QTON No. 31

Legislative Assembly for the Australian Capital Territory
Select Committee on the Fiscal Sustainability of the ACT

Inquiry into Fiscal Sustainability of the ACT

Answer to question taken on notice

Asked by: Ms Fiona Carrick MLA

Addressed to: Treasurer

In relation to: HNOB inclusions

Hearing: 16 June 2026
Proof Transcript pp 182
Transcript provided: 25 June 2026
Answer Due: 2 July 2026

Mr Andrew Barr MLA took on notice the following question(s):

MS CARRICK: My first question is about the HNOB. For 18 months, I have been trying to understand why a market valuation is in the aggregates like it is. The *Budget review* says:

Exclusion of the net gains on financial assets as revenue in the NOB understates the Government's capacity to meet these liabilities as the capital gains on investments provide a source of funding for the long-term superannuation liabilities.

My question is: if a market valuation that will provide a source of funding for the long term is included in the aggregates instead of the other economic flows, why aren't all the other economic flows that would provide a source of funding over the long term included in the aggregates as well?

Mr Barr: That is one for the Treasurer. We have Treasury officials here. I can take that on notice. It might be better to give a written response.

Mr Campbell: That might help. We do not have the right people at the table to answer that question.

Mr Barr: We will take that on notice for the Treasurer and get a written response.

Mr Chris Steel MLA: The answer to the Member's question is as follows:

The ACT Government's primary fiscal measure is the Headline Net Operating Balance (HNOB).

Under the Uniform Presentation Framework (UPF), capital gains on investments held in the Superannuation Provision Account (SPA) are excluded from revenue and recorded as other economic flows and therefore are not included in the UPF Net Operating Balance (NOB). In contrast, defined benefit superannuation expenses are recognised directly in the NOB.

As a result, the UPF NOB reflects gross superannuation expenses offset only by interest, distributions and dividends from SPA investment assets.

The HNOB adjusts for this asymmetry by including total SPA investment returns, through a superannuation return adjustment (representing capital gains on investments) based on a 7.62 per cent return for the 2026-27 Budget and forward estimates. This adjustment is the largest component of other economic flows.

No other items within other economic flows are included in the HNOB, as they do not have the same treatment as SPA-related revenue and expenses.

Approved for circulation to the Select Committee on the Fiscal Sustainability of the ACT

Signature: Date: 2/7/26

By the Treasurer, Mr Chris Steel MLA