**

Advances received are loans issued to the Territory by the Commonwealth Government for policy purposes, which includes the provision of housing to the community under the Commonwealth State Housing Agreement, the provision of home loans to low income members of the public to assist with home ownership, and the provision of a loan from the Commonwealth Government for the loose-fill asbestos insulation eradication scheme.

**ab) Joint arrangements**

A joint arrangement is an arrangement that the Territory controls jointly with another investor(s) and has rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities requires unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint ventures or joint operations. The classification depends on the rights and obligations of the parties to the arrangement, rather than the legal structure of the joint arrangement.

*Joint ventures*

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

*Joint operations*

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**ac) Interest-bearing liabilities**

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

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

**ad) Employee benefits**

Employee benefits include short-term employee benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. This includes wages and salaries, annual leave loading and applicable on-costs. Other long-term benefits are also included such as long service leave, annual leave, and termination benefits.

*Wages and salaries*

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

*Annual and long service leave*

Annual and long service leave, including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period, when the employees render the service are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to future wage and salary levels, experience of employee departures and periods of service. At the end of each reporting period, the present value of future annual and long service leave are estimated using market yields on Commonwealth Government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. Annual leave liabilities are estimated on the assumption that they will be wholly settled within three years. At 30 June 2019, the rate used to estimate the value of future payments for long service leave is 110.1 per cent (100.9 per cent at 30 June 2018). The amount used to estimate the future payments of annual leave is 101.6 per cent at 30 June 2019 (99.7 per cent at 30 June 2018).

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

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

The Territory has made a significant judgement in estimating the liability for employee benefits. The estimated liability for annual and long service leave requires consideration of the future wage and salary levels, experience of employee departures, probability that leave will be taken in service and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required for long service leave and that on-costs will become payable.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in April 2019. The next actuarial review is expected to be undertaken by early 2022.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**ae) Superannuation**

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

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

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

The Territory recognises actuarial gains and losses by applying the direct to equity method under AASB 119: 'Employee Benefits'. These gains and losses are recognised as other comprehensive income.

All other movements of the estimated superannuation liability are expensed in the Operating statement in the period to which the movement relates. The superannuation expense for the reporting period is the projected expense based on the present value rate used in the previous year's actuarial review (3.11 per cent) to estimate the closing 30 June 2019 superannuation liability. The closing liability as at 30 June 2019 is estimated at the present value rate as at 30 June 2019 of 1.92 per cent. The actuarial gain or loss is the difference between the closing liability as at 30 June 2019 minus the liability as at 30 June 2018, adjusted for the projected 2018-19 interest and service cost and actual benefit payments.

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**ae) Superannuation - continued**

The carrying amount of the estimated superannuation liabilities is based on estimates and assumptions of future events. These key estimates and assumptions have a significant risk of causing a material adjustment to the carrying amount of the estimated superannuation liabilities within the next annual reporting period.

The ACT's superannuation liabilities are estimated by the Government's consultant actuary, Willis Towers Watson. The liability estimate as at 30 June 2019 is based on the following assumptions:

*Data:*

The estimate of the superannuation liability incorporates Territory employee CSS/PSS membership data at 30 June 2018. Commonwealth Superannuation Corporation supplied at 30 June 2018 those members who are currently employed by the Territory (Group A) and those members who are not currently employed by the Territory (Group B).

As the Commonwealth Superannuation Corporation is unable to provide membership data at 30 June 2019 in time for the valuation of the estimated superannuation liability at 30 June 2019, the valuation estimate incorporates membership data at 30 June 2018, but projected forward to 30 June 2019. This allows for projected service and salaries at 30 June 2019, expected exits over the 2018-19 financial year, actual crediting rates on member and productivity accounts to 30 June 2019, as well as actual pension indexation rates.

*Method:*

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

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

*Limitations in salary and membership data*

Detailed checks are carried out to test the integrity of the salary and membership data, including a detailed reconciliation of the current data with the data used for the previous valuation. This process results in some data queries being resolved with CSC. In the small number of cases where issues may not be resolved, or in the case of limited data availability, conservative judgements are made by the actuary to complete the valuation exercise.

The value of accrued defined benefit employer superannuation liabilities is calculated as the present value of the future payment of retirement benefits that have actually accrued in respect of service as at the calculation date. This approach is in accordance with Australian Accounting Standard AASB 119: 'Employee Benefits' (AASB 119) and the requirement to use a projected unit credit valuation approach.

*Demographic assumptions:*

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

<i>Financial assumptions:</i>	<b>2019</b>	<b>2018</b>
Discount rate	1.92%	3.11%
Salary increase	2.25%	2.75%
CPI	1.75%	2.00%

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT  
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2019**

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

**ae) Superannuation - continued**

*Sensitivity:*

The carrying amount of the superannuation liability is based on estimates and assumptions of future events. The actuarial assumptions are unbiased, being neither imprudent nor excessively conservative, and are the best estimates of the variables that will determine the estimated cost of providing post-employment benefits. The key assumptions above have a significant risk of causing a material adjustment to the carrying amount of the liability within the next annual reporting period. The liability valuation impacts have been estimated by changing each individual assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. Sensitivity of the liability to valuation changes in the major financial assumptions is outlined below:

*Liability valuation sensitivity analysis as at 30 June 2019:*

	<b>Increase</b>	<b>Decrease</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assumptions</b>		
Discount rate (+/- 1 per cent)	(2,019,000)	2,676,000
CPI (+/- 1 per cent)	1,934,000	(1,560,000)
Salary inflation (+/- 1 per cent)	580,000	(510,000)
<b>Demographic assumptions</b>		
PSS pensioner election rate (+/- 10 per cent)	443,000	(443,000)

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

**af) Insurance**

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

The Territory's Insurance Authority and Public Sector Workers Compensation Fund work to protect the assets and services of the Territory by providing risk management and insurance services.

**ag) Leases**

*Operating leases*

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

*Public private partnerships (PPP)*

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

The operators receive service payments from the Territory over the life of the contract which are intended to cover the costs incurred by the operator in constructing, delivery and maintaining and operating the infrastructure assets over the term of the contract.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**ag) Leases - continued**

Public private partnerships (PPPs): The Territory has adopted an accounting policy for this type of arrangement based on the principles of Application Note F Private Finance Initiative and Similar Contracts issued in 1998 by the United Kingdom Accounting Standards Board as an amendment to its Financial Reporting Standard 5 Reporting the Substance of Transactions (FRS 5). The accounting for, and disclosures relating to the Territory's PPPs, is also in accordance with the ACT Accounting Policy Guideline on Public Private Partnerships Financed by the operator with the Territory Retaining Significant Residual Right to the Assets at the End of the Operating Term.

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

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

Under the arrangement, no assets or liabilities will be recognised by the ACT during the construction period. At construction completion (also referred to as commercial acceptance), an infrastructure asset and a corresponding financial liability is recognised by the Territory.

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

The remaining components are accounted for as commitments which are recognised as they are incurred. Refer to Note 31: 'Public private partnership commitments' for further information.

The Territory's contract service payments will be apportioned between maintenance/operation costs (including insurance and life cycle cost), a financing component and a reduction of the lease liability. The financing component is calculated at the rate implicit in the lease and is accounted for as an interest expense. The portion of the payment related to the maintenance and operating costs will be accounted for as a supplies and services expense as incurred.

**ah) Service concession arrangements**

*ACT law courts facilities:* The Territory entered a long term contract with Juris Partnership (the Consortium) since December 2015 for the construction of the new ACT Courts. This is a 25-year contract with private sector consortium to finance, construct, maintain and operate the required infrastructure assets. The Territory will make service payments over the life of the contract, intended to cover the costs incurred by the Consortium in constructing, financing, maintaining and operating the assets for the use by the Territory. At the end of the contract, the infrastructure will become Territory assets.

Construction involves upgrades to the existing Magistrates Court and construction of a new Supreme Court (Stage 1) and complete renovation of the existing Supreme Court building (Stage 2). This will deliver all of the new-build facilities, including six new Supreme Court courtrooms. Stage 2 will deliver the remaining two Supreme Court courtrooms, the new custody area, the mediation suite and the remaining functional areas.

Under the terms of the arrangement, the Territory will have exclusive use of the Courts facilities and will pay monthly service payments to the Consortium during the Services Phase. These payments are fixed as per the terms of the contract. The Territory has recognised a finance lease liability and leased asset in 2018-19 year. The finance lease term is 24 years which has been shortened from the original 25 year term to account for delays in the construction finalisation of the ACT Courts Facilities PPP Project. The payments will include amounts for:



**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**ah) Service concession arrangements - continued**

- \* the servicing of debt and equity raised by the Consortium to finance the construction of the Courts (including interest);
- \* the provision of services by the Consortium (for example cleaning, security and transcription services related to the court);
- \* insurance costs;
- \* maintenance costs; and
- \* lifecycle costs.

Interim service payments will also be made for services provided by the Consortium to the Territory in the interim services phase which spans from March 2016 until commercial acceptance of stage 1.

The term of the agreement expires in August 2043. There are no extension rights included in the agreement. At the conclusion of the concession period, the constructed assets will become the property of the Territory.

Where the project agreement is terminated before the natural expiry of the services phase, the Consortium may be entitled to a termination payment. Compensation payments to be made on termination are calculated in accordance with schedule 10, termination payments schedule of the project agreement. The amount of any payment due from the Territory will depend on the circumstances of the termination (i.e. for fault, for convenience, or force majeure) and the stage of the project (i.e. construction of service delivery stages). The amount of the termination payment can be established in two ways:

- \* through an open market tender to deliver the contract over the remaining term; or
- \* by an appointed independent expert appointed by the parties.

Open market tender is only applicable (at the Territory's election) under a termination for fault scenario and where a market exists for the project. There are no specific provisions in the contract for negotiations, although in practice a negotiation may occur. Both parties are also able to make submissions to the independent expert and engage in conferences to argue their respective positions.

The project agreement can be terminated as a result of the following:

- \* default termination event;
- \* a force majeure termination event (including an uninsurable event); or
- \* Territory for convenience.

In addition to triggering termination rights (or potential termination rights), events of major default and default termination events may trigger additional Territory rights and remedies including the right to step-in to remedy the situation (i.e. the right to assume control and management of the project, the works or the services).

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

**ah) Service concession arrangements - continued**

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

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

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

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

\* Termination for Canberra Metro default: Where the project agreement is terminated for Canberra Metro's default, the Territory will pay Canberra Metro the fair market value of the project determined by an independent expert or as a result of a re-tender of the contract to the market.

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

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods and are for reporting periods commencing on or after the dates specified. The Territory does not intend to adopt these standards and interpretations early. Where applicable, these Australian Accounting Standards will be adopted from their application date.

- \* AASB 15 Revenue from Contracts with Customers (application date 1 January 2019): This standard establishes principles relating to revenue and cash flow arising from a contract with a customer. The principles determine whether, how much and when revenue is recognised. The standard replaces AASB 111 Construction Contracts and AASB 118 Revenue.

The Territory notes that there could be potential impact on the timing of recognition of some revenue. Some revenue may need to be deferred to a future reporting period if the Territory has received cash and has not met its associated performance obligations creating a liability until the performance obligations are met.

A number of for profit entities consolidated as part of the Total Territory's financial statements have adopted AASB 15 with an application date of 1 January 2018. The Territory has assessed that the adoption of this standard by these entities does not have a material impact on the financial statements.

- \* AASB 16 Leases (application date 1 January 2019): AASB 16 is the new standard for leases. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset value is low.

At this stage the Territory is estimating an increase in right-of-use liabilities (and corresponding assets) of \$411.6 million. Further assessments of the impact will be conducted over the next 12 months.

- \* AASB 1058 Income of Not-for-Profit Entities (application date 1 January 2019): This standard clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15 Revenue from Contracts with Customers. These standards supersede all the income recognition requirements relating to private sector not-for-profit entities, and the majority of income recognition requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The Territory has commenced consideration of the new revenue recognition requirements and has yet to finalise its assessment of their impact. Possible future impacts apparent at this time include:

- grants received to construct non-financial assets controlled by the Territory may be recognised as a liability and subsequently recognised as revenue progressively as the Territory satisfies its performance obligations under the terms of the grant. Currently, such grants are recognised as revenue upfront;
- other grants currently recognised as revenue upfront may be eligible to be recognised progressively as the associated performance obligations are satisfied, if the performance obligations are enforceable and sufficiently specific. The Territory has not yet evaluated its grant arrangements with the Australian Government Department of Benevolence as to whether revenue from those grants could be deferred under the new requirements; and
- grants that are not enforceable and/or not sufficiently specific will continue to be recognised as revenue (no change to current treatment).

The Territory will make a detailed assessment of the impact over the next 12 months.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

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

- \* AASB 1059 Service Concession Arrangements: Grantor (application date 1 January 2019): This standard was released by the AASB on 20 July 2017. This new accounting standard prescribes the accounting for service concession arrangements including Public Private Partnerships (PPPs) from the perspective of the public sector grantor. AASB 1059 mainly impacts the recognition of assets and liabilities and associated expenses that relate to PPPs.

The Territory is assessing the impact of this new standard.

- \* AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation guidance for Not-for-Profit entities (application date 1 January 2019): This standard provides requirements and implementation guidance for not-for-profit entities in applying AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers to particular transactions and other events.

The Territory is assessing the impact of this new standard.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX D – GLOSSARY**

**KEY FISCAL AGGREGATES**

**Net Debt**

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

**Net Financial Liabilities**

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

**Net Financial Worth**

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

**Net Increase / (Decrease) in Cash Held**

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

**Net Lending / (Borrowing)**

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

**Net Operating Balance**

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

**Net Worth**

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

**OTHER DEFINITIONS**

**Australian Bureau of Statistics GFS Manual**

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

**Cash Surplus/ (Deficit)**

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX D – GLOSSARY – CONTINUED**

**Controlled Recurrent Payment**

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

**Current Assets**

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

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

**Current Liabilities**

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

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

**Debt**

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

***Financial Management Act 1996 (FMA)***

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

**General Government Sector (GGS)**

This is an Australian Bureau of Statistics (ABS) categorisation of certain public sector agencies. It covers agencies mainly engaged in the production of goods and services outside the normal market mechanism, for consumption by government itself and the general public. The agencies' costs of production are mainly financed from public revenues and they provide goods and services to the general public, or sections of the general public, free of charge or at nominal charges well below the cost of production.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX D – GLOSSARY – CONTINUED**

**Government Finance Statistics (GFS)**

The framework used by the ABS for presentation of data on government outlays, revenue and financing transactions through either the General Government Sector or the public component of the business sector (the Public Trading Enterprise sector) in accordance with an internationally accepted set of concepts and definitions.

**Harmonised Financial Statements**

These are consolidated financial statements prepared in accordance with the 'AASB 1049, *Whole of Government and General Government Sector Financial Reporting*', standard to meet the requirements of the GFS, the AASB and the Uniform Presentation Framework.

**Materiality**

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

**National Partnership Payment (NPP)**

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

**Non-Financial Non-Produced Assets**

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

**Non-Financial Produced Assets**

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

**Other Economic Flows**

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

**Public Trading Enterprises (PTEs)**

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

**Total Territory**

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

**APPENDIX D – GLOSSARY – CONTINUED**

**Uniform Presentation Framework (UPF)**

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