



ACT
Government

**Pre-Election
Budget Update
2016**

A STATEMENT BY THE UNDER TREASURER OF THE CHIEF MINISTER, TREASURY
AND ECONOMIC DEVELOPMENT DIRECTORATE

SEPTEMBER 2016

THE 2016 PRE-ELECTION BUDGET UPDATE

PURPOSE AND CONTENT OF THE 2016 PRE-ELECTION BUDGET UPDATE

The purpose of the 2016 Pre-Election Budget Update is to: (a) allow the assessment of the Government's financial performance against the financial policy objectives and strategies set out in the latest financial policy objectives and strategies statement (ie the 2016-17 ACT Budget Papers); and (b) give the electorate an accurate picture of the Territory's financial position before the 2016 ACT Legislative Assembly Election.

The Pre-Election Budget Update includes updated estimates for the General Government Sector, Public Trading Enterprises and the consolidated Total Territory Government, together with full accrual financial statements and notes for each sector.

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STATEMENT BY THE UNDER TREASURER

Financial Management (Pre-Election Budget Update) 2016 (No 1)

Notifiable Instrument NI2016-485

made under the

Financial Management Act 1996, s20C Pre-Election Budget Update

I, David Nicol, Under Treasurer, do hereby exercise my authority under section 20C of the *Financial Management Act 1996* to present the 2016 Pre-Election Budget Update.

Consistent with section 20D of the *Financial Management Act 1996*, the 2016 Pre-Election Budget Update provides updated fiscal and economic estimates and projections to allow for an assessment of the government's financial performance against stated fiscal strategy and policy objectives.

The information contained in this update:

- i. reflects the best professional judgment of Treasury officers in the Chief Minister, Treasury and Economic Development Directorate;
- ii. takes into account all available economic and fiscal information; and
- iii. incorporates the fiscal implications of any Government decisions and circumstances disclosed by the Treasurer.

This update is current as at 8 September 2016.

David Nicol
Under Treasurer
14 September 2016

FOREWORD

The Pre-Election Budget Update (PEBU) is a legislated document published prior to an election in accordance with sections 20C and 20D of the *Financial Management Act 1996*. The purpose of the PEBU is to allow for an assessment of a government's financial performance against its stated financial policy objectives and strategies as set out in the latest economic update, and provide an accurate picture of the Territory's current financial position before an election.

This update incorporates Government decisions and announcements, technical changes and the impacts of known external factors – where they are certain and quantifiable – since the time of the 2016-17 Budget. The flow-on impacts of the 2015-16 interim audited outcome have also been included. Where significant issues have been identified, but are not certain or are unable to be quantified with reasonable certainty, they have been identified as risks in the Statement of Risks (Appendix B).

Known and advised changes in Commonwealth estimates, including any intergovernmental agreements, are reflected in the PEBU estimates where there is a financial impact on the Territory.

Where information remains unchanged from that published in the 2016-17 Budget Papers, it has typically not been reproduced in this document.

The PEBU incorporates information up to 8 September 2016.

OVERVIEW

The estimates contained in this Pre-Election Budget Update reflect current Government policy, including any policy decisions taken since the 2016-17 Budget. For transparency reasons, this document clarifies the effect on the estimates of particular items and provides an analysis of risks that have changed since the 2016-17 Budget.

The Territory's economic outlook remains consistent with that published in the 2016-17 Budget Papers and the economic growth parameters are therefore unchanged. Recent economic data released by the Australian Bureau of Statistics is consistent with the economic outlook presented in the 2016-17 ACT Budget.

The General Government Sector (GGS) Headline Net Operating Balance (HNOB) is forecast to be in deficit by \$205.2 million in 2016-17. This deficit is \$23.2 million higher than forecast in the 2016-17 Budget, primarily as a result of an increase in the Superannuation Liability Valuation.

At the time of the 2016-17 Budget, the Superannuation Liability Valuation and estimated superannuation expense for 2016-17 were based on an estimated discount rate of 3.2 per cent. The increase in the Superannuation Liability Valuation at 30 June 2016 and consequent increase in the superannuation expense for 2016-17 is due to the lower actual discount rate of 2.69 per cent at 30 June 2016.

Since the 2016-17 Budget, the HNOB has declined in each of the forward years, largely as a result of Government policy decisions. These decisions increase the forecast Headline Net Operating deficit by \$3.5 million in 2016-17, and by a total of \$92.5 million over the four years to 2019-20.

For the period 2017-18 to 2019-20, forecast GGS expenses have increased by \$83.8 million since the 2016-17 Budget, reflecting policy decisions by the Government. For the period 2017-18 to 2019-20, forecast GGS revenue has decreased by \$2.0 million. The decrease reflects a small reduction in expected superannuation investment income, which is offset by an estimated overall increase in total superannuation earnings (including the Superannuation Return Adjustment).

The following table provides updated estimates of the HNOB for 2016-17 and the forward years for the three sectors – General Government, Public Trading Enterprises and Total Territory.

Table 1: Headline Net Operating Balance

2016 Pre-Election Budget Update	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
General Government Sector	-205.2	-55.0	16.4	40.5
Public Trading Enterprises Sector	235.6	168.8	215.5	198.4
Total Territory	-230.4	-82.1	-15.0	-36.1

Note: The HNOB for the Total Territory does not equal the sum of the General Government and Public Trading Enterprise sectors due to the impact of intra sector transactions.

Updated financial statements for the GGS, Public Trading Enterprises and Consolidated Total Territory can be found at Appendices D, E and F, respectively.

ECONOMIC OUTLOOK

Economic growth in the ACT is increasing following the end of recent staffing reductions and the staffing freeze in the Australian Public Service.

The recovery has also been supported by a lower Australian dollar and its positive impact on exports of: international education; tourism; and technical, trade related and other business services.

Historically low interest rates have also assisted through their positive impact on consumer spending, housing affordability and housing construction activity. Business confidence has also risen, consistent with an improving economic outlook.

State Final Demand (SFD), a partial measure of economic growth¹, grew by a strong 6 per cent over the course of 2015-16.

Of this 6 per cent growth, two thirds was a result of National Government consumption (up 7.3 per cent). Total private investment (up 13.3 per cent) and private consumption (up 3.2 per cent) each contributed 0.9 percentage points. National Government investment contributed a further 0.4 percentage points (up 6.3 per cent).

ACT Government consumption contributed 0.3 percentage points (up 4.6 per cent), with ACT Government investment detracting 0.5 percentage points from growth (down 21.8 per cent from a record high in the June quarter 2015).

In 2015-16, SFD increased by 3.4 per cent in year-average terms, which is above the 2016-17 Budget forecast for 2015-16 of 2½ per cent growth.

Employment growth has also been positive, recording 1.7 per cent growth, or an additional 3,500 jobs, over the course of 2015-16. This outcome exceeded the 2016-17 Budget forecast growth rate of 1 per cent for 2015-16. Overall, the ACT's unemployment rate now sits at 3.6 per cent.

Recent economic indicators are consistent with the forecasts contained in the 2016-17 Budget. Given this, no changes have been made to the Pre-Election Budget Update (PEBU) forecasts. As is the usual practice, this update is based on the assumption that the economy will return to trend levels of growth in the period 2017-18 to 2019-20.

Table 2 below provides the economic forecasts used in the PEBU.

¹ State Final Demand differs from Gross State Product in that it excludes both international and interstate trade as well as changes in inventories. Gross State Product for 2015-16 is not currently available.

Table 2: Economic Forecasts, 2016 Pre-Election Budget Update, percentage change¹

	Estimate/ Actual	Forecasts	Projections		
	2015-16	2016-17	2017-18	2018-19	2019-20
ACT					
Gross State Product ²	2	2¼	2½	2½	2½
State Final Demand ^{3,4}	3.4 (+0.9)	2½	4	4	4
Employment ⁴	1.7 (+0.7)	1¼	1½	1½	1½
Wage Price Index ^{4,5}	1.9 (+0.2)	2	3½	3½	3½
Consumer Price Index ⁴	0.8 (+0.1)	1	2½	2½	2½
Population	1½	1½	1½	1½	1½
Australia					
Gross Domestic Product ^{3,4,6}	2.9 (+0.4)	2½	3	3	3

Sources: ABS Cat. No. 5206.0, 6202.0, 6345.0 and 6401.0; Chief Minister, Treasury and Economic Development Directorate; Commonwealth 2016 Pre-election Economic and Fiscal Outlook.

Notes: Numbers in brackets represent the difference between the forecast in the 2016-17 Budget and the actual result for 2015-16. For Gross Domestic Product, the comparison is to the Commonwealth's 2016 Pre-election Economic and Fiscal Outlook. Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters. Projections are based on long-run trend assumptions.

1. Forecasts are on a through the year basis, unless otherwise specified.
2. Gross State Product is forecast on a real basis.
3. Year average basis.
4. Actual for 2015-16.
5. Total hourly rates of pay excluding bonuses.
6. These are the Commonwealth's 2016 Pre-election Economic and Fiscal Outlook forecasts.

BUDGET OUTLOOK

Headline Net Operating Balance

The Headline Net Operating Balance (HNOB) is forecast to be a deficit of \$205.2 million in 2016-17, an increase of \$23.2 million in the deficit as published in the 2016-17 Budget. This variation primarily relates to an increase in the Superannuation Liability Valuation at 30 June 2016 and the resulting increase in the superannuation expense for 2016-17. The increase is due to the actual discount rate used to value superannuation liabilities as at 30 June 2016 being lower than the estimated rate used in the 2016-17 Budget.

Given revenue trends to date in 2016-17 and a stable economic outlook since the 2016-17 Budget, taxation revenue estimates have not changed. The overall revenue estimates remain broadly consistent with previous forecasts.

Table 3 below provides updated estimates of the General Government Sector (GGS) HNOB and its primary components, as well as the main financial indicators.

Table 3: General Government Sector Headline Net Operating Balance

2016 Pre-Election Budget Update	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
Revenue	5,048.3	5,099.8	5,380.3	5,582.9
Expenses	5,424.3	5,336.4	5,553.9	5,745.9
Superannuation Return Adjustment ¹	170.8	181.6	190.0	203.5
HEADLINE NET OPERATING BALANCE	-205.2	-55.0	16.4	40.5
Net Cash from Operating Activities	240.0	515.0	409.1	631.8
Net Debt (excluding superannuation)	1,916.0	1,987.0	2,834.8	2,538.5
Net Financial Liabilities	5,215.6	5,423.2	6,221.1	6,058.2

Note: Numbers may not add due to rounding.

1. The HNOB incorporates the impact of long-term superannuation investment earnings to provide an accurate assessment of the longer-term sustainability of the budget position.

Summary of Movements

As a result of policy decisions taken by the Government since the 2016-17 Budget and some technical adjustments, the HNOB has reduced in each year. Details of the major movements are outlined in Table 4.

Table 4: Summary of Movements in the General Government Sector Headline Net Operating Balance since the 2016-17 Budget

	2016-17	2017-18	2018-19	2019-20
	\$m	\$m	\$m	\$m
General Government Sector Headline Net Operating Balance – 2016-17 Budget	-182.0	-35.0	33.3	66.0
Revenue¹				
Policy Decisions				
Green Waste Bins	0.4	1.2	1.3	1.3
Total Revenue – Policy Decisions	0.4	1.2	1.3	1.3
Technical Adjustments				
Superannuation Investment Earnings	-7.6	-3.6	-2.2	-2.2
Territory Banking Account Interest Revenue	-3.2	-1.4	-2.7	-3.5
Other	0.5	-0.2	4.6	5.5
Total Revenue – Technical Adjustments	-10.3	-5.3	-0.2	-0.2
Expenses²				
Policy Decisions				
Workers' Compensation	0.0	-14.2	-14.4	-14.5
Rapid Bus Network	0.0	-3.6	-8.5	-13.9
Green Waste Bins	-1.1	-4.4	-6.2	-7.6
Additional Funding for Taskforce Nemesis	-1.3	-1.6	-1.7	-1.8
Rugby League World Cup	-1.0	0.0	0.0	0.0
Medicinal Cannabis Scheme	-0.3	-0.3	-0.1	0.0
Swimming Pool Safety Education Campaign	-0.2	0.0	0.0	0.0
Commissioner for International Engagement	0.0	0.0	0.0	0.0
Total Expenses – Policy Decisions	-3.9	-24.1	-30.9	-37.9
Technical Adjustments				
Superannuation Liability Valuation ³	-18.3	0.0	0.0	0.0
Capital Metro Post Financial Close Update	0.0	0.0	2.9	1.9
Territory Banking Account Interest Expenses	2.7	1.6	4.0	5.6
Other	-1.0	-1.7	-1.2	-4.0
Total Expenses – Technical Adjustments	-16.6	-0.1	5.7	3.5
Superannuation Return Adjustment	7.2	8.3	7.2	7.7
Revised General Government Sector Headline Net Operating Balance – 2016 Pre-Election Budget Update	-205.2	-55.0	16.4	40.5

Notes: Numbers may not add due to rounding.

1. A positive number represents an increase in revenue.
2. A negative number represents an increase in expenses.
3. This adjustment reflects the actual Superannuation Liability Valuation audited outcome at 30 June 2016, and the flow-on impact to superannuation expenses in 2016-17, based on the actual discount rate at 30 June 2016.

Descriptions of each policy decision and the major technical adjustments are outlined below.

Policy Decisions

Workers' Compensation

In the 2015-16 Budget, the Government announced a decision to implement a new workers' compensation scheme. The details of the new scheme have not yet been finalised. As such, the Government has agreed to include the costs of remaining in Comcare in the forward estimates. This includes the removal of the savings of \$5 million a year from 2017-18 included in the 2016-17 Budget estimates, as well as the incorporation of additional expenses (of \$28.1 million over the forward estimates) to supplement agencies for expected Comcare costs.

Rapid Bus Network

The Government has agreed to the staged introduction of seven new rapid bus routes from 2017 to 2020. This initiative includes the associated purchase of 80 new buses and operating costs, and includes savings from improved efficiencies in ACTION's services and estimates of additional revenue for the new rapid bus routes. As ACTION is in the Public Trading Enterprise sector rather than the GGS, the savings and revenue are not reflected in the movements table above. The expense profile in Table 4 above is for the associated costs of the Transport Canberra and City Services Directorate (TCCS).

Green Waste Bins

The Government has announced the staged rollout of green waste bins across the Territory. The movements table reflects both the revenue and expense components of this initiative.

Additional Funding for Taskforce Nemesis

The Government has announced additional funding to ACT Policing to strengthen its response to outlaw motorcycle gangs.

Rugby League World Cup

The Government has announced that the Territory will host three Rugby League World Cup matches in Canberra in 2017.

Medicinal Cannabis Scheme

The Government has agreed to facilitate a medicinal cannabis scheme and establish an expert advisory group.

Swimming Pool Safety Education Campaign

The Government will undertake a pool safety awareness raising campaign in the lead up to the 2016-17 summer.

Commissioner for International Engagement

The Government appointed a Commissioner for International Engagement on 1 August 2016 for a period of five years. Costs associated with the appointment will be absorbed by the Chief Minister, Treasury and Economic Development Directorate.

Technical Adjustments – Revenue

Superannuation Investment Earnings and Return Adjustment

Investment earnings for the first month of the financial year are ahead of current budget expectations with a net positive flow-on financial impact in the forward years.

Territory Banking Account Interest Revenue

Territory Banking Account (TBA) interest revenue comprises interest income from investments, bank account balances, and interest from loans provided to agencies. The decrease in interest revenue reflects lower prevailing domestic interest rates.

Technical Adjustments – Expenses

Superannuation Liability Valuation

At the time of the 2016-17 Budget, the Superannuation Liability Valuation and the estimated superannuation expense for 2016-17 were based on an estimated discount rate of 3.2 per cent. The increase in the Superannuation Liability Valuation at 30 June 2016 and the consequent increase in the superannuation expense for 2016-17 is due to the lower actual discount rate of 2.69 per cent at 30 June 2016.

Capital Metro Post Financial Close Update

The financial close of Capital Metro resulted in a positive operating impact, compared to the 2016-17 Budget estimate. This was predominantly due to a favourable result on interest rates at financial close, partly offset by an unfavourable result for foreign exchange.

Territory Banking Account Interest Expenses

Territory Banking Account interest expenses represent interest payments on borrowings. The decrease in interest expenses reflects lower prevailing domestic interest rates.

Provisions

The Territory's budget includes a number of provisions that aim to improve the accuracy of the budget estimates.

The Infrastructure Investment Provision makes allowance for some high-value capital works projects for which budgets are yet to be settled, or which are commercially sensitive. This provision includes a general allowance of \$100 million per annum which is not yet allocated to any specific project.

The Capital Delivery Provision is intended to compensate for potential risks that may arise in terms of delivery timeframes for capital assets, with this provision representing an aggregate-level adjustment to the Territory's capital works program.

The profiles for both capital provisions remain unchanged from those published in the 2016-17 Budget, as set out in Table 5.

It is standing practice that details of provisions for specific capital projects are not disclosed as such information is considered to be commercial-in-confidence.

Table 5: Capital Provisions

Capital Provisions	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
Infrastructure Investment Provision	1.0	129.7	114.6	100.0
Capital Delivery Provision	-109.4	-36.5	109.4	36.5
Total Capital Provisions	-108.4	93.2	224.0	136.5

The estimates in the PEBU also include a number of expense provisions that impact on 2016-17 and the forward years. These provisions and their purposes are set out in Table 6.

Table 6: Expense Provisions

Expense Provisions	2016-17 \$m	2017-18 \$m	2018-19 \$m	2019-20 \$m
Australia Forum ¹	0.0	8.0	0.0	0.0
Conservative Bias Allowance and minor operational provisions ²	41.2	54.3	61.8	105.2
Cost of capital ³	2.5	5.0	7.5	10.0
Rental impact of the sale of government office buildings ⁴	2.6	5.8	5.8	11.5
Health Policy Provision ⁵	0.0	24.4	61.8	100.2
Tharwa Village Non-Potable Fire Fighting Water ⁶	0.0	0.2	0.2	0.2
Wages provisions ⁷	4.5	12.6	22.5	31.7
Water for the Future (Maintenance) ⁸	0.0	0.3	0.8	1.3
Total Expense Provisions	50.8	110.6	160.4	260.1

Notes: Numbers may not add due to rounding.

1. Provides for the development of an investment-ready proposal for the Australia Forum.
2. Provides an offset for the tendency for expenses in future years to be underestimated and includes provisions for minor operational expenses agreed late in the budget process.
3. Provides for the cost of capital of assets consistent with the inclusion of the general capital provision.
4. Provides for the shift in rental payments from the ACT public sector to the private sector following the scheduled sale of a number of ACT Government commercial properties, largely under the Commonwealth Government's Asset Recycling Initiative.
5. Provides for future health spending, as detailed at the top of page 105 of the 2016-17 Budget Paper No. 3.
6. Provides for funding to be directed to this project should the Commonwealth provide matching funding under the *National Stronger Regions Fund*.
7. Provides for potential wage increases beyond the expiry of existing Enterprise Bargaining Agreements. This provision reflects a pay rise of around 2 per cent per annum.
8. Provides for the maintenance of assets created under the *Water for the Future* Scheme as the exact projects and timing of completion are yet to be determined. The exact profile will be appropriated to relevant agencies once these projects are completed.

Net Operating Cash Balance

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

The revised forecast for the GGS Net Operating Cash Balance at the end of 2016-17 is a \$240.0 million surplus, a decrease of \$29.3 million compared to the 2016-17 Budget forecast of \$269.3 million.

Table 7: Net Operating Cash Balance

General Government Sector	2016-17 Budget \$m	2017-18 Estimate \$m	2018-19 Estimate \$m	2019-20 Estimate \$m
2016-17 Budget Net Operating Cash	269.3	522.6	410.4	667.9
2016 Pre-Election Budget Update Net Operating Cash	240.0	515.0	409.1	631.8

Net Debt

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

The GGS Net Debt, excluding superannuation investments, is forecast to be positive \$1,916.0 million, a reduction of \$164.2 million compared to the 2016-17 Budget forecast of positive \$2,080.2 million. This reduction is largely due to higher investments held by the Territory Banking Account, consistent with lower cash draw downs by agencies over 2015-16, and the interim outcome. It is likely to be necessary to rollover some of these underspends from 2015-16 to 2016-17 and future years to complete projects. Should this be the case, Net Debt would increase.

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

Table 8: Net Debt (excluding Superannuation Related Investments)

General Government Sector	2016-17 Budget \$m	2017-18 Estimate \$m	2018-19 Estimate \$m	2019-20 Estimate \$m
2016-17 Budget Net Debt (excluding Superannuation Related Investments)	2,080.2	2,103.8	2,902.7	2,581.3
2016 Pre-Election Budget Update Net Debt (excluding Superannuation Related Investments)	1,916.0	1,987.0	2,834.8	2,538.5

Net Financial Liabilities

Net Financial Liabilities are calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets but excludes equity held by the GGS in public corporations (eg Icon Water Ltd).

The revised forecast for GGS Net Financial Liabilities for 2016-17 is \$5,215.6 million, a decrease of \$280.9 million compared to the 2016-17 Budget forecast. The decrease in the Net Financial Liabilities position is largely due to the increase in investments held by the TBA.

Table 9: Net Financial Liabilities

General Government Sector	2016-17 Budget \$m	2017-18 Estimate \$m	2018-19 Estimate \$m	2019-20 Estimate \$m
2016-17 Budget Net Financial Liabilities	5,496.5	5,659.6	6,411.5	6,226.7
2016 Pre-Election Budget Update Net Financial Liabilities	5,215.6	5,423.2	6,221.1	6,058.2

Net Worth

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

The forecast GGS Net Worth for 2016-17 has been revised to \$17,457.2 million, an increase of \$357.0 million compared to the 2016-17 Budget forecast of \$17,100.2 million. The increase in Net Worth is largely due to the increase in investments held by the TBA, and an increase in GGS investment in the Public Trading Enterprise Sector as a result of revaluations undertaken of the public housing portfolio of assets.

Table 10: Net Worth

General Government Sector	2016-17 Budget \$m	2017-18 Estimate \$m	2018-19 Estimate \$m	2019-20 Estimate \$m
2016-17 Budget Net Worth	17,100.2	17,316.4	17,515.6	17,735.9
2016 Pre-Election Budget Update Net Worth	17,457.2	17,651.9	17,835.1	18,015.5

The Territory's Credit Rating

The Territory's credit rating was reaffirmed on 26 August 2016, and remains unchanged from the 2016-17 Budget. The ACT has an AAA long-term and a A-1+ short-term local currency credit rating from international ratings agency, Standard & Poor's.

The Territory's outlook has been downgraded from stable to negative since the 2016-17 Budget, following the Commonwealth Government's outlook being downgraded by Standard & Poor's. The Territory outlook downgrade is consistent with Standard & Poor's view that no State or Territory in Australia can maintain stronger credit characteristics than the sovereign (ie the Commonwealth Government).

Items Not Included in the PEBU Estimates

The estimates in the PEBU reflect current Government policy, including decisions made since the 2016-17 Budget. The estimates do not pre-empt future decisions that may eventuate. Some key examples of items not included in the PEBU are set out below.

Light Rail – Stage 2: City to Woden

On 2 September 2016, the ACT Government announced the selection of a preferred corridor for Stage 2 of the Light Rail network as being from the city to Woden. At the time of the publication of the PEBU, the Government had not formally agreed to a business case, feasibility studies, design or construction of Light Rail – Stage 2. Reflecting this, the PEBU does not include costs for any of these elements of the Light Rail – Stage 2 project.

The estimated expenses and revenue of TCCS, which has responsibility for public transport, including light rail and ACTION, are included in the PEBU estimates.

City to the Lake

Planning for the City to the Lake includes the potential for the construction of: a new waterfront; new pedestrian, bicycle and vehicular connections; works on Parkes Way; an aquatic centre; the Australia Forum project; and a sports stadium. While some budget allocation has been provided for early planning and design, and intersection and public realm works, no budget allocation exists for the construction of any of the aforementioned projects. Funding was provided in the 2015-16 Budget for the construction of a new public park and intersections on Commonwealth Avenue to improve access to the West Basin.

School Enrolment Growth

The Government adjusts the Education Directorate's funding each budget to provide for changes in public school enrolments from the previous year. The forward estimates do not include adjustments to funding associated with potential changes in future public school enrolments.

Land Release

The PEBU estimates include revenue from the sale of land consistent with the Indicative Land Release Program. In some cases, this release of land will require the Government to invest in trunk infrastructure (eg the installation of stormwater services). However, as no decisions have yet been made by the Government, no amounts have been included in the estimates for this infrastructure.

Major Health Infrastructure

The PEBU estimates make no provision for future major health infrastructure other than those already published as part of previous budget updates. No explicit additional funding has been provided to the Health Directorate to meet the operating costs of the public hospital being constructed at the University of Canberra. However, there is sufficient capacity and flexibility in existing health funding levels (including the health funding provision) to meet the full operational costs of the facility.

Sporting and Cultural Events

The PEBU estimates include funding for those events agreed by the Government, including international test and one day cricket matches, an A-League match and three Rugby League World Cup matches. No provision has been made for potential additional major one-off type events of this nature that may be agreed by a future Government.

Capital Rollovers

As is the case in most years, there is likely to be funding rolled over from 2015-16 to 2016-17, largely as a result of delays in capital program delivery. While these rollovers will affect spending and investment profiles, they have not been included where they have not yet been considered by government.

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APPENDIX A: INITIATIVES WITH TIME LIMITED FUNDING

Initiatives with Time Limited Funding

Table A.1 lists those initiatives that were funded for one or two years in either the 2015-16 or 2016-17 Budgets and have a 2016-17 and/or a 2017-18 impact. Future funding, if any, for any of these items would require a decision by government. This appendix is not an attempt to pre-empt any future government decisions but, instead, is intended to provide an indication of items that may be reconsidered by government, potentially impacting on the forward estimates.

Table A.1: Initiatives with Time Limited Funding

	2016-17 \$'000	2017-18 \$'000
Chief Minister, Treasury and Economic Development Directorate		
Better Infrastructure for Canberra – Enhanced policy approach	1,536	-
Bigger and Better Events for Canberra – Enhancing Canberra's reputation as an events destination	1,500	-
Boosting Tourism – Destination marketing partnerships	250	-
Boosting Tourism – Special Event Fund	1,000	-
Canberra Capitals Basketball Team – Performance agreement extension	250	-
Confident and Business Ready – Business Development Strategy 2015	3,000	-
Digital Canberra – ACT Government data warehouse and analytics framework ¹	279	-
Digital Canberra – Support for the Chief Digital Officer to improve government services	187	190
Healthy Weight Initiative – Healthy Canberra	492	558
More Efficient Government	186	-
Sport and Recreation – Asset Repair and Maintenance Scheme – Year four	200	-
Urban Renewal Program – Better Public Housing ²	2,288	-
We are CBR Brand Canberra – Phase 2	700	-
Visit Canberra – One good thing after another – Domestic and international marketing boost ³	2,300	3,000
Chief Minister, Treasury and Economic Development Directorate Total	14,168	3,748
Community Services Directorate		
Better Services Program	243	-
Better Services – Support for human services regulation – Enhanced quality assurance of providers	820	849
Children and Young People Death Review Committee	198	-
Growing Healthy Families	640	-
Supporting Aboriginal and Torres Strait Islander Peoples – Improving Indigenous representation	149	-
Supporting Aboriginal and Torres Strait Islander Peoples – Leadership development and improving career outcomes in the ACT Public Service	107	-
Supporting Implementation of the NDIS in the ACT	718	-
Community Services Directorate Total	2,875	849
Education Directorate		
Better Schools – Support for students with disability – Special needs transport ⁴	1,100	-
Support for Students with Disability – Extra resources ⁵	1,765	-
Education Directorate Total	2,865	-

	2016-17 \$'000	2017-18 \$'000
Environment and Planning Directorate		
Canberra and Urban Regional Futures	250	-
Caring for our Environment – Kangaroo population research and control	702	-
Caring for our Environment – Weed and vermin control	700	-
Leading Australia in responding to climate change – Climate change adaptation	200	-
Leading Australia in responding to climate change – Continuation of Actsmart programs	625	-
Environment and Planning Directorate Total	2,477	-
Health Directorate⁶		
Additional Elective Surgeries and Procedures	7,480	-
Additional Forensic Chemistry Capacity	249	258
More Services – Hospital and community care	6,027	-
Supporting Good Mental Health – Expansion of the Way Back Support Services	250	-
Supporting Good Mental Health – Improved and expanded community mental health services	725	-
Health Directorate Total	14,731	258
Housing ACT		
Continued Support for Homelessness Services	1,520	-
Housing ACT Total	1,520	-
Justice and Community Safety Directorate		
A Fair, Just and Equitable Society – High density housing program	156	-
Improving Access to Justice – Street Law	181	-
Improving Justice Systems Outcomes – Extended Throughcare Program	1,141	-
Supporting Aboriginal and Torres Strait Islander People – Developing life skills through Galambany Court	186	-
Justice and Community Safety Directorate Total	1,664	-
Legal Aid Commission		
Improving Access to Justice – Legal Aid ⁷	438	-
Legal Aid Commission Total	438	-
Transport Canberra and City Services Directorate		
Better Public Transport – Enhanced community transport coordination and services	600	-
Better Services – Improving Animal Welfare Services – Support for the RSPCA	300	-
Improving Our Suburbs – Cleaning and maintenance of Canberra's public spaces	1,000	-
Supporting Seniors – Enhanced Waste Management – Bulky waste household collection program	400	-
Transport for Canberra – Nightrider services continuation	134	-
Transport Canberra and City Services Directorate Total	2,434	-
Total	43,172	4,855

Notes:

1. This initiative has an associated capital component of \$310,000 in 2016-17.
2. This initiative has an associated capital component of \$626,000 in 2016-17.
3. From 2018-19, funding for this initiative reduces to \$1 million per annum.
4. Responsibility for this service is expected to be taken over by the National Disability Insurance Scheme at some point in the future.
5. The Government provided additional resources in the 2015-16 and 2016-17 Budgets to support increased numbers of students with a disability to access and participate in education in Canberra public schools. Funding provided to disability education in public schools is expected to be \$69.9m in 2016-17.
6. These initiatives are funded from within the Health Funding Envelope.
7. This initiative has an associated revenue component of \$14,000 in 2016-17.

Design Work and Feasibility Study Initiatives

Table A.2 lists initiatives that have received funding for design work or feasibility studies but no decision has been made to proceed to construction. Of the 46 initiatives listed, 30 have received funding for feasibility studies, while 16 have received funding for design work.

A design study typically occurs after a feasibility study has been completed, and allows detailed specifications and scoping work to be developed. A feasibility study attempts to verify whether a proposed project is well-founded and is likely to meet the needs of its intended target group(s).

The forward estimates do not currently incorporate impacts for any of the capital projects that may ultimately be approved following finalisation of design work and/or feasibility studies.

Table A.2: Design Work and Feasibility Studies in the Capital Works Program

Design
Chief Minister, Treasury and Economic Development Directorate
Belconnen Arts Centre Stage 2
City to the Lake Arterial Roads Concept Design
Kingston Foreshore Parking
Lyneham Sports Precinct – Central Amenities
Motorsports Fund – Capital Improvements to Fairbairn Park
Netball Infrastructure Upgrades
Replacement of Canberra Seniors Centre
Throsby Multisport Complex
Urban Renewal Program – Molonglo 3 infrastructure
Woden/Weston Creek Community Hub
Health Directorate
Better Health Services – Calvary Hospital – Improving information technology network
Better Health Services – Upgrading the ACT Notifiable Diseases Database
Housing ACT
Housing for Older People in the Aboriginal and Torres Strait Islander Community
Justice and Community Safety Directorate
ESA – Station Relocation and Upgrade – Phase 2 Due Diligence
Transport Canberra and City Services Directorate
Caring for our Environment – Essential waste management infrastructure
Urban Renewal Program – Molonglo to the City highway

Feasibility

Chief Minister, Treasury and Economic Development Directorate

Australia Forum – Investment ready
Better Roads for Gungahlin – Horse Park Drive pedestrian overpass
Better Roads for the Inner South – Yarralumla Estate
City to the Lake – New Canberra Theatre
City to the Lake – New Civic pool
Conservation Management Plans for Heritage Buildings
Coppins Crossing Road and William Hovell Drive Intersection and road upgrades
Improving Community Facilities – Building refurbishments and upgrades in Tuggeranong
Kingston Foreshore – Structured Carpark
Kingston Visual Arts Hub
Molonglo – North-South Arterial Road Bridge and Pedestrian Bridge
Molonglo 3 – Hydraulic Services Concept Masterplanning
Molonglo 3 – Major Electrical Infrastructure Relocation
Molonglo 3 – Preliminary Geotechnical Investigation
New Stadium
Stromlo Forest Park – Enclosed Oval
West Belconnen – Roads and Traffic
West Belconnen – Stormwater, Hydraulic and Utility Services

Education Directorate

Schools for the Future – North Gungahlin and Molonglo

Environment and Planning Directorate

Digital Canberra – Upgrade of the ACT Government spatial data management system

Health Directorate

Better Health Services – City health centre

Justice and Community Safety Directorate

Fines Management
Gungahlin Joint Emergency Services Centre – Future use study

Transport Canberra and City Services Directorate

Dunlop – Lance Hill Avenue and Ginninderra Drive intersection augmentation
Improving Our Suburbs – Local shopping centre upgrades¹
Spence – Kuringa Drive and Owen Dixon Drive intersection augmentation
Urban Renewal Program – Belconnen Town Centre improved cycling connections
Urban Renewal Program – Tuggeranong Town Centre improved cycling connections
Urban Renewal Program – West Belconnen to the City improved cycling connections
Weetangera – Belconnen Way and Springvale Drive intersection augmentation

Note:

1. This component relates to funding provided in the 2016-17 Budget (some works have already been undertaken).

APPENDIX B: STATEMENT OF RISKS

Consistent with Section 11(d) of the *Financial Management Act 1996* (FMA), each budget update is required to provide a statement describing the risks – quantified if possible – that may affect the budget estimates. Full details of economic and fiscal risks, and contingent liabilities, other commitments and outstanding claims liabilities were provided in Appendix M to the 2016-17 Budget Paper No. 3.

The following risks have been identified at the time of the publication of the 2016 Pre-Election Budget Update (PEBU). Unless indicated below, risks identified in the 2016-17 Budget are unchanged.

Fiscal Risks

A number of fiscal risks were raised in the *Budget Outlook* section – in particular, where specific projects and future events have not had business cases considered by the Government, no amounts have been included in the estimates. Furthermore, the Government has funded a number of initiatives for one or two years as well as design work and feasibility studies for future projects. Such items may be reconsidered by government, potentially impacting on the forward estimates; they are listed in Appendix A.

The Treasurer's Advance allows the Treasurer to authorise expenditure under section 18 of the FMA where requests meet the specified criteria. The authorised limit for this appropriation in 2016-17 is \$47.6 million, but no requests had been approved as at 8 September 2016. Since the 2012-13 PEBU, the budgeting arrangements for the Treasurer's Advance have changed such that no explicit provision for spending from the Treasurer's Advance has been included in the Budget estimates. That is, the approval of any request involving a Treasurer's Advance would reduce the published Headline Net Operating Balance (HNOB).

Defined Benefit Employer Superannuation Liabilities

The value of accrued superannuation liabilities is calculated as the present value of the future payment of benefits that have actually accrued in respect of service at the calculation date. Due to the complex nature of this liability, small variations to the long-term financial or demographic assumptions can lead to large financial impacts on the accrued liability valuation estimate for the Territory. The valuation of the liability is most sensitive to the discount rate (referenced to a long-term Commonwealth bond rate), inflation, wages growth, rates of retirement and resignation, investment returns, benefit stream election, and mortality rates.

The estimate of the discount rate used in the 2016-17 Budget for valuing the liability at 30 June 2016 was 3.2 per cent. The impact of the actual rate of 2.69 per cent at 30 June 2016 increased the estimate of the superannuation liability by \$1.0 billion. The forward estimates are based on the use of a long-term average discount rate assumption of 6.0 per cent. This results in a reduction in the liability valuation by \$4.8 billion in 2016-17.

Contingent Liabilities

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

The types of claims lodged against the Territory include property damage, contract disputes, economic loss, personal injury and tax-related claims. Details of the Territory's contingent liabilities are identified in the ACT Government Consolidated Annual Financial Statements, which are available online.

Payments on repeal or amendment of the *Electricity Feed-in (Large Scale Renewable Energy Generation) Act 2011*

ACT large-scale renewable energy projects are supported by feed-in tariffs (FIT). The Territory has given undertakings to pay compensation to various parties contracted to deliver renewable energy projects, should the Government change the FIT scheme in certain specified ways that adversely affect the recipient of the FIT entitlement. The undertakings compensate the recipient for direct losses, costs and expenses up to a capped amount. A cap applies each year from commencement.

Between the time of the 2016-17 Budget and as at the date of the 2016 PEBU, two new renewable energy projects have been agreed; these are listed in Table B.1 below. The maximum caps operate from the date the FIT entitlement is granted for these projects until an agreed date. Compensation agreements for all such projects expire at or before the end of the 20 year FIT entitlement period. The Territory's overall commitment declines over the life of the agreements.

Table B.1: Details of Newly Contracted Renewable Energy Projects

Renewable energy project	FIT entitlement granted	20 year FIT entitlement begins
Hornsedale Wind Farm (Stage 3)	August 2016	October 2019
Crookwell 2 Wind Farm	August 2016	September 2018

Other Items

Outstanding Claims Liability

The value of insurance liabilities is the present value of the future claim payments that have accrued at the calculation date. This approach is required under Australian Accounting Standard AASB1023 *General Insurance Contracts*.

Accounting for insurance claims is complex and actuarial assumptions are required to estimate the ACT Insurance Authority's obligations and claims expense. There is uncertainty in the estimate of the liability and this can result in actuarial gains or losses when the claims experience differs from the estimates. The liabilities are discounted to allow for the time value of money as claims may be settled many years after the claim is incurred.

Further to the entry for this item in the Statement of Risks in the 2016-17 Budget Paper No. 3 (Attachment M, page 421), the outstanding claims provision has been updated. As at 30 June 2016, the provision was \$248.7 million net of reinsurance recoveries. Variations in the discount rate of plus or minus one percentage point results in an estimated change to the liability of between a \$11.6 million decrease and a \$12.5 million increase, equivalent to a change of between -4.7 per cent and 5 per cent.

Constitution Avenue

The Territory's balance sheet currently includes a work-in-progress asset to account for the investment in the Constitution Avenue upgrade project. Constitution Avenue is owned by the Commonwealth. Once completed and landscaping elements are established, the improvements will be transferred to the Commonwealth. The accounting treatment for this transfer is yet to be determined, reflecting the unusual nature of the project; it will either be an equity transfer or expensed.

If the appropriate treatment is an equity transfer, the accounting would be restricted to the balance sheet, with no operating impact. If expensed, the Territory's HNOB would be reduced by the value of the asset, which is approximately \$44.0 million. This impact would likely occur across a number of years, reflecting the timing of the transfer of the asset components of the project.

APPENDIX C: STATEMENT OF SENSITIVITY OF THE BUDGET ESTIMATES

The sensitivity of the General Government Sector (GGS) Headline Net Operating Balance (HNOB) to changes in certain budget assumptions presented within this section has been reviewed since they were presented in the 2016-17 Budget Papers.

The sensitivity of ACT Budget revenue and expenses to changes in the Consumer Price Index (CPI) and the Wage Price Index are unchanged from those shown in the 2016-17 Budget.

Sensitivity of Budget Estimates

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

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

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

The following tables set out the sensitivity of economic and other assumptions on the GGS HNOB. This represents a ‘rule of thumb’ for the magnitude of changes, based on 2016-17 information.

Interest

Interest on cash investment portfolios held by the Territory Banking Account (TBA) and the Superannuation Provision Account (SPA) are affected by interest rate variations. The estimated impact of a 1 percentage point variation in the amounts forecast in the Pre-Election Budget Update (PEBU) estimates for interest revenue is shown in Table C.1.

Table C.1: Impact of a 1 Percentage Point Increase in Interest Rates on Interest Revenue

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Territory Banking Account ¹	8,026	5,317	5,911	6,239
Superannuation Provision Account ¹	7,636	1,944	2,050	2,203

Note:

1. A decrease of 1 percentage point is estimated to reduce interest revenue by the same amounts negatively.

The estimated impact of a 1 percentage point variation in the assumptions used to calculate the interest costs on the Territory's variable rate borrowing exposures is shown in Table C.2.

Table C.2: Impact of a 1 Percentage Point Increase in Interest/CPI Rates on Borrowing Costs

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Territory Banking Account – Total Borrowings ¹	4,542	8,289	8,453	8,502

Note:

1. A decrease of 1 percentage point is estimated to reduce borrowing costs by the same amounts negatively.

Currency

The estimated impact on international asset valuations from a 1 per cent variation in the Australian dollar against all unhedged international currency holdings, with everything else held constant, is shown in Table C.3.

Table C.3: Impact of a 1 Per Cent Increase in the Australian Dollar on Valuations

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Superannuation Provision Account ¹	-5,426	-9,817	-10,353	-11,128

Note:

1. A decrease of 1 per cent is estimated to increase the investment valuation by the same amounts positively.

Equity Valuation

Table C.4 outlines the estimated impact to the SPA equity portfolio valuation from a 1 per cent variation in equity security valuations.

Table C.4: Impact of a 1 Per Cent Increase in Equity Valuations

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Superannuation Provision Account ¹	18,069	18,468	19,475	20,933

Note:

1. A decrease of 1 per cent is estimated to reduce the investment valuation by the same amounts negatively.

Superannuation Liabilities

Table C.5 outlines the impact to the Commonwealth Superannuation Scheme/Public Sector Superannuation Scheme (CSS/PSS) defined benefit superannuation liability from a 1 per cent increase in the discount rate from the PEBU budgeted discount rate of 6 per cent.

Table C.5: Impact of a 1 Per Cent Increase in the Liability Discount Rate

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Superannuation Provision Account	-841,000	-870,000	-896,000	-920,000

Table C.6 outlines the impact to the CSS/PSS defined benefit superannuation liability from a 1 per cent decrease in the discount rate from the PEBU budgeted discount rate of 6 per cent.

Table C.6: Impact of a 1 Per Cent Decrease in the Liability Discount Rate

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Superannuation Provision Account	1,067,000	1,099,000	1,128,000	1,153,000

Superannuation Expenses

Table C.7 outlines the impact on CSS/PSS defined benefit superannuation expenses from a 1 per cent increase in the discount rate from the PEBU budgeted discount rate of 6 per cent.

Table C.7: Impact of a 1 Per Cent Increase in the Discount Rate on Superannuation Expense

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Superannuation Provision Account	-37,000	-27,000	-25,000	-23,000

Table C.8 outlines the impact on CSS/PSS defined benefit superannuation expense from a 1 per cent decrease in the discount rate from the PEBU budgeted discount rate of 6 per cent.

Table C.8: Impact of a 1 Per Cent Decrease in the Discount Rate on Superannuation Expense

	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000
Superannuation Provision Account	39,000	29,000	26,000	23,000

Sensitivity of Other Assumptions

Employee Wage Negotiations

Wages make up the single largest cost in providing government services. As a result, the budget estimates are sensitive to the outcome of certified agreement negotiations. The 2016-17 Budget and forward estimates make provision for a pay rise of around 2 per cent per annum.

APPENDIX D: FINANCIAL STATEMENTS – GENERAL GOVERNMENT SECTOR

Australian Capital Territory General Government Sector Operating Statement

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Revenue					
1,633,960	Taxation Revenue	1,633,960	1,751,100	1,871,500	1,970,398
	Grants Revenue				
2,087,251	Commonwealth Grants	2,087,598	2,162,719	2,200,391	2,293,328
155,806	Gains from Contributed Assets	155,806	98,906	124,785	100,197
479,416	Sales of Goods and Services	483,501	508,554	524,156	534,233
116,210	Interest Income	112,243	114,779	102,062	107,370
36,391	Distributions from Financial Investments	29,845	39,489	49,426	52,637
405,808	Dividend and Income Tax Equivalents Income	403,718	281,395	362,346	380,318
143,342	Other Revenue	141,618	142,840	145,613	144,405
5,058,184	Total Revenue	5,048,289	5,099,782	5,380,279	5,582,886
Expenses					
1,892,025	Employee Expenses	1,892,376	1,901,560	1,944,105	1,979,491
	Superannuation Expenses				
315,534	Superannuation Interest Cost	293,498	375,236	389,906	404,003
417,211	Other Superannuation Expenses	457,512	285,450	284,214	283,081
372,680	Depreciation and Amortisation	372,381	376,981	416,089	425,599
187,445	Interest Expense	184,704	199,315	206,048	218,191
	Other Operating Expenses				
1,028,169	Supplies and Services	1,017,292	1,014,540	1,090,344	1,203,588
191,697	Other Operating Expenses	204,081	210,673	218,591	225,293
998,988	Grants and Purchased Services	1,002,431	972,622	1,004,624	1,006,651
5,403,749	Total Expenses	5,424,275	5,336,377	5,553,921	5,745,897
-345,565	UPF Net Operating Balance	-375,986	-236,595	-173,642	-163,011
Other Economic Flows – Included in the Operating Result					
62,014	Dividends (Market Gains on Land Sales)	62,014	39,514	27,548	1,068
94,092	Net Land Revenue (Undeveloped Land Value)	94,092	82,356	52,351	54,023
-1,513	Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-1,513	-1,558	-1,572	-1,604
163,566	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	237,773	181,624	190,033	203,487
-6,887	Doubtful Debts	-6,887	-7,028	-7,155	-7,274
-34,293	Operating Result	9,493	58,313	87,563	86,689

**Australian Capital Territory
General Government Sector
Operating Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
	Other Economic Flows – Other Comprehensive Income				
	Items that will not be Subsequently Reclassified to Profit or Loss				
-21,855	Payments to ACT Government Agencies	-21,855	-28,870	-26,930	-5,000
89,667	Capital Distributions	89,667	98,366	57,587	-
3,815,947	Superannuation Actuarial Gain/(Loss)	4,843,871	-	-	-
889	Other Movements	889	888	888	888
17,993	Increase/(Decrease) in the Asset Revaluation Surplus	31,713	16,488	19,783	5,781
	Items that may be Subsequently Reclassified to Profit or Loss				
247,651	Increase/(Decrease) in Net Assets of Public Trading Entities	247,652	171,512	209,014	92,031
4,115,999	Total Comprehensive Income	5,201,429	316,697	347,905	180,389
	Key Fiscal Aggregates				
-345,565	UPF Net Operating Balance	-375,986	-236,595	-173,642	-163,011
	less Net Acquisition of Non-Financial Assets				
934,387	Payments for Non-Financial Assets	920,459	820,580	656,872	363,627
-299,893	Sales of Non-Financial Assets	-285,247	-268,461	-157,291	-101,155
-51,312	Land Revenue (Net Cash Receipts)	-51,312	-39,280	-34,080	-45,256
-372,680	Depreciation and Amortisation	-372,381	-376,981	-416,089	-425,599
155,410	Other Movements in Non-Financial Assets	155,410	98,501	124,369	99,771
365,912	Total Net Acquisition of Non-Financial Assets	366,929	234,359	173,781	-108,612
-711,477	Net Lending/(Borrowing)	-742,915	-470,954	-347,423	-54,399

GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/DEFICIT					
-345,565	UPF Net Operating Balance	-375,986	-236,595	-173,642	-163,011
163,566	Superannuation Return Adjustment	170,812	181,624	190,033	203,487
-181,999	HEADLINE NET OPERATING BALANCE	-205,174	-54,971	16,391	40,476

**Australian Capital Territory
General Government Sector
Balance Sheet**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Financial Assets					
326,812	Cash and Deposits	351,032	342,397	337,882	332,137
1,717,094	Advances Paid	1,710,809	1,787,500	1,821,723	1,858,831
4,196,927	Investments and Loans	4,388,287	4,573,075	4,769,864	5,111,440
637,412	Receivables	690,296	591,387	677,897	517,248
6,443,155	Equity - Investments in Other Public Sector Entities	6,551,780	6,723,292	6,932,306	7,024,337
13,321,400	Total Financial Assets	13,692,204	14,017,651	14,539,672	14,843,993
Non-Financial Assets					
Produced Assets					
11,610,181	Property, Plant and Equipment	11,744,332	12,275,743	13,305,705	13,319,283
2,600	Investment Properties	5,410	5,410	5,410	5,410
98,998	Intangibles	90,087	138,803	150,209	157,968
15,734	Inventories	17,715	17,914	18,114	18,314
50	Assets Held for Sale	54,258	54,258	54,258	54,258
973,167	Capital Works-in-Progress	912,953	698,564	468,156	312,586
Non-Produced Assets					
3,164,004	Property, Plant and Equipment	3,007,497	3,039,744	3,072,973	3,143,285
262,332	Loose-fill Asbestos Insulation Eradication Scheme Land	262,332	94,850	22,785	12,320
26,514	Biological Assets	26,501	26,568	26,258	25,928
2	Other Non-Financial Assets	-	-	-	-
16,153,582	Total Non-Financial Assets	16,121,085	16,351,854	17,123,868	17,049,352
29,474,982	Total Assets	29,813,289	30,369,505	31,663,540	31,893,345
Liabilities					
17,195	Deposits Held	16,843	15,344	15,342	15,342
1,071,835	Advances Received	1,071,835	1,017,833	963,676	909,357
Borrowings					
3,292	Finance Leases	5,607	109,205	487,914	475,955
3,606,518	Other Borrowings	3,582,136	3,660,705	4,198,189	4,033,930
6,253,375	Superannuation	6,245,670	6,503,976	6,753,719	6,992,518
633,714	Employee Benefits	679,537	706,095	733,019	759,966
343,285	Other Provisions	261,812	183,525	126,812	111,826
440,711	Payables	485,057	513,734	543,065	572,676
4,826	Other Liabilities	7,546	7,145	6,734	6,316
12,374,751	Total Liabilities	12,356,043	12,717,562	13,828,470	13,877,886
17,100,231	Net Assets	17,457,246	17,651,943	17,835,070	18,015,459

**Australian Capital Territory
General Government Sector
Balance Sheet**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
6,443,155	Equity in Public Trading Entities	6,551,780	6,723,292	6,932,306	7,024,337
5,289,758	Accumulated Funds	5,403,774	5,410,471	5,364,801	5,447,378
5,366,818	Asset Revaluation Surplus	5,500,892	5,517,380	5,537,163	5,542,944
500	Other Reserves	800	800	800	800
17,100,231	Net Worth	17,457,246	17,651,943	17,835,070	18,015,459
946,649	Net Financial Worth	1,336,161	1,300,089	711,202	966,107
5,496,506	Net Financial Liabilities	5,215,619	5,423,203	6,221,104	6,058,230
-1,541,993	Net Debt (including Superannuation Related Investments)	-1,773,707	-1,899,885	-1,264,348	-1,867,824
2,080,158	Net Debt (excluding Superannuation Related Investments)	1,916,034	1,986,975	2,834,759	2,538,503

**Australian Capital Territory
General Government Sector
Statement of Changes in Equity**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Opening Equity					
6,195,504	Opening Equity in Public Trading Entities	6,304,128	6,551,780	6,723,292	6,932,306
1,675,803	Opening Accumulated Funds	718,109	5,403,774	5,410,471	5,364,801
5,348,825	Opening Asset Revaluation Surplus	5,469,179	5,500,892	5,517,380	5,537,163
500	Opening Other Reserves	800	800	800	800
13,220,632	Opening Balance	12,492,217	17,457,246	17,651,943	17,835,070
Comprehensive Income					
<i>Included in Accumulated Funds:</i>					
-34,293	Operating Result for the Period	9,493	58,313	87,563	86,689
-21,855	Payments to ACT Government Agencies	-21,855	-28,870	-26,930	-5,000
89,667	Capital Distributions	89,667	98,366	57,587	-
3,815,947	Superannuation Actuarial Gain/(Loss)	4,843,871	-	-	-
889	Other Movements	889	888	888	888
<i>Included in Equity in Public Trading Entities:</i>					
247,651	Increase/(Decrease) in Net Assets of Public Trading Entities	247,652	171,512	209,014	92,031
<i>Included in Asset Revaluation Surplus:</i>					
17,993	Increase/(Decrease) in Asset Revaluation Surplus	31,713	16,488	19,783	5,781
4,115,999	Total Comprehensive Income	5,201,429	316,697	347,905	180,389
Transactions Involving Owners Affecting Accumulated Funds					
<i>Included in Accumulated Funds:</i>					
-236,400	Transfer of Assets to the PTE Sector	-236,400	-122,000	-164,778	-
-236,400	Total Transactions Involving Owners Affecting Accumulated Funds	-236,400	-122,000	-164,778	-

**Australian Capital Territory
General Government Sector
Statement of Changes in Equity**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Closing Equity					
6,443,155	Closing Equity in Public Trading Entities	6,551,780	6,723,292	6,932,306	7,024,337
5,289,758	Closing Accumulated Funds	5,403,774	5,410,471	5,364,801	5,447,378
5,366,818	Closing Asset Revaluation Surplus	5,500,892	5,517,380	5,537,163	5,542,944
500	Closing Other Reserves	800	800	800	800
17,100,231	Balance at the End of the Reporting Period	17,457,246	17,651,943	17,835,070	18,015,459

**Australian Capital Territory
General Government Sector
Cash Flow Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Cash Flows from Operating Activities					
Cash Receipts					
1,638,504	Taxes Received	1,638,504	1,758,817	1,878,877	1,977,265
493,650	Receipts from Sales of Goods and Services	478,519	493,738	509,631	530,333
2,095,750	Grants/Subsidies Received	2,096,097	2,199,236	2,204,489	2,297,855
114,214	Interest Receipts	106,352	106,371	94,238	99,498
36,391	Distributions from Financial Investments	29,845	39,489	49,426	52,637
361,335	Dividends and Income Tax Equivalents	359,245	357,074	299,087	526,586
408,014	Other Receipts	409,256	409,878	410,013	410,962
5,147,858	Total Cash Received from Operating Activities	5,117,818	5,364,603	5,445,761	5,895,136
Cash Payments					
-2,245,746	Payments for Employees	-2,249,220	-2,295,241	-2,358,012	-2,417,315
-958,421	Payments for Goods and Services	-951,061	-911,041	-986,770	-1,127,627
-1,004,905	Grants/Subsidies Paid	-1,008,324	-970,932	-1,005,374	-1,017,323
-186,570	Interest Paid	-178,891	-190,957	-196,089	-209,232
-482,956	Other Payments	-490,364	-481,403	-490,424	-491,868
-4,878,598	Total Cash Paid from Operating Activities	-4,877,860	-4,849,574	-5,036,669	-5,263,365
269,260	Net Cash Flows from Operating Activities	239,958	515,029	409,092	631,771
Cash Flows from Investing Activities					
Cash Flows from Investments in Non-Financial Assets					
299,893	Sales of Non-Financial Assets	285,247	268,461	157,291	101,155
-934,387	Payments for Non-Financial Assets	-920,459	-820,580	-656,872	-363,627
-634,494	Net Cash Flows from Investments in Non-Financial Assets	-635,212	-552,119	-499,581	-262,472
Cash Flows from Investments in Financial Assets for Policy Purposes					
Cash Receipts					
308	Repayment of Loans	308	2,768	2,721	2,725
62,014	Dividends – Market Gains on Land Sales	62,014	39,514	27,548	1,068

**Australian Capital Territory
General Government Sector
Cash Flow Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
95,002	Capital Distributions	95,002	98,366	37,587	20,000
157,324	Total Cash Received from Investments in Financial Assets for Policy Purposes	157,324	140,648	67,856	23,793
	Cash Payments				
-62	Issue of Loans	-62	-62	-62	-62
-21,855	Capital Payments to Government Agencies	-21,855	-28,870	-26,930	-5,000
-21,917	Total Cash Paid from Investments in Financial Assets for Policy Purposes	-21,917	-28,932	-26,992	-5,062
135,407	Net Cash Flows from Investments in Financial Assets for Policy Purposes	135,407	111,716	40,864	18,731
	Cash Flows from Investments in Financial Assets for Liquidity Purposes				
591,241	Sales of Investments	380,244	346,000	373,636	395,498
-371,363	Payments for Investments	-388,196	-370,374	-397,985	-529,417
219,878	Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	-7,952	-24,374	-24,349	-133,919
-279,209	Net Cash Flows from Investing Activities	-507,757	-464,777	-483,066	-377,660
	Cash Flows from Financing Activities				
	Cash Receipts				
133,596	Borrowings	132,619	402,891	564,743	244,662
133,596	Total Cash Received from Financing Activities	132,619	402,891	564,743	244,662
	Cash Payments				
-137,294	Borrowings	-135,866	-461,778	-495,284	-504,518
-137,294	Total Cash Paid from Financing Activities	-135,866	-461,778	-495,284	-504,518
-3,698	Net Cash Flows from Financing Activities	-3,247	-58,887	69,459	-259,856
-13,647	Net Increase/(Decrease) in Cash Held	-271,046	-8,635	-4,515	-5,745

**Australian Capital Territory
General Government Sector
Cash Flow Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
370,480	Cash and Cash Equivalents at the Beginning of Reporting Period	622,079	351,033	342,398	337,883
356,833	Cash and Cash Equivalents at the End of Reporting Period	351,033	342,398	337,883	332,138
Key Fiscal Aggregates					
269,260	Net Cash from Operating Activities	239,958	515,029	409,092	631,771
-634,494	Investments in Non-Financial Assets	-635,212	-552,119	-499,581	-262,472
-365,234	Cash Surplus (+) /Deficit (-)	-395,254	-37,090	-90,489	369,299

Note: A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

Derivation of ABS GFS Cash Surplus/(Deficit)					
-365,234	Cash Surplus (+)/Deficit (-)	-395,254	-37,090	-90,489	369,299
-99	Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-99	-4,772	-377,489	-1,968
-365,333	ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements	-395,353	-41,862	-467,978	367,331

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

APPENDIX E: FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES

Australian Capital Territory Public Trading Enterprises Operating Statement

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Revenue					
172,362	Government Payment for Outputs	172,362	170,597	177,613	182,532
Grants Revenue					
767	Commonwealth Grants	767	767	767	767
13,585	Gains from Contributed Assets	13,585	3,407	3,272	3,000
Sales of Goods and Services Revenue					
73,163	Revenue from Associates and Joint Ventures	73,163	78,968	77,094	95,854
436,829	Other Sales of Goods and Services	436,829	452,204	477,094	490,359
8,160	Interest Income	8,160	8,941	8,435	8,061
Other Revenue					
489,800	Land Revenue (Value Add Component)	489,800	435,590	443,097	526,679
9,333	Other Revenue	9,333	10,427	9,644	9,531
1,203,999	Total Revenue	1,203,999	1,160,901	1,197,016	1,316,783
Expenses					
190,061	Employee Expenses	190,061	187,073	189,945	193,952
23,898	Superannuation Expenses	23,898	24,301	24,616	24,978
92,919	Depreciation and Amortisation	92,919	114,673	90,601	83,336
78,744	Interest Expense	78,744	80,235	77,536	80,561
125,551	Other Property Expenses (Income Tax Expense)	125,551	81,880	102,113	98,364
Other Operating Expenses					
225,681	Supplies and Services	225,681	228,712	235,126	237,282
101,182	Other Operating Expenses	101,182	204,384	164,196	326,511
130,359	Grants and Purchased Services	130,359	70,819	97,351	73,435
968,395	Total Expenses	968,395	992,077	981,484	1,118,419
235,604	UPF Net Operating Balance	235,604	168,824	215,532	198,364

**Australian Capital Territory
Public Trading Enterprises
Operating Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Other Economic Flows – Included in the Operating Result					
88,591	Land Revenue (Market Gains on Land Sales)	88,591	56,448	39,355	1,526
-78,924	Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-78,924	-98,388	-57,605	-24
312	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	312	312	312	312
-2,612	Doubtful Debts	-2,612	-2,463	-2,462	-2,483
242,971	Operating Result	242,971	124,733	195,132	197,695
Other Economic Flows – Other Comprehensive Income Items that will not be Subsequently Reclassified to Profit or Loss					
108,353	Increase/(Decrease) in the Asset Revaluation Surplus	108,354	180,149	113,070	114,350
351,324	Total Comprehensive Income	351,325	304,882	308,202	312,045
235,604	UPF Net Operating Balance	235,604	168,824	215,532	198,364
less Net Acquisition of Non-Financial Assets					
172,070	Payments for Non-Financial Assets	172,070	162,891	127,178	93,603
-33,551	Sales of Non-Financial Assets	-33,551	-38,881	-37,856	-38,625
-90,172	Land Revenue (Net Cash Receipts)	-90,172	-47,764	-38,348	9,481
-92,919	Depreciation and Amortisation	-92,919	-114,673	-90,601	-83,336
-99,476	Other Movements in Non-Financial Assets	-99,476	-45,094	-71,098	-46,771
-144,048	Total Net Acquisition of Non-Financial Assets	-144,048	-83,521	-110,725	-65,648
379,652	Net Lending /(Borrowing)	379,652	252,345	326,257	264,012
235,604	UPF Net Operating Balance	235,604	168,824	215,532	198,364
235,604	HEADLINE NET OPERATING BALANCE	235,604	168,824	215,532	198,364

**Australian Capital Territory
Public Trading Enterprises
Balance Sheet**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Financial Assets					
239,114	Cash and Deposits	220,537	86,300	57,653	49,882
31,185	Investments and Loans	46,548	44,666	44,287	44,610
143,225	Receivables	153,214	172,488	175,376	194,031
969,207	Equity – Investments Accounted for Using the Equity Method	970,369	958,524	991,209	1,009,034
1,382,731	Total Financial Assets	1,390,668	1,261,978	1,268,525	1,297,557
Non-Financial Assets					
Produced Assets					
3,725,663	Property, Plant and Equipment	3,726,527	3,870,083	3,979,677	3,994,292
10,111	Investment Properties	9,615	10,596	11,577	12,558
23,297	Intangibles	41,006	40,854	40,729	40,729
383,712	Inventories	392,143	447,847	544,979	397,658
3,180	Assets Held for Sale	59,271	59,540	59,809	60,078
178,021	Capital Works-in-Progress	118,571	121,776	125,080	128,486
Non-Produced Assets					
3,437,422	Property, Plant and Equipment	3,540,628	3,617,660	3,731,468	3,807,286
Other Non-Financial Assets					
28,167	Deferred Tax Assets	-	-	-	-
7,789,573	Total Non-Financial Assets	7,887,761	8,168,356	8,493,319	8,441,087
9,172,304	Total Assets	9,278,429	9,430,334	9,761,844	9,738,644
Liabilities					
1,712,335	Advances Received	1,708,848	1,781,519	1,811,915	1,845,505
57,998	Employee Benefits	61,496	62,625	63,768	64,925
533,165	Other Provisions	131,046	130,534	132,852	168,134
59,362	Payables	86,764	65,944	84,137	63,743
Other Liabilities					
80,232	Current Tax Liability	95,189	59,442	75,385	71,687
37,848	Deferred Tax Liability	395,097	395,097	395,097	395,097
248,209	Other Liabilities	248,209	211,881	266,384	105,216
2,729,149	Total Liabilities	2,726,649	2,707,042	2,829,538	2,714,307
6,443,155	Net Assets	6,551,780	6,723,292	6,932,306	7,024,337
2,519,577	Accumulated Funds	2,525,961	2,413,783	2,503,436	2,503,117
3,913,738	Asset Revaluation Surplus	4,015,999	4,299,689	4,419,050	4,511,400
9,840	Other Reserves	9,820	9,820	9,820	9,820
6,443,155	Net Worth	6,551,780	6,723,292	6,932,306	7,024,337
-1,346,418	Net Financial Worth	-1,335,981	-1,445,064	-1,561,013	-1,416,750
1,442,036	Net Debt	1,441,763	1,650,553	1,709,975	1,751,013

**Australian Capital Territory
Public Trading Enterprises
Statement of Changes in Equity**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Opening Equity					
2,416,190	Opening Accumulated Funds	2,422,574	2,525,961	2,413,783	2,503,436
3,769,474	Opening Asset Revaluation Surplus	3,871,734	4,015,999	4,299,689	4,419,050
9,840	Opening Other Reserves	9,820	9,820	9,820	9,820
6,195,504	Opening Balance	6,304,128	6,551,780	6,723,292	6,932,306
Comprehensive Income					
<i>Included in Accumulated Funds:</i>					
242,971	Operating Result for the Period	242,971	124,733	195,132	197,695
<i>Included in Asset Revaluation Surplus:</i>					
108,353	Increase/(Decrease) in the Asset Revaluation Surplus	108,354	180,149	113,070	114,350
351,324	Total Comprehensive Income	351,325	304,882	308,202	312,045
Other					
-35,911	Transfer to/(from) Accumulated Funds	-35,911	-103,541	-6,291	22,000
35,911	Movement in the Asset Revaluation Surplus	35,911	103,541	6,291	-22,000
0	Total Other	0	0	0	0
Transactions Involving Owners Affecting Accumulated Funds					
21,855	Capital Injections	21,855	28,870	26,930	5,000
-78,367	Capital Distributions	-78,367	-98,366	-57,587	-
236,400	Increase/(Decrease) in Net Assets Received from the GGS	236,400	122,000	164,778	-
-283,561	Dividends Approved	-283,561	-185,874	-233,309	-225,014
-103,673	Total Transactions Involving Owners Affecting Accumulated Funds	-103,673	-133,370	-99,188	-220,014
Closing Equity					
2,519,577	Closing Accumulated Funds	2,525,961	2,413,783	2,503,436	2,503,117
3,913,738	Closing Asset Revaluation Surplus	4,015,999	4,299,689	4,419,050	4,511,400
9,840	Closing Other Reserves	9,820	9,820	9,820	9,820
6,443,155	Balance at the End of the Reporting Period	6,551,780	6,723,292	6,932,306	7,024,337

**Australian Capital Territory
Public Trading Enterprises
Cash Flow Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Cash Flows from Operating Activities					
Cash Receipts					
1,061,496	Receipts from Sales of Goods and Services	1,061,496	968,761	986,512	1,045,271
172,231	Grants/Subsidies Received	172,231	170,438	177,440	182,359
7,520	Interest Receipts	7,520	7,084	6,874	6,696
142,790	Other Receipts	142,790	111,553	93,360	87,980
1,384,037	Total Cash Received from Operating Activities	1,384,037	1,257,836	1,264,186	1,322,306
Cash Payments					
-206,342	Payments for Employees	-206,342	-211,409	-214,702	-219,076
-250,219	Payments for Goods and Services	-250,219	-253,417	-260,491	-262,171
-24,949	Grants/Subsidies Paid	-24,949	-22,318	-22,981	-23,664
-84,954	Interest Paid	-78,271	-78,463	-72,412	-75,246
-382,689	Other Payments	-389,372	-359,223	-367,587	-263,117
-949,153	Total Cash Paid from Operating Activities	-949,153	-924,830	-938,173	-843,274
434,884	Net Cash Flows from Operating Activities	434,884	333,006	326,013	479,032
Cash Flows from Investing Activities					
Cash Flows from Investments in Non-Financial Assets					
33,551	Sales of Non-Financial Assets	33,551	38,881	37,856	38,625
-172,070	Payments for Non-Financial Assets	-172,070	-162,891	-127,178	-93,603
-138,519	Net Cash Flows from Investments in Non-Financial Assets	-138,519	-124,010	-89,322	-54,978
Cash Flows from Investments in Financial Assets for Policy Purposes					
Cash Receipts					
21,855	Capital Receipts from Government Agencies	21,855	28,870	26,930	5,000
21,855	Total Cash Received from Investment in Financial Assets for Policy Purposes	21,855	28,870	26,930	5,000
Cash Payments					
-145,716	Dividends – Market Gains on Land Sales	-145,716	-137,880	-65,135	-21,068

**Australian Capital Territory
Public Trading Enterprises
Cash Flow Statement**

2016-17 Budget	2016-17 Revised Budget	2017-18 Revised Estimate	2018-19 Revised Estimate	2019-20 Revised Estimate
\$'000	\$'000	\$'000	\$'000	\$'000
-145,716 <i>Total Cash Paid from Investment in Financial Assets for Policy Purposes</i>	-145,716	-137,880	-65,135	-21,068
-123,861 <i>Net Cash Flows from Investments in Financial Assets for Policy Purposes</i>	-123,861	-109,010	-38,205	-16,068
Cash Flows from Investments in Financial Assets for Liquidity Purposes				
302,106 <i>Sales of Investments</i>	371,205	403,878	375,831	656,627
-349,516 <i>Payments for Investments</i>	-418,614	-384,611	-385,579	-634,452
-47,410 <i>Net Cash Flows from Investments in Financial Assets for Liquidity Purposes</i>	-47,409	19,267	-9,748	22,175
-309,790 <i>Net Cash Flows from Investing Activities</i>	-309,789	-213,753	-137,275	-48,871
Cash Flows from Financing Activities				
Cash Receipts				
123,300 <i>Borrowings</i>	123,300	392,300	53,300	275,300
123,300 <i>Total Cash Received from Financing Activities</i>	123,300	392,300	53,300	275,300
Cash Payments				
-75,380 <i>Borrowings</i>	-75,380	-339,462	-23,497	-241,193
-184,516 <i>Dividends Paid</i>	-184,516	-186,292	-158,445	-366,516
-125,829 <i>Other Financing</i>	-125,829	-120,419	-89,120	-105,200
-385,725 <i>Total Cash Paid from Financing Activities</i>	-385,725	-646,173	-271,062	-712,909
-262,425 <i>Net Cash Flows from Financing Activities</i>	-262,425	-253,873	-217,762	-437,609
-137,331 <i>Net Increase/(Decrease) in Cash Held</i>	-137,330	-134,620	-29,024	-7,448
406,129 <i>Cash and Cash Equivalents at the Beginning of Reporting Period</i>	403,414	266,084	131,464	102,440
268,798 <i>Cash and Cash Equivalents at the End of Reporting Period</i>	266,084	131,464	102,440	94,992

**Australian Capital Territory
Public Trading Enterprises
Cash Flow Statement**

2016-17 Budget		2016-17 Revised Budget	2017-18 Revised Estimate	2018-19 Revised Estimate	2019-20 Revised Estimate
\$'000		\$'000	\$'000	\$'000	\$'000
Key Fiscal Aggregates					
434,884	Net Cash from Operating Activities	434,884	333,006	326,013	479,032
-138,519	Net Cash Flows from Investments in Non-Financial Assets	-138,519	-124,010	-89,322	-54,978
-310,345	Distributions Paid	-310,345	-306,711	-247,565	-471,716
-13,980	Cash Surplus (+)/Deficit (-)	-13,980	-97,715	-10,874	-47,662

Note: A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

Derivation of ABS GFS Cash Surplus/(Deficit)					
-13,980	Cash Surplus (+)/Deficit (-)	-13,980	-97,715	-10,874	-47,662
-	- Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-	-	-	-
-13,980	ABS GFS Cash Surplus (+)/Deficit (-) Including Finance and Similar Arrangements	-13,980	-97,715	-10,874	-47,662

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

APPENDIX F: FINANCIAL STATEMENTS – CONSOLIDATED TOTAL TERRITORY

Australian Capital Territory Consolidated Total Territory Operating Statement

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Revenue					
1,594,720	Taxation Revenue	1,594,720	1,711,166	1,830,692	1,927,513
	Grants Revenue				
2,088,018	Commonwealth Grants	2,088,365	2,163,486	2,201,158	2,294,095
63,981	Gains from Contributed Assets	56,330	53,812	53,688	53,426
	Sales of Goods and Services				
73,163	Revenue from Associates and Joint Ventures	73,163	78,968	77,094	95,854
840,832	Other Sales of Goods and Services	844,236	882,947	921,800	943,501
44,099	Interest Income	42,360	37,625	36,136	38,953
36,391	Distributions from Financial Investments	29,845	39,489	49,426	52,637
50,990	Dividend Income	48,900	50,363	51,522	54,870
	Other Revenue				
456,725	Land Revenue (Value Add Component)	456,725	372,058	394,565	436,439
135,456	Other Revenue	133,732	135,377	138,494	137,557
5,384,375	Total Revenue	5,368,376	5,525,291	5,754,575	6,034,845
Expenses					
2,082,086	Employee Expenses	2,082,437	2,088,633	2,134,050	2,173,443
	Superannuation Expenses				
315,534	Superannuation Interest Cost	293,498	375,236	389,906	404,003
426,099	Other Superannuation Expenses	466,400	294,872	294,064	293,375
465,599	Depreciation and Amortisation	465,300	491,654	506,690	508,935
185,918	Interest Expense	185,405	193,455	209,223	222,274
	Other Operating Expenses				
1,225,846	Supplies and Services	1,219,189	1,210,772	1,283,723	1,398,536
187,123	Other Operating Expenses	186,955	294,271	276,090	409,516
866,927	Grants and Purchased Services	870,370	840,078	865,859	864,313
5,755,132	Total Expenses	5,769,554	5,788,971	5,959,605	6,274,395
-370,757	UPF Net Operating Balance	-401,178	-263,680	-205,030	-239,550

**Australian Capital Territory
Consolidated Total Territory
Operating Statement**

2016-17 Budget	2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Other Economic Flows – Included in the Operating Result				
88,591 Land Revenue (Market Gains on Land Sales)	88,591	56,448	39,355	1,526
94,092 Net Land Revenue (Undeveloped Land Value)	94,092	82,356	52,351	54,023
-80,437 Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-80,437	-99,946	-59,177	-1,628
163,878 Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	238,085	181,936	190,345	203,799
-9,499 Doubtful Debts	-9,499	-9,491	-9,617	-9,757
-114,132 Operating Result	-70,346	-52,377	8,227	8,413
Other Economic Flows – Other Comprehensive Income Items that will not be Subsequently Reclassified to Profit or Loss				
11,300 Capital Distributions	11,300	-	-	-
3,815,947 Superannuation Actuarial Gain/(Loss)	4,843,871	-	-	-
889 Other Movements	889	888	888	888
157,876 Increase/(Decrease) in the Asset Revaluation Surplus	123,775	243,395	171,064	167,951
3,871,880 Total Comprehensive Income	4,909,489	191,906	180,179	177,252
-370,757 UPF Net Operating Balance less Net Acquisition of Non-Financial Assets	-401,178	-263,680	-205,030	-239,550
1,057,457 Payments for Non-Financial Assets	1,043,529	928,471	732,050	375,230
-333,444 Sales of Non-Financial Assets	-318,798	-307,342	-195,147	-139,780
-125,559 Land Revenue (Net Cash Receipts)	-125,559	-95,576	-68,960	-44,015
-465,599 Depreciation and Amortisation	-465,300	-491,654	-506,690	-508,935
55,934 Other Movements in Non-Financial Assets	55,934	53,407	53,272	53,000
<i>188,789 Total Net Acquisition of Non-Financial Assets</i>	<i>189,806</i>	<i>87,306</i>	<i>14,525</i>	<i>-264,500</i>
-559,546 Net Lending / (Borrowing)	-590,984	-350,986	-219,555	24,950
-370,757 UPF Net Operating Balance	-401,178	-263,680	-205,030	-239,550
163,566 Superannuation Return Adjustment	170,812	181,624	190,033	203,487
-207,191 HEADLINE NET OPERATING BALANCE	-230,366	-82,056	-14,997	-36,063

**Australian Capital Territory
Consolidated Total Territory
Balance Sheet**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Financial Assets					
565,926	Cash and Deposits	571,569	428,697	395,535	382,019
67,541	Advances Paid	64,743	64,079	63,287	62,294
4,226,591	Investments and Loans	4,433,814	4,618,219	4,814,631	5,156,530
738,553	Receivables	484,418	473,143	465,617	512,220
969,207	Equity – Investments Accounted for Using the Equity Method	970,369	958,524	991,209	1,009,034
6,567,818	Total Financial Assets	6,524,913	6,542,662	6,730,279	7,122,097
Non-Financial Assets					
Produced Assets					
15,335,844	Property, Plant and Equipment	15,470,859	16,145,826	17,285,382	17,313,575
12,711	Investment Properties	15,025	16,006	16,987	17,968
122,295	Intangibles	131,093	179,657	190,938	198,697
399,446	Inventories	409,858	465,761	563,093	415,972
3,230	Assets Held for Sale	113,529	113,798	114,067	114,336
1,151,188	Capital Works-in-Progress	1,031,524	820,340	593,236	441,072
Non-Produced Assets					
6,602,336	Property, Plant and Equipment	6,548,125	6,657,404	6,804,441	6,950,571
262,332	Loose-fill Asbestos Insulation Eradication Scheme Land	262,332	94,850	22,785	12,320
26,514	Biological Assets	26,501	26,568	26,258	25,928
2	Other Non-Financial Assets	-	-	-	-
23,915,898	Total Non-Financial Assets	24,008,846	24,520,210	25,617,187	25,490,439
30,483,716	Total Assets	30,533,759	31,062,872	32,347,466	32,612,536
Liabilities					
15,694	Deposits Held	15,842	15,842	15,842	15,842
1,134,617	Advances Received	1,134,617	1,075,931	1,017,155	958,325
Borrowings					
3,292	Finance Leases	5,607	109,205	487,914	475,955
3,606,518	Other Borrowings	3,582,136	3,660,705	4,198,189	4,033,930
6,253,642	Superannuation	6,245,841	6,504,147	6,753,890	6,992,689
691,445	Employee Benefits	740,854	768,541	796,608	824,712
844,740	Other Provisions	400,859	321,448	263,842	281,336
477,614	Payables	524,341	531,886	559,091	587,978
4,655	Other Liabilities	8,253	7,852	7,441	17,023
13,032,217	Total Liabilities	12,658,350	12,995,557	14,099,972	14,187,790
17,451,499	Net Assets	17,875,409	18,067,315	18,247,494	18,424,746
7,779,499	Accumulated Funds	7,850,153	7,695,123	7,697,947	7,729,248
9,661,660	Asset Revaluation Surplus	10,014,636	10,361,572	10,538,927	10,684,878
10,340	Other Reserves	10,620	10,620	10,620	10,620
17,451,499	Net Worth	17,875,409	18,067,315	18,247,494	18,424,746

**Australian Capital Territory
Consolidated Total Territory
Balance Sheet**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
-6,464,399	Net Financial Worth	-6,133,437	-6,452,895	-7,369,693	-7,065,693
7,433,606	Net Financial Liabilities	7,103,806	7,411,419	8,360,902	8,074,727
-99,937	Net Debt (including Superannuation Related Investments)	-331,924	-249,312	445,647	-116,791
3,522,214	Net Debt (excluding Superannuation Related Investments)	3,357,817	3,637,548	4,544,754	4,289,536

**Australian Capital Territory
Consolidated Total Territory
Statement of Changes in Equity**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Opening Equity					
4,101,406	Opening Accumulated Funds	3,100,350	7,850,153	7,695,123	7,697,947
9,467,873	Opening Asset Revaluation Surplus	9,854,950	10,014,636	10,361,572	10,538,927
10,340	Opening Other Reserves	10,620	10,620	10,620	10,620
13,579,619	Opening Balance	12,965,920	17,875,409	18,067,315	18,247,494
Comprehensive Income					
<i>Included in Accumulated Funds:</i>					
-114,132	Operating Result for the Period	-70,346	-52,377	8,227	8,413
11,300	Capital Distributions	11,300	-	-	-
3,815,947	Superannuation Actuarial Gain/(Loss)	4,843,871	-	-	-
889	Other Movements	889	888	888	888
<i>Included in Asset Revaluation Surplus:</i>					
157,876	Increase/(Decrease) in Asset Revaluation Surplus	123,775	243,395	171,064	167,951
3,871,880	Total Comprehensive Income	4,909,489	191,906	180,179	177,252
Other					
-35,911	Transfer to/(from) Accumulated Funds	-35,911	-103,541	-6,291	22,000
35,911	Movement in the Asset Revaluation Surplus	35,911	103,541	6,291	-22,000
0	Total Other	0	0	0	0
Closing Equity					
7,779,499	Closing Accumulated Funds	7,850,153	7,695,123	7,697,947	7,729,248
9,661,660	Closing Asset Revaluation Surplus	10,014,636	10,361,572	10,538,927	10,684,878
10,340	Closing Other Reserves	10,620	10,620	10,620	10,620
17,451,499	Balance at the End of the Reporting Period	17,875,409	18,067,315	18,247,494	18,424,746

**Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement**

2016-17 Budget		2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Cash Flows from Operating Activities					
Cash Receipts					
1,601,274	Taxes Received	1,601,274	1,718,890	1,836,790	1,934,600
1,378,932	Receipts from Sales of Goods and Services	1,363,801	1,290,604	1,330,828	1,367,498
2,096,517	Grants/Subsidies Received	2,096,864	2,200,003	2,205,256	2,298,622
42,879	Interest Receipts	41,700	35,741	34,547	37,554
36,391	Distributions from Financial Investments	29,845	39,489	49,426	52,637
51,699	Dividends	49,737	51,165	52,281	55,678
502,880	Other Receipts	503,994	472,176	454,874	450,814
5,710,572	Total Cash Received from Operating Activities	5,687,215	5,808,068	5,964,002	6,197,403
Cash Payments					
-2,437,075	Payments for Employees	-2,440,549	-2,491,768	-2,557,946	-2,621,706
-1,111,962	Payments for Goods and Services	-1,112,253	-1,057,644	-1,129,822	-1,270,432
-873,743	Grants/Subsidies Paid	-877,162	-839,315	-867,550	-875,926
-192,669	Interest Paid	-184,990	-191,706	-201,936	-215,838
-750,324	Other Payments	-756,764	-741,311	-771,208	-656,414
-5,365,773	Total Cash Paid from Operating Activities	-5,371,718	-5,321,744	-5,528,462	-5,640,316
344,799	Net Cash Flows from Operating Activities	315,497	486,324	435,540	557,087
Cash Flows from Investing Activities					
Cash Flows from Investments in Non-Financial Assets					
333,444	Sales of Non-Financial Assets	318,798	307,342	195,147	139,780
-1,057,457	Payments for Non-Financial Assets	-1,043,529	-928,471	-732,050	-375,230
-724,013	Net Cash Flows from Investments in Non-Financial Assets	-724,731	-621,129	-536,903	-235,450
Cash Flows from Investments in Financial Assets for Policy Purposes					
Cash Receipts					
308	Repayment of Loans	308	2,768	2,721	2,725
11,300	Capital Distributions	11,300	-	-	-
11,608	Total Cash Received from Investment in Financial Assets for Policy Purposes	11,608	2,768	2,721	2,725

**Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement**

2016-17 Budget	2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Cash Payments				
-62 Issue of Loans	-62	-62	-62	-62
-62 Total Cash Paid from Investment in Financial Assets for Policy Purposes	-62	-62	-62	-62
11,546 Net Cash Flows from Investments in Financial Assets for Policy Purposes	11,546	2,706	2,659	2,663
Cash Flows from Investments in Financial Assets for Liquidity Purposes				
891,915 Sales of Investments	750,017	822,123	821,856	1,124,514
-719,447 Payments for Investments	-805,378	-827,230	-855,953	-1,236,258
172,468 Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	-55,361	-5,107	-34,097	-111,744
-539,999 Net Cash Flows from Investing Activities	-768,546	-623,530	-568,341	-344,531
Cash Flows from Financing Activities				
Cash Receipts				
110,308 Borrowings	108,855	78,870	537,784	300
110,308 Total Cash Received from Financing Activities	108,855	78,870	537,784	300
Cash Payments				
-66,086 Borrowings	-64,182	-84,919	-438,522	-226,049
-66,086 Total Cash Paid from Financing Activities	-64,182	-84,919	-438,522	-226,049
44,222 Net Cash Flows from Financing Activities	44,673	-6,049	99,262	-225,749
-150,978 Net Increase/(Decrease) in Cash Held	-408,376	-143,255	-33,539	-13,193
776,609 Cash and Cash Equivalents at the Beginning of Reporting Period	1,025,493	617,117	473,862	440,323
625,631 Cash and Cash Equivalents at the End of Reporting Period	617,117	473,862	440,323	427,130

**Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement**

2016-17 Budget	2016-17 Revised Budget \$'000	2017-18 Revised Estimate \$'000	2018-19 Revised Estimate \$'000	2019-20 Revised Estimate \$'000
Key Fiscal Aggregates				
344,799 Net Cash from Operating Activities	315,497	486,324	435,540	557,087
-724,013 Investments in Non-Financial Assets	-724,731	-621,129	-536,903	-235,450
-379,214 Cash Surplus (+)/Deficit (-)	-409,234	-134,805	-101,363	321,637

Note: A positive number denotes a cash inflow; a negative sign denotes a cash outflow.

Derivation of ABS GFS Cash Surplus/(Deficit)				
-379,214 Cash Surplus (+)/Deficit (-)	-409,234	-134,805	-101,363	321,637
-99 Acquisitions Under Finance Leases and Similar Arrangements ^(a)	-99	-4,772	-377,489	-1,968
-379,313 ABS GFS Cash Surplus (+)/ Deficit (-) including Finance and Similar Arrangements	-409,333	-139,577	-478,852	319,669

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