



2021-22
FINANCIAL YEAR

CONSOLIDATED
ANNUAL FINANCIAL
STATEMENTS

Chief Minister, Treasury and Economic
Development Directorate

October 2022

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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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) for the year ended 30 June 2022 which comprise the:

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

In my opinion, the Territory's financial statements:

- (i) present fairly, in all material respects, the Territory's financial position as at 30 June 2022, 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 Territory's financial statements' section of this report.

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

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

Responsibility of the Treasurer and Under Treasurer for the Territory's financial statements

The Treasurer and Under Treasurer are responsible for:

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

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

Auditor's responsibilities for the audit of the Territory's financial statements

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

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

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

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

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

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



Michael Harris
ACT Auditor-General
31 October 2022

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022
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 Government (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 2022 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.



Yvette Berry MLA
Acting Treasurer

Date: 31/10/22

Statement of responsibility by the Under Treasurer

It is my opinion that the attached financial statements for the year ended 30 June 2022 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.



Stuart Hocking PSM
Under Treasurer
Chief Minister, Treasury and Economic Development
Directorate

Date: 28/10/2022

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	Note No.	General Government Sector			Total Territory		
		2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Revenue							
Taxation revenue	7	2,404,711	2,216,163	2,043,428	2,353,794	2,163,866	1,994,644
Commonwealth grants revenue	8	2,951,529	2,767,551	2,506,835	2,952,872	2,767,551	2,509,196
Sales of goods and services							
Revenue from associates and joint ventures		0	0	0	135,801	77,093	41,539
Other sales of goods and services from contracts with customers	9	611,670	602,401	583,772	937,223	1,007,080	915,873
Investment revenue		137,595	146,745	174,200	137,595	146,745	174,199
Interest revenue		139,608	98,898	87,961	57,258	29,822	29,922
Dividend and income tax equivalents income	10	414,375	252,490	463,004	0	0	0
Other revenue							
Land revenue (value add component)		0	0	0	510,777	350,186	663,633
Other revenue		191,115	206,424	241,950	186,051	200,883	243,296
Gains from contributed assets		149,512	306,473	210,198	105,308	177,474	103,395
Total revenue		7,000,115	6,597,145	6,311,349	7,376,679	6,920,700	6,675,698
Expenses							
Employee expenses	11	2,695,413	2,532,911	2,469,087	2,918,484	2,744,955	2,675,536
Superannuation expenses							
Superannuation interest cost	12	302,379	302,379	210,537	302,379	302,379	210,537
Other superannuation expenses	12	552,283	549,002	492,935	572,089	571,626	511,510
Depreciation and amortisation		513,352	539,817	496,828	675,617	699,032	642,816
Interest expenses		250,458	239,084	198,329	264,437	258,457	219,933
Other operating expenses							
Supplies and services	13	1,231,710	1,415,144	1,091,188	1,495,163	1,680,284	1,300,292
Other operating expenses		312,206	327,334	386,654	442,991	317,273	562,646
Grants and purchased services expenses	14	1,898,017	1,859,018	1,462,481	1,628,081	1,609,273	1,210,643
Total expenses		7,755,818	7,764,689	6,808,037	8,299,241	8,183,279	7,333,914
UPF^(a) net operating balance		(755,703)	(1,167,544)	(496,688)	(922,562)	(1,262,579)	(658,216)
Other economic flows - included in the Operating Statement							
Dividends (market gains on land sales)		13,662	2,756	66,649	0	0	0
Land revenue (market gains on land sales)		0	0	0	20,463	4,322	96,638
Net land revenue (undeveloped land value)		9,784	41,952	47,492	11,186	42,315	(3,285)
Net gain/(loss) on sale/(disposal) of non-financial assets		99,510	(8,800)	(2,282)	112,046	(57,529)	3,801
Net gain/(loss) on financial assets or liabilities at fair value		(405,553)	229,223	692,242	(402,734)	229,323	694,682
Doubtful debts		(23,831)	(12,928)	(5,068)	(38,611)	(16,136)	(10,984)
Operating result		(1,062,131)	(915,341)	302,345	(1,220,212)	(1,060,284)	122,636
Other economic flows - other comprehensive income							
Items that will not be subsequently reclassified to the operating result							
Payments to ACT Government agencies		(139,979)	(156,786)	(120,133)	0	0	0
Capital distributions		0	0	0	0	0	(625)
Transfer of assets to the Public Non-Financial Corporations (PNFC) sector		(10,954)	(12,000)	(10,710)	0	0	0
Superannuation actuarial gain/(loss)		2,655,826	3,412,160	(994,929)	2,655,826	3,412,160	(994,929)
Other movements		32,022	(18,760)	298	32,622	(19,687)	4,774
Increase/(decrease) in the asset revaluation surplus		1,573,113	(92,375)	192,950	3,753,965	(25,024)	1,530,312
Items that may be subsequently reclassified to the operating result							
Increase/(decrease) in net assets of PNFC		2,019,551	145,646	1,307,684	0	0	0
Total comprehensive result		5,067,448	2,362,544	677,505	5,222,201	2,307,166	662,168
Key fiscal aggregates (refer to Appendix A - Glossary)							
UPF net operating balance		(755,703)	(1,167,544)	(496,688)	(922,562)	(1,262,579)	(658,216)
less net acquisition of non-financial assets							
Payments for non-financial assets		702,504	1,052,744	671,334	887,368	1,372,111	866,331
Sales of non-financial assets		(74,378)	(75,266)	(97,312)	(213,756)	(176,957)	(192,108)
Change in inventories		13,541	285	19,473	(65,036)	19,135	(125,403)
Depreciation and amortisation		(513,352)	(539,817)	(496,828)	(675,617)	(699,032)	(642,816)
Other movements in non-financial assets		45,607	251,096	71,667	17,605	126,887	(32,462)
<i>Total net acquisition of non-financial assets</i>		<i>173,922</i>	<i>689,042</i>	<i>168,334</i>	<i>(49,436)</i>	<i>642,144</i>	<i>(126,459)</i>
Net lending/(borrowing)		(929,625)	(1,856,586)	(665,023)	(873,126)	(1,904,723)	(531,758)

Note: (a) Uniform presentation framework (refer to Appendix A - Glossary).

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 2022**

	Note No.	General Government Sector			Total Territory		
		2021-22 Actual	2021-22 Budget	2020-21 Actual	2021-22 Actual	2021-22 Budget	2020-21 Actual
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets							
Financial assets							
Cash and deposits		3,132,491	2,518,801	2,609,659	3,526,362	2,661,048	2,934,805
Advances paid	17	1,933,373	1,881,956	1,898,178	77,435	1,050	64,980
Investments and loans	18	5,457,397	6,245,886	5,394,424	5,497,397	6,285,886	5,434,424
Receivables	19	874,568	886,647	1,325,291	755,074	620,823	1,057,984
Equity investments							
Investments in other public non-financial corporations		10,950,233	9,020,607	8,930,677	0	0	0
Investments accounted for using the equity method	20	20	0	20	992,181	993,607	967,944
Total financial assets		22,348,082	20,553,897	20,158,249	10,848,449	10,562,414	10,460,137
Non-financial assets							
Produced assets							
Property, plant and equipment	20	13,723,417	13,309,042	12,867,867	19,947,338	18,813,699	18,314,464
Investment properties		4,750	7,920	7,920	30,793	33,507	33,501
Intangibles	21	188,071	273,327	177,247	223,192	324,286	219,143
Inventories		55,377	42,121	41,836	348,365	432,536	413,401
Assets held for sale		20,297	19,837	30,001	49,032	31,063	42,989
Capital works-in-progress		835,907	885,616	701,204	1,063,478	1,091,365	857,332
Non-produced assets							
Property, plant and equipment	20	5,036,224	4,206,232	4,252,261	11,106,045	9,104,260	9,130,087
Biological assets		38,651	27,148	27,148	38,651	27,148	27,148
Other non-financial assets		2,029	11,511	11,454	2,029	11,375	11,318
Total non-financial assets		19,904,723	18,782,754	18,116,939	32,808,923	29,869,239	29,049,382
Total assets		42,252,805	39,336,651	38,275,187	43,657,372	40,431,653	39,509,520
Liabilities							
Advances received	22	49,649	49,649	53,761	89,949	89,949	98,327
Borrowings							
Lease liabilities	23	1,071,291	1,066,307	1,046,766	1,079,380	1,070,639	1,059,243
Other borrowings	24	9,214,122	9,763,243	8,024,148	9,508,360	10,051,623	8,328,832
Superannuation	25	10,872,463	10,103,197	13,231,437	10,872,463	10,103,261	13,231,501
Employee benefits	26	976,562	958,436	916,443	1,059,117	1,038,167	994,552
Other provisions		930,038	988,002	953,295	1,054,595	1,116,205	1,081,488
Payables and contract liabilities	27	345,606	334,738	324,831	503,048	481,251	452,455
Other liabilities		17,761	17,496	16,658	28,905	32,163	23,784
Total liabilities		23,477,492	23,281,068	24,567,339	24,195,817	23,983,258	25,270,181
Net assets		18,775,313	16,055,583	13,707,848	19,461,555	16,448,395	14,239,338
Equity in public non-financial corporations		10,950,233	9,020,607	8,930,677	0	0	0
Accumulated funds		(251,693)	610,685	(1,740,254)	3,396,145	4,067,324	1,800,617
Asset revaluation surplus		8,075,543	6,423,061	6,516,195	16,064,180	12,379,841	12,437,491
Other reserves		1,230	1,230	1,230	1,230	1,230	1,230
Net worth		18,775,313	16,055,583	13,707,848	19,461,555	16,448,395	14,239,338
Key fiscal aggregates (refer to Appendix A - Glossary)							
Net financial worth		(1,129,410)	(2,727,171)	(4,409,091)	(13,347,368)	(13,420,844)	(14,810,044)
Net financial liabilities		12,079,643	11,747,778	13,339,767	14,339,549	14,414,451	15,777,988
Net debt (excluding superannuation related investments)		4,752,613	5,721,000	4,354,517	6,517,307	7,752,671	6,184,297

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 2022**

	General Government Sector			Total Territory		
	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Opening equity						
Opening equity in Public Non-Financial Corporations (PNFC)	8,930,677	8,874,961	7,622,993	0	0	0
Opening accumulated funds	(1,740,254)	(1,701,708)	(946,123)	1,800,617	1,710,015	2,423,853
Opening asset revaluation surplus	6,516,195	6,518,556	6,352,243	12,437,491	12,429,985	11,152,068
Opening other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Opening balance	13,707,848	13,693,038	13,030,343	14,239,338	14,141,229	13,577,170
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	(1,062,131)	(915,341)	302,345	(1,220,212)	(1,060,284)	122,636
Payments to ACT Government agencies	(139,979)	(156,786)	(120,133)	0	0	0
Capital distributions	0	0	0	0	0	(625)
Transfer of assets to the PNFC sector	(10,954)	(12,000)	(10,710)	0	0	0
Superannuation actuarial gain/(loss)	2,655,826	3,412,160	(994,929)	2,655,826	3,412,160	(994,929)
Other movements	32,022	(18,760)	298	32,622	(19,687)	4,774
<i>Included in equity in PNFC:</i>						
Increase/(decrease) in net assets of PNFC entities	2,019,551	145,646	1,307,684	0	0	0
<i>Included in the asset revaluation surplus:</i>						
Increase/(decrease) in the asset revaluation surplus	1,573,113	(92,375)	192,950	3,753,965	(25,024)	1,530,312
Total comprehensive result	5,067,448	2,362,544	677,505	5,222,201	2,307,166	662,168
Other						
Transfer to/(from) accumulated funds	13,765	3,120	28,998	127,275	25,120	244,888
Transfer to/(from) the asset revaluation surplus	(13,765)	(3,120)	(28,998)	(127,275)	(25,120)	(244,888)
Total other	0	0	0	0	0	0
Closing equity						
Closing equity in PNFC	10,950,233	9,020,607	8,930,677	0	0	0
Closing accumulated funds	(251,693)	610,685	(1,740,254)	3,396,145	4,067,324	1,800,617
Closing asset revaluation surplus	8,075,543	6,423,061	6,516,195	16,064,180	12,379,841	12,437,491
Closing other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Closing balance	18,775,313	16,055,583	13,707,848	19,461,555	16,448,395	14,239,338

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
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	Note No.	General Government Sector			Total Territory		
		2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Cash flows from operating activities							
<i>Cash receipts</i>							
Taxes received		2,165,860	2,206,443	1,875,146	2,118,639	2,148,971	1,827,588
Sales of goods and services from contracts with customers		791,215	585,184	725,711	1,673,946	1,351,214	1,791,956
Grants and contributions		2,990,847	2,775,172	2,414,771	2,992,336	2,774,203	2,416,745
Investment receipts		141,934	146,745	187,184	141,934	146,745	187,184
Interest receipts		131,415	95,693	81,568	61,601	35,635	27,767
Dividends and income tax equivalents		461,636	361,144	474,670	0	0	0
Other receipts		501,885	444,937	516,167	614,836	518,517	599,704
Total receipts from operating activities		7,184,792	6,615,318	6,275,216	7,603,292	6,975,285	6,850,943
<i>Cash payments</i>							
Payments for employees		(3,170,459)	(3,100,494)	(2,940,265)	(3,402,596)	(3,273,234)	(3,162,829)
Payments for goods and services		(1,239,709)	(1,456,805)	(1,085,455)	(1,501,426)	(1,805,673)	(1,291,919)
Grants/subsidies paid		(1,814,144)	(1,741,752)	(1,346,960)	(1,562,370)	(1,496,423)	(1,099,642)
Borrowing costs		(228,063)	(228,766)	(188,647)	(241,015)	(248,831)	(208,149)
Other payments		(521,459)	(415,913)	(476,329)	(690,599)	(617,178)	(678,817)
Total payments from operating activities		(6,973,834)	(6,943,730)	(6,037,656)	(7,398,006)	(7,441,339)	(6,441,357)
Net cash inflows/(outflows) from operating activities	28(b)	210,958	(328,412)	237,560	205,286	(466,055)	409,587
Cash flows from investing activities							
<i>Cash flows from investments in non-financial assets</i>							
Sales of non-financial assets		74,378	75,266	97,312	213,756	176,957	192,108
Payments for non-financial assets		(702,504)	(1,052,744)	(671,334)	(887,368)	(1,372,111)	(866,331)
Net cash (outflows) from investments in non-financial assets		(628,126)	(977,478)	(574,022)	(673,612)	(1,195,154)	(674,223)
<i>Cash flows from investments in financial assets for policy purposes</i>							
<i>Cash receipts</i>							
Repayment of loans		323	259	193	1,250	1,185	29,409
Capital receipts from government agencies		328,000	313,113	0	328,000	313,113	0
Dividends (market gains on land sales)		13,662	2,756	66,649	0	0	0
Total receipts from investments in financial assets for policy purposes		341,985	316,128	66,842	329,250	314,298	29,409
<i>Cash payments</i>							
Issue of loans		(13,524)	0	0	(14,451)	(927)	(625)
Capital payments to government agencies		(139,979)	(156,786)	(120,133)	0	0	0
Total payments from investments in financial assets for policy purposes		(153,503)	(156,786)	(120,133)	(14,451)	(927)	(625)
Net cash inflows/(outflows) from investments in financial assets for policy purposes		188,482	159,342	(53,291)	314,799	313,371	28,784
<i>Cash flows from investments in financial assets for liquidity purposes</i>							
Sales of investments		2,278	43,613	4,851	6,678	43,798	7,042
Payments for investments		(361,315)	(633,818)	(5,220)	(362,276)	(633,819)	(5,220)
Net cash (outflows) from investments in financial assets for liquidity purposes		(359,037)	(590,205)	(370)	(355,598)	(590,021)	1,821
Net cash (outflows) from investing activities		(798,681)	(1,408,341)	(627,683)	(714,411)	(1,471,804)	(643,617)

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
GENERAL GOVERNMENT SECTOR AND TOTAL TERRITORY
STATEMENT OF CASH FLOWS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2022**

	Note No.	General Government Sector			Total Territory		
		2021-22	2021-22	2020-21	2021-22	2021-22	2020-21
		Actual \$'000	Budget \$'000	Actual \$'000	Actual \$'000	Budget \$'000	Actual \$'000
Cash flows from financing activities							
<i>Cash receipts</i>							
Borrowings		1,178,751	1,749,678	997,732	1,186,407	1,748,113	992,074
Total receipts from financing activities		1,178,751	1,749,678	997,732	1,186,407	1,748,113	992,074
<i>Cash payments</i>							
Borrowings		(6,859)	(55,313)	(55,837)	(19,772)	(25,179)	(21,050)
Repayment of lease liabilities – principal		(50,100)	(46,987)	(50,418)	(54,718)	(57,351)	(55,196)
Total payments from financing activities		(56,959)	(102,300)	(106,255)	(74,490)	(82,530)	(76,247)
Net cash inflows from financing activities		1,121,792	1,647,378	891,478	1,111,917	1,665,583	915,827
Net increase/(decrease) in cash and cash equivalents		534,069	(89,375)	501,355	602,792	(272,276)	681,796
Cash and cash equivalents at the beginning of the reporting period		2,600,693	2,600,693	2,099,337	2,965,839	2,965,842	2,284,042
Cash and cash equivalents at the end of the reporting period	28(a)	3,134,762	2,511,317	2,600,693	3,568,631	2,693,564	2,965,839
Key fiscal aggregates (refer to Appendix A - Glossary)							
Net cash from operating activities		210,958	(328,412)	237,560	205,286	(466,055)	409,587
Investments in non-financial assets		(628,126)	(977,478)	(574,022)	(673,612)	(1,195,154)	(674,223)
Cash deficit^(a)		(417,168)	(1,305,890)	(336,462)	(468,326)	(1,661,209)	(264,636)

Notes: A positive number denotes a cash inflow, a bracket denotes a cash outflow.

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

(a) Cash deficit refers to the net cash received from operating activities less net sales and purchases of non-financial assets.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC NON-FINANCIAL CORPORATIONS SECTOR
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Revenue			
Controlled recurrent payments	292,590	285,626	282,670
Commonwealth grants	5,241	9,189	2,360
Sales of goods and services revenue			
Revenue from associates and joint ventures	135,801	77,093	41,539
Other sales of goods and services from contracts with customers	401,267	472,872	416,419
Interest revenue	3,357	816	2,286
Other revenue			
Land revenue (value add component)	517,374	377,277	696,902
Other revenue	34,353	10,093	35,939
Gains from contributed assets	27,401	23,712	20,163
Total revenue	1,417,384	1,256,678	1,498,280
Expenses			
Employee expenses	228,615	217,591	211,707
Superannuation expenses	33,670	34,812	31,451
Depreciation and amortisation	162,265	159,215	145,988
Interest expenses	99,686	89,265	81,944
Other property expenses (income tax equivalents)	123,319	80,624	153,735
Other operating expenses			
Supplies and services	316,295	300,402	263,249
Other operating expenses	227,823	103,558	306,792
Grants and purchased services expenses	84,600	174,782	143,944
Total expenses	1,276,273	1,160,249	1,338,811
UPF^(a) net operating balance	141,111	96,429	159,469
Other economic flows - included in the Operating Statement			
Land revenue (market gains on land sales)	20,463	4,322	96,638
Net gain/(loss) on sale/(disposal) of non-financial assets	12,536	(48,729)	6,857
Net gain/(loss) on financial assets or liabilities at fair value	2,819	100	2,440
Doubtful debts	(14,780)	(3,208)	(5,916)
Operating result	162,149	48,914	259,488
Other economic flows - other comprehensive income			
Items that will not be subsequently reclassified to the operating result			
Other movements	600	0	4,476
Increase/(decrease) in the asset revaluation surplus	1,981,057	103,495	1,249,507
Total comprehensive result	2,143,806	152,409	1,513,470
Key fiscal aggregates (refer to Appendix A - Glossary)			
UPF net operating balance	141,111	96,429	159,469
less net acquisition of non-financial assets			
Payments for non-financial assets	201,011	346,458	245,547
Sales of non-financial assets	(139,378)	(101,691)	(121,306)
Change in inventories	(78,576)	18,851	(144,875)
Depreciation and amortisation	(162,265)	(159,215)	(145,987)
Other movements in non-financial assets	(40,202)	(124,209)	(104,130)
<i>Total net acquisition of non-financial assets</i>	<i>(219,410)</i>	<i>(19,806)</i>	<i>(270,752)</i>
Net lending/(borrowing)	360,521	116,235	430,221

Note: (a) Uniform presentation framework (refer to Appendix A - Glossary).

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC NON-FINANCIAL CORPORATIONS SECTOR
BALANCE SHEET
AT 30 JUNE 2022**

	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Assets			
Financial assets			
Cash and deposits	393,871	142,247	325,146
Advances paid	0	0	927
Investments and loans	40,000	40,000	40,000
Receivables	85,154	69,568	86,582
Equity investments	992,181	993,607	967,944
Total financial assets	1,511,206	1,245,422	1,420,598
Non-financial assets			
Produced assets			
Property, plant and equipment	6,223,921	5,504,657	5,446,597
Investment properties	26,043	25,587	25,581
Intangibles	35,121	50,959	41,896
Inventories	292,988	390,415	371,564
Assets held for sale	28,735	11,226	12,988
Capital works-in-progress	227,571	205,749	156,128
Non produced assets			
Property, plant and equipment	6,069,821	4,898,028	4,877,826
Other non-financial assets			
Deferred tax assets	22,281	18,105	0
Total non-financial assets	12,926,481	11,104,726	10,932,580
Total assets	14,437,687	12,350,148	12,353,178
Liabilities			
Advances received	1,896,238	1,921,206	1,878,690
Borrowings	294,238	288,380	304,684
Lease liabilities	8,089	4,332	12,477
Employee benefits	82,659	79,795	78,173
Other provisions	177,702	181,410	178,110
Payables and contract liabilities	207,951	196,723	200,316
Current tax liability	93,857	31,311	131,198
Deferred tax liability	670,641	567,867	572,833
Other liabilities	56,079	58,517	66,019
Total liabilities	3,487,454	3,329,541	3,422,501
Net assets	10,950,233	9,020,607	8,930,677
Accumulated funds	3,586,480	3,499,246	3,434,470
Asset revaluation surplus	7,363,753	5,521,361	5,496,207
Net worth	10,950,233	9,020,607	8,930,677
Key fiscal aggregates (refer to Appendix A - Glossary)			
Net financial worth	(1,976,248)	(2,084,119)	(2,001,903)
Net debt	1,470,456	1,743,291	1,525,095

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC NON-FINANCIAL CORPORATIONS SECTOR
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Opening equity			
Opening accumulated funds	3,434,470	3,435,095	3,279,392
Opening asset revaluation surplus	5,496,207	5,439,866	4,343,600
Opening balance	8,930,677	8,874,961	7,622,993
Comprehensive income			
<i>Included in accumulated funds:</i>			
Operating result for the period	162,149	48,914	259,488
Other movements	600	0	4,476
<i>Included in the asset revaluation surplus:</i>			
Increase/(decrease) in the asset revaluation surplus	1,981,057	103,495	1,249,507
Total comprehensive result	2,143,806	152,409	1,513,470
Other			
Transfer to/(from) accumulated funds	113,510	22,000	96,900
Transfer to/(from) the asset revaluation surplus	(113,510)	(22,000)	(96,900)
Total other	0	0	0
Transactions involving owners affecting accumulated funds			
Capital injections	139,979	156,786	120,133
Capital distributions	0	0	(625)
Transfer of assets (to)/from the General Government Sector	10,954	11,073	10,710
Dividends approved	(275,188)	(174,622)	(336,004)
Total transactions involving owners affecting accumulated funds	(124,255)	(6,763)	(205,786)
Closing equity			
Closing accumulated funds	3,586,480	3,499,246	3,434,470
Closing asset revaluation surplus	7,363,753	5,521,361	5,496,207
Closing balance	10,950,233	9,020,607	8,930,677

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
PUBLIC NON-FINANCIAL CORPORATIONS SECTOR
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	2021-22 Actual \$'000	2021-22 Budget \$'000	2020-21 Actual \$'000
Cash flows from operating activities			
<i>Cash receipts</i>			
Sales of goods and services from contracts with customers	981,123	878,505	1,187,743
Grants and contributions	294,872	294,815	284,973
Interest receipts	3,304	816	2,106
Other receipts	138,783	95,308	100,708
Total receipts from operating activities	1,418,082	1,269,444	1,575,530
<i>Cash payments</i>			
Payments for employees	(251,551)	(190,475)	(240,801)
Payments for goods and services	(313,957)	(408,621)	(257,682)
Grants/subsidies paid	(33,960)	(31,549)	(27,342)
Borrowing costs	(86,070)	(80,939)	(75,409)
Other payments	(261,306)	(307,267)	(303,414)
Total payments from operating activities	(946,844)	(1,018,851)	(904,649)
Net cash inflows from operating activities	471,238	250,593	670,881
Cash flows from investing activities			
<i>Cash flows from investments in non-financial assets</i>			
Sales of non-financial assets	139,378	101,691	121,306
Payments for non-financial assets	(201,011)	(346,458)	(245,547)
Net cash (outflows) from investments in non-financial assets	(61,633)	(244,767)	(124,241)
Cash flows from investments in financial assets for policy purposes			
<i>Cash receipts</i>			
Repayment of loans	927	926	29,216
Capital receipts from government agencies	139,979	156,786	120,133
Total receipts from investments in financial assets for policy purposes	140,906	157,712	149,348
<i>Cash payments</i>			
Issue of loan	(927)	(927)	(625)
Dividends (market gains on land sales)	(13,662)	(2,756)	(66,649)
Total payments from investments in financial assets for policy purposes	(14,589)	(3,683)	(67,274)
Net cash inflows from investments in financial assets for policy purposes	126,317	154,029	82,075
Cash flows from investments in financial assets for liquidity purposes			
Sales of investments	3,954	184	2,047
Net cash inflows from investments in financial assets for liquidity purposes	3,954	184	2,047
Net cash inflows/(outflows) from investing activities	68,638	(90,554)	(40,119)
Cash flows from financing activities			
<i>Cash receipts</i>			
Advances received	20,974	40,763	50,567
Total receipts from financing activities	20,974	40,763	50,567
<i>Cash payments</i>			
Advances paid	(26,231)	(7,642)	(21,439)
Dividends paid	(270,932)	(180,633)	(428,844)
Repayment of lease liabilities - principal	(4,618)	(14,916)	(4,779)
Other financing	(190,346)	(180,511)	(45,825)
Total payments from financing activities	(492,127)	(383,702)	(500,888)
Net cash (outflows) from financing activities	(471,153)	(342,939)	(450,321)
Net increase/(decrease) in cash and cash equivalents	68,723	(182,900)	180,442
Cash and cash equivalents at the beginning of the reporting period	365,146	365,146	184,704
Cash and cash equivalents at the end of the reporting period	433,869	182,248	365,146
Key fiscal aggregates (refer to Appendix A - Glossary)			
Net cash from operating activities	471,238	250,593	670,881
Net cash flows from investments in non-financial assets	(61,633)	(244,767)	(124,241)
Distributions paid	(461,278)	(361,144)	(474,670)
Cash surplus/(deficit)^(a)	(51,673)	(355,318)	71,971

Notes: A positive number denotes a cash inflow, a bracket denotes a cash outflow.

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

(a) Net cash surplus/(deficit) refers to the net cash received from operating activities less net sales and purchases of non-financial assets.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2022**

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

Entity	Appropriation Act 2021-2022 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
ACT Executive							
Payments on behalf of the Territory	14,689	0	0	0	0	14,689	13,951
ACT Gambling and Racing Commission							
Controlled recurrent payments	5,461	0	0	0	0	5,461	5,461
ACT Health Directorate							
Controlled recurrent payments	274,523	0	0	20,917	0	295,440	290,634
Capital injection	59,760	0	0	0	0	59,760	42,430
Payments on behalf of the Territory	16,475	0	0	0	0	16,475	6,681
ACT Integrity Commission							
Controlled recurrent payments	6,188	0	0	0	0	6,188	4,570
Capital injection	390	0	0	0	0	390	0
ACT Local Hospital Network							
Controlled recurrent payments	973,456	0	0	64,342	0	1,037,798	1,010,421
Auditor-General							
Controlled recurrent payments	4,058	0	0	0	0	4,058	4,058
Canberra Health Services							
Capital injection	67,847	0	0	0	0	67,847	46,137
Canberra Institute of Technology							
Controlled recurrent payments	78,742	0	0	0	0	78,742	78,742
Capital injection	5,440	0	0	0	0	5,440	4,523
Chief Minister, Treasury and Economic Development Directorate							
Controlled recurrent payments	842,508	22,500	0	36,744	108	901,860	848,092
Capital injection	128,590	0	0	13,004	2,749	144,343	101,602
Payments on behalf of the Territory	153,322	(22,500)	0	0	18	130,840	84,290

* Additional approved appropriations relate to appropriations under sections 16A, payments for accrued employee entitlements, 18E, capital works advance and 130(6)(c), act of grace payments under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2022**

Entity	Appropriation Act 2021-2022	Neutral transfers between appropriations/ entities	Commonwealth grants variations	Treasurer's advance	Additional approved appropriations*	Total appropriated	Final appropriation drawn
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
City Renewal Authority							
Controlled recurrent payments	13,487	0	0	0	0	13,487	13,287
Capital injection	17,823	0	0	0	0	17,823	17,462
Community Services Directorate							
Controlled recurrent payments	219,628	0	1,054	0	0	220,682	216,864
Capital injection	7,399	115	0	0	0	7,514	3,318
Payments on behalf of the Territory	167,161	0	0	0	0	167,161	164,611
Cultural Facilities Corporation							
Controlled recurrent payments	12,802	0	0	0	0	12,802	12,802
Capital injection	2,787	0	0	0	0	2,787	1,292
Education Directorate							
Controlled recurrent payments	876,911	0	4,417	9,937	0	891,265	884,335
Capital injection	178,631	0	0	0	0	178,631	147,615
Payments on behalf of the Territory	328,412	0	9,581	0	0	337,993	336,156
Electoral Commissioner							
Controlled recurrent payments	4,090	0	0	0	0	4,090	3,591
Capital injection	643	0	0	0	0	643	0
Environment, Planning and Sustainable Development Directorate							
Controlled recurrent payments	158,570	0	59	0	200	158,829	131,623
Capital injection	52,228	0	0	0	0	52,228	19,171
Payments on behalf of the Territory	2,845	0	0	0	0	2,845	1,957
Housing ACT							
Controlled recurrent payments	57,786	0	0	0	0	57,786	57,786
Capital injection	96,910	(115)	0	0	11,418	108,213	108,213
Icon Water Limited							
Controlled recurrent payments	13,132	0	0	0	0	13,132	13,132

* Additional approved appropriations relate to appropriations under sections 16A, payments for accrued employee entitlements, 18E, capital works advance and 130(6)(c), act of grace payments under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2022**

Entity	Appropriation Act 2021-2022 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
Independent Competition and Regulatory Commission							
Controlled recurrent payments	749	0	0	0	0	749	749
Justice and Community Safety Directorate							
Controlled recurrent payments	385,009	(330)	173	2,600	0	387,452	374,615
Capital injection	48,964	330	0	0	0	49,294	29,960
Payments on behalf of the Territory	220,852	0	0	6,187	0	227,039	216,593
Legal Aid Commission (ACT)							
Controlled recurrent payments	16,443	0	0	0	0	16,443	16,443
Major Projects Canberra							
Controlled recurrent payments	26,089	0	0	1,400	0	27,489	27,489
Capital injection	159,817	0	0	0	34,494	194,311	194,311
Office of the Legislative Assembly							
Controlled recurrent payments	10,383	0	0	0	0	10,383	10,383
Capital injection	327	0	0	0	0	327	326
Payments on behalf of the Territory	9,364	0	0	0	0	9,364	8,893
Office of the Work Health and Safety Commissioner							
Controlled recurrent payments	9,427	0	0	0	0	9,427	9,427
Capital injection	350	0	0	0	0	350	192
Public Trustee and Guardian							
Controlled recurrent payments	2,471	0	0	0	0	2,471	2,471
Superannuation Provision Account							
Capital injection	328,281	0	0	0	0	328,281	328,281
Transport Canberra and City Services Directorate							
Controlled recurrent payments	476,568	(576)	0	0	0	475,992	467,491
Capital injection	228,446	576	0	0	0	229,022	129,040

* Additional approved appropriations relate to appropriations under sections 16A, payments for accrued employee entitlements, 18E, capital works advance and 130(6)(c), act of grace payments under the *Financial Management Act 1996*.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
STATEMENT OF APPROPRIATION - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2022**

Entity	Appropriation Act 2021-2022 \$'000	Neutral transfers between appropriations/ entities \$'000	Commonwealth grants variations \$'000	Treasurer's advance \$'000	Additional approved appropriations* \$'000	Total appropriated \$'000	Final appropriation drawn \$'000
Sub totals for appropriation classes							
Controlled recurrent payments	4,468,481	21,594	5,703	135,940	308	4,632,026	4,484,466
Capital injection	1,384,633	906	0	13,004	48,661	1,447,204	1,173,872
Payments on behalf of the Territory	913,120	(22,500)	9,581	6,187	18	906,406	833,131
Treasurer's advance	338,311					338,311	155,131
Total appropriations	7,104,545	0	15,284	155,131	48,987	7,323,947	6,646,601

* Additional approved appropriations relate to appropriations under sections 16A, payments for accrued employee entitlements, 18E, capital works advance and 130(6)(c), act of grace payments under the *Financial Management Act 1996*.

The variances between the total appropriated and final appropriation drawn columns for 2021-22 are largely due to the following:

Controlled recurrent payments: The variation is largely due to undrawn appropriation in relation to the deferral of expenditure for multiple projects and initiatives from 2021-22 to future years. These deferrals largely resulted from delays in progressing of projects and programs some of which included JobTrainer and the ACT Government office accommodation projects. The variation was also attributed to funds not being drawn down for the Loose-Fill Asbestos Insulation Eradication Scheme.

Capital injection: The variation is largely due to the deferral of expenditure from 2021-22 to future years, the most significant of which related to capital infrastructure projects including Better buses to support the new bus network, Better connecting Belconnen and Gungahlin, Woden Bus Depot Augmentation, School Maintenance and Infrastructure Upgrades, New and Expanded Schools - Increasing school capacity, New and Expanded Schools - Expansion of Margaret Hendry School and New Taylor High School, Digitising Government Services and ACT Government office accommodation consolidation and numerous other lower valued capital works projects. The details of these deferrals are also discussed in the agencies' financial statements (Statement of Appropriation).

Payments on behalf of the Territory: The variation is largely due to lower than expected demand for concession payments and the deferral of expenditure for the Commonwealth Redress Scheme for Institutional Child and Sexual Abuse and various ACT Policing projects from 2021-22 to future years.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

1 THE AUSTRALIAN CAPITAL TERRITORY GOVERNMENT

The Australian Capital Territory Government (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 2024. 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 territorial 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.

2 DISAGGREGATED INFORMATION

The Territory Government's financial statements show the assets, liabilities and equity (reflected in the Balance Sheet), revenue and expenses (reflected in the Operating Statement) and receipts and payments (reflected in the Statement of Cash Flows) that are reliably attributable to the General Government Sector (GGS) and Public Non-Financial Corporations (PNFC) 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 PNFC amounts may therefore vary from the consolidated total for the Territory due to consolidation eliminations. A list of entities in the GGS and PNFC 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 FMA 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 Non-Financial Corporations (PNFC)

PNFC 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
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3 AUSTRALIAN CAPITAL TERRITORY GOVERNMENT CONTROLLED ENTITIES

General Government Sector

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

Public Non-Financial Corporations

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

All Public Non-Financial Corporations are 100 per cent owned by the Territory Government.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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4 BASIS OF PREPARATION

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

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

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

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 Government'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 Government'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 Government's accounting policies and provide a fair and accurate financial depiction of the Territory Government's activities and position.

a) Compliance framework

The financial statements for the Territory Government 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 A - Glossary).

The financial statements for the Territory Government 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).

The whole of government reporting entity includes government directorates, government statutory authorities and Public Non-financial Corporations. Specific details about the entities consolidated by the Territory Government are shown at Note 3: 'Australian Capital Territory Government controlled entities'.

The General Government Sector (GGS) (refer to Appendix A - Glossary) financial statements, contained within the Territory Government'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 PNFC sector (refer to Appendix A - Glossary) 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 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 narrative of differences in those key fiscal aggregates to the corresponding key fiscal aggregates recognised in the Territory Government's financial statements.

b) The reporting period

These consolidated financial statements state the financial performance, changes in equity and cash flows of the Territory Government for the financial year ended 30 June 2022 together with the financial position of the Territory Government as at 30 June 2022.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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4 BASIS OF PREPARATION - CONTINUED

c) Budget figures

To facilitate a comparison with the budget papers, as required by the FMA, budget information for 2021-22 has been presented in the financial statements. Budget numbers in the financial statements are the annual budget numbers that appear in the 2021-22 Budget papers.

The 2021-22 Budget papers were prepared in accordance with the requirements of AASB 1049 except for 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.

d) Prior year comparatives

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

The Territory has restated figures for 2020-21 stimulus waivers, third party monies and Public private partnership (PPP) commitments. Refer to Note 15: 'Waivers, impairment losses and write-offs', Note 35: 'Third party monies' and Note 32: 'PPP commitments' for further information.

There were no other material amendments that required comparative amounts to be restated.

e) Rounding

Certain columns may not add due to the use of rounded numbers as all amounts in the Territory Government's financial statements have been rounded to the nearest thousand dollars (\$'000).

Use of a zero ("0") represents zero amounts, or amounts rounded down to zero.

f) Basis of consolidation

In accordance with AASB 10 the Territory Government's financial statements include the values of all assets, liabilities, equities, revenues and expenses controlled by the Territory.

The financial results of all Territory Government controlled entities have been included in the Territory Government's financial statements. Where control of an entity is obtained during the financial year, its results are included in the Territory Government'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 Government's financial statements.

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

g) Impact of COVID-19

The Territory Government continues to experience financial impacts arising from the COVID-19 health emergency.

Expenditure continued to be increased in response to COVID-19 in 2021-22, the most significant of which included the Territory's health response and business support which included a range of measures. Further information on expenditure measures in response to COVID-19 can be found in the 2021-22 Budget Outlook Chapter 3.2: 'Fiscal Strategy and Wellbeing Decisions'.

Where COVID-19 impacts are known and quantified they have been included in the relevant financial statement line item, disclosure note and variance explanations as applicable.

5 IMPACT OF ACCOUNTING STANDARDS ISSUED BUT YET TO BE APPLIED

All Australian Accounting Standards and Interpretations issued but yet to be applied are applicable to future reporting periods. These standards have been assessed as not being relevant to the Territory or not having a material financial impact on the Territory.

6 CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES

(a) Change in accounting policy

The Territory has renamed the financial statements and references of the Public Trading Enterprises (PTE) sector to the Public Non-Financial Corporations (PNFC) sector. This is consistent with naming conventions contained in the GFS framework and UPF. This change is presentational only and does not affect the classification of entities consolidated into this reporting sector. The PTE term as defined in the FMA is consistent with the PNFC.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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REVENUE

DESCRIPTION AND MATERIAL ACCOUNTING POLICIES

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

AASB 15

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

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

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

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

AASB 1058

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

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

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 PNFC 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.

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

The Territory apportions land revenue between the 'undeveloped land value', 'value add component' and 'market gains on land sales'. Land revenue (undeveloped land value) is determined by independent valuation (through a panel of valuers) prior to the land sales transaction. The Territory and the valuer use significant judgment 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.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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DESCRIPTION AND MATERIAL ACCOUNTING POLICIES - CONTINUED

Land revenue - continued

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 land revenue (value add component). 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 component) 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.

7 TAXATION REVENUE

Taxes are recognised as revenue at the time when an assessment is raised. Licence revenue, apart from short-term licenses (12 months or less) and low-value licenses (\$10,000 or less) are recognised consistent with the licence's performance obligations and is either recognised when the licence is issued or amortised over the licence term.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Taxation Revenue				
Duties ^(a)	484,098	286,243	483,461	285,752
Payroll tax	653,724	576,294	638,336	561,140
General rates	673,542	612,338	652,933	592,989
Motor vehicle registration fees	161,525	157,122	161,525	157,122
Land tax	157,771	149,082	157,771	149,082
Gambling taxes	73,685	69,222	73,685	69,222
Fire and emergency services levy	93,508	87,259	90,651	84,508
Utilities (network facilities) tax	42,634	43,982	31,386	33,094
Lease variation charge	27,585	28,005	27,585	28,005
Ambulance levy	26,778	25,461	26,778	25,461
Energy industry levy	3,819	3,510	3,819	3,510
Safer families levy	6,042	4,910	5,864	4,760
Total taxation revenue	2,404,711	2,043,428	2,353,794	1,994,644

Note: (a) The increase in duties is largely due to higher conveyance duty due to strong market activity reflecting higher transaction volumes and prices across the established property market.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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8 COMMONWEALTH 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.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
	Commonwealth Grants			
GST revenue grant ^(a)	1,498,240	1,349,090	1,498,240	1,349,090
ACT Municipal Services	41,700	44,997	41,700	44,997
National specific purpose and reform payments ^(b)	990,279	886,797	990,279	886,797
National partnership payments ^(c)	309,330	133,966	310,673	133,966
<i>Other grants:</i>				
Financial assistance grants for Local Government ^(d)	74,844	54,912	74,844	54,912
Other grants	37,136	37,074	37,136	39,435
Total grants revenue	2,951,529	2,506,835	2,952,872	2,509,196

Notes: (a) GST revenue grants represent the distribution of Goods and Services tax revenue collected by the Commonwealth Government and transferred to State and Territory Governments. The increase mainly reflects an increase in the GST pool for 2021-22.

(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 Government (through the General Government Sector) receives funding for healthcare, schools, skills and workforce development and affordable housing. The increase mainly reflects additional Commonwealth healthcare funding related to COVID-19.

(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 increase largely reflects funding received from the Commonwealth for the Healthcare and Community Infrastructure National Partnership Payment (NPP), which was provided in response to the COVID-19 health emergency, and the Commonwealth's contribution to the COVID-19 Business Support Program.

(d) Financial assistance grants for Local Government are received for the purpose of local government activities. As the Territory Government has responsibility for both state and municipal functions, these grants are paid directly to the Territory Government. The increase reflects early payment of three quarters of the 2022-23 Commonwealth Financial Assistance Grant to assist in managing the ongoing impact of the COVID-19 pandemic.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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9 OTHER SALES OF GOODS AND SERVICES FROM CONTRACTS WITH CUSTOMERS

Revenue from sales of goods and services is derived by providing goods and services to entities outside the ACT Government and to the public. For the General Government Sector, this revenue also includes transactions with the Public Non-Financial Corporations 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.

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

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

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Water, sewerage and other related services	0	0	271,862	273,978
Residential housing tenants and rental income	16,572	11,315	100,815	96,755
Health cross-border revenue ^(a)	128,952	118,991	128,952	118,991
Hospital and other health services ^(b)	140,892	133,750	140,892	133,750
Regulatory services ^(c)	168,660	161,901	138,276	130,125
Service receipts and fees ^(d)	156,594	157,815	156,426	162,275
Total other sales of goods and services from contracts with customers	611,670	583,772	937,223	915,873

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

(b) Hospital and other health services revenue relates to fees and charges for public hospital services, including patients who elect to be treated as private patients, and for community health services provided at community facilities such as health centres. The increase is due to a higher level of pathology activity related to COVID-19.

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

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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10 DIVIDEND AND INCOME TAX EQUIVALENTS INCOME

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

For the GGS, the component of dividends from the PNFC sector is classified according to the underlying nature of the sales transactions. 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.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Dividends from public non-financial corporations	261,526	269,355	0	0
Income tax equivalents from public non-financial corporations ^(a)	152,849	193,649	0	0
Total dividend and income tax equivalents income	414,375	463,004	0	0

Note: (a) The decrease reflects lower land sales revenue by the Suburban Land Agency.

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EXPENSES

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
11 EMPLOYEE EXPENSES				
Wages and salaries	2,493,086	2,340,644	2,702,352	2,537,057
Long service leave and annual leave	202,327	128,443	216,132	138,479
Total employee expenses^(a)	2,695,413	2,469,087	2,918,484	2,675,536

Note: (a) The increase is mainly due to increased staffing to support the Government's continued response to the COVID-19 pandemic and pay increases associated with teaching, administrative and other staff enterprise agreements.

12 SUPERANNUATION EXPENSES

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

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

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Superannuation interest cost ^(a)	302,379	210,537	302,379	210,537
Other superannuation expenses	552,283	492,935	572,089	511,510
Total superannuation expenses^(b)	854,662	703,472	874,468	722,047

Represented by:

Superannuation expenses (CSS and PSS)	612,225	479,735	612,225	479,735
Superannuation payment to CSC (for the PSSap)	13,180	11,896	13,830	12,449
Productivity benefit	13,823	18,062	14,824	19,161
Superannuation to other external providers, including fund of choice	215,434	193,779	233,589	210,702
Total superannuation expenses^(b)	854,662	703,472	874,468	722,047

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 is mainly due to the adoption of higher financial assumptions in relation to valuation of the Territory's superannuation liability.

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	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
13 SUPPLIES AND SERVICES				
Communication, travel and staff development	152,421	141,671	170,245	155,904
Materials, equipment and supplies ^(a)	334,667	258,210	428,833	350,927
Property rental and occupancy expenses (including utilities)	46,267	43,344	39,350	33,891
Repairs and maintenance	202,894	195,121	289,773	248,773
Consultant fees, contractor payments and professional services	267,368	243,563	308,142	269,231
Community policing ^(b)	195,473	179,888	195,473	179,888
Service concession arrangements - service expenses	0	0	26,696	26,572
Other supplies and services	32,620	29,390	36,651	35,106
Total supplies and services	1,231,710	1,091,188	1,495,163	1,300,292

Notes: (a) The increase is associated with higher levels of health related protective equipment, medical supplies and higher demand for pathology testing to support the ongoing public health response to COVID-19, and expenditure associated with the upgrade and replacement for the Digital Health Record Implementation.

(b) The increase is mainly due to higher payments to the Australian Federal Police relating to ACT Policing Services such as ACT Policing Specialist Protection Services, Maintaining ACT Policing Radio Communication Capability, Continuing the COVID-19 Public Health Response, ACT Policing Enabling and the ACT Policing Enterprise Agreement.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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14 GRANTS AND PURCHASED SERVICES

Under the *Financial Management Act 1996*, appropriations may be made to directorates and a limited number of territory authorities. Appropriation made to these territory authorities are recorded as 'Appropriation payments to agencies and asset Government grants and purchased services expense comprised amounts relating to:

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Grants to non-government schools	336,277	319,416	336,277	319,416
Grant payment (education and community services)	3,877	4,562	37,159	29,478
First home owners' grant	756	2,999	756	2,999
Capital grants	10,406	14,684	10,406	14,684
Appropriation payments to agencies and asset transfers to another entity	185,279	216,047	84,872	133,824
Skills Canberra	24,615	34,848	24,615	34,848
Sport, recreation and VisitCanberra	19,052	17,347	19,052	17,347
COVID-19 business support grants ^(a)	359,573	0	359,573	0
Other current grants	65,128	47,047	65,088	47,159
Total grants	1,004,963	656,951	937,798	599,755
Purchase of transport services from Transport Canberra Operations	201,085	194,641	0	0
Purchase of health services from Calvary Hospital	276,960	243,770	276,960	243,770
Purchase of health services from other jurisdictions	17,523	0	16,334	0
Payments to non-government organisations (health and disability)	392,923	364,647	392,923	364,647
Other purchased services	4,563	2,471	4,065	2,471
Total purchased services	893,054	805,530	690,282	610,889
Total grants and purchased services	1,898,017	1,462,481	1,628,081	1,210,643

Note: (a) These grants reflect the introduction of various COVID-19 Business Support Grants as a stimulus package to provide financial assistance to ACT local business that were significantly impacted by the COVID-19 health emergency.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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15 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS

Waivers 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 Government.

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 Government to recover the amount. The write-off of debts may occur for reasons other than waivers. Waivers are expensed during the year in which the right to payment was waived.

Inventories held for sale are valued at the lower of cost and net realisable value. The difference between the cost and net realisable value is recorded as inventory write down. This includes the write down of land following the transfer of land at either below or no cost. Inventory costs are written off for discontinued projects where the criteria for an asset is no longer met due to the lack of expected future economic benefits.

Impairment of assets

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'.

At each reporting date, the Territory Government 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. 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.

For more information about allowances for the impairment and write-off of receivables, see Note 19, 'Receivables'.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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15 WAIVERS, IMPAIRMENT LOSSES AND WRITE-OFFS - CONTINUED

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Waivers				
Stimulus waivers ^{(a),(b)}	2,171	5,885	2,171	5,885
Other waivers	1,272	9,219	1,272	13,022
Total waivers^(c)	3,443	15,104	3,443	18,907
Write-offs				
Inventory write downs ^(d)	705	3,452	22,073	9,612
Receivables write-offs	2,687	4,384	3,939	6,370
Other write-offs	346	503	362	1,619
Total write-offs	3,738	8,339	26,374	17,601
Impairment of assets				
<i>Impairment loss from receivables</i>				
Expected credit loss expense ^(e)	20,864	3,728	34,387	3,832
Total impairment loss from receivables	20,864	3,728	34,387	3,832
<i>Impairment loss from property, plant and equipment</i>				
Plant and equipment	132	277	133	320
Total impairment loss from property, plant and equipment	132	277	133	320
<i>Impairment loss from intangibles</i>				
Intangibles	0	0	1	438
Total impairment loss from intangibles	0	0	1	438
<i>Impairment loss from inventory</i>				
Inventory	0	0	122	185
Total impairment loss from inventory	0	0	122	185
Total impairment losses	20,996	4,005	34,643	4,775
Total waivers, impairment losses and write-offs	28,177	27,448	64,460	41,283

Notes: (a) Stimulus waivers were recorded as reductions in revenue (mainly rent relief program introduced in response to the COVID-19 health emergency).

(b) The figures for 2020-21 stimulus waivers have been corrected since publication of the 2020-21 Consolidated Annual Financial Statements from \$3,187,000 to \$5,885,000 for both the General Government Sector (GGS) and Total Territory to align with agency financial statements. Waivers associated with rent relief provided by artsACT and Territory Venues were previously not disclosed as stimulus waivers. The number of waivers for the 2020-21 period have also been corrected since publication of the 2020-21 Consolidated Annual Financial Statements from 1,084 to 1,159 and 6,822 to 6,912.

(c) There were 293 waivers approved in 2021-22 for both the General Government Sector (GGS) (2020-21:1,159) and the Territory (2020-21: 6,912). The number of waivers had decreased from 2020-21 largely due to the one-off nature of the Government's COVID-19 economic survival package.

(d) The increase is due to the transfer of five sites from other ACT Government entities at no cost to the Suburban Land Agency in 2021-22. The value of these transferred sites has been recorded as a write down of inventory.

(e) The increase is mainly due to an increase in the expected credit allowance for receivables resulting from an increase in the number of infringement notices issued following the implementation of 40km per hour zones across Canberra from July 2021, and active debt recovery in relation to outstanding general rates, land tax, levies, and duties not re-commencing until an easing of COVID-19 restrictions at the beginning of 2022.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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16 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 30 act of grace payments made by the General Government Sector (GGS) and the Territory (2020-21: 24) during the reporting period pursuant to Section 130 of the *Financial Management Act 1996* (FMA), totalling \$143,000 (2020-21: \$455,000).

Details of act of grace payments made can be found in the financial statements of Canberra Health Services, Chief Minister, Treasury and Economic Development Directorate, Community Services Directorate, Environment, Planning and Sustainable Development Directorate and Justice and Community Safety Directorate (act of grace payments note).

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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ASSETS

FINANCIAL AND NON-FINANCIAL ASSETS

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.

17 ADVANCES PAID

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

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Current loans receivable	65,691	8,840	65,502	9,471
Non-current loans receivable	1,867,682	1,889,337	11,933	55,509
Total advances paid	1,933,373	1,898,178	77,435	64,980

18 INVESTMENTS AND LOANS

Initial recognition

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

The Territory Government's investment assets are designated at fair value through the Operating Statement at initial recognition.

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 Government's Operating Statement as 'Net gain/(loss) on financial assets at fair value'. Interest, dividends and distributions on these investments are separately recorded in the Territory's Operating Statement as 'Interest and Investment revenue'.

Derecognition

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

Determination of fair value

For the Territory Government'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.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

18 INVESTMENTS AND LOANS - CONTINUED

Determination of fair value - continued

Financial investments are exposed to a range of underlying asset class sectors in accordance with the strategic asset allocation structured to achieve the Territory Government'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 Government'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.

Financial derivative instruments

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.

	General Government Sector		Total Territory	
	2021-22 Actual	2020-21 Actual	2021-22 Actual	2020-21 Actual
Short-term securities	0	0	40,000	40,000
Government fixed interest bonds	1,640,960	1,176,135	1,640,960	1,176,135
Shares and equities	3,051,958	3,259,336	3,051,958	3,259,336
Investment in property and infrastructure trusts	752,478	521,907	752,478	521,907
Other current investments	8,107	433,230	8,107	433,230
Total current investments ^(a)	5,453,503	5,390,607	5,493,503	5,430,607
<i>Non-current investments</i>				
Other non-current investments	3,894	3,817	3,894	3,817
Total non-current investments	3,894	3,817	3,894	3,817
Total investments and loans	5,457,397	5,394,424	5,497,397	5,434,424

Note: (a) The fair value of investments fluctuates year on year depending on the performance of the underlying financial investment exposures. The change in investment value is driven by increasing market volatility, inflation and interest rates.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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19 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 Government can involve the receipt of cash as well as the value of infrastructure assets (such as roads, services and landscaping) required to be constructed by the purchaser as part of the sale conditions. Upon its completion and handover to the Territory by the purchaser, the receivables relating to infrastructure works are classified as infrastructure assets.

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

The allowance for expected credit losses represents the amount of trade receivables and other receivables the Territory Government estimates will not be repaid. The Territory Government 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 Territory Government applied AASB 9: 'Financial Instruments', based on information collected from each agency's financial statements and by assigning a weight to each agency to ensure that the final average credit loss estimation reflects the relative importance of each agency's credit loss value.

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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19 RECEIVABLES - CONTINUED

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
<i>Current receivables</i>				
Trade receivables	370,784	490,005	405,569	430,467
Right to receive infrastructure from land developers	0	0	7,313	9,041
Prepayments	40,748	17,022	52,881	29,247
Less: Expected credit loss allowance	(48,682)	(30,625)	(72,337)	(40,866)
Net current trade receivables	362,850	476,402	393,426	427,889
Accrued revenue	194,729	267,106	83,666	93,709
Other current receivables	200,766	179,615	149,128	118,942
Receivable from Comcare ^(a)	0	305,389	0	305,389
Total current receivables	758,345	1,228,513	626,220	945,929
<i>Non-current trade receivables</i>				
Trade receivables	41,859	42,671	41,866	42,681
Prepayments	0	0	0	0
Less: Expected credit loss allowance	(320)	(14)	(320)	(14)
Net non-current trade receivables	41,539	42,656	41,546	42,666
Other receivables	74,684	54,122	87,308	69,389
Total non-current receivables	116,223	96,778	128,854	112,056
Total receivables	874,568	1,325,291	755,074	1,057,984

Note: (a) The decrease is mainly due the full payment for the outstanding one-off receivable from Comcare that was received on 30 November 2021.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Reconciliation of the loss allowance for receivables				
Allowance at the beginning of the reporting period	30,639	33,858	40,882	44,134
Less: Reduction in allowance from amounts recovered during the reporting period	(259)	(3,448)	(1,501)	(3,492)
Less: Reduction in allowance from amounts written-off during the reporting period	(612)	(1,874)	(754)	(7,735)
Expected credit loss expense	19,235	2,103	34,033	7,975
Allowance for impairment losses at the end of the reporting period^(a)	49,003	30,639	72,660	40,882

Note: (a) The increase is mainly due to inability for some taxpayers to settle their debts, possibly temporarily as a result of COVID-19 influences and expected credit losses recognised on development services.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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19 RECEIVABLES - CONTINUED

Expected credit loss allowance provision matrix - General Government Sector

	Not Overdue	Overdue				Total
		1-30 Days	31 to 60	61 to 90	> 91 Days	
		Days	Days	Days	Days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022						
Expected credit loss rate (%)	0%	4%	11%	20%	25%	9%
Estimated total gross carrying amount at default	433,026	33,955	21,852	15,922	217,703	722,456
Expected credit loss allowance	1,405	1,423	2,394	3,250	54,340	62,813
30 June 2021						
Expected credit loss rate (%)	0%	4%	10%	20%	19%	5%
Estimated total gross carrying amount at default	496,234	25,123	15,146	12,071	127,323	675,897
Expected credit loss allowance	2,019	899	1,443	2,410	24,066	30,836

Expected credit loss allowance provision matrix - Total Territory

	Not Overdue	Overdue				Total
		1-30 Days	31 to 60	61 to 90	> 91 Days	
		Days	Days	Days	Days	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022						
Expected credit loss rate (%)	0%	4%	12%	20%	30%	5%
Estimated total gross carrying amount at default	468,935	38,001	24,291	16,737	246,371	794,333
Expected credit loss allowance	1,405	1,612	2,926	3,274	73,187	82,403
30 June 2021						
Expected credit loss rate (%)	1%	4%	11%	20%	19%	5%
Estimated total gross carrying amount at default	508,876	30,670	17,531	13,649	146,269	716,994
Expected credit loss allowance	2,866	1,154	1,950	2,767	27,647	36,384

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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20 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the following classes of assets: land and buildings; leasehold improvements; plant and equipment; infrastructure assets; and heritage and community assets. Property, plant and equipment does not include assets held for sale or investment property. Right of use assets recognised under AASB 16: 'Leases' and service concession assets under AASB 1059: 'Service Concession Arrangements: Grantors' are disclosed under the relevant class of property, plant and equipment.

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

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

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

Service concession buildings: includes buildings associated with service concession arrangements.

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

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

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

Service concession plant and equipment: includes plant and equipment associated with service concession arrangements.

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 Total 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.

Service concession infrastructure assets: includes infrastructure assets associated with service concession arrangements.

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
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20 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

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 Government 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.

Valuation of non-current assets

The majority of the Territory Government's assets are valued either by an independent and qualified valuer, or internally by Officers of Directorates using ACT policy. The Territory Government's assets are valued on a three year rolling basis or more frequently if required.

Measurement of property, plant and equipment after initial recognition

Property, plant and equipment is valued using the cost or revaluation model of valuation. Land (which also includes land under road), buildings, infrastructure assets and community and heritage assets are measured at fair value. Plant and equipment and leasehold improvements are measured at cost or fair value.

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

Service concession assets are initially measured at current replacement cost and subsequently measured at fair value.

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 Government has made a significant judgment 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 judgment and estimates to determine fair value, including the appropriate indexation figure and the amount of assets held.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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20 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

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 Government'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.

Depreciation and amortisation

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

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

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

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

Class of Asset	Depreciation/ Amortisation	Useful Life (years)
Buildings ^(a)	Straight Line	2-100
Leasehold improvements	Straight Line	1-40
Plant and equipment	Straight Line	1-126
Infrastructure	Straight Line	1-150
Externally purchased intangibles	Straight Line	2-10
Internally generated intangibles	Straight Line	2-10
Community and heritage assets	Straight Line	3-100

Note: (a) Land improvements are included with buildings.

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

Land under roads

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

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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20 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 2021-22.

	Service concession		Service concession building	Right of use buildings	Plant and equipment	Service concession plant and equipment	Right of use plant and equipment	Leasehold improvements	Infrastructure assets	Service concession infrastructure assets	Heritage and community assets	Total	
	Land \$'000	land assets \$'000	Buildings \$'000	assets \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 July 2021	4,201,261	0	4,029,648	0	804,462	238,998	0	27,777	121,087	7,447,093	0	249,803	17,120,128
Additions	26,687	0	227,274	0	45,590	83,266	0	15,798	36,429	146,416	0	4,154	585,614
Assets classified as held for sale	(5,758)	0	0	0	0	0	0	0	0	0	0	0	(5,758)
Revaluation adjustments	866,798	0	19,726	0	0	7,394	0	0	(94)	737,587	0	(51,276)	1,580,135
Depreciation	(1,156)	0	(152,934)	0	(47,386)	(54,263)	0	(14,934)	(11,811)	(186,395)	0	(2,618)	(471,497)
Assets transferred	(6,901)	0	120	0	0	0	0	0	0	6,636	0	1,366	1,221
Disposals	(60,258)	0	0	0	0	(4,466)	0	(909)	(171)	(759)	0	0	(66,563)
Impairment Losses Recognised in the Operating Statement	0	0	(31)	0	0	(190)	0	0	0	(904)	0	0	(1,125)
Other Movements/Reclassifications	9,050	0	9,886	0	0	17,152	0	286	914	(19,420)	0	(383)	17,485
Balance at 30 June 2022^(a)	5,029,726	0	4,133,690	0	802,665	287,891	0	28,016	146,353	8,130,254	0	201,046	18,759,641

Carrying amount at the end of the reporting period is represented by:

Gross Book Value	5,067,315	0	4,403,063	0	0	755,126	0	0	180,625	8,264,344	0	203,195	18,873,668
Accumulated Depreciation	(37,589)	0	(268,891)	0	0	(467,156)	0	0	(34,272)	(128,662)	0	(2,149)	(938,719)
Accumulated Impairment Losses	0	0	(482)	0	0	(79)	0	0	0	(5,428)	0	0	(5,989)
Carrying Amount of Right of use Assets	0	0	0	0	802,665	0	0	28,016	0	0	0	0	830,681

Note: (a) The increase is mainly due to revaluations of the Territory's property, plant and equipment including infrastructure assets which also includes new stormwater assets in Denman Prospect, Taylor, Throsby, Majura and Gungahlin, as well as land under roads due to an increase in the value per square metre of this land.

The following table shows the movement in each class of property, plant and equipment during 2020-21.

	Service concession		Service concession building	Right of use buildings	Plant and equipment	Service concession plant and equipment	Right of use plant and equipment	Leasehold improvements	Infrastructure assets	Service concession infrastructure assets	Heritage and community assets	Total	
	Land \$'000	land assets \$'000	Buildings \$'000	assets \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 July 2020	3,988,003	0	3,770,184	0	679,162	248,537	0	31,487	75,016	7,547,462	0	231,453	16,571,304
Additions	41,602	0	205,304	0	337,921	53,269	0	12,913	55,089	196,620	0	3,853	906,570
Assets classified as held for sale	(13,316)	0	0	0	0	0	0	0	0	0	0	(4,790)	(18,106)
Revaluation adjustments	213,892	0	42,686	0	0	(13)	0	0	(694)	(109,085)	0	25,450	172,236
Impairment losses recognised directly in equity	0	0	1,807	0	0	(35)	0	0	0	(29)	0	70	1,813
Depreciation	(1,778)	0	(138,869)	0	(43,892)	(54,537)	0	(15,925)	(9,468)	(186,819)	0	(3,655)	(454,941)
Assets transferred	(1,767)	0	243	0	0	0	0	0	0	0	0	0	(1,524)
Disposals	(36,220)	0	(17,290)	0	0	(2,063)	0	(889)	(386)	(2,779)	0	(2,034)	(61,660)
Other Movements/Reclassifications	10,846	0	165,581	0	(168,729)	(6,160)	0	192	1,529	1,722	0	(544)	4,437
Balance at 30 June 2021	4,201,261	0	4,029,648	0	804,462	238,998	0	27,777	121,087	7,447,093	0	249,803	17,120,128

Carrying amount at the end of the reporting period is represented by:

Gross Book Value	4,237,694	0	4,151,351	0	0	660,113	0	0	144,610	7,647,451	0	251,284	17,092,505
Accumulated Depreciation	(36,433)	0	(121,252)	0	0	(421,101)	0	0	(23,523)	(194,334)	0	(1,482)	(798,125)
Accumulated Impairment Losses	0	0	(451)	0	0	(15)	0	0	0	(6,025)	0	0	(6,491)
Carrying Amount of Right of use Assets	0	0	0	0	804,462	0	0	27,777	0	0	0	0	832,239

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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20 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 2021-22.

	Land	Service concession land assets	Buildings	Service concession building assets	Right of use buildings	Plant and equipment	Service concession plant and equipment assets	Right of use plant and equipment	Leasehold improvements	Infrastructure assets	Service concession infrastructure assets	Heritage and community assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	8,807,929	271,158	5,866,653	224,626	807,974	382,264	170,267	36,639	122,842	10,029,476	466,073	258,647	27,444,551
Additions	32,727	3,084	281,202	1,623	45,590	87,807	0	16,978	36,440	222,703	11,385	4,154	743,693
Assets classified as held for sale	(106,929)	(990)	(23,331)	(550)	0	0	0	0	0	0	0	0	(131,800)
Revaluation adjustments	2,057,408	94,714	393,106	45,067	0	7,394	0	0	(94)	1,142,405	0	(51,276)	3,688,724
Depreciation	(1,156)	0	(202,637)	(7,190)	(48,716)	(68,839)	(6,118)	(18,663)	(12,157)	(246,763)	(9,914)	(2,618)	(624,771)
Disposals	(60,327)	0	(5,595)	0	0	(4,466)	0	(1,052)	(171)	(759)	0	0	(72,370)
Impairment Losses Recognised in the Operating Statement	(138)	0	(35)	0	0	(308)	0	0	0	(904)	0	(526)	(1,911)
Other Movements/Reclassifications	(19,412)	21,477	(3,638)	9,209	0	15,994	0	286	914	(17,177)	0	(383)	7,270
Balance at 30 June 2022^(a)	10,710,103	389,443	6,305,727	272,785	804,847	419,847	164,149	34,186	147,773	11,128,981	467,544	207,998	31,053,383
Carrying amount at the end of the reporting period is represented by:													
Gross Book Value	10,747,692	389,443	6,599,993	277,985	0	920,778	176,376	0	183,676	11,374,081	487,202	210,995	31,368,221
Accumulated Depreciation	(37,589)	0	(286,053)	(5,200)	0	(500,852)	(12,227)	0	(35,903)	(239,672)	(19,658)	(2,997)	(1,140,151)
Accumulated Impairment Losses	0	0	(8,213)	0	0	(79)	0	0	0	(5,428)	0	0	(13,720)
Carrying Amount of Right of use Assets	0	0	0	0	804,847	0	0	34,186	0	0	0	0	839,033

Note: (a) The increase is mainly due to revaluations of the Territory's property, plant and equipment including the public housing portfolio and infrastructure assets which also includes new stormwater assets in Denman Prospect, Taylor, Throsby, Majura and Gungahlin, as well as land under roads due to an increase in the value per square metre of this land.

The following table shows the movement in each class of property, plant and equipment during 2020-21.

	Land	Service concession land assets	Buildings	Service concession building assets	Right of use buildings	Plant and equipment	Service concession plant and equipment assets	Right of use plant and equipment	Leasehold improvements	Infrastructure assets	Service concession infrastructure assets	Heritage and community assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	7,945,575	0	5,440,449	0	766,932	399,174	0	215,513	77,266	10,400,409	0	239,253	25,484,568
Recognition of service concession assets on initial application of AASB 1059	0	212,051	0	196,758	0	0	175,735	0	0	0	475,817	0	1,060,361
Additions	99,423	4,321	258,479	3,458	339,592	61,068	642	17,352	55,089	361,336	0	5,381	1,206,141
Assets classified as held for sale	(91,255)	0	(19,057)	0	0	0	0	0	0	0	0	(4,790)	(115,102)
Revaluation adjustments	1,102,471	47,608	351,989	15,512	0	1,697	0	0	(694)	(27,093)	0	25,450	1,516,939
Impairment losses recognised directly in equity	0	0	(2,608)	0	0	(71)	0	0	0	(29)	0	70	(2,637)
Depreciation	(1,778)	0	(179,692)	(2,864)	(45,451)	(70,504)	(6,109)	(19,695)	(9,826)	(243,948)	(9,744)	(4,138)	(593,748)
Disposals	(36,220)	0	(24,596)	0	0	(2,912)	0	(988)	(386)	(2,779)	0	(2,034)	(69,915)
Other movements/reclassifications	(210,286)	7,178	41,689	11,762	(253,099)	(6,187)	0	(175,544)	1,393	(458,417)	0	(544)	(1,042,054)
Balance at 30 June 2021	8,807,929	271,158	5,866,653	224,626	807,974	382,264	170,267	36,639	122,842	10,029,476	466,073	258,647	27,444,551
Carrying amount at the end of the reporting period is represented by:													
Gross Book Value	8,844,362	271,158	6,009,526	227,525	0	822,866	176,376	0	147,767	10,611,557	475,817	260,613	27,847,566
Accumulated Depreciation	(36,433)	0	(134,671)	(2,899)	0	(440,587)	(6,109)	0	(24,925)	(576,056)	(9,744)	(1,965)	(1,233,388)
Accumulated Impairment Losses	0	0	(8,202)	0	0	(15)	0	0	0	(6,025)	0	0	(14,241)
Carrying Amount of Right of use Assets	0	0	0	0	807,974	0	0	36,639	0	0	0	0	844,614

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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20 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY

The Territory Government 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 Government 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 Government's property, plant and equipment at fair value and information about the fair value hierarchy at 30 June 2022 and for the prior reporting period is provided below.

General Government Sector - 2021-22	Classification according to the fair value hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, plant and equipment at fair value				
Land	0	4,484,857	541,640	5,026,497
Buildings ^(a)	0	298,157	3,835,533	4,133,690
Plant and Equipment	0	2,936	96,250	99,186
Leasehold Improvements	0	0	143,160	143,160
Infrastructure Assets	0	2,470	8,127,784	8,130,254
Heritage and Community Assets	0	42,048	158,991	201,039
	0	4,830,468	12,903,358	17,733,826
General Government Sector - 2020-21	Classification according to the fair value hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, plant and equipment at fair value				
Land	0	3,701,299	499,962	4,201,261
Buildings ^(a)	0	289,053	3,738,580	4,027,634
Plant and Equipment	0	2,955	72,024	74,979
Leasehold Improvements	0	0	117,347	117,347
Infrastructure Assets	0	1,660	7,445,433	7,447,093
Heritage and Community Assets	0	4,185	245,617	249,803
Total property, plant and equipment at fair value	0	3,999,153	12,118,963	16,118,116

Note: (a) The value of buildings in this table excludes Right of Use Assets recorded under AASB 16, 'Leases', as these assets are recorded at cost.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

**20 PROPERTY, PLANT AND EQUIPMENT - CONTINUED
FAIR VALUE HIERARCHY - CONTINUED**

Total Territory - 2021-22	Classification according to the fair value hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, plant and equipment at fair value				
Land	0	10,132,140	574,734	10,706,874
Service Concession Land Assets	0	389,443	0	389,443
Buildings ^(a)	0	2,428,358	3,877,369	6,305,727
Service Concession Building Assets	0	192,187	80,598	272,785
Plant and Equipment	0	3,178	226,926	230,104
Service Concession Plant and Equipment Assets	0	0	164,149	164,149
Leasehold Improvements	0	0	143,371	143,371
Infrastructure Assets	0	848	11,127,255	11,128,103
Service Concession Infrastructure Assets	0	0	467,544	467,544
Heritage and Community Assets	0	42,068	165,481	207,549
Total property, plant and equipment at fair value	0	13,188,222	16,827,427	30,015,649

Total Territory - 2020-21	Classification according to the fair value hierarchy			
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Property, plant and equipment at fair value				
Land	0	8,282,499	525,430	8,807,929
Service Concession Land Assets	0	271,158	0	271,158
Buildings ^(a)	0	2,077,738	3,786,902	5,864,639
Service Concession Building Assets	0	142,307	82,319	224,626
Plant and Equipment	0	3,492	213,147	216,640
Service Concession Plant and Equipment Assets	0	0	170,267	170,267
Leasehold Improvements	0	0	117,585	117,585
Infrastructure Assets	0	1,682	10,020,920	10,022,603
Service Concession Infrastructure Assets	0	0	466,073	466,073
Heritage and Community Assets	0	4,205	252,531	256,736
Total property, plant and equipment at fair value	0	10,783,081	15,635,175	26,418,257

Note: (a) The value of buildings in this table excludes Right of Use Assets recorded under AASB 16, 'Leases', as these assets are recorded at cost.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

20 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 2022

20 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

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

	Land \$'000	Buildings \$'000	Service Concession Building Assets \$'000	Plant and Equipment \$'000	Service Concession Plant and Equipment Assets \$'000	Leasehold Improvements \$'000	Infrastructure Assets \$'000	Service Concession Infrastructure Assets \$'000	Heritage and Community Assets \$'000	Total \$'000
2021-22										
Fair value at the beginning of the reporting period	499,962	3,738,580	0	72,024	0	117,347	7,445,433	0	245,617	12,118,963
Additions	4,783	229,906	0	12,123	0	36,152	153,052	0	5,318	441,334
Assets Classified as Held for Sale	(4,286)	0	0	0	0	0	0	0	0	(4,286)
Revaluation increments/(decrements) recognised in Operating Statement	0	(2,710)	0	0	0	0	0	0	0	(2,710)
Revaluation increments recognised in other comprehensive income	(2,252)	12,504	0	7,394	0	0	736,651	0	(88,885)	665,412
Transfers to level 2	35,530	(554)	0	0	0	0	0	0	0	34,976
Impairment losses recognised in the Operating Statement	0	(31)	0	(64)	0	0	(904)	0	0	(999)
Depreciation	(1,156)	(151,850)	0	(11,637)	0	(11,132)	(186,322)	0	(2,346)	(364,443)
Other movements/reclassifications	9,059	9,687	0	16,410	0	793	(20,126)	0	(714)	15,109
Fair value at the end of the reporting period	541,640	3,835,533	0	96,250	0	143,160	8,127,784	0	158,991	12,903,358

	Land \$'000	Buildings \$'000	Service Concession Building Assets \$'000	Plant and Equipment \$'000	Service Concession Plant and Equipment Assets \$'000	Leasehold Improvements \$'000	Infrastructure Assets \$'000	Service Concession Infrastructure Assets \$'000	Heritage and Community Assets \$'000	Total \$'000
2020-21										
Fair value at the beginning of the reporting period	569,103	3,342,945	0	101,317	0	74,032	7,549,157	0	212,903	11,849,458
Additions	1,318	203,923	0	9,862	0	52,178	251,616	0	(91,520)	427,378
Revaluation increments recognised in other comprehensive income	(187)	43,272	0	0	0	(693)	(109,110)	0	129,760	63,042
Transfers to level 2	(73,382)	137,570	0	(30,924)	0	0	0	0	(2,493)	30,771
Impairment losses recognised in the Operating Statement	0	(295)	0	0	0	0	0	0	0	(295)
Impairment losses recognised in other comprehensive income	0	2,102	0	(296)	0	0	(29)	0	0	1,778
Depreciation	(1,778)	(138,576)	0	(9,827)	0	(8,702)	(186,727)	0	(2,454)	(348,063)
Acquisition/(disposal) of assets	6,790	(18,312)	0	(281)	0	(104)	(57,906)	0	0	(69,813)
Other movements/reclassifications	(1,902)	165,951	0	2,172	0	636	(1,570)	0	(580)	164,706
Fair value at the end of the reporting period	499,962	3,738,580	0	72,024	0	117,347	7,445,433	0	245,617	12,118,963

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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20 PROPERTY, PLANT AND EQUIPMENT - CONTINUED

FAIR VALUE HIERARCHY - CONTINUED

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

	Land \$'000	Buildings \$'000	Service Concession Building Assets \$'000	Plant and Equipment \$'000	Service Concession Plant and Equipment Assets \$'000	Leasehold Improvements \$'000	Infrastructure Assets \$'000	Service Concession Infrastructure Assets \$'000	Heritage and Community Assets \$'000	Total \$'000
2021-22										
Fair value at the beginning of the reporting period	525,430	3,786,902	82,319	213,147	170,267	117,585	10,020,920	466,073	252,531	15,635,175
Additions	4,783	230,375	0	16,131	0	36,152	228,461	11,385	5,318	532,605
Assets Classified as Held for Sale	(4,286)	0	0	0	0	0	0	0	0	(4,286)
Revaluation increments/(decrements) recognised in Operating Statement	0	(2,710)	0	0	0	0	0	0	0	(2,710)
Revaluation increments recognised in other comprehensive income	4,999	11,449	0	7,394	0	0	1,141,469	0	(88,885)	1,076,426
Transfers to level 2	35,530	(554)	0	0	0	0	0	0	0	34,976
Impairment losses recognised in the Operating Statement	0	(31)	0	(64)	0	0	(904)	0	0	(999)
Impairment losses recognised in other comprehensive income	0	(26)	0	0	0	0	0	0	0	(26)
Depreciation	(1,156)	(153,942)	(1,721)	(25,565)	(6,118)	(11,159)	(246,452)	(9,914)	(2,770)	(458,797)
Other movements/reclassifications	9,434	5,905	0	15,882	0	793	(16,239)	0	(714)	15,061
Fair value at the end of the reporting period	574,734	3,877,369	80,598	226,926	164,149	143,371	11,127,255	467,544	165,481	16,827,427

	Land \$'000	Buildings \$'000	Service Concession Building Assets \$'000	Plant and Equipment \$'000	Service Concession Plant and Equipment Assets \$'000	Leasehold Improvements \$'000	Infrastructure Assets \$'000	Service Concession Infrastructure Assets \$'000	Heritage and Community Assets \$'000	Total \$'000
2020-21										
Fair value at the beginning of the reporting period	593,271	3,390,667	0	248,014	0	74,433	10,400,992	0	220,241	14,927,619
Recognition of service concession assets on initial application of AASB 1059	0	0	84,040	0	175,735	0	(475,817)	475,817	0	259,775
Additions	1,318	205,151	0	16,958	642	52,178	425,638	0	(91,520)	610,366
Revaluation increments recognised in other comprehensive income	1,113	44,028	0	1,710	0	(693)	(26,893)	0	129,760	149,025
Transfers to level 2	(73,382)	137,570	0	(30,924)	0	0	0	0	(2,493)	30,771
Impairment losses recognised in the Operating Statement	0	(295)	0	0	0	0	0	0	0	(295)
Impairment losses recognised in other comprehensive income	0	2,102	0	(296)	0	0	(29)	0	0	1,778
Depreciation	(1,778)	(140,610)	(1,721)	(24,963)	(6,109)	(8,729)	(243,496)	(9,744)	(2,878)	(440,028)
Acquisition/(disposal) of assets	6,790	(17,662)	0	(281)	0	(104)	(57,906)	0	0	(69,163)
Other movements/reclassifications	(1,902)	165,951	0	2,929	0	499	(1,570)	0	(580)	165,327
Fair value at the end of the reporting period	525,430	3,786,902	82,319	213,147	170,267	117,585	10,020,920	466,073	252,531	15,635,175

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

21 INTANGIBLES

The Territory Government 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.

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 Government;
- (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.

The Territory receives 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 the ACT's licensed electricity distributor, ActewAGL.

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

The Territory holds Large-Scale Generation Certificates with the intention they be surrendered for no consideration to assist in meeting the Governments renewable energy targets.

In 2021-22, the Territory surrendered 2,169,654 certificates.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Computer software				
<i>Internally generated software</i>				
Computer software at cost	170,026	175,968	170,106	176,048
Less: accumulated amortisation	117,400	117,872	117,440	117,885
Less: accumulated Impairment Losses	704	1,269	704	1,269
Total internally generated software	51,922	56,828	51,962	56,894
<i>Externally purchased software</i>				
Computer software at cost	121,729	119,970	186,460	168,905
Less: accumulated amortisation	60,516	58,818	91,171	66,458
Less: Accumulated Impairment Losses	0	99	0	99
Total externally purchased software	61,213	61,053	95,289	102,348
Total computer software	113,135	117,881	147,251	159,242
Other Intangibles				
<i>Externally purchased other intangibles</i>				
Other intangible assets at cost	74,935	59,366	75,940	60,432
Less: accumulated Amortisation	0	0	0	531
Total externally purchased other intangibles	74,935	59,366	75,940	59,901
Total other intangibles	74,935	59,366	75,940	59,901
Total intangible assets	188,071	177,247	223,192	219,143

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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21 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 2021-22.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	56,828	61,053	59,366	177,247
Additions	22,534	16,461	84,872	123,867
Disposals	0	(1,103)	(107,398)	(108,501)
Amortisation	(25,974)	(15,764)	0	(41,738)
Impairment Losses Recognised in the Operating Statement	(1,467)	0	0	(1,467)
Revaluation increments/(decrements)	0	0	38,094	38,094
Other changes	0	568	0	568
Balance at 30 June 2022	51,922	61,213	74,935	188,071

The following table shows the movement of each class of intangible assets held by the GGS during 2020-21.

	Internally generated software	Externally purchased software	Externally purchased other intangibles	Total intangible assets
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	82,480	47,919	85,298	215,697
Additions	14,219	9,040	71,867	95,126
Disposals	(2)	0	(97,799)	(97,801)
Amortisation	(16,935)	(20,940)	0	(37,875)
Other changes	(22,936)	25,035	0	2,099
Balance at 30 June 2021	56,828	61,053	59,366	177,247

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21 INTANGIBLES - CONTINUED

Reconciliation of intangible assets - Total Territory

The following table shows the movement of each class of intangible assets held by the Territory Government during 2021-22.

	Internally generated software \$'000	Externally purchased software \$'000	Externally purchased other intangibles \$'000	Total intangible assets \$'000
Balance at 1 July 2021	56,894	102,348	59,901	219,143
Additions	22,534	17,626	84,872	125,032
Disposals	0	(1,103)	(107,398)	(108,501)
Amortisation	(26,001)	(24,000)	0	(50,001)
Impairment Losses Recognised in the Operating Statement	(1,467)	(148)	0	(1,615)
Revaluation increments/(decrements)	0	0	38,564	38,564
Other changes	0	568	0	568
Balance at 30 June 2022	51,962	95,289	75,940	223,192

The following table shows the movement of each class of intangible assets held by the Territory Government during 2020-21.

	Internally generated software \$'000	Externally purchased software \$'000	Externally purchased other intangibles \$'000	Total intangible assets \$'000
Balance at 1 July 2020	82,480	89,904	85,746	258,131
Additions	14,299	15,989	72,390	102,678
Disposals	(2)	0	(98,235)	(98,237)
Amortisation	(16,948)	(28,580)	0	(45,528)
Other changes	(22,936)	25,036	(0)	2,100
Balance at 30 June 2021	56,894	102,348	59,901	219,143

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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LIABILITIES

22 ADVANCES RECEIVED

Advances received are loans issued to the Territory Government by the Commonwealth Government for policy purposes, which includes the provision of housing to the community under the Commonwealth State Housing Agreement and the provision of home loans to low income members of the public to assist with home ownership.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Current advances from the Commonwealth Government	4,296	4,111	8,364	8,377
Non-current advances from the Commonwealth Government	45,353	49,650	81,585	89,950
Total advances received	49,649	53,761	89,949	98,327

23 LEASE LIABILITIES

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

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

Territory Government as a lessee

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

Information relating to the leases in place and associated balances and transactions are provided below.

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

This involves an assessment of whether:

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

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

Lease accounting

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

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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23 LEASE LIABILITIES - TERRITORY GOVERNMENT AS A LESSEE - CONTINUED

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

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

Exceptions to lease accounting

The Territory Government has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. A threshold of \$10,000 has been applied to determine if an underlying asset is a low value asset.

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

Extension options

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

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

Right of use assets

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

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

Details on right of use assets are shown at Note 20: 'Property, plant and equipment'.

Terms and conditions of leases

Building leases	The Territory Government has 28 non-cancellable leases for office buildings with lease terms of up to 30 years (24 as at 30 June 2021).
Motor vehicles	The Territory Government has numerous motor vehicle leases with lease terms of two to twelve years.
ICT and office equipment	The Territory Government has numerous ICT and office equipment leases with lease terms of three to ten years with no renewal options. Lease payments are fixed and not subject to increases throughout the lease term.
	Where the value of leased assets is low the exemption has been used to account for the expense through the Operating Statement as incurred.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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23 LEASE LIABILITIES - TERRITORY GOVERNMENT AS A LESSEE - CONTINUED

Lease liabilities - General Government Sector

The maturity analysis of lease liabilities at 30 June 2022 based on contractual undiscounted cash flows is shown in the table below.

<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in the Balance Sheet \$'000
65,889	226,649	956,661	1,249,199	1,071,291

The maturity analysis of lease liabilities at 30 June 2021 based on contractual undiscounted cash flows is shown in the table below.

<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in the Balance Sheet
75,356	260,857	1,081,725	1,417,938	1,046,766

Lease liabilities - Total Territory

The maturity analysis of lease liabilities at 30 June 2022 based on contractual undiscounted cash flows is shown in the table below.

<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in the Balance Sheet^(a)
70,065	230,716	956,681	1,257,462	1,079,380

The maturity analysis of lease liabilities at 30 June 2021 based on contractual undiscounted cash flows is shown in the table below.

<1 year \$'000	1 - 5 years \$'000	>5 years \$'000	Total undiscounted lease liabilities \$'000	Lease liabilities included in the Balance Sheet
80,516	268,273	1,081,798	1,430,586	1,059,243

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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23 LEASE LIABILITIES - TERRITORY GOVERNMENT AS A LESSEE - CONTINUED

Operating Statement - General Government Sector

The amounts recognised in the Operating Statement relating to leases where the GGS is a lessee are shown below.

	2021-22	2020-21
	Actual	Actual
	\$'000	\$'000
Depreciation on right of use assets	60,332	64,523
Interest on lease liabilities	28,313	25,310
Variable lease payments based on usage not included in the lease liability	0	1,117
Expenses relating to short term leases	4,543	7,406
Expenses relating to low value leases	3,424	3,382

Operating Statement - Total Territory

The amounts recognised in the Operating Statement relating to leases where the Territory Government is a lessee are shown below.

	2021-22	2020-21
	Actual	Actual
	\$'000	\$'000
Depreciation on right of use assets	64,832	69,654
Interest on lease liabilities	28,668	25,779
Variable lease payments based on usage not included in the lease liability	11	1,151
Expenses relating to short term leases	4,612	7,457
Expenses relating to low value leases	3,743	3,688

Statement of Cash Flows - General Government Sector

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

	2021-22	2020-21
	Actual	Actual
	\$'000	\$'000
Total cash outflow of leases	50,100	50,418

Statement of Cash Flows - Total Territory

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

	2021-22	2020-21
	Actual	Actual
	\$'000	\$'000
Total cash outflow of leases	65,164	55,196

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23 LEASE LIABILITIES - TERRITORY GOVERNMENT AS A LESSOR

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

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

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

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

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

Operating leases

Where leases have been classified as operating leases, the underlying assets are included as property, plant and equipment in the Balance Sheet (refer Note 20).

The amounts recognised in the Operating Statement relating to operating leases where the Territory Government is a lessor are shown below.

Operating leases - General Government Sector

	2021-22 Actual \$'000	2020-21 Actual \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	10,319	7,288
Total income relating to operating leases	10,319	7,288

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

	2021-22 Actual \$'000	2020-21 Actual \$'000
>1 year	10,192	11,645
Between 1 - 2 years	0	0
Between 2 - 3 years	0	0
Between 3 - 4 years	0	0
Between 4 -5 years	9,079	16,718
Greater than 5 years	12,689	25,297
Total	31,960	53,660

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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23 LEASE LIABILITIES - TERRITORY GOVERNMENT AS A LESSOR - CONTINUED

Operating leases - Total Territory

	2021-22 Actual \$'000	2020-21 Actual \$'000
Lease income (excluding variable lease payments not dependent on an index or rate)	8,149	9,029
Total income relating to operating leases	8,149	9,029

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

	2021-22 Actual \$'000	2020-21 Actual \$'000
>1 year	10,252	13,487
Between 1 - 2 years	0	1,871
Between 2 - 3 years	0	0
Between 3 - 4 years	0	0
Between 4 -5 years	6,647	16,718
Greater than 5 years	11,621	25,297
Total	28,520	57,373

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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24 OTHER BORROWINGS

Interest-bearing liabilities

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

Borrowings also include financial derivatives. For more information on derivatives, refer to Note 18: 'Investments and loans'.

Borrowing costs

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

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
<i>Current borrowings</i>				
Banks and financial institutions	621	8,973	621	8,973
Bonds and bills	1,101,533	748,656	1,101,533	748,656
Service concession arrangements financial liability	0	0	11,095	10,447
Total current borrowings	1,102,154	757,629	1,113,249	768,076
<i>Non-current borrowings</i>				
Bonds and bills	8,111,968	7,266,519	8,111,968	7,266,519
Service concession arrangements financial liability	0	0	283,143	294,238
Total non-current borrowings	8,111,968	7,266,519	8,395,111	7,560,757
Total other borrowings^(a)	9,214,122	8,024,148	9,508,360	8,328,832

Note: (a) The increase reflects new fixed rate borrowings issued during the year to support prevailing cash flow requirements of the Territory including major infrastructure investments such as Delivering a new Primary School at Throsby, Upgrading Campbell Primary School, Strengthening infrastructure supporting Canberra's new public transport network and to support the Government's COVID-19 response.

25 SUPERANNUATION

Superannuation

The Territory Government 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 Government employment. Membership of the CSS closed to new Territory Government 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 Government reimburses the Commonwealth Superannuation Corporation annually for the Territory Government's share of employer superannuation benefits paid to entitled Territory Government 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 Territory Government recognises actuarial gains and losses by applying the direct to equity method under AASB 119: 'Employee Benefits'.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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25 SUPERANNUATION - CONTINUED

The Territory has applied significant judgments based on information provided by Willis Towers Watson (appointed actuary) in estimating the CSS/PSS defined benefit employer superannuation liability as at 30 June 2022. The estimated liability for these benefits requires consideration of both financial assumptions including salary inflation, CPI and discount rate as well as demographic assumptions including the number of active contributors, deferred beneficiaries and pensioners, experience of employee resignations, retrenchment and retirement, experience of employee death and invalidity, longevity, and final retirement benefit stream election (lump sum, pension or both).

The carrying amount of the estimated 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 ultimate cost of providing post-employment benefits.

Data

The estimate of the superannuation liability incorporates Territory Government employee CSS/PSS membership data at 30 June 2022. Commonwealth Superannuation Corporation supplied at 30 June 2021 those members who are currently employed by the Territory Government (Group A) and those members who are not currently employed by the Territory Government (Group B).

As the Commonwealth Superannuation Corporation is unable to provide membership data at 30 June 2022 in time for the valuation of the estimated superannuation liability at 30 June 2022, the valuation estimate incorporates membership data at 30 June 2021, but projected forward to 30 June 2022. This allows for projected service and salaries at 30 June 2022, expected exits over the 2021-22 financial year, actual crediting rates on member and productivity accounts to 30 June 2022, as well as actual pension indexation rates.

Method

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

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

Limitations in salary and membership data

Detailed checks are carried out by the actuary to test the integrity of the salary and membership data, including a detailed reconciliation of the current data with the data used for the previous valuation.

This process results in some data queries being resolved with CSC. In the small number of cases where issues may not be resolved, or in the case of limited data availability, conservative judgments are made by the actuary to complete the valuation exercise.

The value of accrued defined benefit employer superannuation liabilities is calculated as the present value of the future payment of retirement benefits that have accrued in respect of service as at the calculation date. This approach is in accordance with 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.

Financial assumptions	2022	2021
Discount rate	3.90%	2.26%
Salary increase	3.00%	2.75%
CPI	2.50%	2.25%

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25 SUPERANNUATION - CONTINUED

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

Sensitivity:

The following sensitivity analysis is based off the liability valuation at 30 June 2022, which incorporated a discount rate of 3.9 per cent, and the liability valuation at 30 June 2021, which incorporated a discount rate of 2.26 per cent.

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. When calculating the sensitivity of the superannuation liability to significant actuarial assumptions the same method (determining the present value of the future payments of benefits accrued to the calculation date) has been applied when calculating the superannuation liability recognised in the Balance Sheet.

Liability valuation sensitivity analysis as at 30 June 2022

	Increase in assumption \$'000	Decrease in assumption \$'000
Financial assumptions		
Discount rate (+/- 1 per cent)	(1,625,000)	2,091,000
CPI (+/- 1 per cent)	1,561,000	(1,286,000)
Salary inflation (+/- 1 per cent)	432,000	(386,000)
Demographic assumptions		
PSS pensioner election rate (+/- 10 per cent)	337,000	(337,000)

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

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Superannuation liability at the beginning of the reporting period	13,229,720	12,055,934	13,230,825	12,055,943
Expense accrued during the period for Commonwealth	612,011	479,532	612,011	479,532
Other superannuation expenses	242,651	223,940	262,457	242,515
Superannuation expense	854,662	703,472	874,468	722,047
Less: actuarial gain/(loss) from actuarial review	2,655,826	(994,929)	2,655,826	(994,929)
Less: payments during the reporting period for superannuation	556,093	524,615	577,004	542,094
Superannuation liability at the end of the reporting period	10,872,463	13,229,720	10,872,463	13,230,825
Represented by:				
Current estimated employee superannuation liability	347,913	328,285	347,913	328,349
Non-current estimated employee superannuation liability	10,524,550	12,903,152	10,524,550	12,903,152
Total superannuation liabilities^(a)	10,872,463	13,231,437	10,872,463	13,231,501

Note: (a) The decrease mainly reflects a change in the defined benefit superannuation liability valuation as a result of the actuarial liability valuation using a higher discount rate assumption of 3.9 per cent, compared to 2.26 per cent at 30 June 2021.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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26 EMPLOYEE BENEFITS

Employee benefits

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

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, 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 2022, the rate used to estimate the value of future payments for long service leave is 95.3 per cent for not-for-profit agencies (108.7 per cent at 30 June 2021). The amount used to estimate the future payments of annual leave is 101.8 per cent for not-for-profit agencies at 30 June 2022 (100.2 per cent at 30 June 2021).

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 Government has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The Territory Government has made a significant judgment 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.

Significant judgments have been applied in estimating the annual and long service leave liabilities given the Territory uses a present value factor, a probability factor and an on-cost factor in measuring these liabilities. These factors are based on an actuarial review which is undertaken once every three years by the Australian Government Actuary. The latest assessment was undertaken in December 2021, with the next review expected to be undertaken by early 2025.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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26 EMPLOYEE BENEFITS - CONTINUED

	General Government		Total Territory	
	Sector			
	2021-22	2020-21	2021-22	2020-21
	Actual	Actual	Actual	Actual
	\$'000	\$'000	\$'000	\$'000
Employee benefits				
<i>Current employee benefits</i>				
Accrued wages and salaries	74,280	59,036	80,703	64,326
Annual leave	386,325	339,226	415,539	364,167
Long service leave	444,689	462,069	485,925	504,671
Other employee benefits	18,779	1,783	19,954	3,000
Total current employee benefits	924,073	862,114	1,002,121	936,164
<i>Non-current employee benefits</i>				
Long service leave	52,172	54,330	56,679	58,388
Other	317	0	317	0
Total non-current employee benefits	52,489	54,330	56,996	58,388
Total employee benefits	976,562	916,443	1,059,117	994,552
<i>Estimated amount payable within 12 months</i>				
Accrued wages and salaries	73,356	58,337	79,780	63,627
Annual leave	209,935	191,145	229,252	205,794
Sick leave	0	0	1,150	0
Long service leave	54,923	36,350	78,256	53,577
Other employee benefits	19,733	2,553	19,758	3,770
Total employee benefits payable within 12 months	357,947	288,385	408,196	326,768
<i>Estimated amount payable after 12 months</i>				
Annual leave	176,390	148,008	186,287	158,299
Long service leave	442,226	480,051	464,635	509,485
Total employee benefits payable after 12 months	618,615	628,058	650,921	667,784
Total employee benefits	976,562	916,443	1,059,117	994,552

The General Government Sector had approximately 23,471 full time equivalent employees (FTEs) as at 30 June 2022 (22,758 FTEs as at 30 June 2021). The Territory had approximately 25,044 FTEs as at 30 June 2022 (24,689 FTEs as at 30 June 2021).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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27 PAYABLES AND CONTRACT LIABILITIES

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.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
<i>Current payables</i>				
Trade payables	50,097	47,217	61,149	60,089
Accrued expenses	233,706	206,136	288,109	240,725
GST liability	1,542	2,272	7,596	6,792
Revenue received in advance	11,866	27,985	12,941	34,008
Other payables	26,354	13,413	66,278	42,720
	323,565	297,024	436,073	384,333
<i>Non current payables</i>				
Other payables	0	0	0	0
Total payables	323,565	297,024	436,073	384,333
Payables are aged as follows:				
Not overdue	320,390	293,580	432,322	380,458
Overdue for less than 30 days	2,751	2,550	2,779	2,730
Overdue for 30 to 60 days	117	198	396	336
Overdue for more than 60 days	307	696	576	810
Total payables^(a)	323,565	297,024	436,073	384,333

Note: (a) The increase is mainly due to higher accruals in relation to capital works projects, a higher level of accrued COVID-19 related expenses and ongoing land development works.

Contract liabilities

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

Contract liabilities arising from contracts with customers

Contract liabilities relate to consideration received in advance from customers mainly in respect of land sales contracts exchanged but not yet settled, burial fees, water and sewerage contracts and public transport fees.

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

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

	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Amounts received related to contracts with customers where the performance obligations has not yet been satisfied	16,756	27,807	54,652	65,098
Amounts received in relation to acquisition or construction of an asset to be controlled by the Territory Government which is not complete	5,285	0	12,323	3,021
Total contract liabilities	22,041	27,807	66,975	68,121

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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28 RECONCILIATION OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents at the end of the reporting period in the Balance Sheet to the Statement of Cash Flows.

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Cash and cash equivalents in the Balance Sheet				
Cash and deposits	3,132,491	2,609,659	3,526,362	2,934,805
Short-term securities and other cash equivalents	2,107	0	42,107	40,000
Bank overdraft	0	(8,966)	0	(8,966)
Cash and cash equivalents as per the Cash flow statement	3,134,598	2,600,693	3,568,469	2,965,839

(b) Reconciliation of the operating result to net cash flows from operating activities.

Operating result	(1,062,131)	302,345	(1,220,212)	122,636
<i>Add/(less) non-cash movements:</i>				
Depreciation and amortisation	513,352	496,828	675,617	642,816
Revaluation of non-financial assets	(9,467)	19,342	(12,736)	19,342
Bad debts	(23,831)	(5,068)	(38,611)	(10,984)
Capitalised distributions from associates and joint ventures	0	0	(49,801)	(10,789)
Waivers	3,443	12,406	3,443	16,209
Gains from contributed assets	(149,512)	(210,198)	(105,308)	(103,396)
Asset transfer to another entity	101,074	135,718	84,872	133,045
Assets required to be expensed	51,345	13,641	51,345	13,641
<i>Add/(less) items classified as investing or financing:</i>				
(Gains)/losses on loose-fill asbestos insulation eradication scheme	(6,962)	10,612	(6,962)	10,612
Dividends (market gains on land sales)	(13,662)	(66,649)	0	0
Net (gains)/losses on investments	405,553	(692,242)	402,734	(694,682)
Net (gains)/losses on disposal of non-current assets	(90,043)	(17,060)	(99,310)	(23,143)
Cash before changes in operating assets and liabilities	(280,841)	(327)	(314,929)	115,307
<i>Change in operating assets and liabilities:</i>				
(Increase)/decrease in receivables	477,748	(14,197)	393,005	(105,379)
Receivable from Comcare classified as investing cash flows	(328,000)	0	(328,000)	0
(Increase)/decrease in inventories	(13,541)	(19,473)	65,036	125,403
Increase/(decrease) in payables and contract liabilities	20,775	90,076	50,593	63,614
Increase/(decrease) in employee benefits and provisions	333,714	183,308	334,460	221,527
Increase/(decrease) in other liabilities	1,103	(1,826)	5,121	(10,886)
Net cash flows from operating activities	210,958	237,560	205,286	409,587

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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29 OPERATING LEASE COMMITMENTS

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

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Payable:				
Within one year	6,996	7,886	6,996	7,886
Later than one year but not later than five years	20,732	31,542	20,732	31,542
Later than five years	27,607	51,037	27,607	51,037
Total operating lease commitments^(a)	55,335	90,465	55,335	90,465

Note: (a) The decrease largely reflects the commencement of Government Office Building leases during 2021-22 for the Hume Police Traffic Operations Centre and part of the Canberra Nara Centre office building, partially offset by the entry into a commitment to lease the Mezzanine level of the Civic Government Office Building after it is complete.

30 CAPITAL COMMITMENTS

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

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

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Payable:				
Within one year	578,133	435,236	700,116	550,742
Later than one year but not later than five years	283,468	515,565	339,277	523,595
Later than five years	6,797	2,120	20,427	2,126
Total property, plant and equipment capital commitments^(a)	868,398	952,921	1,059,820	1,076,463

Note: (a) The decrease is mainly due to the progression in design and construction of the Critical Services Building at the Canberra Hospital and the design of Light Rail Stage 2A, partially offset by the main works contract engaged in 2021-22 to deliver a new CIT campus in Woden.

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31 OTHER COMMITMENTS

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

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

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Payable:				
Within one year	823,307	793,120	829,530	871,988
Later than one year but not later than five years	1,015,277	828,790	1,022,679	899,708
Later than five years	475,664	339,932	475,664	340,969
Total other commitments	2,314,248	1,961,842	2,327,873	2,112,665

Note: (a) Comparative amounts for 2020-21 have been updated due to the recognition of other commitments by Canberra Health Services for the first time.

32 PUBLIC PRIVATE PARTNERSHIP (PPP) COMMITMENTS

During 2015, the Territory Government entered into a Public Private Partnership (PPP) arrangement for the construction of the new ACT Courts. Further details on the commitments associated with the ACT Law Courts facilities can be found in the commitments notes to the financial statements for the Justice and Community Safety Directorate (Note 23).

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

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Payable:				
Within one year	21,739	20,697	21,739	20,697
Later than one year but not later than five years	88,253	87,806	88,253	87,806
Later than five years	354,253	376,439	354,253	376,439
Total public private partnership commitments	464,245	484,942	464,245	484,942

Notes: The PPP Commitments are exclusive of GST.

The 2020-21 comparative amounts have been revised to reflect the recognition of interest in accordance with AASB 16: 'Leases'.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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33 SERVICE CONCESSION ARRANGEMENTS COMMITMENTS

Service Concession Arrangement Commitments relate to the operational expenditure TCO is required to make to Canberra Metro over the remaining term of the service concession arrangement relating to the public private partnership arrangement for the Canberra Light Rail Project.

At the reporting date, the Territory had the following commitments for the light rail operations:

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Payable:				
Within one year	0	0	31,410	30,335
Later than one year but not later than five years	0	0	141,703	137,897
Later than five years	0	0	506,746	541,961
Total service concession arrangements commitments	0	0	679,859	710,193

34 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;
- * 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 Government.

	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
<i>Contingent liabilities</i>				
Land restoration	66,386	58,782	66,386	58,782
Personal injury claims	21,748	15,601	21,748	15,601
Taxation related claims	2,351	14,751	2,351	26,206
Public liability claims	14,461	8,027	14,801	8,347
Economic loss claims	24,816	5,932	26,196	10,392
Loose-Fill Asbestos Insulation Eradication Scheme	142	1,387	142	1,387
Total contingent liabilities	129,904	104,480	131,624	120,715
<i>Contingent assets</i>				
Loose-Fill Asbestos Insulation Eradication Scheme	411	4,761	411	4,761
Taxation related claims	0	0	0	11,455
Total contingent assets	411	4,761	411	16,216

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34 CONTINGENCIES, GUARANTEES AND INDEMNITIES - CONTINUED

Contingent liabilities of the GGS and the Total Territory as at 30 June 2022 include:

Land restoration: the Territory Government manages 171 sites that contain contaminated materials. The contamination includes fuel tanks, sheep dips, chemical contaminations, asbestos and other hazardous materials. While there is no present obligation to remediate these sites, a contingent liability reflecting the possible future costs has been estimated.

Personal injury claims: the Territory Government has contingent liabilities in relation to personal injury legal action largely related to health and education claims.

Taxation related claims: the Territory Government has a number of claims related to outstanding objections associated with payroll tax and duties and unclaimed lottery prize monies relating to winning prizes which remain unclaimed. The Territory also has a GST contingent liability which is offset by a contingent asset.

Public liability claims: the Territory Government has a range of contingent liabilities in relation to public liability claims largely related to the Justice and Community Safety and Community Services Directorates.

Economic loss claims: the Territory Government has contingent liabilities in relation to matters associated with contractual disputes and economic loss. Amounts are contingent due to the protected nature of legal proceedings and discoveries that may be made over the foreseeable future.

Loose-Fill Asbestos Insulation Eradication Scheme: the Territory Government has a contingent liability in relation to the estimated cost of building demolition and land remediation for affected properties for which an offer to buy these properties has been accepted but not yet settled. The Territory also has a contingent asset for these properties relating to the estimated increase in the value of land following completion of the building demolition and land remediation works.

35 THIRD PARTY MONIES

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

	General Government Sector		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
<i>Third party monies held in trust by the Territory</i>				
ACT Long Service Leave Authority	25,799	54,144	25,799	54,144
Rental Bonds Board	184,986	173,178	184,986	173,178
Road User Services Trust	6,686	5,948	6,686	5,948
Health Private Practice Fund	66,297	60,165	66,297	60,165
Public Trustee Common Fund ^(a)	445,443	465,480	445,443	465,480
Other third party monies ^{(b),(c)}	48,600	39,380	48,600	39,380
Total monies held in trust	777,811	798,295	777,811	798,295

Notes: (a) The 2020-21 comparative balance has been adjusted, due to a timing difference, to reflect final agency published figures.

(b) The Occupational Registration Fund has been reclassified to the ACT Civil and Administrative Tribunal account from Other third party monies. The 2020-21 comparative balance has been updated to reflect this change.

(c) The 2020-21 comparative balance has been adjusted to remove \$5.498 million of levies that were collected during the financial year. The balance at the end of the reporting period in both 2020-21 and 2021-22 was zero.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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36 RELATED PARTY DISCLOSURES

A related party is a person that controls or has significant influence over the Territory Government, 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 12 KMP in 2021-22. Compensation is set out below.

	2021-22	2020-21
	\$'000	\$'000
Cabinet Ministers and Head of Service	3,779	3,691
Total compensation	3,779	3,691

37 INTEREST IN JOINT ARRANGEMENTS

A joint arrangement is an arrangement that the Territory Government 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 Government 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 Government's share of the profit or loss of the joint venture after the date of acquisition. The Territory Government'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 Government 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.

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 Government, (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.

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37 INTEREST IN JOINT ARRANGEMENTS - CONTINUED

Total Territory

Icon Retail Investments Limited has entered into a joint venture partnership 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 Government 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 Government has a 60 per cent participating interest in the West Belconnen Joint Venture which is recorded as a joint operation.

	General Government		Total Territory	
	Sector			
	2021-22	2020-21	2021-22	2020-21
	Actual	Actual	Actual	Actual
	\$'000	\$'000	\$'000	\$'000
Share of joint operation profit:				
Revenue	76	27	516,915	512,363
Expenses	159	146	381,317	452,010
Operating profit	(83)	(119)	135,598	60,353
Summarised Balance Sheet				
Current assets	50	42	226,059	168,464
Non-current assets	3,494	3,408	809,396	784,668
Total assets	3,544	3,450	1,035,455	953,132
Current liabilities	1	2	153,857	126,800
Non-current liabilities	0	0	48,199	36,340
Total liabilities	1	2	202,056	163,140
Total net assets	3,543	3,448	833,399	789,993
Share of joint operation commitments				
Capital and other commitments	0	0	28,266	6,355
Total share of joint venture commitments	0	0	28,266	6,355

38 ECONOMIC DEPENDENCY

The Australian Capital Territory is a body politic established under the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)* and the ACT Executive (the Government) was vested with financial initiative under that Act. Commonwealth Government funding accounts for approximately 40 per cent of the Territory's revenue (refer to Note 8: '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.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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39 THE TERRITORY GOVERNMENT'S CREDIT RATING

The Territory maintains a AAA credit rating (outlook negative) assigned by Standard & Poor's Rating Services (AAA rating 2020-21).

The current ACT rating of 'AAA' and 'A-1+' is based on the information presented in the 2021-2022 ACT 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 six major components:

- * Institutional frameworks, assessments of economy, financial management, budgetary performance, liquidity, and debt burden

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

40 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 Total Territory for audits undertaken during 2021-22. 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	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
<i>Audit services paid or payable</i>				
Financial audits (fees for service)	3,709	3,125	4,417	3,781
Other services (direct appropriation funded)	864	997	864	997
Total Auditor's remuneration	4,573	4,122	5,281	4,778

The ACT Audit Office paid \$13,725 including GST for the independent audit of its own 2021-22 financial statements (2020-21: \$13,725 including GST).

No other services were provided by the ACT Audit Office.

41 EVENTS SUBSEQUENT TO BALANCE DATE

There were six potential participants who had not yet been accepted into the Life Time Care and Support scheme as at 30 June 2022.

An estimated average cost for the relevant injury and age of the six potential participants has been included (on a partial basis to allow for the probability of their acceptance into the LTCS scheme) as a provision.

Subsequent to the end of the financial year, the Treasurer approved the deferred payment of the final 2021-22 dividend from the Suburban Land Agency. This will result in the deferred payment of dividends from the Public Non-Financial Corporations Sector to the General Government Sector.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 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 the relevant notes in these financial statements.

Financial assets are those that derive value because of a contractual claim. The Territory Government's financial assets comprise of cash and deposits, advances paid, receivables and financial investments.

Cash includes cash at bank, cash on hand, short-term deposits and overnight cash. Cash equivalents are short-term (maturity of three months or less from the date of acquisition), 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 Statement of Cash Flows but not in cash and deposits in the Balance Sheet where they are included as other borrowings.

The inclusion of movements in short-term securities in 'cash' for the purpose of the Statement of Cash Flows is the principal difference between 'Cash and deposits' and 'Cash and cash equivalents'. The fair value of cash and cash equivalents is the carrying value recorded in the accounts of the General Government Sector (GGS) and the Total Territory.

The most significant investments and cash and deposits of the GGS and Territory are the investments and cash held by the Territory Banking Account. A significant portion of these investments are maintained for the purpose of managing the Territory's employee superannuation liability. For further information on investments and loans, refer to Note 18 'Investments and Loans'.

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

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

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

The Territory's financial liabilities comprise borrowings funded by issued debt securities in the debt capital markets in accordance with the domestic debt issuance program and Commonwealth Government loans. Financial liabilities such as payables and interest bearing liabilities are measured at amortised cost.

The main risks resulting from the financial instruments used in the management of the Territory's assets and liabilities 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 Government's main exposure to interest rate risk:

	Fixed rate instruments		Variable rate instruments	
	2021-22 \$'000	2020-21 \$'000	2021-22 \$'000	2020-21 \$'000
Financial assets	649,690	174,403	3,182,479	2,684,337
Net exposure before the effect of derivatives	649,690	174,403	3,182,479	2,684,337

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 FINANCIAL INSTRUMENTS - CONTINUED

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.

Exposures to asset classes sectors comprising cash, money market securities, fixed rate bonds (domestic and international), equities (domestic and international), private equity, property and infrastructure are maintained in line with the strategic asset allocation representing acceptable risk and return tolerances. 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.

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

	2021-22 \$'000	2020-21 \$'000
Price risk		
Investment assets		
Fixed income	313,703	887,547
Equities	3,024,292	3,345,756
Property	440,911	415,536
Infrastructure	310,851	105,543
Total exposure	4,089,757	4,754,382
Inflation risk		
Financial assets (inflation linked bonds)	730,132	709,864
Financial liabilities (inflation linked bonds)	729,733	709,504
Net exposure	399	360

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

General Government Sector and Total Territory				
30 June 2022	% increase in index		% decrease in index	
	Profit/ (loss) impact	Equity impact	Profit/ (loss) impact	Equity impact
	\$'000	\$'000	\$'000	\$'000
Investment assets				
Fixed income (+/-6%)	18,822	18,822	(18,822)	(18,822)
Equities (+/-14-20%)	465,479	465,479	(465,479)	(465,479)
Property (+/-8%)	35,272	35,272	(35,272)	(35,272)
Infrastructure (+/-10%)	31,086	31,086	(31,086)	(31,086)
Inflation Rate (+/-1%)	175	175	(175)	(175)

General Government Sector and Total Territory				
30 June 2021	% increase in index		% decrease in index	
	Profit/ (loss) impact	Equity impact	Profit/ (loss) impact	Equity impact
	\$'000	\$'000	\$'000	\$'000
Investment assets				
Fixed income (+/- 4%)	31,065	31,065	(31,065)	(31,065)
Equities (+/-14-20%)	510,292	510,292	(510,292)	(510,292)
Property (+/-8%)	58,175	58,175	(58,175)	(58,175)
Infrastructure (+/-10%)	10,554	10,554	(10,554)	(10,554)
Inflation Rate (+/-1%)	165	165	(165)	(165)

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 FINANCIAL INSTRUMENTS - CONTINUED

Currency risk

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

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

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

Currency as at 30 June 2022 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	38,920	3,195,797	37,509	3,272,226	53,766	44,707	98,473	3,173,753
USD	27,934	1,477,363	2,199	1,507,496	129	223	352	1,507,144
JPY	3,234	202,472	2,485	208,191	21	0	21	208,170
EUR	5,864	244,262	3,013	253,139	538	0	538	252,601
GBP	1,929	93,851	516	96,296	2	0	2	96,294
Other	2,383	202,165	3,002	207,550	26	0	26	207,524
Total A\$'000	80,264	5,415,910	48,724	5,544,898	54,482	44,930	99,412	5,445,486

Currency as at 30 June 2021 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	45,524	3,288,053	30,442	3,364,019	63,763	144,474	208,237	3,155,782
USD	17,458	1,533,334	839	1,551,631	0	0	0	1,551,631
JPY	1,131	153,989	895	156,015	227	2	229	155,786
EUR	1,262	217,870	2,021	221,153	418	0	418	220,735
GBP	883	79,934	1,014	81,831	136	0	136	81,695
Other	1,476	218,287	2,687	222,450	401	0	401	222,049
Total A\$'000	67,734	5,491,467	37,898	5,597,099	64,945	144,476	209,421	5,387,678

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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42 FINANCIAL INSTRUMENTS - CONTINUED

Sensitivity disclosure analysis

The table below summarises the reasonably possible impact of +/-12 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 2022 General Government Sector and Total Territory	(+/- impact) 12%	
	Profit/ (loss) impact	Equity impact
	\$'000	\$'000
Currency		
USD	17,503	17,503
EUR	10,601	10,601
JPY	9,989	9,989
GBP	2,825	2,825
Other	1,775	1,775
Total increase/(decrease)	42,693	42,693

30 June 2021 General Government Sector and Total Territory	(+/- impact) 12%	
	Profit/ (loss) impact	Equity impact
	\$'000	\$'000
Currency		
USD	2,196	2,196
EUR	394	394
JPY	243	243
GBP	228	228
Other	500	500
Total increase/(decrease)	3,561	3,561

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 at 30 June 2022 (30 June 2021: nil).

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 FINANCIAL INSTRUMENTS - CONTINUED

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

General Government Sector and Total Territory

	Credit quality				Total \$'000
	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	
30 June 2022					
Directly held					
Debt instruments	705,466	255,827	217,345	126,267	1,304,905
Total	705,466	255,827	217,345	126,267	1,304,905
30 June 2021					
Directly held					
Debt instruments	402,375	176,062	84,214	30,181	692,832
Total	402,375	176,062	84,214	30,181	692,832

Note:

AAA - The issuer has extremely strong capacity to meet its financial commitments.

AA - The issuer has very strong capacity to meet its financial commitments.

A - The issuer has strong capacity to meet its financial commitments.

BBB - The issuer has adequate capacity to meet its financial commitments, but is more subject to adverse economic conditions.

Liquidity risk

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

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

Liquidity risk is managed by maintaining a high cash balance and investing in a diversified pool of high-grade investment assets. Projected cash flows and borrowing maturities are maintained to ensure sufficient funding is available for any debt servicing obligations and required settlements.

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

Analysis of the Territory Government'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 following table reflects all contractual repayments of principal and interest resulting from recognised financial liabilities and expected settlement of financial liabilities. The amounts disclosed represent undiscounted cash flows for the respective obligations and expectations in respect of upcoming fiscal years.

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

30 June 2022	Less than 3	3-12 months	1-5 years	> 5	Total
General Government Sector	months			years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Derivatives					
Payables	161,783	161,783	0	0	323,565
Interest-bearing liabilities (current/non-current)	8,577	1,312,965	2,777,990	6,946,573	11,046,105
Estimated superannuation liabilities	86,977	260,931	2,060,127	25,521,238	27,929,273
Total non-derivatives	257,337	1,735,679	4,838,117	32,467,811	39,298,943
Derivatives					
Net settled derivatives (interest rate swaps and futures)	(64,702)	(419)	(4,134)	(14,870)	(84,125)
Total derivatives	(64,702)	(419)	(4,134)	(14,870)	(84,125)

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 FINANCIAL INSTRUMENTS - CONTINUED

Liquidity risk - continued

30 June 2021	Less than 3	3-12 months	1-5 years	> 5	Total
General Government Sector	months			years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	148,512	148,512	0	0	297,024
Interest-bearing liabilities (current/non-current)	208,100	732,882	3,716,665	4,822,013	9,479,660
Estimated superannuation liabilities	82,070	246,211	1,964,577	24,391,358	26,684,216
Total non-derivatives	438,682	1,127,605	5,681,242	29,213,371	36,460,900
Derivatives					
Net settled derivatives (interest rate swaps and futures)	(51,783)	(1,411)	(9,003)	(21,364)	(83,561)
Total derivatives	(51,783)	(1,411)	(9,003)	(21,364)	(83,561)

30 June 2022	Less than 3	3-12 months	1-5 years	> 5	Total
Total Territory	months			years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	218,037	218,037	0	0	436,073
Interest-bearing liabilities (current/non-current)	8,577	1,312,965	2,777,990	6,946,573	11,046,105
Estimated superannuation liabilities	86,977	260,931	2,060,127	25,521,238	27,929,273
Total non-derivatives	313,591	1,791,933	4,838,117	32,467,811	39,411,451
Derivatives					
Net settled derivatives (interest rate swaps and futures)	(64,702)	(419)	(4,134)	(14,870)	(84,125)
Total derivatives	(64,702)	(419)	(4,134)	(14,870)	(84,125)

30 June 2021	Less than 3	3-12 months	1-5 years	> 5	Total
Total Territory	months			years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Non-Derivatives					
Payables	192,167	192,167	0	0	384,334
Interest-bearing liabilities (current/non-current)	208,100	732,882	3,716,665	4,822,013	9,479,660
Estimated superannuation liabilities	82,070	246,211	1,964,577	24,391,358	26,684,216
Total non-derivatives	482,337	1,171,260	5,681,242	29,213,371	36,548,210
Derivatives					
Net settled derivatives (interest rate swaps and futures)	(51,783)	(1,411)	(9,003)	(21,364)	(83,561)
Total derivatives	(51,783)	(1,411)	(9,003)	(21,364)	(83,561)

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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42 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	2021-22		2020-21	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash and deposits ^(a)	3,132,491	3,132,491	2,609,659	2,609,659
Advances paid	1,933,373	1,935,629	1,898,178	2,482,873
Investments and loans ^(b)	5,457,397	5,457,397	5,394,424	5,394,424
Receivables ^(c)	833,820	833,820	1,276,485	1,276,485
Equity investments in other public sector entities	10,950,233	10,950,233	8,871,144	8,871,144
Total financial assets	22,307,314	22,309,570	20,049,890	20,634,585
Financial liabilities				
Advances received	49,649	49,649	53,761	53,761
Borrowings	9,214,122	8,598,577	8,024,148	9,667,894
Payables	323,565	323,565	297,024	297,024
Other liabilities	17,761	17,761	16,658	16,658
Total financial liabilities	9,605,097	8,989,552	8,391,590	10,035,336
Net financial assets	12,702,217	13,320,018	11,658,299	10,599,248

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

Total Territory	2021-22		2020-21	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
Financial assets				
Cash and deposits ^(a)	3,526,362	3,526,362	2,934,805	2,934,805
Advances paid	77,435	77,435	64,980	64,980
Investments and loans ^(b)	5,497,397	5,497,397	5,434,424	5,434,424
Receivables ^(c)	649,312	649,312	986,238	986,238
Investments accounted for using the equity method	992,181	992,181	882,898	882,898
Total financial assets	10,742,687	10,742,687	10,303,345	10,303,345
Financial liabilities				
Advances received	89,949	89,949	98,327	98,327
Borrowings	9,508,360	8,892,815	8,328,832	9,972,578
Payables	436,073	436,073	384,333	384,333
Other liabilities	28,905	28,905	23,784	23,784
Total financial liabilities	10,063,287	9,447,742	8,835,276	10,479,022
Net financial assets	679,400	1,294,945	1,468,069	(175,677)

Notes: (a) The fair value of cash and deposits is the carrying value recorded in the accounts of the GGS and the Total Territory.

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

(c) Receivables has been adjusted to remove right to receive infrastructure and prepayments.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy

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

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

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

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

30 June 2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities at fair value				
Financial assets				
Investment assets	2,756,370	2,311,639	293,419	5,361,428
Financial liabilities				
Agencies investment deposits	0	5,445,486	0	5,445,486
Assets and liabilities for which fair values are disclosed				
Financial assets				
Loans and receivables	0	2,541,603	0	2,541,603
Financial liabilities				
Interest bearing liabilities	0	8,647,606	0	8,647,606
Net assets/(liabilities)	2,756,370	(9,239,850)	293,419	(6,190,061)
<hr/>				
30 June 2021	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities at fair value				
Financial assets				
Investment assets	3,204,186	1,977,883	234,274	5,416,343
Financial liabilities				
Agencies investment deposits	0	5,387,676	0	5,387,676
Assets and liabilities for which fair values are disclosed				
Financial assets				
Loans and receivables	0	3,221,158	0	3,221,158
Financial liabilities				
Interest bearing liabilities	0	9,712,681	0	9,712,681
Net assets/(liabilities)	3,204,186	(9,901,316)	234,274	(6,462,856)

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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42 FINANCIAL INSTRUMENTS - CONTINUED

Fair value hierarchy - continued

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 excluding 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 values of fixed interest security units are classified as Level 2.

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

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

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.

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

Valuation process for level 3 valuations

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

Level 3 reconciliations

30 June 2022	Listed securities	Unit trusts
	\$'000	\$'000
Balance at 1 July 2021	0	234,274
Purchases during year	0	5,510
Settlements during the year	0	20,846
Transfers into Level 3	15	0
Total gains/(losses)	0	32,774
Balance at 30 June 2022	15	293,403
<hr/>		
30 June 2021	Listed securities	Unit trusts
	\$'000	\$'000
Balance at 1 July 2020	0	194,526
Settlements during the year	0	7,063
Total gains/(losses)	0	32,686
Balance at 30 June 2021	0	234,274

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
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43 EXPENSES AND ASSETS BY FUNCTION

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

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

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

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

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

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

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

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

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

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

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
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	General Government		Total Territory	
	Sector			
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
43 EXPENSES AND ASSETS BY FUNCTION - CONTINUED				
The following table provides a disaggregation of General Government Sector (GGS) and Total Territory total expenses by function.				
01 General public services	1,264,377	1,174,381	1,255,323	1,174,082
03 Public order and safety	614,367	545,739	613,494	544,962
04 Economic affairs ^(a)	560,651	109,091	553,319	101,414
05 Environmental protection ^(b)	179,454	311,881	286,330	407,382
06 Housing and community amenities	74,288	40,164	370,281	416,313
07 Health	2,211,264	1,908,342	2,206,822	1,904,760
08 Recreation, culture and religion	246,252	201,505	252,338	205,370
09 Education	1,658,147	1,514,779	1,651,381	1,533,988
10 Social protection ^(b)	467,150	537,569	592,039	540,790
11 Transport	479,868	464,584	517,914	504,853
Total expenses	7,755,818	6,808,037	8,299,241	7,333,914

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

01 General public services	21,710,367	19,472,749	10,580,779	10,387,811
03 Public order and safety	679,566	719,540	676,322	708,088
04 Economic affairs	2,097,961	2,027,010	239,867	183,903
05 Environmental protection	417,121	429,371	2,239,141	2,096,046
06 Housing and community amenities	87,800	114,465	3,230,188	2,946,944
07 Health	1,781,797	1,641,901	1,768,492	1,601,553
08 Recreation, culture and religion	1,708,775	1,661,881	1,706,736	1,657,612
09 Education	2,645,768	2,561,389	2,852,351	2,772,102
10 Social protection	528,510	465,143	9,056,083	7,275,297
11 Transport	10,595,140	9,181,737	11,307,413	9,880,165
Total assets	42,252,805	38,275,187	43,657,372	39,509,520

Notes: (a) The increase largely reflects the introduction of various COVID-19 Business Support Grants as a stimulus package for ACT local businesses significantly impacted by the COVID-19 health emergency.

(b): The decrease is mainly due to the reclassification of expenses to other categories to more accurately reflect the nature of expenditure.

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Revenue								
Controlled recurrent payments	0	0	292,590	282,670	(292,590)	(282,670)	0	0
Taxation revenue	2,404,711	2,043,428	0	0	(50,917)	(48,784)	2,353,794	1,994,644
Commonwealth grants	2,951,529	2,506,835	5,241	2,360	(3,898)	1	2,952,872	2,509,196
Sales of goods and services								
Revenue from associates and joint ventures	0	0	135,801	41,539	0	0	135,801	41,539
Other sales of goods and services from contracts with customers	611,670	583,772	401,267	416,419	(75,714)	(84,318)	937,223	915,873
Investment revenue	137,595	174,200	0	0	0	(1)	137,595	174,199
Interest revenue	139,608	87,961	3,357	2,286	(85,707)	(60,325)	57,258	29,922
Dividend and income tax equivalents income	414,375	463,004	0	0	(414,375)	(463,004)	0	0
Other revenue								
Land revenue (value-add component)	0	0	517,374	696,902	(6,597)	(33,269)	510,777	663,633
Other revenue	191,115	241,950	34,353	35,939	(39,417)	(34,593)	186,051	243,296
Gains from contributed assets	149,512	210,198	27,401	20,163	(71,605)	(126,966)	105,308	103,395
Total revenue	7,000,115	6,311,349	1,417,384	1,498,280	(1,040,820)	(1,133,931)	7,376,679	6,675,698
Expenses								
Employee expenses	2,695,413	2,469,087	228,615	211,707	(5,544)	(5,258)	2,918,484	2,675,536
Superannuation expenses								
Superannuation interest cost	302,379	210,537	0	0	0	0	302,379	210,537
Other superannuation expense	552,283	492,935	33,670	31,451	(13,864)	(12,876)	572,089	511,510
Depreciation and amortisation	513,352	496,828	162,265	145,988	0	0	675,617	642,816
Interest expense	250,458	198,329	99,686	81,944	(85,707)	(60,340)	264,437	219,933
Other property expenses (income tax equivalents)	0	0	123,319	153,735	(123,319)	(153,735)	0	0
Other operating expenses								
Supplies and services	1,231,710	1,091,188	316,295	263,249	(52,842)	(54,145)	1,495,163	1,300,292
Other operating expenses	312,206	386,654	227,823	306,792	(97,038)	(130,800)	442,991	562,646
Grants and purchased services	1,898,017	1,462,481	84,600	143,944	(354,536)	(395,782)	1,628,081	1,210,643
Total expenses	7,755,818	6,808,037	1,276,273	1,338,811	(732,850)	(812,934)	8,299,241	7,333,914
UPF net operating balance	(755,703)	(496,688)	141,111	159,469	(307,970)	(320,997)	(922,562)	(658,216)

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Other economic flows - included in the operating result								
Dividends (market gains on land sales)	13,662	66,649	0	0	(13,662)	(66,649)	0	0
Land revenue (market gains on land sales)	0	0	20,463	96,638	0	0	20,463	96,638
Net land revenue (undeveloped land value)	9,784	47,492	0	0	1,402	(50,777)	11,186	(3,285)
Net gain/(loss) on sale of non-financial assets	99,510	(2,282)	12,536	6,857	0	(774)	112,046	3,801
Net gain/(loss) on financial assets or liabilities at fair value	(405,553)	692,242	2,819	2,440	0	0	(402,734)	694,682
Doubtful debts	(23,831)	(5,068)	(14,780)	(5,916)	0	0	(38,611)	(10,984)
Operating result	(1,062,131)	302,345	162,149	259,488	(320,230)	(439,197)	(1,220,212)	122,636
Other economic flows - other comprehensive income								
Items that will not be subsequently reclassified to operating statement								
Payments to ACT Government agencies	(139,979)	(120,133)	0	0	139,979	120,133	0	0
Capital distributions	0	0	0	0	0	(625)	0	(625)
Transfer of assets to the public non-financial corporations (PNFC) sector	(10,954)	(10,710)	0	0	10,954	10,710	0	0
Superannuation actuarial gain/(loss)	2,655,826	(994,929)	0	0	0	0	2,655,826	(994,929)
Other movements	32,022	298	600	4,476	0	0	32,622	4,774
Increase/(decrease) in asset revaluation surplus	1,573,113	192,950	1,981,057	1,249,507	199,795	87,855	3,753,965	1,530,312
Items that may be subsequently reclassified to operating statement								
Increase/(decrease) in net assets of PNFC	2,019,551	1,307,684	0	0	(2,019,551)	(1,307,684)	0	0
Total comprehensive result	5,067,448	677,505	2,143,806	1,513,470	(1,989,053)	(1,528,808)	5,222,201	662,168

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED OPERATING STATEMENT BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Key fiscal aggregates								
UPF net operating balance	(755,703)	(496,688)	141,111	159,469	(307,970)	(320,997)	(922,562)	(658,216)
<i>less net acquisition of non-financial assets</i>								
Payments for non-financial assets	702,504	671,334	201,011	245,547	(16,147)	(50,551)	887,368	866,331
Sales of non-financial assets	(74,378)	(97,312)	(139,378)	(121,306)	0	26,510	(213,756)	(192,108)
Change in inventories	13,541	19,473	(78,576)	(144,875)	(1)	0	(65,036)	(125,403)
Depreciation and amortisation	(513,352)	(496,828)	(162,265)	(145,987)	0	0	(675,617)	(642,816)
Other movements in non-financial assets	45,607	71,667	(40,202)	(104,130)	12,200	0	17,605	(32,462)
<i>Total net acquisition of non-financial assets</i>	<i>173,922</i>	<i>168,334</i>	<i>(219,410)</i>	<i>(270,752)</i>	<i>(3,948)</i>	<i>(24,041)</i>	<i>(49,436)</i>	<i>(126,459)</i>
Net lending/(borrowing)	(929,625)	(665,023)	360,521	430,221	(304,022)	(296,956)	(873,126)	(531,758)

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AT 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Financial assets								
Cash and deposits	3,132,491	2,609,659	393,871	325,146	0	0	3,526,362	2,934,805
Advances paid	1,933,373	1,898,178	0	927	(1,855,938)	(1,834,124)	77,435	64,980
Investments and loans	5,457,397	5,394,424	40,000	40,000	0	0	5,497,397	5,434,424
Receivables	874,568	1,325,291	85,154	86,582	(204,648)	(353,888)	755,074	1,057,984
Equity investments								
Investments in other public non-financial corporations	10,950,233	8,930,677	0	0	(10,950,233)	(8,930,677)	0	0
Investments accounted for using the equity method	20	20	992,181	967,944	(20)	(20)	992,181	967,944
Total financial assets	22,348,082	20,158,249	1,511,206	1,420,598	(13,010,839)	(11,118,710)	10,848,449	10,460,137
Non-financial assets								
Produced assets								
Property, plant and equipment	13,723,417	12,867,867	6,223,921	5,446,597	0	0	19,947,338	18,314,464
Investment properties	4,750	7,920	26,043	25,581	0	0	30,793	33,501
Intangibles	188,071	177,247	35,121	41,896	0	0	223,192	219,143
Inventories	55,377	41,836	292,988	371,564	0	0	348,365	413,401
Assets held for sale	20,297	30,001	28,735	12,988	0	0	49,032	42,989
Capital works-in-progress	835,907	701,204	227,571	156,128	0	0	1,063,478	857,332
Non produced assets								
Property, plant and equipment	5,036,224	4,252,261	6,069,821	4,877,826	0	0	11,106,045	9,130,087
Biological assets	38,651	27,148	0	0	0	0	38,651	27,148
Other non-financial assets								
Deferred tax assets	0	0	22,281	0	(22,281)	0	0	0
Other non-financial assets	2,029	11,454	0	0	0	(136)	2,029	11,318
Total non-financial assets	19,904,723	18,116,939	12,926,481	10,932,580	(22,281)	(136)	32,808,923	29,049,382
Total assets	42,252,805	38,275,187	14,437,687	12,353,178	(13,033,120)	(11,118,846)	43,657,372	39,509,520

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED BALANCE SHEET BY SECTOR
AT 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Liabilities								
Advances received	49,649	53,761	1,896,238	1,878,690	(1,855,938)	(1,834,124)	89,949	98,327
Borrowings								
Lease liabilities	1,071,291	1,046,766	8,089	12,477	0	0	1,079,380	1,059,243
Other borrowings	9,214,122	8,024,148	294,238	304,684	0	0	9,508,360	8,328,832
Superannuation	10,872,463	13,231,437	0	0	0	64	10,872,463	13,231,501
Employee benefits	976,562	916,443	82,659	78,173	(104)	(64)	1,059,117	994,552
Other provisions	930,038	953,295	177,702	178,110	(53,145)	(49,918)	1,054,595	1,081,488
Payables and contract liabilities	345,606	324,831	207,951	200,316	(50,509)	(72,692)	503,048	452,455
Other liabilities								
Current tax liability	0	0	93,857	131,198	(93,857)	(131,198)	0	0
Deferred tax liability	0	0	670,641	572,833	(670,641)	(572,833)	0	0
Other liabilities	17,761	16,658	56,079	66,019	(44,935)	(58,893)	28,905	23,784
Total liabilities	23,477,492	24,567,339	3,487,454	3,422,501	(2,769,129)	(2,719,659)	24,195,817	25,270,181
Net assets	18,775,313	13,707,848	10,950,233	8,930,677	(10,263,991)	(8,399,187)	19,461,555	14,239,338
Equity in public non-financial corporations	10,950,233	8,930,677	0	0	(10,950,233)	(8,930,677)	0	0
Accumulated funds	(251,693)	(1,740,254)	3,586,480	3,434,470	61,358	106,401	3,396,145	1,800,617
Asset revaluation surplus	8,075,543	6,516,195	7,363,753	5,496,207	624,884	425,089	16,064,180	12,437,491
Other reserves	1,230	1,230	0	0	0	0	1,230	1,230
Net worth	18,775,313	13,707,848	10,950,233	8,930,677	(10,263,991)	(8,399,187)	19,461,555	14,239,338
Key fiscal aggregates								
Net financial worth	(1,129,410)	(4,409,091)	(1,976,248)	(2,001,903)	(10,241,710)	(8,399,050)	(13,347,368)	(14,810,044)
Net financial liabilities	12,079,643	13,339,767	0	0	2,259,906	2,438,221	14,339,549	15,777,988
Net debt (excluding superannuation related investments)	4,752,613	4,354,517	1,470,456	1,525,095	294,238	304,684	6,517,307	6,184,297

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Opening equity								
Opening equity in public non-financial corporations (PNFC)	8,930,677	7,622,993	0	0	(8,930,677)	(7,622,993)	0	0
Opening accumulated funds	(1,740,254)	(946,123)	3,434,470	3,279,392	106,401	90,603	1,800,617	2,423,853
Opening asset revaluation surplus	6,516,195	6,352,243	5,496,207	4,343,600	425,089	456,225	12,437,491	11,152,068
Opening other reserves	1,230	1,230	0	0	0	0	1,230	1,230
Opening balance	13,707,848	13,030,343	8,930,677	7,622,993	(8,399,187)	(7,076,165)	14,239,338	13,577,170
Comprehensive income								
<i>Included in accumulated funds:</i>								
Operating result for the period	(1,062,131)	302,345	162,149	259,488	(320,230)	(439,196)	(1,220,212)	122,636
Payments to ACT government agencies	(139,979)	(120,133)	0	0	139,979	120,133	0	0
Capital distributions	0	0	0	0	0	(625)	0	(625)
Transfer of assets to the PNFC sector	(10,954)	(10,710)	0	0	10,954	10,710	0	0
Superannuation actuarial gain/(loss)	2,655,826	(994,929)	0	0	0	0	2,655,826	(994,929)
Other movements	32,022	298	600	4,476	0	0	32,622	4,774
<i>Included in equity in PNFC:</i>								
Increase/(decrease) in net assets of PNFC	2,019,551	1,307,684	0	0	(2,019,551)	(1,307,684)	0	0
<i>Included in the asset revaluation surplus:</i>								
Increase/(decrease) in the asset revaluation surplus	1,573,113	192,950	1,981,057	1,249,507	199,795	87,855	3,753,965	1,530,312
<i>Included in other reserves:</i>								
Increase/(decrease) in other reserves	0	0	0	0	0	0	0	0
Total comprehensive income/(deficit)	5,067,448	677,505	2,143,806	1,513,470	(1,989,053)	(1,528,807)	5,222,201	662,168
Other								
Transfer to/(from) accumulated funds	13,765	28,998	113,510	96,900	0	118,990	127,275	244,888
Transfer to/(from) the asset revaluation surplus	(13,765)	(28,998)	(113,510)	(96,900)	0	(118,990)	(127,275)	(244,888)
Total other	0	0	0	0	0	0	0	0

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Transactions involving owners affecting accumulated funds								
Capital injections	0	0	139,979	120,133	(139,979)	(120,133)	0	0
Capital distributions	0	0	0	(625)	0	625	0	0
Transfer of assets from the General Government Sector	0	0	10,954	10,710	(10,954)	(10,710)	0	0
Dividends approved	0	0	(275,188)	(336,004)	275,188	336,004	0	0
Total transactions involving owners affecting accumulated funds	0	0	(124,255)	(205,786)	124,255	205,786	0	0
Closing equity								
Closing equity in PNFC	10,950,233	8,930,677	0	0	(10,950,233)	(8,930,677)	0	0
Closing accumulated funds	(251,693)	(1,740,254)	3,586,480	3,434,470	61,358	106,401	3,396,145	1,800,617
Closing asset revaluation surplus	8,075,543	6,516,195	7,363,753	5,496,207	624,884	425,089	16,064,180	12,437,491
Closing other reserves	1,230	1,230	0	0	0	0	1,230	1,230
Closing balance	18,775,313	13,707,848	10,950,233	8,930,677	(10,263,991)	(8,399,187)	19,461,555	14,239,338

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Cash flows from operating activities								
<i>Cash receipts</i>								
Taxes received	2,165,860	1,875,146	0	0	(47,221)	(47,558)	2,118,639	1,827,588
Sales of goods and services from contracts with customers	791,215	725,711	981,123	1,187,743	(98,392)	(121,498)	1,673,946	1,791,956
Grants and contributions	2,990,847	2,414,771	294,872	284,973	(293,383)	(282,999)	2,992,336	2,416,745
Investment receipts	141,934	187,184	0	0	0	0	141,934	187,184
Interest receipts	131,415	81,568	3,304	2,106	(73,118)	(55,907)	61,601	27,767
Dividends and income tax equivalents	461,636	474,670	0	0	(461,636)	(474,670)	0	0
Other receipts	501,885	516,167	138,783	100,708	(25,832)	(17,171)	614,836	599,704
Total receipts from operating activities	7,184,792	6,275,216	1,418,082	1,575,530	(999,582)	(999,803)	7,603,292	6,850,943
<i>Cash payments</i>								
Payments for employees	(3,170,459)	(2,940,265)	(251,551)	(240,801)	19,414	18,237	(3,402,596)	(3,162,829)
Payments for goods and services	(1,239,709)	(1,085,455)	(313,957)	(257,682)	52,240	51,218	(1,501,426)	(1,291,919)
Grants/subsidies paid	(1,814,144)	(1,346,960)	(33,960)	(27,342)	285,734	274,661	(1,562,370)	(1,099,642)
Borrowing costs	(228,063)	(188,647)	(86,070)	(75,409)	73,118	55,907	(241,015)	(208,149)
Other payments	(521,459)	(476,329)	(261,306)	(303,414)	92,166	100,926	(690,599)	(678,817)
Total payments from operating activities	(6,973,834)	(6,037,656)	(946,844)	(904,649)	522,672	500,948	(7,398,006)	(6,441,357)
Net cash inflows/(outflows) from operating activities	210,958	237,560	471,238	670,881	(476,910)	(498,855)	205,286	409,587
Cash flows from investing activities								
<i>Cash flows from investments in non-financial assets</i>								
Sales of non-financial assets	74,378	97,312	139,378	121,306	0	(26,510)	213,756	192,108
Payments for non-financial assets	(702,504)	(671,334)	(201,011)	(245,547)	16,147	50,551	(887,368)	(866,331)
Net cash inflows/(outflows) from investments in non-financial assets	(628,126)	(574,022)	(61,633)	(124,241)	16,147	24,041	(673,612)	(674,223)

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Cash flows from investments in financial assets for policy purposes								
<i>Cash receipts</i>								
Repayment of loans	323	193	927	29,216	0	0	1,250	29,409
Capital receipts from government agencies	328,000	0	139,979	120,133	(139,979)	(120,133)	328,000	0
Dividends (market gains on land sales)	13,662	66,649	0	0	(13,662)	(66,649)	0	0
Total receipts from investment in financial assets for policy purposes	341,985	66,842	140,906	149,348	(153,641)	(186,781)	329,250	29,409
<i>Cash payments</i>								
Issue of loans	(13,524)	0	(927)	(625)	0	0	(14,451)	(625)
Capital payments to government agencies	(139,979)	(120,133)	0	0	139,979	120,133	0	0
Dividends (market gains on land sales)	0	0	(13,662)	(66,649)	13,662	66,649	0	0
Total payments from investment in financial assets for policy purposes	(153,503)	(120,133)	(14,589)	(67,274)	153,641	186,781	(14,451)	(625)
Net cash inflows/(outflows) from investments in financial assets for policy purposes	188,482	(53,291)	126,317	82,075	0	0	314,799	28,784
Cash flows from investments in financial assets for liquidity purposes								
Sales of investments	2,278	4,851	3,954	2,047	446	144	6,678	7,042
Payments for investments	(361,315)	(5,220)	0	0	(961)	0	(362,276)	(5,220)
Net cash inflows/(outflows) from investments in financial assets for liquidity purposes	(359,037)	(370)	3,954	2,047	(515)	144	(355,598)	1,821
Net cash inflows/(outflows) from investing activities	(798,681)	(627,683)	68,638	(40,119)	15,632	24,185	(714,411)	(643,617)

**AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
CONSOLIDATED STATEMENT OF CASH FLOWS BY SECTOR
FOR THE YEAR ENDED 30 JUNE 2022**

44 DISAGGREGATED SECTOR INFORMATION - CONTINUED

	General Government Sector		Public Non-Financial Corporations Sector		Eliminations		Total Territory	
	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000	2021-22 Actual \$'000	2020-21 Actual \$'000
Cash flows from financing activities								
<i>Cash receipts</i>								
Borrowings	1,178,751	997,732	20,974	50,567	(13,318)	(56,226)	1,186,407	992,074
Total receipts from financing activities	1,178,751	997,732	20,974	50,567	(13,318)	(56,226)	1,186,407	992,074
<i>Cash payments</i>								
Borrowings	(6,859)	(55,837)	(26,231)	(21,439)	13,318	56,226	(19,772)	(21,050)
Repayment of lease liabilities - principal	(50,100)	(50,418)	(4,618)	(4,779)	0	0	(54,718)	(55,196)
Dividends paid	0	0	(270,932)	(428,844)	270,932	428,844	0	0
Other financing	0	0	(190,346)	(45,825)	190,346	45,825	0	0
Total payments from financing activities	(56,959)	(106,255)	(492,127)	(500,888)	474,596	530,895	(74,490)	(76,247)
Net cash inflows/(outflows) from financing activities	1,121,792	891,478	(471,153)	(450,321)	461,278	474,670	1,111,917	915,827
Net increase/(decrease) in cash and cash equivalents	534,069	501,355	68,723	180,442	0	(1)	602,792	681,796
Cash and cash equivalents at the beginning of reporting period	2,600,693	2,099,337	365,146	184,704	0	1	2,965,839	2,284,042
Cash and cash equivalents at the end of reporting period	3,134,762	2,600,693	433,869	365,146	0	0	3,568,631	2,965,839
Key fiscal aggregates								
Net cash from operating activities	210,958	237,560	471,238	670,881	(476,910)	(498,855)	205,286	409,587
Investments in non-financial assets	(628,126)	(574,022)	(61,633)	(124,241)	16,147	24,041	(673,612)	(674,223)
Distributions paid	0	0	(461,278)	(474,670)	461,278	474,670	0	0
Cash surplus (+)/deficit (-)	(417,168)	(336,462)	(51,673)	71,971	515	(145)	(468,326)	(264,636)

A positive number denotes a cash inflow, a bracket 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 2022

45 RECONCILIATIONS TO ABS GFS MEASURES

GFS net operating balance: In the Public Non-Financial Corporations (PNFC) sector, dividend payments are classified as expense in the GFS measure of the net operating balance.

Expenses related to Light Rail Stage 2 are reclassified in the GFS measure from the General Government Sector (GGS) to the PNFC Sector due to the GFS concept of there being a single economic owner for the entire life of a project. On completion, this asset is transferred from the GGS to the PNFC for operations.

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

GFS net worth: In the General Government Sector and Total Territory the GFS measure excludes provisions relating to remediation of waste sites and the loose-fill asbestos insulation eradication scheme.

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

GFS net financial worth: In the General Government Sector and Total Territory the GFS measure excludes provisions relating to remediation of waste sites and the loose-fill asbestos insulation eradication scheme.

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

46 SERVICE CONCESSION ARRANGEMENTS

The Territory adopted AASB 1059: 'Service Concession Arrangements: Grantor' (AASB 1059) for the first time for annual reporting periods beginning on or after 1 January 2020. This has resulted in the Territory changing its accounting policy in relation to service concession arrangements. The standard applies to arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector grantor for a specified period of time and managing at least some of those services. An arrangement within the scope of this standard typically involves an operator constructing the assets used to provide the public service or upgrading the assets (for example, by increasing their capacity), and operating and maintaining the assets for a specified period of time.

The Territory currently has two types of arrangements that fall within scope of AASB 1059. Current arrangements are consolidated as part of the Public Non-Financial Corporations and Total Territory financial statements.

Housing Asset Assistance Program (HAAP)

HAAP arrangements are long term leases entered into between Housing ACT and Community Housing Providers to provide affordable housing solutions and specialist homelessness services over the term of the lease. Housing ACT owns the properties on which the services are operated and head leases them to the operators, in accordance with the service agreements in place. The service agreements with the Community Housing Providers outline the services that are to be provided and do not limit the services that can be provided by the operators.

These assets are measured at current replacement cost on initial recognition or reclassification. After initial recognition or reclassification, they are measured at fair value in accordance with AASB 116: 'Property, Plant and Equipment'. Service concession assets are depreciated over their useful lives.

Light Rail Service Concession Arrangement

On 25 May 2016 the Territory (grantor) entered into a 20-year Public Private Partnership (PPP) with Canberra Metro (CM) (operator) to construct, deliver, maintain and operate light rail infrastructure assets, light rail plant and equipment, and light rail building assets over the term of the contract. These assets have been constructed on Territory land. The agreement between the two entities specifies the responsibilities of each party and contains termination clauses for both convenience, Force Majeure events and default on the part of the operator. Under the terms of the arrangement the Territory retains the significant residual interest in the assets at the end of the 20-year term.

These assets were allocated to the relevant service concession arrangement categories under Property, Plant and Equipment. Lease Liabilities have been classified as Interest-bearing liabilities and are now recognised as Other borrowings.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

47 VARIANCE EXPLANATIONS - 2021-22 Actual compared to 2021-22 Budget

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

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

<u>Operating Statement</u>	2021-22 Actual \$'000	2021-22 Budget \$'000	Variance \$'000	Variance %
Taxation revenue This variance is mainly due to an increase in residential conveyance duty due to a higher volume and value of transactions throughout the year due to stronger market demand during 2021-22 and increased commercial conveyance duty due to a higher volumes of transactions.	2,404,711	2,216,163	188,548	9%
Interest revenue This variance is mainly due to interest earned by the Territory Banking Account on Directorates' operating cash balances maintained for operational and liquidity purposes, as well as changes to actual investment exposures and prevailing interest rates.	139,608	98,898	40,710	41%
Dividend and income tax equivalents income This variance is mainly due to higher than anticipated dividends and income tax equivalent payments from the Suburban Land Agency due to higher than expected land sales from strong market demand for land shown throughout the financial year, reflected in higher sale volumes and prices across the Agency's estates.	414,375	252,490	161,885	64%
Gains from contributed assets This variance is mainly due to a lower value of assets transferred to the Transport Canberra and City Services Directorate from the Suburban Land Agency and private developers. The variance is also attributed to a lower than expected number of Large-Scale Generation Certificates received of 1.885 million (rather than the estimated certificates to be received of 2.108 million).	149,512	306,473	(156,961)	-51%
Supplies and services This variance is mainly due to the deferral of expenditure from 2021-22 to future years due to project delays including West Belconnen remediation, the Non-Government Office Building Fit-Out and numerous other low value projects. These lower supplies and services are partially offset by an increase in usage and costs for medical supplies associated with the continuing COVID-19 pandemic response.	1,231,710	1,415,144	(183,434)	-13%

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

47 VARIANCE EXPLANATIONS - CONTINUED

<u>Operating Statement - continued</u>	2021-22 Actual \$'000	2021-22 Budget \$'000	Variance \$'000	Variance %
Net land revenue (undeveloped land value) Net land revenue is lower mainly due to lower than budgeted land sales in the Loose-fill Asbestos Scheme as the scheme winds down and delays in due diligence and planning process due to COVID-19 in relation to undeveloped land sales by the Environment, Planning and Sustainable Development Directorate to the Suburban Land Agency.	9,784	41,952	(32,168)	-77%
Net gain/(loss) on sale/(disposal) of non-financial assets The higher than expected gain is largely due to a change in the rate used to estimate the present value of long service employee benefits from 108.7 per cent in 2020-21 to 95.3 per cent in 2021-22 and the impact of present value changes on the Territory's insurance related liabilities. Variations to expenses arising from changes in present value rates are recognised as other gains for the Territory's reporting purposes.	99,510	(8,800)	108,310	#
Net gain/(loss) on financial assets or liabilities at fair value This variance is due to incurred investment losses associated with decreased market valuations as a result of increasing financial market volatility, inflation and interest rates and a moderating growth outlook.	(405,553)	229,223	(634,776)	-277%
Superannuation actuarial gain/(loss) The variance is due to changes in the financial assumptions used to value the defined benefit superannuation liability which used a lower discount rate of 3.9 per cent and higher salary growth and inflation assumptions compared to the 2021-22 Budget assumptions.	2,655,826	3,412,160	(756,334)	-22%
Other movements The variance is largely due to the recognition of trust funds for the ACT Civil and Administrative Tribunal for the first time which were previously classified as third party monies. These funds were determined to meet the criteria for recognition in the Territory's financial statements. The impact of this change was reflected in 2021-22. As the amount was immaterial to the Territory's Financial Statements, a prior period correction was not undertaken which has created an other movement in equity.	32,022	(18,760)	50,782	#
Increase/(decrease) in asset revaluation reserve surpluses due to This variance is mainly due to revaluations of the Territory's property, plant and equipment including infrastructure assets, as well as land under roads due to an increase in the value per square metre of this land and land rent blocks.	1,573,113	(92,375)	1,665,488	#
Increase/(decrease) in net assets of PNFC This variance is primarily due to revaluations of the public housing portfolio.	2,019,551	145,646	1,873,905	#

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

47 VARIANCE EXPLANATIONS - CONTINUED

<u>Balance Sheet</u>	2021-22 Actual \$'000	2021-22 Budget \$'000	Variance \$'000	Variance %
Cash and deposits The variance in cash and deposits largely reflects the operational and liquidity needs of the Territory.	3,132,491	2,518,801	613,690	24%
Investments and loans This variance is due to investment incurred losses in 2021-22 relative to the underlying target return objectives of the portfolio strategies due to decreased market valuations as a result of increasing financial market volatility, inflation and interest rates and a moderating growth outlook.	5,457,397	6,245,886	(788,489)	-13%
Investments in other public sector enterprises This variance is primarily due to revaluations of the public housing portfolio.	10,950,233	9,020,607	1,929,626	21%
Intangibles This variance is associated with the deferral of expenditure from 2021-22 to future years for health related ICT projects including COVID-19 and Disease Response Management System, Digital Health Strategy and the ACT Pathology Laboratory Information System Replacement.	188,071	273,327	(85,256)	-31%

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

APPENDIX A – 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 2022

APPENDIX A – GLOSSARY – CONTINUED

Contract Liability

A contract liability is recognised if a customer pays consideration before the Territory transfers a good or service to the customer.

Controlled Recurrent Payment

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

Current Assets

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

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

Current Liabilities

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

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

Debt

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

Financial Management Act 1996 (FMA)

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

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

APPENDIX A – GLOSSARY – CONTINUED

General Government Sector (GGS)

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

Government Finance Statistics (GFS)

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

Harmonised Financial Statements

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

Lessee

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

Lessor

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

Materiality

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

National Partnership Payment (NPP)

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

Non-Financial Non-Produced Assets

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

Non-Financial Assets

Non-financial assets are all assets other than financial assets – primarily property, plant and equipment, such as roads, schools, hospitals, land, inventories, other infrastructure and intangible assets.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

APPENDIX A – GLOSSARY – CONTINUED

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 Private Partnerships (PPP)

Public Private Partnerships are a form of infrastructure procurement that involve high levels of risk transfer to the private sector and high levels of integrated delivery including:

- design;
- construction;
- maintenance;
- operations; and
- financing.

PPPs provide the Territory with additional delivery and financing options to support large infrastructure. Under the PPP model, the contractor is incentivised to achieve on-time, on-budget delivery as payments do not commence until the asset is commissioned.

PPPs involve integrated maintenance and operations over extended periods of time resulting in the preservation of an asset's condition throughout its life. Whole-of-life asset costs are improved through integrated service delivery as a design feature. PPPs can offer savings over traditional procurement.

Public Non-Financial Corporations (PNFCs)

This was previously known as the Public Trading Enterprises (PTE) sector. This is an ABS categorisation of certain public sector agencies. It comprises government controlled corporations and quasi-corporations mainly engaged in the production of market goods and/or non-financial services.

Revenue from Contracts with Customers

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

Right of Use Asset

A right of use asset is the lessee's right to use an asset over the contracted term of a lease.

AUSTRALIAN CAPITAL TERRITORY GOVERNMENT
NOTES TO AND FORMING PART OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

APPENDIX A – GLOSSARY – CONTINUED

Service Concession Arrangements

Service Concession Arrangements are typically contracts between a grantor (the ACT Government) and an operator where a private operator provides public services related to a service concession asset on behalf of the public sector grantor for a specified period of time and manages at least some of those services. The service concession arrangement is effective in the reporting period between a grantor and an operator in which:

- the operator has a right of access to the service concession asset(s) to provide public services on behalf of the grantor for a specified period of time;
- the operator is responsible for at least some of the management of the public services provided through the asset and does not merely act as an agent on behalf of the grantor; and
- the operator is compensated for its services over the period of the service concession arrangement.

A grantor is the ACT Government agency that grants the right to access the service concession asset to the operator. An operator is the entity that has a right of access to the service concession asset to provide public services (AASB 1059 Appendix A).

Total Comprehensive result

A measure of the total change in value of the Territory entity during a financial year arising from revenue, expenses, and both realised and unrealised movements in the valuation of assets and liabilities. Total comprehensive result is equivalent to the increase or decrease in Net Assets during the financial year.

Total Territory

The Total Territory includes transactions with external parties by the General Government Sector and Public Non-Financial Corporations.

Treasurer's Advance

Funds available under section 18 of the *Financial Management Act 1996* for payments where there is an immediate requirement for the payment and the payment is not provided for, or is insufficiently provided for, by an appropriation.

Underlying Asset

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

Uniform Presentation Framework (UPF)

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