



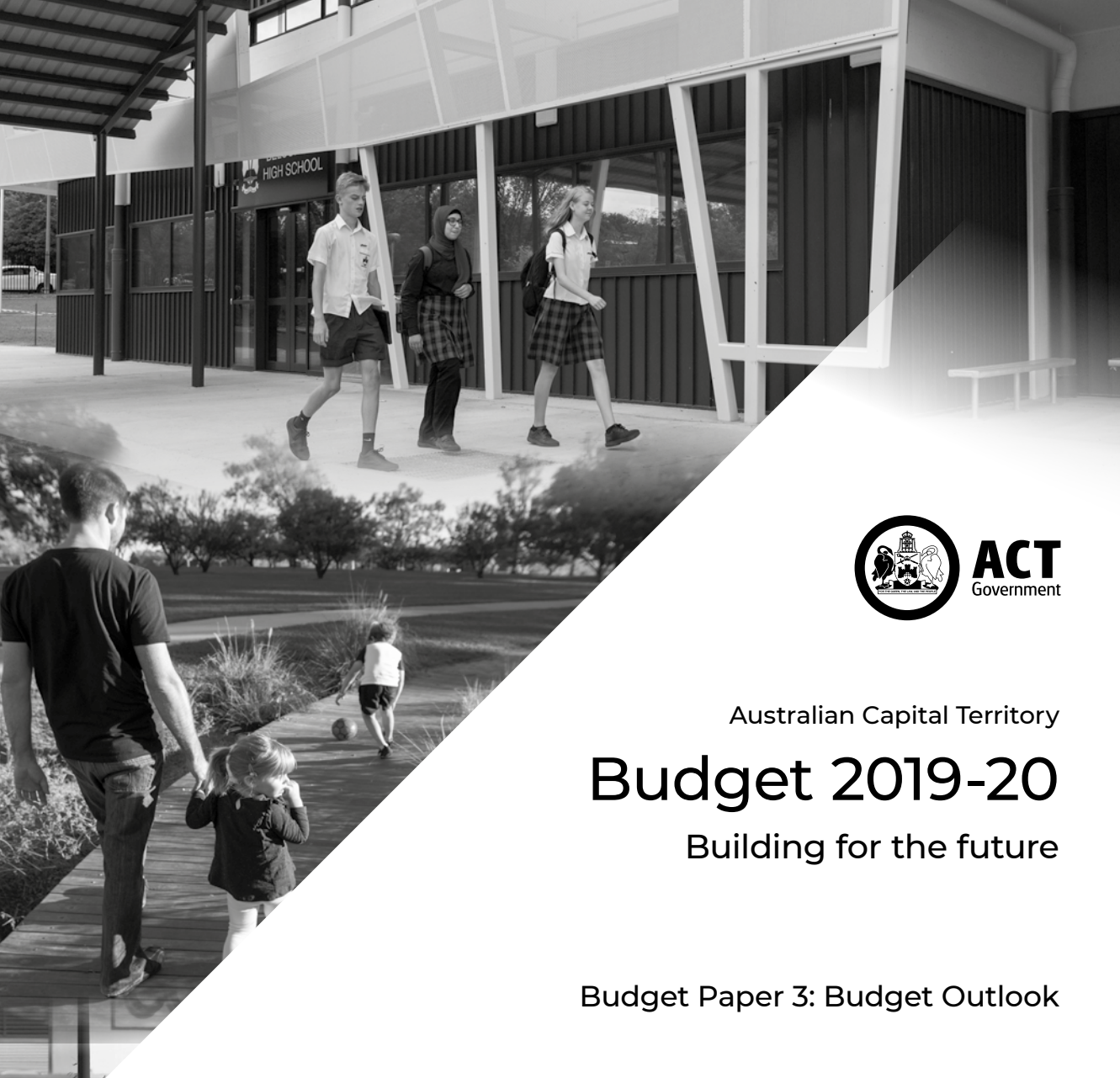
Australian Capital Territory

# Budget 2019-20

Building for the future

Budget Paper 3: Budget Outlook





Australian Capital Territory

# Budget 2019-20

Building for the future

Budget Paper 3: Budget Outlook



# STRUCTURE AND CONTENT OF THE 2019-20 BUDGET PAPERS

The 2019-20 Budget is presented in three papers and a series of agency Budget Statements.

## Budget Paper 1: Budget Speech

The Treasurer's speech to the Legislative Assembly highlights the Government's Budget strategies and key features of the Budget.

## Budget Paper 2: Budget in Brief

Budget Paper 2 presents a summary of the overall budgetary position together with information on the Government's expenditure priorities in key service delivery areas.

## Budget Paper 3: Budget Outlook

Budget Paper 3 summarises the 2019-20 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government.

Details of the projected 2019-20 Budget results are provided, as well as background information on the development of the 2019-20 Budget, including economic conditions and federal financial relations. It also provides an overview of the Territory's infrastructure investment program and details of the 2019-20 expense, infrastructure and capital, and revenue initiatives.

Full accrual financial statements and notes are provided for all sectors.

## Budget Statements

The Budget Statements contain information on each directorate and agency, including descriptions of functions and roles and responsibilities, together with major strategic priorities.

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# INTRODUCTION

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## Building for the future

The ACT Government is building for Canberra's future.

We are investing now to grow services and infrastructure that can meet our community's needs in the years ahead, to keep Canberra liveable and protect its unique character as we grow.

And we are investing in people to build a more inclusive community, tackling persistent disadvantage so that all Canberrans can look to the future with hope and optimism.

## The ACT economy

The ACT economy has been growing well above our long-term trend in recent years. We have seen cumulative growth of 12 per cent over the past three years, with the ACT consistently recording among the strongest growth of any Australian state or territory. Following rapid growth estimated at 4¼ per cent in 2018-19, the pace of economic growth is expected to consolidate to a more sustainable average of 3¼ per cent a year over the next four years.

Canberra's population also continues to grow strongly, with our current growth rate being above the national average and the second-strongest in the nation. The 2019 Budget forecasts continued strong population growth over the coming years as more people are attracted to Canberra and stay here.

Supported by strong economic growth, our unemployment rate has been the lowest in the country for almost two years running, and is now 3.9 per cent. Strong economic and population growth are also creating more new business opportunities in Canberra and the surrounding region, with 1,200 net new businesses starting up in the ACT in 2017-18 alone and over 3,200 in the past four years.

Despite strong growth and low unemployment, inflation in both consumer prices and wages remains subdued. Inflation and wages are both expected to have risen by slightly less than the levels estimated in the *Budget Review* during 2018-19, but are forecast to return to trend levels in the medium term.

The ACT's key economic aggregates are set out in Table 1 below.



**Table 1: 2019-20 Budget economic forecasts**

	Actual	Estimate	Forecasts	Projections		
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>ACT</b>						
Gross State Product <sup>1</sup>	4.0	4¼ (+¾)	3 (-½)	3¼ (-¼)	3½	3½
State Final Demand <sup>1,2</sup>	3.6	4¼ (+1¼)	3 (-¼)	3¼	3½ (-¼)	3½
Employment <sup>3</sup>	2.2	1 (-1)	1½ (-¼)	1¼ (+¼)	1¼ (+¼)	1¼
Wage Price Index <sup>3,4</sup>	1.8	2¼ (-¼)	2½ (-¼)	2¼ (-¼)	3¼	3¼
Consumer Price Index <sup>3</sup>	2.8	2 (-¼)	2¼ (-¼)	2½	2½	2½
Population <sup>3</sup>	2.2	2 (+¼)	1¼	1¼	1¼ (+¼)	1¼
<b>Australia</b>						
Gross Domestic Product <sup>1,2,5</sup>	2.8	2¼ (-½)	2¼ (-¼)	2¼ (-¼)	3	3

**Sources:** ABS Cat. No. 5220.0, 5206.0, 6202.0, 6345.0, 6401.0 and 3101.0; Chief Minister, Treasury and Economic Development Directorate; *2019-20 Pre-election Economic and Fiscal Outlook*.

**Notes:** 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. Numbers in brackets for ACT parameters represent the change from the *2018-19 Budget Review*.

1. Real values.
2. Year average basis.
3. Through the year basis.
4. Total hourly rates of pay excluding bonuses.
5. These are the *2019-20 Pre-election Economic and Fiscal Outlook* forecasts, which are identical to the *2019-20 Commonwealth Budget* forecasts. Comparisons are to the Commonwealth's *2018-19 Mid-Year Economic and Fiscal Outlook*.

## The 2019-20 Budget

We are prioritising the investments necessary to ensure we can keep delivering great local services for Canberrans into the next decade.

The 2019-20 Budget maps out the next major phase of investment in local schools for Canberra's growth areas. We will start work on a new primary school at Throsby, a new high school for Kenny, and significant expansions for the Franklin Early Childhood School and Gungahlin College. We will also add capacity at Hawker Primary School and Lyneham High, as well as undertaking detailed planning for future school needs in both regional growth areas, and the city and gateway region, so we are ready as more people move into these hub centres and our renewed city centre.

Through this Budget we are also making the significant investments needed to future-proof our health system and respond to ongoing growth in demand for free, high quality public healthcare. We will deliver the new Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre that has capacity to meet our region's healthcare needs into the coming decade, continue expanding our network of Walk in Centres to deliver faster healthcare close to home for more Canberrans, and significantly boost specialist healthcare to respond to the changing needs of our community.

With Stage 1 of light rail to Gungahlin successfully up and running, we are turning our focus to delivering Stage 2 to Woden. Canberra needs a clean, fast and accessible public transport network to help keep our city moving as we grow, and Stage 2 will provide the southern spine for our integrated network. About 270,000 people will live, work or study within 800 metres of the City to Woden corridor by 2036. Stage 2 of light rail is an important investment we need to get on with now to deliver faster and better public transport through the coming decades.

Investing in our people is just as important as investing in Canberra's infrastructure and services. We are a prosperous city, but too many people are still falling behind. That's why the 2019-20 Budget makes a strong investment in early intervention to improve social connectedness, strengthen families and help end the stubborn disadvantage that persists through generations. Reducing family violence, cutting the number of people coming into contact with our justice system, strengthening support for people with disability and acting to protect children and young people at risk will help build a brighter future for all Canberrans and see our community continue becoming more inclusive in the years ahead.

### ***The 2019-20 Budget position***

Building for the future means investing today.

We are investing in infrastructure, services and better social outcomes that will benefit Canberrans for decades to come. So we aren't going to ask the community to pay for these investments upfront through higher taxes or more fees and charges.

We are getting on with this important work because it needs to happen now. If we fall behind with building our schools, hospitals and social infrastructure, Canberrans will pay the price as our city continues to grow.

As we have demonstrated with consecutive surpluses in 2017-18 and 2018-19, we remain committed to delivering sound budget management for the ACT.

We are building for Canberra's future and using the 2019-20 Budget to do it because we know a strong community and a liveable city are what matters most.

The General Government Sector Headline Net Operating Balance is detailed in Table 2 below.

**Table 2: General Government Sector Headline Net Operating Balance**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
	<b>Actual</b>	<b>Estimated</b>	<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>outcome</b>	<b>outcome</b>				
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Revenue	5,401.5	5,646.5	5,871.2	6,161.7	6,526.5	6,982.7
Expenses	5,482.5	5,799.3	6,158.0	6,440.6	6,618.6	6,813.3
Superannuation return adjustment	161.8	196.6	197.7	212.0	227.4	243.9
<b>HEADLINE NET OPERATING BALANCE</b>	<b>80.8</b>	<b>43.8</b>	<b>-89.1</b>	<b>-66.8</b>	<b>135.2</b>	<b>413.3</b>
<b>Net cash from operating activities</b>	523.6	353.4	240.9	525.9	781.7	1,054.8
<b>Net debt (excluding superannuation)</b>	1,302.2	2,181.7	2,713.9	3,257.6	3,363.5	3,019.2
<b>Net financial liabilities</b>	7,706.5	6,571.0	7,274.9	7,809.4	8,047.0	7,981.8

# CHAPTER 1

## ECONOMIC PERFORMANCE, OUTLOOK AND STRATEGY

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## 1.1 OVERVIEW

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The ACT economy is the fastest growing in the country and is expected to achieve three decades of uninterrupted economic growth by the end of the coming financial year. Growth has been a particularly strong 12 per cent over the past three years, bringing the size of the ACT economy to around \$40 billion<sup>1</sup>.

This strong growth has continued throughout 2018-19, with our economy estimated to have expanded by 4¼ per cent. Looking ahead, growth is expected to move to a still robust, but more sustainable average of 3¼ per cent a year across the forward estimates.

Household consumption is expected to continue to drive growth, supported by strong population growth, and despite likely ongoing low wages growth due, in part, to Commonwealth enterprise agreements.

Services exports are now a key driver of Canberra's growth, particularly from the higher education and tourism sectors. Service exports contributed \$2.2 billion to the local economy in 2017-18 – an 11 per cent increase on the previous year. The pace of growth of this sector is expected to moderate over the forward estimates from the very high rates of growth in recent years. However, the Government is actively pursuing the establishment of another significant Group of Eight university campus in Canberra, through discussions with the University of NSW. This project would provide a further boost to services exports in the years ahead by bringing more international students to the ACT.

High levels of residential construction activity in 2018-19 are forecast to continue into 2019-20, with a significant pipeline of projects underway. The ACT housing market has recently seen some softening in both prices and turnover, although the local market remains significantly more stable than other capital city markets such as Sydney and Melbourne. National financial sector policy settings have contributed to a reduction in housing finance in the past 12 months, and this is expected to lead to some moderation in construction activity from 2020-21 onward.

Ongoing strong population growth will be positive for the economy, with Canberra's population now expanding by at least 8,000 people a year. This ongoing growth is expected to generate continued strong demand for housing, meaning the pre-federal election softening in confidence and prices is likely to be only temporary.

<sup>1</sup> Real growth. \$39.8 billion in current prices.

While demand in the housing market is expected to pick up over the medium term, a key risk to the ACT economy is the potential impact on consumer confidence arising from current softer housing market conditions nationally. Our expectation is that there will be an orderly unwinding of some of the more extreme price rises in segments of the Sydney and Melbourne markets. There remains, though, a risk of spill over impacts on other parts of the economy such as household consumption.

The Commonwealth Government's contribution to the ACT economy is also expected to be lower in 2019-20, particularly if the extension of the efficiency dividend on the Australian Public Service announced during the recent election campaign proceeds. Any further intensification of the Commonwealth's decentralisation agenda would also place additional downward pressure on national government spending in the ACT.

More broadly, risks to the Australian economy arising from international trade tensions will have implications for the ACT economy as we are increasingly connected to international markets in the Asia-Pacific region and beyond.

The ACT is in a strong position to face these emerging risks. With robust economic and population growth, the ACT has the lowest unemployment rate in Australia and the highest ratio of job vacancies to unemployed people.

Our rapid economic and population growth is also creating new business opportunities, with 1,200 net new businesses entering the ACT market in 2017-18, one of the highest rates of new business growth in Australia.

The ACT economy is strong, growing and increasingly diverse. Our strong economic fundamentals will moderate the impact of these and other emerging challenges in the years to come.

## 1.2 ACT ECONOMIC OUTLOOK

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The outlook for the ACT economy continues to be positive, with growth estimated to be 4½ per cent in 2018-19. Over the forward estimates period the pace of economic growth is expected to steady at an average of 3½ per cent a year, consolidating our recent rapid growth at a more sustainable level. As it has since 2015-16, the ACT economy is expected to continue to outperform the national economy in the years ahead.

This outlook builds on 4 per cent growth in 2017-18, which was the highest rate of growth of any jurisdiction in Australia. The growth of the ACT economy is being underpinned by an accommodative Australian dollar, which is supporting our efforts to grow Canberra's services exports, as well as strong rates of population growth and low interest rates.

In 2017-18 the ACT's growth was driven by contributions from a diverse range of industries, including *Professional, Scientific and Technical Services* which grew by 11.2 per cent; *Health Care and Social Assistance* which grew by 8.5 per cent; *Administrative and Support Services* which grew by 19.9 per cent; *Information, Media and Telecommunications* which grew by 9.5 per cent; and *Construction* which grew by 5.4 per cent.

Service exports are also a key part of Canberra's growth story. In 2017-18, services exports contributed \$2.2 billion to the ACT economy, an 11 per cent increase on the previous year. Around \$1 billion of this activity was generated by the higher education sector alone last year, as it expanded by almost 24 per cent.

International service exports now represent 5.5 per cent of our economy, a record high. The ACT has become the nation's leader in services exports on a per capita basis.

Canberra is also a growing destination for tourists, with 194,000 international tourists visiting Canberra in 2018, a 3.3 per cent increase on the previous year. A further 1.7 million domestic tourists visited overnight during 2018.

A range of other economic indicators demonstrate the strength of the economic environment in the ACT, with low unemployment, significant growth in job vacancies, elevated levels of residential construction activity and commencements, and ongoing growth in retail trade.

The ACT's key economic aggregates are set out in Table 1.2.1 below. Further discussion of the drivers of these indicators are provided in the following sections.



**Table 1.2.1: 2019-20 Budget economic forecasts, percentage change**

	Actual	Estimate	Forecasts	Projections		
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>ACT</b>						
Gross State Product <sup>1</sup>	4.0	4¼ (+¾)	3 (-½)	3¼ (-¼)	3½	3½
State Final Demand <sup>1,2</sup>	3.6	4¼ (+1¼)	3 (-¼)	3¼	3½ (-¼)	3½
Employment <sup>3</sup>	2.2	1 (-1)	1½ (-¼)	1¼ (+¼)	1¾ (+¼)	1¾
Wage Price Index <sup>3,4</sup>	1.8	2¼ (-¼)	2½ (-¼)	2¾ (-¼)	3¼	3¼
Consumer Price Index <sup>3</sup>	2.8	2 (-¼)	2¼ (-¼)	2½	2½	2½
Population <sup>3</sup>	2.2	2 (+¼)	1¾	1¾	1¾ (+¼)	1¾
<b>Australia</b>						
Gross Domestic Product <sup>1,2,5</sup>	2.8	2¼ (-½)	2¾ (-¼)	2¾ (-¼)	3	3

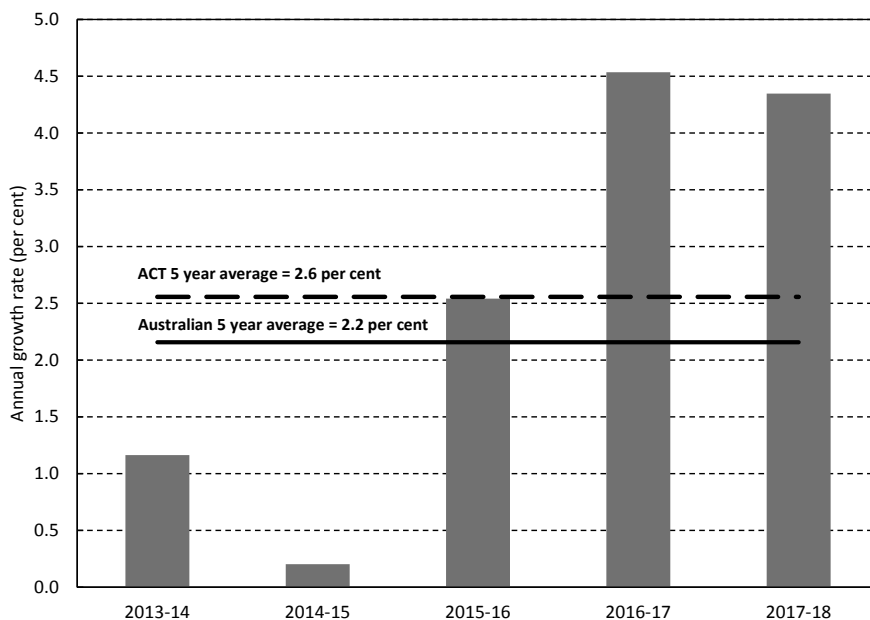
**Sources:** ABS Cat. No. 5220.0, 5206.0, 6202.0, 6345.0, 6401.0 and 3101.0; Chief Minister, Treasury and Economic Development Directorate; 2019-20 Pre-election Economic and Fiscal Outlook.

**Notes:** 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. Numbers in brackets for ACT parameters represent the change from the 2018-19 Budget Review.

1. Real values.
2. Year average basis.
3. Through the year basis.
4. Total hourly rates of pay excluding bonuses.
5. These are the *2019-20 Pre-election Economic and Fiscal Outlook* forecasts, which are identical to the *2019-20 Commonwealth Budget* forecasts. Comparisons are to the Commonwealth's *2018-19 Mid-Year Economic and Fiscal Outlook*.

This strong economic environment and population growth are also creating new business opportunities, with 1,200 net new businesses starting up in the ACT in 2017-18. This is an increase of 4.3 per cent compared to June 2017, the second highest rate of growth of any State and Territory (Figure 1.2.1).

**Figure 1.2.1: ACT net new business growth**



Source: ABS Cat. No. 8165.0.

## Gross State Product

Economic growth in 2018-19 has been revised up by  $\frac{3}{4}$  of a percentage point since the *2018-19 Budget Review*, reflecting higher than anticipated Commonwealth Government expenditure, including in relation to the NDIS, defence and security spending. The high level of residential construction activity, particularly for apartments, has also been a major contributor to economic growth in 2018-19.

In the coming year, economic growth is expected to consolidate at a more sustainable 3 per cent, as the impact on growth of the surge in residential building activity dissipates.

The forecast for 2019-20 also reflects lower Commonwealth Government expenditure, consistent with the estimates from the *2019-20 Commonwealth Budget* and the *2019-20 Pre-election Economic and Fiscal Outlook*. These forecasts will need to be examined in the *2019-20 Budget Review* in light of the extension of the efficiency dividend announced by the Commonwealth Government during the 2019 federal election campaign.

The ACT Government will continue to support growth over the coming years by investing to grow services and infrastructure that can meet our community's needs in the years ahead. In recent years we have been delivering the most significant infrastructure program since self-government, and the 2019 ACT Budget continues this by outlining a four-year capital program worth \$3 billion. In particular, the delivery of the new Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre and the expansion of the Centenary Hospital for Women and Children, our major program of new school builds and ongoing public housing growth and renewal will provide a strong investment pipeline and help create more good jobs. We are also committed to the delivery of Stage 2 of light rail to Woden, and ongoing investment in road, rail and freight infrastructure across the ACT region.

Household consumption is forecast to support the growth outlook as a result of solid population growth, both in the ACT and our surrounding region. A positive outlook for employment growth is also expected to support consumer confidence over the short to medium term despite ongoing forecasts for low rates of real wages growth.

The current high pace of housing construction is expected to continue into 2019-20, before moderating thereafter. While the ACT's strong economic fundamentals are expected to place a floor under confidence in our housing sector, any broader national housing downturn also has the potential to affect confidence locally.

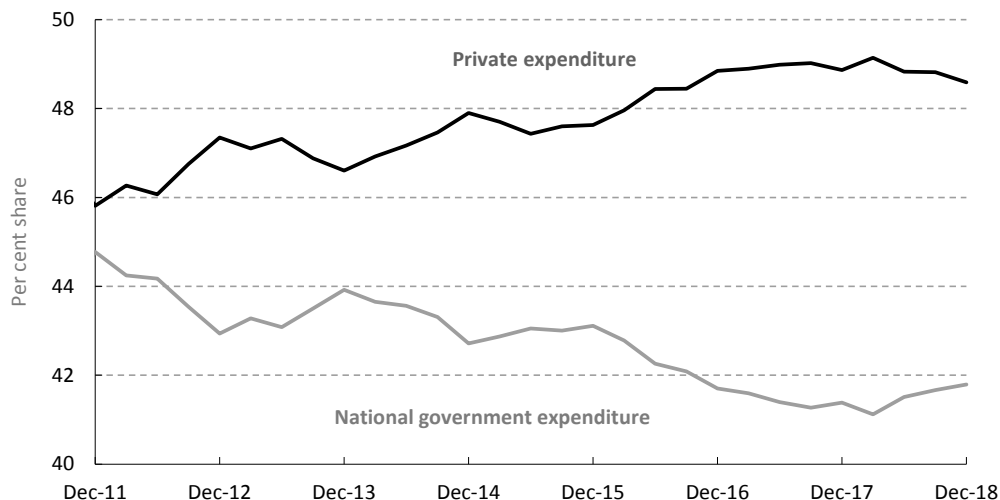
In 2017-18, international service exports represented 5.5 per cent of the ACT's Gross State Product, a record high. Education exports continued to be the primary driver of this expansion, growing by 24 per cent in 2017-18. This sector now contributes \$977 million to the ACT economy. The higher education sector is expected to see continued growth going forward, but at a steadier pace compared with the very high growth rates seen in recent years.

## **State Final Demand**

Similar to Gross State Product growth, State Final Demand is expected to grow by 4% per cent in 2018-19, before moderating to an average growth rate of 3% per cent a year over the forward estimates.

The composition of the ACT economy has been changing over recent years, with the private sector's share of State Final Demand increasing while the Commonwealth Government's share has been falling (Figure 1.2.2).

**Figure 1.2.2: Public and private share of annual ACT State Final Demand**



Source: ABS Cat. No. 5206.0.

## Labour market

The unemployment rate in the ACT in April 2019 was 3.9 per cent, the lowest in the country. Our participation rate was Australia’s second-highest at 69.5 per cent, while we also had the lowest underutilisation<sup>1</sup> rate at 9.5 per cent.

Employment growth has moderated to an estimated 1 per cent in 2018-19, after very strong growth of 2.2 per cent in 2017-18. Employment growth is forecast to pick-up to 1½ per cent in 2019-20, before returning to the trend rate of growth of 1¼ per cent thereafter.

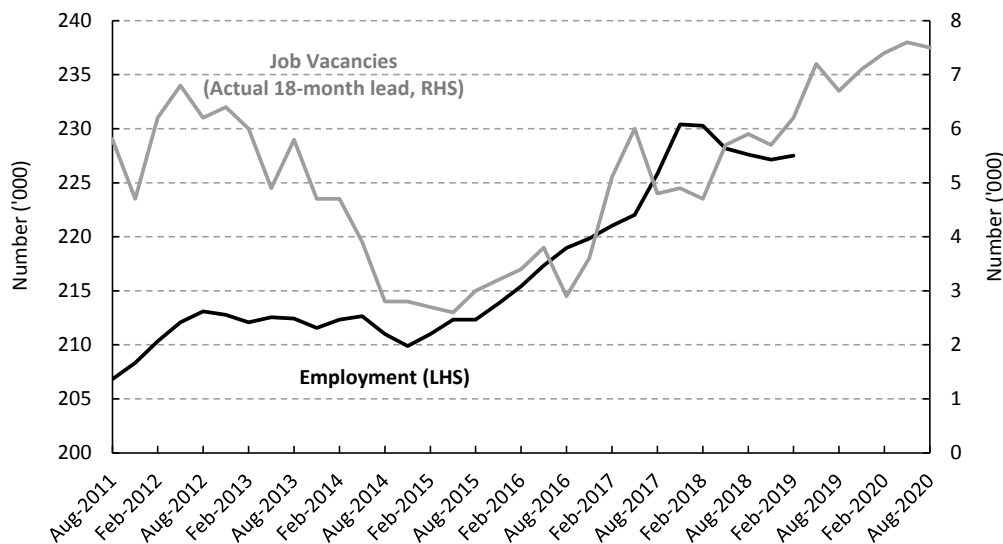
The current Budget estimate for employment growth in 2018-19 is higher than that measured by the Australian Bureau of Statistics, which is a growth rate of 0.3 per cent so far over the course of 2018-19. The estimate for 2018-19 reflects our view that the Australian Bureau of Statistics data underestimates the current extent of employment growth, likely because of sampling variability due to the small number of dwellings sampled each month in the ACT, combined with the Bureau’s trending methodology.

A range of indicators signal that the ACT labour market remains robust. This includes continuing high rates of job vacancies and solid payroll tax receipts. High population growth, combined with a low unemployment rate and very strong economic activity, also support a stronger rate of employment growth.

1. The *underutilisation* rate is the sum of the number of people unemployed and the number of people in underemployment, expressed as a proportion of the labour force. Underemployment is the number of employed people aged 15 years and over who want, and are available for, more hours of work than they currently have.

Figure 1.2.3 illustrates the relationship between employment and job vacancies.

**Figure 1.2.3: Employment and job vacancies**



Sources: ABS Cat. No. 6202.0 and 6354.0.

Note: Employment is monthly trend data; Job vacancies are quarterly original data.

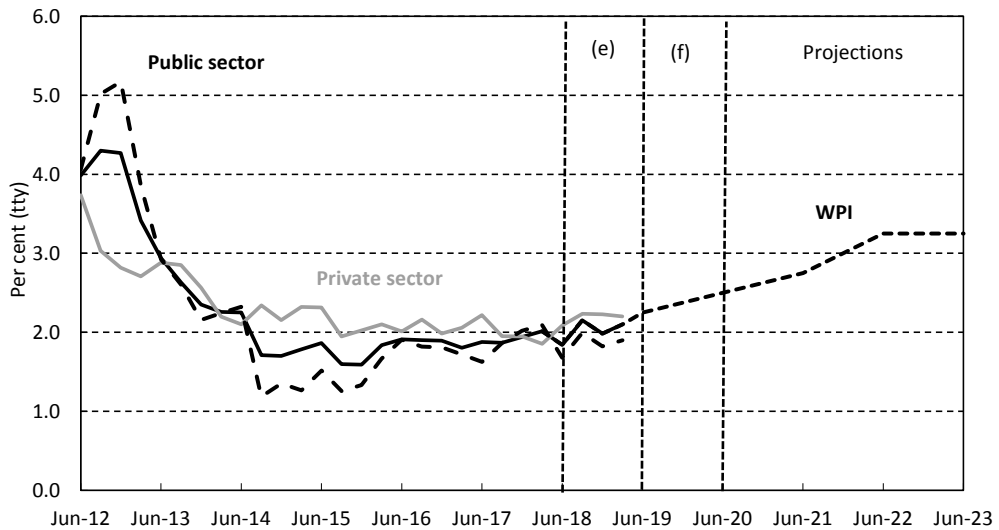
## Wages

The Wage Price Index is estimated to grow by 2¼ per cent over the course of 2018-19 on the back of relatively low public and private sector wages growth – particularly in the public sector where wages are being held down by Commonwealth enterprise bargaining agreements. Wages are forecast to increase by 2½ per cent in 2019-20, partly as a result of new ACT public sector wage bargaining outcomes.

The labour market is expected to gradually tighten over the course of 2020-21 to 2022-23, with wages projected to rise to their long-run trend level as a result (Figure 1.2.4).

The 2 per cent upper limit on Australian Public Service wages imposed by the Commonwealth Government and lower than historical private sector wages growth are driving the overall forecast for subdued wages growth in the coming years. ACT public sector wages growth through the year has now been below the national average for the past five years, reflecting the community-wide impact of the Commonwealth’s public sector wage policies.

**Figure 1.2.4: Wage Price Index growth**



Sources: ABS Cat. No. 6345.0; CMTEDD.

Note: (e) denotes estimate, (f) denotes forecast.

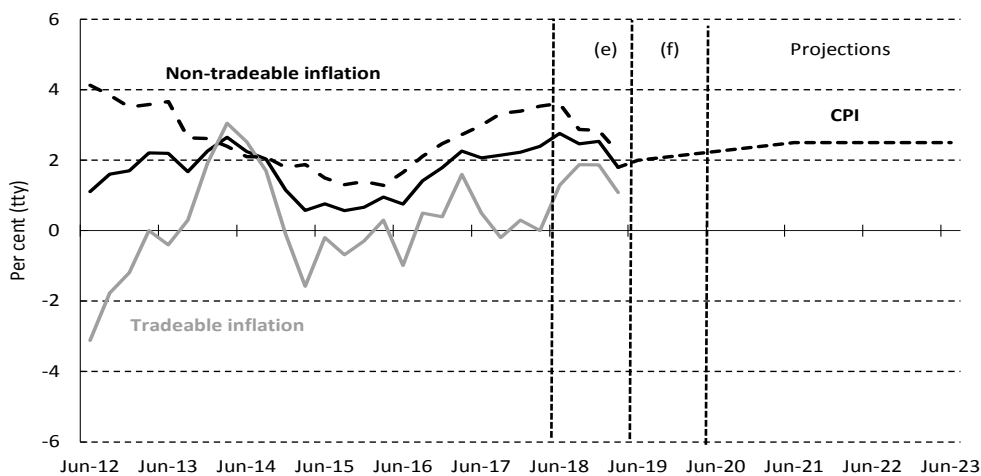
## Consumer prices

Inflation in the ACT is expected to fall from 2.8 per cent in 2017-18 to 2 per cent in 2018-19. It is then expected to increase slightly to 2¼ per cent in 2019-20 before returning to the mid-point of the Reserve Bank of Australia’s target band thereafter.

Domestic economic pressures from the non-traded goods and services sectors are likely to continue to be the main drivers of inflationary pressure in 2019-20 and across the forward estimates (Figure 1.2.5).

It is of note that while electricity and gas were strong contributors to CPI growth in 2017-18 and likely 2018-19, their contribution is forecast to be much lower in 2019-20.

**Figure 1.2.5: Consumer Price Index growth, ACT**



Sources: ABS Cat. No. 6401.0; CMTEDD.

## Population

The ACT's estimated resident population increased by 8,019, or 1.9 per cent, through the year to 30 September 2018. Across Australia, this rate of growth was second only to Victoria. Net overseas migration was the most significant contributor to this growth, bringing 4,430 more people to Canberra. Natural increase (births less deaths) contributed a further 3,315 people and net interstate migrants added 274 people to the city's total population growth. This is the second year in a row that all components of migration have been positive, demonstrating Canberra's attractiveness as a place to live, study or do business.

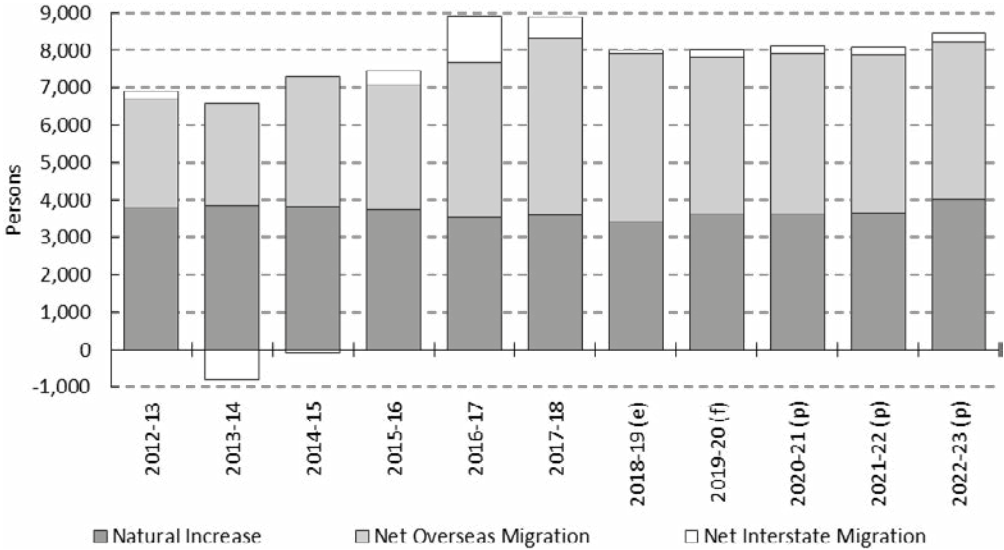
The ACT's estimated resident population is expected to grow by 2 per cent in 2018-19 and by 1¼ per cent per annum from 2019-20 to 2022-23 and reach more than 460,000 people by 2022-23, demonstrating the importance of investing to grow services and infrastructure today. In the longer run, Treasury estimates that Canberra's population will be close to 550,000 people by 2035.

Ongoing net overseas migration<sup>2</sup> is expected to continue to be a strong driver of the ACT's population growth, supported by natural increase. The recent announcement by the Commonwealth Government of a reduction in the cap on international migration from 190,000 to 160,000 people could have some implications for the ACT's net number of overseas migrants.

2. The assumption for net overseas migration is derived using ACT's share of national migration. The 2019-20 Commonwealth Budget, Budget Paper No. 3, Appendix A, Table A.2, contains projections for national net overseas migration.

Net interstate migration is also expected to make a small positive contribution to overall population growth, showing that our strong economic growth, solid employment outlook and liveability continue to attract people to Canberra and keep them here. Details of the ACT’s population growth by component are presented in Figure 1.2.6 below.

**Figure 1.2.6: ACT population growth by component**



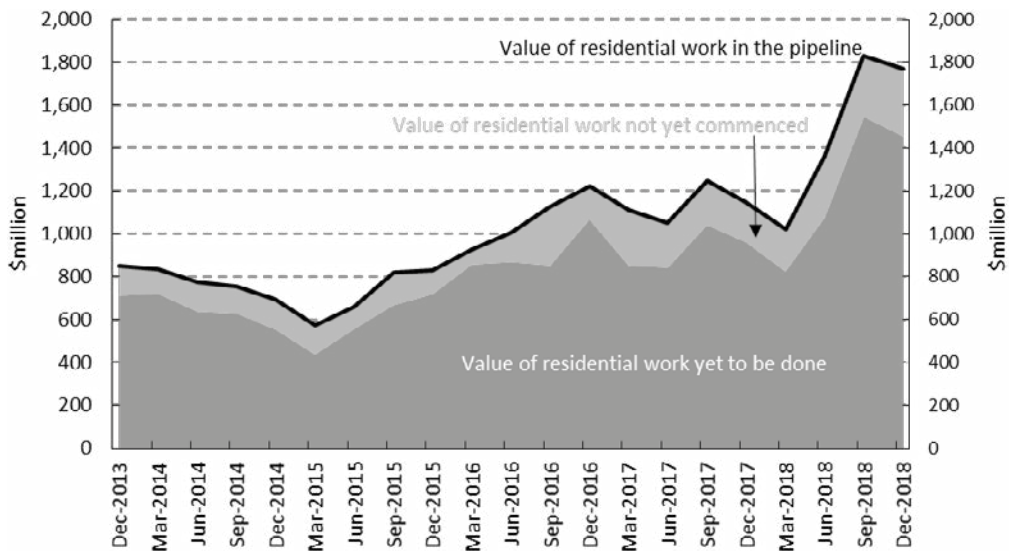
**Source:** ABS Cat. No. 3101.0; CMTEDD.  
**Note:** (e) - estimate; (f) - forecast; (p) - projection.

**Housing market**

Residential construction activity in the ACT remains robust, with a significant pipeline of residential construction projects likely to sustain elevated levels of construction activity during 2019-20. The ACT’s residential construction work in the pipeline increased by 54 per cent in the December quarter 2018, and this is expected to support momentum in housing construction activity well into 2019-20 (Figure 1.2.7).



**Figure 1.2.7: Value of residential construction work in the pipeline (original data)**

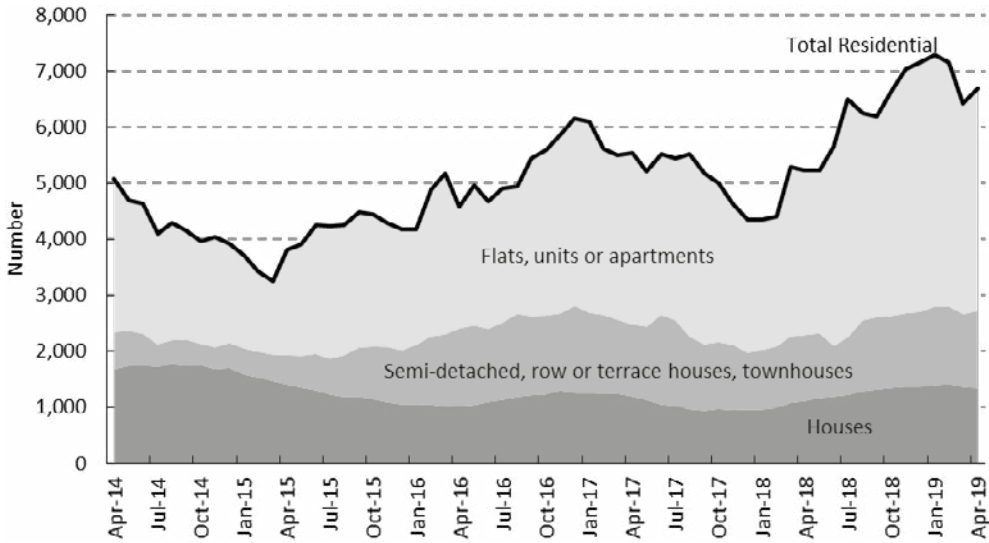


**Source:** ABS Cat. No. 8752.0.

**Note:** The *value of residential work in the pipeline* consists of the value of residential work yet to be done and the value of residential work not yet commenced. The *value of residential work yet to be done* is the difference between the anticipated completion value and the estimated value of work done on jobs up to the end of the period for jobs under construction at the end of the period. The *value of residential work not yet commenced* is where necessary building approvals have been taken but no physical building activity has been performed on site.

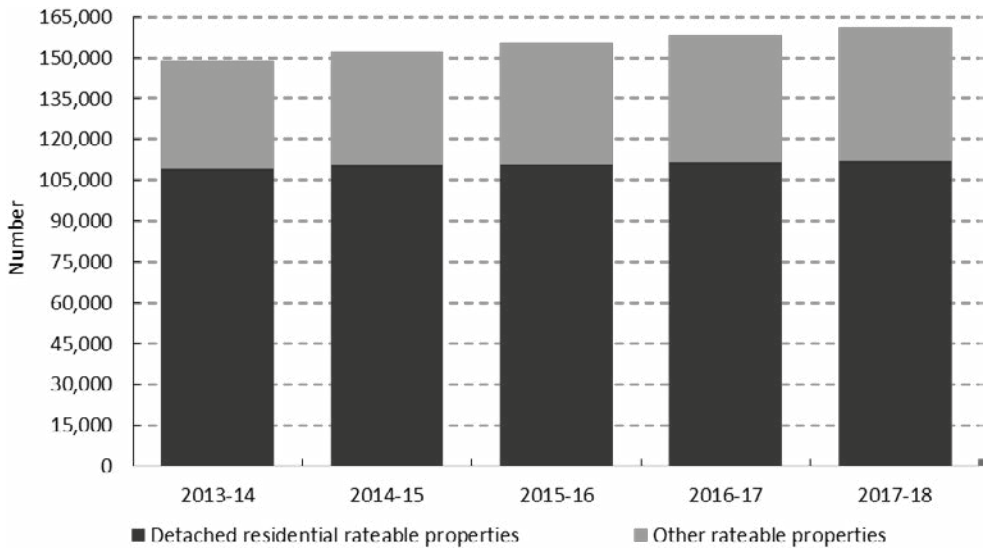
This outlook is further strengthened by the significant number of building approvals that have occurred over the past 12 months in the ACT, as shown in Figure 1.2.8.

**Figure 1.2.8: Number of residential building approvals by building type, 12-month moving total, original data**



Source: ABS Cat. No. 8731.0.

**Figure 1.2.9: Number of rateable residential properties, ACT, original data**

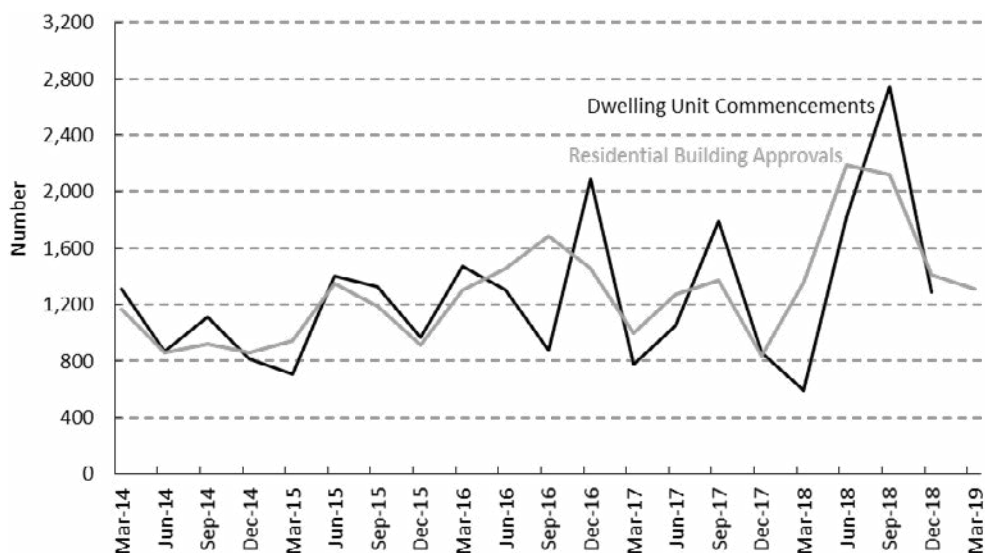


Source: ACT Revenue Office.

Note: Other rateable properties include townhouses, apartments, duplexes and other non-detached dwellings.

Nonetheless, there are signs of a softening in the ACT's housing market, likely due to a reduction in confidence based on trends nationally and a tightening in credit availability. A recent downward trend in residential building approvals, commencements and housing finance points to a return to more normal levels of residential building activity from 2020-21 onward (Figure 1.2.10).

**Figure 1.2.10: ACT Dwelling Unit Commencements (Seasonally adjusted data) and ACT Building Approvals (Trend data), Quarterly data**



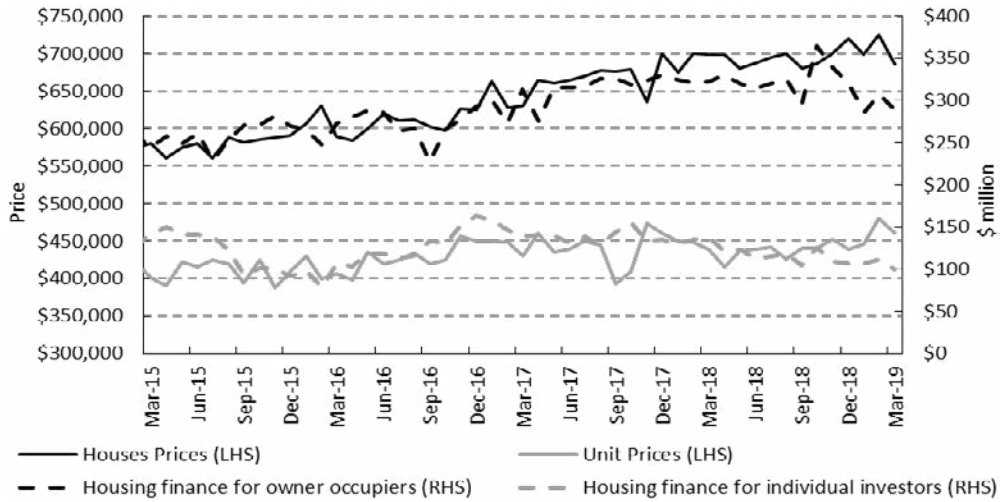
Sources: ABS Cat. No. 8752.0 and ABS Cat. No. 8731.0.

Note: Building approvals data are converted from a monthly series to a quarterly series, ending on March quarter 2019, the most recent whole quarter.

The impact of national finance policies can clearly be seen in the ACT, as elsewhere. The value of housing finance for owner occupiers decreased by 11.3 per cent through the year to March 2019, while the value of housing finance for individual investors decreased by 28.9 per cent over the same period (Figure 1.2.11).

In addition to significant falls in housing finance and associated housing sales turnover in the ACT over the past 12 months, free standing median house prices have fallen by 2.7 per cent in the 12 months to April 2019. Median unit prices, however, increased by 16.7 per cent over this same period. This increase in unit prices partly reflects a compositional shift to higher priced units.

**Figure 1.2.11: Value of housing finance for owner occupiers and individual investors (Seasonally adjusted data) and ACT house and other residential property prices (original data)**



**Source:** ABS Cat. No. 5601.0 and Access Canberra.

**Note:** Other residential properties include townhouses, apartments, duplexes and other non-detached dwellings.

Overall, the local housing market is forecast to remain solid as the ACT’s very strong economic fundamentals, including strong population growth, place a solid floor under housing demand over the years to come.



## 1.3 AUSTRALIAN ECONOMIC OUTLOOK

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The Australian economy has continued growing below its long-run trend rate in recent years, with growth of 2¼ per cent expected for 2018-19. This is in contrast with the ACT economy, which has been growing well above our long-run rate.

The 2019-20 Commonwealth Budget forecasts growth to pick-up to 2¾ per cent in 2019-20 and 2020-21, before rising slightly to 3 per cent over the remainder of the forward years<sup>1,2</sup>.

Household consumption is expected to support growth over the forward estimates, on the back of both employment and wages growth as well as personal income tax cuts. Public spending is also expected to contribute to growth, predominately through increased spending on the National Disability Insurance Scheme and infrastructure investment. Business investment is expected to continue strengthening, with mining investment particularly forecast to bolster growth in 2019-20 after several years of detracting from it. By contrast, dwelling investment is expected to detract from growth over the forecast period.<sup>3</sup>

The Australian labour market remains strong, with 2 per cent employment growth expected in 2018-19. Growth is then forecast to moderate to 1¼ per cent in 2019-20 and 2020-21, and to moderate further to 1½ per cent in 2021-22 and 2022-23<sup>2</sup>. Around Australia, the health care and social support sectors are expected to see continued steady jobs growth through the expansion of investment in disability and healthcare services by all levels of government, as are export-led industries including in services.

The Department of Jobs and Small Business predicts that most jobs growth over the next few years will occur in *Health Care and Social Assistance; Construction; Education and Training and Professional, Scientific and Technical Services*.

Wages growth and consumer price inflation are expected to increase gradually as the labour market absorbs its spare capacity. The 2019-20 Commonwealth Budget forecast wages to grow by 2½ per cent in 2018-19, 2¾ per cent in 2019-20 and 3¼ per cent in 2020-21, before rising to 3½ per cent thereafter<sup>2</sup>. However, it should be noted that the Commonwealth's estimates on wages growth have consistently been overly optimistic in recent years. The consumer price index is forecast to increase from 1½ per cent in 2018-19 to 2¼ per cent in 2019-20, before reaching the mid-point of the RBA's target band of 2½ per cent from 2020-21 onwards.

1. Source *Pre-election Economic and Fiscal Outlook 2019*, Commonwealth of Australia unless otherwise stated.
2. Forecasts from the more recent *Statement on Monetary Policy – May 2019*, Reserve Bank of Australia show: lower economic growth of 2½ per cent in 2019-20, higher employment growth of 2.4 per cent in 2018-19, lower wage growth of 2.5 per cent in 2019-20 and 2.6 per cent in 2020-21, and higher CPI in 2018-19 but lower at 2 per cent in 2019-20 and 2020-21.
3. *Pre-election Economic and Fiscal Outlook 2019*, Commonwealth of Australia.

Domestic monetary policy settings and a modest depreciation in the Australian dollar, along with sustained population growth, are expected to underpin a positive national economic outlook. This is despite tight lending conditions and a recent fall in property prices weighing on confidence and activity, especially in dwelling investment.

Importantly however, Australia's major trading partners are expected to grow by 4 per cent a year from 2019 to 2021<sup>4</sup>, supporting solid demand expectations that will continue strengthening the Australian economy.

4. Forecasts from the more recent *Statement on Monetary Policy – May 2019*, Reserve Bank of Australia show lower growth of 3¼ per cent per annum amongst Australia's major trading partners in 2019 and 2020.

## 1.4 INTERNATIONAL ECONOMIC OUTLOOK

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The latest *World Economic Outlook*<sup>1</sup> from the International Monetary Fund projects global growth will ease from 3.6 per cent in 2018 to 3.3 per cent in 2019. Global growth is then expected to pick up to 3.6 per cent in 2020, reflecting improved momentum for emerging markets and developing economies.

Growth is expected to slow for advanced economies with the International Monetary Fund adjusting its 2019 calendar year projection down by 0.2 per cent to 1.8 per cent, reflecting the uncertainty around Brexit, the unwinding of fiscal stimulus in the United States, and the effects of financial tightening in the larger advanced economies. The subdued growth profile for advanced economies is expected to continue into 2020 with growth slowing slightly to 1.7 per cent.

Over the coming year, growth for emerging market and developing economies is also projected to slow marginally from the 4.5 per cent recorded in 2018, before picking up to 4.8 per cent in 2020.

The International Monetary Fund considers the balance of risks to global growth remain to the downside. Trade tensions between the United States and China and uncertainty surrounding Brexit have the potential to further weaken global growth.

1. World Economic Outlook, International Monetary Fund, April 2019.





## 1.5 ECONOMIC STRATEGY

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### **Economic strategy**

The ACT Government's economic strategy is to grow our economy and make it more resilient through diversification. A growing and more diverse economy creates new job opportunities for Canberrans from all backgrounds. Expanding our economic base and growing new industries also makes the ACT less vulnerable to changes in Commonwealth Government policy or investment decisions that have affected our economy in the past.

The strength of Canberra's economy is closely linked to the vibrancy of our city. With a growing and more diverse economy Canberra will continue to grow in prominence as an attractive place to live, visit, work and study.

### **Supporting economic growth**

We are working to support economic growth in several important ways.

We are continuing to invest in better services and public amenity so that Canberra continues to be an attractive place to live, work, study or start a business. We are supporting economic participation by investing in education across the board, as well as strengthening targeted early interventions for people who face barriers to full participation. And we are working to raise productivity growth through new and improved infrastructure, a more efficient tax system and support for innovative new businesses.

This strategy is working, with the ACT having some of the highest economic and population growth rates in Australia, along with a continuously high labour force participation rate.

### **Infrastructure**

The 2019-20 Budget continues our significant step up in infrastructure investment. We will deliver over \$3 billion in physical and digital infrastructure investment over the next four years to support Canberra's growth in the years ahead. This will be the largest ever infrastructure investment program undertaken in the ACT and reflects our strong focus on building today to meet Canberra's future needs.

This investment focuses on the core infrastructure needed to keep providing high quality services for Canberrans as our city grows: new hospital and community health facilities, new and expanded schools, better public transport and more public and affordable housing. We are also investing more in digital service delivery to make it faster and easier for Canberrans to do business with government.

## **Human capital**

A number of initiatives in this budget aim to maximise our human capital and boost workforce participation, at a total cost of \$51.9 million. These initiatives include: the establishment of a Future Skills for Future Jobs grants program which increases the number of apprenticeships; an accelerated pathway for gifted and talented students to go to the University of Canberra; boosting the number of teachers and support staff across Canberra schools; and progressing the implementation of the Future of Education Strategy.

## **Land release**

Population growth is a key driver of economic growth in the ACT. To support this growing community the Government will release land for 15,600 new homes over the next four years. These new homes will be delivered through a mix of new suburban estates and urban infill around our city and town centres – creating more jobs and opportunities for local businesses in the process. We will also deliver more land for commercial, industrial and mixed-used projects across Canberra to ensure we can meet the demand for land created by more new or expanding businesses.

## **Tax reform**

The Government is committed to making the ACT's tax system fairer, simpler and more efficient. We are the first jurisdiction to fully abolish duties on insurance premiums and we are continuing to reduce conveyance duty each year with the revenue replaced through the general rates system. These changes are delivering a more equitable and stable revenue base to support the delivery of the services Canberrans rely on into the future.

From 1 July 2019, conveyance duty will be fully abolished for eligible first home buyers – regardless of whether they are buying a newly built home or an existing property in an established suburb. Residential conveyance duty rates will continue to reduce across all property price values in 2018-19 and across the forward estimates.

## **Diversifying the economy**

A more diverse ACT economy creates jobs and business opportunities for Canberrans – no matter what their background. It also enables us to better withstand adverse economic shocks and respond to new growth opportunities.

## **Business development**

Expanding the ACT's private sector business base is an important aspect of increasing economic diversity, maintaining stable economic growth and creating new job opportunities. As part of this strategy, we provide direct investment as well as policy and other enabling support to key growth industries in the ACT. Focus sectors that leverage the ACT's comparative advantage as a knowledge economy include defence, higher education, cyber security, space, renewable energy and agri-technology. Over the next four years we will invest \$15.9 million to continue supporting business development activities.<sup>1</sup>

As part of our work to grow more new and innovative businesses, the Government will continue to invest in the Canberra Innovation Network (CBRIN), which assists small to medium businesses with grants, partnership arrangements and access to venture capital. Since its launch five years ago, CBRIN has assisted more than 1,000 entrepreneurs and businesses, with their successes being felt across the ACT in a boost to jobs, investment and skills.

We are also continuing to support other important business development programs including the Defence Industry Advisory Board, trade shows, veterans' transition initiatives and student career events.

In partnership with AustCyber, from 2019-20 we are delivering a significant two-year work program to support the growth of the Canberra region's cyber security sector. This initiative is delivering activities to enhance existing workforce capability and encourage collaboration among government, the private sector and academia.

Overall, there were 28,600<sup>2</sup> businesses operating in the ACT as of June 2018, an increase of 1,200 in the last 12 months alone. This was one of the strongest rates of growth in new businesses across Australia, demonstrating our competitiveness and attractiveness as a place to do business.

## **Higher education and research**

Canberra's tertiary education, training and research sector is a significant driver of the ACT economy and contributed \$3.3 billion to the local economy in 2017.<sup>3</sup> This sector also supports 20,000 direct and indirect jobs (around 9 per cent of total employment), an increase of 20 per cent since 2014.<sup>4</sup>

1. Expense Initiatives include \$4.7 million for CBRIN over four years and \$11.2 million to continue support for business and innovation activities by CMTEDD.
2. Source: ABS Cat. No. 8165.0
3. Source: Deloitte Access Economics, The economic contribution of Canberra's tertiary education and research sector, September 2018.
4. Ibid.

International education is Canberra's largest export, being valued at \$977 million in 2017-18. This sector has grown by more than 100 per cent increase since 2013-14. Per capita, the ACT exports more education services and employs more people within the education sector than any other Australian jurisdiction.

Canberra currently has 63,000 tertiary students, with one-third being international students. Around half of all the ACT's domestic students move from interstate to study at Canberra's quality higher education institutions.

The Government is currently in negotiations with the University of New South Wales about the establishment of another major campus in the ACT. This would provide a further significant boost to the higher education sector and continue strengthening our reputation as Australia's knowledge capital.

## **Tourism**

In the 2018 calendar year, Canberra attracted over 250,000 international overnight visitors and 2.75 million domestic overnight visitors. Together, these visitors contributed \$2.5 billion to the local economy,<sup>5</sup> meeting our Tourism 2020 target ahead of schedule.

The early achievement of this target reflects the effective promotion and visitor attraction efforts undertaken in partnership between the ACT Government, industry bodies and local businesses. We will continue to roll out these successful initiatives to keep growing the number of visitors to Canberra and the benefits for our economy. Through VisitCanberra, we are further developing *Brand CBR* to strengthen the promotion of Canberra as a great place to visit, work, study and do business.

With the recent establishment of a new visitor services hub at the Canberra Airport, attendance at roadshows in key market segments including India, Malaysia, Hong Kong and the UK, and the launch of the CBR Cycle Tourism Strategy, Canberra's exposure as a travel destination is increasing. Our investment in targeted tourism strategies has been recognised with Canberra and the region receiving five awards at the 2018 National Tourism Awards, and three of Canberra's cultural attractions gaining international exposure by attaining Signature Experiences of Australia status.

## **The contribution of events**

Events bring life, colour and vitality to the Canberra region. They help build a strong sense of community pride, provide a wealth of opportunities for community participation and play a key role in formulating and shaping Canberra's identity.

5. Note, includes all visitors for all reasons to the ACT, including for holiday, visiting friends and relatives, business and other reasons.

Events also generate positive benefits for the ACT economy via tourism and visitor spending. This is why Events ACT is continuing to attract new events and enhance existing events as well as providing strategic planning support for event organisers and the broader festivals sector.

Our economic strategy shows we are focused on creating the right conditions for stable and more diversified economic growth to keep growing good jobs for Canberrans today and create more new opportunities in the years to come.



## 1.6 RISKS TO THE ECONOMIC OUTLOOK

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The ACT's economy is expected to continue its now three decade-long run of economic growth in the coming years. However, a number of risks to the budget forecasts remain. The ACT is not immune to the domestic and international challenges facing the wider Australian economy.

A key domestic uncertainty stems from the outlook for household consumption, with a potential softening of consumer confidence arising from adjustments in house prices. While Canberra's property market has not seen the falls experienced in Sydney and Melbourne, any further nation-wide moderation in house prices could have implications for consumer confidence in the ACT as well.

The Australian economy is significantly influenced by global developments. Downside risks such as ongoing trade tensions between the US and China and uncertainty around Brexit could result in a slowing of global economic growth. The RBA has lowered its forecast for GDP growth in the near term, mainly reflecting subdued growth in household consumption and weak demand for new dwelling construction.

The Commonwealth Government's recent announcement of an expanded efficiency dividend for the Australian Public Service also represents a downside risk to the ACT's economic outlook, as does its decentralisation agenda. The *2019-20 Commonwealth Budget* indicated more jobs are being relocated, including some from the Department of the Prime Minister and Cabinet, Indigenous Business Australia and Australian Financial Security Authority.

The moderation in the exchange rate between the Australian and US dollars may present an opportunity for ACT service exports, such as education and tourism. It is possible this will be offset by more subdued growth in international student numbers compared with the very strong growth of recent years. However, the ACT Government's ongoing discussions with the University of New South Wales over their establishment of a major new campus in Canberra has the potential to boost local growth, separate to the general trend in the international education market.





## CHAPTER 2

### FISCAL STRATEGY

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## 2.1 OVERVIEW

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We are investing today to grow services and infrastructure that can meet our community's needs in the years ahead. Canberra is one of the fastest growing communities in Australia, so we have to invest now to make sure our hospitals and healthcare centres, our schools, social infrastructure and transport networks are ready in the new decade.

The past six years have been characterised by a lack of investment in Canberra by the Coalition Government. The ACT has received just 0.8 per cent of national infrastructure funding during the Coalition's last two terms. This translates to around half what our per capita share would be, a shortfall of about \$307 million since the Coalition took office. Public service job cuts, decentralisation and unequal funding deals in key areas like health and education have underlined the Coalition's disregard for Canberra.

With the Coalition having recently been returned for a further term in government, there is little prospect of this situation changing in the next three years. But with Canberra growing by around 8,000 people a year, we cannot allow local services and infrastructure to fall behind as our community continues to grow.

So just as we did five years ago in the face of Tony Abbott's cuts and the Mr Fluffy crisis, we will step up and invest in Canberra.

### ***Making smart and sustainable use of our balance sheet***

We remain committed to balancing the budget over the medium term, as recent history and the forward estimates show.

We have delivered surplus budgets for the past two years. The cumulative surpluses over the entire Budget period are more than three times as large as the deficit position across the next two years.

We are making a deliberate choice to return to deficit in the short term because building for Canberra's future is more important at this point in our city's growth.

General government sector net debt will increase across the forward estimates (peaking in 2021-22) as a consequence of two primary factors. Our debt levels are impacted by the new national Accounting Standard AASB16 Leases, which brings operating leases and associated leased assets onto the balance sheet from 2019-20 onwards. Our borrowings are also increasing in line with the infrastructure initiatives that the 2019-20 Budget delivers.

All state and territory governments (and private sector entities) will see their respective gross and net debt levels increase through application of the new national standard. The new lease arrangements do not alter our economic or fiscal position, as the respective leasing obligations were already in place; the new standard only gives rise to presentational changes.

### ***Delivering a more stable Budget through tax reform***

Since 2011 we have been undertaking a significant tax reform agenda which is seeing inefficient and inequitable taxes like stamp duty and insurance tax phased out and replaced by fair and efficient revenue levied through general rates.

This has the benefit of making the ACT's tax system more progressive, but also delivers a more stable revenue base for funding essential public services because we are increasingly less reliant on revenues that fluctuate with the property market. In the past 12 months, other state and territory governments have seen billions of dollars wiped from their revenue estimates because of lower than predicted stamp duty receipts.

For example, the New South Wales Government saw its revenues reduced by \$8 billion due to a softening in the Sydney housing market, while the recent Victorian state Budget wrote down stamp duty revenue by \$5.2 billion. This has left these state governments facing hard choices about how to continue delivering essential services and infrastructure in light of such significant revenue shortfalls.

By contrast, the ACT Budget is more resilient to changes in the residential and commercial property market because stamp duty now makes up just 12.9 per cent of our revenue – compared with 20.2 per cent in 2011-12 when tax reform commenced. By 2031-32, we will have fully phased out stamp duty, providing a more stable revenue base so we can keep reliably delivering the services Canberrans need and rely on.

### ***Investing in our people and city***

The 2019-20 Budget also maps out the next major phase of investment in local schools for Canberra's growth areas. We will start work on a new primary school at Throsby, a new high school for East Gungahlin, and significant expansions for the Franklin Early Childhood School and Gungahlin College. We will also add capacity at North Gungahlin School, Hawker Primary School and Lyneham High, as well as undertaking detailed planning for future school needs in the city and gateway region so we are ready as more people move into our renewed city centre.

We are investing in people to build a more inclusive community, tackling persistent disadvantage so that all Canberrans can look to the future with hope and optimism.

Investing in our people is just as important as investing in Canberra's infrastructure and services. We are a prosperous city, but too many people are still falling behind. That's why the 2019 Budget makes a strong investment in early intervention to improve social connectedness, strengthen families and help end the stubborn disadvantage that persists through generations. Reducing family violence, cutting the number of people coming into contact with our justice system, strengthening support for people with disability and acting to protect children and young people at risk will help build a brighter future for all Canberrans and see our community continue becoming more inclusive in the years ahead.

### ***Using our balance sheet***

We are investing in infrastructure, services and better social outcomes that will benefit Canberrans for years to come. So we aren't going to ask the community to pay for these investments upfront through higher taxes or more fees and charges.

We will use the ACT's balance sheet to get on with this important work because it needs to happen now. If we fall behind with building our schools, hospitals and social infrastructure, Canberrans will pay the price as our city continues to grow.

Investing in our future is more important than delivering a surplus in the short term. We will build for Canberra's future and use the Budget to do it because we know a strong community and a liveable city are what matters most.



## 2.2 BUDGET OUTLOOK

### The context of the 2019-20 Budget

Following on from surpluses of \$80.8 million (actual outcome) in 2017-18 and \$43.8 million in 2018-19 (estimated outcome), the General Government Sector Headline Net Operating Balance is forecast to show a modest deficit for 2019-20. This is a consequence of the ACT Government opting to invest now in the infrastructure and services Canberra will need in the years to come, using the strength of our balance sheet to get on with the job of building our future.

The 2019-20 Budget projects strengthening surpluses across the forward estimates, with a net surplus of \$392.6 million over four years.

Net debt is forecast at \$2.7 billion as at 30 June 2020, and is anticipated to peak in 2021-22, consistent with the investments contained in our infrastructure program and the new capital initiatives delivered through this Budget.

### Headline Net Operating Balance

The 2019-20 Budget forecasts that our headline net operating position will progressively return from a modest deficit position in 2019-20 to a strong surplus position in both 2021-22 and 2022-23, as indicated by Table 2.2.1.

**Table 2.2.1: General Government Sector Headline Net Operating Balance**

	2017-18 Actual outcome \$'000	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
Revenue	5,401,532	5,646,494	5,871,208	6,161,739	6,526,479	6,982,651
Expenses	5,482,493	5,799,285	6,157,966	6,440,570	6,618,635	6,813,259
Superannuation return adjustment	161,762	196,563	197,703	212,019	227,381	243,868
<b>HEADLINE NET OPERATING BALANCE</b>	<b>80,801</b>	<b>43,772</b>	<b>-89,055</b>	<b>-66,812</b>	<b>135,225</b>	<b>413,260</b>
<b>Net cash from operating activities</b>	523,556	353,357	240,906	525,920	781,685	1,054,778
<b>Net debt (excluding superannuation)</b>	1,302,158	2,181,737	2,713,929	3,257,646	3,363,532	3,019,165
<b>Net financial liabilities</b>	7,706,509	6,570,950	7,274,947	7,809,377	8,047,007	7,981,795

**Note:** Numbers may not add due to rounding.

Tables 2.2.2 and 2.2.3 provide an overview of the major movements and technical adjustments that have influenced the Headline Net Operating Balance since the 2018-19 Budget and the 2018-19 Budget Review, respectively.



**Table 2.2.2: Summary of movements in the General Government Sector Headline Net Operating Balance**

	2018-19	2019-20	2020-21	2021-22
	\$'000	\$'000	\$'000	\$'000
<b>2018-19 Budget</b>	<b>36,459</b>	<b>43,956</b>	<b>25,922</b>	<b>52,494</b>
<b>Revenue<sup>1</sup></b>				
Policy decisions	-2,474	-2,447	-2,248	-2,384
Technical adjustments	-60,831	-19,159	21,591	36,370
<b>Expenses<sup>2</sup></b>				
Policy decisions	-22,399	-30,278	-19,697	-15,261
Technical adjustments	44,057	-14,469	-12,842	14,459
Superannuation return adjustment	6,685	-5,479	-7,725	-8,282
<b>2018-19 Budget Review</b>	<b>1,497</b>	<b>-27,876</b>	<b>5,001</b>	<b>77,396</b>
<b>Revenue<sup>1</sup></b>				
Policy decisions	0	13,691	21,081	23,043
Technical adjustments	38,494	24,420	12,990	134,348
<b>Expenses<sup>2</sup></b>				
Policy decisions	0	-108,604	-124,548	-123,655
Technical adjustments <sup>3</sup>	-2,772	19	6,803	11,331
Superannuation return adjustment	6,553	9,295	11,861	12,762
<b>2019-20 Budget</b>	<b>43,772</b>	<b>-89,055</b>	<b>-66,812</b>	<b>135,225</b>

**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 category includes the small number of expense initiatives that have components that are 'Not For Publication' to ensure that these amounts cannot be determined.

**Table 2.2.3: Summary of major technical adjustments since the 2018-19 Budget Review**

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Revenue<sup>1</sup></b>				
Taxation	40,120	16,025	24,855	33,969
Other Commonwealth grants	8,330	10,300	15,812	28,441
GST revenue	-14,378	40,913	35,378	41,379
Suburban Land Agency, City Renewal Authority and ICON Water dividends, income tax equivalent payments and contributed assets	-24,324	-75,793	-93,046	28,104
Other parameter and technical adjustments	28,746	32,975	29,991	2,455
<b>Total revenue – technical adjustments</b>	<b>38,494</b>	<b>24,420</b>	<b>12,990</b>	<b>134,348</b>
<b>Expenses<sup>2</sup></b>				
Superannuation, borrowings and other expenses	7,799	-18,502	-13,210	-11,548
Transfer of light rail to the Public Trading Enterprises sector	0	22,831	22,977	23,139
Application of revised leasing standard	0	301	-10,722	-11,919
School enrolment adjustment	0	-7,338	-7,558	-7,785
Revised funding profiles and rollovers	-12,267	-23,250	10,793	8,135
Commonwealth grants expenses	-16,416	-4,993	-2,945	9,296
Other parameter and technical adjustments	18,112	30,970	7,468	2,013
<b>Total expenses – technical adjustments</b>	<b>-2,772</b>	<b>19</b>	<b>6,803</b>	<b>11,331</b>

**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.

## Revenue

The Government is forecasting revenue of \$5.9 billion in 2019-20, an increase of \$38.1 million since the 2018-19 Budget Review. This revenue forecast reflects:

- an increase of \$51.2 million (\$166.2 million over four years) in Commonwealth grants revenue largely due to higher GST revenue as a result of changed Commonwealth relativities adopted in the *Report on GST Revenue Sharing Relativities, 2019 Update*
- stronger taxation revenue of \$16 million (\$115 million over four years) largely as a result of forecast growth in payroll tax revenue and general rates, partially offset by lower residential conveyance duty revenue.

These increases are partially offset by a decrease in income from the Suburban Land Agency, City Renewal Authority and ICON Water of \$75.8 million (\$165.1 million over four years) mainly due to revisions to settlements for the land release program, and revised revenue and cost forecasts in relation to East Lake and Kingston Foreshore.

## Expenses

The Government is forecasting expenses of \$6.2 billion in 2019-20, an increase of \$108.6 million since the 2018-19 Budget Review. This increase reflects the impact of Government policy decisions to meet the needs of our growing city (\$108.6 million), with key examples including:

- additional investment in health services (\$253.2 million over four years) such as expanding frontline services at The Canberra Hospital and expanding the Centenary Hospital for Women and Children
- additional funding to meet individual student needs in our public schools (\$41.6 million over four years)
- increased funding to support sustainable out of home care placements (\$39.8 million over four years)
- further investment in police to keep our growing city safe (\$34.3 million over four years)
- maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme (\$28.6 million over four years).

Other factors driving this increase in expenses include:

- an increase in superannuation, borrowings and other expenses of \$18.5 million, reflecting the outcome from the most recent actuarial review of the defined benefit superannuation liability, higher outstanding borrowings and higher controlled recurrent payments to the public trading enterprise sector
- the re-profiling and rollovers of agency expenses, including those associated with capital works (\$23.3 million).

These increases are partially offset by the transfer of Light Rail Stage 1 from the General Government to the Public Trading Enterprise sector (\$22.8 million).

Further information on policy decisions is provided in Chapter 3 – *New Initiatives*.

Underlying expenses are forecast to grow at an annual average rate of 4 per cent, indicating a small increase from the 2018-19 Budget.

## 2.3 FISCAL STRATEGY

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The Government is committed to the responsible management of the ACT's public finances. In preparing the annual Budget, we adhere to three core objectives:

- strengthening the local economy, with a particular focus on creating good jobs and continuing to deliver high quality services to the community
- delivering ongoing investment in infrastructure projects and assets that generate economic growth and protect Canberra's liveability as our city grows
- sustaining a strong operating balance over the medium term, offsetting temporary deficits with surpluses in other periods.

To implement this strategy, our fiscal policy focuses on delivering sustainable economic growth, quality and efficient services and sustainable taxation and revenue, while maintaining sound public finances and a strong balance sheet.

With Canberra seeing steady and ongoing population growth, it is important to invest in our local services and infrastructure to ensure they can meet the needs of our growing city today and in the years to come.

For this reason, the application of our fiscal strategy in this year's Budget will see us make a significant further investment in healthcare, education, transport and community infrastructure. This will be funded through small deficits in the near term, which will be more than offset by strong surpluses over the forward estimates period.

### **Sustainable economic growth**

Our economic strategy is focused on diversifying the ACT economy to create more opportunities for growth and help build our resilience to external shocks. This strategy is clearly working.

In 2017-18 the ACT economy grew by 4 per cent, the strongest rate of any jurisdiction in Australia. Our unemployment rate has been the lowest in the country for 20 consecutive months, and is currently 3.9 per cent. Our service exports rose 11 per cent in the past year to reach \$2.2 billion, and are continuing to grow.

The ACT's economic growth has been supported by strong population growth in both Canberra and the surrounding region. The population of the wider capital region is now around 750,000, which helps to generate both more opportunities for local businesses and efficiencies of scale for service delivery.

Sustaining this growth requires us to continue investing in infrastructure – including the supply of land for affordable housing that meets the diverse needs of our community – and to keep actively pursuing opportunities to grow our local industries by reaching out to new markets.

Consistent with this strategy, we will continue to deliver a strong pipeline of residential, commercial and industrial land across Canberra through the 2019-20 Indicative Land Release Program. This program targets the release of 15,600 new homes over the next four years, along with a combined 777,198 square metres of commercial, mixed used, industrial and community facilities land.

Maintaining a steady land supply program will support sustainable economic growth by putting downward pressure on land and house prices in the short term, delivering more housing options for people wishing to move to the ACT for work or study, and promoting further growth in both our new suburban estates and urban renewal precincts.

Further details on the 2019-20 Indicative Land Release Program are provided in Chapter 5.4 – *Supply and Release of Land*.

We are continuing to make significant strides in diversifying the ACT's jobs and economic base, with over 60 per cent of local workers now employed outside the public service. The expansion of our higher education and tourism sectors into new markets has been a core focus of our economic diversification strategy, along with the growth of Canberra's services sector more broadly. The success of this strategy can be seen in the fact that over 3,200 new businesses have started up in Canberra in the past four years.

Another core focus of our economic strategy is to improve Canberra's connections with our region and other major Australian capitals, particularly the road, rail, air and freight transport networks that make it easier for local businesses to get their products to other markets. The ACT Government and the Canberra Region Joint Organisation recently released a plan for joint investment to support better connectivity across the Capital Region. The joint plan sets out an investment agenda that would:

- create borderless services for ACT and South East NSW communities, enhancing the delivery of healthcare, higher education, waste management and recycling
- enhance transport and connectivity for passengers and freight, opening up tourism and other economic opportunities
- continue developing a National Capital befitting of modern Australia.

More details on the ACT Government's economic strategy can be found in Chapter 1.5.

## **Quality and efficient services**

Because of the ACT's unique single level of governance, we deliver the widest range of services and programs of any government in Australia.

Independent assessments show many of these services and assistance programs deliver among the best outcomes across the country. For example, recent data from the Commonwealth Government and the Australian Bureau of Statistics shows the ACT:

- was the first jurisdiction to accept all eligible residents into the National Disability Insurance Scheme, with more than 7,600 Canberrans now accessing tailored support through the scheme

- saw 81 per cent of 2017 Year 12 students meeting the requirements of a Year 12 certificate compared with 79 per cent in 2016 (nationally 79 per cent)
- had 93 per cent of 2017 Year 12 graduates being employed and/or studying in 2018, with 85 per cent finding Years 11 and 12 worthwhile
- had the strongest result nationally in providing access to social housing for those whose need is greatest – of the 524 new allocations to public housing, 99.4 per cent were households in greatest need compared to 76.3 per cent, nationally
- over the period 2011 to 2016, saw a decline in the rate of homeless persons per 10,000 persons in the total population, from 48.7 to 40.2, second only to the Northern Territory
- had the second highest overall rate of full-time equivalent medical staff per 1,000 people
- had the highest rate of children aged 0 to 5 years attending an Australian Government approved child care service
- had the highest proportion of Aboriginal and Torres Strait Islander vocational education and training graduates in employment and/or continuing on to further study after completing a course
- recorded the lowest number of road fatalities in 2017-18 per 100,000 registered vehicles at 2.3 per cent (compared to 6.4 per cent nationally).

The ACT Government will continue to invest in our high quality public services to ensure they remain accessible and can meet the needs of the Canberra community as we grow. This includes delivering both new schools and more teachers for classrooms across the Territory, better hospitals as well as more community and outpatient healthcare options, faster and more convenient public transport and more support for vulnerable Canberrans.

A full list of the Government's priorities for investment through the 2019-20 Budget is detailed in Chapter 3 – *New initiatives*.

## **Sustainable taxation and revenue**

Our tax reform program is working to make the ACT's revenue base more stable and sustainable, while also ensuring the system is fairer, simpler and more efficient.

We are shifting the tax mix away from narrowly-based transaction taxes such as stamp duty and insurance tax, and towards a broad-based land tax levied through general rates. Insurance duties were completely abolished in 2016 and conveyance duty has already been significantly reduced as part of our plan to fully abolish it by 2031-32.

The tax reform program is broadly revenue neutral over time. Reductions in revenue from abolishing insurance duty and phasing out conveyance duty are being replaced through incremental increases in general rates. This will provide a more stable and efficient revenue base to fund the provision of high-quality government services into the future.

The benefits of this approach can be seen in the current fiscal environment, where state governments around Australia have been forced to significantly write down their revenue forecasts based on lower than projected conveyance duty revenues. By contrast, the ACT budget is already much less exposed to fluctuations in the property market because of our transition away from conveyance duty. This means we can deliver more and better services for Canberrans with greater certainty about how these will be funded into the future.

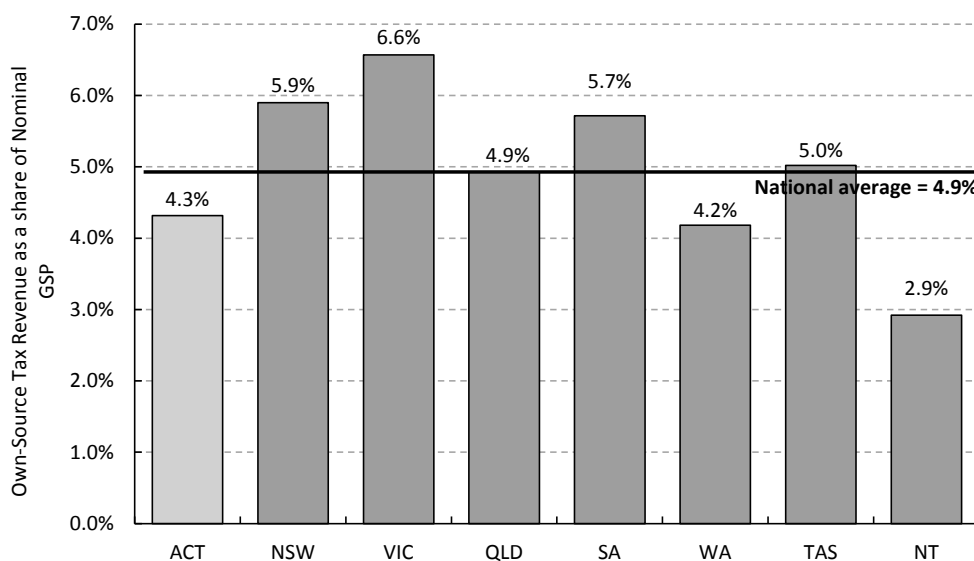
We are continuing to reduce residential conveyance duty rates for properties of all prices. By 2021-22, the buyer of a \$500,000 home will pay less than half the amount of conveyance duty that would have been due before tax reform commenced, a saving of \$10,500.

Conveyance duty is also no longer payable on around 70 per cent of commercial property transactions in the ACT, with commercial property transactions worth \$1.5 million or less exempt from conveyance duty.

From 1 July 2019, conveyance duty will be fully abolished for eligible first home buyers. This will improve assistance for Canberrans looking to buy their first home because no conveyance duty will be payable, regardless of whether they are buying a newly-built property or an existing one in an established suburb.

Tax reform is changing the composition of the ACT's tax base, not increasing the overall tax take. The ACT remains a relatively low-taxing jurisdiction, as can be seen from Figure 2.3.1 which shows our own-source tax revenue as a share of Gross State Product is the third lowest across all Australian states and territories.

**Figure 2.3.1: Comparison of own-source tax revenue as a share of Gross State Product, total state and local government, 2017-18**



Sources: ABS 5506.0, 5220.0.

**Notes:**

1. Gross State Product is in nominal terms.
2. This comparison is made on the basis of total state and local government own-source tax revenue. The ACT undertakes both state and local functions.

Details of the revenue initiatives announced in the 2019-20 Budget can be found in Chapter 3.4 – *Revenue initiatives*.

## Sound public finances

### Headline Net Operating Balance

Our fiscal strategy seeks to achieve a net operating balance over the medium term. This strategy provides the flexibility to support the economy, jobs and public investment when needed, while ensuring underlying fiscal sustainability.

The Government ran deficits to offset the effects of the Mr Fluffy crisis and keep our economy growing in the face of cuts in Commonwealth spending from 2014-15 to 2016-17. We have since delivered consecutive surpluses in 2017-18 and 2018-19.

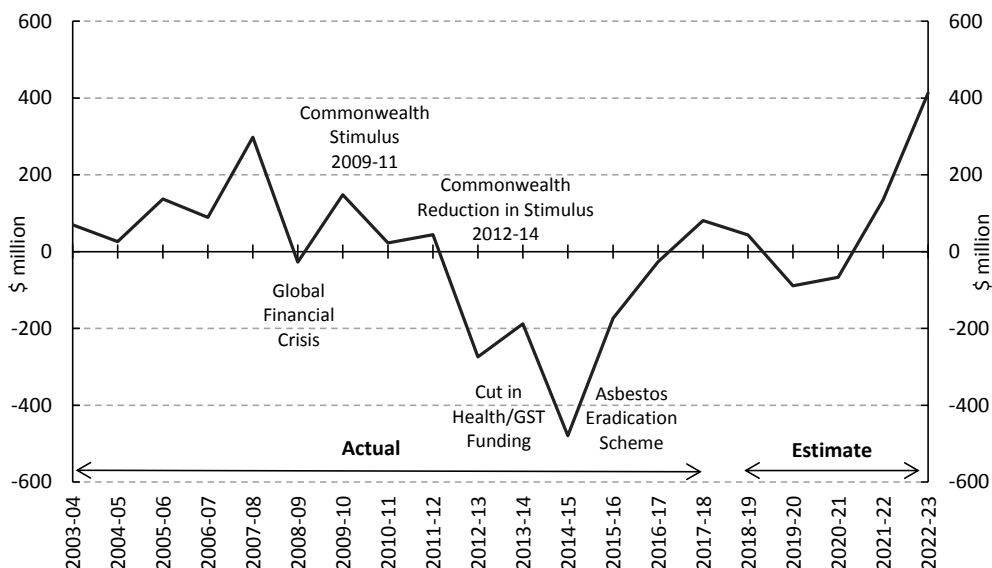
Following the re-election of the Coalition Government federally, we are again stepping up our investment in Canberra to ensure services and infrastructure do not fall behind as our city continues to grow. While we would welcome a greater contribution to this work from the Commonwealth, we cannot afford to wait and see if new investment will be forthcoming.



Consistent with the Government’s strategy and sound fiscal management practices, modest and temporary deficits in the short term will be offset by stronger surpluses across the forward estimates. Over the four years from 2019-20, the Government is forecasting a cumulative net surplus of \$392.6 million.

Figure 2.3.2 shows the history of the Territory’s Headline Net Operating Balance movements.

**Figure 2.3.2: Headline Net Operating Balance**



### The Territory’s credit rating

International ratings agency Standard & Poor’s reaffirmed the ACT’s AAA long-term and A-1+ short-term local currency credit ratings on 26 September 2018. Standard & Poor’s also revised the credit rating outlook upwards from negative to stable, following its revision of the outlook on the Commonwealth of Australia’s credit rating from negative to stable.

The AAA and A-1+ ratings are the highest ratings assigned by Standard & Poor’s. The Territory is one of only three state or territory governments in Australia, and a small number of governments around the world, to hold this rating.

The stable outlook reflects Standard & Poor’s expectation that the Government will continue to deliver on our priorities broadly within budget, while maintaining high liquidity coverage and containing external financing at a manageable level.

## Operating cash balance

The operating cash balance measures all operating cash receipts each year – for example taxes, fees and fines, and operating grants from the Commonwealth Government, less all operating cash payments – including wages and salaries, cash superannuation payments and payments for goods and services.

The Government is committed to maintaining operating cash surpluses in the General Government Sector. A strong operating cash balance ensures there is sufficient cash generated from operating activities to support ongoing investment in key infrastructure to support the city's growth.

The General Government Sector net operating cash balance is forecast to be in surplus in all years at \$240.9 million in 2019-20, increasing to \$1,054.8 million in 2022-23.

## A strong balance sheet

The strength of the Territory's balance sheet provides us with the flexibility to deliver the high priority investments in hospital, school, transport and social infrastructure that Canberra will need into the future. The ACT's borrowings continue to grow as we make long-term investments in infrastructure; however, these borrowings are more sustainable than in the past because of historically low interest rates.

Five years ago, the ACT's cost of borrowings was in the order of 4.2 per cent, today we are able to borrow at rates closer to 2.4 per cent. This makes the interest cost on the ACT's borrowings more sustainable. In line with the advice of the Reserve Bank of Australia and other key economic commentators, we are using this period of historically low interest rates to build better infrastructure for Canberra's future.

## Net debt

A key balance sheet measure in the Government Finance Statistics framework is net debt, which takes into account gross debt liabilities as well as financial assets such as cash reserves and investments.

General Government Sector net debt is estimated to be \$2.7 billion, or 6.1 per cent of Gross State Product in 2019-20. This compares with the 2018-19 estimated outcome of \$2.2 billion, or 5.1 per cent of Gross State Product. The forecast increase in net debt as a percentage of Gross State Product in 2019-20 is driven by a change in the national accounting standards relating to leases, and an increase in borrowings to support the impact of health, education, transport, and public housing infrastructure initiatives in the 2019-20 Budget.

*Australian Accounting Standard AASB 16 – Leases* comes into effect from 1 July 2019. The new standard changes how entities must record their leasing arrangements. The Standard removes the distinction between an operating lease and a financing lease, with the majority of leases now recorded as balance sheet items.

The transition to AASB 16 results in total finance leases (inclusive of Public Private Partnership liabilities) of \$568.9 million in 2019-20 now appearing on the General Government Sector balance sheet. This liability increases to \$765.8 million by 2022-23.

The additional asset and liability impacts of this presentational change will have flow-on effects for the ACT's debt levels and ratios. Following the introduction of AASB 16 comparisons between our historical debt metrics presented in prior Budgets and those presented in the 2019-20 Budget are no longer possible.

The revised debt metrics do not reflect a deterioration of Territory's real financial position. As previously noted, we hold AAA long-term and A-1+ short-term local currency credit ratings, which reflected these leases as existing financial obligations of the Territory. We remain committed to ensuring that the Territory's debt levels are managed in a sustainable way.

A more comprehensive assessment of impacts associated with AASB 16 is presented in Chapter 8.4 – *Management of financial assets and liabilities*.

Net debt is forecast to increase in all years compared to the 2018-19 Budget Review. This is primarily due to the accounting standard change described above, as well as the impact of policy initiatives included in the 2019-20 Budget.

## **Net financial liabilities**

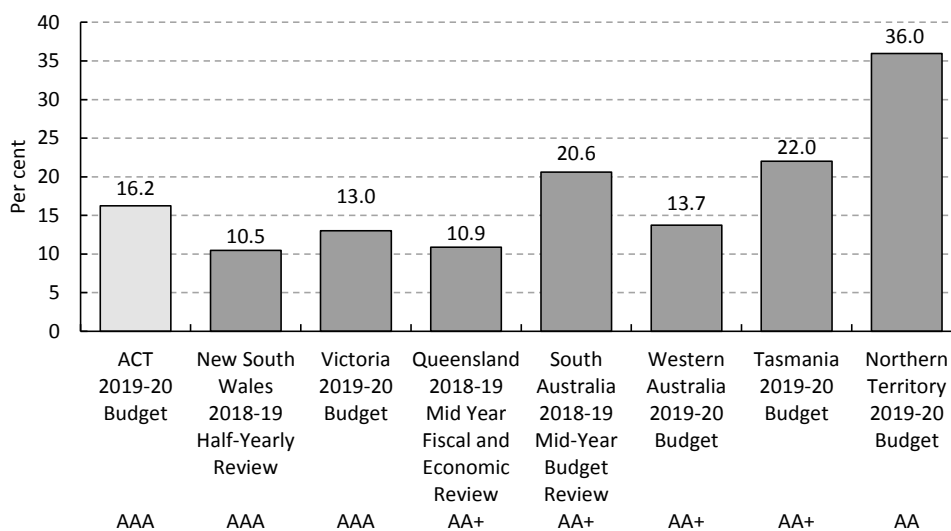
Net financial liabilities represents total liabilities less financial assets such as cash reserves and investments. They take into account all non-equity financial assets, but exclude the value of equity held by the General Government Sector in public corporations.

The net financial liabilities to Gross State Product ratio of 15.5 per cent in 2018-19 is broadly in line with the 2018-19 Budget of 15.3 per cent.

In 2019-20, net financial liabilities are forecast to increase by \$704.0 million to \$7.3 billion, largely reflecting operating leases coming onto the balance sheet (\$568.9 million total finance leases in 2019-20) as discussed above, higher borrowings, and forecast growth in the superannuation liability.

Figure 2.3.3 below compares the ACT's net financial liabilities as a proportion of Gross State Product with other jurisdictions.

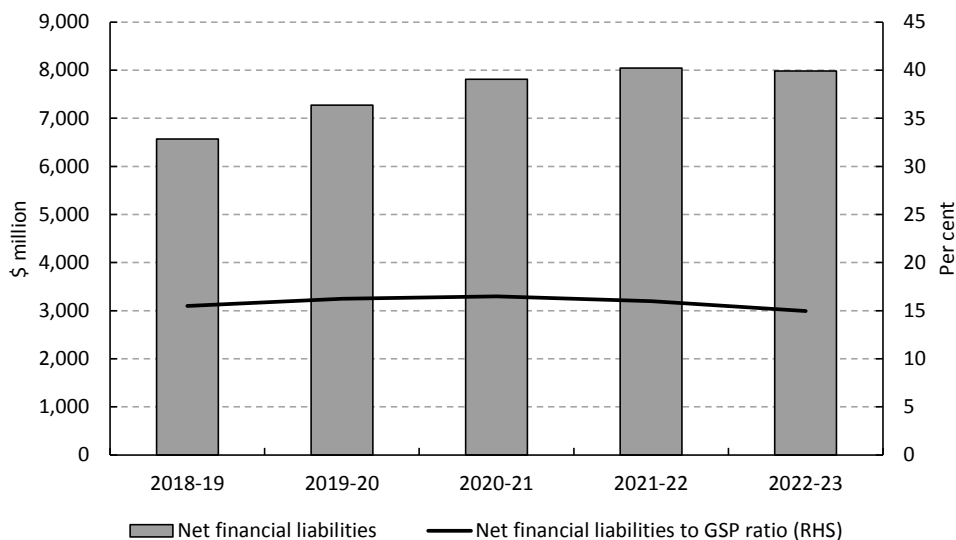
**Figure 2.3.3: General Government Sector net financial liabilities as a percentage of Gross State Product – 2019-20 State and Territory comparison**



Governments with strong balance sheets can responsibly incur a level of debt if it finances high quality assets in areas of community need. Assets such as public transport, new roads, schools and hospital facilities generate benefits for the community over many years.

An indicator of that financial sustainability is the ratio of net financial liabilities to Gross State Product. This indicator remains at a sustainable level and provides the capacity for investment in our city to prepare for the future. The impact of the change in accounting standard for leases, combined with the Government’s significant investment in new infrastructure are major drivers of increases in the level of net financial liabilities as shown below at Figure 2.3.4.

**Figure 2.3.4: General Government Sector net financial liabilities**



## Net worth

The broadest measure of a jurisdiction's balance sheet is net worth, which measures the total value of all assets less all liabilities. The ACT has positive net worth. Measured as a proportion of Gross State Product, we continue to have one of the strongest balance sheets when measured against other Australian jurisdictions.

Net worth is forecast to be \$17.5 billion at the end of 2019-20, broadly in line with the 2018-19 estimated outcome of \$17.6 billion.

## 2.4 COST OF LIVING STATEMENT

Canberra is a great place to live, work, study and raise a family with most people enjoying among the highest living standards in the country. But the ACT Government understands there are some in our community on low and fixed-incomes who need a helping hand to cope with cost of living pressures. That is why we provide direct support to households most in need of assistance through our Concessions Program.

The ACT Government provides a wide range of concessions to households and individuals to assist with living expenses such as general rates, utility bills, driver licence fees, motor vehicle registration fees and public transport fares. This support helps to ensure Canberra is an inclusive community where we don't leave people behind.

Table 2.4.1 below shows a summary of assistance available and the estimated annual costs. This is expected to increase in 2019-20 primarily as a result of the expansion of the Home Buyer Concession Scheme and the \$46 increase in the Utilities Concession.

**Table 2.4.1 Summary of assistance available and estimated costs of annual take up in 2018-19 and 2019-20**

Assistance	Description	Estimated annual take up <sup>1</sup>	2018-19 \$'000	2019-20 \$'000
General rates and Fire and Emergency Services Levy rebate	50 per cent rebate of annual rates bill up to \$700, \$98 rebate on FESL.	14,941 households	10,863	11,133
Spectacles Subsidy Scheme	Subsidy up to \$200 once every two years.	10,628 spectacles	1,937	2,141
Taxi Subsidy Scheme	Assistance for people with a disability or significant mobility restriction.	115,986 trips	2,098	2,180
Motor vehicle registrations	Discounts on motor vehicle registration and driver licences.	49,055 vehicles	5,671	4,591
Driver Licence concessions	100 per cent fee discount on driver licences.	34,366 licences	707	725
Public Transport concessions	Reduced or free fares on Transport Canberra Operations services.	6,792,920 trips	8,556	9,111
Utilities Concession	\$700 a year towards utility bill.	30,220 households	20,605	26,677 <sup>2</sup>
First home owner grant	\$7,000 grant per household.	1,300 households	8,776	Nil <sup>3</sup>
Conveyance duty concessions	Up to 100 per cent discount on conveyance duty payable.	2,050 households	9,800	20,000 <sup>4</sup>
<b>Total</b>			<b>69,013</b>	<b>76,558</b>

**Notes:**

1. Around 9 per cent of homeowners receive a general rates and Fire and Emergency Services Levy rebate; 17 per cent of passenger vehicles and 8 per cent of driver licences receive a concession; 18 per cent of households receive the Utilities Concession; and 15 per cent of transactions benefit from a conveyance duty concession (due to different eligibility criteria).
2. The ACT Government will raise the Utilities Concession to \$700 from 1 July 2019.
3. The First Home Owner's Grant will be abolished from 1 July 2019, and conveyance duty concessions will be expanded to eligible purchases of new and established properties.
4. Estimated revenue foregone.

Further information about assistance available and eligibility is at [www.assistance.act.gov.au](http://www.assistance.act.gov.au).

This Cost of Living Statement provides six case studies of Canberra households. It provides a snapshot of the effect of the ACT Government's taxes and charges, and the various concessions available in 2019-20 to support those most in need of assistance.<sup>1</sup>

The Government recognises that our own policies can have an impact on the cost of living and carefully considers the impact of all policy changes on low and fixed-income households. In addition to ACT Government concessions, Commonwealth concessions and assistance programs are also available to assist with the living costs of eligible households. However, Commonwealth assistance has not been included in the tables that follow.

In providing assistance programs for Canberrans, the ACT Government targets these primarily to recipients of Commonwealth concessions such as pensioners and people receiving Newstart. The ACT is unable to undertake our own income-based means testing because we do not have access to the individual income data needed to determine eligibility.

We recognise that some Canberrans who do not qualify for Commonwealth concessions also face challenges with their cost of living, particularly people with insufficient or insecure work. We support these Canberrans by providing high quality health, education and public transport services at low or no cost to reduce the need for private spending on these essential services, and by keeping necessary annual increases to government fees and charges as low as possible.

While the Government is committed to supporting those most in need of a helping hand through targeted assistance and concessions, there are a range of cost of living pressures we do not control. Examples include changes to interest rates, petrol prices, and decisions of independent pricing authorities on the price of utilities such as electricity, water and sewerage.

## ACT households

The ACT's population is younger on average than across Australia, with 57 per cent of our residents aged under 40 in 2016, compared with 53 per cent nationally. In that same Census year, Canberra families had an average of 1.8 children and 48 per cent of Canberrans were married.<sup>2</sup>

1. As required under Section 11(1)(f) of the *Financial Management Act 1996*.
2. 2016 Census Australian Capital Territory STE QuickStats, people aged 15 years and over.

Canberrans' participation and engagement with the labour market is higher than the Australian average, with our workforce participation rate being 69.5 per cent compared with 65.8 per cent nationally. Of those employed, 73 per cent are working full-time and 27 per cent are working part-time.<sup>3</sup>

On average, the ACT is also one of the wealthiest communities in the country, with median weekly household income for ACT families of \$2,445 in 2016 compared with \$1,734 for the rest of Australia. The majority of Canberra households (65.4 per cent) own their own home, with or without a mortgage, while 31.8 per cent of households rent. The vast majority (92.1 per cent) of households own at least one motor vehicle.<sup>4</sup>

## ACT Government public services

The ACT Government is committed to providing the high quality public services that Canberrans expect now and into the future. Government expenditure on health services has increased by around 7.5 per cent per year over the decade to 2017-18, and spending on education grew by 6.3 per cent per year over the same period<sup>5</sup>. This means our investment in these essential services has grown more than 3.6 times as fast as our average population growth as we respond to the community's changing needs and increased complexity of service delivery.

**Table 2.4.2: What your money delivers**

Area of expenditure 2019-20	\$ million	% of total	\$ per household
Health	1,766	31%	10,611
Education	1,381	24%	8,298
City services	448	8%	2,692
Community services	415	7%	2,494
Emergency services and policing	363	6%	2,181
Access Canberra and government services	297	5%	1,785
Transport	271	5%	1,628
Justice	262	5%	1,574
Housing	209	4%	1,256
Environment, sustainable development and climate change	173	3%	1,039
Tourism, sport, events and the arts	133	2%	799
<b>Total</b>	<b>6,158</b>	<b>100</b>	<b>37,001</b>

**Source:** Chief Minister, Treasury and Economic Development Directorate.

**Note:** Numbers may not add due to rounding. Expenses by key priority area above do not equal total general government sector expenses as they do not include superannuation and other expenses that do not directly correlate to specific functions.

3. Labour Force — April 2019, Australian Bureau of Statistics Cat. No. 6202.0.

4. 2016 Census Australian Capital Territory STE QuickStats.

5. Government Finance Statistics 2017-18, Australian Bureau of Statistics Cat. No. 5512.0.



## ACT Government taxes and fees

The ACT Government collects revenue from the community and businesses through taxes and fees to fund the high quality services and infrastructure that Canberrans need and expect. The government seeks to raise this revenue as fairly, simply and efficiently as possible.

About 35 per cent of ACT Government revenue is derived from own-source taxation, about 24 per cent is the ACT's share of the GST and another 17 per cent is provided by the Commonwealth Government through Specific Purpose Payments, National Partnership Payments and other General Revenue Assistance.

As a share of gross state product, the ACT collects the third lowest amount of tax of all jurisdictions (See Figure 2.3.1 in Chapter 2.3). Average taxation per capita in the ACT is around the national average, and below that of New South Wales, Victoria and Western Australia.

## Utilities

The cost of gas, electricity and other utilities is largely outside the direct control of the ACT Government. These prices are determined by the decisions of independent pricing tribunals and market forces. Utility charges incorporate the costs of production, the impact of various Commonwealth, state and territory energy and environmental programs, taxes and charges, and international and domestic markets.

Water and sewerage charges are determined by the Independent Competition and Regulatory Commission (ICRC). The ICRC also regulates the price for the supply of electricity to small customers in the ACT purchased from ActewAGL Retail on certain contracts. Natural gas prices are not regulated in the ACT.

The ICRC expects the annual combined water and sewerage bill for a typical household consuming 200 kilolitres of water per annum to increase by around 2 per cent per annum until 2022-23, broadly in line with expected inflation.

In recent years Canberra households have seen significant increases in electricity prices due to nation-wide factors such as wholesale electricity costs in the National Electricity Market. However, from 2019-20 these price impacts are expected to moderate. In December 2018, the Australian Energy Market Commission estimated that standing offer prices in the ACT would increase by an average of 2.5 per cent per annum from 2018-19 to 2020-21. However, there is significant uncertainty with this estimate as wholesale electricity costs are volatile and could impact on future price changes. The ICRC will release updated regulated electricity prices for 2019-20 in June 2019.

Despite recent increases in prices, ACT households continue to have access to some of the lowest utility prices in Australia. For example, the estimated average annual electricity bill for a Canberra household using 7,200 kWh of energy on a single rate standing offer is \$2,009 to \$2,194. This compares with average bills of between \$2,323 and \$2,606 in Melbourne, \$2,593 to \$2,662 in Sydney and \$3,297 to \$3,933 in Adelaide.

The ACT Government is increasing the Utilities Concession provided to eligible households to \$700 a year from 1 July 2019.

## **Compulsory Third Party Insurance reform**

We are reforming the ACT's Compulsory Third Party insurance scheme to deliver fairer, faster and more comprehensive coverage for all Canberrans. The ACT Legislative Assembly has recently passed the *Motor Accident Injuries Bill* which will introduce a new no-fault insurance scheme, planned to commence operation in February 2020.

Under the new scheme, anyone who is injured in a motor vehicle accident will be entitled to up to five years of treatment, care and income replacement benefits. People who are more seriously injured in an accident where someone else was at fault will continue to be able to make a claim for further benefits, as is currently the case.

The new Motor Accident Injuries scheme is expected to deliver a cost of living saving for Canberrans by lowering the compulsory insurance premium that forms part of the cost of registering a motor vehicle in the ACT.

Estimates for the new scheme indicate Canberrans will save between \$10 and \$99 on a 12-month passenger vehicle Motor Accident Injuries insurance policy, compared with current premiums. The estimates do not reflect amendments that were made that will result in some reductions in savings. The final premium savings from 2020 will be determined when the private sector insurers who provide these policies lodge their premiums for regulatory approval by the Motor Accident Injuries Commission.

## **Cost of living statement**

Under Section 11(1)(f) of the *Financial Management Act 1996*, the annual Budget must provide a statement on the effect of ACT taxes and fees on households and the concessions that offset these taxes and fees.

The Government is mindful that, in calculating the impact of taxes, fees and utility charges on a hypothetical household, it is not possible to capture the full range of household types, financial circumstances or specific usage patterns of government services. Six household scenarios are presented as a basis for highlighting the different impacts for various household types and circumstances. A further range of household scenarios have been modelled and are available online at: <https://apps.treasury.act.gov.au/budget>

## **ACT household scenarios**

The scenarios below show the estimated impact of ACT taxes, fees and utility charges, and the concessions that offset them, on six households. These also outline some other potential savings which can reduce cost of living pressures. Further details on the costs and assumptions are provided in the notes later in this chapter.

## Sam and Kylie

Sam and Kylie are a single income family renting in Moncrieff. They have a household income of \$65,000 a year and access to Centrelink Health Care cards. Their daughter, Angela, has a disability and the family currently receives support through the Community Services Directorate, their local school and other community organisations. Angela also receives support through the National Disability Insurance Scheme, which funds reasonable and necessary supports, including therapies, equipment and home modifications, through a tailored plan of support.

Table 2.4.3 below shows the costs of taxes, fees and charges, net of concessions, and the change from 2018-19 to 2019-20 for Sam and Kylie.

**Table 2.4.3 Estimated impact of territory taxes and fees, and utility charges in 2019-20 on Sam and Kylie.**

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
<b>Transport</b>							
<i>Fees</i>							
Driver licence fee, vehicle registration, Road Rescue Fee, Road Safety Contribution, CTP insurance, CTP Regulator Levy, Lifetime Care and Support Levy and Transport Canberra Operations fares	1,763		2,527		1,784	21	
<i>Concessions</i>							
Transport Canberra Operations fares				743			
<i>Savings</i>							
Rewards for Safe Driving Discount		11					12
<b>Utilities</b>							
<i>Fees</i>							
Electricity, natural gas	3,931		4,804		4,104	173	
<i>Concessions</i>							
Utilities Concession				700			

## Michelle and Aliyah

Michelle and Aliyah are currently renting in Braddon and will buy an apartment in Kingston together for their first home in 2019-20. They will become liable for general rates and other property taxes when they purchase the apartment, as shown in the table below. Their household income is \$130,000, therefore no stamp duty will be payable. The Government is abolishing stamp duty for eligible first home buyers with a household income below \$160,000 from 1 July 2019.

Aliyah works full-time as a nurse and Michelle works part-time as a librarian while studying. Aliyah catches the bus to work to save on parking costs. Michelle cycles to work and university most days.

Table 2.4.4 below shows the costs of taxes, fees and charges, net of concessions, and the change from 2018-19 to 2019-20 for Michelle and Aliyah. For comparison purposes, general rates for the home they will buy are included for 2018-19.

**Table 2.4.4 Estimated impact of territory taxes and fees, and utility charges in 2019-20 on Michelle and Aliyah.**

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
<b>Property</b>							
<i>Taxes</i>							
General rates	1,502		1,726		1,726		
Fire and Emergency Services Levy	336		344		344		
Safer Families Levy	30		30		30		
Conveyance duty			11,400	11,400	0 <sup>1</sup>		
<b>Transport</b>							
<i>Fees</i>							
Driver licence fee, vehicle registration, Road Rescue Fee, Road Safety Contribution, CTP insurance, CTP Regulator Levy, Lifetime Care and Support Levy and Transport Canberra Operations fares	2,526		2,566		2,566	40	
<i>Savings</i>							
Rewards for Safe Driving Discount		23					24
<b>Utilities</b>							
<i>Fees</i>							
Electricity, natural gas, water and sewerage	4,963		5,171		5,171	208	

**Note:**

1. Michelle and Aliyah pay no conveyance duty in 2019-20. Conveyance duty will be abolished for eligible first home buyers from 1 July 2019.

## Paul and Mei

Paul and Mei live in their own home in Garran and both receive a full pension. Both are over 70 years old and are eligible for free travel on Transport Canberra Operations public transport. Paul catches the bus to Woden most weekdays to volunteer, and twice a week they drive to local community-run seniors' groups.

In 2019-20, Paul and Mei will be downsizing their home to an apartment in Phillip, which will better suit their needs and is closer to amenities. The cost of the apartment is approximately \$425,000. Paul and Mei will be exempt from stamp duty on the apartment under the Pensioner Duty Concession Scheme, which is being extended until 30 June 2020. This will provide them with a saving of \$8,850 in conveyance duty.

Paul and Mei will continue to receive the pensioner general rates rebate on their new home. In addition to the rebate, Paul and Mei will be able to defer the payment of the balance of their rates charges under the rates deferral scheme.

Table 2.4.5 below shows the costs of taxes, fees and charges net of concessions and the change from 2018-19 to 2019-20 for Paul and Mei.

**Table 2.4.5 Estimated impact of territory taxes and fees, and utility charges in 2019-20 on Paul and Mei.**

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
<b>Property</b>							
<i>Taxes</i>							
General rates	3,031		3,924	700	3,224	193	
Fire and Emergency Services Levy	238		344	98	246	8	
Safer Families Levy	30		30		30		
<i>Concessions</i>							
General rates, Fire and Emergency Services Levy							
Pensioner duty concession scheme			8,850	8,850	0		
<b>Transport</b>							
<i>Fees</i>							
Driver licence fee, vehicle registration, Road Rescue Fee, Road Safety Contribution, CTP insurance, CTP Regulator Levy, Lifetime Care and Support Levy and Transport Canberra Operations fares	616		2,527		599	17	
<i>Concessions</i>							

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
Driver licence fees, vehicle registration and Transport Canberra Operations fares				1,928			
<b>Utilities</b>							
<i>Fees</i>	2,532		3,311		2,611	79	
Electricity, water and sewerage							
<i>Concessions</i>				700			
Utilities Concession							
<b>Other concessions potentially available</b>							
Spectacles Subsidy Scheme		200					200

## Chloe and Matthew

Chloe and Matthew live in Aranda. They have an annual household income of \$175,000, own their own home and both work full-time. They have two children: Cooper in primary school and Maree in high school. They share school drop offs for Cooper, and Maree catches the bus to school. Most days, one of them catches the bus to work and the other drives their family sedan.

Chloe and Matthew have been planning on purchasing a new house. Based on a purchase price of \$750,000, they would have paid \$23,500 in conveyance duty in 2018-19 but will pay \$1,300 less in 2019-20. Conveyance duty at pre-tax reform rates would have been \$34,875, meaning they will save \$12,875 if they purchase in 2019-20.

Table 2.4.6 below shows the costs of taxes, fees and charges net of concessions and the change from 2018-19 to 2019-20 for Chloe, Matthew and their family.

**Table 2.4.6 Estimated impact of territory taxes and fees, and utility charges in 2019-20 on Chloe and Matthew.**

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
<b>Property</b>							
<i>Taxes</i>							
General rates	3,381		3,653		3,653	272	
Fire and Emergency Services Levy	336		344		344		
Safer Families Levy	30		30		30		
Conveyance duty					22,200		1,300
<b>Transport</b>							
<i>Fees</i>							
Driver licence fee, vehicle registration, Road Rescue Fee, Road Safety Contribution, CTP insurance, CTP Regulator Levy, Lifetime Care and Support Levy and Transport Canberra Operations fares and parking	5,676		5,795		5,795	119	
<i>Savings</i>							
Rewards for Safe Driving Discount		23					24
<b>Utilities</b>							
<i>Fees</i>							
Electricity, natural gas, water and sewerage	6,531		6,809		6,809	278	

## Grace

Grace is an aged pensioner living in public housing in Greenway, who pays 25 per cent of her income in rent. The indicative market rent for a one bedroom unit in this area is around \$370 a week (\$19,240 a year).

She does not own a car and uses the bus at a full concessional rate in order to participate in a range of community programs to stay connected with other members of the community.

Table 2.4.7 below shows the costs of taxes, fees and charges net of concessions and the change from 2018-19 to 2019-20 for Grace.

**Table 2.4.7 Estimated impact of territory taxes and fees, and utility charges in 2019-20 on Grace.**

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
<b>Property</b>							
<i>Rent</i>							
25% of pension	5,900		6,020		6,020	121	
<i>Savings</i>							
Difference to market rent		13,341					13,220
<b>Transport</b>							
<i>Fees</i>							
Transport Canberra Operations fares	0		1,486		0	0	
<i>Concessions</i>							
Transport Canberra Operations fares				1,486			
<b>Utilities</b>							
<i>Fees</i>							
Electricity	1,128		1,863		1,163	35	
<i>Concessions</i>							
Utilities Concession				700			

## Lachlan

Lachlan is a 65 year old self-funded retiree who receives a defined benefits pension with an annual income of \$55,000 (tax free). Lachlan lives alone in his townhouse in Hawker. As Lachlan owns 75 per cent equity in his home and is now over the age of 65, he has become eligible for the general rates aged deferral scheme. This will enable him to defer the payment of general rates on his home until it is sold. Lachlan drives his car as his primary form of transport and garages it in the basement carpark of his townhouse.

Lachlan has chronic obstructive pulmonary disease and needs to use an oxygen concentrator to help him breathe. Lachlan receives the life support rebate, which will provide an annual rebate amount of \$127.96 in 2019-20 (increased from \$121.87 in 2018-19) on his electricity bills.

Table 2.4.8 below shows the costs of taxes, fees and charges net of concessions and the change from 2018-19 to 2019-20 for Lachlan.



**Table 2.4.8 Estimated impact of territory taxes and fees, and utility charges in 2019-20 on Lachlan.**

Government taxes, fees and utility charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2018-19 to 2019-20	Savings
	2018-19 \$	2018-19 \$	2019-20 \$	2019-20 \$	2019-20 \$	change \$	2019-20 \$
<b>Property</b>							
<i>Taxes</i>							
General rates	1,681		1,829	1,829	N/A <sup>1</sup>		
Fire and Emergency Services Levy	336		344				
Safer Families Levy	30		30				
<b>Transport</b>							
<i>Fees</i>							
Driver licence fee, vehicle registration, Road Rescue Fee, Road Safety Contribution, CTP insurance, CTP Regulator Levy, and Lifetime Care and Support Levy	1,039		1,040		1,040	1	
<i>Savings</i>							
Rewards for Safe Driving Discount		11					12
<b>Utilities</b>							
<i>Fees</i>							
Electricity, water and sewerage	2,737				2,841	104	
Life Support Rebate		122					128

**Note:** Lachlan pays no general rates in 2019-20, as he is eligible to defer them. Rates owing are charged a 1.75 per cent simple interest rate.

## TABLE NOTES

### ACT household scenarios

Figures in the household scenario tables and in the notes below are rounded to the nearest dollar, except for the road rescue fee and the road safety contribution.

#### **Property**

Consistent with the 2018-19 Budget, general rates have been calculated as the average general rates bill in the relevant suburb for each household, rather than based on a fixed Average Unimproved Value (AUV).

## ***Transport***

Driver licence fees have been calculated by dividing the cost of a five-year driver licence by five to determine the annual cost. For 2019-20, drivers are assumed to receive the 30 per cent rewards for safe driving discount. This discount is available to drivers who have had no relevant traffic offences recorded for the previous five years.

For Compulsory Third Party (CTP) insurance, an average (passenger vehicle class) of the four providers in the market (NRMA, APIA, GIO and AAMI) has been used (\$531).

The calculations for Transport Canberra Operations fares assume passengers are using a MyWay card. Further discounts are available for passengers who top up their MyWay card using autoloan (direct debit) or BPAY.

## ***Utilities***

2019-29 water and sewerage prices are based on the final determination made by the ICRC.

Retail electricity costs are assumed to increase by around 2.5 per cent in 2019-20, based on the latest data from the Australian Energy Markets Commission. Actual price increases for regulated retail electricity tariffs offered by ActewAGL Retail will be announced before 1 July 2019, following the ICRC's decision which is expected by mid-June.

Retail gas prices are not regulated in the Territory. A conservative assumption that natural gas prices will increase by around four per cent in 2019-20 has been made. Actual price increases in the ACT are usually announced by gas retailers before 1 July.

## **Sam and Kylie**

### ***Property***

As the family is renting, they do not pay general rates, the Fire and Emergency Services Levy or the Safer Families Levy.

### ***Transport***

For 2019-20, transport fees comprise: one Driver Licence Fee (\$40); Vehicle Registration (\$402); Road Rescue Fee (\$27.50); Road Safety Contribution (\$2.50); CTP insurance (\$531); the CTP Regulator Levy (\$1); the Lifetime Care And Support Levy (\$37); and Transport Canberra Operations fares (\$1,486).

For 2019-20, concessions comprise: Transport Canberra Operations concession fare (\$743). The driver is eligible for the rewards for Safe Driving Discount on licence fees (\$12).

### **Assumptions**

Fees are calculated on a vehicle with a tare weight of 1,155 kg to 1,504 kg. The Centrelink Health Care card provides access to Transport Canberra Operations concession fare, with travel twice a day at peak time five days a week, reaching the monthly travelling cap of 40 trips. Once the monthly cap is reached, passengers' remaining travel will be free of charge provided they continue to tag on and off with each journey.

### **Utilities**

For 2019-20, utility charges comprise: electricity (\$2,633) and natural gas (\$2,171). Concessions comprise of the combined Utilities Concession (\$700).

### **Assumptions**

Consumption per year: electricity (8,700 kWh) and natural gas (51 GJ). No water or sewerage charges have been included as the family is renting and it is assumed that these charges are incorporated into weekly rent payments.

## **Michelle and Aliyah**

### **Property**

For 2019-20, property fees comprise: general rates (\$1,726); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30). They will not pay any conveyance duty on their purchase of a \$500,000 apartment in 2019-20. The Government has abolished stamp duty for eligible first home buyers with an income below \$160,000 from 1 July 2019.

### **Transport**

For 2019-20, transport fees comprise: Driver Licence Fee (\$79); Vehicle Registration (\$402); Road Rescue Fee (\$27.50); Road Safety Contribution (\$2.50); CTP insurance (\$531); the CTP Regulator Levy (\$1); the Lifetime Care And Support Levy (\$37); and Transport Canberra Operations fares (\$1,486).

For 2019-20, both drivers are eligible for the rewards for Safe Driving Discount on their licence fees (\$24).

### **Assumptions**

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155 kg to 1,504 kg. Transport Canberra Operations fares are calculated as travel twice a day at peak time five days a week, reaching the monthly travelling cap of 40 trips. Once the monthly cap is reached, passengers' remaining travel will be free of charge provided they continue to tag on and off with each journey.

### **Utilities**

For 2019-20, utility charges comprise: electricity (\$2,248); natural gas (\$1,860); water (\$532); and sewerage (\$531).

### ***Assumptions***

Consumption per year: electricity (7,200 kWh); natural gas (42 GJ); and water (160 kL).

## **Paul and Mei**

### ***Property***

For 2019-20, property fees comprise: general rates (\$3,924); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30). Concessions consist of the pensioner general rates rebate (\$700) and the Fire and Emergency Services Levy rebate (\$98).

### ***Transport***

For 2019-20, transport fees comprise: Driver Licence Fee (\$40); Vehicle Registration (\$402); Road Rescue Fee (\$27.50); Road Safety Contribution (\$2.50); CTP insurance (\$531); the CTP Regulator Levy (\$1); the Lifetime Care and Support Levy (\$37); and Transport Canberra Operations fares (\$1,486).

For 2019-20, concessions comprise: Driver Licence (\$40); Vehicle Registration (\$402); and Transport Canberra Operations fares (\$1,486).

### ***Assumptions***

Fees are calculated based on one driver and one car with a vehicle tare weight of 1,155 kg to 1,504 kg. Transport Canberra Operations fares are calculated as peak single trips five days a week, reaching the monthly travelling cap of 40 trips, and an entitlement to free travel for people aged over 70.

### ***Utilities***

For 2019-20, utility charges comprise: electricity (\$2,248); water (\$532); and sewerage (\$531). Concessions include the combined Utilities Concession (\$700).

### ***Assumptions***

Consumption per year: electricity (7,200 kWh); and water (160 kL).

### ***Other concessions***

They are both eligible to access the Spectacles Subsidy Scheme, which provides a \$200 rebate every two years on the purchase of glasses.

## **Chloe and Matthew**

### ***Property***

For 2019-20, property fees comprise: general rates (\$3,653); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30).

## ***Transport***

For 2019-20, transport fees comprise: Driver Licence Fee (\$79); Vehicle Registration (\$402); Road Rescue Fee (\$27.50); Road Safety Contribution (\$2.50); CTP insurance (\$531); the CTP Regulator levy (\$1); the Lifetime Care And Support Levy (\$37); school student Transport Canberra Operations fare (\$387); adult Transport Canberra Operations fare (\$1,486) and parking (\$2,841).

For 2019-20, both drivers are eligible for the rewards for Safe Driving Discount on their licence fees (\$24).

## ***Assumptions***

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155 kg to 1,504 kg. A 30 ride paid cap for students is reached taking rides to and from school. The monthly travelling cap of 40 trips applies to the adult fare calculation. Once the monthly cap is reached, passengers' remaining travel will be free of charge provided they continue to tag on and off with each journey. Parking fees have been calculated using the non-premium, all day City car park rate, which has been assumed to increase by 2.5 per cent from 2018-19 to 2019-20.

## ***Utilities***

For 2019-20, utility charges comprise: electricity (\$3,018); natural gas (\$2,482); water (\$778); and sewerage (\$531).

## ***Assumptions***

Consumption per year: electricity (10,200 kWh); natural gas (60 GJ); and water (230 kL).

## ***Other savings***

If the household purchases a new house for \$750,000, conveyance duty would have been \$23,500 in 2018-19 and is \$22,200 in 2019-20.

## **Grace**

### ***Property***

For 2019-20, rent comprises 25 per cent of the full annual age pension of \$24,081 including supplements, with rent payable of \$6,020. The market rent for a one bedroom unit in the area is around \$19,240 per year in 2019-20 and was the same in 2018-19 based on data from the Real Estate Institute of Australia for the lower quartile for the outer south.

### ***Transport***

For 2019-20, transport fees comprises the adult five days a week Transport Canberra Operations fare (\$1,486). Concessions comprise Transport Canberra Operations concession fare (\$1,486).

### **Assumptions**

The Centrelink concession card provides access to Transport Canberra Operations off-peak concession fare. Transport Canberra Operations fares are calculated as off-peak single trips five days a week, reaching the monthly travelling cap of 40 trips. Once the monthly cap is reached passengers' remaining travel will be free of charge provided they continue to tag on and off with each journey.

### **Utilities**

For 2019-20, utility charges comprise: electricity (\$1,863). Concessions include the combined Utilities Concession (\$700).

### **Assumptions**

Consumption per year: electricity (5,700 kWh); and water (125 kL). Water and sewerage charges are paid by the Community Services Directorate, and are valued at \$446 and \$531 respectively.

## **Lachlan**

### **Property**

For 2019-20, property fees comprise: general rates (\$1,829) which is deferred (based on the average general rates for a townhouse in Hawker); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30).

### **Transport**

For 2019-20, transport fees comprise: Driver Licence Fee (\$40); Vehicle Registration (\$402); Road Rescue Fee (\$27.50); Road Safety contribution (\$2.50); CTP insurance (\$531); the CTP Regulator Levy (\$1); and the Lifetime Care and Support Levy (\$37).

For 2019-20, he is eligible for the rewards for Safe Driving Discount on his licence fee (\$12).

### **Utilities**

For 2019-20, utility charges comprise: electricity (\$1,863); water (\$446); and sewerage (\$531). Lachlan receives the life support rebate which provides an annual rebate amount of \$127.96 in 2019-20 on his electricity bills.

### **Assumptions**

Consumption per year: electricity (5,700 kWh); and water (125 kL).



## **CHAPTER 3**

### **NEW INITIATIVES**

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## 3.1 OVERVIEW

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The ACT Government is getting on with the job delivering the major new infrastructure projects and services that will protect and strengthen Canberra's liveability – today and in the years to come.

We have been progressively delivering the commitments we made at the last election, including getting Stage 1 of light rail up and running, delivering Chromebook laptops to all public secondary school students and rolling out green bins to every Canberra suburb.

The 2019-20 Budget continues to deliver on our commitments by getting work underway on the new SPIRE Centre at The Canberra Hospital and the expansion of the Centenary Hospital for Women and Children, investing in early works for Stage 2 of light rail to Woden, and upgrading roads and intersections across Canberra to improve safety and cut travel times.

At the same time, we are delivering a significant expansion of infrastructure and services in health care, schools, transport and community services. Canberra needs this investment now to ensure we can keep delivering great local services in the years to come and future-proof our infrastructure.

Following the outcome of the recent federal election, we will proactively engage with the re-elected Coalition Government on how they can partner with us to deliver these important initiatives. But we cannot afford to wait and see. That is why, through the 2019-20 Budget, we are getting on with the job of delivering a \$469.5 million investment in services and a \$787.2 million pipeline of capital projects over the next four years.

A summary of the 2019-20 Budget initiatives is set out in Table 3.1.1 below.

**Table 3.1.1: Overview of initiatives**

	2019-20	2020-21	2021-22	2022-23	Total
Summary of initiatives	Estimate	Estimate	Estimate	Estimate	
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense initiatives	111,696	130,361	133,429	131,944	507,430
Health funding envelope offset	34,988	52,727	69,248	70,912	227,875
<b>Net expense initiatives</b>	<b>76,708</b>	<b>77,134</b>	<b>64,181</b>	<b>61,032</b>	<b>279,362</b>
Expenses related to infrastructure and capital initiatives	27,108	41,531	51,972	49,846	170,457
Expenses related to revenue initiatives	4,800	4,920	5,140	5,260	20,120
<b>Total expense initiatives</b>	<b>108,923</b>	<b>123,585</b>	<b>121,293</b>	<b>116,138</b>	<b>469,939</b>
Infrastructure and capital initiatives	182,382	302,291	180,918	100,271	765,862
Capital related to expense initiatives	8,945	9,549	1,634	1,254	21,382
<b>Total infrastructure and capital initiatives</b>	<b>191,327</b>	<b>311,840</b>	<b>182,552</b>	<b>101,525</b>	<b>787,244</b>
Revenue initiatives	3,320	4,438	4,456	4,674	16,888
Revenue related to expense initiatives	9,956	16,008	17,936	16,676	60,576
Revenue related to infrastructure and capital initiatives	415	635	651	667	2,368
<b>Total revenue initiatives</b>	<b>13,691</b>	<b>21,081</b>	<b>23,043</b>	<b>22,017</b>	<b>79,832</b>
Depreciation associated with new initiatives	6,443	7,779	22,993	34,455	71,670

## 3.2 EXPENSE INITIATIVES

The Government is investing in new expense initiatives totalling \$108.4 million in 2019-20 and \$469.9 million across the budget and forward estimates. This is net of the \$227.9 million health funding envelope.

**Table 3.2.1: Summary of expense initiatives**

Summary of initiatives	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	Total \$'000
<b>Expense initiatives</b>	<b>111,503</b>	<b>130,361</b>	<b>133,429</b>	<b>131,944</b>	<b>507,237</b>
Health Funding Envelope offset	34,988	52,727	69,248	70,912	227,875
<b>Net Budget Impact – Initiatives</b>	<b>77,015</b>	<b>77,134</b>	<b>64,181</b>	<b>61,032</b>	<b>279,362</b>
Expense component of infrastructure and capital	27,108	41,531	51,972	49,846	170,457
Expense component of revenue	4,800	4,920	5,140	5,260	20,120
<b>Total expense initiatives</b>	<b>108,423</b>	<b>124,085</b>	<b>121,293</b>	<b>116,138</b>	<b>469,939</b>
<i>Associated revenue</i>	9,956	16,008	17,936	16,676	60,576
<i>Associated capital</i>	8,945	9,549	1,634	1,254	21,382
<i>Depreciation</i>	181	463	2,362	2,376	5,382

**Table 3.2.2: Expense initiatives**

Expense initiatives	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	Total \$'000
<b>ACT Compulsory Third-Party Insurance Regulator</b>					
A new Motor Accident Injuries Scheme to better protect Canberrans on our roads <sup>1</sup>	2,047	5,050	5,172	5,307	17,576
<b>Total</b>	<b>2,047</b>	<b>5,050</b>	<b>5,172</b>	<b>5,307</b>	<b>17,576</b>
<b>Canberra Institute of Technology</b>					
Better ICT services for CIT students and staff <sup>2</sup>	57	59	0	0	116
<b>Total</b>	<b>57</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>116</b>
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
ACT Land Titles system modernisation <sup>1,2</sup>	337	169	173	178	857
Better online services through Access Canberra <sup>2</sup>	200	195	50	50	495
Continuing CBRfree public Wi-Fi services <sup>3</sup>	0	0	0	0	0
Delivering the 2020 Australian Tourism Awards	290	0	0	0	290
Delivering the Home of Football at Throsby <sup>2</sup>	0	0	97	401	498
Delivering the ICC Twenty20 Cricket World Cup in 2020	1,765	0	0	0	1,765
Growing future skills with more apprenticeship and vocational training places	500	500	500	0	1,500
Improving frontline services through the Safer Families Levy	0	-300	-308	-316	-924
Improving processing for Working with Vulnerable People checks <sup>1</sup>	2,032	2,126	2,172	0	6,330
Investing in the CBR Innovation Network to boost business innovation	1,100	1,100	1,250	1,250	4,700
Leading the next phase of action towards a zero emissions future - ACT Climate Change Strategy 2019-2025 and Living Infrastructure Plan <sup>4</sup>	-445	-457	-468	-480	-1,850
Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme	1,200	1,230	1,261	1,292	4,983
Making controlled sports safer <sup>1</sup>	160	9	9	6	184
Matching apprentices and trainees to the right job	94	97	100	0	291
Moving delivery of more community services online <sup>2</sup>	1,697	1,850	2,053	1,945	7,545
Oracle Whole of Government licensing <sup>2</sup>	1,110	1,442	940	0	3,492
Replacing the Human Resource Information Management System <sup>2</sup>	4,308	11,317	4,856	1,903	22,384
Strengthening fairness in tax collection <sup>1</sup>	4,000	4,100	4,300	4,400	16,800
Strengthening security at GIO Stadium <sup>2</sup>	50	0	6	11	67
Strengthening the contribution clubs make to our community <sup>1,4</sup>	800	820	840	860	3,320
Strengthening transparent government	287	295	0	0	582
Stronger compliance to improve building quality <sup>1</sup>	2,152	2,206	2,261	2,327	8,946
Supporting business and innovation to keep growing our economy	2,840	2,932	3,025	3,119	11,916
Supporting local community groups to improve social inclusion and equality	150	150	150	0	450
Supporting more permanent ACT government jobs	471	0	0	0	471

<b>Expense initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
Supporting smarter working in the new ACT Government office projects <sup>2,4</sup>	5,842	5,629	1,831	1,847	15,149
Supporting the Australian Olympic and Paralympic Teams - Tokyo 2020	100	200	0	0	300
Training ACT Government frontline workers to respond to family violence <sup>6</sup>	0	0	0	0	0
<b>Total</b>	<b>31,040</b>	<b>35,610</b>	<b>25,098</b>	<b>18,793</b>	<b>110,541</b>
<b>City Renewal Authority</b>					
Renewing Canberra's city heart <sup>2</sup>	1,250	1,250	1,250	1,250	5,000
<b>Total</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>1,250</b>	<b>5,000</b>
<b>Community Services Directorate</b>					
Child and Youth Record Information System completion <sup>2</sup>	130	154	154	154	592
Continuing to reduce and eliminate restrictive practices <sup>2</sup>	74	152	156	158	540
Delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence <sup>6</sup>	0	0	0	0	0
Extending the Family Safety Hub legal services pilot <sup>6</sup>	0	0	0	0	0
Extending the Room4Change program to help prevent family violence <sup>6</sup>	0	0	0	0	0
Growing the inclusion of Canberra's seniors	81	81	0	0	162
Improving frontline services through the Safer Families Levy <sup>6</sup>	1,255	2,387	2,449	2,514	8,605
Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme <sup>4</sup>	7,923	4,156	6,847	9,707	28,633
Reducing the risk of deaths from family violence <sup>6</sup>	0	0	0	0	0
Strengthening security and CCTV facilities at Bimberi Youth Justice Centre <sup>2</sup>	0	50	50	50	150
Strengthening services for Aboriginal and Torres Strait Islander children and young people	420	431	443	450	1,744
Supporting smarter working in the new ACT Government office projects <sup>2,4</sup>	426	439	0	0	865
Supporting sustainable Out of Home Care placements	9,822	10,008	9,688	10,239	39,757
Training ACT Government frontline workers to respond to family violence <sup>6</sup>	0	0	0	0	0
<b>Total</b>	<b>20,131</b>	<b>17,858</b>	<b>19,787</b>	<b>23,272</b>	<b>81,048</b>
<b>Education Directorate</b>					
ACT Early Childhood Strategy	916	785	0	0	1,701
Delivering a new high school at Kenny <sup>2</sup>	500	0	0	0	500
Delivering a new primary school at Throsby <sup>2</sup>	0	0	1,522	1,669	3,191
Delivering an accelerated path for gifted and talented students to the University of Canberra	0	182	260	325	767
Delivering secure local jobs for school cleaners <sup>2</sup>	1,179	793	806	820	3,598
Ensuring teachers and school staff are safe at work	1,034	798	0	0	1,832
Expanding Franklin Early Childhood School <sup>2</sup>	0	393	762	869	2,024
More places for students at Gold Creek School's senior campus <sup>2</sup>	0	0	0	64	64
More places for students at northside schools <sup>2</sup>	0	0	44	129	173
More support to meet individual student needs	9,938	10,236	10,543	10,859	41,576

<b>Expense initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
Planning for a new college on Canberra's northside	600	200	0	0	800
Planning for Canberra's future school needs <sup>2</sup>	750	750	0	0	1,500
Reforms arising from the Future of Education Strategy	989	814	1,178	1,212	4,193
Strengthening mental health care in ACT public schools	720	740	762	785	3,007
Supporting smarter working in the new ACT Government office projects <sup>2,4</sup>	633	0	0	0	633
Training ACT Government frontline workers to respond to family violence <sup>6</sup>	0	0	0	0	0
<b>Total</b>	<b>17,259</b>	<b>15,691</b>	<b>15,877</b>	<b>16,732</b>	<b>65,559</b>
<b>Environment, Planning and Sustainable Development Directorate</b>					
Due diligence to deliver a strong housing pipeline	1,585	500	0	0	2,085
Faster processing for development applications <sup>1</sup>	1,033	898	922	936	3,789
Faster processing for heritage applications <sup>1</sup>	121	125	128	130	504
Feasibility and infrastructure planning for future Molonglo land releases	835	434	0	0	1,269
Ginninderry Environmental Management Trust	465	479	492	507	1,943
Implementing the City Plan	250	0	0	0	250
Leading the next phase of action towards a zero emissions future - ACT Climate Change Strategy 2019-2025 and Living Infrastructure Plan <sup>4</sup>	2,474	3,258	3,186	3,114	12,032
Managing the Sullivans Creek floodplain <sup>3</sup>	0	0	0	0	0
Planning framework supporting delivery of Stage 2 of Light Rail to Woden	200	150	0	0	350
Protecting grasslands and conservation areas <sup>2</sup>	78	0	0	0	78
Remediating the former Molonglo sewerage treatment facility <sup>2</sup>	408	3,732	2,633	392	7,165
Scoping for East Lake urban renewal	441	167	0	0	608
Supporting smarter working in the new ACT Government office projects <sup>2,4</sup>	934	751	767	150	2,602
Training ACT Government frontline workers to respond to family violence <sup>6</sup>	0	0	0	0	0
<b>Total</b>	<b>8,824</b>	<b>10,494</b>	<b>8,128</b>	<b>5,229</b>	<b>32,675</b>
<b>Health Portfolio</b>					
7-day-a-week Mental Health Consultation Liaison service	800	1,234	1,266	1,292	4,592
ACT Health Core IT Systems to align with the Digital Health Strategy	2,860	4,625	7,975	4,487	19,947
Alternative justice pathways for people with mental illness	731	749	768	787	3,035
Boosting police for a growing city <sup>4</sup>	82	277	285	0	644
Co-design and planning: Aboriginal and Torres Strait Islander Alcohol and Drug Residential Rehabilitation Facility	300	0	0	0	300
Delivering better care for Canberrans with complex needs through general practice	500	1,000	1,000	0	2,500
Delivering better mental health care for people in crisis <sup>4</sup>	147	0	0	0	147
Delivering the ACT Drug Strategy Action Plan	500	308	315	323	1,446
Delivering the ACT Strategic Priorities for Aboriginal and Torres Strait Islander Health 2019-2028	180	310	310	315	1,115
Delivering the Inner North Walk in Centre <sup>2</sup>	0	2,648	2,687	2,744	8,079

<b>Expense initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
Delivering the SPIRE Centre at Canberra Hospital <sup>2</sup>	0	200	400	500	1,100
Delivering the Weston Creek Walk in Centre	1,946	2,705	2,887	2,933	10,471
Expanding Clare Holland House to strengthen palliative care <sup>2</sup>	0	0	60	120	180
Expanding early intervention and diversion programs for people experiencing alcohol and drug dependence	949	644	660	677	2,930
Expanding frontline services at The Canberra Hospital	11,448	11,614	11,934	12,106	47,102
Expanding health services at the Alexander Maconochie Centre	259	266	273	277	1,075
Expanding palliative care for older Canberrans	408	363	373	519	1,663
Expanding pharmacy services at The Canberra Hospital <sup>2</sup>	302	545	749	813	2,409
Expanding public dermatology services	175	180	185	188	728
Expanding public Fracture Clinic services	556	1,139	1,167	1,197	4,059
Expanding public healthcare services for eating disorders	179	442	683	913	2,217
Expanding public inpatient mental health care	1,680	1,722	1,765	1,809	6,976
Expanding public ophthalmology services	250	0	0	0	250
Expanding the Centenary Hospital for Women and Children <sup>2</sup>	3,000	3,990	14,990	20,510	42,490
Expanding the emergency department at Calvary Public Hospital	3,021	6,143	6,352	6,475	21,991
Implementing the Independent Review into the Workplace Culture within ACT Public Health Services	2,500	4,000	4,000	0	10,500
Implementing the Nurses and Midwives: Towards a Safer Culture – The First Step strategy	560	588	144	0	1,292
Implementing the recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse	321	377	285	289	1,272
Improving access to maternity services across Canberra	513	515	529	537	2,094
Improving frontline services through the Safer Families Levy <sup>6</sup>	-500	-513	-526	-539	-2,078
Investing in medical and health research	1,000	1,000	1,000	0	3,000
Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme <sup>1, 4</sup>	2,854	2,925	2,998	3,073	11,850
More mental health services at The Canberra Hospital <sup>2</sup>	0	488	999	1,078	2,565
More public medical imaging services for Canberra Hospital <sup>2</sup>	100	677	1,217	1,458	3,452
More specialised women's health care	114	214	220	223	771
More support for families travelling for healthcare	250	512	525	538	1,825
More surgical theatres at Calvary Public Hospital	2,179	3,316	3,461	3,625	12,581
More urology services at Calvary Public Hospital	2,932	962	991	1,021	5,906
Opioid treatment services on Canberra's northside <sup>2</sup>	0	750	770	790	2,310
Protecting teens with meningococcal ACWY vaccinations	320	327	337	342	1,326
Strengthening capacity for mental health carers	226	231	0	0	457
Strengthening care for childhood and gestational diabetes	567	765	784	796	2,912
Strengthening care for chronic disease	240	462	474	481	1,657
Strengthening care for older Canberrans	470	482	494	506	1,952
Supporting better healthcare for lesbian, gay, bisexual, transgender, intersex and queer Canberrans	87	0	0	0	87



<b>Expense initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
Training ACT Government frontline workers to respond to family violence <sup>6</sup>	0	0	0	0	0
<b>Total</b>	<b>45,006</b>	<b>59,182</b>	<b>75,786</b>	<b>73,203</b>	<b>253,177</b>
<b>Housing ACT</b>					
Providing alternatives to jail through the Justice Housing Program <sup>2</sup>	209	347	353	0	909
Reducing homelessness by delivering another Common Ground <sup>2</sup>	70	567	1,281	1,123	3,041
<b>Total</b>	<b>279</b>	<b>914</b>	<b>1,634</b>	<b>1,123</b>	<b>3,950</b>
<b>Justice and Community Safety Directorate</b>					
Better supporting vulnerable witnesses <sup>2</sup>	929	1,337	1,543	1,967	5,776
Boosting police for a growing city <sup>4</sup>	2,311	7,761	9,377	14,855	34,304
Building communities not prisons	1,089	1,478	1,489	1,024	5,080
Creating a Reintegration Centre to support pathways out of the justice system <sup>2</sup>	0	0	6,000	6,000	12,000
Delivering a safe and secure Alexander Maconochie Centre	1,087	1,114	1,142	1,171	4,514
Delivering better facilities for ACT Policing <sup>2</sup>	34	55	55	27	171
Delivering better mental health care for people in crisis <sup>4</sup>	176	0	0	0	176
Delivering the Motor Accident Injuries Scheme	496	865	1,472	1,493	4,326
Establishing a Therapeutic Care Court within the ACT Children's Court	0	612	636	649	1,897
Improving frontline services through the Safer Families Levy <sup>6</sup>	-562	-1,574	-1,615	-1,659	-5,410
Providing alternatives to jail through the Justice Housing Program	708	2,049	2,242	0	4,999
Recruiting more firefighters for ACT Fire & Rescue	678	0	0	0	678
Strengthening bushfire preparedness and ACT Rural Fire Service partnerships	526	948	610	566	2,650
Strengthening oversight for health workers	190	194	148	150	682
Strengthening rehabilitation programs at the Alexander Maconochie Centre	330	1,881	2,094	2,136	6,441
Strengthening the ACT Ombudsman for more transparent government	399	422	63	65	949
Strengthening the Office of the Director of Public Prosecutions	670	688	707	716	2,781
Supporting ACT Ambulance Service to meet the needs of a growing city	65	0	0	0	65
Supporting community legal centres	265	0	0	0	265
Supporting smarter working in the new ACT Government office projects <sup>4</sup>	703	0	0	0	703
Training ACT Government frontline workers to respond to family violence <sup>6</sup>	0	0	0	0	0
Upgrading essential services at the Alexander Maconochie Centre <sup>2</sup>	186	334	190	0	710
<b>Total</b>	<b>10,280</b>	<b>18,164</b>	<b>26,153</b>	<b>29,160</b>	<b>83,757</b>
<b>Legal Aid Commission</b>					
Establishing a Therapeutic Care Court within the ACT Children's Court <sup>3</sup>	0	0	0	0	0

Expense initiatives	2019-20	2020-21	2021-22	2022-23	Total
	Estimate \$'000	Estimate \$'000	Estimate \$'000	Estimate \$'000	\$'000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transport Canberra and City Services Directorate</b>					
Better Suburbs: Planting more trees and delivering more bins at local shops <sup>2</sup>	338	2,029	3,151	3,703	9,221
Commencing Light Rail Stage 1 operations and delivering a light rail stop at Mitchell <sup>2,5</sup>	667	685	702	760	2,814
Delivering a smart technology ticketing system for Canberra's integrated public transport system	450	0	0	0	450
Delivering job security for city services workers <sup>3</sup>	0	0	0	0	0
Delivering safer intersections <sup>2</sup>	0	100	241	328	669
Delivering Stage 2 of Light Rail to Woden <sup>2</sup>	0	2,401	0	0	2,401
Growing investment in services for our suburbs <sup>2</sup>	1,273	1,273	1,273	1,273	5,092
Improving compliance for better animal management, healthier trees and a cleaner city	482	0	0	0	482
Improving stormwater networks <sup>2</sup>	80	80	160	160	480
Maintaining healthy waterways	494	1,664	1,261	1,261	4,680
Making our roads safer while keeping Canberra moving <sup>2</sup>	0	500	1,000	800	2,300
Managing waste better <sup>1,2</sup>	1,671	2,681	2,658	3,435	10,445
More active travel infrastructure for our schools and suburbs <sup>2</sup>	125	128	152	176	581
More carparks for Palmerston Shops and Cooleman Court <sup>2</sup>	0	0	4	8	12
Strengthening infrastructure planning capability	1,210	1,210	1,210	1,210	4,840
Supporting more Canberrans to Park and Ride <sup>2</sup>	0	0	0	25	25
Supporting smarter working in the new ACT Government office projects <sup>2,4</sup>	579	0	0	0	579
Supporting social inclusion through the Flexible Bus Service <sup>3</sup>	0	0	0	0	0
Training ACT Government frontline workers to respond to family violence <sup>4,6</sup>	0	0	0	0	0
<b>Total</b>	<b>7,369</b>	<b>12,751</b>	<b>11,812</b>	<b>13,139</b>	<b>45,071</b>
<b>TOTAL EXPENSE INITIATIVES</b>	<b>143,542</b>	<b>177,023</b>	<b>190,697</b>	<b>187,208</b>	<b>698,470</b>
<i>Associated Revenue</i>	<i>9,956</i>	<i>16,008</i>	<i>17,936</i>	<i>16,676</i>	<i>60,576</i>
<i>Associated Capital</i>	<i>8,945</i>	<i>9,549</i>	<i>1,634</i>	<i>1,254</i>	<i>21,382</i>
<i>Depreciation</i>	<i>181</i>	<i>463</i>	<i>2,362</i>	<i>2,376</i>	<i>5,382</i>
<i>Health Funding Envelope Offset</i>	<i>34,988</i>	<i>52,727</i>	<i>69,248</i>	<i>70,912</i>	<i>227,875</i>

**Notes:**

1. This initiative has a revenue component; this is listed in the summary table in Revenue initiatives (Chapter 3.4).
2. This initiative has a capital component; this component (and depreciation if applicable) is listed in the summary table in Infrastructure and capital initiatives (Chapter 3.3).
3. The funding of this initiative is to be absorbed by the agency.
4. This is a joint initiative, i.e. delivered by more than one agency.
5. NFP indicates not for publication. A provision has been included in the budget in the years indicated.
6. This initiative forms part of the Safer Families package.

## ACT COMPULSORY THIRD-PARTY INSURANCE REGULATOR

### A new Motor Accident Injuries Scheme to better protect Canberrans on our roads

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,047	5,050	5,172	5,307	<b>17,576</b>
Associated Revenue	2,047	5,040	5,172	5,307	<b>17,576</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will establish the Motor Accident Injuries Commission to regulate the new Motor Accident Injuries Scheme. The Commission will have increased roles and functions compared to the Compulsory Third-party Insurance Regulator that it is replacing. The new Commission will have a strong compliance and monitoring function to ensure that private sector insurers are meeting their obligations under the new scheme, particularly in relation to the provision of defined benefits. The Commission will also facilitate the provision of a new information service to assist injured people understand and navigate the new scheme. The Commission will be funded by a Motor Accident Injuries Commission Levy, replacing the Compulsory Third-party Insurance Regulator Levy. The levy will be \$16 per annum per motor vehicle registration in 2019-20, once the scheme commences. Part of the funds raised from the Levy will be used to provide additional resources to the ACT Civil and Administrative Tribunal for it to hear disputes arising through the new scheme. See the Justice and Community Safety Directorate expense initiative *Delivering the Motor Accident Injuries Scheme* for further details.

## CANBERRA INSTITUTE OF TECHNOLOGY

### Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Better ICT services for CIT students and staff	57	59	0	0	116

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

### Better online services through Access Canberra

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	200	195	50	50	<b>495</b>
Depreciation	0	0	200	200	<b>400</b>
<b>Total Expenses</b>	<b>200</b>	<b>195</b>	<b>250</b>	<b>250</b>	<b>895</b>
Associated Capital	500	500	0	0	<b>1,000</b>

The Government will continue investing in digital service delivery within Access Canberra to make accessing services more seamless for Canberrans and meet growing demand to do business with government online.

### Continuing CBRfree public Wi-Fi services

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	120	120	120	120	<b>480</b>
Offset – Expenses – Provision	-120	-120	-120	-120	<b>-480</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will continue delivering free public Wi-Fi services in town centres and key public places across the Territory, ensuring all Canberrans can benefit from better digital connectivity. The cost of this initiative will be offset by funding provisioned for the Wi-Fi network in the 2018-19 Budget.

### Delivering the 2020 Australian Tourism Awards

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	350	0	0	0	<b>350</b>
Offset – Expenses	-60	0	0	0	<b>-60</b>
<b>Net Expenses</b>	<b>290</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>290</b>

The Government will showcase Canberra and continue boosting our tourism sector by hosting the Australian Tourism Awards in Canberra in early 2020. The cost of this initiative will be partially offset by reprioritising existing resources within VisitCanberra.

## Delivering the ICC Twenty20 Cricket World Cup in 2020

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,765	0	0	0	1,765

Canberra will host five women's group matches at Manuka Oval as part of the International Cricket Council's Women's Twenty20 World Cup in February 2020. The Government's support for these matches is part of our agenda to actively support top-level women's sport and grow more good jobs by attracting major events and tourism.

## Growing future skills with more apprenticeship and vocational training places

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	500	500	500	0	1,500

The Government will establish a *Future Skills for Future Jobs* grants program to support industry projects that help increase Australian Apprenticeship commencements in the ACT. This initiative will attract matched contributions from the Commonwealth Government through the *National Partnership on the Skilling Australians Fund*.

## Improving frontline services through the Safer Families Levy

See the Community Services Directorate expense initiative *Improving frontline services through the Safer Families Levy* for further details.

## Improving processing for Working with Vulnerable People checks

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,032	2,126	2,172	0	6,330
Associated Revenue	871	1,169	1,370	0	3,410

The Government will provide more resources for the Working with Vulnerable People Scheme to speed up application processing times while ensuring the scheme continues to reduce the risk of harm to vulnerable people in the Territory. This initiative is partially offset by increased registration fees for people seeking a Working with Vulnerable People Card in the context of professional employment.

## Investing in the CBR Innovation Network to boost business innovation

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,250	1,250	1,250	1,250	<b>5,000</b>
Offset – Expenses	-150	-150	0	0	<b>-300</b>
<b>Net Expenses</b>	<b>1,100</b>	<b>1,100</b>	<b>1,250</b>	<b>1,250</b>	<b>4,700</b>

The Government will continue to invest in Canberra’s knowledge ecosystem through the CBR Innovation Network. CBRIN connects Canberra’s education and research institutions with business communities to help grow more local start-ups, supporting the creation of local jobs and high value economic activity.

## Leading the next phase of action towards a zero emissions future - ACT Climate Change Strategy 2019-2025 and Living Infrastructure Plan

See the Environment, Planning and Sustainable Development Directorate expense initiative *Leading the next phase of action toward a zero emissions future – ACT Climate Change Strategy 2019-2025 and Living Infrastructure Plan* for further details.

## Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme

See the Community Services Directorate expense initiative *Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme* for further details.

## Making controlled sports safer

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	318	171	175	176	<b>840</b>
Offset – Expenses	-158	-162	-166	-170	<b>-656</b>
<b>Net Expenses</b>	<b>160</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>184</b>
Associated Revenue	183	28	28	183	<b>422</b>

The Government will establish a registration system and inspectorate function to implement legislative requirements under the *Controlled Sports Act 2019*. This initiative will be offset by existing funding for combat sports reform and revenue generated from registration of events.

## Matching apprentices and trainees to the right job

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	94	97	100	0	291

The Government will support increased Australia Apprenticeship commencements by establishing a new Workforce Skills and Development Unit which can help match training workers to suitable employment placements. This initiative will attract matched contributions from the Commonwealth Government through the *National Partnership on the Skilling Australians Fund*.

## Strengthening transparent government

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	287	295	0	0	582

The Government will boost the capacity of the Public Sector Standards Commissioner to respond to complaints in a comprehensive and timely way. This will complement the establishment of the ACT Integrity Commission, to ensure that all public officials and public servants in the ACT conduct themselves with the high standards of probity and professionalism Canberrans expect.

## Stronger compliance to improve building quality

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,152	2,206	2,261	2,327	8,946
Associated Revenue	2,152	2,206	2,261	2,327	8,946

The Government will continue improving building quality in the ACT by boosting resources for the Territory's building regulator to undertake more monitoring and compliance activity. This initiative will be funded by industry through a modest increase of \$350 to the Building Licence fee and a 0.1 per cent increase to the Building Levy fee.

## Supporting business and innovation to keep growing our economy

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,840	2,932	3,025	3,119	11,916

The Government will continue driving the diversification of Canberra's economy through international engagement, investment attraction and facilitation, growing exports in products and services, developing key industries and strengthening the local innovation ecosystem.



## Supporting local community groups to improve social inclusion and equality

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	150	150	150	0	450

The Government will support community-led initiatives that improve social inclusion and equality in the ACT. Direct funding grants will be provided to KultureBreak, Northside Veterans Support Centre and the National Eisteddfod to support their activities which strengthen social inclusion but currently do not fit portfolio-specific criteria for existing ACT Government grant schemes and programs.

## Supporting more permanent ACT government jobs

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	471	0	0	0	471

The Government will lead by example in improving job security for ACT government employees by reviewing the use of casual and temporary employment across directorates. This review will aim to identify roles or work types currently being done by temporary staff which can be transitioned to secure, permanent roles over time.

## Supporting the Australian Olympic and Paralympic Teams – Tokyo 2020

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	100	200	0	0	300

The Government will contribute to the Australian Olympic Committee and Paralympics Australia 2020 Tokyo Team Appeals, as well as providing training grants for eligible ACT athletes. This recognises Canberra's unique status as the home of elite sport through the Australian Institute of Sport at Bruce.

## Training ACT Government frontline workers to respond to family violence

See the Community Services Directorate expense initiative *Training ACT Government frontline workers to respond to family violence* for further details.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
ACT Land Titles system modernisation	337	169	173	178	<b>857</b>
Delivering the Home of Football at Throsby	0	0	97	401	<b>498</b>
Moving delivery of more community services online	1,697	1,850	2,053	1,945	<b>7,545</b>
Oracle Whole of Government licensing	1,110	1,442	940	0	<b>3,492</b>
Replacing the Human Resource Information Management System	4,308	11,317	4,856	1,903	<b>22,384</b>
Strengthening security at GIO Stadium	50	0	6	11	<b>67</b>
Supporting smarter working in the new ACT Government office projects	5,842	5,629	1,831	1,847	<b>15,149</b>

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## Expenses associated with revenue initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Strengthening fairness in tax collection	4,000	4,100	4,300	4,400	<b>16,800</b>
Strengthening the contribution clubs make to our community	800	820	840	860	<b>3,320</b>

Refer to Revenue initiatives (Chapter 3.4) for more information.

## CITY RENEWAL AUTHORITY

### Expenses associated with capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Renewing Canberra's city heart	1,250	1,250	1,250	1,250	5,000

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## COMMUNITY SERVICES DIRECTORATE

### Continuing to reduce and eliminate restrictive practices

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	74	152	156	158	540
Depreciation	33	66	66	66	231
<b>Total Expenses</b>	<b>107</b>	<b>218</b>	<b>222</b>	<b>224</b>	<b>771</b>
Associated Capital	329	0	0	0	329

The Government will continue working towards reducing and eliminating the use of restrictive practices in disability, education and Out of Home Care settings by boosting resourcing for the Office of the Senior Practitioner to implement the *Senior Practitioner Act 2018*.

The Government will also invest in the Restrictive Intervention Data System (RIDS) to facilitate better oversight of actions to reduce and eliminate restrictive practices. The system will also enable external service providers to meet their reporting obligations under the *Senior Practitioner Act 2018* on the use of restrictive practice.

### Growing the inclusion of Canberra's seniors

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	81	81	0	0	162

The Government will continue to support seniors in the ACT through improved resourcing for administration of the Seniors Card program and more Seniors Week events.

## Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Community Services Directorate – Expenses	7,923	4,156	6,847	9,707	<b>28,633</b>
ACT Health – Expense	2,854	2,925	2,998	3,073	<b>11,850</b>
ACT Health – Offset Health Funding Envelope	-1,179	-1,208	-1,239	-1,270	<b>-4,896</b>
Chief Minister, Treasury and Economic Development Directorate – Expense	1,200	1,230	1,261	1,292	<b>4,983</b>
<b>Net Expense</b>	<b>10,798</b>	<b>7,103</b>	<b>9,867</b>	<b>12,802</b>	<b>40,570</b>
ACT Health – Associated Revenue	1,675	1,717	1,759	1,803	<b>6,954</b>

The ACT Government will continue to grow our investment in support for Canberrans with disability in line with the full scheme arrangements for the National Disability Insurance Scheme from 1 July 2019. At the same time, the Government will make further investments to maintain existing disability services that are not eligible to be considered as in-kind contributions to the NDIS. This will ensure that these services remain free and accessible for Canberrans with disability who are not currently receiving an individual support package through the NDIS. These services include the:

- Children and Young People’s Equipment Loan Scheme which provides specialist paediatric equipment and assistive technology to young people with disability, their carers and health professionals.
- Child Development Service, which offers assessment, referral, information and linkages for children 0-6 years where there are concerns relating to their development.
- ACT Taxi Subsidy Scheme which supports NDIS participants and other eligible Canberrans with their transport needs by subsidising regular taxi trips.
- Integrated Service Response Program which provides coordination, connection and emergency funding for people with disability with high and complex support needs not currently being met by the NDIS.
- Rehabilitation, Aged and Community Care initiative which supports integrated and effective services for rehabilitation, aged care and community care throughout the ACT, including healthcare and support for people with acute, post-acute, and long-term illnesses.

## Children, youth and family services

### Strengthening services for Aboriginal and Torres Strait Islander children and young people

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	420	431	443	450	<b>1,744</b>

The Government will continue implementing recommendations of the *Our Booris, Our Way* Review to address the over-representation of Aboriginal and Torres Strait Islander children in out of home care. This investment will support training and workforce development to increase the cultural proficiency of staff; implementation of the National Aboriginal and Torres Strait Islander Child Placement Principles within policy, practice and training; and continuation of Family Group Conferencing.

### Supporting sustainable Out of Home Care placements

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	9,822	3,648	1,596	1,475	<b>16,541</b>
Expenses – Provision	0	6,360	8,092	8,764	<b>23,216</b>
<b>Net Expenses</b>	<b>9,822</b>	<b>10,008</b>	<b>9,688</b>	<b>10,239</b>	<b>39,757</b>

The Government will strengthen support for vulnerable children and young people, their families and carers through more sustainable funding for Out of Home Care services. The Government will also provide additional resources for the development of the next phase of reforms underpinning *A Step Up for Our Kids*, to be delivered beyond 2020. The investment also includes increased expenses of \$1.134 million in 2018-19.

## Safer families initiatives

### Improving frontline services through the Safer Families Levy

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – Community Services Directorate	1,580	2,368	2,123	2,115	<b>8,186</b>
Expenses – Provision	0	516	835	919	<b>2,270</b>
Offset – Expenses	-325	-497	-509	-520	<b>-1,851</b>
Offset – Expenses – Chief Minister, Treasury and Economic Development Directorate	0	-300	-308	-316	<b>-924</b>
Offset – Expenses – ACT Health	-500	-513	-526	-539	<b>-2,078</b>
Offset – Expenses – Justice and Community Safety Directorate	-562	-1,574	-1,615	-1,659	<b>-5,410</b>
<b>Net Expenses</b>	<b>193</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>193</b>

As the Government completes the first four years of initiatives funded under the Safer Families Levy, new allocations will be made under the levy to improve domestic and family violence capacity and capability across government, transform front-line service delivery, strengthen early intervention and drive cultural change. Our new approach will provide start-up funding for directorates and agencies to test and demonstrate the practical potential of new concepts, with successful initiatives then transitioning into regular funding streams. New initiatives to be funded under this pilot approach will focus on:

- delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence
- reducing the risk of deaths from family violence
- supporting pregnant women at risk of domestic and family violence
- extending the Room4Change program to help prevent family violence
- training ACT Government frontline workers to respond to family violence.

Details of these new initiatives are provided on the following pages.

## Delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	100	208	46	0	<b>354</b>
Offset – Expenses	-100	-208	-46	0	<b>-354</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will develop family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence and deliver further actions responding to the *We Don't Shoot Our Wounded* and *Aboriginal and Torres Strait Islander Community Forum: Domestic and Family Violence* reports. This initiative will be funded by the Safer Families Levy.

## Extending the Family Safety Hub legal services pilot

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	300	0	0	0	<b>300</b>
Offset – Expenses	-107	0	0	0	<b>-107</b>
<b>Net Expenses</b>	<b>193</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>193</b>

The Government will extend the Family Safety Hub legal services pilot into 2019-20 to support the full evaluation of the service and build system capability. The pilot commenced in November 2018, with a focus on providing free legal advice to pregnant women and new parents experiencing, or at risk of, domestic or family violence. The service is currently provided at Calvary Hospital, Gungahlin Child and Family Centre and the Centenary Hospital for Women and Children in partnership with Legal Aid and the Women's Legal Centre. This initiative will be funded by the Safer Families Levy and funding that has been re-allocated from the 2018-19 Budget.

## Extending the Room4Change program to help prevent family violence

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	456	1,224	1,262	1,301	<b>4,243</b>
Offset – Expenses	-456	-1,224	-1,262	-1,301	<b>-4,243</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will continue to support Room4Change, which is a therapeutic residential men's behaviour change program focussed on preventing domestic and family violence. Funding will also be provided to undertake an evaluation of the program and its effectiveness. This initiative will be funded by the Safer Families Levy.



## Reducing the risk of deaths from family violence

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	87	236	243	247	<b>813</b>
Offset – Expenses	-87	-236	-243	-247	<b>-813</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will deliver an ACT Family Violence Death Review model that aims to prevent the likelihood of similar deaths occurring in the future. A Family Violence Death Review will take a system-wide perspective and make recommendations to help prevent future deaths by improving policy, systems and services, data collection, legislation and public awareness. This initiative will be funded by the Safer Families Levy.

## Training ACT Government frontline workers to respond to family violence

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Community Services Directorate – Expenses	196	186	168	159	<b>709</b>
Chief Minister, Treasury and Economic Development Directorate – Expenses	96	5	0	0	<b>101</b>
Education Directorate – Expenses	6	140	67	68	<b>281</b>
Environment, Planning and Sustainable Development Directorate – Expenses	5	0	1	0	<b>6</b>
Health Directorate – Expenses	216	297	296	300	<b>1,109</b>
Justice and Community Safety Directorate – Expenses	58	58	26	26	<b>168</b>
Transport Canberra and City Services Directorate – Expenses	60	14	14	14	<b>102</b>
Offset – Expense	637	700	572	567	<b>2,476</b>
<b>Total Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will continue to support the delivery of the Domestic and Family Violence Frontline Worker Training Strategy across the ACT Public Service. The training is helping to develop a skilled and educated workforce which is equipped to recognise and respond to domestic and family violence when our staff are providing frontline services to the Canberra community. This initiative will be funded by the Safer Families Levy.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Child and Youth Record Information System completion	130	154	154	154	<b>592</b>
Strengthening security and CCTV facilities at Bimberi Youth Justice Centre	0	50	50	50	<b>150</b>
Supporting smarter working in the new ACT Government office projects	426	439	0	0	<b>865</b>

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## EDUCATION DIRECTORATE

### ACT Early Childhood Strategy

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,166	3,360	2,652	2,732	<b>10,910</b>
Offset	-1,250	-2,575	-2,652	-2,732	<b>-9,209</b>
<b>Net Expenses</b>	<b>916</b>	<b>785</b>	<b>0</b>	<b>0</b>	<b>1,701</b>

The Government will deliver the first phase of our Early Childhood Strategy, the first ACT strategy targeting early childhood education and care.

### Delivering an accelerated path for gifted and talented students to the University of Canberra

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	0	182	260	325	<b>767</b>

In partnership with the University of Canberra, the Government will provide accelerated pathways for gifted and talented students in the disciplines of behavioural science, design, psychology, commerce and exercise science. This initiative will add to the range of extension courses on offer through the ACT Government's existing partnership with the Australian National University.

### Delivering secure local jobs for school cleaners

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,179	793	806	820	<b>3,598</b>
Depreciation	181	362	362	362	<b>1,267</b>
<b>Total Expenses</b>	<b>1,360</b>	<b>1,155</b>	<b>1,168</b>	<b>1,182</b>	<b>4,865</b>
Associated Capital	1,610	0	0	0	<b>1,610</b>

The Government will transition externally contracted school cleaning services to a Territory-run service by establishing a cleaning workforce within the Education Directorate. This will deliver better job security and working conditions for school cleaners, helping deliver on the Government's commitment to provide secure local jobs.

## Ensuring teachers and school staff are safe at work

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,034	798	0	0	<b>1,832</b>

The Government is committed to improving work health and safety and addressing occupational violence. In July 2017, the Education Directorate released its Occupational Violence Policy and Management Plan, developed in close consultation with the Australian Education Union. This additional funding will strengthen implementation of the Plan by providing further training to support staff, building on other initiatives and investment in this important area.

## More support to meet individual student needs

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	9,938	10,236	10,543	10,859	<b>41,576</b>

The Government will support the educational needs of all students through funding the equivalent of 92 full-time learning professionals and support staff. This funding will support Canberra's growing school population (P-12) including support and reasonable adjustments for students with additional needs such as students with a disability and other needs based supports.

## Planning for a new college on Canberra's northside

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	600	200	0	0	<b>800</b>

The Government will undertake a feasibility and design study for a further college facility in North Canberra. This will cater for continuing growth in college enrolments and respond to the changing demographics of Gungahlin and the Inner North.

## Reforms arising from the Future of Education Strategy

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	989	814	1,178	1,212	<b>4,193</b>

The Government will progress implementation of the Future of Education Strategy by providing more support for students with complex needs and challenging behaviours.

## Strengthening mental health care in ACT public schools

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	720	740	762	785	<b>3,007</b>

The Government will permanently fund four full-time school psychologists and one administrative support worker to promote student wellbeing and better mental health among young Canberrans.

## Training ACT Government frontline workers to respond to family violence

See the Community Services Directorate expense initiative *Training ACT Government frontline workers to respond to family violence* for further details.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Delivering a new high school at Kenny	500	0	0	0	<b>500</b>
Delivering a new primary school at Throsby	0	0	1,522	1,669	<b>3,191</b>
Expanding Franklin Early Childhood School	0	393	762	869	<b>2,024</b>
More places for students at Gold Creek School's senior campus	0	0	0	64	<b>64</b>
More places for students at northside schools	0	0	44	129	<b>173</b>
Planning for Canberra's future school needs	750	750	0	0	<b>1,500</b>
Supporting smarter working in the new ACT Government office projects	633	0	0	0	<b>633</b>

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## ENVIRONMENT, PLANNING AND SUSTAINABLE DEVELOPMENT DIRECTORATE

### Due diligence to deliver a strong housing pipeline

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,585	500	0	0	<b>2,085</b>

The Government will continue to undertake planning and due diligence to support the delivery of housing through new suburban estates and urban renewal as part of the Territory's land release program.

### Faster processing for development applications

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,033	898	922	936	<b>3,789</b>
Associated Revenue	923	960	998	1,038	<b>3,919</b>

The Government will deliver more frontline staff to process development applications, to help meet growing demand. The costs of this initiative will be funded by the development industry through an increase in development applications fees.

### Faster processing for heritage applications

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	121	125	128	130	<b>504</b>
Associated Revenue	138	138	138	138	<b>552</b>

The Government will provide additional resourcing to meet the growing demand for advice on heritage applications. Protecting Canberra's heritage is an important part of maintaining our city's unique character as we continue to grow and more development takes place on infill sites. The cost of this initiative will be met through additional revenue from heritage application fees.

### Feasibility and infrastructure planning for future Molonglo land releases

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	835	434	0	0	<b>1,269</b>

The Government will complete feasibility and early planning for road, stormwater, sewer and water infrastructure to support future land releases in the Molonglo region.

## Ginninderry Environmental Management Trust

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	465	479	492	507	<b>1,943</b>

As a member of the Ginninderry Joint Venture, the Government will contribute to the Ginninderry Conservation Trust to maintain a conservation corridor along the Murrumbidgee River and Ginninderra Creek. The Government's contributions will be reviewed every five years.

## Implementing the City Plan

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	250	0	0	0	<b>250</b>

The Government will update the urban design framework and guidelines to progress implementation of the *City Plan (2014)*. The *City Plan* is a strategic review of Canberra's city centre, which outlines a range of activities to improve the liveability and useability of this area as Canberra continues to grow.

## Leading the next phase of action towards a zero emissions future - ACT Climate Change Strategy 2019-2025 and Living Infrastructure Plan

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense	2,474	3,258	3,186	3,114	<b>12,032</b>
Offset – Chief Minister, Treasury and Economic Development Directorate	-445	-457	-468	-480	<b>-1,850</b>
<b>Net Expense</b>	<b>2,029</b>	<b>2,801</b>	<b>2,718</b>	<b>2,634</b>	<b>10,182</b>

The Government will continue to develop policies and programs to achieve renewable electricity and emissions reductions targets, and continue increasing the Territory's resilience to the impacts of climate change. In addition to finalising existing climate change and adaptation commitments, the Government will shortly release new Climate Change and Living Infrastructure plans, to achieve our first stage 2025 emissions reductions targets and address the growing challenges of a changing climate. This initiative delivers initial funding to implement the plans, with work to particularly focus on transport, reducing natural gas use, and mitigating the heat island effect by increasing Canberra's tree canopy and other living infrastructure.

## Managing the Sullivans Creek floodplain

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	117	158	0	0	275
Offset – Expenses	-117	-158	0	0	-275
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will develop and implement a Sullivans Creek Floodplain Management Plan to minimise the impact of flooding in central Canberra, and prepare for ongoing changes in land use within the floodplain in the future. The cost of this initiative will be fully offset from within existing resources.

## Planning framework supporting delivery of Stage 2 of Light Rail to Woden

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	200	150	0	0	350

The Government will develop a planning framework to identify suitable opportunities for urban renewal surrounding the future City to Woden light rail corridor. This work will build on the lessons learned through the delivery of Stage 1 of light rail from Gungahlin to Civic, and ensure the right balance is maintained between urban renewal and protecting the special character of the suburbs and sites Stage 2 will pass through.

## Remediating the former Molonglo sewerage treatment facility

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	408	3,732	2,633	392	7,165
Associated Capital	0	0	1,498	1,115	2,613

The Government will establish a special purpose reserve by remediating and rehabilitating the former Molonglo sewerage treatment plant site and creating recreational facilities for the community, including trails and natural elements such as logs, rocks and landscape features. The special purpose reserve will support the ongoing provision of new housing in the Molonglo Valley and increase access to natural bush recreation sites for residents there.

## Scoping for East Lake urban renewal

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	441	167	0	0	608

The Government will continue early planning for future land development on the Kingston Foreshore and surrounds to increase the supply of housing in Canberra.



## Training ACT Government frontline workers to respond to family violence

See the Community Services Directorate expense initiative *Training ACT Government frontline workers to respond to family violence* for further details.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Protecting grasslands and conservation areas	78	0	0	0	78
Supporting smarter working in the new ACT Government office projects	934	751	767	150	2,602

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## HEALTH PORTFOLIO

Health services in the ACT are delivered by two distinct agencies:

- The ACT Health Directorate is responsible for the stewardship of the health system, providing policy and population health capability, with a focus on developing strategies and direction setting to ensure services meet community needs and expectations, delivering improved health outcomes through an innovative health system, that is effective and sustainable now and into the future; and
- Canberra Health Services focuses on the delivery of front-line services including the administration of Canberra’s public hospitals, Walk-in Centres and community health centres.

Due to the structure of the Health agencies, most of the initiatives listed below will be delivered by both. For ease of reading, the initiative funding profiles for the separate agencies have been combined under each initiative.

A Health Funding Envelope is used to provide funding certainty for the Health entities noted above, regardless of changes in Commonwealth funding and other sources of income. The operating costs associated with new capital initiatives are also funded from the envelope which includes annual indexation for price growth as well as growth in activity.

### Boosting acute services

#### Expanding frontline services at The Canberra Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	11,448	11,614	11,934	12,106	<b>47,102</b>

The Government will add 12 beds at The Canberra Hospital to meet demand for acute inpatient services. The new beds will be added in medicine, surgery, and aged care. This builds on the additional 68 beds to be added this year as a result of the Government’s investments through the 2018-19 Budget.

Further to the beds above, the Government will bring online four additional Intensive Care Unit beds at The Canberra Hospital to meet growing demand for intensive care services.

An additional two Senior Staff specialists will be recruited within The Canberra Hospital Emergency Department, responding to increasing demand. This builds on the increase to emergency department staff delivered through the 2018-19 Budget which has grown frontline resourcing by 14 staff.

## Expanding pharmacy services at The Canberra Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	302	545	749	813	<b>2,409</b>
Associated Depreciation	0	0	318	318	<b>636</b>
<b>Total Expenses</b>	<b>302</b>	<b>545</b>	<b>1,067</b>	<b>1,131</b>	<b>3,045</b>
Associated Capital	2,212	3,318	0	0	<b>5,530</b>

The Government will boost services at The Canberra Hospital Pharmacy to reduce waiting times for dispensed medications and improve medication safety, helping Canberrans who are treated at the hospital to get access to necessary medications more quickly and easily.

## Expanding public inpatient mental health care

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,680	1,722	1,765	1,809	<b>6,976</b>

The Government will boost allied health and nursing staff in the Adult Mental Health Unit, as well as supporting administration staff. This will ensure inpatients are provided more comprehensive psychosocial care, while supporting improved clinical care standards and stronger workforce development.

## Expanding the emergency department at Calvary Public Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	3,021	6,143	6,352	6,475	<b>21,991</b>

The Government will add more staff to Calvary Public Hospital's Emergency Department, following the completion of Emergency Department expansion works delivered through the 2018-19 Budget. This investment will support faster access to care for people on Canberra's Northside and continue to help reduce waiting times Territory-wide.

## More surgical theatres at Calvary Public Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	3,039	5,302	5,461	5,625	<b>19,427</b>
Expenses – Capital Grant	640	14	0	0	<b>654</b>
Offset – Expenses	-1,500	-2,000	-2,000	-2,000	<b>-7,500</b>
<b>Net Expenses</b>	<b>2,179</b>	<b>3,316</b>	<b>3,461</b>	<b>3,625</b>	<b>12,581</b>

The Government will expand elective surgery capacity at Calvary Public Hospital by providing resources to support up to 250 more surgeries a year being delivered there. This is in line with Territory-wide work to distribute surgical activity more appropriately across the ACT to improve timely access to care.

## More urology services at Calvary Public Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	432	962	991	1,021	<b>3,406</b>
Expenses – Capital Grant	2,500	0	0	0	<b>2,500</b>
<b>Total Expenses</b>	<b>2,932</b>	<b>962</b>	<b>991</b>	<b>1,021</b>	<b>5,906</b>

The Government will expand urology services at Calvary Public Hospital and implement a new urology model of care. This will provide capacity for additional minor day procedures and provide co-located outpatient services.

## Investing in mental health

### 7-day-a-week Mental Health Consultation Liaison service

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	800	1,234	1,266	1,292	<b>4,592</b>

The Government will expand the Mental Health Consultation Liaison service to operate at The Canberra Hospital seven days a week, increasing the support available for people with mental illness.

## Alternative justice pathways for people with mental illness

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	731	749	768	787	<b>3,035</b>

The Government will expand the Mental Health Justice Health and Alcohol and Drug Service to better support people with mental illness who are on bail and help reduce reoffending. This investment aims to address the over-representation of people with mental health challenges who are in contact with the justice system.

## Delivering better mental health care for people in crisis

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	147	0	0	0	<b>147</b>
Justice and Community Safety Directorate – Expenses	176	0	0	0	<b>176</b>
<b>Total Expenses</b>	<b>323</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>323</b>

The Government will undertake planning and design work for a Police, Ambulance and Clinician Early Response (PACER) model which can provide better support for people experiencing acute mental health incidents. This will examine the delivery of an integrated service model which brings together police, ambulance paramedics and mental health clinicians to support the safe assessment and treatment of people experiencing acute mental health episodes without the need for admission to hospital.

## Expanding public healthcare services for eating disorders

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	179	442	683	913	<b>2,217</b>

The Government will establish an Eating Disorders Specialist Clinical Hub and a community-based intervention support service to expand the range of eating disorder services available in the ACT and make these available to more Canberrans.

## More mental health services at The Canberra Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	0	488	999	1,078	<b>2,565</b>
Associated Depreciation	0	0	126	126	<b>252</b>
<b>Total Expenses</b>	<b>0</b>	<b>488</b>	<b>1,125</b>	<b>1,204</b>	<b>2,817</b>
Associated Capital	1,764	756	0	0	<b>2,520</b>

The Government will establish an electroconvulsive therapy service within the Adult Mental Health Unit at The Canberra Hospital, building on the services currently offered at Calvary Hospital. This new service will provide better access on Canberra's Southside to necessary therapy for patients experiencing mental health concerns like depression and psychosis.

## Strengthening capacity for mental health carers

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	226	231	0	0	<b>457</b>

The Government will recruit two Carer Engagement Clinicians to pilot a range of support and psychosocial education activities to build capacity for the families and carers of people with mental health conditions.

## Strengthening outpatient services

### Expanding public dermatology services

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	175	180	185	188	<b>728</b>

The Government will increase the capacity of dermatology services at The Canberra Hospital, to help respond to growing demand and ensure patients can receive more timely care.

### Expanding public Fracture Clinic services

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	556	1,139	1,167	1,197	<b>4,059</b>

The Government will increase staffing for the Fracture Clinic at The Canberra Hospital to help reduce waiting times and respond to increased demand.

### Expanding public ophthalmology services

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	250	0	0	0	250

The Government will undertake a feasibility study for the relocation of the Canberra Health Services Eye Clinic. The study will seek to identify a suitable and accessible location to meet the future expansion needs of this public outpatient service.

### More specialised women's health care

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	114	214	220	223	771

The Government will establish a dedicated multidisciplinary Transvaginal Mesh Service. This service will provide ongoing support and clinical care for women affected by transvaginal mesh procedures, strengthening sensitive and specialist care for women's health matters.

### Strengthening care for childhood and gestational diabetes

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	567	765	784	796	2,912

The Government will expand the capacity of childhood and gestational diabetes services at The Canberra Hospital to provide faster access to care and support for people with this chronic illness.

### Strengthening care for chronic disease

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	240	462	474	481	1,657

The Government will increase the capacity of rheumatology services at The Canberra Hospital. This will help meet demand and reduce waiting times, as well as providing alternative care pathways to prevent avoidable Emergency Department presentations.

## Supporting Aboriginal and Torres Strait Islander Canberrans

### Co-design and planning: Aboriginal and Torres Strait Islander Alcohol and Drug Residential Rehabilitation Facility

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	300	0	0	0	300

The Government will partner with the Aboriginal and Torres Strait Islander community to inform the development of a culturally appropriate residential service supporting drug and alcohol rehabilitation for Aboriginal and Torres Strait Islander people in the ACT to complement existing services, including the Ngunnawal Bush Healing Farm.

### Delivering the ACT Strategic Priorities for Aboriginal and Torres Strait Islander Health 2019-2028

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	180	310	310	315	1,115

In partnership with the Aboriginal and Torres Strait Islander community the Government will implement the *ACT Strategic Priorities for Aboriginal and Torres Strait Islander Health 2019-2028*. These priorities aim to drive better health, well-being and quality of life outcomes addressing health inequalities between Aboriginal and Torres Strait Islander Canberrans and other Australians.

## Supporting Canberrans with alcohol and other drug dependence

### Delivering the ACT Drug Strategy Action Plan

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	500	308	315	323	1,446

The Government will undertake a feasibility and needs assessment for a medically supervised injecting facility in the ACT, and increase the availability of naloxone training. These actions align with the *National Drug Strategy 2017-2026*, and the *ACT Drug Strategy Action Plan 2018-2021*.



## Expanding early intervention and diversion programs for people experiencing alcohol and drug dependence

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	949	644	660	677	<b>2,930</b>

The Government will improve drug and alcohol services for individuals who are in contact, or at risk of contact, with the justice system. This will help respond to community need and allow for more responsive early intervention services.

## Opioid treatment services on Canberra's northside

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	0	750	770	790	<b>2,310</b>
Associated Depreciation	0	31	31	31	<b>93</b>
<b>Total Expenses</b>	<b>0</b>	<b>781</b>	<b>801</b>	<b>821</b>	<b>2,403</b>
Associated Capital	611	0	0	0	<b>611</b>

The Government will establish an opioid maintenance treatment clinic in Canberra's north. This will deliver more timely access to treatment for Canberrans living on the Northside, and better support patients to complete the program.

## Supporting community health

### Boosting police for a growing city

See the Justice and Community Safety Directorate expense initiative *Boosting Police for a growing city* for further details.

### Delivering better care for Canberrans with complex needs through general practice

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	500	1,000	1,000	0	<b>2,500</b>

The Government will co-design a program with GP practices to develop better integrated care pathways and improve health outcomes for people with complex and ongoing chronic health conditions.

## Delivering the Weston Creek Walk in Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,946	2,705	2,887	2,933	10,471

The Government will commence operations at the Weston Creek Walk in Centre, which is being delivered as part of the broader Weston Creek Region Community Health Infrastructure project. The Weston Creek Walk in Centre will provide faster access to care for minor injury and illnesses, and forms part of our newly-expanded network of five Walk in Centres across Canberra.

## Expanding health services at the Alexander Maconochie Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	259	266	273	277	1,075

The Government will expand the opiate replacement treatment service and provide a range of additional drug and alcohol services at the Alexander Maconochie Centre. This will help reduce waiting times for alcohol and drug consultations, and provide earlier access to interventions for detainees to support their treatment and recovery from addiction while in custody.

## Expanding palliative care for older Canberrans

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	408	363	373	519	1,663

The Government will support the delivery of the INSPIRED program in all ACT residential aged care facilities. The program supports residential facility staff to integrate specialist palliative care into their practices, and will respond to growing demand for services that sensitively and respectfully support older Canberrans with their end of life needs.

## Implementing the recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	321	377	285	289	1,272

The Government will make a dedicated investment to respond to the recommendations from the Royal Commission into Institutional Responses to Child Sexual Abuse relating to the health sector. This will support the implementation of the *Child Safe, Child Friendly and Child Aware Framework* across all ACT hospitals and health services, in response to the Royal Commission's recommendations on keeping children safe in all institutional contexts.

## Improving access to maternity services across Canberra

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	513	515	529	537	2,094

The Government will establish a single Territory-wide intake phone line for maternity services, as well as a community-based early pregnancy and parenting service. These services will support access to models of maternity care which match each woman's individual needs, and promote service choices closer to home where this is safe and suitable for new mothers.

## Improving frontline services through the Safer Families Levy

See the Community Services Directorate expense initiative *Improving frontline services through the Safer Families Levy* for further details.

## Investing in medical and health research

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,000	1,000	1,000	0	3,000

The Government will boost investment in clinical research in priority health areas including cancer, type 2 diabetes, cardiology, nursing, mental health, women and children, dementia, palliative care and population health. This investment will support the delivery of high quality and appropriate health care for Canberrans in the future. It will also continue strengthening partnerships between the ACT's health care services and leading tertiary research institutions.

## Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme

See the Community Services Directorate expense initiative *Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme* for further details.

## More support for families travelling for healthcare

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	250	512	525	538	1,825

The Government will provide more support for families of paediatric patients who must travel interstate to access specialist healthcare. We will expand the support provided through the Interstate Patient Travel Assistance Scheme so that two people can travel with a sick child, and increase the subsidies available for accommodation and parking.

## Protecting teens with meningococcal ACWY vaccinations

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	320	327	337	342	<b>1,326</b>

The Government will make the Meningococcal ACWY vaccination a permanent part of the vaccination schedule for the ACT, protecting young people and the community from the more common strains of the meningococcal diseases.

## Strengthening care for older Canberrans

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	470	482	494	506	<b>1,952</b>

The Government will increase staffing for aged care services within the Rehabilitation, Aged and Community Services Division. This investment will help meet growing demand, and maintain the safety and wellbeing of patients in geriatric units at The Canberra Hospital to the highest standard.

## Supporting better healthcare for lesbian, gay, bisexual, transgender, intersex and queer Canberrans

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	87	0	0	0	<b>87</b>

The Government will undertake a 12-month scoping study to consider the ACT Government LGBTIQ Strategy and its implications for health services in the Territory. This is part of the Government's commitment to being the most LGBTIQ-friendly city in Australia and delivering on the principles outlined in the Darlington Statement.

## Supporting our staff

### Implementing the Independent Review into the Workplace Culture within ACT Public Health Services

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	4,000	4,000	4,000	0	12,000
Expenses – Offset	-1,500	0	0	0	-1,500
<b>Net Expenses</b>	<b>2,500</b>	<b>4,000</b>	<b>4,000</b>	<b>0</b>	<b>10,500</b>

The Government will implement all 20 recommendations from the *Independent Review into the Workplace Culture within ACT Public Health Services*. This will commence a comprehensive process to promote a healthier culture, reduce inappropriate workplace behaviour, bullying and harassment, and re-engage staff in ensuring our positive vision and values are lived and embraced at all levels.

### Implementing the Nurses and Midwives: Towards a Safer Culture – The First Step strategy

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	560	588	144	0	1,292

The Government will recruit three full-time equivalent project officers to implement the *Nurses and Midwives: Towards a Safer Culture – The First Step* strategy to better support nurses in the workplace.

### Training ACT Government frontline workers to respond to family violence

See the Community Services Directorate expense initiative *Training ACT Government frontline workers to respond to family violence* for further details.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
ACT Health Core IT Systems to align with the Digital Health Strategy	2,860	4,625	7,975	4,487	<b>19,947</b>
Delivering the Inner North Walk in Centre	0	2,648	2,687	2,744	<b>8,079</b>
Delivering the SPIRE Centre at Canberra Hospital	0	200	400	500	<b>1,100</b>
Expanding Clare Holland House to strengthen palliative care	0	0	60	120	<b>180</b>
Expanding the Centenary Hospital for Women and Children	3,000	3,990	14,990	20,510	<b>42,490</b>
More public medical imaging services for Canberra Hospital	100	677	1,217	1,458	<b>3,452</b>

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## HOUSING ACT

### Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Providing alternatives to jail through the Justice Housing Program	209	347	353	0	909
Reducing homelessness by delivering another Common Ground	70	567	1,281	1,123	3,041

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## JUSTICE AND COMMUNITY SAFETY DIRECTORATE

### Better supporting vulnerable witnesses

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	929	1,337	0	0	<b>2,266</b>
Expenses – Provision	0	0	1,543	1,967	<b>3,510</b>
Depreciation	0	12	12	12	<b>36</b>
<b>Total Expenses</b>	<b>929</b>	<b>1,349</b>	<b>1,555</b>	<b>1,979</b>	<b>5,812</b>
Associated Capital	119	0	0	0	<b>119</b>

The Government will continue implementing criminal law reform recommendations arising from the Royal Commission into Institutional Responses to Child Sexual Abuse, including establishing an intermediary scheme in the ACT. An intermediary is an independent communication specialist whose role is to assist people to provide their best evidence to police and to the court.

### Boosting police for a growing city

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – ACT Police	2,311	7,761	9,377	14,855	<b>34,304</b>
Expenses – ACT Health	82	277	285	0	<b>644</b>
<b>Total Expenses</b>	<b>2,393</b>	<b>8,038</b>	<b>9,662</b>	<b>14,855</b>	<b>34,948</b>
Associated Capital	100	0	0	0	<b>100</b>
Offset – Associated Capital	-100	0	0	0	<b>-100</b>
<b>Net Capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will begin transitioning towards a new Police Services Model for the ACT community with the recruitment of over 60 new ACT Policing personnel over the coming years. The new model will see ACT Policing deliver a more visible, connected and efficient police service. This new investment will support ACT Policing to deliver a system-wide approach towards crime prevention, disruption and response activities, supporting our efforts to reduce recidivism by 25 per cent by 2025.

This initiative will also support preparatory work to establish and trial a new Fixated Threat Assessment Capability in the ACT with officers from ACT Policing and ACT Health. This new capability will support a national approach to assessing and managing fixated threats.



## Building communities not prisons

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,089	1,478	1,489	1,024	5,080

The Government will build on its commitment to reduce recidivism, improve public safety and strengthen our community by continuing to develop measures to break the cycle of recidivism and address the overrepresentation of Aboriginal and Torres Strait Islander people in our justice system. This will include funding the Warrumbul Sentencing Court to hear cases involving children and young people, and expanding the ACT Bail Support Program to reduce the number of people on remand. This initiative will be partially offset in 2019-20 by funding from the Confiscated Assets Trust Fund.

## Delivering a safe and secure Alexander Maconochie Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,087	1,114	1,142	1,171	4,514

The Government will provide additional staff and services to ensure a safe and secure environment for an increased number of detainees at the Alexander Maconochie Centre.

## Delivering the Motor Accident Injuries Scheme

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	496	865	1,472	1,493	4,326

The Government will provide additional resources to the ACT Civil and Administrative Tribunal (ACAT) for it to hear disputes arising through the new Motor Accident Injuries scheme. The Motor Accident Injuries Commission Levy will support the funding of this initiative. See the Chief Minister, Treasury and Economic Development Directorate expense initiative A new Motor Accident Injuries Scheme to better protect Canberrans on our roads for further details.

## Establishing a Therapeutic Care Court within the ACT Children’s Court

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – Justice and Community Safety Directorate	138	0	0	0	<b>138</b>
Expenses – Legal Aid ACT	201	0	0	0	<b>201</b>
Expenses – Provision	0	612	636	649	<b>1,897</b>
Offset – Expenses	-339	0	0	0	<b>-339</b>
<b>Net Expenses</b>	<b>0</b>	<b>612</b>	<b>636</b>	<b>649</b>	<b>1,897</b>

The Government will establish a Therapeutic Care Court for care and protection matters heard within the Children’s Court. This will provide court-led interventions for parents whose children have been removed from their care, or are at risk of being removed, and seek to achieve re-unification and address parental substance abuse issues, parenting capacity issues, family violence, and mental health issues. This initiative is being offset by funding from the Confiscated Assets Trust in 2019-20.

The Government will also provide funding for Legal Aid ACT to deliver a new duty solicitor service in the Children’s Court, which will provide extended services to parents and grandparents who are involved in care and protection proceedings.

## Improving frontline services through the Safer Families Levy

See the Community Services Directorate expense initiative *Improving frontline services through the Safer Families Levy* for further details.

## Providing alternatives to jail through the Justice Housing Program

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Housing ACT	7,161	0	0	0	<b>7,161</b>
Expenses – Housing ACT	209	347	353	0	<b>909</b>
Expenses – Justice and Community Safety Directorate	708	2,049	2,242	0	<b>4,999</b>
<b>Total Expenses</b>	<b>917</b>	<b>2,396</b>	<b>2,595</b>	<b>0</b>	<b>5,908</b>

The Government will expand the Bail Accommodation Transition Support Service to better support women and Aboriginal and Torres Strait Islander people. This service will provide short-term accommodation options to help ensure bail granted by the courts is safe and sustainable, and also provide longer term housing options to help divert people away from the Alexander Maconochie Centre. The Justice Housing program will also provide longer term housing options to women and Aboriginal and Torres Strait Islander people transitioning from custody.

## Recruiting more firefighters for ACT Fire & Rescue

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	678	0	0	0	<b>678</b>

The Government will resource ACT Fire & Rescue to undertake two recruit colleges hiring 36 additional firefighters. This recruitment will help keep emergency response times on target as Canberra grows, and help build workforce diversity in line with the *Women in Emergency Services* strategy.

## Strengthening bushfire preparedness and ACT Rural Fire Service partnerships

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	526	948	610	566	<b>2,650</b>

The Government will contract the use of an additional helicopter to combat bushfires in the ACT and surrounding region, and implement Phase 3 of the National Fire and Danger Rating System. This new fire danger rating system will help fire and emergency services agencies better predict and understand fire weather, fire ignition and the potential for fires to impact the community.

## Strengthening oversight for health workers

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	190	194	148	150	<b>682</b>
Offset – Health Funding Envelope	-190	-194	-148	-150	<b>-682</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will strengthen oversight of health workers by implementing the National Code for Unregistered Health Workers. The Code will set minimum standards of conduct and practice for all public and private health care workers who are not registered under the National Registration and Accreditation Scheme for health practitioners. This will cover unregistered health workers such as dental assistants, social workers, massage therapists and beauticians conducting enhancements. This initiative will be offset from the Health Funding Envelope.

## Strengthening rehabilitation programs at the Alexander Maconochie Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	330	1,881	2,094	2,136	<b>6,441</b>

The Government will employ additional case and program managers at the Alexander Maconochie Centre to strengthen the delivery of rehabilitation programs for detainees. This will provide appropriate therapeutic and re-integration programs to detainees and help them to facilitate a safe return to the community.

## Strengthening the ACT Ombudsman for more transparent government

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	899	922	63	65	<b>1,949</b>
Offset – Expenses – Provision	-500	-500	0	0	<b>-1,000</b>
<b>Net Expenses</b>	<b>399</b>	<b>422</b>	<b>63</b>	<b>65</b>	<b>949</b>

The Government will continue to provide funding to the ACT Ombudsman to support its role under the *Freedom of Information Act 2016*. A review in the 2020-21 financial year will determine ongoing funding requirements for this service.

The Government will also provide funding for the ACT Ombudsman to continue its role as the Principal Officer for the ACT Judicial Commission established under the *Judicial Commissions Act 1994*. The Judicial Council commenced operation on 1 February 2017 and receives and examines complaints about judicial officers. This initiative will be partially offset by a provision established in the 2018 Budget.

## Strengthening the Office of the Director of Public Prosecutions

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	670	688	707	716	<b>2,781</b>

The Government will strengthen the capacity of the Office of the Director of Public Prosecutions to address serious and organised crime. This initiative will provide additional prosecutors to specialise in seizing criminal assets.

## Supporting ACT Ambulance Service to meet the needs of a growing city

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	65	0	0	0	65

The Government will scope innovative service delivery options and models of care for the ACT Ambulance Service to help maintain timely and high quality emergency care for Canberrans as our community continues to grow.

## Supporting community legal centres

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	265	0	0	0	265

The Government will provide further support to Care Inc. and the Women's Legal Centre so that they can continue providing legal services to disadvantaged groups within the ACT community. The Government will also continue to support the Environmental Defender's Office to provide community legal assistance services on environmental matters.

The ACT Government has been supporting the operations of these community legal services since 2016 to ensure certainty in the face of Commonwealth changes to the National Partnership Agreement on Legal Assistance Funding.

## Training ACT Government frontline workers to respond to family violence

See the Community Services Directorate expense initiative *Training ACT Government frontline workers to respond to family violence* for further details.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Creating a Reintegration Centre to support pathways out of the justice system	0	0	6,000	6,000	12,000
Delivering better facilities for ACT Policing	34	55	55	27	171
Supporting smarter working in the new ACT Government office projects	703	0	0	0	703
Upgrading essential services at the Alexander Maconochie Centre	186	334	190	0	710

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.

## **LEGAL AID COMMISSION**

### **Establishing a Therapeutic Care Court within the ACT Children's Court**

See the Justice and Community Safety Directorate expense initiative *Establishing a Therapeutic Care Court within the ACT Children's Court* for further details.

## TRANSPORT CANBERRA AND CITY SERVICES DIRECTORATE

### Better Suburbs: Planting more trees and delivering more bins at local shops

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	338	2,029	3,151	3,703	9,221
Depreciation	0	2	34	48	84
<b>Net Expenses</b>	<b>338</b>	<b>2,031</b>	<b>3,185</b>	<b>3,751</b>	<b>9,305</b>
Associated Capital	20	321	136	139	616

The Government will continue implementing the priorities mapped out in the *Better Suburbs Statement* by providing more public rubbish and recycling bins and pick-ups, and planting at least 17,000 more trees to renew Canberra's urban forest. The *Better Suburbs Statement* is guiding the Government in progressively transitioning our investment in city services to the Canberra community's highest priority areas.

### Delivering a smart technology ticketing system for Canberra's integrated public transport system

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	450	0	0	0	450

The Government will continue planning for a new contemporary ticketing system for use on bus and light rail to replace the MyWay system when this technology reaches the end of its functional life.

### Delivering job security for city services workers

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	3,393	3,493	3,584	3,675	14,145
Offset – Expenses	-3,393	-3,493	-3,584	-3,675	-14,145
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will provide job security for more city services workers by converting temporary and contract staff to permanent employees. This is another example of the ACT Government's commitment to delivering secure local jobs across the public and private sectors alike. This initiative will be delivered within existing resources.

## Growing investment in services for our suburbs

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	4,839	4,928	5,049	5,049	<b>19,865</b>
Offset – Expenses – Provision	-3,566	-3,655	-3,776	-3,776	<b>-14,773</b>
Depreciation	0	56	56	56	<b>168</b>
<b>Net Expenses</b>	<b>1,273</b>	<b>1,329</b>	<b>1,329</b>	<b>1,329</b>	<b>5,260</b>
Associated capital	558	0	0	0	<b>558</b>

The Government will strengthen our investment in city services – including boosting suburban maintenance and upkeep of community infrastructure – to ensure Canberra remains clean, green and tidy as our city continues to grow. This initiative is partially offset by a growth provision that was established in a prior Budget.

## Improving compliance for better animal management, healthier trees and a cleaner city

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	482	0	0	0	<b>482</b>
Offset – Associated revenue	-482	0	0	0	<b>-482</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will invest in more compliance staff to ensure Canberrans are aware of, and comply with, city regulations with an immediate focus on the care and management of animals. This initiative will help reduce problematic animal behaviour to ensure all Canberrans can feel safe when using our parks, reserves and public places. The team will support greater compliance across regulation managed by Transport Canberra and City Services. The cost of this initiative will be offset by compliance revenue.

## Maintaining healthy waterways

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,769	2,971	2,601	2,601	<b>9,942</b>
Offset – Expenses – Provision	-1,275	-1,307	-1,340	-1,340	<b>-5,262</b>
<b>Net Expenses</b>	<b>494</b>	<b>1,664</b>	<b>1,261</b>	<b>1,261</b>	<b>4,680</b>

The Government will operate and maintain 20 Stormwater Quality Improvement System sites completed as part of the Healthy Waterways project. The cost of this initiative is partially offset by previously provisioned funding.



## Managing waste better

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,671	2,681	2,658	3,435	<b>10,445</b>
Depreciation	0	0	1,223	1,223	<b>2,446</b>
<b>Total expenses</b>	<b>1,671</b>	<b>2,681</b>	<b>3,881</b>	<b>4,658</b>	<b>12,891</b>
Associated capital	1,551	4,654	0	0	<b>6,205</b>
Associated revenue	1,485	4,740	6,210	5,880	<b>18,315</b>

The Government will upgrade the Hume Materials Recovery Facility, commence planning for Canberra's future waste infrastructure needs and undertake early planning for a food organics and garden organics (FOGO) waste service.

The Government will also encourage waste reduction and increased recovery through a new levy on the disposal of waste. Applying a waste levy will bring the ACT into alignment with other jurisdictions which are implementing such fees as part of the broader effort to improve rates of recycling.

## Strengthening infrastructure planning capability

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,210	1,210	1,210	1,210	<b>4,840</b>

The Government will strengthen the planning capability within the Transport Canberra and City Services directorate to support the effective development of transport and city infrastructure as the city grows.

## Supporting social inclusion through the Flexible Bus Service

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	866	0	0	0	<b>866</b>
Offset – Expenses – Provision	-866	0	0	0	<b>-866</b>
<b>Net Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The Government will continue the Flexible Bus Service which supports Canberrans who have difficulty using regular public transport services. This initiative is offset by previously provisioned funding.

## Training ACT Government frontline workers to respond to family violence

See the Community Services Directorate expense initiative *Training ACT Government frontline workers to respond to family violence* for further details.

## Expenses associated with infrastructure and capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Commencing Light Rail Stage 1 operations and delivering a light rail stop at Mitchell	667	685	702	760	<b>2,814</b>
Delivering safer intersections	0	100	241	328	<b>669</b>
Delivering Stage 2 of Light Rail to Woden	0	2,401	0	0	<b>2,401</b>
Improving stormwater networks	80	80	160	160	<b>480</b>
Making our roads safer while keeping Canberra moving	0	500	1,000	800	<b>2,300</b>
More active travel infrastructure for our schools and suburbs	125	128	152	176	<b>581</b>
More carparks for Palmerston Shops and Coleman Court	0	0	4	8	<b>12</b>
Supporting more Canberrans to Park and Ride	0	0	0	25	<b>25</b>
Supporting smarter working in the new ACT Government office projects	579	0	0	0	<b>579</b>

Refer to Infrastructure and capital initiatives (Chapter 3.3) for more information.



### 3.3 INFRASTRUCTURE AND CAPITAL INITIATIVES

The total value of the 2019-20 new infrastructure and capital initiatives is \$787.2 million over four years. This includes new capital works (\$554.9 million), information and communication technology projects (\$126.4 million) and plant and equipment (\$84.6 million). The 2019-20 Budget also includes \$21.4 million across the budget and forward estimates in infrastructure and capital associated with expense initiatives.

In addition to these new initiatives, the Government has provisioned \$1.2 billion for future capital works, which includes commercially sensitive works. Consistent with common practise for such projects, the provisions have not been identified for each specific project.

**Table 3.3.1: Summary of infrastructure and capital initiatives**

Summary of initiatives	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	Total \$'000
Capital works	131,739	227,598	131,812	63,707	554,856
Information and communication technology	34,239	50,251,	25,504	16,380	126,374
Plant and equipment	16,404	24,442	23,602	20,184	84,632
<b>New infrastructure and capital initiatives</b>	<b>182,327</b>	<b>302,291</b>	<b>180,918</b>	<b>100,271</b>	<b>765,862</b>
Capital associated with expense initiatives	8,945	9,549	1,634	1,254	21,382
<b>Total new infrastructure and capital initiatives</b>	<b>191,327</b>	<b>311,840</b>	<b>182,552</b>	<b>101,525</b>	<b>787,244</b>
<i>Associated expenses (new capital works)</i>	27,108	41,590	51,972	49,846	170,573
<i>Associated revenue (new capital works)</i>	415	635	651	667	2,368
<i>Depreciation</i>	6,262	7,671	21,241	32,689	67,863
<b>Total operating impact</b>	<b>33,842</b>	<b>49,896</b>	<b>73,864</b>	<b>83,202</b>	<b>240,804</b>

**Table 3.3.2: Infrastructure and capital initiatives**

Infrastructure and capital initiatives	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	Total \$'000
<b>Canberra Institute of Technology</b>					
More teaching and learning spaces for CIT Fyshwick	160	1,800	1,100	0	3,060
<i>Information and communication technology</i>					
Better ICT services for CIT students and staff <sup>2</sup>	2,744	2,744	0	0	5,488
<b>Total</b>	<b>2,904</b>	<b>4,544</b>	<b>1,100</b>	<b>0</b>	<b>8,548</b>
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
Better online services through Access Canberra <sup>2</sup>	500	500	0	0	1,000
Delivering the Home of Football at Throsby <sup>2</sup>	750	10,000	9,250	0	20,000
Improving major venues	1,766	0	0	0	1,766
More facilities for Stromlo Forest Park	200	0	0	0	200
Revitalising heritage buildings	425	0	0	0	425
Strengthening security at GIO Stadium <sup>2</sup>	440	0	0	0	440
Upgrading community childcare centres	494	0	0	0	494
Upgrading local arts facilities	650	650	375	0	1,675
Upgrading local community centres	250	250	250	250	1,000
Upgrading Manuka Pool	800	0	0	0	800
<i>Information and communication technology</i>					
ACT Land Titles system modernisation <sup>1,2</sup>	912	0	0	0	912
Moving delivery of more community services online <sup>2</sup>	7,368	0	0	0	7,368
Oracle Whole of Government licensing <sup>2</sup>	3,700	0	0	0	3,700
Replacing the Human Resource Information Management System <sup>2</sup>	13,000	20,708	0	0	33,708
<i>Plant and equipment</i>					
Supporting smarter working in the new ACT Government office projects <sup>2</sup>	6,510	3,374	0	0	9,884
<b>Total</b>	<b>37,765</b>	<b>35,482</b>	<b>9,875</b>	<b>250</b>	<b>83,372</b>
<b>City Renewal Authority</b>					
Renewing Canberra's city heart <sup>2</sup>	460	5,850	6,150	4,160	16,620
<b>Total</b>	<b>460</b>	<b>5,850</b>	<b>6,150</b>	<b>4,160</b>	<b>16,620</b>
<b>Community Services Directorate</b>					
Continuing to reduce and eliminate restrictive practices <sup>2</sup>	329	0	0	0	329
<i>Information and communication technology</i>					
Child and Youth Record Information System completion <sup>2</sup>	600	599	0	0	1,199
Strengthening security and CCTV facilities at Bimberi Youth Justice Centre <sup>2</sup>	607	300	0	0	907
<b>Total</b>	<b>1,536</b>	<b>899</b>	<b>0</b>	<b>0</b>	<b>2,435</b>
<b>Cultural Facilities Corporation</b>					
Upgrading Lanyon Homestead	530	1,246	1,021	300	3,097
Improving facilities at the Canberra Theatre	760	235	0	0	995
<b>Total</b>	<b>1,290</b>	<b>1,481</b>	<b>1,021</b>	<b>300</b>	<b>4,092</b>

<b>Infrastructure and capital initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
<b>Education Directorate</b>					
Delivering a new high school at Kenny <sup>2</sup>	0	NFP	NFP	NFP	NFP
Delivering a new primary school at Throsby <sup>2</sup>	1,195	19,761	21,859	1,098	43,913
Delivering secure local jobs for school cleaners <sup>2</sup>	1,610	0	0	0	1,610
Expanded facilities for Gungahlin College	1,269	0	0	0	1,269
Expanding Franklin Early Childhood School <sup>2</sup>	2,000	24,000	3,447	0	29,447
More places for students at Gold Creek School's senior campus <sup>2</sup>	750	2,214	3,478	0	6,442
More places for students at northside schools <sup>2</sup>	4,404	4,100	0	0	8,504
Planning for Canberra's future school needs <sup>2</sup>	883	715	455	0	2,053
<i>Plant and equipment</i>					
Delivering energy-efficient heating upgrades for ACT public schools	2,300	3,991	4,789	4,884	15,964
<b>Total</b>	<b>14,411</b>	<b>54,781</b>	<b>34,028</b>	<b>5,982</b>	<b>109,902</b>
<b>Environment, Planning and Sustainable Development Directorate</b>					
Better toilet facilities – Orroral Valley Campground	185	0	0	0	185
Delivering better community facilities for Woden Town Centre	300	1,450	0	0	1,750
New walking trails – Tidbinbilla Nature Reserve	60	0	0	0	60
Parks and Conservation Service visitor facilities upgrade	80	0	0	0	80
Protecting grasslands and conservation areas <sup>2</sup>	199	399	200	0	798
Remediating the former Molonglo sewerage treatment facility <sup>2</sup>	0	0	1,498	1,115	2,613
Replanting the Ingledene Forest	186	680	454	414	1,734
<i>Information and communication technology</i>					
Improving online lodgement for development applications	600	0	0	0	600
<b>Total</b>	<b>1,610</b>	<b>2,529</b>	<b>2,152</b>	<b>1,529</b>	<b>7,820</b>
<b>Health Portfolio</b>					
Delivering the Inner North Walk in Centre <sup>2</sup>	1,100	614	0	0	1,714
Delivering the SPIRE Centre at Canberra Hospital <sup>2</sup>	53,700	NFP	NFP	NFP	NFP
Expanding Clare Holland House to strengthen palliative care <sup>2</sup>	0	0	0	0	0
Expanding pharmacy services at The Canberra Hospital <sup>2</sup>	2,212	3,318	0	0	5,530
Expanding the Centenary Hospital for Women and Children <sup>2</sup>	0	30,000	10,550	0	40,550
More mental health services at The Canberra Hospital <sup>2</sup>	1,764	756	0	0	2,520
Opioid treatment services on Canberra's northside <sup>2</sup>	611	0	0	0	611
<i>Information and communication technology</i>					
ACT Health Core IT Systems to align with the Digital Health Strategy <sup>2</sup>	3,920	24,574	25,504	16,380	70,378
Implementing real time prescription monitoring <sup>2</sup>	788	1,326	0	0	2,114

	2019-20	2020-21	2021-22	2022-23	Total
Infrastructure and capital initiatives	Estimate	Estimate	Estimate	Estimate	
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Plant and equipment</i>					
More public medical imaging services for Canberra Hospital <sup>2</sup>	0	2,800	6,100	2,300	11,200
<b>Total</b>	<b>64,095</b>	<b>63,388</b>	<b>42,154</b>	<b>18,680</b>	<b>134,617</b>
<b>Housing ACT</b>					
Growing and renewing more public housing <sup>2</sup>	20,000	20,000	20,000	20,000	80,000
Providing alternatives to jail through the Justice Housing Program <sup>2</sup>	7,161	0	0	0	7,161
Reducing homelessness by delivering another Common Ground <sup>2</sup>	2,147	0	0	0	2,147
<b>Total</b>	<b>29,308</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>89,308</b>
<b>Justice and Community Safety Directorate</b>					
Better supporting vulnerable witnesses <sup>2</sup>	119	0	0	0	119
Creating a Reintegration Centre to support pathways out of the justice system <sup>2</sup>	1,817	27,103	6,075	0	34,995
Delivering better facilities for ACT Policing <sup>2</sup>	767	4,078	3,979	225	9,049
New stations for ACT Ambulance Service and ACT Fire & Rescue	939	0	0	0	939
Rural Fire Service facilities upgrades	178	0	0	0	178
Upgrading essential services at the Alexander Maconochie Centre <sup>2</sup>	1,204	4,340	703	0	6,247
Upgrading the ACT State Emergency Service's Majura Unit facility	266	1,246	0	0	1,512
<i>Plant and equipment</i>					
Boosting equipment for the ACT Emergency Services Agency	1,200	1,874	0	0	3,074
<b>Total</b>	<b>6,490</b>	<b>38,641</b>	<b>10,757</b>	<b>225</b>	<b>56,113</b>
<b>Office of the Legislative Assembly</b>					
Basic service upgrades for the ACT Legislative Assembly	410	672	0	0	1,082
Improving accessibility for the ACT Legislative Assembly	900	0	0	0	900
<b>Total</b>	<b>1,310</b>	<b>672</b>	<b>0</b>	<b>0</b>	<b>1,982</b>
<b>Transport Canberra and City Services Directorate</b>					
Active travel upgrades	2,250	0	0	0	2,250
Better connecting Belconnen and Gungahlin	4,530	15,000	15,000	10,000	44,530
Better sportgrounds and dog parks	1,510	0	0	0	1,510
Better Suburbs: Planting more trees and delivering more bins at local shops <sup>2</sup>	20	321	136	139	616
Commencing Light Rail Stage 1 operations and delivering a light rail stop at Mitchell <sup>2,5</sup>	1,347	NFP	NFP	NFP	NFP
Delivering better community infrastructure	2,500	2,563	2,627	2,692	10,382
Delivering safer intersections <sup>2</sup>	3,000	5,520	5,500	0	14,020
Delivering Stage 2 of Light Rail to Woden <sup>2</sup>	1,750	31,646	13,500	0	46,896
Growing investment in services for our suburbs <sup>2</sup>	558	0	0	0	558
Improving local shopping centres	500	0	0	0	500
Improving stormwater networks <sup>2</sup>	2,551	4,800	7,710	4,000	19,061
Improving water management infrastructure	500	3,980	20	0	4,500

<b>Infrastructure and capital initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
Making our roads safer while keeping Canberra moving <sup>2</sup>	-3,879	-5,283	-4,991	20,568	6,415
Managing waste better <sup>1, 2</sup>	1,551	4,654	0	0	6,205
More active travel infrastructure for our schools and suburbs <sup>2</sup>	1,750	1,694	0	0	3,444
More carparks for Palmerston Shops and Cooleman Court <sup>2</sup>	420	0	0	0	420
More City Services depots for better service delivery	200	200	0	0	400
Planning better roads for our growing city	1,900	2,200	0	0	4,100
Revitalising Woden Library	500	0	0	0	500
Strengthening infrastructure supporting Canberra's new public transport network	0	2,000	3,100	0	5,100
Supporting more Canberrans to Park and Ride <sup>2</sup>	625	1,875	0	0	2,500
<i>Plant and equipment</i>					
Better buses to support the new bus network <sup>2</sup>	6,394	12,403	12,713	13,000	44,510
<b>Total</b>	<b>30,477</b>	<b>83,573</b>	<b>55,315</b>	<b>50,399</b>	<b>218,417</b>
 <b>TOTAL INFRASTRUCTURE AND CAPITAL INITIATIVES</b>	 <b>191,656</b>	 <b>311,840</b>	 <b>182,552</b>	 <b>101,525</b>	 <b>787,573</b>
<i>Associated revenue</i>	415	635	651	667	2,368
<i>Associated expenses</i>	27,108	41,531	51,972	49,846	170,457
<i>Depreciation</i>	6,262	7,316	20,631	32,079	66,288

**Notes:**

1. This initiative has a revenue component; this is listed in the summary table in Revenue initiatives (Chapter 3.4).
2. This initiative has an expense component; this is listed in the summary table in Expense initiatives (Chapter 3.2).
3. The funding for this initiative is to be absorbed by the agency.
4. This is a joint initiative, ie delivered by more than one agency.
5. NFP indicates not for publication. A provision has been included in the budget in the years indicated.



## CANBERRA INSTITUTE OF TECHNOLOGY

### More teaching and learning spaces for CIT Fyshwick

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	160	1,800	1,100	0	3,060
Depreciation	0	8	59	73	140

The Government will expand the CIT Fyshwick campus by constructing an additional 1,450 square meters of new workshop space. The new workshops will create simulated work environments that can deliver better hands-on training for Canberra's future tradespeople, and support CIT in providing more contemporary models of teaching and learning.

Part of these expansion works will be funded from CIT's *Better Infrastructure Fund* allocation.

### *Information and communication technology*

#### Better ICT services for CIT students and staff

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,744	2,744	0	0	5,488
Depreciation	0	255	510	510	1,275
Associated expenses	57	59	0	0	116
<b>Total expenses</b>	<b>57</b>	<b>314</b>	<b>510</b>	<b>510</b>	<b>1,391</b>

We will modernise the ICT systems that support CIT's students and teachers. This work includes replacing physical infrastructure at the Bruce and Fyshwick campuses which has reached end of life, and constructing a new ICT platform and environment to provide a better digital learning environment.

## CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

### Delivering the Home of Football at Throsby

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	750	10,000	13,795	0	<b>24,545</b>
Offset – Capital	0	0	-4,545	0	<b>-4,545</b>
<b>Net capital</b>	<b>750</b>	<b>10,000</b>	<b>9,250</b>	<b>0</b>	<b>20,000</b>
Depreciation	0	0	220	614	<b>834</b>
Associated expenses	0	0	97	401	<b>498</b>
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>317</b>	<b>1,015</b>	<b>1,332</b>

The Government will deliver a dedicated 'Home of Football' at Throsby which will include football pitches, an indoor futsal facility, office space and associated amenities. The ovals will also be available for informal community use. The project will be delivered in partnership with Capital Football, which will also make a financial contribution to the facility.

### Improving major venues

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,766	0	0	0	<b>1,766</b>

The Government will undertake landscaping works and security camera upgrades, install new signage and construct other new venue infrastructure at the National Arboretum Canberra.

We will also undertake works to improve amenity for visitors at Exhibition Park, GIO Stadium and Manuka Oval, and prepare concept plans and design for an improved Eastern Grandstand at Manuka.

These initiatives will be delivered through the *Better Infrastructure Fund*.

### More facilities for Stromlo Forest Park

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	200	0	0	0	<b>200</b>

The Government will undertake design and planning for the Stromlo Forest Park District Playing Fields, as part of our efforts to ensure local infrastructure grows alongside new communities in the Molonglo valley.

## Revitalising heritage buildings

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	425	0	0	0	425

The Government will undertake refresh works on a number of heritage buildings and assets, including fresh painting for the Albert Hall and improvements to the Civic Merry Go Round. This work will be delivered through the *Better Infrastructure Fund*.

## Strengthening security at GIO Stadium

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	440	0	0	0	440
Depreciation	0	49	49	49	147
Associated expenses	50	0	6	11	67
<b>Total expenses</b>	<b>50</b>	<b>49</b>	<b>55</b>	<b>60</b>	<b>214</b>

The Government will improve security measures at GIO Stadium, including upgrading the CCTV network and delivering infrastructure works to protect against hostile vehicle incidents. These works will be implemented as part of a nationally-coordinated effort to deliver safer public venues.

## Upgrading community childcare centres

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	494	0	0	0	494

The Government will undertake building upgrades for various government-owned properties that are home to local childcare centres, including the Maitland Centre in Hackett, Spence Children's Cottage and Mount Rogers Community Centre. This work will be delivered through the *Better Infrastructure Fund*.

## Upgrading local arts facilities

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	650	650	375	0	1,675
Depreciation	0	16	30	40	86

The Government will deliver upgrades and prepare designs for further capital works at the Ainslie + Gorman Arts Centres and the Strathnairn Arts Centre. The works at Ainslie + Gorman will help prepare the facility for celebrating its 50<sup>th</sup> anniversary as one of Canberra's central arts hubs.

## Upgrading local community centres

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	250	250	250	250	1,000
Depreciation	0	6	12	18	36

The Government will upgrade community buildings across the ACT, including the Mount Rogers Community Centre, the Belconnen Community Centre and the Tuggeranong Community Centre. These upgrades will ensure our community centres continue to be accessible and comfortable for the community groups that use them.

## Upgrading Manuka Pool

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	800	0	0	0	800

The Government will upgrade Manuka Pool to increase accessibility and safety, while protecting the heritage character of Canberra's oldest community pool. This work will be delivered through the *Better Infrastructure Fund*.

## Information and communication technology

### ACT Land Titles system modernisation

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	912	0	0	0	912
Depreciation	0	182	182	182	546
Associated expenses	337	169	173	178	857
<b>Total expenses</b>	<b>337</b>	<b>351</b>	<b>355</b>	<b>360</b>	<b>1,403</b>
Associated revenue	415	635	651	667	2,368

The Government will add functions to the new ACT Land Titles System to allow for historical document searches, a 'Title Watch' notification service and the delivery of e-Conveyancing. The cost of this initiative will be partially offset by additional e-Conveyancing and registration revenue.

## Moving delivery of more community services online

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	7,368	0	0	0	<b>7,368</b>
Depreciation	61	793	793	793	<b>2,440</b>
Associated expenses	1,697	2,050	2,281	2,317	<b>8,345</b>
Offset – Associated expenses	0	-200	-228	-372	<b>-800</b>
<b>Net expenses</b>	<b>1,758</b>	<b>2,643</b>	<b>2,846</b>	<b>2,738</b>	<b>9,985</b>

The Government will continue to make it easier for people to access our essential services by making more of them available online. This initiative will be partially offset by service delivery efficiencies.

## Oracle Whole of Government licensing

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	3,700	0	0	0	<b>3,700</b>
Depreciation	1,233	1,233	1,234	0	<b>3,700</b>
Associated expenses	2,110	2,442	1,940	0	<b>6,492</b>
Offset – Associated expenses	-1,000	-1,000	-1,000	0	<b>-3,000</b>
<b>Net expenses</b>	<b>2,343</b>	<b>2,675</b>	<b>2,174</b>	<b>0</b>	<b>7,192</b>

The Government will improve whole of government digital capability and service delivery by centralising technology licensing governance and developing a strategy for key digital functionality to be managed through cloud-based services. This initiative will be partially offset by a reduction in licence fees currently paid by the Territory.

## Replacing the Human Resource Information Management System

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	13,000	20,708	0	0	<b>33,708</b>
Depreciation	0	1,625	4,214	4,214	<b>10,053</b>
Associated expenses	4,308	11,317	4,856	1,903	<b>22,384</b>
<b>Net expenses</b>	<b>4,308</b>	<b>12,942</b>	<b>9,070</b>	<b>6,117</b>	<b>32,437</b>

The Government will roll out a new whole of government human resource information management system. This initiative is expected to generate future efficiencies through additional functionality and increased automation.

## **Plant and equipment**

### **Supporting smarter working in the new ACT Government office projects**

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	6,510	3,374	0	0	<b>9,884</b>
Depreciation	298	1,131	1,443	1,443	<b>4,315</b>
Associated expenses – Chief Minister, Treasury and Economic Development Directorate	5,842	5,629	1,831	1,847	<b>15,149</b>
Associated expenses – Community Services Directorate	426	439	0	0	<b>865</b>
Associated expenses – Education Directorate	633	0	0	0	<b>633</b>
Associated expenses – Environment, Planning and Sustainable Development Directorate	934	751	767	150	<b>2,602</b>
Associated expenses – Justice and Community Safety Directorate	703	0	0	0	<b>703</b>
Associated expenses – Transport Canberra and City Services Directorate	579				
<b>Total expenses</b>	<b>9,415</b>	<b>7,950</b>	<b>4,041</b>	<b>3,440</b>	<b>24,846</b>

The Government will transition directorates to the new Dickson and Civic Office Buildings in 2020 by delivering fit-out and ICT infrastructure that supports more efficient work practices such as digital record-keeping and activity-based work.

### **Expense initiatives with associated capital**

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Better online services through Access Canberra	500	500	0	0	<b>1,000</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## CITY RENEWAL AUTHORITY

### Renewing Canberra's city heart

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	5,000	5,850	6,150	4,160	<b>21,160</b>
Offset – Capital – Provision	-4,540	0	0	0	<b>-4,540</b>
<b>Net capital</b>	<b>460</b>	<b>5,850</b>	<b>6,150</b>	<b>4,160</b>	<b>16,620</b>
Depreciation	0	60	250	340	<b>650</b>
Associated expenses	1,250	1,250	1,250	1,250	<b>5,000</b>
<b>Total expenses</b>	<b>1,250</b>	<b>1,310</b>	<b>1,500</b>	<b>1,590</b>	<b>5,650</b>

The Government will invest in the City Renewal Authority's *Precinct Renewal Program* which includes infrastructure upgrades for Haig Park, streetscape improvements for Dickson and Braddon and further revitalisation initiatives for the Sydney and Melbourne buildings. Part of this investment will be delivered through a provision established for works by the City Renewal Authority in the 2017-18 Budget.

## COMMUNITY SERVICES DIRECTORATE

### Supporting smarter working in the new ACT Government office projects

See the Chief Minister, Treasury and Economic Directorate capital initiative *Supporting smarter working in the new ACT Government office projects* for further details.

#### *Information and communication technology*

### Child and Youth Record Information System completion

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	600	599	0	0	1,199
Depreciation	0	240	240	240	720
Associated expenses	130	154	154	154	592
<b>Total expenses</b>	<b>130</b>	<b>394</b>	<b>394</b>	<b>394</b>	<b>1,312</b>

The Government will invest additional resources to complete the new Child and Youth Record Information System, enabling better information sharing and more effective case management for children and young people, their families and carers.

### Strengthening security and CCTV facilities at Bimberi Youth Justice Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	607	300	0	0	907
Depreciation	0	60	121	121	302
Associated expenses	0	50	50	50	150
<b>Net expenses</b>	<b>0</b>	<b>110</b>	<b>171</b>	<b>171</b>	<b>452</b>

The Government will strengthen security at the Bimberi Youth Justice Centre by installing additional CCTV cameras. The new cameras will be placed in areas identified as high priority by an independent review of security at the centre, to better protect residents and staff. This initiative also includes security and infrastructure upgrades partially delivered through the *Better Infrastructure Fund*.

### Expense initiatives with associated capital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing to reduce and eliminate restrictive practices	329	0	0	0	329

Refer to Expense initiatives (Chapter 3.2) for more information.



## CULTURAL FACILITIES CORPORATION

### Improving facilities at the Canberra Theatre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	760	235	0	0	995
Depreciation	16	37	42	42	137

The Government will improve core building facilities at the Canberra Theatre Centre by investing in a building management system, plant and equipment. This investment will also deliver upgrades to the theatre's electrical infrastructure and CCTV systems, improving functionality and security.

The cost of these works will be partially offset through the *Better Infrastructure Fund*.

### Upgrading Lanyon Homestead

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	530	1,246	1,021	300	3,097
Depreciation	6	24	46	50	126

The Government will protect the heritage value of the Lanyon Homestead by delivering capital upgrades including new water infrastructure, building upgrades and better security infrastructure.

## EDUCATION DIRECTORATE

### Delivering a new high school at Kenny

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	NFP	NFP	NFP	NFP
Associated expenses	500	0	0	0	500
Associated expenses – Transport Canberra and City Services Directorate	1,500	0	0	0	1,500
Associated expenses – Provision	0	0	0	NFP	NFP
<b>Total expenses</b>	<b>2,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,000</b>

The Government will prepare to deliver a new high school in Kenny to provide places for around 1,000 students in years 7 to 10. The new high school will help provide more capacity as the Gungahlin community grows up, and will open in 2023.

The capital cost of this initiative has been withheld in order to secure value for money when the Government approaches the market.

### Delivering a new primary school at Throsby

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,195	19,761	21,859	1,098	43,913
Depreciation	0	0	438	878	1,316
Associated expenses	0	0	1,522	1,669	3,191
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>1,960</b>	<b>2,547</b>	<b>4,507</b>

The Government will construct a new primary school at Throsby to help meet continuing growth in public school enrolments in Gungahlin. The preschool to year 6 school will be ready to take students at the start of the 2022 school year.

### Expanded facilities for Gungahlin College

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,269	0	0	0	1,269
Depreciation	0	25	25	25	75

The Government will expand teaching and support facilities at Gungahlin College by adding teaching spaces, administration areas and a specialist science laboratory. These expansion works are scheduled for completion ahead of the 2020 school year.

## Expanding Franklin Early Childhood School

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,000	24,000	3,447	0	<b>29,447</b>
Depreciation	0	253	589	589	<b>1,431</b>
Associated expenses	0	393	762	869	<b>2,024</b>
<b>Total expenses</b>	<b>0</b>	<b>646</b>	<b>1,351</b>	<b>1,458</b>	<b>3,455</b>

The Government will expand the Franklin Early Childhood School from a P-2 school into a full P-6 school from 2021, ensuring students can stay on at this local school throughout their primary years.

## More places for students at Gold Creek School's senior campus

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	750	2,214	3,478	0	<b>6,442</b>
Depreciation	0	0	64	129	<b>193</b>
Associated expenses	0	0	0	64	<b>64</b>
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>64</b>	<b>193</b>	<b>257</b>

The Government will add more capacity at Gold Creek School's senior campus so more Gungahlin students can find a place at their local school. This expansion is scheduled for completion by the 2020 school year.

## More places for students at northside schools

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	4,404	4,100	0	0	<b>8,504</b>
Depreciation	0	44	129	170	<b>343</b>
Expenses	0	0	44	129	<b>173</b>
<b>Total expenses</b>	<b>0</b>	<b>44</b>	<b>173</b>	<b>299</b>	<b>516</b>

The Government will provide additional transportable classrooms that can be deployed rapidly to respond to enrolment growth at individual ACT public schools. These transportable classrooms will initially be used to add capacity at North Gungahlin Primary School, Hawker Primary School, Lyneham High School and Gungahlin College.

## Planning for Canberra's future school needs

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	883	715	455	0	<b>2,053</b>
Associated expenses	750	750	0	0	<b>1,500</b>

The Government will undertake feasibility studies for new and expanded school capacity in growth regions across Canberra. This will include consideration of capacity within existing school sites in the City and Gateway area, and mapping of future student demand in residential growth areas in west Belconnen, the Molonglo Valley, south-east Canberra and the Belconnen and Woden town centre areas.

## Supporting smarter working in the new ACT Government office projects

See the Chief Minister, Treasury and Economic Directorate capital initiative *Supporting smarter working in the new ACT Government office projects* for further details.

### *Plant and equipment*

## Delivering energy-efficient heating upgrades for ACT public schools

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,300	3,991	4,789	4,884	<b>15,964</b>
Depreciation	115	315	554	798	<b>1,782</b>

The Government will upgrade and modernise heating systems at nine ACT public schools to improve comfort for staff and students. These works will be undertaken at: Forrest Primary School, Mount Stromlo High School, Red Hill Primary School, Fadden Primary School, Alfred Deakin High School, Wanniasa Hills Primary School, Lyneham Primary School, Hawker College and Telopea Park School.

## Expense initiatives with associated capital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Delivering secure local jobs for school cleaners	1,610	0	0	0	<b>1,610</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## ENVIRONMENT, PLANNING AND SUSTAINABLE DEVELOPMENT DIRECTORATE

### Better toilet facilities – Orroral Valley Campground

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	185	0	0	0	185

The Government will upgrade the toilets at the Orroral Valley campground to improve facilities for visitors. This initiative is funded through the *Better Infrastructure Fund*.

### Delivering better community facilities for Woden Town Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	300	1,450	0	0	1,750

The Government will design a new community centre to be located in the Woden Town Centre. The centre will provide a new home for Woden Community Service to deliver a range of integrated services, as well as a community space with the design and service offerings to be informed by ongoing engagement with the Woden community.

### New walking trails – Tidbinbilla Nature Reserve

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	60	0	0	0	60

The Government will construct two new trails through the Tidbinbilla Nature Reserve to improve the experience for visitors. This initiative is funded through the *Better Infrastructure Fund*.

### Parks and Conservation Service visitor facilities upgrade

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	80	0	0	0	80

The Government will undertake an audit of Parks and Conservation-managed visitor facilities, as well as conduct early planning and design for upgrades that will improve amenity for visitors. This initiative is funded through the *Better Infrastructure Fund*.

## Protecting grasslands and conservation areas

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	199	399	200	0	<b>798</b>
Associated expenses	78	0	0	0	<b>78</b>
Depreciation	0	0	3	6	<b>9</b>
<b>Total expenses</b>	<b>78</b>	<b>0</b>	<b>3</b>	<b>6</b>	<b>87</b>

The Government will protect native species and their habitats in the Gooromon Grasslands and Kenny nature reserves to ensure we maintain Canberra's unique natural environment as land release continues in Gungahlin and Lawson.

## Replanting the Ingledene Forest

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	186	680	454	414	<b>1,734</b>

The Government will re-establish the Ingledene Forest to provide a new recreational area in the ACT's south. Replanting the Ingledene Forest with softwood trees will provide for recreational uses while also creating a demonstration of the potential for carbon sequestration in recreational areas. The Government will work with stakeholders to help shape the recreational potential of the area. Ingledene Forest was destroyed by bushfire in 2003 and this replanting will help restore an important part of Canberra's landscape.

## Supporting smarter working in the new ACT Government office projects

See the Chief Minister, Treasury and Economic Directorate capital initiative *Supporting smarter working in the new ACT Government office projects* for further details.

### *Information and communication technology*

## Improving online lodgement for development applications

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	600	0	0	0	<b>600</b>
Depreciation	0	100	100	100	<b>300</b>

The Government will support continued modernisation of the eDevelopment platform which supports the timely and efficient processing of development applications.

## Expense initiatives with associated capital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Remediating the former Molonglo sewerage treatment facility	0	0	1,498	1,115	<b>2,613</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## HEALTH PORTFOLIO

Health services in the ACT are delivered by two distinct agencies:

- The ACT Health Directorate is responsible for the stewardship of the health system, providing policy and population health capability, with a focus on developing strategies and direction setting to ensure services meet community needs and expectations, delivering improved health outcomes through an innovative health system, that is effective and sustainable now and into the future; and
- Canberra Health Services focuses on the delivery of front-line services including the administration of Canberra's public hospitals, Walk-in Centres and community health centres.

Due to the structure of the Health agencies, most of the initiatives listed below will be delivered by both. For ease of reading, the initiative funding profiles for the separate agencies have been combined under each initiative.

A Health Funding Envelope is used to provide funding certainty for the Health entities noted above, regardless of changes in Commonwealth funding and other sources of income. The operating costs associated with new capital initiatives are also funded from the envelope, which includes annual indexation for price growth as well as growth in activity.

### Delivering the Inner North Walk in Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,100	614	0	0	<b>1,714</b>
Depreciation	0	105	114	114	<b>333</b>
Associated expenses	0	2,648	2,687	2,744	<b>8,079</b>
<b>Net expenses</b>	<b>0</b>	<b>2,753</b>	<b>2,801</b>	<b>2,858</b>	<b>8,412</b>

The Government will establish a new Walk in Centre at Dickson, providing faster access to care for minor injuries and illnesses for people in Canberra's Inner North. This new facility will bring Canberra's network of Walk in Centres to five, following the recent delivery of new centres in Gungahlin and the Centre which will open soon in Weston Creek.



## Delivering the SPIRE Centre at Canberra Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	60,200	NFP	NFP	NFP	NFP
Offset – Capital	-6,500	0	0	0	-6,500
<b>Net capital</b>	<b>53,700</b>	<b>NFP</b>	<b>NFP</b>	<b>NFP</b>	<b>NFP</b>
Depreciation	NFP	NFP	NFP	NFP	NFP
Associated expenses	0	200	400	500	1,100
<b>Net expenses</b>	<b>NFP</b>	<b>NFP</b>	<b>NFP</b>	<b>NFP</b>	<b>NFP</b>

The Government will deliver a major upgrade and expansion of Canberra Hospital by delivering the Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre. SPIRE will deliver a state-of-the-art critical care and surgical facility to meet acute healthcare demand into the future by providing: additional inpatient beds; new and more operating theatres; a new and expanded intensive care unit including a paediatric intensive care unit; a rehabilitation gymnasium; and a family zone to support family centred care. It will also feature an expanded coronary care unit including interventional cardiology; interventional radiology suites; a new and expanded emergency department; a mental health short-stay unit; integrated radiology and medical imaging capability; and associated storage and clinical support services.

The budget includes a provision for the estimated construction costs of SPIRE, which will not yet be published to ensure value for money in the Government's approach to market.

## Expanding Clare Holland House to strengthen palliative care

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,000	2,000	2,000	0	6,000
Offset – Capital	-2,000	-2,000	-2,000	0	-6,000
<b>Net capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Depreciation	0	0	0	120	120
Associated expenses	0	0	60	120	180
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>60</b>	<b>240</b>	<b>300</b>

With the support of the Australian Government and The Snow Foundation, the Government will expand Clare Holland House to continue to provide high quality care with dignity and respect for more Canberrans at the end of their lives. The expansion will deliver more inpatient beds as well as improved administration and clinical support spaces.

## Expanding the Centenary Hospital for Women and Children

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	0	30,000	10,550	0	<b>40,550</b>
Depreciation	0	294	1,717	2,370	<b>4,381</b>
Associated expenses	0	3,990	14,990	20,510	<b>39,490</b>
Associated expenses – Capital grant	3,000	0	0	0	<b>3,000</b>
<b>Net expenses</b>	<b>3,000</b>	<b>4,284</b>	<b>16,707</b>	<b>22,880</b>	<b>46,871</b>

The Government will deliver a significant expansion to the Centenary Hospital for Women and Children. The expanded Centenary Hospital will include: more neonatology services including more special care beds and increased support for families; more post-natal beds; an expanded Maternity Assessment Unit; more family support and education services; a new adolescent mental health inpatient unit and day services; and an adolescent gynaecology service.

The capital cost of this project was provisioned in the 2017-18 Budget.

### *Information and communication technology*

## ACT Health Core IT Systems to align with the Digital Health Strategy

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	3,920	24,574	25,504	16,380	<b>70,378</b>
Depreciation	0	784	5,699	10,800	<b>17,283</b>
Associated expenses	2,860	4,625	7,975	10,825	<b>26,285</b>
Offset – Savings	0	0	0	-6,338	<b>-6,338</b>
<b>Net expenses</b>	<b>2,860</b>	<b>5,409</b>	<b>13,674</b>	<b>15,287</b>	<b>37,230</b>

The Government will procure and implement a Digital Health Record for ACT Government-funded public health services. The Digital Health Record will provide a single point of reference for patient clinical records, supporting more consistent care and effective case management by replacing current electronic and paper-based systems.

## Implementing real time prescription monitoring

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	788	1,326	0	0	<b>2,114</b>
Depreciation	0	0	423	423	<b>846</b>

The Government will upgrade the Drugs and Poisons Information System to provide real-time prescription monitoring. This will help prevent individuals from accessing dangerous quantities of addictive prescription drugs and move the ACT towards alignment with monitoring becoming available in other jurisdictions around Australia.

### *Plant and equipment*

## More public medical imaging services for Canberra Hospital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	0	2,800	6,100	2,300	<b>11,200</b>
Depreciation	0	0	0	1,120	<b>1,120</b>
Associated expenses	100	677	1,217	1,458	<b>3,452</b>
<b>Total expenses</b>	<b>100</b>	<b>677</b>	<b>1,217</b>	<b>2,578</b>	<b>4,572</b>

The Government will provide more public medical imaging services by delivering an additional interventional radiology suite at The Canberra Hospital and replacing existing MRI devices. This will reduce pressure on existing theatres, allow for more complex procedures to be undertaken, and produce better patient outcomes by reducing scanning times and improving image quality.

## Expense initiatives with associated capital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expanding pharmacy services at The Canberra Hospital	2,212	3,318	0	0	<b>5,530</b>
More mental health services at The Canberra Hospital	1,764	756	0	0	<b>2,520</b>
Opioid treatment services on Canberra's northside	611	0	0	0	<b>611</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## HOUSING ACT

### Growing and renewing more public housing

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	85,240	19,790	0	0	<b>105,030</b>
Offset – Capital	-65,240	-19,790	0	0	<b>-85,030</b>
Capital – Provision	0	20,000	20,000	20,000	<b>60,000</b>
<b>Net capital</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>80,000</b>
Depreciation	4,530	-550	-190	-190	<b>3,600</b>
Associated expenses	3,130	160	0	0	<b>3,290</b>
Offset – Associated expenses	-3,130	-160	0	0	<b>-3,290</b>
<b>Net expenses</b>	<b>4,530</b>	<b>-550</b>	<b>-190</b>	<b>-190</b>	<b>3,600</b>

The Government will continue growing our investment in public housing by investing \$100 million over five years to deliver at least 200 more homes and renew another 1,000 properties. This investment will commence following completion of the Government's major public housing renewal program in mid-2019, which has seen 1,288 ageing public housing properties replaced with modern homes that better meet the diverse needs of our tenants.

### Providing alternatives to jail through the Justice Housing Program

See the Justice and Community Safety Directorate expense initiative *Providing alternatives to jail through the Justice Housing Program* for further details on the capital component of this initiative.

### Reducing homelessness by delivering another Common Ground

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,147	0	0	0	<b>2,147</b>
Capital – Provision	0	NFP	NFP	0	<b>NFP</b>
<b>Total capital</b>	<b>2,147</b>	<b>NFP</b>	<b>NFP</b>	<b>0</b>	<b>2,147</b>
Associated expenses	70	567	1,281	1,123	<b>3,041</b>

The Government will commence construction of a second Common Ground community housing complex in Dickson, featuring 40 units as well as communal and social enterprise spaces. The Common Ground model provides intensive support to people who are experiencing, or at risk of, homelessness, as well as providing affordable rental housing for Canberrans on low incomes. In addition to providing secure and suitable accommodation, the Common Ground model delivers onsite support for tenants with individual case management, employment, training and social inclusion opportunities.

The Government has withheld details of the capital funding to ensure value for money when making an approach to market.

## JUSTICE AND COMMUNITY SAFETY DIRECTORATE

### Creating a Reintegration Centre to support pathways out of the justice system

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,817	27,103	6,075	0	34,995
Depreciation	0	0	0	827	827
Associated expenses – Provision	0	0	6,000	6,000	12,000
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>6,827</b>	<b>12,827</b>

The Government will increase the capacity of the Alexander Maconochie Centre by constructing a Reintegration Centre to deliver more transitional release programs. The Reintegration Centre will provide accommodation for up to 80 low risk detainees and support them to improve living skills, re-establish connections with family and friends and pursue employment, rehabilitation and education opportunities. This initiative is part of the Government's efforts to reduce recidivism by helping more detainees onto new pathways after leaving a custodial sentence.

### Delivering better facilities for ACT Policing

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	767	4,078	3,979	225	9,049
Depreciation	0	47	240	437	724
Associated expenses	34	55	55	27	171
<b>Total expenses</b>	<b>34</b>	<b>102</b>	<b>295</b>	<b>464</b>	<b>895</b>

The Government will upgrade ACT Policing facilities housed in ACT Government-owned buildings to ensure that they are fully accessible for people with disability and mobility impairments. This will improve accessibility and better support workplace diversity within ACT Policing.

### New stations for ACT Ambulance Service and ACT Fire & Rescue

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	939	0	0	0	939

The Government will complete due diligence investigations and undertake preliminary design for new Fire and Ambulance stations in the City and the Molonglo Valley. The proposed new stations will help maintain and improve emergency response times across the Territory.

## Rural Fire Service facilities upgrade

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	178	0	0	0	<b>178</b>

The Government will upgrade the multi-purpose room at the Hume helibase and create separate change areas for male and female volunteers at the Hall facility to better support workplace diversity. This initiative will be delivered through the *Better Infrastructure Fund*.

## Upgrading essential services at the Alexander Maconochie Centre

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,204	4,340	703	0	<b>6,247</b>
Depreciation	0	41	237	1,249	<b>1,527</b>
Associated expenses	186	334	190	0	<b>710</b>
<b>Total expenses</b>	<b>186</b>	<b>375</b>	<b>427</b>	<b>1,249</b>	<b>2,237</b>

The Government will strengthen safety and security at the Alexander Maconochie Centre by replacing the Fire Services Systems and the Detainee Telephone System. The replacement systems will ensure correctional staff can continue to provide a safe and secure environment for detainees, staff and visitors.

## Upgrading the ACT State Emergency Service's Majura Unit facility

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	686	1,246	0	0	<b>1,932</b>
Offset – Capital	-420	0	0	0	<b>-420</b>
<b>Net capital</b>	<b>266</b>	<b>1,246</b>	<b>0</b>	<b>0</b>	<b>1,512</b>
Depreciation	0	4	48	48	<b>100</b>

The Government will upgrade the ACT State Emergency Services Majura Unit at Hackett to cater for growth in the service's membership base. The upgrade will ensure the continuation of a high-level of operational response to flood and storm events in Canberra's Inner North.

## *Plant and equipment*

### **Boosting equipment for the ACT Emergency Services Agency**

	2019-20	2020-21	2021-22	2022-23	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b>
Capital	1,200	1,874	0	0	<b>3,074</b>
Depreciation	0	37	205	205	<b>447</b>

The Government will purchase a new aerial fire-fighting appliance that will be able to navigate urban areas more effectively, and provide a better response at multi-storey building fires. The Government will also purchase a new pumper for ACT Fire and Rescue, augmenting the agency's existing vehicle replacement program. These two vehicles complement the new aerial pumper that was funded in the 2018-19 Budget.

### **Expense initiatives with associated capital**

	2019-20	2020-21	2021-22	2022-23	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000	<b>\$'000</b>
Better supporting vulnerable witnesses	119	0	0	0	<b>119</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## OFFICE OF THE LEGISLATIVE ASSEMBLY

### Basic service upgrades for the ACT Legislative Assembly

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	410	672	0	0	<b>1,082</b>
Offset – Capital	-206	0	0	0	<b>-206</b>
<b>Net capital</b>	<b>204</b>	<b>672</b>	<b>0</b>	<b>0</b>	<b>876</b>
Depreciation	3	25	34	34	<b>96</b>

The Government will upgrade three bathrooms and 13 kitchenettes in the Legislative Assembly building to finalise renovations which commenced in 2015-16. The Government will also complete essential heating, ventilation and air conditioning works with an upgrade of core systems on the ground floor.

### Improving accessibility for the ACT Legislative Assembly

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	900	0	0	0	<b>900</b>
Depreciation	0	18	18	18	<b>54</b>

The Government will undertake works to deliver a more secure and accessible entrance at the ACT Legislative Assembly. These works will provide a consistent façade with that of other new buildings in Constitution Place, and strengthen security measures in response to expert advice.



## TRANSPORT CANBERRA AND CITY SERVICES DIRECTORATE

### Active travel upgrades

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,250	0	0	0	<b>2,250</b>

Through the *Better Infrastructure Fund*, the Government delivers footpath and cycleway upgrades to help make suburbs more age-friendly and promote active travel. In 2019-20 these works will be delivered in Aranda, Campbell, Holt, Isabella Plains, Narrabundah and Stirling. We will also upgrade bus stop infrastructure across the ACT to improve accessibility and encourage more Canberrans to combine active travel with public transport.

### Better connecting Belconnen and Gungahlin

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	4,530	15,000	15,000	10,000	<b>44,530</b>
Depreciation	0	0	0	597	<b>597</b>

The Government will improve access between Belconnen and Gungahlin by duplicating the arterial road between Ginninderra Drive and the Barton Highway, with the Commonwealth Government contributing \$20 million towards these works through the *National Partnership Agreement on Land Transport Infrastructure Projects*.

### Better sportgrounds and dog parks

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,510	0	0	0	<b>1,510</b>

The Government will strengthen local suburban infrastructure by improving the amenity of dog parks across Canberra and continuing to upgrade local ovals. The Government will also deliver an annual program of works to upgrade sportsgrounds facilities to ensure they are fit for purpose for the community. These improvements will be undertaken in Narrabundah, Phillip, Nicholls and Yarralumla.

This initiative will be delivered through the *Better Infrastructure Fund*.

## Commencing Light Rail Stage 1 operations and delivering a light rail stop at Mitchell

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	4,847	NFP	0	0	NFP
Offset – Capital provision	-3,500	0	0	0	NFP
<b>Net capital</b>	<b>1,347</b>	<b>NFP</b>	<b>0</b>	<b>0</b>	<b>NFP</b>
Depreciation	0	0	NFP	NFP	NFP
Associated expenses	667	685	702	760	2,814
<b>Total expenses</b>	<b>667</b>	<b>685</b>	<b>NFP</b>	<b>NFP</b>	<b>NFP</b>

The Government will provide ongoing support for services and contract management for Stage 1 of light rail from Gungahlin to the city, and will also construct an additional light rail stop on Flemington Road in Mitchell. The cost of the initiative will be partially offset by a provision that was established in the 2018-19 Budget.

The capital cost of this initiative has been withheld in order to secure value for money when the Government approaches the market.

## Delivering a new high school at Kenny

See the Education Directorate capital initiative *Delivering a new high school at Kenny* for further details.

## Delivering better community infrastructure

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,500	2,563	2,627	2,692	<b>10,382</b>

The Government will grow our investment in infrastructure improvements and upgrades to community infrastructure across Canberra such as playgrounds, shopping centres and local sportsgrounds. In 2019-20 this will include delivering new or upgraded play spaces for Richardson, Waramanga, Torrens, Narrabundah and Higgins as well as new nature play spaces at Yerrabi Pond and Kambah District Park.

## Delivering safer intersections

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	3,000	5,520	5,500	0	14,020
Depreciation	0	0	0	467	467
Associated expense	0	100	241	328	669
<b>Total expenses</b>	<b>0</b>	<b>100</b>	<b>241</b>	<b>795</b>	<b>1,136</b>

The Government will deliver on our election commitment to provide safer intersections through upgrades to key sites across Canberra. This will include upgrading the intersections at Southern Cross Drive and Starke Street in Holt; Belconnen Way and Springvale Drive in Hawker; Kent Street and Novar Street in Deakin; and Launceston Street and Irving Street in Phillip. Through this initiative we will also continue to improve safe road access to Mt Taylor in Kambah and conduct a scoping study to improve the Hume Circle roundabout at Narrabundah.

## Delivering Stage 2 of Light Rail to Woden

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	18,408	1,750	0	0	20,158
Offset – Capital provision	-16,658	0	0	0	-16,658
Provision – Capital	0	29,896	13,500	0	43,396
<b>Net capital</b>	<b>1,750</b>	<b>31,646</b>	<b>13,500</b>	<b>0</b>	<b>46,896</b>
Associated expenses	2,342	0	0	0	2,342
Offset – Expense provision	-2,342	0	0	0	-2,342
Provision – Expense	0	2,401	0	0	2,401
<b>Net expenses</b>	<b>0</b>	<b>2,401</b>	<b>0</b>	<b>0</b>	<b>2,401</b>

The Government will progress detailed design, planning and enabling works for Stage 2 of light rail from the City to Woden. This will include starting work on a new Woden Bus Interchange to integrate with light rail, to ensure the project keeps moving ahead while we continue to engage with the Commonwealth Government on the route alignment and approvals process.

## Improving local shopping centres

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	500	0	0	0	500

The Government will upgrade local shopping centres across the ACT, including improving footpaths, benches and installing new infrastructure at the Dunlop and Fraser shops. This initiative will be delivered through the *Better Infrastructure Fund*.

## Improving stormwater networks

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,551	4,800	7,710	4,000	<b>19,061</b>
Depreciation	0	84	151	191	<b>426</b>
Associated expense	80	80	160	160	<b>480</b>
<b>Total expenses</b>	<b>80</b>	<b>164</b>	<b>311</b>	<b>351</b>	<b>906</b>

The Government will upgrade the stormwater network in Fyshwick, Waramanga, Page and Weetangera, and boost the frequency of street sweeping to improve the quality of run-off into our waterways. Growing our investment in water infrastructure was one of the priority actions identified by the Better Suburbs Citizens' Forum through the *Better Suburbs Statement*.

## Improving water management infrastructure

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	500	0	0	0	<b>500</b>
Capital – Provision	0	3,980	20	0	<b>4,000</b>
<b>Total capital</b>	<b>500</b>	<b>3,980</b>	<b>20</b>	<b>0</b>	<b>4,500</b>

The Government will undertake detailed design for water management infrastructure in Mawson to improve amenity and safety.

## Making our roads safer while keeping Canberra moving

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	4,521	12,600	12,575	0	<b>29,696</b>
Adjustment to capital provision	-8,400	-17,883	-17,566	20,568	<b>-23,281</b>
<b>Net capital</b>	<b>-3,879</b>	<b>-5,283</b>	<b>-4,991</b>	<b>20,568</b>	<b>6,415</b>
Depreciation	0	0	41	574	<b>615</b>
Associated expense	0	500	1,000	800	<b>2,300</b>
<b>Total expenses</b>	<b>0</b>	<b>500</b>	<b>1,041</b>	<b>1,374</b>	<b>2,915</b>

The Government will design and construct upgrades to the Monaro Highway with matched funding from the Commonwealth Government under the *National Partnership Agreement on Land Transport Infrastructure Projects*. We will also undertake further road upgrades and bridge strengthening to improve heavy vehicle safety, with matched funding to be provided through the Commonwealth Government's *Heavy Vehicle Safety and Productivity Program* and the *Bridges Renewal Program*.

### More active travel infrastructure for our schools and suburbs

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,750	1,694	0	0	<b>3,444</b>
Depreciation	0	0	22	22	<b>44</b>
Associated expenses	125	128	152	176	<b>581</b>
<b>Total expenses</b>	<b>125</b>	<b>128</b>	<b>174</b>	<b>198</b>	<b>625</b>

The Government will continue to deliver the school crossing supervisors program supporting 25 schools, construct a cycling and walking path on the eastern side of Flemington Road, and deliver a range of safety measures at schools across the Territory to improve road safety and encourage walking and cycling to school.

### More carparks for Palmerston Shops and Cooleman Court

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	420	0	0	0	<b>420</b>
Depreciation	0	6	6	6	<b>18</b>
Associated expenses	0	0	4	8	<b>12</b>
<b>Total expenses</b>	<b>0</b>	<b>6</b>	<b>10</b>	<b>14</b>	<b>30</b>

The Government will design and construct new car parks at the Palmerston Shops and Cooleman Court in Weston Creek to improve ease of access and speed up visiting times for local residents.

### More City Services depots for better service delivery

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	200	200	0	0	<b>400</b>
Depreciation	0	0	22	22	<b>44</b>

The Government will plan and design a new depot in the growing Molonglo Valley and upgrade depot facilities at Nicholls to support the delivery of municipal services.

## Planning better roads for our growing city

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,900	2,200	0	0	<b>4,100</b>
Capital – Provision	0	NFP	NFP	0	<b>NFP</b>
<b>Total capital</b>	<b>1,900</b>	<b>2,200</b>	<b>0</b>	<b>0</b>	<b>4,100</b>

The Government will plan and deliver improvements to road and other infrastructure across the city, including duplicating parts of William Hovell and Athllon Drives (both in Phillip and between Drakeford Drive and Sulwood Drive) and extending Morisset Road.

The capital cost of this initiative has been withheld in order to secure value for money when the Government approaches the market.

## Revitalising Woden library

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	500	0	0	0	<b>500</b>

The Government will upgrade and refurbish the Woden Library including upgrading spaces for use by the community. This initiative will be delivered through the *Better Infrastructure Fund*.

## Strengthening infrastructure supporting Canberra's new public transport network

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	0	2,000	3,100	0	<b>5,100</b>
Depreciation	0	0	0	68	<b>68</b>

The Government will design and construct a new bus layover and driver facility in Turner to support the effective delivery of Canberra's new public transport network.

## Supporting more Canberrans to Park and Ride

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	625	1,875	0	0	<b>2,500</b>
Depreciation	0	0	167	167	<b>334</b>
Associated expenses	0	0	0	25	<b>25</b>
<b>Total expenses</b>	<b>0</b>	<b>0</b>	<b>167</b>	<b>192</b>	<b>359</b>

The Government will design and construct a new park and ride facility on Well Station Drive in Gungahlin to support more Canberrans using the new public transport network.

## Supporting smarter working in the new ACT Government office projects

See the Chief Minister, Treasury and Economic Directorate capital initiative *Supporting smarter working in the new ACT Government office projects* for further details.

### *Plant and equipment*

## Better buses to support the new bus network

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	6,394	12,403	12,713	6,000	<b>37,510</b>
Capital – Provision	0	0	0	7,000	<b>7,000</b>
<b>Total capital</b>	<b>6,394</b>	<b>12,403</b>	<b>12,713</b>	<b>13,000</b>	<b>44,510</b>
Depreciation	0	320	940	1,576	2,836

The Government will purchase 84 modern and fuel-efficient buses to improve accessibility and passenger comfort, increase reliability and lower maintenance costs on the new public transport network. The new buses will be added to the fleet on a rolling basis so that the ACT retains the flexibility to transition to emerging types of low-emissions vehicles if these become viable in the near future.

## Expense initiatives with associated capital

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Better Suburbs: Planting more trees and delivering more bins at local shops	20	321	136	139	<b>616</b>
Growing investment in services for our suburbs	558	0	0	0	<b>558</b>
Managing waste better	1,551	4,654	0	0	<b>6,205</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## 3.4 REVENUE INITIATIVES

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Revenue initiatives in the 2019-20 Budget total \$79.8 million over four years.

A summary of revenue initiatives is shown at Table 3.4.1 below.

**Table 3.4.1: Summary of revenue initiatives**

<b>Summary of initiatives</b>	<b>2019-20 Estimate \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>	<b>Total \$'000</b>
<b>Revenue initiatives</b>	<b>3,320</b>	<b>4,438</b>	<b>4,456</b>	<b>4,674</b>	<b>16,888</b>
Revenue component of expense initiatives	9,956	16,008	17,936	16,676	60,576
Revenue component of infrastructure and capital initiatives	415	635	651	667	2,368
<b>Total revenue initiatives</b>	<b>13,691</b>	<b>21,081</b>	<b>23,043</b>	<b>22,017</b>	<b>79,832</b>
<i>Associated Expenses</i>	4,800	4,920	5,140	5,260	20,120



**Table 3.4.2: Summary of revenue initiatives by agency**

Revenue initiatives	2019-20 Estimate \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	Total \$'000
<b>ACT Compulsory Third-Party Insurance Regulator</b>					
A new Motor Accident Injuries Scheme to better protect Canberrans on our roads <sup>1</sup>	2,047	5,050	5,172	5,307	17,576
<b>Total</b>	<b>2,047</b>	<b>5,050</b>	<b>5,172</b>	<b>5,307</b>	<b>17,576</b>
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
ACT Land Titles system modernisation <sup>1,2</sup>	415	635	651	667	2,368
Improving processing for Working with Vulnerable People checks <sup>1</sup>	871	1,169	1,370	0	3,410
Improving the Lease Variation Charge	-200	-200	-200	0	-600
Increasing the Life Support Rebate	-20	-22	-24	-26	-92
Making controlled sports safer <sup>1</sup>	183	28	28	183	422
Strengthening fairness in tax collection <sup>1</sup>	3,440	3,840	3,840	3,840	14,960
Strengthening the contribution clubs make to our community <sup>1</sup>	800	820	840	860	3,320
Stronger compliance to improve building quality <sup>1</sup>	2,152	2,206	2,261	2,327	8,946
Supporting pensioners to find the right home	-700	0	0	0	-700
<b>Total</b>	<b>6,941</b>	<b>8,476</b>	<b>8,766</b>	<b>7,851</b>	<b>32,034</b>
<b>Environment, Planning and Sustainable Development Directorate</b>					
Faster processing for development applications <sup>1</sup>	923	960	998	1,038	3,919
Faster processing for heritage applications <sup>1</sup>	138	138	138	138	552
<b>Total</b>	<b>1,061</b>	<b>1,098</b>	<b>1,136</b>	<b>1,176</b>	<b>4,471</b>
<b>Health Portfolio</b>					
Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme <sup>1,3</sup>	1,675	1,717	1,759	1,803	6,954
<b>Total</b>	<b>1,675</b>	<b>1,717</b>	<b>1,759</b>	<b>1,803</b>	<b>6,954</b>
<b>Transport Canberra and City Services Directorate</b>					
Improving compliance for better animal management, healthier trees and a cleaner city <sup>1</sup>	482	0	0	0	482
Managing waste better <sup>1,2</sup>	1,485	4,740	6,210	5,880	18,315
<b>Total</b>	<b>1,967</b>	<b>4,740</b>	<b>6,210</b>	<b>5,880</b>	<b>18,797</b>
<b>TOTAL REVENUE INITIATIVES</b>	<b>13,691</b>	<b>21,081</b>	<b>23,043</b>	<b>22,017</b>	<b>79,832</b>
<i>Associated Expenses</i>	<i>4,800</i>	<i>4,920</i>	<i>5,140</i>	<i>5,260</i>	<i>20,120</i>

**Notes:**

1. This initiative has an expense component; this is listed in the summary table in Expense initiatives (Chapter 3.2).
2. This initiative has a capital component; this is listed in the summary table in Capital initiatives (Chapter 3.3).
3. This is a joint initiative ie delivered by more than one agency.

## ACT COMPULSORY THIRD-PARTY INSURANCE REGULATOR

### Revenue associated with expense initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
A new Motor Accident Injuries Scheme to better protect Canberrans on our roads	2,047	5,050	5,172	5,307	17,576

Refer to Expense initiatives (Chapter 3.2) for more information.

## CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

### Improving the Lease Variation Charge

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-200	-200	-200	0	<b>-600</b>

The Government has undertaken a review of the Lease Variation Charge to ensure it is continuing to achieve the aim of seeing the Canberra community share in the benefits of development while aligning with other government policies and objectives.

Based on the findings of this review the Government will:

- introduce a 25 per cent Lease Variation Charge remission for registered community housing providers, commencing on 1 October 2019, to encourage the development of more affordable rental housing;
- increase access to the Lease Variation Charge deferred payment scheme by lowering the minimum value threshold from \$100,000 to \$50,000 from 1 July 2019;
- simplify and consolidate schedule 2 codified residential charges to make this schedule easier to understand, use and update; and
- improve the presentation of information on ACT Government websites containing information about the LVC, including by developing an online LVC calculator.

The Government will also engage further with industry to explore options to:

- extend application of codified charges to mixed-use developments that are primarily residential in nature;
- extend application of codified charges that apply to commercial developments; and
- address inequity and inconsistency between schedule 1 and schedule 2 residential codified charges.

Further reforms in these areas will be pursued on a revenue neutral basis.

## Increasing the Life Support Rebate

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-20	-22	-24	-26	<b>-92</b>

The Government will increase the Life Support Rebate by 5 per cent in 2019-20, bringing the annual payment to \$128 a year. The Life Support Rebate provides help with electricity bills for eligible Canberrans who need electrically-operated life support equipment at home to treat a life-threatening condition.

## Strengthening fairness in tax collection

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	4,000	4,400	4,400	4,400	<b>17,200</b>
Revenue Foregone	-560	-560	-560	-560	<b>-2,240</b>
<b>Net Revenue</b>	<b>3,440</b>	<b>3,840</b>	<b>3,840</b>	<b>3,840</b>	<b>14,960</b>
Associated Expenses	4,000	4,100	4,300	4,400	<b>16,800</b>

The Government will support the ACT Revenue Office to collect revenue fairly and appropriately through compliance and debt recovery activities. Improved compliance will ensure that taxpayers who do the right thing do not end up subsidising those who avoid their legitimate tax obligations. As part of this initiative, the Government will also reduce the default penalty tax rate for non-compliance from 50 per cent to 25 per cent, which better aligns the ACT with penalty tax arrangements in other states.

## Strengthening the contribution clubs make to our community

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	800	820	840	860	<b>3,320</b>
Associated Expenses	800	820	840	860	<b>3,320</b>

The Government has increased the minimum community contributions rate for clubs by 0.8 per cent. Hotels will also be required to make mandatory contributions of 0.8 per cent of net gaming machine revenue (after tax) in line with the rate applied to clubs. This will bring the community contributions rate to 8.8 per cent, strengthening the contribution local clubs make to our growing community.

Revenue from this increase to the community contributions rate will be divided between the Chief Minister's Charitable Fund which supports local community groups and philanthropy, and gambling harm reduction and mitigation activities.

## Supporting pensioners to find the right home

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	-700	0	0	0	-700

The ACT Government will extend the Pensioner Duty Concession Scheme to 30 June 2020. This scheme assists eligible pensioners to move to accommodation that is better suited to their needs – for example, by downsizing from a house to a townhouse – by charging a concessional rate of conveyance duty.

Property value thresholds are also being adjusted to better target the scheme to those most in need of assistance to downsize. Canberrans purchasing a property below \$420,000 will qualify for a full duty concession, while those purchasing a property worth up to \$530,000 will receive a partial duty concession. Canberrans who receive a partial duty concession will also be able to defer any remaining duty until the property is sold, if they have at least 75 per cent equity in the new property.

## Revenue associated with expense initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Improving processing for Working with Vulnerable People checks	871	1,169	1,370	0	3,410
Stronger compliance to improve building quality	2,152	2,206	2,261	2,327	8,946
Making controlled sports safer	183	28	28	183	422

Refer to Expense initiatives (Chapter 3.2) for more information.

## Revenue associated with capital initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
ACT Land Titles system modernisation	415	635	651	667	2,368

Refer to Capital initiatives (Chapter 3.3) for more information.

## ENVIRONMENT, PLANNING AND SUSTAINABLE DEVELOPMENT DIRECTORATE

### Revenue associated with expense initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Faster processing for development applications	923	960	998	1,038	<b>3,919</b>
Faster processing for heritage applications	138	138	138	138	<b>552</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## HEALTH DIRECTORATE

### Revenue associated with expense initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Maintaining support for disability services in the transition to the full scheme National Disability Insurance Scheme	1,675	1,717	1,759	1,803	<b>6,954</b>

Refer to Expense initiatives (Chapter 3.2) for more information.

## TRANSPORT CANBERRA AND CITY SERVICES DIRECTORATE

### Revenue associated with expense initiatives

	2019-20	2020-21	2021-22	2022-23	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Improving compliance for better animal management, healthier trees and a cleaner city	482	0	0	0	482
Managing waste better	1,485	4,740	6,210	5,880	18,315

Refer to Expense initiatives (Chapter 3.2) for more information.





# CHAPTER 4

## EXPENSES

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## 4.1 OVERVIEW

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The ACT Government has a clear focus on investing in the core public services that Canberrans rely on. As our city grows, this means continuing to step up our investment in health and hospital services, schools and quality teachers, a new integrated public transport system, better suburbs and a more sustainable environment.

The ACT's total budget will reach \$6 billion in 2019-20, with every dollar we collect in revenue being re-invested in services and infrastructure for the Canberra community.

Like other governments around Australia, the ACT Government is addressing a more complex range of service delivery needs and challenges than ever before. Increased investment to support young people in out of home care, participants in the National Disability Insurance Scheme and the health needs of an ageing community, along with the need to tackle significant future challenges like climate change, are changing how we prioritise government spending over time.

Keeping expenditure growth within revenue growth will continue to be a challenge as we respond to emerging community needs while balancing community expectations about the contribution residents will make.

General Government Sector expenses are forecast to be \$6.2 billion in 2019-20, representing 13.8 per cent of Gross State Product. Across the forward estimates, expenses are forecast to grow by an average annual rate of 4 per cent, reflecting increases in health, general public services and education.



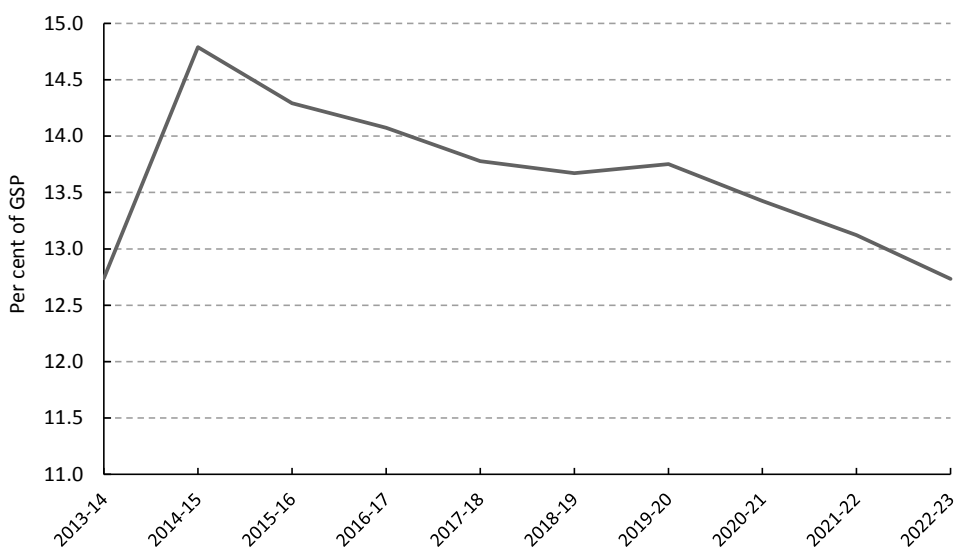
## 4.2 EXPENSES AND FORWARD ESTIMATES

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General Government Sector expenses are forecast to be \$6.2 billion in 2019-20, representing 13.8 per cent of Gross State Product. Expenses are forecast to grow by an average of 4 per cent a year over the next four years.

Figure 4.2.1 shows General Government Sector expenses as a percentage of Gross State Product over a 10-year period. The peak in 2014-15 reflects the costs associated with the Loose-fill Asbestos Insulation Eradication Scheme, with the ratio returning to lower levels in recent years and forecast to reduce further over the forward estimate period.

**Figure 4.2.1: General Government Sector total expenses as a percentage of Gross State Product**



**Note:**

1. Total expenses for the General Government Sector excludes the impact of Large-scale Generation Certificates.

## Estimated expenses by function

When categorised in accordance with the *Classification of the Functions of Government Australia* methodology, health, education and general public services are the most significant areas of General Government Sector spending. These functions jointly account for around 70 per cent of all government expenses in 2019-20.

The categorisation of expenses under this methodology facilitates meaningful comparisons of the proportion of government resources spent on functions over time and between jurisdictions. However, as the methodology uses specific definitions, the classifications can differ from the thematic or structural presentation of government spending included elsewhere in the budget papers.

Table 4.2.1 sets out the estimates of General Government Sector expenses by function under the *Classification of the Functions of Government Australia* methodology for 2018-19 to 2022-23.

**Table 4.2.1: General Government Sector expenses by function**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
1,530,917	Health	1,582,327	1,634,232	1,713,791	1,791,648	1,846,405
1,322,986	General public services	1,192,642	1,353,880	1,413,631	1,456,889	1,479,428
1,229,655	Education	1,282,111	1,305,338	1,360,646	1,420,649	1,484,603
460,232	Public order and safety	467,717	502,676	511,279	527,389	539,656
375,448	Social protection	417,810	465,674	462,612	477,481	495,042
355,631	Transport	378,601	420,944	434,062	452,469	464,444
229,911	Recreation, culture and religion	201,538	208,968	211,115	215,706	219,667
119,519	Environmental protection	116,810	118,272	113,626	116,182	119,930
101,511	Economic affairs	94,293	86,274	159,589	99,184	101,386
92,360	Housing and community amenities	65,436	61,709	60,221	61,039	62,698
<b>5,818,171</b>	<b>Total expenses</b>	<b>5,799,285</b>	<b>6,157,966</b>	<b>6,440,570</b>	<b>6,618,635</b>	<b>6,813,259</b>

**Note:** Numbers may not add due to rounding.

Significant areas of growth across the forward estimate period include health, education, transport, social protection, public order and safety and general public service functions. The growth in these areas largely reflects the expansion of services to meet population growth and the impact of reforms such as the full-scheme of the National Disability Insurance Scheme, as well as underlying increases in wages and superannuation expenses for the ACT Government's 21,000 strong workforce.

Decreases between years generally reflect the planned completion of programs, for example, the Asbestos Response Taskforce, or one-off impacts. As the expense data refers to the General Government Sector, government expenditure in the Public Trading Enterprises Sector – such as the provision of social housing services through Housing ACT – is largely excluded.

## Where will Government spending go in 2019-20?

Approximately half of the Government's total spending relates to healthcare and education, demonstrating the strong priority we place upon these essential public services.

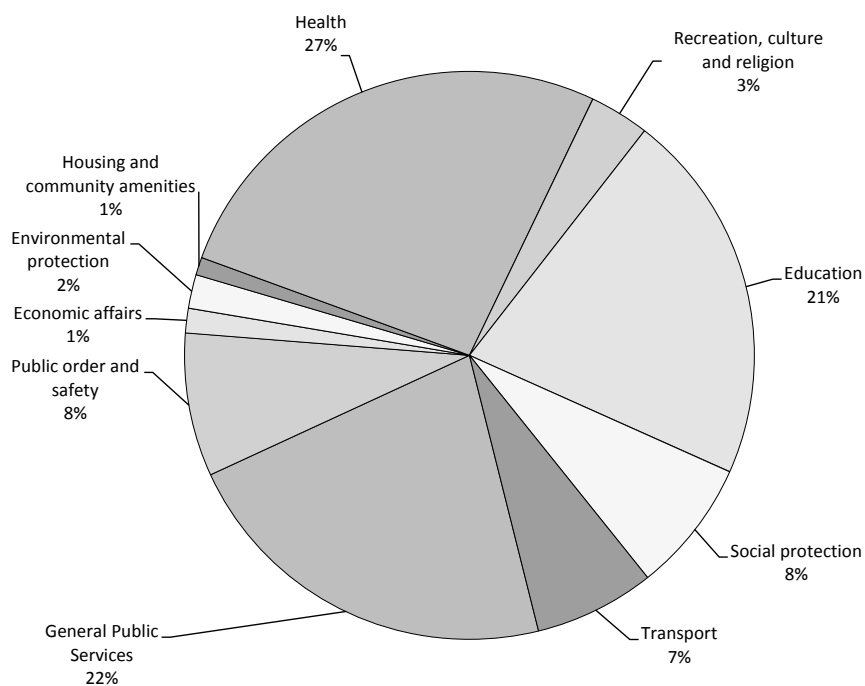
General public services account for 22 per cent of expenses. This category refers to expenses relating to the organisation and operation of government, including enabling services for other functions such as shared services activities and whole of government insurance costs. It also includes the delivery of Access Canberra as an efficient and accessible point of contact for Canberrans to do business with government.

The remaining government expenses are mainly for public order and safety, social protection and transport, as shown in Figure 4.2.2.

The share of spending allocated to any individual area of government necessarily affects the shares of all other areas. For example, the 2019-20 Budget makes a significant investment in support for Canberrans with disability and growing justice services. As a result of these large investments, other areas of government may represent a smaller share of total spending than in previous years. However, this does not mean the Government's investment in these areas is falling in dollar terms.

Over time, we invest the ACT's Budget in relatively stable proportions with health representing approximately one third of total spending and education representing about one quarter.

**Figure 4.2.2: Components of 2019-20 General Government Sector expenses**





## Consolidated General Government Sector expenses

Total expenses for the General Government Sector are expected to be \$5.8 billion in 2018-19, growing to \$6.2 billion in 2019-20. As in prior years, almost half of the expenses in 2019-20 relate to employee wages and superannuation.

The estimated outcome for expenses in 2018-19 is \$18.9 million lower than the original 2018-19 Budget forecast, primarily due to the net effect of impacts considered further below.

**Table 4.2.2: General Government Sector expenses**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Expenses</b>							
2,060,032	Employee expenses	2,089,669	2,151,451	3	2,195,936	2,245,992	2,286,190
	Superannuation expenses						
378,066	Superannuation interest cost	305,767	390,951	28	402,759	413,815	424,077
328,592	Other superannuation expense	399,113	331,819	-17	338,056	337,948	337,659
435,806	Depreciation and amortisation	414,151	475,983	15	492,085	510,303	524,005
199,977	Interest expense	178,896	217,714	22	229,938	242,420	231,096
<b>Other operating expenses</b>							
1,108,504	Supplies and services	1,085,877	1,064,745	-2	1,170,555	1,323,175	1,445,358
224,202	Other operating expenses	230,467	273,827	19	276,389	281,465	287,408
1,082,992	Grants and purchased services	1,095,345	1,251,476	14	1,334,852	1,263,517	1,277,466
<b>5,818,171</b>	<b>Total expenses</b>	<b>5,799,285</b>	<b>6,157,966</b>	<b>6</b>	<b>6,440,570</b>	<b>6,618,635</b>	<b>6,813,259</b>

### Factors affecting expense levels

#### *Employee expenses*

The increase of \$29.6 million in the 2018-19 estimated outcome from the original budget is mainly due to forecast growth in health activity.

Employee expenses are forecast to grow by \$61.8 million, or 3 per cent, in 2019-20 compared to the 2018-19 estimated outcome. This increase is largely due to the impact of new initiatives, growth in wages and staffing growth due to an expected increase in school enrolment numbers.

#### *Superannuation interest costs and other superannuation expenses*

Superannuation interest costs and other superannuation expenses represent expenses in relation to the defined benefit Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme superannuation liabilities. Other superannuation expenses also captures defined contribution superannuation arrangements, including the Public Sector Superannuation accumulation plan and choice of fund arrangements for existing staff.

Variations between the 2018-19 Budget, the 2018-19 estimated outcome and the 2019-20 Budget are mainly due to the discount rate applied to value the defined benefit superannuation liability, as well as the results from the latest actuarial review which uses salary and membership data at 30 June 2018. The lower discount rate at 30 June 2018 of 3.11 per cent, as compared to the long-term budget discount rate assumption of 5 per cent, decreased the superannuation interest cost and increased the superannuation service cost for the 2018-19 financial year.

### ***Depreciation and amortisation***

Depreciation and amortisation in 2018-19 is estimated to be \$21.7 million, or 5 per cent, lower than the original budget. This is largely due to delays in the recognition of assets for Stage 1 of light rail and revised completion dates for capital works projects.

Depreciation and amortisation expenses are estimated to increase in 2019-20 by \$61.8 million, or 14.9 per cent. This increase mainly reflects the expected completion of capital works and the impact of implementing a new accounting standard in 2019-20 that changes how we account for building, vehicle and ICT leases.

### ***Interest expenses***

Interest expenses represent the cost of borrowing to fund infrastructure investments.

The decrease of \$21.1 million in interest expenses in the 2018-19 estimated outcome compared with the original budget is mainly due to lower finance costs for leases (\$14.8 million) and lower market borrowing costs (\$6.3 million).

The increase of \$38.8 million in the 2019-20 Budget from the 2018-19 estimated outcome is due to higher lease finance costs (\$9.5 million), higher market borrowing costs due to higher outstanding borrowings in 2019-20 (\$31 million) and lower interest costs on Commonwealth loans as the loans are repaid (\$1.6 million).

### ***Supplies and services***

Supplies and services expenses comprise supplies, repairs and maintenance, consultant and contractor expenses, as well as payments for ACT Policing.

The 2018-19 estimated outcome for supplies and services expenses is expected to be \$22.6 million, or 2 per cent, lower than the original budget. This decrease is mainly due to lower monthly service payments due to the delay in the commencement of Stage 1 of light rail.

Supplies and services expenses are forecast to decrease by \$21.1 million in 2019-20, or 1.9 per cent from the 2018-19 estimated outcome. This decrease is mainly due to a reduction in expenses relating to the Public Housing Taskforce as the program is nearing completion.

### ***Other operating expenses***

Other operating expenses consist of cost of goods sold, insurance-related costs, concessions, school account expenses, and other miscellaneous expenses.

Other operating expenses in 2018-19 are estimated to be in line with the original budget.

In relation to the 2019-20 Budget, the increase of \$43.4 million, or 18.8 per cent, from the 2018-19 estimated outcome is mainly due to the recognition of workers compensation claims expenses related to the creation of the Public Sector Workers Compensation Fund.

### ***Grants and purchased services***

Grants and purchased services expenses in 2018-19 are estimated to be in line with the original budget.

Grant expenses are expected to increase by \$156.1 million, or 14.3 per cent, in 2019-20. This increase is mainly due to Public Private Partnership Service Payments associated with Stage 1 of light rail, higher grants for out of home care and the National Disability Insurance Scheme, and the impact of new policy initiatives.

## Community Service Obligations

Community Service Obligations primarily relate to Public Trading Enterprises. The definition adopted by the ACT Government is the one used by the Steering Committee on National Performance Monitoring of Government Trading Enterprises, established through the Special Premiers' Conference in 1991. This states:

*'A Community Service Obligation arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs, with identified public benefit objectives, which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sector to undertake, or which it would only do commercially at higher prices.'*

The Government extends the policy to other business units, regardless of whether the unit is formally a Territory-owned corporation or a statutory authority, and irrespective of its organisational structure.

The separate identification of Community Service Obligations provides transparency of the full cost of services as well as the financial implications of Government decisions in the provision of services to specific targeted groups in the community.

**Table 4.2.3: Community Service Obligations funded in the 2019-20 Budget**

CSO provided by:	2019-20 Budget \$'000	Description
<b>Chief Minister, Treasury and Economic Development Directorate</b>		
Exhibition Park	484	Compensation for charging below market rates, as a result of Ministerial direction, or agreements entered into by the Government.
Icon Water Limited	6,849	Rebates on water and sewerage charges for concession card holders, schools, churches, hospitals, benevolent and charitable institutions, and remissions provided by the ACT Civil and Administrative Tribunal.
ActewAGL/ Origin Energy/ Energy Australia	26,677	Rebates on energy bills for concession card holders and community groups, and remissions provided by the ACT Civil and Administrative Tribunal.
Several Funeral Directors	307	Support provided to Canberrans through the Funerals Assistance Program.
Transport Canberra Operations	9,111	Rebates on public transport for adult and student concession card holders.
Public Trustee and Guardian	527	Financial Management under ACT Civil and Administrative Tribunal orders, Enduring Power of Attorney, welfare funerals, Australian Federal Police callouts, estates and trusts administered valued at less than \$100,000, the examination of external ACT Civil and Administrative Tribunal orders and will preparation.

CSO provided by:	2019-20 Budget \$'000	Description
<b>Transport Canberra and City Services</b>		
<b>Directorate</b>		
Yarralumla Nursery	306	Free plant issue.
Transport Canberra Operations	171,526	Funding provided to Transport Canberra Operations to operate network (bus and light rail) services.
<b>Environment, Planning and Sustainable Development Directorate</b>		
ACT Forests	2,296	Provision and upkeep of public use areas within ACT Forests.
<b>Total Community Service Obligations</b>	<b>218,083</b>	

## Community Sector Funding

The Government provides funding for not-for-profit non-government community organisations that deliver human services through a multi-year Service Funding Agreement to meet increasing wage-related and administrative costs.

Annual funding increases are calculated using the following formula:

$$\text{Community Sector Funding Rate} = (\text{Wage Price Index} \times 0.8) + (\text{Consumer Price Index} \times 0.2).$$

Table 4.2.4 sets out the rates that have been applied to eligible community sector funding for the 2019-20 Budget.

**Table 4.2.4: Community Sector Funding Rate**

	2019-20 Budget %
Wage Price Index	2.5
Consumer Price Index	2.25
<b>Community Sector Funding Rate</b>	<b>2.45</b>

## CHAPTER 5

### INFRASTRUCTURE AND CAPITAL

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## 5.1 OVERVIEW

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Investing in infrastructure is an important part of our plan to protect Canberra's liveability as we grow. But it is also a key plank of our economic agenda because we understand public investment in major projects generates more good jobs for Canberrans.

We will invest over \$3 billion in infrastructure in Canberra over the four years to 2022-23, the largest infrastructure investment program ever committed to by this Government. This investment will set Canberra up for the next phase of our growth in the coming decade. Importantly, it will also deliver a boost to construction activity at a time when residential building is projected to start returning to more normal levels after several years of very strong growth.

With Stage 1 of light rail up and running, we are turning our focus to delivering Stage 2 to Woden as the next key link in the future city-wide light rail network. We are also modernising our bus fleet and electronic ticketing platform as part of a seamless and integrated public transport network.

Work will commence this year to deliver the Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre, and expand the Centenary Hospital for Women and Children. Together with our investments in Calvary Public Hospital and new community health centres, this represents the single largest program of health infrastructure delivery since self-government.

But our investment in infrastructure goes beyond the once-in-a-generation projects like light rail and SPIRE.

We are also delivering new and expanded schools in Canberra's north – ensuring local and community infrastructure grows alongside our newest suburbs. We are expanding our public housing portfolio and continuing to renew ageing properties to deliver more modern, comfortable homes that meet the needs of our tenants. We are upgrading roads and intersections so that Canberrans can move around more safely, and making local shops more accessible with improved parking and footpath links.

Through the Better Infrastructure Program, this Budget also delivers dozens of important community-scale projects across Canberra's suburbs and regions. As our city grows, we want to make sure that people in new suburbs and urban renewal areas have access to great community infrastructure, while also ensuring the facilities in more established suburbs are maintained to a high standard.





## 5.2 THE 2019-20 INFRASTRUCTURE INVESTMENT PROGRAM

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### Infrastructure investment trends and forecasts

The 2019-20 Budget maintains the momentum of our step up in infrastructure investment over recent years. We will invest over \$3 billion in infrastructure across the ACT over the four years to 2022-23, the largest ever infrastructure investment program delivered by this Government.

The Territory's Infrastructure Investment Program has three main components which are summarised below. More detailed information on each component is provided in subsequent sections in this chapter.

- **The Capital Works Program:** \$1.8 billion over the four years to 2022-23. The Capital Works Program includes all projects undertaken by the ACT Government for physical infrastructure and Information and Communications Technology (ICT).

Physical infrastructure works include:

- new projects approved in the 2019-20 Budget
- works-in-progress on projects commenced in previous years
- improvements to existing infrastructure which extend the useful life, or improve the delivery capacity of existing physical assets, through the Better Infrastructure Fund.

ICT expenditure is enabling investment to facilitate government service delivery in the Territory.

- **Infrastructure investment provisions:** \$1.2 billion over four years. These provisions set aside funding for significant capital works projects for which budgets are yet to be settled, or which are commercially sensitive.
- **Capital Works Reserve:** the newly-established reserve allows agencies with a multi-year budget allocations for capital works to draw on their future funding if their capital expenditure in a budget year exceeds their allocation for that year. For example, if projects are able to be delivered faster than scheduled, directorates can access future years' funding through the reserve to maintain the pace of progress, while staying within the overall project cost envelope. The amount available in the Capital Works Reserve in 2019-20 is \$140 million.

Projects funded under the Infrastructure Investment Program are identified, assessed and developed in accordance with [The Capital Framework](#).

Information on the Capital Works Program is provided in Chapter 3.3 – *Infrastructure and capital initiatives* for new works, Appendix D for the Better Infrastructure Fund, and Appendix E for works-in-progress.

More detailed information on the Capital Works Program can be found at

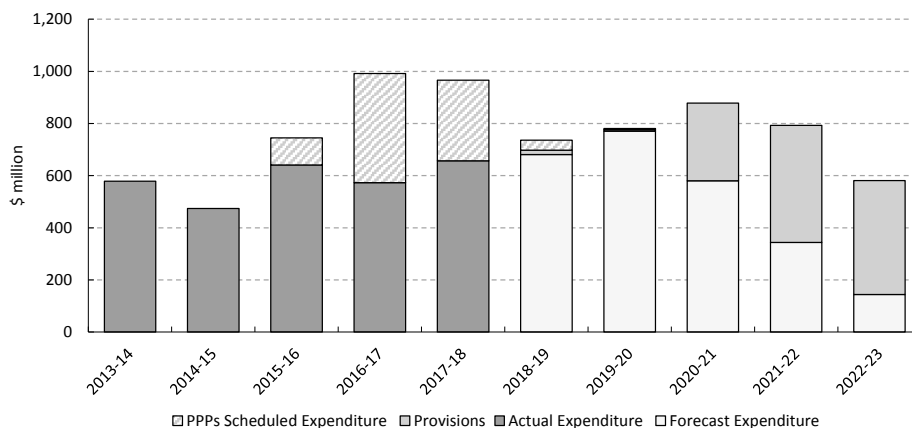
<https://apps.treasury.act.gov.au/budget/budget-2019-20/capital-works>

## Investment forecasts

The 2019-20 Infrastructure Investment Program includes initiatives to deliver the Government’s 2016 election commitments, ensure our community has access to quality facilities and services close to home, and set Canberra up for the next stage of our growth. To this end, the 2019-20 Budget provides over \$3 billion for infrastructure investment over the four years to 2022-23 (see Figure 5.2.1). Most of the increase in investment over the two years to 2017-18 reflects expenditure associated with the ACT Law Courts Facilities and Light Rail – Stage 1 projects.

For the four years to 2022-23, the higher levels of forecast expenditure in the first two years reflect both continued work on existing projects and the commencement of new initiatives introduced in the 2019-20 Budget. The higher levels of provisions in the last two years are associated with major projects such as the SPIRE Centre and new transport infrastructure (see Table 5.2.1).

**Figure 5.2.1: Infrastructure investment 2013-14 to 2022-23<sup>1</sup>**



**Note:**

1. Data for provisions excludes the Capital Works Reserve. Actual and forecast expenditure includes Information and Communications Technology, and Plant and Equipment.

**Table 5.2.1: Summary of the 2019-20 Infrastructure Investment Program**

	2019-20 Allocation \$'000	2020-21 Allocation \$'000	2021-22 Allocation \$'000	2022-23 Allocation \$'000	Total investment \$'000
<b>New capital works</b>					
Early planning	4,859	3,716	455	0	<b>9,030</b>
Forward design	1,239	1,450	0	0	<b>2,689</b>
Construction	176,178	200,594	119,581	26,082	<b>522,435</b>
Information and Communications Technology	32,499	48,657	26,154	16,380	<b>123,690</b>
Plant and equipment	11,272	22,418	20,106	8,853	<b>62,649</b>
Capital grants	3,140	14	0	0	<b>3,154</b>
<b>Sub-total new capital works</b>	<b>229,187</b>	<b>276,849</b>	<b>166,296</b>	<b>51,315</b>	<b>723,647</b>
Better Infrastructure Fund – base	52,198	65,754	62,814	64,384	<b>245,150</b>
Better Infrastructure Fund – initiatives	13,035	1,245	0	0	<b>14,280</b>
<b>Total Better Infrastructure Fund<sup>1</sup></b>	<b>65,232</b>	<b>66,999</b>	<b>62,814</b>	<b>64,384</b>	<b>259,429</b>
<b>TOTAL NEW WORKS</b>	<b>294,419</b>	<b>343,848</b>	<b>229,110</b>	<b>115,699</b>	<b>983,076</b>
<b>Works-in-progress</b>	<b>475,249</b>	<b>235,845</b>	<b>115,078</b>	<b>27,975</b>	<b>854,147</b>
<b>TOTAL CAPITAL WORKS PROGRAM<sup>2</sup></b>	<b>769,668</b>	<b>579,693</b>	<b>344,188</b>	<b>143,674</b>	<b>1,837,223</b>
<b>Capital provisions</b>					
Infrastructure Investment Provisions	6,226	297,800	448,709	436,994	1,189,729
<b>CAPITAL WORKS PROGRAM FORECAST</b>	<b>775,894</b>	<b>877,493</b>	<b>792,897</b>	<b>580,668</b>	<b>3,026,952</b>
<b>Public Private Partnerships</b>					
ACT Law Courts Facilities <sup>3</sup>	5,058	0	0	0	<b>5,058</b>
<b>TOTAL INFRASTRUCTURE INVESTMENT PROGRAM INCLUDING PROVISIONS<sup>4</sup></b>	<b>780,952</b>	<b>877,493</b>	<b>792,897</b>	<b>580,668</b>	<b>3,032,010</b>
<b>Capital Works Reserve and offsetting provision<sup>5</sup></b>	<b>140,000</b>	<b>-140,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes:**

1. The Government increased the Better Infrastructure Fund by \$2.5 million per annum for Transport Canberra and City Services. The reduction of Better Infrastructure Fund resourcing from 2020-21 reflects the completion of the election commitment *Better Schools for our kids – Public school infrastructure upgrades*.
2. The capital works program for 2019-20 is the capital works program for the purposes of Section 18E of the Financial Management Act 1996.
3. The spend estimates for ACT Law Courts Facilities are derived from the contract. The ultimate spending profile for the project is the responsibility of the primary contractor.
4. Numbers may not add due to rounding.
5. The Capital Works Reserve was introduced in 2019 through an amendment to the *Financial Management Act 1996*. The reserve permits agencies to advance their capital program during the financial year should their capital appropriation be exceeded. Funds drawn from the reserve will be deducted from the forward estimates at the individual project level, and are reported to the Legislative Assembly.

## Capital Works Program

As the largest component of the Infrastructure Investment Program, the Capital Works Program includes investment in physical infrastructure and ICT. Funding under the program amounts to \$770 million in 2019-20 and \$1.8 billion over the four years to 2022-23 with three main components:

- \$229 million in 2019-20 and \$724 million over four years for new capital works
- \$475 million in 2019-20 and \$854 million over four years for works-in-progress
- \$65 million in 2019-20 and \$259 million over four years for the Better Infrastructure Fund.

### New capital works and works-in-progress<sup>1</sup>

Investing in health and education continues to be our top priority. That is why key features of our investment program include the construction of the Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre, the expansion of the Centenary Hospital for Women and Children, and a fifth nurse-led walk-in centre for the Territory, to be located in Canberra's Inner North.

The next four years will also see a step up in investment for ACT schools and the Canberra Institute of Technology. By 2022-23 we are delivering two new primary schools – in Molonglo and Throsby – and a new high school in Kenny. We will also continue an extensive program of school expansions and upgrades across Canberra, including at Franklin Early Childhood School, Campbell Primary School, Gold Creek primary school and senior campus, Neville Bonner Primary School, and Gungahlin and Narrabundah Colleges. Early planning is underway for a new secondary college on Canberra's Northside, and we will also undertake detailed planning for new and expanded school capacity in growth regions including the City and Gateway.

We are keeping our growing city moving, delivering our election commitment to make our roads better and safer. We are also continuing to encourage efficient and low emissions urban and transport infrastructure through our investment program. The Government will spend \$197 million in 2019-20, and \$377 million over the next four years, on new and existing road, urban infrastructure, public transport and active travel initiatives.

As an inclusive community, Canberrans place a high priority on helping those in need. The 2019-20 Capital Works Program includes funding of \$101 million in 2019-20 and \$254 million over four years for public housing, community services, justice and emergency assistance. Our \$608 million Public Housing Renewal Program will conclude this year. This has seen 1,288 ageing public houses across the ACT replaced with modern, comfortable and environmentally sustainable homes. Over the next five years, we will invest another \$100 million to further grow and renew our public housing stock. Together with investment of \$500 million over five years by Housing ACT from its own funding sources, we will continue to boost public housing so that more Canberrans can find the right place to call home.

1. Excluding Better Infrastructure Fund initiatives

To preserve our environment for future generations, we will also continue to improve our waterways, deliver a new nature reserve in the Molonglo Valley, protect existing reserves and habitats, and manage and rehabilitate landfill sites.

The \$1.6 billion program for new and existing capital projects includes investment of \$88 million in 2019-20 and \$222 million over four years in the Government's digital capabilities. Some of the key projects in this area include modernising the government ICT system, making more government services accessible online, building a digital health record for the ACT, improving the ICT system for ACT public schools, and continuing to roll out laptops to public secondary school students.

## **Better Infrastructure Fund**

The Better Infrastructure Fund (BIF) provides annual funding for improving existing Territory physical infrastructure assets, in order to extend their useful life or enhance existing service delivery capacity. Improvements to existing infrastructure are distinct from routine repairs and maintenance which are funded separately.

The 2019-20 program includes projects in the areas of city and urban infrastructure, roads, health, education, community services, justice and community safety, and caring for the environment.

Better Infrastructure Fund funding amounts to \$65 million in 2019-20 and \$259 million over the four years to 2022-23. This includes \$43 million over the two years to 2020-21 for the *Better Schools for our kids – Public school infrastructure upgrades* initiative, taking total investment in this 2016 election commitment to \$85 million over four years. Summary information on Better Infrastructure Fund projects is provided in Appendix D.

This takes our total investment under the Capital Works Program to \$770 million in 2019-20 and \$1.8 billion over the four years to 2022-23.

## **Infrastructure Investment Provisions**

The 2019-20 Budget includes infrastructure investment provisions of \$1.2 billion over the four years to 2022-23. These provisions provide for significant capital works projects for which budgets are yet to be settled, or which are commercially sensitive.

The more significant of these projects include:

- Delivering the SPIRE Centre at Canberra Hospital
- Keeping our growing city moving – John Gorton Drive and Molonglo River Bridge Crossing – early design
- Commencing Light Rail Stage 1 operations and delivering a light rail stop at Mitchell
- Making our roads safer while keeping Canberra moving
- Planning better roads for our growing city
- Delivering a new high school at Kenny

- Reducing homelessness by delivering another Common Ground
- Growing and renewing more public housing.

As planning or procurement progresses, future budgets will contain further specific financial details for these projects.

The \$1.2 billion Infrastructure Investment Provisions include a Future Works Provision of \$80 million for each of the three years to 2022-23. This is a general provision for new initiatives in the forward years and is not allocated to any specific project.

## Capital Works Reserve

Commencing from the 2019-20 Budget, agencies with multi-year funding for capital works can access their future funding, through payment from the capital works reserve, if their capital expenditure in a budget year exceeds their total capital works allocation for that year. Payment to an agency from the reserve is provided as capital works advance, which would be offset by a corresponding reduction in that agency's future capital works funding allocation. This ensures there is net neutral impact on the agency's capital works budget over time.

The ability to access future funding through the reserve eliminates the need for agencies to allow for unexpected funding requirements in their estimated expenditure flows. This in turn should lead to more accurate budget estimates, and better alignment of budget appropriations with expected program delivery outcome.

The reserve will be appropriated on an annual basis and capped at 20 per cent of the capital works program for the year. The amount available in the reserve in 2019-20 is \$140 million, equivalent to 18 per cent of the \$770 million capital works program for the year. Any undisbursed funds in the reserve will lapse at the end of the year.

The Treasurer will provide the Legislative Assembly with a reconciliation of the amounts authorised for payment from the reserve in the quarterly financial statements as required under section 26 of the *Financial Management Act 1996*. This reporting provision is in addition to the requirement under section 30F of the Act for the Treasurer to provide the Legislative Assembly with a report on the capital works program at least every six months.

### Capital Works Reserve – offsetting provision

This provision provides for an offsetting reduction in the capital works program in the forward years equal to the amount allocated to the reserve in the budget year. This offsetting provision ensures a net neutral impact on the budget from the reserve across the four-year period.

## Public Private Partnerships

Public Private Partnerships have increasingly been used by governments in Australia, and around the world, to deliver a range of social and economic infrastructure where such partnerships achieve value for money for taxpayers.

In the ACT, Public Private Partnerships have been adopted for two major projects: the ACT Law Courts Facilities and Stage 1 of light rail from Gungahlin to the City. The contracts for these projects allow for a total investment of \$867 million over the five years from 2015-16, comprising \$160 million for the ACT Law Courts Facilities and \$707 million for Stage 1 of light rail.

The contract for the ACT Law Courts Facilities project was awarded to Juris Partnership, a consortium of companies that includes Laing O'Rourke Australia Construction Pty Ltd, Macquarie Capital Group Limited, Programmed Facility Management Pty Ltd and Lyons Architecture. Under the contract, Juris Partnership are responsible for the design, construction, financing and maintenance of the ACT Law Courts Facilities for the next 24 years. The project is near completion, with approximately \$5 million of the \$160 million contract amount remaining in 2019-20.

Stage 1 of light rail is operational, with the final cost to the Territory coming in at \$675 million – approximately \$32 million below the contract amount. The project was delivered by Canberra Metro, a consortium which includes Pacific Partnerships, CPB Contractors, John Holland, Mitsubishi Corporation, Aberdeen Infrastructure Investments, Deutsche Bahn and CAF. Under the Light Rail Project Agreement, Canberra Metro is responsible for the design, construction and operation of the first stage of Canberra's light rail system for a 20 year operating period.

Further detailed information on all of the projects in the ACT Government's Capital Works Program can be found at:

<https://apps.treasury.act.gov.au/budget/budget-2019-20/capital-works>



**Table 5.2.2: Summary of the 2019-20 Capital Works Program**

Agency	Financing 2019-20 \$'000	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Financing 2022-23 \$'000	Total investment \$'000
<b>Canberra Institute of Technology</b>					
New capital works	2,744	4,544	1,100	0	8,388
Better Infrastructure Fund	2,776	2,846	2,917	2,990	11,529
Works-in-progress	1,607	1,257	1,257	1,257	5,378
<b>Total</b>	<b>7,127</b>	<b>8,647</b>	<b>5,274</b>	<b>4,247</b>	<b>25,295</b>
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
New capital works	34,005	35,482	10,200	300	79,987
Better Infrastructure Fund	7,788	7,988	8,188	8,393	32,357
Works-in-progress	91,193	32,970	11,046	2,994	138,203
<b>Total</b>	<b>132,986</b>	<b>76,440</b>	<b>29,434</b>	<b>11,687</b>	<b>250,547</b>
<b>City Renewal Authority</b>					
New capital works	5,000	5,850	6,150	4,160	21,160
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	19,144	15,040	10,025	0	44,209
<b>Total</b>	<b>24,144</b>	<b>20,890</b>	<b>16,175</b>	<b>4,160</b>	<b>65,369</b>
<b>Community Services Directorate</b>					
New capital works	1,236	899	0	0	2,135
Better Infrastructure Fund	415	426	436	447	1,724
Works-in-progress	1,247	0	0	0	1,247
<b>Total</b>	<b>2,898</b>	<b>1,325</b>	<b>436</b>	<b>447</b>	<b>5,106</b>
<b>Cultural Facilities Corporation</b>					
New capital works	1,170	1,481	1,021	300	3,972
Better Infrastructure Fund	418	428	439	450	1,735
Works-in-progress	945	375	0	0	1,320
<b>Total</b>	<b>2,533</b>	<b>2,284</b>	<b>1,460</b>	<b>750</b>	<b>7,027</b>
<b>Education Directorate</b>					
New capital works	15,761	55,731	34,028	5,982	111,502
Better Infrastructure Fund	21,135	21,800	16,485	16,897	76,317
Works-in-progress	57,255	59,570	15,798	6,534	139,157
<b>Total</b>	<b>94,151</b>	<b>137,101</b>	<b>66,311</b>	<b>29,413</b>	<b>326,976</b>
<b>Elections ACT</b>					
New capital works	0	0	0	0	0
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	1,162	0	0	0	1,162
<b>Total</b>	<b>1,162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,162</b>
<b>Environment, Planning and Sustainable Development Directorate</b>					
New capital works	2,561	3,130	2,152	1,529	9,372
Better Infrastructure Fund	1,025	1,051	1,077	1,104	4,257

Agency	Financing 2019-20 \$'000	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Financing 2022-23 \$'000	Total investment \$'000
Works-in-progress	21,954	19,996	43,576	0	85,526
<b>Total</b>	<b>25,540</b>	<b>24,177</b>	<b>46,805</b>	<b>2,633</b>	<b>99,155</b>
<b>Health Directorate</b>					
New capital works	78,735	65,402	44,154	18,680	206,971
Better Infrastructure Fund	5,347	5,480	5,617	5,758	22,202
Works-in-progress	83,432	54,781	86	0	138,299
<b>Total</b>	<b>167,514</b>	<b>125,663</b>	<b>49,857</b>	<b>24,438</b>	<b>367,472</b>
<b>Housing ACT</b>					
New capital works <sup>1</sup>	29,308	0	0	0	29,308
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	12,644	7,766	5,000	5,000	30,410
<b>Total</b>	<b>41,952</b>	<b>7,766</b>	<b>5,000</b>	<b>5,000</b>	<b>59,718</b>
<b>Justice and Community Safety Directorate</b>					
New capital works	6,832	38,641	10,757	225	56,455
Better Infrastructure Fund	1,860	1,907	1,955	2,003	7,725
Works-in-progress	26,242	10,183	2,122	2,122	40,669
<b>Total</b>	<b>34,934</b>	<b>50,731</b>	<b>14,834</b>	<b>4,350</b>	<b>104,849</b>
<b>Office of the Legislative Assembly</b>					
New capital works	1,310	672	0	0	1,982
Better Infrastructure Fund	324	285	292	299	1,200
Works-in-progress	35	35	35	35	140
<b>Total</b>	<b>1,669</b>	<b>992</b>	<b>327</b>	<b>334</b>	<b>3,322</b>
<b>Transport Canberra and City Services Directorate</b>					
New capital works	50,525	65,017	56,734	20,139	192,415
Better Infrastructure Fund	24,144	24,788	25,408	26,043	100,383
Works-in-progress	158,389	33,872	26,133	10,033	228,427
<b>Total</b>	<b>233,058</b>	<b>123,677</b>	<b>108,275</b>	<b>56,215</b>	<b>521,225</b>
<b>Total all agencies</b>					
New capital works	229,187	276,849	166,296	51,315	723,647
Better Infrastructure Fund	65,232	66,999	62,814	64,384	259,429
Works-in-progress	475,249	235,845	115,078	27,975	854,147
<b>TOTAL CAPITAL WORKS PROGRAM</b>	<b>769,668</b>	<b>579,693</b>	<b>344,188</b>	<b>143,674</b>	<b>1,837,223</b>

**Note:** Numbers may not add due to rounding.

1. The Government will continue to grow public housing by investing \$100 million over five years, with \$80 million held in provision. For further information see Chapter 3.3 p.157.

## The 2018-19 Capital Works Program – estimated outcome

### Funds available

The 2018-19 Budget allocated \$746 million to capital works projects which included new works, works-in-progress and infrastructure improvements. This Budget appropriation was adjusted for the rollover of 2017-18 program funding, opening financial year adjustments, revisions to Commonwealth funding and initiatives announced in 2018-19 Budget Review.

These adjustments resulted in total funds of \$797 million being available for expenditure in 2018-19.

### Project savings and re-profiling

Over the course of 2018-19, agencies reviewed their infrastructure investment projects in light of expenditure to date and identified where the re-profiling of their projects was appropriate. This process included both re-profiling budget estimates to future years and bringing forward planned expenditure in the out years to accelerate some existing projects, and also returning project savings to the budget. Approximately \$112 million has been reprofiled from 2018-19 to the forward years. A further \$6.8 million in savings and adjustments since Budget Review has reduced the capital works program.

Details of savings and re-profiling for individual projects can be found at:

<https://apps.treasury.act.gov.au/budget/budget-2019-20/capital-works>

Table 5.2.3 provides a summary of expected outcomes for individual agencies for 2018-19, compared to total funds available for the Capital Works Program. The table also shows estimated capital works expenditure for 2018-19 by agency.

**Table 5.2.3: Summary of the 2018-19 Capital Works estimated outcome**

	<b>Total financing 2018-19<sup>1</sup> \$'000</b>	<b>Program savings and adjustments 2018-19 \$'000</b>	<b>Financing re-profiled 2018-19<sup>2</sup> \$'000</b>	<b>Estimated outcome 2018-19 \$'000</b>
Canberra Institute of Technology	4,965	0	-350	4,615
Chief Minister, Treasury and Economic Development Directorate	90,283	-470	-14,199	75,614
City Renewal Authority	21,655	0	-15,813	5,842
Community Services Directorate	4,196	0	-1,247	2,949
Cultural Facilities Corporation	2,203	0	-605	1,598
Education Directorate	84,727	0	2,210	86,937
Elections ACT	700	0	-579	121
Environment, Planning and Sustainable Development Directorate	160,900	0	-4,668	156,232
Health Directorate	147,862	-9,216	-19,376	119,270
Housing ACT	10,153	0	-3,601	6,552
Justice and Community Safety Directorate	26,347	-8	-3,598	22,741
Office of the Legislative Assembly	1,045	163	0	1,208
Transport Canberra and City Services Directorate	241,574	2,764	-50,209	194,129
<b>Total</b>	<b>796,610</b>	<b>-6,767</b>	<b>-112,035</b>	<b>677,808</b>

**Notes:**

1. Total financing includes Section 16B rollovers from 2017-18 into 2018-19, technical adjustments to program funding and initiatives announced in Budget Review.
2. Financing from 2018-19 is re-profiled into the forward years. Some projects have also been accelerated.



## 5.3 PUBLIC TRADING ENTERPRISES CAPITAL WORKS PROGRAM

In 2019-20, Public Trading Enterprises with their own capital works programs are expected to undertake new works totalling \$384 million. These works are funded through each entity's own-source revenue or borrowing, as detailed in Table 5.3.1.

**Table 5.3.1: Summary of Public Trading Enterprises' capital works**

Agency	Financing	Financing	Financing	Financing	Total
	2019-20	2020-21	2021-22	2022-23	
	\$'000	\$'000	\$'000	\$'000	\$'000
ACT Public Cemeteries Authority	350	350	350	350	1,400
City Renewal Authority	1,393	7,944	49	49	9,435
Housing ACT	77,791	103,360	124,536	112,808	418,495
Icon Water	105,829	85,196	80,025	76,475	347,525
Suburban Land Agency	199,023	164,383	152,893	153,449	669,748
<b>Total PTEs</b>	<b>384,386</b>	<b>361,233</b>	<b>357,853</b>	<b>343,131</b>	<b>1,446,603</b>

### ACT Public Cemeteries Authority

The ACT Public Cemeteries Authority will continue to upgrade and enhance the Territory's public cemeteries at Gungahlin, Hall and Woden. In 2019-20, this will include roadworks and replacement of plant and equipment across these three cemeteries and construction of a new retaining wall at Woden Cemetery.

### City Renewal Authority

The City Renewal Authority will lead, manage and facilitate the delivery of major redevelopment projects within the City Renewal Precinct, which spans Dickson, Northbourne Avenue, Haig Park, Civic and West Basin. In partnership with the community, private sector and other government agencies, the City Renewal Authority is working to create a vibrant and vital city heart through the delivery of design-led, people-focused urban renewal with a commitment to social and environmental sustainability. In addition to leading urban renewal within the precinct, the City Renewal Authority buys and sells leases of land on behalf of the Territory, with development occurring over the budget year and forward estimates for future releases within the City Centre.

## Housing ACT

Housing ACT undertakes a program of building and purchasing properties each year, as well as upgrading and refurbishing homes to ensure they continue to meet the needs of tenants. In 2019-20, Housing ACT will commence a \$600 million program to deliver 200 more public housing properties and renew another 1,000 over five years. Within this program, \$100 million will be contributed directly by the ACT Government and a further \$500 million will be funded through the sale of Housing ACT properties that are nearing the end of their useful life.

The growth and renewal of the ACT's public housing portfolio is essential to meet the needs of our current and future tenants, including applicants on the Social Housing Register.

Housing ACT focuses on building properties to deliver a range of housing options for tenants. Properties to be constructed or purchased include larger homes with four or more bedrooms, and a number of smaller scale two-bedroom developments. Our structured and consistent approach to the long-term management of the portfolio improves the quality, comfort and suitability of homes provided to tenants.

## Icon Water Limited

Icon Water Limited is an unlisted public company owned by the ACT Government.

Icon Water owns and manages the assets used to provide water and sewerage services to the ACT and deliver bulk water to Queanbeyan. Icon Water also has an investment in the ACT's energy distributor and retailer ActewAGL, through a joint venture of two partnerships with Jemena Limited and AGL Energy Limited. Key capital works projects for Icon Water in 2019-20 will include:

- ongoing upgrades to the Lower Molonglo Water Quality Control Centre. The Centre was constructed in the 1970s and Icon Water is in the process of substantially upgrading components of the plant
- rehabilitating the Mugga and O'Connor Reservoir roofing and floor structures. These facilities are sixty years old and need upgrading to ensure the continued provision of high quality water to the community
- increasing the capacity of the Belconnen trunk sewer system to accommodate current and future population growth, and upgrading the Lower Molonglo Water Quality Control Centre to include extra ventilation and odour control units
- upgrading the Googong water treatment plant clarifier systems which provide critical alternative water supply for the ACT and Queanbeyan
- ongoing rehabilitation of both water and sewer networks to replace old and damaged pipes, ensuring a more reliable water supply and wastewater services to the community. This is part of a rolling program to maintain over 6,600 kilometres of water mains and sewer networks. In 2019-20, Icon Water plans to replace seven kilometres of water mains, 16 kilometres of sewer mains and approximately 7,500 water meters

- renewing and upgrading electrical and instrumentation control systems across some 90 Icon Water facilities to improve safety, reliability and maintenance effectiveness.

## **Suburban Land Agency**

The Suburban Land Agency develops residential, commercial, industrial and community land in new suburban estates and through urban renewal projects.

The Suburban Land Agency buys and sells leases of land on behalf of the Territory to deliver a mixture of public and private housing in new suburbs. The agency aims to increase the supply of affordable and community housing, and carries out development of land in an environmentally sustainable way.

Major estate developments over the next four years include the suburbs of Jacka, Taylor and Gungahlin Town Centre in Gungahlin; Whitlam in the Molonglo Valley; and Ginninderry in Belconnen. The Suburban Land Agency will also undertake works in the Kingston Foreshore, East Lake and Mawson.

Each year the ACT Government publishes a program of future land releases that will be delivered by the Suburban Land Agency. The *ACT Indicative Land Release Program 2019-20 to 2022-23* is available from the agency's website: [www.suburbanland.act.gov.au](http://www.suburbanland.act.gov.au). Additional details regarding the 2019-20 Program may be found in Chapter 5.4 – *Supply and Release of Land*.





## 5.4 SUPPLY AND RELEASE OF LAND

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The ACT Government plans for the supply and release of land by taking into account factors such as forecast population changes, household changes, demand for land for non-residential purposes such as commercial and community uses, and the capacity to deliver key infrastructure and services cost effectively.

The four-year Indicative Land Release Program is one of the Government's key economic and social strategies for the community. The program helps achieve our social, environmental and financial objectives by:

- meeting the demand for land in the Territory and stimulating urban renewal
- facilitating the provision of affordable housing
- establishing an appropriate inventory of serviced land
- supporting investment in the ACT economy and the creation of local jobs
- achieving satisfactory returns from the sale of unleased Territory land.

The 2019-20 Indicative Land Release Program includes a four-year target to release 15,600 homes between 2019-20 and 2022-23 (see Table 5.4.1) as well as 777,198 square metres of land for mixed use, commercial, community and industrial uses. The residential target is lower than in recent years mainly due to the completion of the Commonwealth Asset Recycling Initiative, which saw a significant number of urban renewal sites released in the City and other parts of inner Canberra. Other factors driving the current forward program include the delivery of the final stages of suburban greenfield supply in the Gungahlin region, evolving market conditions and the strong potential pipeline of residential releases outside the Government's own program.

As noted in Chapter 1, there have been some signs of moderation in the ACT's housing market in the lead up to the recent federal election. Tighter conditions for housing finance and the associated slowing of turnover and price growth for free standing homes have also contributed to a slower pace of sales in single residential blocks released through the Government's land program over the last 12 months. As a result, the Suburban Land Agency currently has an inventory of these blocks available for sale over the counter.

The ACT's very strong economic fundamentals, including strong population growth, are expected to generate continued strong demand for housing. Recent changes to lending standards and possible interest rate cuts will also improve lending conditions and confidence.

The Government will therefore continue to deliver a strong forward program of land releases to help meet demand and put downward pressure on prices both in the short and medium term.

The four-year land release program will deliver over 5,500 blocks for standalone, single dwelling homes, including in the suburbs of Taylor, Throsby, Strathnairn, Jacka, Whitlam, Molonglo 3, Oaks Estate, Tharwa and Kenny.

The introduction of housing targets under the *City Renewal Authority and Suburban Land Agency Act 2017* means that residential land releases will have an annual target of 15 per cent for affordable, community and public housing. This will strengthen the supply of affordable housing over time.

In 2019-20, a target of 628 public, community and affordable dwellings will ensure affordable, stable and secure housing options for people on lower incomes across Canberra. The 2019-20 target is made up of 60 new community housing properties, 80 new public housing properties and 488 individual properties dedicated for affordable home purchase to eligible low income households.

For land releases that include affordable home purchase targets, dwellings will be sold to individuals registered on the Affordable Home Purchase database who meet new home purchase eligibility criteria including, household income thresholds, residency and previous property ownership.

The indicative mixed use component of the land release program delivers urban infill housing in commercial areas to provide more housing choices close to shops, facilities, employment and public transport. Over the next four years, the Government plans to release 219,613 square metres of mixed use commercial land, as detailed in Table 5.4.2. In 2022-23 15,000 square metres of mixed use land is scheduled for release for the Molonglo commercial centre.

The indicative commercial component of the program seeks to ensure adequate and affordable commercial land is available to support the needs of a growing economy. The Government has set a release target of 163,500 square metres of dedicated commercial land over the next four years, as detailed in Table 5.4.3. This includes commercial sites in the Gungahlin and Molonglo town centres, as well as three sites to be delivered as part of the Government's partnership with the Australian National University in the City. Further commercial land is also planned for release around the commercial centres in Taylor, Moncrieff, Whitlam, Coombs, Casey, Wanniasa and Mawson.

As outlined in Table 5.4.4 the Government has a target of releasing 100,000 square metres of industrial land over the next four years. This will include releasing the remaining industrial land in Hume and delivering new estates in Symonston, Fyshwick and Pialligo.

We are also targeting the release of 294,085 square metres of community and non-urban land over the next four years, including sites for new schools at West Belconnen, Throsby and Whitlam. Further community land is programmed for release in Gungahlin, Wright, Taylor and Calwell.

A summary of the Indicative Land Release Program is set out in the tables below.

**Table 5.4.1 Indicative Residential Land Release Program**

	2019-20	2020-21	2021-22	2022-23	Total
Region	Number of dwelling sites				
Gungahlin	754	1,621	1,130	740	4,245
Molonglo	926	847	1,201	1,100	4,074
Belconnen	885	800	800	300	2,785
Central Canberra	390	550	1,235	1,000	3,175
Woden	480	0	300	480	1,260
Tuggeranong	0	30	0	0	30
Other	5	26	0	0	31
<b>Total</b>	<b>3,440</b>	<b>3,874</b>	<b>4,666</b>	<b>3,620</b>	<b>15,600</b>

**Table 5.4.2 Indicative Mixed Use Land Release Program**

	2019-20	2020-21	2021-22	2022-23	Total
Region	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	m <sup>2,1</sup>	m <sup>2</sup>
Gungahlin	30,878	21,649	0	0	52,527
Molonglo	6,582	12,261	10,183	15,000	44,026
Belconnen	9,412	19,668	12,000	0	41,080
Central Canberra	0	32,600	33,800	0	66,400
Woden	11,200	0	0	0	11,200
Other	0	4,380	0	0	4,380
<b>Total</b>	<b>58,072</b>	<b>90,558</b>	<b>55,983</b>	<b>15,000</b>	<b>219,613</b>

**Note:**

1. The annual mixed-use releases projected to 2022-23 are currently being delivered through greenfield release or in existing centres where detailed planning work such as master plans and related Territory Plan variations have been completed. Further mixed-use release may be identified for the latter years of the program in other areas as detailed planning and due diligence occurs in the next few years.

**Table 5.4.3 Indicative Commercial Land Release Program**

	2019-20	2020-21	2021-22	2022-23	Total
Region	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>
Gungahlin	21,209	49,571	9,395	16,725	96,900
Molonglo	0	2,832	35,000	0	37,832
Central Canberra	15,900	0	0	0	15,900
Woden	0	0	0	5,200	5,200
Tuggeranong	0	0	0	7,668	7,668
<b>Total</b>	<b>37,109</b>	<b>52,403</b>	<b>44,395</b>	<b>29,593</b>	<b>163,500</b>

**Table 5.4.4 Indicative Industrial Land Release Program**

	2019-20	2020-21	2021-22	2022-23	Total
Region	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>	m <sup>2</sup>
Hume	20,000	0	0	0	20,000
Symonston	0	40,000	0	0	40,000
Fyshwick	0	0	20,000	0	20,000
Pialligo	0	0	0	20,000	20,000
<b>Total</b>	<b>20,000</b>	<b>40,000</b>	<b>20,000</b>	<b>20,000</b>	<b>100,000</b>

**Table 5.4.5 Indicative Community and Non-Urban Land Release Program**

Region	2019-20 m <sup>2</sup>	2020-21 m <sup>2</sup>	2021-22 m <sup>2</sup>	2022-23 m <sup>2</sup>	Total m <sup>2</sup>
Gungahlin	62,697	58,237	5,005	5,005	130,944
Molonglo	5,141	0	50,000	0	55,141
Belconnen	0	100,000	0	0	100,000
Tuggeranong	0	8,000	0	0	8,000
<b>Total</b>	<b>67,838</b>	<b>166,237</b>	<b>55,005</b>	<b>5,005</b>	<b>294,085</b>

Through the 2019-20 Budget the ACT Government is investing in infrastructure and planning initiatives that support the delivery of the Indicative Land Release Program, including:

- **Remediating the former Molonglo sewerage treatment facility (\$9.8 million):** We will establish a special purpose reserve by remediating and rehabilitating the former Molonglo sewerage treatment plant site and creating recreational facilities for the community. The special purpose reserve will support the ongoing provision of new housing in the Molonglo Valley and increase access to natural bush recreation sites for residents there.
- **Improving water management infrastructure (\$4.5 million):** We will undertake detailed design for water management infrastructure in Mawson to improve amenity and safety, and support future land release in the area.
- **Planning better roads for our growing city (\$4.1 million):** We will plan and deliver improvements to road and other infrastructure across the city to support land being released, including duplicating William Hovell Drive and Athllon Drive and extending Morisset Road.
- **Due diligence to deliver a strong housing pipeline (\$2.1 million):** We will continue to undertake planning and due diligence to support the delivery of housing through new suburban estates and urban renewal as part of the Territory's land release program.
- **Feasibility and infrastructure planning for future Molonglo land releases (\$1.3 million):** We will complete feasibility and early planning for road, stormwater, sewer and water infrastructure to support future land releases in the Molonglo region.
- **Protecting grasslands and conservation areas (\$0.8 million):** We will protect native species and their habitats in the Gooromon Grasslands and Kenny nature reserves to ensure we maintain Canberra's unique natural environment as land release continues in Gungahlin and Lawson.
- **Scoping for East Lake urban renewal (\$0.6 million):** We will continue early planning for future land development on the Kingston Foreshore and surrounds to increase the supply of housing in Canberra.

- **Planning framework supporting delivery of Stage 2 of Light Rail to Woden (\$0.4 million):** We will develop a planning framework to identify suitable opportunities for urban renewal surrounding the future City to Woden light rail corridor. This work will build on the lessons learned through the delivery of Stage 1 of light rail from Gungahlin to Civic, and ensure the right balance is maintained between urban renewal and protecting the special character of the suburbs and sites that Stage 2 will pass through.
- **Managing the Sullivans Creek floodplain (\$0.3 million):** We will develop and implement a Sullivans Creek Floodplain Management Plan to minimise the impact of flooding in central Canberra, and prepare for ongoing changes in land use within the floodplain in the future.

A number of significant projects related to land release that were funded in previous budgets will also continue to be delivered throughout 2019-20, including:

- **Better roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway) (\$57 million):** Horse Park Drive is a key access road to Gungahlin and the project will better manage traffic flow increases associated with Majura Parkway and new developments in Gungahlin.
- **Improving our suburbs – New Molonglo Valley infrastructure (\$33 million):** We are developing road and water infrastructure which facilitates land release for the new suburbs of Whitlam in the Molonglo Valley.
- **Gundaroo Drive Duplication (Stage 2) (\$30 million):** We are duplicating Gundaroo Drive between the Barton Highway and Gungahlin Drive, in response to a growing population in the Gungahlin region.
- **Molonglo East-West arterial roads early planning (\$0.3 million):** We are undertaking feasibility work to investigate the realignment of the East-West arterial road at Molonglo from John Gorton Drive to the Tuggeranong Parkway.

In addition to the substantial capital investments being made by the Government in the 2019-20 Budget to support land release activities, both the Suburban Land Agency and City Renewal Authority will also deliver significant infrastructure works through their respective capital programs. In 2019-20, the estimated combined value of capital works to be funded by these two agencies is \$200 million, as detailed in Table 5.3.1.



## 5.5 THE TERRITORY'S ASSETS

### The Territory's asset base

The Territory's physical assets primarily encompass public housing, schools and infrastructure assets such as water and sewerage facilities, cycling and pedestrian paths, roads and bridges, as well as the land on which they are situated.

Table 5.5.1 below shows the Territory's physical asset base split between the General Government Sector and the Public Trading Enterprise sector. Over the twelve months to 30 June 2018, the total value of physical assets, net of depreciation, increased by \$2.1 billion to \$24.4 billion. Factoring in the combination of capital works projects reaching completion and asset revaluations, the value of the Territory's total physical assets is expected to reach \$26.8 billion by June 2020.

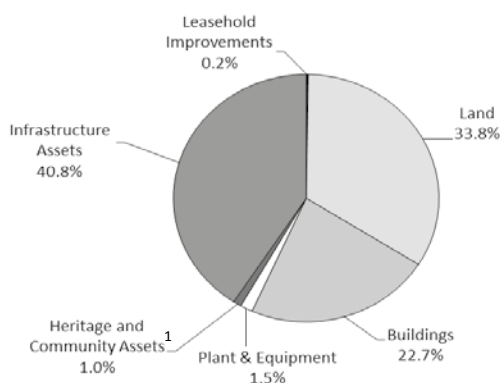
**Table 5.5.1: Total Territory physical assets – value by sector**

As at 30 June	2015 Actual \$m	2016 Actual \$m	2017 Actual \$m	2018 Actual \$m	2019 Estimate \$m	2020 Estimate \$m
General Government Sector	14,535	14,888	15,066	16,006	17,164	17,201
Public Trading Enterprise Sector	6,642	6,945	7,282	8,415	8,516	9,615
<b>Total Territory</b>	<b>21,177</b>	<b>21,833</b>	<b>22,348</b>	<b>24,421</b>	<b>25,680</b>	<b>26,816</b>

**Note:** Numbers may not add due to rounding.

Figure 5.5.1 below shows that as at 30 June 2018, the largest share of the Territory's assets were classified as infrastructure assets, followed by land and buildings.

**Figure 5.5.1: Total Territory physical asset value – distribution by category as at 30 June 2018**



**Note:**

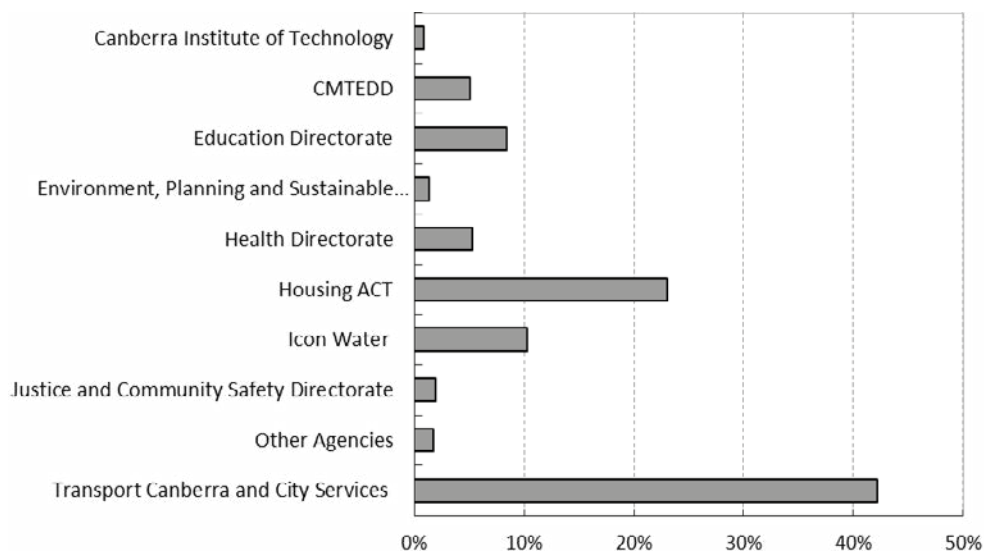
- The value of Heritage and Community Assets has decreased from 11.5 per cent to one per cent of the total Territory assets. This is due to a reclassification of \$2.1 billion from Heritage and Community Assets to Land. This reclassification predominantly represents land under roads. It is a technical reclassification and has not arisen because of any change in the use of these assets.



## Distribution of Territory assets by agency and type

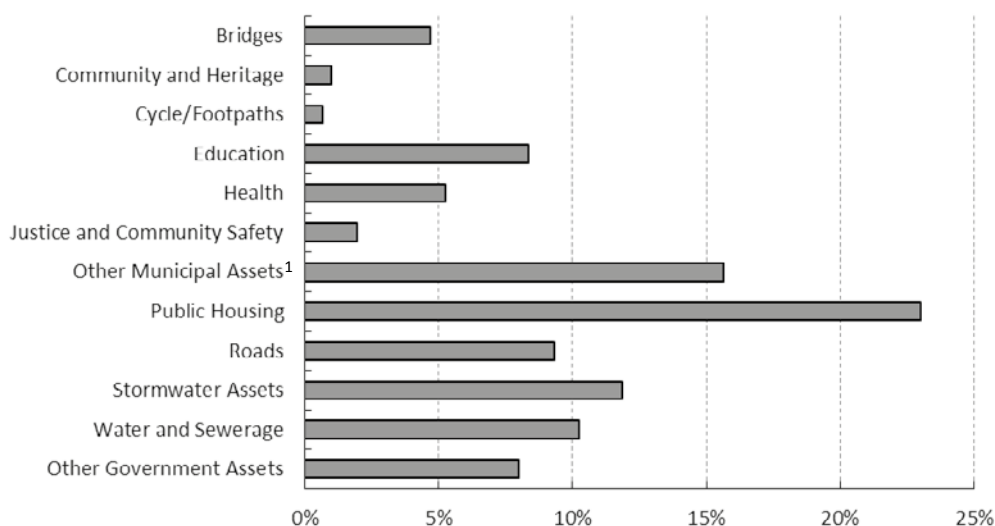
As at 30 June 2018, the Transport Canberra and City Services Directorate held 42 per cent of the value of the Territory's physical assets. Housing ACT has responsibility for the next largest share at 23 per cent of the Territory's asset base, while Icon Water holds 10 per cent and the remaining 25 per cent is distributed across all other agencies (see Figure 5.5.2 below).

**Figure 5.5.2: Total Territory physical asset value – distribution by agency as at 30 June 2018**



The ACT's public housing portfolio makes up the largest component of the Territory's assets, as the portfolio is forecast to include 11,700 homes by June 2019. Other significant asset holdings relate to roads, stormwater, water and sewerage infrastructure, education services, and other municipal assets, which includes land under roads (see Figure 5.5.3 below).

**Figure 5.5.3: Total Territory physical asset holdings – distribution by asset type as at 30 June 2018**



**Note:**

1. The value of Other Municipal Assets has increased from three per cent to 15 per cent of the total Territory assets. This is due to a reclassification of \$2.1 billion from Heritage and Community Assets to Land. This reclassification predominantly represents land under roads. It is a technical reclassification and has not arisen because of any change in the use of these assets.

## Asset management

As noted in the 2019-20 Infrastructure Investment Program (Chapter 5.2), the Government provides agencies with funding for projects that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets.

The 2019-20 Budget provides \$65 million for the *Better Infrastructure Fund*. Details of projects that improve the Territory’s existing infrastructure are provided at *Capital works – Better Infrastructure Fund* (Appendix D).

We also provide funding for routine maintenance to ensure that assets are kept up to an appropriate standard. The 2019-20 Budget provides \$178.6 million for repairs and maintenance. A summary of the Territory’s repairs and maintenance funding is provided in Table 5.5.2 below.

**Table 5.5.2: Total Territory repairs and maintenance funding**

2014-15 Actual \$'000	2015-16 Actual \$'00	2016-17 Actual \$'000	2017-18 Actual \$'000	2018-19 Estimate \$'000	2019-20 Estimate \$'000
153,534	167,257	164,192	178,253	179,102	178,647



## 5.6 ASSET RECYCLING

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### The Asset Recycling Initiative

The ACT has been an active participant in the Commonwealth Government's Asset Recycling Initiative, which commenced in 2014 to support the development of new infrastructure across Australia. Under the scheme, the ACT receives financial incentive payments from the Commonwealth for the sale of assets, with all sales proceeds and incentive payments being invested into Stage 1 of light rail from Gungahlin to the city.

The scheme will conclude in June 2019, and the ACT has now released all assets to be sold as part of this initiative to the market. These sales are scheduled to be finalised by 30 June 2019. In total, the ACT is expected to receive \$67.1 million in incentive payments through the scheme, which is the full capped amount of funding allocated to us by the Commonwealth.

In 2018-19 asset sales are expected to generate \$183.4 million in revenue, with the ACT receiving a further \$38.6 million in incentive payments from the Commonwealth Government. This follows revenue and incentive payments of \$314.9 million in prior years.

Stage 1 of light rail commenced services on 20 April 2019. Following services commencement, the ACT has now paid \$375 million as an upfront capital contribution towards the costs of this project. The remaining funding available through the Asset Recycling Initiative will be contributed towards the ongoing availability payments for light rail under our public private partnership with Capital Metro.

The ACT will receive an estimated final payment of \$5.8 million from the Commonwealth Government by early 2019-20, following completion of the final asset sales.

As part of the National Partnership Agreement underpinning the Asset Recycling Initiative, the ACT Government reports in each budget on funds received and allocated towards Stage 1 of light rail (Table 5.6.1).

**Table 5.6.1: Asset Recycling Initiative accrued funding pool**

	<b>2018-19</b>
	<b>\$'000</b>
<b>Opening balance</b>	314,850
Proceeds of net asset sales <sup>1</sup>	183,440
Payments from the Commonwealth (Incentives)	38,615
<b>Sub-total (Sales and Incentives)</b>	<b>222,055</b>
Payments towards Light Rail – Stage 1 <sup>2</sup>	-389,615
<b>CLOSING BALANCE</b>	<b>147,290</b>

**Notes:**

1. Proceeds of net asset sales includes revenue received from asset sales in 2018-19 and estimated revenue receivable by the end of the financial year. Estimated revenue is subject to contract exchange and settlement activity expected to occur prior to the conclusion of 2018-19, but which was yet to be completed at the time of finalising the Budget.
2. This includes the capital contribution of \$375 million, and estimated contributions towards light rail availability payments in 2018-19.

# CHAPTER 6

## REVENUE

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## 6.1 OVERVIEW

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The Government is committed to raising revenue in a way that is fair, efficient and sustainable. With our 20-year tax reform program now approaching the half-way point, we are continuing to monitor its implementation and make improvements where necessary to ensure the reform is meeting its objectives of making the ACT tax system fairer and better able to reliably fund services for Canberrans into the future.

In 2019-20 we are commissioning a detailed analysis of the impacts of tax reform on Canberra's economy, our revenue base and Canberrans across the income distribution. The analysis will be conducted over the coming year with assistance from an advisory group of independent experts. This detailed work will help inform the settings for the next five-year phase of tax reform commencing in 2022-23. We intend to announce the settings for this third phase in next year's ACT Budget, giving Canberrans clear guidance on the next stage of this important reform well in advance.

Alongside tax reform, we continue to deliver a significant concessions and assistance program to support Canberrans on low and fixed incomes. From 1 July this year we will increase the Utilities Concession to \$700, giving an estimated 30,220 Canberra households more help with their energy bills. We will also continue to provide General Rates Rebates of up to \$700 for an estimated 14,941 Canberra pensioners, and enable older people to defer the balance of their annual rates to help with their cost of living.

### 2019-20 Budget and forward estimates revenues

Total ACT General Government Sector revenue is forecast to grow by 4 per cent to \$5.9 billion in 2019-20, up from an estimated outcome of \$5.6 billion in 2018-19.

This reflects an expected increase of \$101.6 million in Goods and Services Tax revenue and a \$101.6 million increase in own-source taxation revenue. This change to own-source revenue is mainly due to increases in payroll tax and general rates revenue brought about by our city's ongoing economic and population growth, partially offset by lower revenue from the lease variation charge and reductions in conveyance duty rates under the government's tax reform program.

Sales of goods and services are expected to increase by \$26.5 million, interest income by \$12.6 million, revenue from other sources by \$11.9 million and distributions from financial investments by \$8.9 million.

Offsetting these expected increases are lower revenues from dividend and income tax equivalents of \$21.4 million, lower gains from contributed assets of \$14.7 million, and lower Commonwealth Government grants of \$2.2 million.

Table 6.1.1 and Figure 6.1.1 provide a summary of General Government Sector revenue by source.



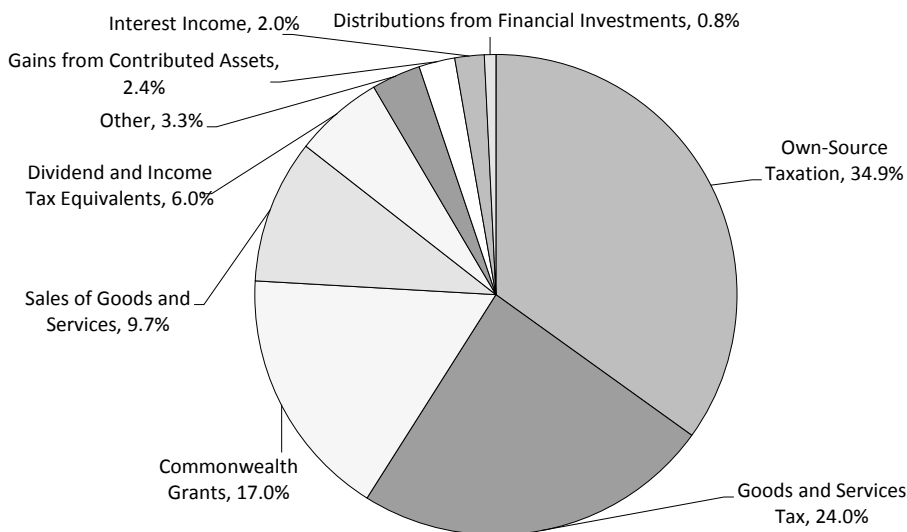
**Table 6.1.1: General Government Sector revenue**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
1,898,190	Own-source taxation	1,949,994	2,051,557	5	2,178,546	2,301,715	2,416,781
1,328,348	Goods and Services Tax	1,308,498	1,410,123	8	1,475,401	1,568,639	1,657,438
982,921	Commonwealth grants <sup>1</sup>	997,552	995,381	..	1,049,918	1,106,452	1,178,262
220,515	Gains from contributed assets	156,950	142,292	-9	132,818	145,165	297,119
542,093	Sales of goods and services	541,533	568,005	5	582,000	591,425	604,312
118,534	Interest income	102,574	115,138	12	109,705	111,350	110,288
38,633	Distributions from financial investments	36,465	45,330	24	50,040	53,561	57,314
397,462	Dividend and income tax equivalents	371,536	350,124	-6	390,043	452,723	460,959
144,609	Other <sup>1</sup>	181,392	193,258	7	193,268	195,449	200,178
<b>5,671,305</b>	<b>Total</b>	<b>5,646,494</b>	<b>5,871,208</b>	<b>4</b>	<b>6,161,739</b>	<b>6,526,479</b>	<b>6,982,651</b>

**Note:**

1. The gross-up of the Goods and Services Tax (GST) on Non-Government Schools' funding was included in Commonwealth Grants in the 2018-19 Budget. In the 2019-20 Budget it is included in other revenue (Tables 6.2.15 and 6.2.16).

**Figure 6.1.1: Components of the 2019-20 Budget General Government Sector revenue**



## 6.2 REVENUE AND FORWARD ESTIMATES

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### Own-source taxation

The estimated outcome for own-source taxation revenue in 2018-19 is \$1.9 billion. This is forecast to increase to \$2.4 billion by 2022-23 as our economy and our city continues to grow. Table 6.2.1 sets out the projected outcomes for own-source taxation revenue over each year of the forward estimates.

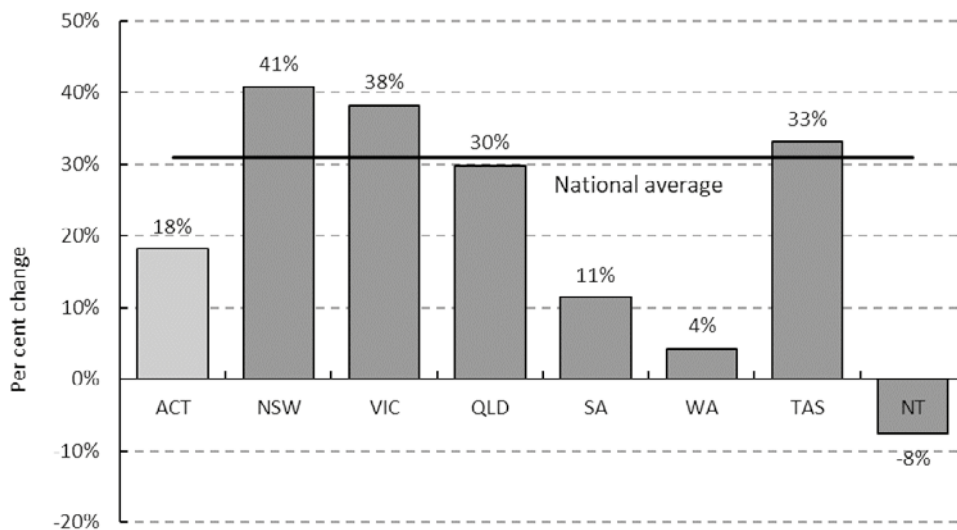
Through the 2019-20 Budget, we are continuing the tax reform program which commenced in 2012-13 and has now made significant progress. Through tax reform we have fully abolished insurance duty and cut conveyance duty to zero for about 70 per cent of commercial property transactions. From 1 July 2019 we are also abolishing conveyance duty for all eligible first home buyers, regardless of whether they are buying a newly-built property or an existing home in an established suburb.

The 2019-20 Budget continues to cut conveyance duty rates for all other buyers as well. By 2021-22 we will have halved the stamp duty payable for almost all properties under \$600,000 – saving the buyer of an average-priced property more than \$10,000.

Through the tax reform process we are replacing inefficient transaction taxes with efficient land based taxes – but without increasing total tax revenue. The changes we are making to the ACT's tax mix will deliver a more stable and efficient revenue base to fund the provision of essential services today and into the future.

Data from the Australian Bureau of Statistics shows that since tax reform commenced, the ACT's overall growth in revenue from general rates, conveyance duty and insurance tax has been both below the Australian average and significantly lower than New South Wales or Victoria.

**Figure 6.2.1 Change in tax per capita for general rates, conveyance duty and insurance taxes (2012-13 to 2017-18)**



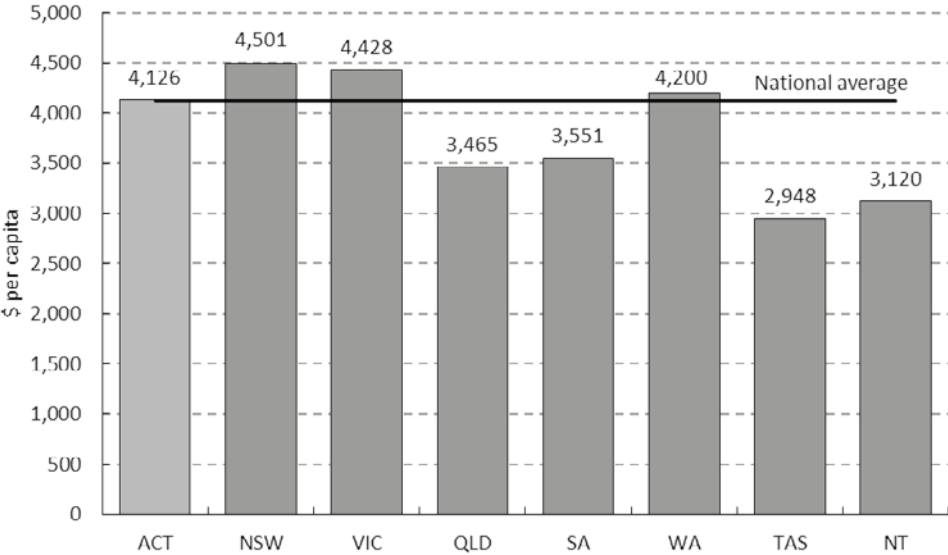
Sources: ABS 5506.0, 3101.04.

**Note:**

1. This comparison is made on the basis of state and local government own-source tax revenue, including general rates, conveyance duty and tax on insurance. The ACT undertakes both state and local functions.

The ACT's tax per capita rate remains equivalent to the Australian average and is also lower than across the border in New South Wales.

Figure 6.2.2 Total own-source tax revenue per capita (2017-18)



Sources: ABS 5506.0, 3101.04.

Notes:

1. This comparison is made on the basis of total state and local government own-source tax revenue. The ACT undertakes both state and local functions.

**Table 6.2.1: Own-source taxation revenue**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>General tax</b>							
522,118	Payroll Tax	542,767	582,886	7	624,106	668,322	714,765
2,255	Tax waivers	2,255	2,317	3	2,392	2,470	2,556
190,517	Commercial general rates	199,140	211,013	6	226,066	241,077	256,988
71,654	Residential (unit titled) general rates	73,781	82,113	11	92,638	99,568	107,024
277,091	Residential (non-unit titled) and rural general Rates	285,318	306,255	7	332,866	356,543	381,940
141,112	Land tax	141,027	150,945	7	158,357	164,043	169,220
<b>1,204,747</b>	<b>Total general tax</b>	<b>1,244,288</b>	<b>1,335,529</b>	<b>7</b>	<b>1,436,424</b>	<b>1,532,023</b>	<b>1,632,493</b>
<b>Duties</b>							
65,732	Commercial conveyances	64,776	73,538	14	69,891	74,471	70,205
208,834	Residential conveyances	189,397	191,366	1	201,892	206,637	206,486
31,870	Motor vehicle registrations and transfers	31,870	33,464	5	34,635	35,847	37,112
<b>306,436</b>	<b>Total duties</b>	<b>286,043</b>	<b>298,368</b>	<b>4</b>	<b>306,418</b>	<b>316,955</b>	<b>313,803</b>
<b>Gambling taxes</b>							
1,077	Tabcorp licence fee	1,077	1,101	2	1,129	1,157	1,186
35,236	Gaming tax	34,236	34,993	2	35,868	36,764	37,683
2,351	Casino tax	2,651	2,710	2	2,778	2,847	2,919
15,526	Interstate lotteries	16,126	15,874	-2	16,271	16,678	17,095
-	Betting Operations Tax <sup>1</sup>	4,380	8,980	105	8,980	8,980	8,980
<b>54,190</b>	<b>Total gambling taxes</b>	<b>58,470</b>	<b>63,658</b>	<b>9</b>	<b>65,026</b>	<b>66,426</b>	<b>67,863</b>
<b>Other taxes</b>							
141,775	Motor Vehicle Registration <sup>2</sup>	143,288	149,600	4	158,856	166,281	174,066
23,715	Ambulance Levy	24,702	25,603	4	26,521	27,405	28,151
21,482	Lease Variation Charge <sup>3</sup>	43,580	23,207	-47	24,380	25,675	27,248
38,667	Utilities (Network Facilities) Tax	39,596	42,368	7	44,101	46,005	47,960
82,370	Fire and Emergency Service Levy	84,442	87,374	3	90,188	93,532	96,985
1,992	City Centre Marketing and Improvements Levy	2,220	2,340	5	2,466	2,470	2,475
3,406	Energy Industry Levy	3,955	3,530	-11	3,516	3,605	3,696
14,610	Lifetime Care and Support Levy	14,610	15,080	3	15,650	16,238	16,841
4,800	Safer Families Levy	4,800	4,900	2	5,000	5,100	5,200
<b>332,817</b>	<b>Total other taxes</b>	<b>361,193</b>	<b>354,002</b>	<b>-2</b>	<b>370,678</b>	<b>386,311</b>	<b>402,622</b>
<b>1,898,190</b>	<b>Total taxation</b>	<b>1,949,994</b>	<b>2,051,557</b>	<b>5</b>	<b>2,178,546</b>	<b>2,301,715</b>	<b>2,416,781</b>

**Notes:** Numbers may not add up due to rounding.

1. The Betting Operations Tax was introduced on 1 January 2019. Hence 2018-19 reflects a half-year impact.
2. This includes revenue from the 'ACT Compulsory Third-Party Insurance Regulator Levy'.
3. The record high number and value of development approvals requiring a lease variation in 2018-19 is not expected to continue at those levels.

## **Payroll tax**

As part of our tax reform program, we have raised the ACT's payroll tax threshold to the highest level in the country. Payroll tax now only applies to businesses that pay wages of more than \$2 million a year Australia-wide. This means approximately 26,000, or 90 per cent, of small and medium businesses in Canberra do not pay any payroll tax.

The payroll tax rate in the ACT is 6.85 per cent. Tax payable is calculated based on wages paid in relation to services performed by an employee in the ACT or by an employee based in the ACT.

Payroll tax revenue in 2018-19 is estimated at \$542.8 million. This is \$20.6 million higher than the 2018-19 Budget estimate, despite subdued measured employment growth. This supports the view outlined in Chapter 1 that the labour market is stronger than estimates from the Australian Bureau of Statistics suggest. Payroll tax revenue is forecast to increase to \$582.9 million in 2019-20, in line with forecast growth in employment and wages, as well as an increase in compliance activity.

## **Tax waivers**

Tax waivers represent revenue that has been forgone due to the granting of a waiver. The estimated value of waivers is also reflected in expenses. The grossing up of revenue and expenses makes tax waivers transparent.

The expected revenue from tax waivers in 2018-19 is \$2.3 million and remains at \$2.3 million in 2019-20.

## **General rates**

General rates are levied on commercial and residential property owners to provide funding for a wide range of services for the ACT community.

Increases in general rates revenue are mainly due to the ACT tax reform program, as well as growth in the number and value of new properties. Under the Government's tax reform program, increases in general rates above the Wage Price Index are used to offset reductions in revenue from the abolition of insurance and conveyance duties. Insurance duty was abolished in the ACT on 1 July 2016.

The general rates charge consists of a fixed charge and a variable charge based on the underlying land value of a property. For each property type (rural, commercial, unit titled residential and non-unit titled residential), rating factors are set to achieve a target average increase in rates for current properties and to spread the rates burden fairly based on underlying land values. The revenue estimate also factor in an estimated impact of new properties entering the general rates base in the coming year.

During 2018-19, the Legislative Assembly's Standing Committee on Public Accounts undertook inquiries into residential and commercial general rates. In this Budget, the Government is taking steps to respond to some of the findings of these inquiries, as described below.

### **Commercial general rates**

The estimated outcome for 2018-19 for commercial general rates revenue is \$199.1 million, while the forecast for 2019-20 is \$211 million. The expected increase in revenue is largely due to an average increase in rates of 6 per cent for current commercial properties, as stepped out at the start of the current five-year phase of tax reform.

The rating system for commercial general rates in 2019-20 will have the following elements:

- a fixed charge of \$2,622
- a valuation-based charge on the Average Unimproved Value for 2019 (which is the average of 2017, 2018 and 2019 unimproved land values)
- marginal rating factors applied to the Average Unimproved Value of commercial properties – see Table 6.2.2.

**Table 6.2.2: Commercial general rates – marginal rates**

<b>AUV threshold</b>	<b>Marginal rates %</b>
0 to \$150,000	3.2341
\$150,001 to \$275,000	3.7702
\$275,001 to \$600,000	5.2615
\$600,001 and above	5.3216

In response to issues raised during the Standing Committee on Public Accounts' recent inquiry into commercial rates, from 20-21 we will lengthen the period used to calculate the average unimproved value for commercial properties. These changes will be implemented in consultation with industry over the coming year, to deliver more predictable rates bills for commercial property owners. This will not impact the total commercial general rates revenue collected each year or across the forward estimates.

### **Residential general rates**

The estimated outcome for 2018-19 for residential general rates revenue is \$359.1 million, rising to \$388.4 million in 2019-20 due to a larger property base and tax reform.

In 2019-20, we will introduce a new approach to setting rating factors for houses and units, responding to feedback for the 2018 Legislative Assembly inquiry into the methodology for setting unit rates.

For the first time, we will establish different rating factors for unit titled and non-unit titled residential properties (mostly standalone houses). Having two sets of rating factors ensures unit owners can be charged according to a progressive scale for rates, while maintaining an equitable approach to calculating rates for all residential properties.

Residential general rates for non-unit titled properties will increase by an average increase of 7 per cent per property in 2019-20 – in line with the previously-announced settings for stage two of tax reform. In 2019-20, we will introduce a new Average Unimproved Value threshold at \$750,000 for non-unit titled blocks to maintain the progressivity of our tax system as unimproved values increase over time.

Average general rates for residential units will increase by an average of 11 per cent in 2019-20. In dollar terms, around 98 per cent of unit owners will see increases of \$100 per quarter or less. The average increase for units is higher than for houses because we are completing the transition to a new and more equitable calculation methodology which commenced in 2017-18. This transition will be smoothed by a further year to support the implementation of separate unit rating factors.

The rating system in 2019-20 for residential (unit titled and non-unit titled) general rates will have the following elements:

- a fixed charge of \$875
- a valuation-based charge on the Average Unimproved Value of the block for 2019 (which is the average of 2017, 2018 and 2019 unimproved land values)
- marginal rating factors applied to the Average Unimproved Value of the block of residential properties – for standalone blocks refer to Table 6.2.3 and for units refer to Table 6.2.4.

**Table 6.2.3: Residential (non-unit titled) general rates – marginal rates**

Block AUV threshold	Marginal rates %
0 to \$150,000	0.3197%
\$150,001 to \$300,000	0.4155%
\$300,001 to \$450,000	0.5197%
\$450,001 to \$600,000	0.5670%
\$600,001 to \$750,000	0.5767%
\$750,001 and above	0.5817%

**Table 6.2.4: Residential (unit titled) general rates – marginal rates**

Block AUV threshold <sup>1</sup>	Marginal rates %
0 to \$600,000	0.4757%
\$600,001 to \$2,000,000	0.5885%
\$2,000,001 to \$3,650,000	0.6927%
\$3,650,001 to \$4,850,000	0.7400%
\$4,850,001 and above	0.7810%

**Note:**

1. For units, marginal rates are applied to the AUV of the block proportionate to its total residential unit entitlement. This is then multiplied by the unit entitlement, proportionate to the total residential unit entitlement of the block.

The rating system in 2019-20 for rural general rates will have a fixed charge of \$167 and a rating factor of 0.1544 per cent applied to the Average Unimproved Value of rural properties.

In 2019-20 we will continue to provide a general rates concession for all eligible pensioners. This rebate is capped at \$700 per household for people who entered the concession program after 1 July 1997.



## Land tax

Land tax applies to any residential property that is not the owner's principal place of residence, including all residential property owned by a trust or corporation.

Land tax assessments in 2019-20 will be based on a valuation based charge calculated using the Average Unimproved Value for 2019 (which is the average of 2017, 2018 and 2019 unimproved land values), and a fixed charge of \$1,263. Foreign investors who own residential property in the ACT are also liable for a surcharge of 0.75 per cent of the property's Average Unimproved Value.

Land tax revenue for 2018-19 is estimated at \$141 million, rising to \$150.9 million in 2019-20.

Table 6.2.5 shows the land tax marginal rates that will apply to residential properties in 2019-20.

**Table 6.2.5: Land tax – marginal rates**

AUV threshold	Marginal rates %
\$0 to \$150,000	0.50
\$150,001 to \$275,000	0.60
\$275,001 to \$2,000,000	1.08
\$2,000,001+	1.10

The Government has acknowledged there have been some unintended consequences for newly built properties as a result of changes to land tax which came into effect on 1 July 2018. In applying land tax to all non-primary residences, the legislation inadvertently captured newly built properties which are unable to be occupied by the purchaser at the start of a land tax quarter. The Government will propose appropriate amendments to the legislation in the second half of 2019 to address this. In the meantime, we are providing waivers for any charges that have been imposed as a result of these unintended consequences.

## Duty on conveyances

Duty is levied on the agreement for the sale or transfer of land, a Crown lease or a land use entitlement for residential and commercial properties located in the ACT. The duty rates are generally applied to the transfer value of the property.

For residential conveyances only, a concessional rate applies for people qualifying under the ACT Home Buyer Concession Scheme, the ACT Pensioner Duty Concession Scheme, or the Disability Duty Concession Scheme.

### **Commercial conveyance duty**

The estimated outcome for commercial conveyance duty in 2018-19 is \$64.8 million, increasing to \$73.5 million in 2019-20. The expected increase is mainly due to the landholder duty compliance program, which was announced in the 2018-19 ACT Budget.

In 2018-19, conveyance duty on commercial properties worth \$1.5 million or less was abolished as part of our ongoing tax reform program. In 2019-20, a flat five per cent rate applies to the total value of a commercial property transaction where its value is greater than \$1.5 million.

### **Residential conveyance duty**

The estimated outcome for residential conveyance duty in 2018-19 is \$189.4 million, which is \$19.4 million less than the 2018-19 Budget estimate. This lower estimate is due to a slight moderation in the ACT residential property market, leading to a reduction in turnover rates and prices from those expected at the time of the 2018-19 Budget. This moderation is expected to continue into 2019-20, with revenue forecast to marginally increase to \$191.4 million, with turnover and prices picking up in 2021-22 and beyond.

The Government is making it easier for young Canberrans to own their own home by abolishing conveyance duty for eligible first home buyers from 1 July 2019. The Pensioner Duty Concession Scheme will also be extended for a further year, helping ACT pensioners downsize to properties that better suit their needs.

Conveyance duty rates will be cut each year until it is fully phased out under our tax reform program.

Table 6.2.6 outlines residential conveyance duty thresholds and marginal tax rates for 2019-20 to 2021-22.

**Table 6.2.6: Residential conveyance duty rates**

<b>Value threshold</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>%</b>	<b>%</b>	<b>%</b>
Up to \$200,000	1.2	1.1	1.0
\$200,001 to \$300,000	2.2	2.1	2.0
\$300,001 to \$500,000	3.4	3.2	3.0
\$500,001 to \$750,000	4.32	4.1	3.9
\$750,001 to \$1,000,000	5.9	5.7	5.5
\$1,000,001 to \$1,455,000	6.4	6.2	6.0
More than \$1,455,000 <sup>1</sup>	4.54	4.36	4.18

**Note:**

1. The more than \$1,455,000 rate is a flat rate on the entire value of the transaction.

### **Duty on motor vehicle registrations and transfers**

Duty is payable on an application to register a new motor vehicle or to transfer the registration of a second hand vehicle based on the vehicle's green rating.

The estimated outcome for duty revenue from motor vehicle registrations and transfers in 2018-19 is \$31.9 million and the forecast for 2019-20 is \$33.5 million. This reflects expected growth in volumes of transactions based on historical trends.

## **Tabcorp licence fee**

The ACT receives an annual totalisator licence fee from Tabcorp for the provision of totalisator services in the Territory, which is subject to annual indexation. The estimated outcome for 2018-19 and the forecast for 2019-20 are both \$1.1 million.

## **Gaming tax**

Gaming tax is a tax on gaming machines, Keno and Trackside (an animated racing product).

The estimated outcome for 2018-19 is \$34.2 million, which is \$1 million lower than the 2018-19 Budget estimate, due to the betting operations tax now being reported as a separate revenue line. Estimated gaming tax revenue for 2019-20 is \$35 million.

## **Casino tax**

The tax applying to Casino Canberra is 10.9 per cent of gross profits from general gaming operations and 0.9 per cent of gross profits from commission based player schemes. Estimated revenue for 2018-19 is \$2.7 million and remains at \$2.7 million in 2019-20.

## **Interstate lotteries**

The ACT receives revenue based on the value of NSW Lotteries tickets purchased in the Territory. Estimated revenue for 2018-19 is \$16.1 million and the forecast in 2019-20 is \$15.9 million.

## **Betting Operations Tax**

On 1 January 2019, the ACT Government introduced the Betting Operations Tax. This is a point of consumption tax of 15 per cent payable by all betting operators that accept bets from, or provide services to, people located in the ACT. The tax applies regardless of where the operator of the betting service is based. A tax-free threshold of \$150,000 of net ACT betting revenue per annum applies. Similar tax arrangements have now been introduced in all Australian jurisdictions except for the Northern Territory. Revenue from the Betting Operations Tax was included with gaming tax in the 2018-19 Budget.

Estimated revenue for the betting operations tax for 2018-19 is \$4.4 million based on returns for the first quarter, while the forecast for 2019-20 is \$9 million. The significant increase in estimated revenue across all years is a result of the tax being applied to all betting operators that provide their wagering services to people in the ACT. Original estimates were prepared on the basis the tax would only apply to interstate based betting operators.

## **Motor vehicle registration fees**

Estimated revenue from motor vehicle registrations in 2018-19 is \$143.3 million and is forecast to increase to \$149.6 million in 2019-20. Of this increase in 2019-20, \$1.8 million is due to the expected commencement of the new *Motor Accident Injuries* scheme and its associated Commission from February 2020.

The Motor Accident Injuries Commission will replace the existing CTP Regulator and have expanded functions. To support this, the Motor Accident Levy will be set at \$16 per motor vehicle registration per year compared to the existing CTP Regulator Levy of \$1 per registration or reregistration renewal. The estimated revenue in 2020-21 reflects the first full year of revenue from the Motor Accident Levy.

Motor vehicle registration fees will be indexed by the Wage Price Index across the forward estimates.

## **Ambulance Levy**

The Ambulance Levy is payable each month by private health insurance companies to offset the cost of providing ambulance services in the Territory. The levy is calculated on the number and type of private health insurance contributions.

The estimated outcome for 2018-19 is \$24.7 million and the forecast for 2019-20 is \$25.6 million.

## **Lease Variation Charge**

The estimated outcome for the Lease Variation Charge for 2018-19 is \$43.6 million and the forecast in 2019-20 is \$23.2 million.

The estimated outcome for 2018-19 is higher than the 2018-19 Budget estimate because of an increase in the number of high value approvals. Of note, the majority of lessees undertaking large developments have taken advantage of the deferred payment scheme that commenced in May 2018.

This increase is not expected to continue over the remainder of the forward estimates as we do not expect the record high number and value of development approvals requiring a lease variation in 2018-19 to continue at those levels. We will, however, continue to monitor the long-term effect of the Lease Variation Charge deferral scheme.

## **Utilities (Network Facilities) Tax**

The Utilities (Network Facilities) Tax applies to the owner of a utility network facility that is installed on or under land in the ACT.

The estimated outcome for 2018-19 is \$39.6 million and the forecast in 2019-20 is \$42.4 million. The increase largely reflects the delivery of new infrastructure in greenfield development sites.

## Fire and Emergency Services Levy

The Fire and Emergency Services Levy is charged on all rateable properties in the ACT. The revenue raised from the levy is used to support emergency services.

The estimates for Fire and Emergency Services Levy revenue include expected revenue from both existing and new properties. The estimated outcome for the levy revenue is \$84.4 million in 2018-19 and the forecast in 2019-20 is \$87.4 million. The increase is largely due to an average increase in line with the Wage Price Index.

The Fire and Emergency Services Levy in 2019-20 will have the following elements:

- a fixed charge of \$344 for residential and rural properties
- a valuation-based charge for commercial properties with progressive marginal rating factors applied to the Average Unimproved Value for 2019 (which is the average of 2017, 2018 and 2019 unimproved land values)
- a pensioner rebate of \$98.

Table 6.2.7 outlines the new Fire and Emergency Services Levy thresholds and rates for commercial properties.

**Table 6.2.7: Fire and Emergency Services Levy thresholds and rates for commercial properties**

AUV threshold	Marginal rates %
\$1 to \$300,000	0.6815
\$300,001 to \$2,000,000	0.8029
\$2,000,001 and above	0.8342

## City Centre Marketing and Improvements Levy

The City Centre Marketing and Improvements Levy applies to all rateable commercial properties in the City and some selected areas in Braddon. The revenue is provided to the City Renewal Authority to fund events, activities and capital improvements, as well as provide cleaning and security services across the City and Braddon districts. The collection area is divided into two zones and the levy is applied on the Average Unimproved Value of each property at the rate of 0.2992 per cent for the retail core, and 0.2161 per cent for the non-retail core.

The estimated outcome for 2018-19 is \$2.2 million and the forecast in 2019-20 is \$2.3 million. Revenue increases are due to changes in Average Unimproved Values and the number of properties in the zones.

## Energy Industry Levy

The Energy Industry Levy funds:

- the Territory's national regulatory obligations and costs for the Australian Energy Market Commission and the Ministerial Council on Energy's responsibilities under the Australian Energy Market Agreement

- local regulatory costs incurred by the Territory in relation to energy utility services.

The levy applies to the electricity supply, gas supply and distribution sectors. The levy is charged on a cost recovery basis and reflects the cost of regulatory activities.

The Independent Competition and Regulatory Commission was provided with additional funding through the Energy Industry Levy for 2018-19 and 2019-20, to provide resourcing for its review of the retail electricity pricing model and methodological approach. This review is being undertaken to ensure that regulated retail electricity prices remain determined on an efficient basis that reflects real utility costs.

The estimated outcome for 2018-19 is \$4 million and the forecast in 2019-20 is \$3.5 million, as the additional funding for the review is reduced.

### **Lifetime Care and Support Levy**

The Lifetime Care and Support Levy funds the Lifetime Care and Support Scheme, which provides ongoing treatment and care to people catastrophically injured in the ACT from either a motor vehicle accident or a private sector work accident. The estimated outcome for 2018-19 is \$14.6 million, rising to \$15.1 million in 2019-20.

The Lifetime Care and Support Levy applying to Compulsory Third-Party insurance policies issued under the *Road Transport (Third-Party Insurance) Act 2008* will increase to \$37.00 a year for each motor vehicle in 2019-20, compared to \$36.50 per year in 2018-19. Vehicles registered under the ACT's Veteran, Vintage and Historic Registration Scheme will pay a levy of \$7.40 per year in 2019-20 compared to \$7.30 per year in 2018-19. The levy increase mainly reflects an increase in the estimated average cost per new participant under the scheme. The levy will continue to apply to policies issued under the new Motor Accident Injuries Scheme once it commences in 2020 and replaces the existing Compulsory Third-Party insurance scheme.

The Lifetime Care and Support Levy on workers' compensation insurers and self-insurers will remain unchanged in 2019-20.

### **Safer Families Levy**

The Government introduced the Safer Families Levy on 1 July 2016 to support a range of measures to prevent and respond to family violence. The levy remains at \$30 a year and is applied to all residential and rural properties. The estimated outcome in 2018-19 is \$4.8 million and the forecast in 2019-20 is \$4.9 million.

Information on initiatives funded through the Safer Families Levy can be found in Appendix J.

## **Major ACT taxes compared to NSW**

Table 6.2.8 shows the comparative rates of tax between the ACT and NSW for major taxation items. Note that the release of the 2019-20 NSW Budget on 18 June 2019 may change the information below.

**Table 6.2.8: Major ACT taxes compared with NSW**

Tax type	ACT	NSW
<p><b>Land tax</b></p>	<p>The value of each individual property is assessed for land tax. Land tax amounts are calculated per year using the marginal rates below on the base value. For standard residential properties (e.g. houses), this is the three-year Average Unimproved Value (AUV). For residential units, this is the AUV of the parcel of land as it relates to the residential component (AUVRU). Land tax is applied quarterly.</p> <p>For 2019-20, the marginal rates charged on AUV are as follows, in addition to the fixed charge of \$1,263:</p> <ul style="list-style-type: none"> <li>• less than or equal to \$150,000 – 0.50%</li> <li>• from \$150,001 to \$275,000 – 0.60%</li> <li>• from \$275,001 to \$2,000,000 – 1.08%</li> <li>• more than \$2,000,000 – 1.10%</li> </ul> <p><u>Applied to:</u> All residential properties unless exempt.</p> <p><u>Exemption:</u> Generally, an owner-occupied principal place of residence is exempt. A range of other exemptions may apply (moving home, deceased estates, homes unfit for occupation). Certain types of land used for particular purposes e.g. primary production or commercial purposes is also exempt.</p> <p><u>Foreign ownership surcharge:</u> Residential land held by foreign non-residents attracts a surcharge of 0.75% of the property's AUV.</p>	<p>The value of an entity's entire land holdings is assessed for land tax (aggregation). Applied annually on the three year AUV.</p> <p>The 2019 rates are as follows for taxable land value between \$692,000 and \$4,231,000:</p> <ul style="list-style-type: none"> <li>• \$100 plus 1.6% of land value.</li> </ul> <p>Land value above \$4,231,000:</p> <ul style="list-style-type: none"> <li>• \$56,742, then 2% over that value.</li> </ul> <p><u>Applied to:</u> Residential, commercial and rural properties.</p> <p><u>Exemption:</u> Generally, the principal place of residence or land used for primary production is exempt.</p> <p><u>Foreign Landowner Land Tax Surcharge:</u> A surcharge land tax of 2.0% applies to NSW residential land held by foreign persons.</p>
<p><b>Payroll tax</b></p>	<p>6.85%</p> <p>First \$2,000,000 exempt.</p>	<p>5.45%</p> <p>First \$900,000 exempt.</p>
<p><b>Duty on conveyances</b></p>	<p>From 1 July 2019, the following conveyance duty rates will apply:</p> <p><u>Residential transactions</u> Up to \$200,000 – 1.2% \$200,001 to \$300,000 – 2.2% \$300,001 to \$500,000 – 3.4%</p>	<p>General duty rates: \$0 to \$14,000 – 1.25% \$14,001 to \$30,000 – 1.50% \$30,001 to \$80,000 – 1.75% \$80,001 to \$300,000 – 3.50% \$300,001 to \$1,000,000 – 4.50% Over \$1,000,000 – 5.50%.</p>

Tax type	ACT	NSW
	<p>\$500,001 to \$750,000 – 4.32%            \$750,001 to \$1,000,000 – 5.9%            \$1,000,001 to \$1,455,000 – 6.4%            More than \$1,455,000 – 4.54% (flat rate applied to the entire transaction value).</p> <p><u>Commercial transactions</u>            Up to \$1,500,000 – nil            More than \$1,500,000 – 5.0% (flat rate applied to the entire transaction value).</p>	<p><u>Premium Property Duty:</u> For dutiable transactions on residential property above \$3 million, the duty payable is \$150,490 plus the rate of \$7.00 per \$100 or part thereof that exceeds \$3 million.</p> <p><u>Surcharge Purchaser Duty:</u> an 8% surcharge is payable on the purchase of residential real estate by a foreign person.</p>
<p><b>Concessions on conveyances</b></p>	<p><u>Home Buyer Concession Scheme:</u>            From 1 July 2019, no duty is payable for eligible home buyers with a household income of \$160,000 and below, regardless of the property's value or whether it is new or established property, or vacant land.            For transactions entered into on or before 30 June 2019 a property threshold of \$607,000 for new homes and \$329,500 for vacant land applied.</p> <p><u>Pensioner Duty Concession Scheme:</u>            The scheme will be extended for another year. From 1 July 2019 there will be:</p> <ul style="list-style-type: none"> <li>• a duty concession for homes valued less than \$530,000; and</li> <li>• a duty concession for vacant land valued less than \$385,000.</li> </ul>	<p><u>First Home Buyers Assistance Scheme:</u>            From 1 July 2017, exemptions for transfer duty are available for:</p> <ul style="list-style-type: none"> <li>• a new home or existing home (including off-the-plan purchases) valued up to \$650,000 (with the concession phasing out at \$800,000); and</li> <li>• vacant land intended as the site of a new home valued up to \$350,000 (with the concession phasing out at \$450,000).</li> </ul>
<p><b>Duty on motor vehicle registrations and transfers</b></p>	<p><u>No green vehicle rating:</u>            Valued at \$45,000 or less – 3%            \$45,000 or more – 5%</p> <p><u>Green vehicle rating:</u>            Applies to new motor vehicles not previously registered anywhere in Australia. Rates depend on A-D rating (based on carbon dioxide emissions per kilometre) and value. All new motorcycles are B rated.</p> <p><u>Valued at \$45,000 or less</u>            A rated (&lt;= 130 g/km) – nil            B rated (131–175 g/km) – 1%            C rated (176–220 g/km) – 3%            D rated (&gt; 220 g/km) – 4%</p> <p><u>Valued at more than \$45,000</u>            A rated (0-130 g/km) = nil            B rated (131–175 g/km) = \$450 plus \$2% above \$45,000</p>	<p><u>Passenger vehicles:</u>            \$0 to \$44,999 – 3%            \$45,000 and over – 5%</p> <p><u>Other vehicles:</u>            3% whatever the market value.            Various exemptions.</p>



Tax type	ACT	NSW
	C rated (176–220 g/km) = \$1,350 plus \$5% above \$45,000 D rated (> 220 g/km) = \$1,800 plus \$6% above \$45,000.	
<b>Duty on general insurance</b>	Duty on general insurance was abolished from 1 July 2016.	2% to 9% of the premium, depending on the type of insurance.  Type A insurance (e.g. a property and items not covered by Type B & C insurance) – 9%  Type B insurance (e.g. a vehicle) – 5%  Type C insurance (e.g. livestock) – 2.5% for policies taken out on or before 31 December 2017. Exempt for all policies taken out on or after 1 January 2018.
<b>Duty on life insurance</b>	Duty on life insurance was abolished from 1 July 2016.	Term or temporary policies: 5% of the first year's premium.  Trauma or disability policies: 5% of premium paid to effect the insurance.  Group term insurance policies: 5% of the first year's premium, and 5% of the premium in any following year, for each additional life covered.  Life insurance: Sum insured \$0 to \$2,000 – \$1 Sum insured over \$2,000 – \$1 plus 0.1% for every \$200 in excess of \$2,000.

## Commonwealth Government grants

Total revenue expected to be received from Commonwealth Government grants in 2018-19 is \$2.3 billion, increasing to \$2.4 billion in 2019-20. Details of these grants are provided in Table 6.2.9.

Further information on the Commonwealth Government's contributions to the ACT can be found in Chapter 7 – *Federal Financial Relations*.

**Table 6.2.9: Commonwealth Government grants**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Current grants</b>							
1,328,348	GST Revenue Grant	1,308,498	1,410,123	8	1,475,401	1,568,639	1,657,438
40,116	ACT Municipal Services	40,116	40,717	1	41,369	41,989	42,703
785,771	National Specific Purpose Payments (SPPs) <sup>1</sup>	797,835	820,696	3	869,642	912,217	965,801
26,326	Financial Assistance Grants to Local Government	53,785	27,458	-49	57,323	59,796	62,488
47,376	National Partnership Payments (NPPs) – Current <sup>1</sup>	41,133	68,227	66	42,396	33,842	27,793
59,287	Other Commonwealth Government payments – current	11,730	12,187	4	5,523	5,717	5,717
<b>2,287,224</b>	<b>Total current grants</b>	<b>2,253,097</b>	<b>2,379,408</b>	<b>6</b>	<b>2,491,654</b>	<b>2,622,200</b>	<b>2,761,940</b>
<b>Capital grants</b>							
24,045	National Partnership Payments (NPPs) – Capital	52,953	26,096	-51	33,665	52,891	73,760
<b>24,045</b>	<b>Total Capital grants</b>	<b>52,953</b>	<b>26,096</b>	<b>-51</b>	<b>33,665</b>	<b>52,891</b>	<b>73,760</b>
<b>2,311,269</b>	<b>Total Commonwealth Government funding<sup>1</sup></b>	<b>2,306,050</b>	<b>2,405,504</b>	<b>4</b>	<b>2,525,319</b>	<b>2,675,091</b>	<b>2,835,700</b>

**Note:**

1. The gross-up of the Goods and Services Tax (GST) on Non-Government Schools' funding was included in Commonwealth Grants in the 2018-19 Budget. In the 2019-20 Budget it is included in other revenue (Tables 6.2.15 and 6.2.16).

## Contributed assets

Gains from contributed assets relate to land development infrastructure assets transferred to the General Government Sector from the City Renewal Authority, Suburban Land Agency and private developers. Contributed assets also include Renewable Energy Certificates, which are credits received for the generation of renewable electricity under the Commonwealth Government's Large-scale Renewable Energy Target.

The estimated outcome for 2018-19 is \$157.0 million and the forecast in 2019-20 is \$142.3 million. Details of contributed assets are provided Table 6.2.10. Refer to Chapter 5.4 – *Supply and Release of Land* for more information on the land release program.

**Table 6.2.10: Contributed assets**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
86,373	<b>Contributed assets</b>						
	Gains from contributed assets	86,451	88,585	2	94,912	121,675	273,594
131,930	Renewable Energy Certificates	68,236	51,385	-25	35,479	21,080	21,080
1,520	Other	1,605	1,667	4	1,700	1,734	1,769
692	Resources received free of charge	658	655	..	727	676	676
<b>220,515</b>	<b>Total contributed assets</b>	<b>156,950</b>	<b>142,292</b>	<b>-9</b>	<b>132,818</b>	<b>145,165</b>	<b>297,119</b>

## Sales of goods and services

Sales of goods and services revenue in 2018-19 is estimated at \$541.5 million and is forecast to increase to \$568 million in 2019-20. This increase of \$26.5 million is largely due to an increase in revenue from ACT Government user charges, fees for regulatory services, service receipts (non-ACT Government), sales and cross border health receipts.

Details of sales of goods and services revenue are provided in Table 6.2.11.

**Table 6.2.11: Sales of goods and services**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Regulatory fees</b>							
6	Casino Licence Fees	6	984	..	1,008	1,033	1,059
10,752	Drivers' licences	13,464	13,610	1	13,984	14,439	12,569
491	Taxi licences	770	858	11	882	910	940
109,983	Fees for regulatory services	111,569	117,219	5	120,975	122,678	124,671
30,208	Water Abstraction Charge	29,136	30,648	5	30,605	30,638	31,632
<b>151,440</b>	<b>Total regulatory fees</b>	<b>154,945</b>	<b>163,319</b>	<b>5</b>	<b>167,454</b>	<b>169,698</b>	<b>170,871</b>
<b>Other</b>							
19,492	Parking fees	19,522	20,002	2	20,789	21,573	22,258
35,756	Inpatient fees	37,273	36,515	-2	37,298	37,380	38,336
6,984	Outpatient fees	6,288	7,142	14	7,348	7,574	7,807
3,727	Meals and accommodation	4,003	3,820	-5	3,916	4,014	4,114
107,921	Cross Border Health Receipts	107,921	110,619	2	113,385	116,219	119,124
30,550	Sales	32,913	36,941	12	38,609	37,073	37,964
135,082	Service receipts (Non ACT Government)	126,825	132,096	4	134,777	137,704	141,440
7,544	Rent from tenants	7,544	7,589	1	7,760	7,933	8,108
26,496	Miscellaneous	26,816	26,284	-2	26,491	27,224	28,548
17,101	User charges - ACT Government	17,483	23,678	35	24,173	25,033	25,742
<b>390,653</b>	<b>Total Other</b>	<b>386,588</b>	<b>404,686</b>	<b>5</b>	<b>414,546</b>	<b>421,727</b>	<b>433,441</b>
<b>542,093</b>	<b>Total Sales of Goods and Services</b>	<b>541,533</b>	<b>568,005</b>	<b>5</b>	<b>582,000</b>	<b>591,425</b>	<b>604,312</b>

## Casino licence fees

This item includes the licence fee for operating Casino Canberra plus licence fees for casino employees. The estimated outcome for 2018-19 is \$6,000 and the forecast for 2019-20 is \$984,000. The increase in revenue for 2019-20 is due to the casino licence fee being paid annually; previously the licence fee was a five-year upfront payment.

## Drivers' licences

Revenue from drivers' licences in 2018-19 is estimated at \$13.5 million, \$2.7 million higher than estimated at the time of 2018-19 Budget as a result of the uptake of 10-year driver licences. The revenue is forecast to increase to \$13.6 million in 2019-20 due to indexation.

Drivers' licence fees will be indexed by the Wage Price Index across the forward estimates.

## **Taxi licences**

The revenue from taxi licences in 2018-19 is estimated at \$770,000 and the forecast in 2019-20 is \$858,000, reflecting the phased release of new taxi licenses by the Government.

## **Fees for regulatory services**

Regulatory service fees are payable for the regulation and administration of applications and licenses by Government. This includes fees for regulatory services such as transport regulation, waste acceptance, road safety, building levies and development applications.

The 2018-19 estimated outcome for fees for regulatory services is \$111.6 million and the forecast in 2019-20 is \$117.2 million.

## **Water Abstraction Charge**

The Water Abstraction Charge applies to those licensed to take water in the Territory. It recovers costs incurred by Government, including catchment management and environmental costs, relating to urban and non-urban water supply. The Water Abstraction Charge also provides a return on a valuable and scarce resource, and assists in managing demand.

The revenue from the Water Abstraction Charge in 2018-19 is estimated at \$29.1 million and the forecast in 2019-20 is \$30.6 million.

## **Parking fees**

The estimated revenue from parking fees in 2018-19 is \$19.5 million and the forecast in 2019-20 is \$20.0 million.

## **Patient fees**

Inpatient fees and outpatient fees are payments for the provision of hospital and related services, which are collected at the Canberra Hospital and the University of Canberra Hospital. Inpatient fees relate to admitted patients, while outpatient fees are primarily for accident and emergency services.

The 2018-19 estimated outcome is \$37.3 million for inpatient fees and \$6.3 million for outpatient fees. In 2019-20, these are forecast to be \$36.5 million and \$7.1 million, respectively.

## **Cross border health receipts**

Cross border health receipts are payments from other State and Territory Governments (predominantly NSW) for the provision of medical services provided to non-ACT residents at ACT public hospitals. The estimated revenue for 2018-19 is \$107.9 million and the forecast in 2019-20 is \$110.6 million.

These amounts reflect the level of revenue estimated to be received directly from other States and the Northern Territory. The ACT also receives compensation for health services provided to non-ACT residents from the Commonwealth Government.

## **Sales**

Revenues from sales include those generated from entry fees to sporting and cultural facilities, such as the Canberra Theatre Centre and hire of those venues. Sales of merchandise, programs and giftware in these venues or the rights to sell these, are also included. The estimated outcome for 2018-19 is \$32.9 million and the forecast in 2019-20 is \$36.9 million.

## **Service receipts (non-ACT Government)**

Service receipts (non-ACT Government) includes payments from clients for the provision of services, such as facility fees to physicians at hospitals, medical supplies, sterilising services, Capital Linen and commercial training.

The 2018-19 estimated outcome is \$126.8 million and the forecast in 2019-20 is \$132.1 million.

## **Rent from tenants**

Rent from tenants is revenue sourced from a range of ACT Government-owned commercial and community facility properties, though does not include public housing. The estimated outcome for 2018-19 is \$7.5 million and the forecast in 2019-20 is \$7.6 million.

## **Miscellaneous**

Miscellaneous revenue mainly comprises Commonwealth funding for high cost drugs and ACT Emergency Services Agency fees for Fire Alarm monitoring and false alarm call-outs. Miscellaneous revenue is estimated at \$26.8 million in 2018-19 and the forecast in 2019-20 is \$26.2 million.

## **User charges – ACT Government**

This item includes revenue for rent, property management, shared services and insurance that is collected from ACT agencies in the Public Trading Enterprise sector. The 2018-19 estimated outcome is \$17.5 million and is forecast to be \$23.7 million in 2019-20. The increase of \$6.2 million is largely due to the ACT moving to a self-insurance model for workers compensation from 1 March 2019.

## Interest income

Table 6.2.12 provides a summary of interest expected to be received.

**Table 6.2.12: Interest income**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
	<b>Interest received</b>						
35,960	Interest received from banks	4,372	3,827	-12	3,881	4,005	4,126
75,814	Interest received on advances and loans to agencies	68,185	75,833	11	73,434	74,367	76,259
1,312	Interest received on advances from the private sector – non banks	1,312	1,264	-4	1,212	1,162	1,092
2,902	Interest received – other	1,690	2,194	30	1,807	2,307	1,221
2,546	Interest from financial investments	27,015	32,020	19	29,371	29,509	27,590
<b>118,534</b>	<b>Total interest received</b>	<b>102,574</b>	<b>115,138</b>	<b>12</b>	<b>109,705</b>	<b>111,350</b>	<b>110,288</b>

### Interest received from banks

This item represents the interest on cash balances held in transactional bank accounts for those directorates and territory authorities able to earn and retain interest.

The decrease of \$31.6 million in the 2018-19 estimated outcome from the 2018-19 Budget estimate is mainly due to a reclassification of the interest income for cash and investments managed by the Territory Banking Account to interest received from financial investments. The decrease of \$0.5 million in the 2019-20 Budget from the 2018-19 estimated outcome reflects estimated bank account balances.

### Interest received on advances and loans to agencies

Interest received on advances and loans to agencies mainly relates to interest on loans provided by the Territory to Icon Water.

The decrease of \$7.6 million in the 2018-19 estimated outcome from the 2018-19 Budget estimate is the result of lower interest income from Icon Water in relation to its inflation-linked loans and its 2018-19 loan transaction. The increase of \$7.6 million in the 2019-20 Budget from the 2018-19 estimated outcome reflects the interest costs associated with loans provided to Icon Water.

## Interest received from the private sector

Interest received from the private sector relates to interest the Chief Minister, Treasury and Economic Development Directorate will receive from Community Housing Canberra for loans provided to the organisation that total an estimated \$63.1 million at 30 June 2019.

## Other interest income

Other interest income includes income by the Chief Minister, Treasury and Economic Development Directorate, the Transport Canberra and City Services Directorate, and the Environment, Planning and Sustainable Development Directorate. Most of this relates to interest charged to the City Renewal Authority and Suburban Land Agency in relation to the holding costs of land.

The estimated outcome for 2018-19 is \$1.7 million and the forecast in 2019-20 is \$2.2 million.

## Interest from financial investments

Interest from financial investments mainly comprises interest earnings on the estimated investment allocation to cash and money market securities.

The increase of \$24.5 million in the 2018-19 estimated outcome from the 2018-19 Budget estimate is mainly due to a reclassification of the interest income for cash and investments managed by the Territory Banking Account from interest received from banks. The increase of \$5 million in the 2019-20 Budget from the 2018-19 estimated outcome reflects the estimated investment allocation to cash and money market securities.

## Distributions from financial investments

Table 6.2.13 provides a summary of distributions from financial investments received.

**Table 6.2.13: Distributions from financial investments**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
38,633	Distributions received	36,465	45,330	24	50,040	53,561	57,314
	Distributions from financial investments						
<b>38,633</b>	<b>Total Distributions received</b>	<b>36,465</b>	<b>45,330</b>	<b>24</b>	<b>50,040</b>	<b>53,561</b>	<b>57,314</b>

Distributions from financial investments comprise income earnings from financial investment asset allocations to unit trust funds.



The decrease of \$2.2 million in the 2018-19 estimated outcome from the 2018-19 Budget estimate is mainly due to the asset allocation of the investment portfolio being different to what was anticipated. The increase of \$8.9 million in the 2019-20 Budget from the 2018-19 estimated outcome reflects the estimated allocation of investments to unit trust funds during the year.

## Dividends and tax equivalents

Table 6.2.14 provides a summary of dividends and tax equivalents.

**Table 6.2.14: Dividends and tax equivalents**

<b>2018-19 Budget</b>		<b>2018-19 Est. outcome</b>	<b>2019-20 Budget</b>	<b>Var</b>	<b>2020-21 Estimate</b>	<b>2021-22 Estimate</b>	<b>2022-23 Estimate</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
	<b>Dividends</b>						
63,907	Dividends – Icon Water	69,521	60,388	-13	61,235	69,050	73,741
500	Dividends – CIT Solutions	500	500	-	500	500	500
145,169	Dividends – Suburban Land Agency	104,944	104,463	-	142,841	174,243	175,256
..	Dividends – City Renewal Authority	-246	2,316	..	..	473	..
56,516	Dividends from financial investments	75,760	78,623	4	85,837	92,036	98,640
<b>266,092</b>	<b>Total dividends</b>	<b>250,479</b>	<b>246,290</b>	<b>-2</b>	<b>290,410</b>	<b>336,302</b>	<b>348,136</b>
	<b>Tax equivalents</b>						
131,370	Income Tax Equivalent	121,057	103,834	-14	99,633	116,421	112,823
<b>131,370</b>	<b>Total tax equivalents</b>	<b>121,057</b>	<b>103,834</b>	<b>-14</b>	<b>99,633</b>	<b>116,421</b>	<b>112,823</b>
<b>397,462</b>	<b>Total dividends and tax equivalents</b>	<b>371,536</b>	<b>350,124</b>	<b>-6</b>	<b>390,043</b>	<b>452,723</b>	<b>460,959</b>

## Icon Water

The estimated dividend from Icon Water in 2018-19 is \$69.5 million, which is \$5.6 million higher than the 2018-19 Budget estimate. This is largely due to increased energy revenues resulting from savings in payments for the Feed-in-Tariff scheme. Drier conditions also led to higher than budgeted water sales, offset by reductions in prices set by the Independent Competition and Regulatory Commission in May 2018 and increased operating costs for depreciation, interest payments and additional water extraction costs.

The dividend in 2019-20 is estimated to be \$60.4 million. The reduction of \$9.1 million in 2019-20 from the 2018-19 estimated outcome is mainly due to repayment to customers of the savings made in the Feed-in-Tariff scheme in 2018-19, and the impact of the Australian Electricity Regulator draft decision on electricity prices which will see a reduction in the Weighted Average Cost of Capital from 1 July 2019.

## **Suburban Land Agency**

The Suburban Land Agency's dividends in 2018-19 are expected to be \$104.9 million, which is \$40.2 million lower than the 2018-19 Budget estimate. The decrease is due to lower land sales resulting from the delayed settlement of three Asset Recycling Initiative sites and soft market conditions impacting on residential land sales. The dividend forecast for 2019-20 is \$104.5 million. For further details see Chapter 5.4 – *Supply and Release of Land*.

## **City Renewal Authority**

In 2018-19, the Treasurer approved the City Renewal Authority's request for a dividend reprieve equivalent to the remaining 2017-18 planned dividend instalment of \$0.2m. The reprieve was to enable the Authority to meet its deferred tax liabilities that arose in relation to the transfer of assets and liabilities from the former Land Development Agency. The forecast for 2019-20 is \$2.3 million.

## **Dividends from financial investments**

Dividends from financial investments comprises dividend earnings from the investment allocation to shares.

The increase of \$19.2 million in the 2018-19 estimated outcome from the 2018-19 Budget estimate is due to a greater allocation of investments to shares than originally anticipated. During the year the investment plans of agency investors were reviewed and restructured across a range of asset classes in line with their specific investment strategies, resulting in a greater allocation overall to shares.

## **Income tax equivalents**

This item represents income tax equivalent payments made by the Public Trading Enterprise sector. The estimated outcome for 2018-19 is \$121.1 million and reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime. The decrease from the 2018-19 Budget estimate of \$131.4 million corresponds with the Suburban Land Agency's lower reported operating profit.

The revenue from income tax equivalents is expected to decrease to \$103.8 million in 2019-20, due to an expected decrease in reported operating profit for Icon Water and the Suburban Land Agency.

## **Other revenue**

Table 6.2.15 provides details of other revenue received by the Territory.

The 2018-19 outcome for other revenue is estimated to be \$181.4 million and is forecast to increase to \$193.3 million in 2019-20.

**Table 6.2.15: Other revenue**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
	<b>Fines</b>						
29,952	Traffic infringement fines	28,263	32,453	15	32,881	33,778	34,823
480	Court fines	226	250	11	430	430	250
15,228	Parking fines	14,467	18,612	29	18,919	19,248	19,873
1,096	Other fines	1,083	1,115	3	1,128	1,150	1,173
<b>46,756</b>	<b>Total fines</b>	<b>44,039</b>	<b>52,430</b>	<b>19</b>	<b>53,358</b>	<b>54,606</b>	<b>56,119</b>
	<b>Other</b>						
15,252	Superannuation Contribution	16,507	17,407	5	17,624	17,852	18,115
12,357	Rents and commutation	12,123	12,262	1	12,405	12,563	12,563
19,873	Contributions	19,873	19,868	..	19,863	19,863	19,863
50,371	Other miscellaneous revenue <sup>1</sup>	88,850	91,291	3	90,018	90,565	93,518
<b>97,853</b>	<b>Total Other</b>	<b>137,353</b>	<b>140,828</b>	<b>3</b>	<b>139,910</b>	<b>140,843</b>	<b>144,059</b>
<b>144,609</b>	<b>Total Other Revenue</b>	<b>181,392</b>	<b>193,258</b>	<b>7</b>	<b>193,268</b>	<b>195,449</b>	<b>200,178</b>

**Note:**

1. This includes the gross-up of the Goods and Services Tax (GST) on Non-Government Schools' funding. In the 2018-19 Budget this was included in Commonwealth Grants.

### Traffic infringement fines

The estimated revenue from traffic infringement fines in 2018-19 is \$28.3 million, which is \$1.7 million lower than the 2018-19 Budget estimate. The reduction in this revenue line is due to construction activity, which affected the use of some traffic cameras. Revenue is forecast to increase to \$32.5 million in 2019-20 due to the reactivation of suspended traffic cameras and indexation.

### Parking fines

The estimated outcome from parking fine revenue in 2018-19 is \$14.5 million, which is \$0.8 million lower than the 2018-19 Budget estimate. Parking revenue has been adversely affected by construction activity that reduced parking capacity. As these impacts are temporary, parking revenue is forecast at \$18.6 million in 2019-20.

## Superannuation contributions

This item represents the payment of employer superannuation contributions to the Territory Banking Account by the Public Trading Enterprise sector. The contribution calculations are based on annual actuarially determined employer contribution rates for either Commonwealth Superannuation Scheme or Public Superannuation Scheme membership. It also includes the employee contributions to the Territory Banking Account by those Members of the Legislative Assembly who are members of the defined benefit superannuation arrangement.

## Rents and commutation

Rents and commutation income is estimated at \$12.1 million in 2018-19 and the forecast in 2019-20 is \$12.3 million.

## Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from the hire of school buildings, which are collected by schools and the Education Directorate. The estimated outcome in 2018-19 is \$19.9 million and remains at \$19.9 million in 2019-20.

## Other miscellaneous revenue

Other miscellaneous revenue is estimated to be \$88.9 million in 2018-19 and the forecast in 2019-20 is \$91.3 million.

Table 6.2.16 below provides a breakdown of other miscellaneous revenue.

**Table 6.2.16: Other miscellaneous revenue**

2018-19 Budget \$'000	Category	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Budget \$'000	2022-23 Budget \$'000
1,008	Revenue from financial investments	3,518	6,013	5,223	5,477	5,724
1,104	Donations	1,486	1,129	1,156	1,186	1,216
19,557	Other grants <sup>1</sup>	45,429	48,817	48,619	49,193	50,422
16,255	Recoveries	21,023	17,839	15,765	16,156	16,620
1,451	Perpetual Care Trust	1,449	1,552	1,794	1,839	1,886
1,171	Problem Gambling Assistance Fund	1,171	1,996	2,045	2,097	2,148
1,770	Regulatory fees	2,868	3,425	3,968	4,546	5,138
8,055	Miscellaneous	11,906	10,520	11,448	10,071	10,364
<b>50,371</b>	<b>Total Other miscellaneous revenue</b>	<b>88,850</b>	<b>91,291</b>	<b>90,018</b>	<b>90,565</b>	<b>93,518</b>

**Note:**

1. This includes the gross-up of the Goods and Services Tax (GST) on Non-Government Schools' funding. In the 2018-19 Budget this was included in Commonwealth Grants.



# CHAPTER 7

## FEDERAL FINANCIAL RELATIONS

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## 7.1 OVERVIEW

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Partnership between the ACT and Commonwealth Governments is crucial for the effective delivery of services and infrastructure for the Canberra community.

As one of the fastest growing communities in Australia, the ACT needs ongoing investment from all levels of government to ensure our infrastructure and services keep pace as we grow. The Commonwealth Government has significantly under-invested in Canberra in recent years – particularly in terms of delivering necessary infrastructure funding to support our city's growth.

With the current Commonwealth Government now having been returned for another term, we will be actively engaging with its representatives in an effort to secure a fairer deal for the ACT going forward.

The Commonwealth has also made significant changes to Australia's system of federal financial relations in the past year, by legislating for a major shift in how GST funding to the states and territories will be distributed from 2021-22. These changes are the most significant to the system of horizontal fiscal equalisation since the introduction of the GST itself in 2000.

The Commonwealth Government engaged in no meaningful consultation with the states and territories before seeking to legislate these changes, consistent with their unilateral approach to decision-making in recent years. However, with a concerted joint effort through the Board of Treasurers, the states and territories were able to secure a legislated guarantee that no jurisdiction will be worse off as a result of these upcoming changes to the GST distribution arrangements.

In parallel with these changes, the Commonwealth Grants Commission is in the final stages of its five-yearly review of its methods for assessing the GST needs of the states and territories. The results of the review are expected to be released in early 2020 and will have a significant effect on the ACT's share of the GST from 2020-21.

In 2019-20 the ACT will receive approximately \$1.4 billion in GST revenue, representing an increase of \$101.6 million compared with our 2018-19 projected allocation. This revenue increase has primarily been driven by the ACT's strong ongoing population growth, which means there will also need to be increased investment in core services like health, education and transport on the expenditure side.

In recent years the Commonwealth has placed a greater emphasis on needs-based funding models in Commonwealth payments to the states and territories for service delivery. While in principle this ensures a more equitable distribution of Commonwealth funding, it has coincided with reduced consultation on the conditions that are imposed on states and territories regarding its use. We would urge the Commonwealth Government to take the opportunity posed by a new term of Parliament to reset their approach to consultation with the states and territories.



The Commonwealth's lack of engagement with the states and territories has also constrained action on issues of national importance such as climate change, tax reform, infrastructure investment and the sustainable provision of public services as Australia's demographics change. The states and territories have taken up the mantle of cooperation and collaboration through the Board of Treasurers, which has provided a valuable forum to discuss and progress shared challenges across jurisdictions. However, there are limits to what states and territories can achieve on tax and other significant national reforms without meaningful engagement by the Commonwealth.

Against this backdrop, the Bilateral Agreement on the National Disability Insurance Scheme was signed with the Commonwealth in March 2019. Other significant agreements with the Commonwealth in the past year include the renewal of the National Partnership Agreement on Land Transport Infrastructure until 30 June 2024. Further, negotiations between the Commonwealth and the states and territories are continuing on the 2020-25 Health Reform Agreement, which is due to be developed for the consideration and approval by the Council of Australian Governments by the end of 2019.

The re-election of the current Commonwealth Government would be expected to deliver a degree of continuity in federal financial relations. However, there is a strong opportunity to instead reset the relationship with the states and territories to see us work more closely together on the shared challenges that lie ahead of our communities. This would be welcomed by the ACT Government and we urge the Commonwealth to pursue such a fresh approach in the new term of Parliament.

## 7.2 FEDERAL FINANCIAL RELATIONS

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The *Intergovernmental Agreement on Federal Financial Relations* provides the overarching framework for the financial relationship between the Commonwealth and the states and territories. The funding the ACT receives from the Commonwealth under the agreement recognises our unique circumstances as a city-state in a national capital setting and as a major regional centre. This means the ACT receives funding as both a territory government and as a local government, contributing to our capacity to invest in services and infrastructure to support the Canberra community.

This chapter outlines the key features of federal financial relations in Australia, recent developments in the ACT's financial relationship with the Commonwealth and Australia's federal financial relations framework and the estimated financial implications for the ACT for 2019-20 and across the forward estimates.

The information presented in this chapter is based on the 2019-20 Commonwealth Budget released on 2 April 2019. This Budget was not passed by the Australian Parliament before the recent Commonwealth election, although the re-election of the current Government makes it likely this will happen in the near future. If there are material changes to Commonwealth policy settings or other areas of federal financial relations in the short term, we will provide an update on the implications of these for the ACT through the 2019-20 ACT Budget Review.

### Key features of federal financial relations

The states and territories are responsible for the delivery of many essential services, including public hospitals and school education. However, the Commonwealth administers many of the significant taxation bases in Australia. As a result, the Commonwealth currently collects 75 per cent of combined general government revenue, but is responsible for only 56 per cent of total government spending. In contrast, the states and territories are responsible for 44 per cent of total government spending, but collect only 25 per cent of combined revenue.

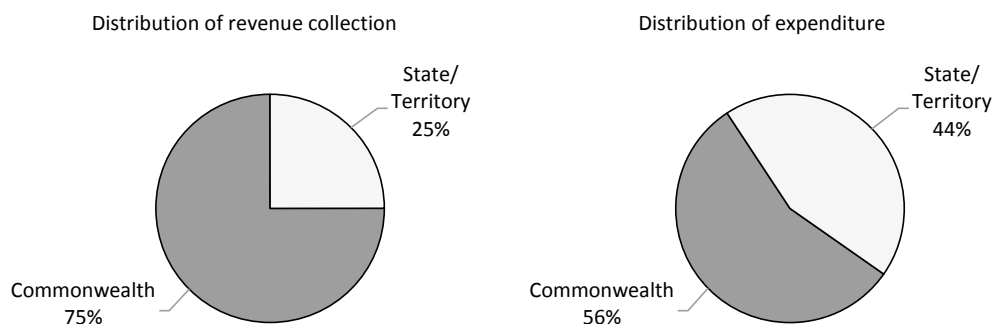
This disparity between revenue and expenditure is known as vertical fiscal imbalance, and is addressed by significant transfers of funds to the states and territories from the Commonwealth. Consequently, the states and territories rely on the Commonwealth for between 35 and 73 per cent of their total revenue. The ACT currently receives approximately 43 per cent of our revenue from Commonwealth-administered revenue streams such as the Goods and Services Tax (GST) and other grants – the third-lowest ratio in the country.

Federal financial relations in Australia are also characterised by differences in the ability of each state and territory to generate revenue from their own sources, as well as differences in the services required and the cost of delivering them in each state and territory. These differences create variance in the capacity of individual states and territories to provide services to their citizens – a situation referred to as horizontal fiscal imbalance.

Revenue from the GST – which is collected by the Commonwealth on behalf of the states and territories – is distributed between the different jurisdictions to address this imbalance. This process is called horizontal fiscal equalisation.

Figure 7.2.1 below depicts the distribution of spending and revenue collection (including the GST) between the states and territories and the Commonwealth.

**Figure 7.2.1: 2017-18 estimated distribution of revenue collection and expenditure between the states and territories and the Commonwealth**



**Sources:** ABS, Government Finance Statistics 2017-18 (5512.0) and Chief Minister, Treasury and Economic Development Directorate (CMTEDD) calculations.

**Note:** Capital expenditure is not included.

## Recent developments in federal financial relations

Australia's system of federal financial relations is undergoing its most significant changes since the introduction of the *Intergovernmental Agreement on Federal Financial Relations* in 2008. The Commonwealth has legislated for substantial changes to the system of horizontal fiscal equalisation, following a Productivity Commission inquiry that reported in July 2018.

The Productivity Commission recommended that the objective of horizontal fiscal equalisation be changed to provide states and territories with the fiscal capacity to provide services of a 'reasonable standard', rather than to the 'same standard' as was previously required. To facilitate this new objective, the Productivity Commission also recommended that the GST distribution be changed to equalise funding between jurisdictions to the national average fiscal capacity, rather than the fiscal capacity of the strongest jurisdiction, with any remaining GST being distributed between the jurisdictions on a per capita basis.

The Commonwealth, while generally supportive of the Productivity Commission's work, has legislated for a different approach. Instead of equalising to the national average fiscal capacity, the Commonwealth has changed the GST distribution method so that every state and territory has the same fiscal capacity as the stronger of either New South Wales or Victoria. This change will take effect over a transition period from 2021-22 to 2026-27. The Commonwealth Grants Commission will retain its role in determining the distribution of the GST under the new model.

In addition to the new benchmark for equalisation, the Commonwealth introduced a GST relativity<sup>1</sup> floor, which will be set at 0.7 from 2022-23 before being raised to 0.75 in 2024-25. As a result, no state or territory will receive less than 70 per cent of its per capita share of GST from 2022-23 and no less than 75 per cent of its per capita share from 2024-25. Western Australia will also receive 75 additional payments from the Commonwealth in 2019-20 and 2020-21 to give it funding equivalent to a 0.7 GST relativity. The Northern Territory will receive additional funding over this period to give it equivalent funding to a GST relativity of 4.66024, representing its relativity in 2017-18.

As part of these changes, the Commonwealth has committed to providing ongoing top-up payments to the GST pool, with the aim of ensuring that no state or territory is worse off as a result of the changes. The Commonwealth will provide a \$600 million top-up payment to the GST pool from 2021-22 and a further \$250 million payment from 2024-25. Both payments will continue in perpetuity and be indexed to the growth rate in GST receipts. As these payments are part of the GST pool, they will be distributed between the states and territories in accordance with their respective GST relativities.

Following collective pressure by the states and territories, the legislation also includes an explicit guarantee that no jurisdiction will be worse off as a result of the changes in the GST distribution. The Commonwealth has committed to provide additional funding to any state or territory that stands to lose GST funding as a result of the changes during the 2021-22 to 2026-27 transition period. The Commonwealth has given assurances that any supplementary payments from this guarantee will not be offset by reductions in other sources of funding to the states and territories.

The GST distribution process also continues to be reviewed by the Commonwealth Grants Commission as part of its *2020 Methodology Review of GST Revenue Sharing Relativities*. The Commission's draft report on the 2020 Review will be publicly released and the states and territories will have an opportunity to comment on it at the end of the 2018-19 financial year. Further details on the 2020 Review, including the work program for 2019-20, can be found later in this chapter.

Federal financial relations over the last several years has been characterised by a greater emphasis on needs-based funding models for Commonwealth assistance to the states and territories. These needs-based models have gradually replaced the population-based models put in place by the *Intergovernmental Agreement on Federal Financial Relations*.

While there is considerable merit in the use of needs-based models for determining the distribution of Commonwealth grants, the shift towards their use has coincided with less consultation by the Commonwealth regarding the conditions that are imposed on the states and territories when distributing this funding.

1. GST relativities summarise the fiscal capacity of each state and territory relative to the average fiscal capacity of all jurisdictions. It is a single figure representing each state or territory's advantages and disadvantages in revenue raising and spending and Commonwealth government payments. A state or territory's GST relativity shows the proportion of the national average GST per person it should receive in order to achieve horizontal fiscal equalisation. It does not measure how much of the GST raised in the state or territory is being returned to it.

The shift away from a collaborative approach to federal financial relations by the Commonwealth has been particularly evident through the use of Commonwealth legislation to mandate state and territory funding contributions under the new needs-based funding models. In particular, amendments to the *Australian Education Act 2013* made in 2017 impose conditions on the states and territories for funding under the *National School Reform Agreement*, which was signed by the ACT in 2018. Similarly, the *Treasury Laws Amendment (National Housing and Homelessness Agreement) Act 2018* imposes new conditions on the states and territories for funding under the *National Housing and Homelessness Agreement* which took effect from 1 July 2018.

A more collaborative and consultative approach from the Commonwealth in conjunction with the states and territories is required. At the start of a new term of parliament, we urge the Commonwealth to reset its financial relationship with the states and territories and return to a more consultative approach which recognises our shared responsibilities and capabilities in delivering services for all Australians.

In relation to infrastructure, there would be significant benefit in realigning national infrastructure investment by the Commonwealth to also be delivered under a needs-based model. This would address the significantly unequal distribution of Commonwealth infrastructure funding between the states and territories (see Box 7.2.1). Empowering Infrastructure Australia to maintain a long-term pipeline of projects and giving it the autonomy to independently assess infrastructure priorities on the basis of economic, social and environmental needs and allocate Commonwealth funding for them would significantly improve the process of allocating infrastructure funding.

In 2018-19, the ACT also signed the renewed *National Partnership Agreement on Land Transport Infrastructure*. This agreement will provide funding for road infrastructure in the ACT over the years to 2024, facilitating further investment in essential transport infrastructure within the ACT.

For the ACT, 2018-19 was the final transition year for the National Disability Insurance Scheme, with the Territory entering into the full scheme arrangements from 1 July 2019. The NDIS is delivering real change for Canberrans with disability and the ACT Government is committed to the effective implementation of this important social reform. We understand that this means both investing in the NDIS and continuing to support Canberrans who are not eligible to access services through it. That is why the 2019-20 ACT Budget includes significant further investment to meet our full scheme contributions while continuing to provide local services and supports which are no longer classified as in-kind scheme contributions.

In contrast to the relationship with the Commonwealth, there has been a resurgence of cooperation between the states and territories on federal financial relations in recent years. This has been driven by the establishment of the Board of Treasurers, which provides a joint forum for the Treasurers of the states and territories to collaborate on matters of common interest such as productivity-enhancing reform and planning for future population growth. Through the Board of Treasurers, joint state and territory positions on major areas of national reform have been developed and prosecuted with the Commonwealth.

One key initiative pursued by the Board of Treasurers in 2018-19 has been an agreement that state and territory Treasuries will cooperate to monitor implementation of the Commonwealth's assurance that tied payments to states and territories will not be affected by the additional financial assistance provided under the reforms to horizontal fiscal equalisation.

Further information on the agreements discussed here is provided later in this chapter and in the Statement of Risks at Appendix K.

## Sources of Commonwealth funding to the states and territories

Under the *Intergovernmental Agreement on Federal Financial Relations* the states and territories receive the following types of funding from the Commonwealth:

- General Revenue Assistance
- Payments for specific purposes
- National Partnership Payments
- Financial Assistance Grants to Local Government.

As shown in Table 7.2.1 and illustrated by Figure 7.2.2 below, the ACT is expected to receive approximately 43 per cent of our total revenue – or \$2.4 billion – from the Commonwealth in 2019-20. This is an increase of 5.6 per cent over last year's Commonwealth funding of \$2.3 billion and would make the ACT the third-least reliant jurisdiction on Commonwealth payments. However, the ACT's total revenue includes general rates, which are used to support both state and local government expenses and are projected to constitute about 17 per cent of the ACT's total revenue in 2019-20.<sup>2</sup>

On average, jurisdictions are estimated to receive 45 per cent of their funding from the Commonwealth in 2019-20,<sup>3</sup> with an average of 55 per cent coming from their own sources.

2. Ideally, only the proportion of general rates used for state and territory government type expenditure would be considered in this analysis, but as it is not possible to identify this proportion, all general rates revenue has been included.

3. CMTEDD calculation based on 2019-20 Budgets for the Commonwealth, Western Australia, Northern Territory and Victoria and 2018-19 State Mid-Year Budget Reviews.

**Table 7.2.1: State revenue profile from the Commonwealth, 2019-20**

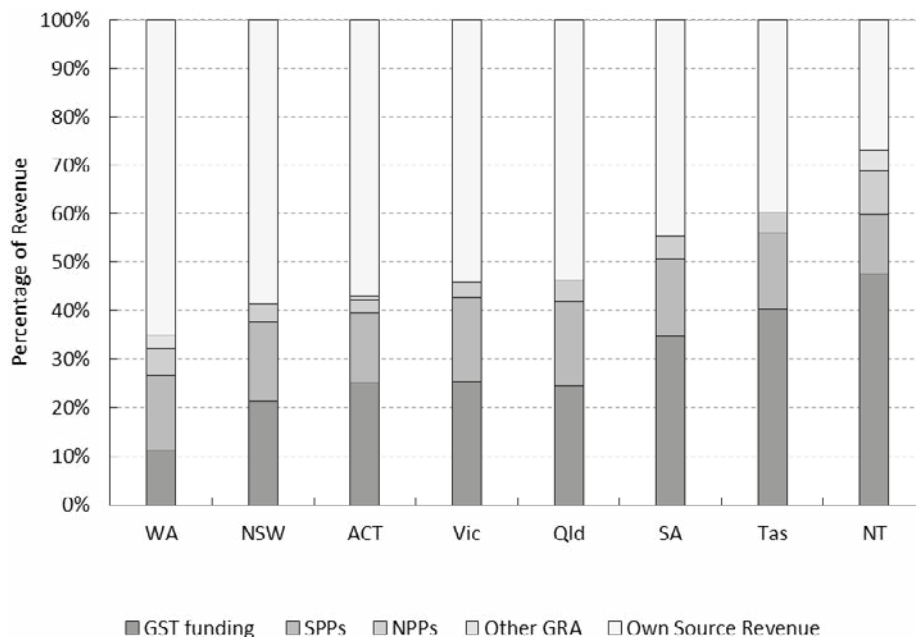
	WA	NSW	ACT	Vic	Qld	SA	Tas	NT
<b>Total Commonwealth funding (\$ billion)</b>	<b>11.2</b>	<b>36.3</b>	<b>2.4</b>	<b>31.2</b>	<b>26.8</b>	<b>10.7</b>	<b>3.7</b>	<b>4.3</b>
GST funding (%)	11.2	21.3	25.3	25.3	24.5	34.8	40.3	47.7
SPPs (%)	15.6	16.3	14.5	17.5	17.3	15.8	15.7	12.1
NPPs (%)	5.6	3.8	2.5	3.0	4.5	4.7	4.4	9.1
Other GRA (%)	2.6	0.0	0.7	0.0	0.0	0.0	0.0	4.3
<b>Total Commonwealth funding (%)</b>	<b>35.0</b>	<b>41.4</b>	<b>43.0</b>	<b>45.8</b>	<b>46.3</b>	<b>55.3</b>	<b>60.4</b>	<b>73.2</b>
<b>Own Source Revenue (%)<sup>1</sup></b>	<b>65.0</b>	<b>58.6</b>	<b>57.0</b>	<b>54.2</b>	<b>53.7</b>	<b>44.7</b>	<b>39.6</b>	<b>26.8</b>

**Sources:** CMTEDD calculation based on 2019-20 Budgets for the Commonwealth, Victoria, Western Australia, Tasmania, the ACT and the Northern Territory and 2018-19 Mid-Year Budget Reviews for New South Wales, Queensland and South Australia.

**Note:** Numbers may not add due to rounding.

1. ACT Own Source Revenue is inclusive of local government revenue comprising general rates and the City Centre Marketing and Improvements Levy.

**Figure 7.2.2: State revenue profile from the Commonwealth, 2019-20**



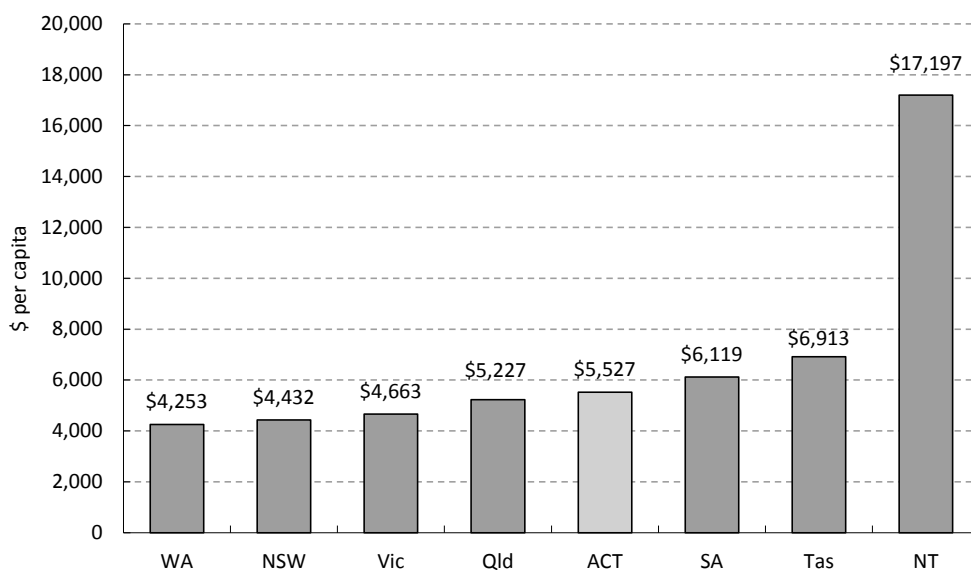
**Sources:** CMTEDD calculation based on 2019-20 Budgets for the Commonwealth, Victoria, Western Australia, Tasmania, the ACT and the Northern Territory and 2018-19 Mid-Year Budget Reviews for New South Wales, Queensland and South Australia.

**Note:** ACT Own Source Revenue is inclusive of local government revenue comprising general rates and the City Centre Marketing and Improvements Levy.

Commonwealth funding represents a lower proportion of the ACT's total revenue than for most other states and territories. However, the ACT's share of GST is approximately 24 per cent, or \$272.2 million above a population share. There are several reasons for this, including the ACT's inability to apply taxes such as payroll tax and land tax to the Commonwealth, as well as a lack of mineral resources.

On the other hand, the ACT's low share of National Partnership Payments is largely driven by our small share of infrastructure funding, as shown in Box 7.2.1. Taking these payments together, the ACT ranks fourth out of all the states and territories on the per capita amount of total Commonwealth funding received (see Figure 7.2.3 below).

**Figure 7.2.3: Commonwealth funding per capita, 2019**



Source: CMTEDD calculation based on the 2019-20 Commonwealth Budget.



**Box 7.2.1: Infrastructure grants to the states and territories**

The 2019-20 Commonwealth Budget allocated a significant amount of expenditure for state and territory infrastructure projects from 2019-20 to 2022-23. However, the level of Commonwealth infrastructure funding varies widely across the states and territories.

On a per capita basis, each state and territory is expected to receive the following infrastructure funding from the Commonwealth across the forward estimates.

	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>WA</b>	<b>SA</b>	<b>TAS</b>	<b>ACT</b>	<b>NT</b>	<b>AUS</b>
	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc	\$pc
2018-19	234	126	298	290	433	235	125	743	242
2019-20	214	166	345	328	354	258	60	945	255
2020-21	199	174	431	350	225	356	76	685	262
2021-22	151	209	510	426	177	414	117	593	277
2022-23	211	314	455	439	229	656	160	1,093	328
<b>Average (including 2018-19)</b>	<b>201</b>	<b>200</b>	<b>409</b>	<b>367</b>	<b>283</b>	<b>386</b>	<b>108</b>	<b>812</b>	<b>273</b>
<b>Average (excluding 2018-19)</b>	<b>194</b>	<b>217</b>	<b>436</b>	<b>386</b>	<b>246</b>	<b>423</b>	<b>104</b>	<b>829</b>	<b>281</b>

Source: 2019-20 Commonwealth Budget and CMTEDD calculations.

The following table presents the per capita allocations as a percentage of the national average per capita infrastructure expenditure by the Commonwealth across the forward estimates.

	<b>NSW</b>	<b>VIC</b>	<b>QLD</b>	<b>WA</b>	<b>SA</b>	<b>TAS</b>	<b>ACT</b>	<b>NT</b>	<b>AUS</b>
	%	%	%	%	%	%	%	%	%
2018-19	97	52	123	120	179	97	52	308	100
2019-20	84	65	136	129	139	101	24	371	100
2020-21	76	66	165	134	86	136	29	262	100
2021-22	55	76	184	154	64	149	42	214	100
2022-23	64	96	139	134	70	200	49	334	100
<b>Average (including 2018-19)</b>	<b>74</b>	<b>73</b>	<b>150</b>	<b>134</b>	<b>104</b>	<b>141</b>	<b>40</b>	<b>297</b>	<b>100</b>
<b>Average (excluding 2018-19)</b>	<b>69</b>	<b>77</b>	<b>155</b>	<b>137</b>	<b>88</b>	<b>151</b>	<b>37</b>	<b>295</b>	<b>100</b>

Source: 2019-20 Commonwealth Budget and CMTEDD calculations.

**Box 7.2.1: Infrastructure grants to the states and territories (continued)**

The ACT is currently expected to receive approximately \$104 per capita in Commonwealth infrastructure funding from 2019-20 to 2022-23. This is only 37 per cent of the national average per capita expenditure (\$281 per capita) and 54 per cent of the per capita expenditure of New South Wales, the jurisdiction with the next lowest per capita share (\$194 per capita).

If the ACT were to instead receive the national average per capita amount of infrastructure expenditure, this would grow the Commonwealth's contribution by \$84.4 million in 2019-20 and an average \$177 per capita in each year from 2019-20 to 2022-23.

The ACT does have somewhat lower than average infrastructure investment needs because of our relatively small land mass, our highly urbanised population and higher average income compared with other states. However, ongoing and stable infrastructure funding support from the Commonwealth is important for maintaining the adequacy of government services in the ACT and the wider region.

## Total Commonwealth funding to the ACT

The 2019-20 Budget includes the following estimated payments from the Commonwealth Government in 2019-20:

- General Revenue Assistance:
  - GST of \$1.4 billion; representing an increase of \$101.6 million compared with the ACT's 2018-19 allocation
  - ACT Municipal Services payments of \$40.7 million; representing an increase of \$0.6 million compared with the allocation provided in 2018-19
- Payments for specific purposes of \$820.7 million;<sup>4</sup> representing an increase of \$22.9 million compared with the allocation provided in 2018-19
- National Partnership Payments of \$106.5 million;<sup>5</sup> representing an increase of \$0.7 million compared with the allocation provided in 2018-19
- Financial Assistance Grants of \$27.5 million; representing a decrease of \$26.3 million compared with the allocation provided in 2018-19.

4. The 2019-20 Commonwealth Budget includes \$808.6 million in Specific Purpose Payments in 2019-20 for the ACT. The difference between the 2019-20 ACT and Commonwealth budgets primarily relates to different assumptions about Health funding, explained in further detail later in this chapter.

5. The 2019-20 Commonwealth Budget includes \$107.5 million in National Partnership Payments in 2019-20 for the ACT. The difference between the 2019-20 ACT and Commonwealth budgets in 2019-20 relates to the ACT withdrawing from the National School Chaplaincy Program from 2019-20 onward, which has funding of \$977,000 per annum from 2019-20 to 2021-22.

## General Revenue Assistance

General Revenue Assistance transfers are the major source of funding that supports the delivery of services in the ACT. General Revenue Assistance transfers are untied, meaning that they are not required to be spent on any particular area of service delivery.

It is estimated they will comprise approximately 26 per cent of the ACT's General Government Sector revenue in 2019-20. Table 7.2.2 below summarises the expected level of General Revenue Assistance funding to the ACT across the budget and forward estimates.

**Table 7.2.2: Commonwealth Government General Revenue Assistance funding to the ACT**

	2018-19	2019-20	Variance		2020-21	2021-22	2022-23
	Est. out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
GST Revenue	1,308.5 <sup>1</sup>	1,410.1	101.6	7.8	1,475.4	1,568.6	1,657.4
ACT Municipal Services	40.1	40.7	0.6	1.5	41.4	42.0	42.7
<b>Total General Revenue Assistance</b>	<b>1,348.6</b>	<b>1,450.8</b>	<b>102.2</b>	<b>7.6</b>	<b>1,516.8</b>	<b>1,610.6</b>	<b>1,700.1</b>

**Source:** 2019-20 Commonwealth Budget.

**Note:** Numbers may not add due to rounding.

1. Inclusive of a balancing adjustment of \$0.5 million for under payment in 2017-18 paid in 2018-19.

## GST revenue

GST payments represent the single largest component of revenue distributed to the ACT via the Commonwealth, which administers the tax. In 2019-20, the ACT is expected to receive \$1.4 billion in GST. This is \$272.2 million more than if the GST were distributed solely on a population share across jurisdictions.

The costs of administering the GST are borne by the states and territories on a per capita basis.

As such, all receipts that the Commonwealth collects from the GST, less administration costs, are distributed to the states and territories in accordance with the principle of horizontal fiscal equalisation.

The ACT's projected GST grants in the forward estimate years are based on:

- 2019-20 Commonwealth Budget forward estimates of the GST pool;
- the Commonwealth Treasury's forward estimates of the ACT population as a percentage of the national total; and
- the 2019-20 GST relativity for the ACT held constant across the forward estimates.

The Commonwealth Treasury does not project state and territory shares of GST over the forward years. As a result, the GST figures for the forward estimates published in the 2019-20 ACT Budget are not included in the 2019-20 Commonwealth Budget GST estimates.

The overall movement in GST revenue paid to the ACT since the 2018-19 ACT Budget is illustrated in Table 7.2.3 below. It reflects variations arising from the impact of the:

- Commonwealth's Mid-Year Economic and Fiscal Outlook revisions to the 2018-19 Budget released on 17 December 2018
- release of the 2019-20 GST relativities by the Commonwealth Grants Commission on 28 February 2019
- 2019-20 Commonwealth Budget released on 2 April 2019.

These variations include the impact of new GST initiatives since the 2018-19 ACT Budget. Key among them was the extension of the GST Compliance Program by four years, which has increased projected GST receipts considerably over the forward estimates.

GST receipts have also been bolstered by the application of the GST to low value imports from 1 July 2018.

The ACT's estimated GST grants for 2021-22 and 2022-23 also include the impact of the Commonwealth's \$600 million top-up payment to the GST funding pool – including the indexation of this funding in 2022-23. The total effect on the GST funding pool across those two years is approximately \$1.2 billion, of which approximately \$26.1 million is expected to flow to the ACT. These estimates do not, however, include any potential supplementary payments from the Commonwealth as part of its legislated guarantee that no state or territory will be worse off due to its changes to the GST distribution.

**Table 7.2.3: Reconciliation of GST revenue grants to the ACT**

		2018-19 <sup>^</sup>	2019-20	2020-21	2021-22	2022-23
		\$m	\$m	\$m	\$m	\$m
<b>2018-19 ACT Budget</b>	Jun-18	1,328.3	1,373.1	1,450.8	1,525.1	N/A
	<i>Variation</i>	-5.5	-3.9	-10.7	2.1	
<b>2018-19 Commonwealth MYEFO<sup>1</sup></b>	Dec-18	1,322.9	1,369.2	1,440.0	1,527.3	N/A
	<i>Variation</i>	0.0	0.0	0.0	0.0	
<b>2018-19 ACT Budget Review</b>	Feb-19	1,322.9	1,369.2	1,440.0	1,527.3	N/A
	<i>Variation</i>	0.0	65.9	-69.4	73.6	
<b>2019 Update Report<sup>2</sup></b>	Feb-19	1,322.9	1,435.1	1,509.4	1,600.8	1,691.5
	<i>Variation</i>	-14.4	-25.0	-34.0	-32.2	-34.1
<b>2019-20 Commonwealth Budget<sup>3</sup></b>	Apr-19	1,308.5	1,410.1	1,475.4	1,568.6	1,657.4
	<i>Variation</i>	0.0	0.0	0.0	0.0	0.0
<b>2019-20 ACT Budget</b>	Jun-18	1,308.5	1,410.1	1,475.4	1,568.6	1,657.4
<b>Total Variation since 2018-19 ACT Budget</b>		-19.8	37.0	24.6	43.5	N/A

**Note:** Numbers may not add due to rounding.<sup>^</sup> Includes a balancing adjustment of +\$0.5 million, from 2018-19 Commonwealth MYEFO onwards, for underpayment in 2017-18.

**Variations:**

1. The 2018-19 Commonwealth MYEFO - Balancing adjustment of +\$0.5 million in 2018-19 for underpayment in 2017-18, revised state and territory population and GST receipt estimates.
2. The Commonwealth Grants Commission Report on GST Revenue Sharing Relativities, 2019 Update - Revised GST relativities.
3. The 2019-20 Commonwealth Budget: Revised GST receipts and state and territory population estimates.

The table above also illustrates the short-term volatility of GST estimates, with different drivers of payments such as total GST collections and updates of relativities often affecting the ACT's estimates in opposite directions.

Of particular note, the 2019-20 Commonwealth Budget reduced the estimates of GST receipts from 2019-20 to 2022-23 by a total \$9.5 billion. This reduction had a significant adverse impact on the ACT's projected GST grant and is the primary driver of the \$105.6 million reduction in our projected GST grants between the release of the 2019 Update report and the 2019-20 Commonwealth Budget as shown in Table 7.2.3.

Further discussion on the outlook for GST receipts can be found in the Statement of Risks at Appendix K.

## ACT municipal services

The Commonwealth also provides General Revenue Assistance to the ACT to assist in meeting the additional municipal costs that arise from Canberra's role as the national capital. These costs arise from a range of factors, including additional costs incurred from the design of Canberra and our inability to levy rates on the Commonwealth. This funding also compensates the ACT for additional costs resulting from national capital planning influences on the provision of water and sewerage services.

The level of funding was agreed at the time the ACT was granted self-government and is indexed annually by a growth factor comprised of indicators for wage growth and inflation.

In 2019-20, the ACT is expected to receive \$40.7 million from the municipal services grant. The ACT's municipal services grant funding across the forward estimates is shown in Table 7.2.4 below.

**Table 7.2.4: ACT municipal services grant funding to the ACT**

	2018-19	2019-20	Variation		2020-21	2021-22	2022-23
	Est. out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
<b>ACT municipal services grant</b>	40.1	40.7	0.6	1.5	41.4	42.0	42.7

## Payments for specific purposes

The Commonwealth provides grants to the ACT for specific purposes to support services in health, education, skills and workforce development, and housing.

These grants include funding under the National Health Reform Agreement, Quality Schools, National Housing and Homelessness Agreement and the National Skills and Workforce Development Specific Purpose Payment.

## Current funding levels

Commonwealth grants to the ACT for specific purposes are projected to be \$3.6 billion over the budget and forward estimate period. The relative distribution of these payments across sectors is outlined in Table 7.2.5.

**Table 7.2.5: Commonwealth payments for specific purposes to the ACT**

	2018-19	2019-20	Variation		2020-21	2021-22	2022-23
	Est. out.	Budget	2018-19 and		Estimate	Estimate	Estimate
	\$m	\$m	2019-20	%	\$m	\$m	\$m
National Health Reform	413.4	423.8	10.4	2.5	451.3	480.5	511.8
Quality Schools funding	332.8	344.1	11.3	3.4	364.3	378.3	399.6
National Skills and Workforce Development	25.6	26.1	0.5	1.8	26.6	27.1	27.7
National Housing and Homelessness Agreement	26.0	26.7	0.7	2.7	27.5	26.2	26.8
<b>Total Specific Purpose Payments</b>	<b>797.8</b>	<b>820.7</b>	<b>22.9</b>	<b>2.9</b>	<b>869.6</b>	<b>912.2</b>	<b>965.9</b>

**Source:** The 2019-20 Commonwealth Budget and CMTEDD calculations.

**Note:** Numbers may not add due to rounding. See Table 7.2.8 for detailed information on payments and explanatory information.

## Health funding

Under the current health funding arrangements, the Commonwealth is committed to fund 45 per cent of the efficient growth in hospital activity levels, capped at 6.5 per cent per annum nationally.

Conditions to funding, including in relation to avoidable hospital re-admissions, unsafe care and data reporting, are progressively being applied by the Commonwealth. The current agreement is due to expire in mid-2020.

In early 2018, the ACT Government signed a Heads of Agreement on Public Hospital Funding and Health Reform to ensure appropriate funding for public hospitals in the ACT until 2024-25. The Commonwealth is committed to work with states and territories on long-term reforms to improve health outcomes and agreed to continue to meet 45 per cent of the cost of activity under existing arrangements, up to a national funding cap of 6.5 per cent. Health Ministers are currently developing the 2020-25 Health Reform Agreement for consideration and approval by the Council of Australian Governments before the end of 2019.

The 2019-20 Commonwealth Budget estimates for the ACT provide an annual average growth rate of 6.1 per cent over the forward estimates. Our estimates, reflecting more recent activity forecasts, suggest a higher average annual growth rate of 6.5 per cent over the forward estimates. We are anticipating a reconciliation payment of around \$7.6 million for higher levels of growth than budgeted by the Commonwealth for 2018-19, to be paid in 2019-20.

The Commonwealth has committed to provide additional funding to the ACT if growth in National Health Reform funding is lower than growth in the Consumer Price Index and population in a given year. The amount payable will depend on final entitlements to National Health Reform funding from 2017-18 to 2019-20.

## **Schools funding**

In December 2018, the ACT and the Commonwealth signed the National School Reform Bilateral Agreement on school funding. As part of this agreement, the Commonwealth has committed to transition funding consistent with their shares of the needs-based Schooling Resource Standard. The Commonwealth's shares of the Schooling Resource Standard are 20 per cent for government schools and 80 per cent for non-government schools. Commonwealth funding under the bilateral agreement will transition ACT government schools up to a 20 per cent share of the Schooling Resource Standard over six years, with the transition down to 80 per cent for non-government schools phased over 10 years. Through these funding arrangements, the non-government sector will receive less Commonwealth funding as they transition towards the Schooling Resource Standard while government schools will receive a modest increase.

In addition to transition arrangements, the Commonwealth is currently reviewing the socio-economic status score methodology for non-government schools and has indicated that it intends to use a direct measure of parental income to determine the capacity of each school community to contribute to their school from 2020. The ACT Government has committed to the outcome of this review which may increase or decrease Commonwealth funding to this sector. Due to uncertainty surrounding the implementation of this review and its impact on socio-economic status scores, revised funding contributions to the non-government sector have not been reflected in the Commonwealth or Territory budgets.

The ACT Budget reflects the Commonwealth's 2019-20 Budget estimates, including additional *Quality Schools* funding allocations across the non-government schooling sector for student growth and identification of students requiring additional needs.

## **Skills and workforce development funding**

Under the National Agreement for Skills and Workforce Development, the ACT, along with all other jurisdictions, receives a Specific Purpose Payment for the provision of vocational education and training services. This payment is partially tied – it must be used to fund services related to skills and workforce development, but the exact use of the funding is at the discretion of the states and territories.

The National Skills and Workforce Development Specific Purpose Payment is determined through the annual indexation by wage and consumer prices of the base level of funding provided in 2009-10. In 2019-20, we are expected to receive \$26.1 million in funding under this payment.

## **Disability funding**

The ACT signed the Bilateral Agreement on the National Disability Insurance Scheme in March 2019. It reflects the shared responsibilities of the Commonwealth and ACT Government for the National Disability Insurance Scheme and locks in arrangements for both Governments to make ongoing, up-front funding contributions to the scheme. This agreement will take effect from 1 July 2019.

Due to the implementation of the National Disability Insurance Scheme, the ACT does not receive a Specific Purpose Payment for disability services.

## **Affordable housing funding**

The ACT receives funding for the National Housing and Homelessness Agreement which was signed in June 2018. The Agreement recognises the mutual interest of the Commonwealth and the states and territories in improving outcomes across the housing spectrum, including outcomes for Australians who are homeless or at risk of homelessness. The agreement includes ACT specific actions around the provision of housing and homelessness services and mandates states to have publicly available housing and homelessness strategies. The ACT Housing Strategy 2018 fulfils the requirement to provide a publicly available housing and homelessness strategy.

The National Housing and Homelessness Agreement covers the full housing spectrum, from homelessness, through public housing and affordable rental home purchase opportunities, through to supporting a sustainable, diverse and equitable supply of housing for the ACT community.

## **National Partnership Payments**

The Commonwealth provides National Partnership Payments to the states and territories to support the delivery of specified projects, facilitate reforms, or reward those that deliver on national reforms or achieve service delivery improvements.

National Partnership Agreements are typically entered into for a fixed period, reflecting the nature of the project or reform involved. Payments are generally aligned with the achievement of milestones and are made after specific outcomes or outputs have been achieved. The sectors in which these payments are made to the ACT are shown in Table 7.2.6.



**Table 7.2.6: Commonwealth National Partnership Payments to the ACT**

	2018-19 Est. out	2019-20 Estimate	Variation 2018-19 and 2019-20		2020-21 Estimate	2021-22 Estimate	2022-23 Estimate
	\$m	\$m	\$m	%	\$m	\$m	\$m
Health	7.8	4.7	-3.1	-39.7	2.8	2.4	9.8
Education and Early Childhood	10.2	9.5	-0.7	-6.9	6.8	0.0	0.0
Skills and Workforce Development	4.9	4.9	0.0	-0.1	4.0	4.0	0.0
Community Services	0.9	47.2	46.3	#	16.8	17.4	18.0
Affordable Housing	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure	53.0	26.1	-26.9	-50.7	33.7	52.9	73.8
Environment	17.3	1.9	-15.4	-89.0	11.9	10.0	0.0
Other	11.7	12.2	0.5	3.9	5.5	5.7	5.7
<b>Total NP Payments</b>	<b>105.8</b>	<b>106.5</b>	<b>0.7</b>	<b>0.7</b>	<b>81.6</b>	<b>92.5</b>	<b>107.3</b>

**Source:** ACT Government expected payments derived from 2019-20 Commonwealth Budget and CMTEDD calculations.

**Note:** Numbers may not add due to rounding. See Table 7.2.8 for detailed information on payments and explanatory information. A “#” indicates a variance of greater than 999 per cent.

## Expiring National Partnership Payments

The states and territories provided a joint report to the Commonwealth on their position on national partnership agreements and their associated national partnership payments due to expire in 2018-19 and 2019-20 in October 2018. The report did not provide joint positions on expiring national partnership agreements for infrastructure funding.

The report identified the following key agreements as priorities for renewal:

- Universal Access to Early Childhood Education
- Public Dental Services for Adults
- Legal Assistance Services
- Pay Equity for the Social and Community Services Sector
- Management of the Former Rum Jungle Mine Site.

The following four National Partnership Agreements, to which the ACT is a signatory, are due to expire by the end of 2018-19, with a combined value of \$45.3 million in 2018-19. This list excludes agreements which were scheduled to expire in 2018-19, but have been allocated funding beyond 2018-19 in the 2019-20 Commonwealth Budget.

- *Asset Recycling Initiative* – the ACT is expected to receive \$44.3 million from this agreement in 2018-19. As this is an infrastructure agreement, the joint report did not present a position on whether it should be renewed.

- *Pay Equity for the Social and Community Services Sector* – funding for this agreement in 2018-19 was incorporated into the National Housing and Homelessness Agreement, amounting to \$923,000 in 2018-19. The joint report noted that funding under this agreement was rolled into the National Housing and Homelessness Agreement, but emphasised the need for ongoing funding certainty. Funding will continue for this initiative under the *National Housing and Homelessness Agreement* across the forward estimates.
- *Managing Established Pest Animals and Weeds* – this agreement provided \$42,000 to the ACT in 2018-19, and was recommended to be renewed in the joint report.
- *National Quality Agenda for Early Childhood Education and Care* – the ACT received no funding under this agreement in 2018-19, and it was recommended to be renewed in the joint report.

The following six National Partnership Agreements, to which the ACT is a signatory, are expected to expire in 2019-20, with a combined value of \$8.795 million in 2018-19 and \$8.291 million in 2019-20 (including agreements due to expire in 2018-19, but which have been allocated funding in 2019-20 in the 2019-20 Commonwealth Budget). This list excludes agreements which were scheduled to expire in 2019-20, but have been allocated funding beyond 2019-20 in the 2019-20 Commonwealth Budget.

- *Legal Assistance Services* – this agreement is expected to provide \$6.019 million in 2018-19 and \$6.120 million in 2019-20. This agreement was recommended for renewal in the joint report, emphasising the support that it provides to the provision of legal assistance services to disadvantaged and vulnerable Australians. The joint report called on the Commonwealth to assure that funding to support a national legal assistance program will continue after the expiry of this agreement.
- *Public Dental Services for Adults* – the ACT is expected to receive \$1.449 million in 2018-19 and \$967,000 in 2019-20 under this agreement. This agreement was recommended for renewal in the joint report, noting that it supports the provision of dental treatments to patients at a high risk of oral health problems, particularly indigenous Australians. The joint report also noted that this agreement had been given several short term renewals which have shifted funding responsibilities onto the states and territories. The joint report called on the Commonwealth to engage in consultation for a long term arrangement for the sustainable provision of public dental services to at-risk adults. This agreement was due to expire on 30 June 2019, but has been allocated funding in 2019-20 in the 2019-20 Commonwealth Budget.
- *Family Advocacy and Support Services* – this agreement is expected to provide \$555,000 to the ACT in 2018-19 and \$730,000 in 2019-20, and was recommended to be renewed in the joint report.
- *Implementing Water Reform in the Murray-Darling Basin* – this agreement is expected to provide \$327,000 per annum in both 2018-19 and 2019-20, and was recommended to be renewed in the joint report.

- *Suicide Prevention* – this agreement is expected to provide the ACT \$300,000 in 2018-19 and has no allocated funding in 2019-20. The joint report did not present a position on whether this agreement should be renewed.
- *OzFoodNet Program* – this agreement is expected to provide \$145,000 in 2018-19 and \$147,000 in 2019-20, and was recommended to be renewed in the joint report.

Universal Access to Early Childhood Education, identified as a key agreement in the joint report as referenced above, is currently due to expire on 30 June 2020. However, the 2019-20 Commonwealth Budget has provisioned funding for the agreement in 2020-21; indicating that a further extension of the agreement for that financial year is likely. This would be the sixth such short-term extension to the Universal Access to Early Childhood Education agreement. The joint report emphasised that continual short-term extensions compromises the ability of early childhood education providers to confirm staffing, timetables and enrolments, which in turn impacts on children and their parents. We will continue to engage with the Commonwealth jointly with the states and the Northern Territory to ensure funding certainty for the early childhood sector.

The *National School Chaplaincy Program* was extended in 2018-19, with the renewed agreement running until 20 June 2023. The ACT had made a request to the Commonwealth that funding under the National School Chaplaincy Program be extended to secular youth support workers. This request was rejected by the Commonwealth.

Because of this decision, the National School Chaplaincy Program was determined to be incompatible with our commitment to non-discriminatory schooling for children in the ACT. As a result, the ACT will no longer accept federal funding for school chaplain positions in ACT public schools. Non-government schools in the ACT are still able to access funding under the National School Chaplaincy Program.

The Land Transport Infrastructure agreement was extended and signed by the ACT in 2018-19. The renewed agreement will expire 30 June 2024. The renewal of this agreement was welcomed by the ACT, in acknowledgement of the certainty of funding it provides for road and rail infrastructure in the ACT and the surrounding region over the five-year period it will be active.

## **New National Partnership Payments**

The 2019-20 Commonwealth Budget announced the following new National Partnership Agreements, which included allocations of funding for the ACT.

- *Community Health, Hospitals and Infrastructure projects* – this is expected to provide \$15.0 million over four years for health infrastructure and services, including funding for an expansion of the intensive care unit at Canberra Hospital.
- *Comprehensive palliative care across the life course* – this is expected to provide \$722,000 over four years to improve palliative care and end-of-life coordination for older Australians living in residential aged care.

- *Murray-Darling Basin water infrastructure program* – this is expected to provide \$20.7 million over three years to undertake efficiency measures under the Water for the Environment Special Account in the Murray-Darling Basin.
- *Prepared Communities* – this is expected to provide a one-off payment of \$250,000 in 2018-19 to improve community preparedness for natural disasters.

In addition, the 2019-20 Commonwealth Budget also includes a range of new and previously announced National Partnership Agreements for which state and territory allocations are yet to be determined for some or all future years, but for which the ACT has been identified as potentially receiving funding. Consequently, the 2019-20 ACT Budget does not include estimates of funding for these agreements where allocations have not been provided:

- *Development of Business Cases for Constraints Measures and Potential Implementation* (previously announced; no allocation provided)
- *Disaster Risk Reduction (new agreement, no allocation provided)*
- *Family law information sharing (new agreement; no allocation provided)*
- *Health Innovation Fund* (previously announced; no allocation provided)
- *National Forest Industry Plan* (previously announced; no allocation provided)
- *Small Business Regulatory Reform* (previously announced and allocated; however, state funding has been unallocated since the 2018-19 MYEFO and total Commonwealth funding for this agreement has been re-profiled)
- *Social Impact Investments* (previously announced; no allocation provided)
- *Specialist Dementia Care* (new agreement; no allocation provided)
- *Water Infrastructure Development Fund* (previously announced; no allocation provided).

## **Financial Assistance Grants to Local Government**

Financial Assistance Grants are paid to state governments for provision to local governments according to distributions recommended by the State Grants Commissions. Financial Assistance Grants to local government are untied and can be spent according to local government priorities.

As the ACT Government has responsibility for both state and municipal functions, the Financial Assistance Grants are paid directly to the ACT to be spent according to our budget priorities. The ACT receives approximately two per cent of the Financial Assistance Grants pool.

Financial Assistance Grants payments are made up of two components: general purpose funding and identified local road funding. The general purpose component is divided amongst the states and territories on an equal per capita basis.

The identified local roads funding shares were agreed at the 1990 Special Premiers Conference and are based on historical road lengths from 1991-92. The ACT's share is 3.2 per cent.

The ACT's Financial Assistance Grants funding is shown in Table 7.2.7 below.

**Table 7.2.7: Commonwealth Government Financial Assistance Grants funding to the ACT**

	2018-19	2019-20	Variation		2020-21	2021-22	2022-23
	Est. out. \$m	Budget \$m	\$m	%	Estimate \$m	Estimate \$m	Estimate \$m
<b>Financial Assistance Grants</b>	53.9	27.5	-26.3	-48.9	57.3	59.8	62.5

Source: 2019-20 Commonwealth Budget.

The reduction in Financial Assistance Grants in 2019-20 compared to 2018-19 is due to a Commonwealth decision to bring forward half of its funding to the ACT for 2019-20 into 2018-19. This increased our Financial Assistance Grant in 2018-19 by \$27.5 million when compared to the 2018-19 ACT Budget Review, while reducing our grant for 2019-20 by the same amount. The Commonwealth has made an equivalent adjustment of this kind in every Commonwealth Budget since 2015-16.

## Total Commonwealth funding to the ACT

The ACT Government's expected revenue transfers from the Commonwealth Government during 2019-20 and across the forward estimates are detailed in Table 7.2.8. The amounts may not match those published in the 2019-20 Commonwealth Budget as the ACT includes in our budget amounts that are presently considered likely to be received, based on details known about each payment.

**Table 7.2.8: Total Commonwealth Funding to the ACT**

2018-19 Budget	FUNDING CATEGORIES	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
	<b>General Revenue Assistance</b>					
40,116	ACT Municipal Services	40,116	40,717	41,369	41,989	42,703
1,328,348	GST Revenue	1,308,498	1,410,123	1,475,401	1,568,639	1,657,438
<b>1,368,464</b>	<b>Total General Revenue Assistance</b>	<b>1,348,614</b>	<b>1,450,840</b>	<b>1,516,770</b>	<b>1,610,628</b>	<b>1,700,141</b>
	<b>Health Services</b>					
391,215	National Health Reform Funding – Hospital Services <sup>1</sup>	406,678	416,644	443,726	472,568	503,285
6,820	National Health Reform Funding – Public Health <sup>1</sup>	6,759	7,182	7,567	7,976	8,494
<b>398,035</b>	<b>Total Health Services SPP</b>	<b>413,437</b>	<b>423,826</b>	<b>451,293</b>	<b>480,544</b>	<b>511,779</b>

**Note:**

1. The National Health Reform (NHR) funding in the 2019-20 ACT Budget does not match the 2019-20 Commonwealth Budget estimates, as their estimates are based on lower activity levels than currently forecast by ACT Health.

2018-19 Budget	FUNDING CATEGORIES	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
	<b>Health Services NPPs</b>					
n/a	Additional assistance for public hospitals <sup>2</sup>	0	0	0	0	0
n/a	Comprehensive palliative care across the life course	0	167	176	185	194
~	Expansion of BreastScreen Australia program	245	248	252	0	0
~	National Bowel Cancer Screening Program – participant follow-up function	176	191	195	195	0
145	OzFoodNet	145	147	0	0	0
n/a	Specialist Dementia Care	0	~	~	~	~
37	Vaccine-Preventable Diseases Surveillance	37	38	0	0	0
	<b>Health Infrastructure NPPs</b>					
n/a	Expansion of Clare Holland House	4,000	0	0	0	0
	<b>Other Health NPPs</b>					
n/a	Community Health, Hospitals and Infrastructure projects	784	2,250	1,460	1,480	9,000
0	Encouraging More Clinical Trials in Australia	153	153	153	0	0
0	Electronic recording and reporting of controlled drugs <sup>3</sup>	0	0	0	0	0
208	Essential Vaccines	522	547	551	559	565
0	Health Innovation Fund	0	0	~	0	0
~	Public Dental Services for Adults	1,449	967	0	0	0
~	Suicide Prevention	300	0	0	0	0
<b>390</b>	<b>Total Health Services NPPs</b>	<b>7,811</b>	<b>4,708</b>	<b>2,787</b>	<b>2,419</b>	<b>9,759</b>
<b>398,425</b>	<b>Total Health Services</b>	<b>421,248</b>	<b>428,534</b>	<b>454,080</b>	<b>482,963</b>	<b>521,538</b>
	<b>Education and Early Childhood</b>					
107,046	Quality Schools – Government	107,310	119,860	133,099	146,847	161,642
208,746	Quality Schools – Non-Government <sup>4, 5</sup>	225,504	224,243	231,166	231,456	237,960
<b>315,792</b>	<b>Total Quality Schools Funding</b>	<b>332,814</b>	<b>344,103</b>	<b>364,265</b>	<b>378,303</b>	<b>399,602</b>
	<b>Education and Early Childhood NPPs</b>					

**Notes:**

- Under this agreement, the Territory would receive additional Commonwealth funding if growth in NHR funding is lower than growth in CPI and population in 2018-19. As this is unlikely to be the case, the 2019-20 ACT Budget has not included the 2019-20 Commonwealth Budget estimates for this agreement.
- The ACT will not receive Commonwealth funding under this agreement. Instead, the Commonwealth will directly fund the integration of the Territory and Commonwealth systems.
- The Quality Schools funding for non-government schools for the 2018-19 estimated outcome is higher than the estimates published in the 2019-20 Commonwealth Budget due to the Commonwealth providing a higher level of funding than estimated in their budget papers.
- These amounts exclude the GST component of non-government school funding.

2018-19 Budget	FUNDING CATEGORIES	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
~	Money Smart Teaching	140	140	140	0	0
0	National School Chaplaincy Programme <sup>6</sup>	977	0	0	0	0
9,105	Universal access to early childhood education	9,105	9,375	6,704	0	0
<b>9,105</b>	<b>Total Education and Early Childhood NPPs</b>	<b>10,222</b>	<b>9,515</b>	<b>6,844</b>	<b>0</b>	<b>0</b>
<b>324,897</b>	<b>Total Education and Early Childhood</b>	<b>343,036</b>	<b>353,618</b>	<b>371,109</b>	<b>378,303</b>	<b>399,602</b>
	<b>Skills and Workforce Development</b>					
25,311	National Skills and Workforce Development SPP	25,581	26,054	26,586	27,125	27,666
	<b>Skills and Workforce Development NPPs</b>					
5,000	Skilling Australians Fund	4,896	4,893	4,001	3,999	0
<b>5,000</b>	<b>Total Skills and Workforce Development NPPs</b>	<b>4,896</b>	<b>4,893</b>	<b>4,001</b>	<b>3,999</b>	<b>0</b>
<b>30,311</b>	<b>Total Skills and Workforce Development</b>	<b>30,477</b>	<b>30,947</b>	<b>30,587</b>	<b>31,124</b>	<b>27,666</b>
	<b>Community Services</b>					
	<b>Community Services NPPs</b>					
0	Pay equity for the social and community services sector	923	0	0	0	0
30,899	Payments from the DisabilityCare Australia Fund	0	47,204	16,835	17,424	18,034
<b>30,899</b>	<b>Total Community Services NPPs</b>	<b>923</b>	<b>47,204</b>	<b>16,835</b>	<b>17,424</b>	<b>18,034</b>
<b>30,899</b>	<b>Total Community Services</b>	<b>923</b>	<b>47,204</b>	<b>16,835</b>	<b>17,424</b>	<b>18,034</b>
	<b>Affordable Housing</b>					
25,758	National Housing and Homelessness Agreement	26,003	26,713	27,498	26,245	26,754
<b>25,758</b>	<b>Total Affordable Housing SPPs</b>	<b>26,003</b>	<b>26,713</b>	<b>27,498</b>	<b>26,245</b>	<b>26,754</b>
	<b>Affordable Housing NPPs</b>					
~	National Regulatory System for Community Housing	0	0	0	0	0
0	Social Impact Investments	0	~	~	~	~
<b>0</b>	<b>Total Affordable Housing NPPs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>25,758</b>	<b>Total Affordable Housing</b>	<b>26,003</b>	<b>26,713</b>	<b>27,498</b>	<b>26,245</b>	<b>26,754</b>

**Note:**

6. The 2019-20 ACT Budget does not include the 2019-20 Commonwealth Budget estimates for the Project Agreement for the National School Chaplaincy Programme for 2019-20 onwards, as the Territory is not participating in this agreement beyond 30 June 2019.

2018-19 Budget	FUNDING CATEGORIES	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
	<b>Infrastructure</b>					
	<b>Infrastructure Investment Program</b>					
1,371	Black Spot Projects	1,371	1,662	1,639	1,639	1,639
1,200	Bridges Renewal Programme	1,200	1,523	1,292	1,852	1,455
0	Heavy Vehicle Safety and Productivity	0	423	425	582	1,113
0	Major projects business case fund	0	0	0	1	51
3,694	Road Investment Component	1,022	7,872	17,172	36,022	55,994
248	Roads of Strategic Importance	0	0	697	773	486
1,461	Roads to Recovery	4,991	7,970	7,970	7,970	7,970
0	Urban congestion fund	15	6,646	4,470	4,052	5,052
	<b>Infrastructure Growth Package</b>					
44,313	Asset Recycling Initiative	44,354	0	0	0	0
<b>52,287</b>	<b>Total Infrastructure</b>	<b>52,953</b>	<b>26,096</b>	<b>33,665</b>	<b>52,891</b>	<b>73,760</b>
	<b>Environment</b>					
	<b>Environment NPPs</b>					
~	Development of Business Cases for Constraints Measures and Potential Implementation	~	~	~	~	~
n/a	Disaster Risk Reduction	0	~	~	~	~
327	Implementing water reform in the Murray-Darling Basin	327	327	0	0	0
~	Management of Established Pests and Weeds	42	0	0	0	0
n/a	Murray-Darling Basin water infrastructure program	0	200	10,500	10,000	0
0	National Forest Industry Plan	0	0	~	~	0
n/a	On-farm Emergency Water Infrastructure Rebate Scheme	760	780	760	0	0
n/a	Prepared communities	250	0	0	0	0
17,171	Sustainable Rural Water Use and Infrastructure Program	15,902	600	669	0	0
0	Water Infrastructure Development Fund	~	~	~	~	~
<b>17,498</b>	<b>Total Environment</b>	<b>17,281</b>	<b>1,907</b>	<b>11,929</b>	<b>10,000</b>	<b>0</b>
	<b>Other</b>					
	<b>Other NPPs</b>					
555	Family advocacy and support services <sup>7</sup>	555	730	0	0	0
n/a	Family law information sharing	0	~	~	~	0
6,019	Legal assistance services	6,019	6,120	0	0	0

**Note:**

7. This NPP has been re-classified from 'Community Services' to 'Other'.



2018-19 Budget	FUNDING CATEGORIES	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
5,156	Provision of Fire Fighting Services <sup>8</sup>	5,156	5,337	5,523	5,717	5,717
3,800	Small Business Regulatory Reform <sup>9</sup>	~	~	~	0	0
<b>15,530</b>	<b>Total Other NPPs</b>	<b>11,730</b>	<b>12,187</b>	<b>5,523</b>	<b>5,717</b>	<b>5,717</b>
26,326	Financial assistance to local governments – Financial Assistance Grant program	53,785	27,458	57,323	59,796	62,488
<b>41,856</b>	<b>Total Other Payments</b>	<b>65,515</b>	<b>39,645</b>	<b>62,846</b>	<b>65,513</b>	<b>68,205</b>
<b>2,290,395</b>	<b>Total Commonwealth Government Funding</b>	<b>2,306,050</b>	<b>2,405,504</b>	<b>2,525,319</b>	<b>2,675,091</b>	<b>2,835,700</b>

**Source:** The 2019-20 Commonwealth Budget and CMTEDD calculations.

**Notes:** The symbol ~ indicates that the allocation has not yet been determined by the Commonwealth; n/a indicates that the agreement had not been announced at the time of the 2018-19 ACT Budget.

8. The 2019-20 Commonwealth Budget has NFP for 2022-23 for this agreement as the current agreement expires in 2021-22 and a new agreement is currently under negotiation. The estimates included in the 2019-20 ACT Budget assume that the funding for 2022-23 will remain at the same level as for 2021-22.
9. The 2019-20 Commonwealth Budget has unallocated previously allocated state funding for this initiative and re-profiled the total funding for this agreement. As such, the 2019-20 ACT Budget does not include any revenue in its estimates for this agreement.

## Drivers of ACT GST estimates

### Horizontal fiscal equalisation methodology

The methodology for horizontal fiscal equalisation is set out in the *Report on GST Revenue Sharing Relativities, 2015 Review* and the most recent GST relativity update – currently the *Report on GST Revenue Sharing Relativities 2019 Update*.

Using this methodology and data for the three most recent full financial years (2015-16 to 2017-18 for the 2019 update), the Commonwealth Grants Commission makes assessments on the level of expenditure that each state and territory requires to provide services and the capacity of each state and territory to generate their own revenue.

These assessments are made on the basis of the economic, demographic and institutional characteristics of the states and territories. They capture the differences in the costs required to provide the same level of services and the ability to generate revenue from available sources if each jurisdiction made the same effort to earn its own revenues and operated at the same level of efficiency.

The revenue assessments are added to the additional Commonwealth support each state and territory receives, which are then deducted from assessed expenses to determine each state and territory's GST requirement. Each state and territory's GST requirement per person is then compared with the national average GST grant per person to determine its GST relativity, reflecting the differences in fiscal capacity between jurisdictions.

Historically the ACT is has had a below average fiscal capacity, resulting in our jurisdiction typically having a GST relativity above one. This is mainly due to our below average capacity to raise revenue – the ACT has no mining industry and relatively low revenue raising capacity from land tax and stamp duty.

We also receive below average revenue from Commonwealth payments. Partially offsetting this low revenue raising capacity, the ACT's assessed cost of providing services is below average as a result of the lower demands for services from our urbanised, higher socio-economic status population compared with other jurisdictions. This counterbalances the impact on expenditure needs of our small population relative to the minimum size of government and above average wage costs.

## Commonwealth Grants Commission report on GST revenue sharing relativities 2019 Update

The latest assessments in the 2019 update led to an increase in the ACT's GST relativity compared with the 2018 update, reflecting a weakened fiscal capacity relative to other jurisdictions. The relativities were subsequently adopted by the Commonwealth Treasurer on 14 March 2019 and will be used to distribute GST revenue in 2019-20.

Table 7.2.9 shows the per capita relativities to be used for distributing the GST revenue among the states and territories in 2019-20. It also shows state and territory shares of the GST revenue for 2019-20 and the amounts per jurisdiction in dollar and per capita terms at the time of release of the 2019 update by the Commonwealth Grants Commission. Comparisons are shown with the relativities, shares and amounts for 2018-19.

**Table 7.2.9: GST relativities, shares and distribution in 2018-19 and 2019-20<sup>(a)</sup>**

	Relativities		GST shares		GST distribution	
	2018-19	2019-20	2018-19 %	2019-20 %	2018-19 \$m	2019-20 \$m
New South Wales	0.85517	0.87013	27.4	27.9	18,257	19,269
Victoria	0.98670	0.98273	25.6	25.7	17,074	17,734
Queensland	1.09584	1.05370	22.0	21.1	14,630	14,558
Western Australia	0.47287	0.51842	4.9	5.4	3,271	3,694
South Australia	1.47727	1.46552	10.2	10.1	6,815	6,946
Tasmania	1.76706	1.75576	3.7	3.6	2,469	2,513
<b>Australian Capital Territory</b>	<b>1.18070</b>	<b>1.23759</b>	<b>2.0</b>	<b>2.1</b>	<b>1,322</b>	<b>1,435</b>
Northern Territory	4.25816	4.26735	4.2	4.1	2,792	2,860
<b>Total</b>	<b>1.00000</b>	<b>1.00000</b>	<b>100.0</b>	<b>100.0</b>	<b>66,630</b>	<b>69,010</b>

**Source:** Commonwealth Grants Commission calculation.

**Notes:** Numbers may not add and percentages may not add to 100 per cent due to rounding.

Numbers are exclusive of adjustment for overpayment in 2017-18.

(a) As at the release of the 2019 Update on 28 February 2019.

Overall, New South Wales, Western Australia, the ACT and the Northern Territory received an increase in their GST shares, while Victoria, Queensland, South Australia and Tasmania all saw a reduction in the 2019 update.

The Commonwealth Grants Commission's 2019 update highlights that the assessed fiscal capacity of the states and territories continues to reflect both underlying differences in their economic, social and demographic fundamentals, and differences between jurisdictions in the timing and nature of their economic cycles.

Key reasons for changes in the distribution of the GST in the 2019 update were:

- differences in the rate of growth in the value of property sales, in particular above average sales growth in Victoria, the ACT and Tasmania, below average growth in Queensland and South Australia and falls in sales in Western Australia and the Northern Territory
- increases in the value of coal production and a decline in Western Australia's mining revenue capacity from North West Shelf royalties
- slow wage growth in Western Australia and the Northern Territory, compared with above average wage growth in the other states and territories
- a significant reduction in Queensland's net natural disaster relief expenses and new data from all states and territories which exclude local government natural disaster relief expenses
- reductions in the share of Commonwealth payments to New South Wales, Victoria, Western Australia and the ACT
- differences in the rate of growth in taxable land values, in particular faster growth in New South Wales compared to the other states and territories
- above average growth in taxable payrolls in New South Wales, Victoria, Tasmania, the ACT and the Northern Territory, compared to below average growth in QLD and a fall in payrolls in WA
- a tripling of total State investment in urban transport over the period 2014-15 to 2017-18, increasing the assessed needs of New South Wales and Victoria, as well as an increase in rural road investment, increasing the Northern Territory's assessed needs
- increased population growth rates in Queensland, Tasmania and the ACT and reduced rates in Western Australia and South Australia. Revised Australian Bureau of Statistics population growth estimates also increased the Northern Territory's share.

The ACT's fiscal capacity was assessed to be weaker in the 2019 update relative to the 2018 update, which resulted in an increase to our GST relativity. The ACT's relativity increased due to a number of factors including:

- an increase in the ACT's share of national population growth, increasing assessed investment needs
- above average growth in wage levels increasing assessed service delivery costs

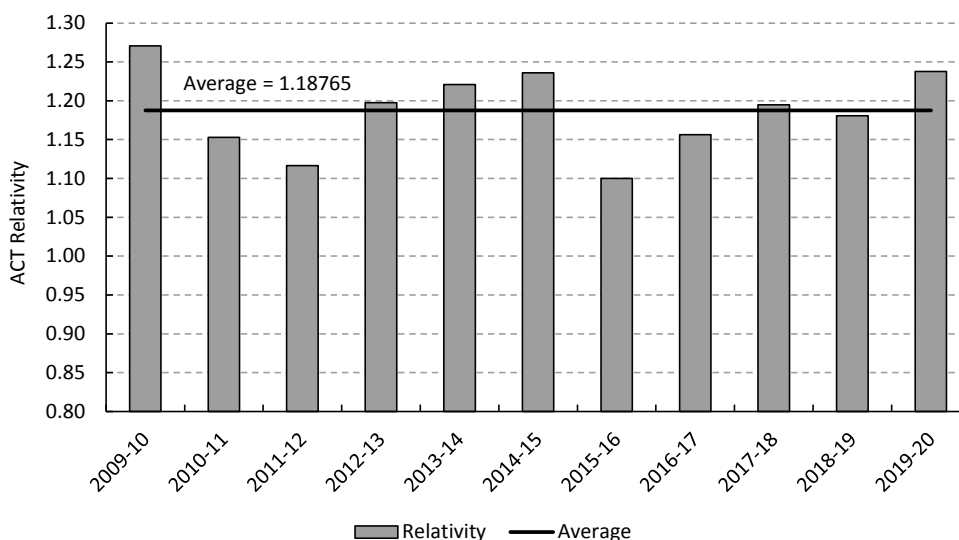
- growth in the value of coal production in Queensland and New South Wales, reducing the ACT's relative revenue raising capacity.

These were partly offset by:

- above average growth in the value of property sales, increasing the ACT's revenue raising capacity
- growth in total urban transport investment, increasing the GST share of the larger states at the expense of the smaller jurisdictions due to their higher assessed investment needs.

The ACT is now expected to receive \$272.2 million above our population share of GST in 2019-20. Our GST relativity is above the eleven-year historical average of 1.18765 (as calculated over the period 2009-10 to 2019-20), as illustrated by Figure 7.2.4.

**Figure 7.2.4: ACT historic GST revenue sharing relativities, 2009-10 to 2019-20**



Copies of the ACT's submissions to the 2019 update are available on the Commonwealth Grants Commission's website ([www.cgc.gov.au](http://www.cgc.gov.au)).

## Update on the 2020 Review

Every five years, the Commonwealth Grants Commission undertakes a review of the methodology underpinning the system of horizontal fiscal equalisation. The current review is due to be completed by February 2020. The methodologies developed through this process will be used to distribute the GST pool among the states and territories for the five years from 2020-21 to 2024-25.

During 2018-19, the Commonwealth Grants Commission released draft staff assessment papers for the 2020 Review, which were followed by submissions from the states and territories and workplace discussions to further explore issues raised in the draft assessment papers.

In addition to a submission covering all of the assessment categories, the ACT provided a more detailed rejoinder submission and a supplementary submission outlining our arguments for the ongoing provision of a GST allowance to capture the impact of our status as the national capital on the cost of service delivery and of providing services to residents of New South Wales (see Box 7.2.2).

In addition to our submissions, the ACT hosted the Commissioners of the Commonwealth Grants Commission for a series of workplace discussions held from 15 to 17 August 2018. These discussions allowed the ACT to present to the Commissioners on the special characteristics and circumstances that impact on service delivery and revenue raising in the ACT. The ACT Chief Minister and Treasurer also engaged with the Commissioners to present the Government's view on the state and future outlook of federal financial relations and the distribution of the GST.

The Commonwealth Grants Commission is expected to release the draft 2020 Review report in June 2019 for consultation with the states and territories. Commonwealth Grants Commission staff are also expected to visit the states and territories during 2019-20 to discuss the draft report with officials from the state and territory governments. Copies of the ACT's submissions to the 2020 Review are available on the Commonwealth Grants Commission's website ([www.cgc.gov.au](http://www.cgc.gov.au)).

**Box 7.2.2: National capital and cross border costs**

Under the GST distribution methodology established in the Commonwealth Grants Commission's 2015 Review, the ACT receives additional GST revenue due to the impact of Canberra's status as the national capital and the influence of the National Capital Plan on our costs of delivering state and territory-type services. The methodology also provides for the ACT to receive additional GST revenue due to the costs we incur providing such services to residents of New South Wales for which we do not receive compensation under an intergovernmental agreement with the New South Wales government.

The Commonwealth Grants Commission's draft assessment papers on the 2020 Review have revisited these allowances and sought evidence on the costs that national capital influences and cross border service usage impose on the ACT. As a result, we have comprehensively estimated the total cost that these two factors impose on our budget for the first time since the 2004 Review.

The total unavoidable costs incurred by the ACT as a result of Canberra's status as the national capital are approximately \$30 million a year.

**Box 7.2.2: National capital and cross border costs (continued):**

These costs arise from the impact of the National Capital Plan on our planning and development costs, including for light rail and other capital works, the costs of operating a leasehold land management system, maintaining urban open space and wide arterial roads and avenues and providing protective services to the Commonwealth.

The total unavoidable costs incurred by the ACT from providing services to residents of New South Wales which are not compensated for through an agreement with the New South Wales government are approximately \$39 million a year. These costs are incurred through the provision of hospital and community health services, as well as welfare services relating to homelessness, out of home care and justice services to residents of New South Wales.

Details on the calculation of these cost estimates can be found in the ACT's submissions to the Commonwealth Grants Commission on the 2020 Review draft assessment papers.

The ACT will continue to engage with the Commonwealth Grants Commission on these issues throughout 2019-20. Moreover, the process has provided an opportunity for closer engagement with the Commonwealth and New South Wales governments, including on the costs incurred by Canberra's status as the national capital.

In particular, through the Canberra Region Joint Organisation, the ACT has called on the New South Wales and Commonwealth governments to support a Canberra region deal to shape the future of the Canberra region. This plan acknowledges that the ACT is uniquely important to the Commonwealth as the national capital and is also a critical partner for the New South Wales government in providing services to thousands of their residents in the Canberra region.

The proposed Canberra region deal would enhance transport and connectivity for passengers and freight, improving tourism and other economic activities. It would also create a more borderless approach to service delivery for the ACT and South-East New South Wales to enhance the delivery of healthcare, higher education, waste management and recycling in the region, and support Canberra's continued



## **CHAPTER 8**

### **FINANCIAL ASSET AND LIABILITY MANAGEMENT**

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## 8.1 OVERVIEW

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The past year has been one of ongoing volatility in global financial markets and we have seen domestic money market and bond rates fall to historic lows. This has reduced the returns on the ACT's financial investments and created a more challenging environment for financial market debt management.

We remain committed to meeting our goal of fully funding the future defined benefit superannuation liabilities of past and current ACT public servants as this will support the broader sustainability of the ACT budget. We recognise that the outlook for returns over the next ten years means a concerted effort will be needed to achieve this goal.

The strength of the Territory's balance sheet provides us with the flexibility to continue delivering the high priority investments in infrastructure that Canberra needs now and into the future. To support these investments, we will undertake strategic borrowing as necessary. Our budget is in a strong position to absorb an increase in borrowings while keeping debt servicing costs at sustainable levels, particularly given historically low interest rates. Borrowing at low interest rates to fund long-term infrastructure investments is a responsible fiscal strategy because it ensures that infrastructure which will be used over many decades does not have to be entirely paid for by today's residents.

We are able to make these investments while ensuring our fiscal and debt settings remain consistent with maintaining the Territory's AAA credit rating.

The ACT Government continues to engage with international financial markets to support our significant infrastructure investment program. The ACT remains one of only a handful of AAA-rated jurisdictions in our region, and this has significant appeal for both domestic and international investors in a time of ongoing market volatility.

Looking ahead, we will continue to manage our debt program with a conservative and flexible approach, undertaking pre-funding transactions where appropriate and seeking strategic opportunities to advance our debt management objectives. This will include monitoring opportunities to refinance or restructure current borrowings in a more cost effective way, including our loans with the Commonwealth.



## 8.2 NET DEBT AND NET FINANCIAL LIABILITIES

The ACT Government continues to maintain a strong balance sheet. Our key indicators are broadly in line with other AAA-rated jurisdictions, measured as a proportion of Gross State Product and using the most recent budget estimates.

A number of key balance sheet measures have been affected by the new Accounting Standard *AASB16 Leases*, which brings operating leases and associated leased assets onto the balance sheet for the first time in 2019-20. In the past, operating leases have been expensed annually, with the total obligations not recognised as a liability on the balance sheet. From 2019-20, the new standard will require the upfront recognition of lease obligations as a financial liability on the balance sheet, with a corresponding non-financial asset reflecting the ‘right of use’.

In addition to increasing liabilities, the new standard also affects measures of gross and net debt – although there has been no change in the Government’s underlying liabilities. Lease liabilities form part of gross debt liabilities and are a component of net debt. However, the corresponding ‘right of use’ asset is a non-financial asset that is not included in the net debt calculation. As a result, both gross and net debt levels will increase to the extent of these operating lease obligations. The ‘right of use’ asset is included in the measure of net worth, which is not affected by the new standard.

The gross and net debt levels of all state and territory governments and private sector entities will also increase as a result of implementing the new standard. This can be seen in the updated debt positions reported by jurisdictions such as Victoria, Tasmania and Western Australia in their recent state budgets.

It is important to note that there has been no material change to the economic or fiscal position of the ACT as these lease arrangements and obligations were already in place. Only the method of reporting on these arrangements has changed.

Table 8.2.1 provides a summary of the key balance sheet measures for the General Government Sector.

**Table 8.2.1: General Government Sector key balance sheet measures**

2018-19 Budget \$m	2018-19 Est. outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
2,108.3 Net debt (excluding super)	2,181.7	2,713.9	3,257.6	3,363.5	3,019.2
6,609.2 Net financial liabilities	6,571.0	7,274.9	7,809.4	8,047.0	7,981.8
17,634.3 Net worth	17,635.1	17,503.7	17,555.1	17,728.9	18,132.0

### Net debt

Net debt is a key balance sheet measure of financial sustainability, taking into account gross debt liabilities – including the impact of public private partnerships – as well as financial assets such as cash, deposits and investments.

Table 8.2.2 below presents net debt and net debt to Gross State Product for the General Government Sector.

**Table 8.2.2: General Government Sector net debt**

<b>2018-19 Budget \$m</b>	<b>2018-19 Est. outcome \$m</b>	<b>2019-20 Budget \$m</b>	<b>2020-21 Estimate \$m</b>	<b>2021-22 Estimate \$m</b>	<b>2022-23 Estimate \$m</b>
2,108.3 Net debt (excluding super)	2,181.7	2,713.9	3,257.6	3,363.5	3,019.2
4.9% Net debt to Gross State Product	5.1%	6.1%	6.9%	6.7%	5.7%

Net debt over the budget and forward estimates period is positive, indicating that General Government Sector cash, deposits and investments are lower than gross debt liabilities, which include market and Commonwealth borrowings, finance leases and liabilities associated with public private partnerships.

Compared to the 2018-19 Budget, net debt has increased in each year. This increase largely reflects changes under national standard *AASB 16 Leases*, which have been updated in the budget estimates effective from 2019-20. Implementation of the new standard has increased net debt by around \$410 million in 2019-20 (Table 8.2.3). The increase is mainly due to *AASB 16* removing the distinction between an operating lease and a financing lease, with the majority of leases, in particular property leases, now recorded as balance sheet items.

**Table 8.2.3: General Government Sector net debt historical comparison**

	<b>2018-19 Est. outcome \$m</b>	<b>2019-20 Budget \$m</b>	<b>2020-21 Estimate \$m</b>	<b>2021-22 Estimate \$m</b>	<b>2022-23 Estimate \$m</b>
2018-19 Budget	2,108.3	2,627.7	2,894.7	2,834.9	N/A
<i>2019-20 Budget (comparison profile excluding the national lease standard change)</i>	<i>2,181.7</i>	<i>2,304.3</i>	<i>2,603.8</i>	<i>2,729.9</i>	<i>2,404.0</i>
2019-20 Budget	2,181.7	2,713.9	3,257.6	3,363.5	3,019.2

The increase in finance leases from the adoption of *AASB 16 Leases* has been partially offset by the transfer of lease liabilities relating to the Light Rail Public Private Partnership which have been transferred from the General Government Sector to the Public Trading Enterprises sector. Light Rail functions have been combined with ACTION in one sector to ensure all operational aspects of public transport in the Territory are reported under one entity.

The Government also expects to undertake higher borrowings to fund the delivery of the significant infrastructure initiatives outlined in the 2019-20 Budget. Major investments like SPIRE and our new schools will benefit Canberrans for generations to come, so it is sensible to fund these investments with debt that can also be paid down gradually over time.

## Net financial liabilities

Net financial liabilities are a broad measure of General Government Sector liabilities, including net debt and superannuation liabilities. Table 8.2.4 below details net financial liabilities and the ratio of net financial liabilities to Gross State Product for the General Government Sector.

**Table 8.2.4: General Government Sector net financial liabilities**

2018-19 Budget \$m	2018-19 Est. outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
6,609.2 Net financial liabilities	6,571.0	7,274.9	7,809.4	8,047.0	7,981.8
15.3% Net financial liabilities to Gross State Product	15.5%	16.2%	16.5%	16.0%	15.0%

Net financial liabilities are forecast to decrease by \$38.2 million in 2018-19, compared to the original budget.

In 2019-20, net financial liabilities are forecast to increase by \$703.9 million. This largely reflects forecast growth in the superannuation liability, higher borrowings and an increase as a result of operating leases coming onto the balance sheet as discussed above.

The ratio of net financial liabilities to Gross State Product provides an indicator of the sustainability of a jurisdiction's debt. The ACT's ratio is broadly in line with other AAA-rated jurisdictions. While this ratio is subject to volatility, it is desirable that it remains broadly stable over time. This indicator also highlights that the ACT's borrowings must be looked at in the context of our growing economy and budget, rather than as absolute figures in isolation.

## Net worth

Net worth is the value of all financial and non-financial assets less liabilities. The ACT maintains strong positive net worth. Table 8.2.5 below presents net worth and the ratio of net worth to Gross State Product for the General Government Sector.

**Table 8.2.5: General Government Sector net worth**

2018-19 Budget \$m	2018-19 Est. outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
17,634.3 Net worth	17,635.1	17,503.7	17,555.1	17,728.9	18,132.0
40.8% Net worth to Gross State Product	41.6%	39.1%	37.0%	35.3%	34.0%

In 2018-19 net worth is in line with the original budget estimate and is not affected by the new accounting standard as the 'right of use' asset is included as a non-financial asset, offsetting the increase in financial liabilities.

Net worth is forecast to decrease in 2019-20 by \$131.4 million. This decrease is largely due to growth in the superannuation liability.

Across the budget and forward estimates, net worth is forecast to increase from \$17.5 billion to \$18.1 billion. The ACT continues to maintain a strong net worth to Gross State Product ratio across the forward estimates.

## 8.3 UNFUNDED SUPERANNUATION LIABILITY

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### Introduction

Superannuation arrangements for ACT Government employees differ depending on the superannuation schemes available at the time they commenced employment. Unlike other jurisdictions, the Government does not operate a dedicated superannuation scheme for employees. The superannuation arrangements for our employees are as follows:

- Prior to 1 July 1990, ACT Public Service staff joined the Commonwealth Superannuation Scheme
- Between 1 July 1990 and 30 June 2005, staff were directed into the Public Sector Superannuation Scheme
- From 1 July 2005 to 5 October 2006, the Public Sector Superannuation Accumulation Plan was the default
- From 6 October 2006, staff are able to make their own choice of superannuation fund.

### ACT Government employee superannuation arrangements

The superannuation arrangements available to employees under each of these arrangements are outlined below.

#### Commonwealth defined benefit superannuation schemes

The Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme are both Commonwealth Government defined benefit superannuation schemes.

For defined benefit superannuation schemes, benefits payable to members are defined in advance according to a set of formulas which are linked to factors such as years of service, final average salary and level of member contribution. With the exception of employer productivity contributions, the employer-financed component of member benefits are unfunded and are not required to be paid until a member is entitled to receive a benefit.

When the ACT achieved self-government in 1989, the Commonwealth Government agreed that ACT Public Service employees could continue to access the Commonwealth Superannuation Scheme. The scheme was closed to new members from 1 July 1990.

The Public Sector Superannuation Scheme opened on 1 July 1990 and was compulsory for eligible employees. This scheme was also closed to new members from 1 July 2005.



The administration of these superannuation schemes is undertaken by the Commonwealth Superannuation Corporation. Under the agreed arrangements the ACT Government reimburses the Commonwealth Superannuation Corporation for member administration costs and the employer-financed portion of superannuation benefits paid to employees and former employees who are or were members of these schemes. This requirement applies to benefits arising from employment with the ACT Government after 1 July 1989.

Because of these arrangements, the ACT Government currently has an unfunded defined benefit superannuation liability. One of our core financial objectives is to maintain a funding plan that will see this unfunded defined benefit superannuation liability fully met by 2030.

## **Defined contribution superannuation schemes**

Defined contribution superannuation schemes include the Public Sector Superannuation Accumulation Plan and funds chosen by employees.

For defined contribution superannuation schemes the ACT Government is required to make ongoing superannuation contributions directly to an employee's chosen superannuation fund.

From 1 July 2005, all new ACT employees were required to become members of the Commonwealth's Public Sector Superannuation Accumulation Plan. Existing Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme members were not able to transfer to the new superannuation scheme. The ACT Government is required to contribute 15.4 per cent of an eligible employee's salary to this scheme. The Public Sector Superannuation Accumulation Plan closed to new ACT employees on 6 October 2006.

From 6 October 2006, the Government introduced superannuation choice of fund arrangements with all new employees being able to choose their preferred superannuation fund. If an employee does not elect a fund they become a member of the Government's nominated default superannuation fund, which is currently First State Super.

Under the choice of fund arrangements, employees must join a defined contribution (accumulation) fund. At a minimum, the ACT Government is required to contribute the current superannuation guarantee percentage rate as set by Commonwealth Government legislation of 9.50 per cent. In fact, the ACT Government pays superannuation at the higher rate of 10.75 per cent for our staff under choice of fund arrangements. This will rise to 11.5 per cent from 1 July 2020 as part of the *2018-2021 Enterprise Bargaining Agreements* recently signed with the ACT Public Service workforce.

The Government also contributes an additional one per cent for employees who contribute three per cent or more of their salary to their chosen fund.

## Members of the Legislative Assembly

There are two superannuation arrangements for Members of the ACT Legislative Assembly. Members who were elected before the 2008 general election, and have a relevant period of service with no discontinuance, are members of a defined benefit superannuation arrangement, prescribed under the *Legislative Assembly (Members' Superannuation) Act 1991*.

Members elected at, or after, the 2008 general election, and who were not an existing member of the Defined Benefit Scheme prior to that election, are able to nominate their own chosen accumulation scheme. The ACT Government is required to contribute the equivalent of 14 per cent of the Member's eligible salary, and will contribute an additional one per cent if a Member contributes three per cent or more of their salary to their chosen fund.

## Defined benefit superannuation liabilities

The ACT Government currently recognises a defined benefit superannuation liability for 35,616 past and current employees, including current contributors, deferred beneficiaries and pensioners. As at 30 June 2018, 6,951 current ACT employees remain contributors to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme.

Table 8.3.1 outlines the breakdown of the defined benefit superannuation scheme employee members as at 30 June 2018.

**Table 8.3.1: ACT employee defined benefit scheme membership**

	Contributors	Deferred beneficiaries	Current pensioners	Total
<b>Group A Members<sup>1</sup></b>				
CSS	379	186	6,190	<b>6,755</b>
PSS	6,572	9,038	5,090	<b>20,700</b>
<b>Total</b>	<b>6,951</b>	<b>9,224</b>	<b>11,280</b>	<b>27,455</b>
<b>Group B Members<sup>2</sup></b>				
CSS	193	68	1,131	<b>1,392</b>
PSS	2,818	2,227	1,724	<b>6,769</b>
<b>Total</b>	<b>3,011</b>	<b>2,295</b>	<b>2,855</b>	<b>8,161</b>
<b>Total members</b>	<b>9,962</b>	<b>11,519</b>	<b>14,135</b>	<b>35,616</b>

**Notes:**

1. Group A membership data includes CSS and PSS contributors who were employees of the ACT Government at 30 June 2018, and CSS and PSS deferred beneficiaries and pensioners who were employees of the ACT Government when their employment ceased.
2. Group B membership data includes CSS and PSS contributors who were not employees of the ACT Government at 30 June 2018, but were so previously, and CSS and PSS deferred beneficiaries and pensioners who were not employees of the ACT Government when their employment ceased, but were so previously.

The ultimate cost of the financial obligation will be influenced by several factors and as the employer-financed obligations will be settled many years into the future, the estimated financial obligation is measured on a discounted basis. The present value of the obligation is the expected future payments required to meet the obligation resulting from employee service in the current and prior periods.

Actuarial assumptions are required to measure the estimated financial obligation. The financial and demographic assumptions are the best estimates of the variables that will determine the ultimate cost of the financial obligation. The financial and demographic assumptions supporting the valuation estimates are reviewed by the Government and our appointed actuary on an ongoing basis.

The most recent actuarial review of the superannuation liability used the latest salary and membership data as at 30 June 2018. The results of this review have been incorporated into the 2019-20 Budget estimates.

The long-term average discount rate assumption used to estimate the superannuation liability valuation and superannuation expense projections over the budget and forward years is five per cent. This is consistent with the long-term discount rate assumption used by the Commonwealth Government to estimate the liability valuation for their Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme defined benefit employer superannuation liabilities.

The discount rate used to calculate the present value of the superannuation liability has a significant financial impact on the estimated present value of the superannuation liability and related superannuation expense.

The estimated defined benefit superannuation liability, service and interest cost expense and benefit payments are set out in Table 8.3.2.

**Table 8.3.2: Defined benefit superannuation liability**

	2018-19	2019-20	2020-21	2021-22	2022-23
	Est. outcome	Budget	Estimate	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening liability</b>	<b>9,733,981</b>	<b>7,808,989</b>	<b>8,061,526</b>	<b>8,299,805</b>	<b>8,520,761</b>
Service cost	229,074	151,397	144,260	137,765	131,852
Interest cost	305,767	390,951	402,759	413,815	424,077
Benefit payments	-269,070	-289,811	-308,740	-330,624	-350,770
Actuarial (gain)/loss <sup>1</sup>	-2,190,763	0	0	0	0
<b>Closing liability</b>	<b>7,808,989</b>	<b>8,061,526</b>	<b>8,299,805</b>	<b>8,520,761</b>	<b>8,725,920</b>

**Notes:** Numbers may not add due to rounding.

1. The actuarial gain recognised in the 2018-19 financial year is the change in the present value of the superannuation liability valuation resulting from changes in actuarial assumptions, which includes the change in the discount rate assumption.

As required by Australian accounting standard *AASB119 Employee Benefits* the discount rate used for the 30 June 2018 liability valuation of 3.11 per cent was determined by reference to the interest rate on a suitable Commonwealth Government bond. The budget liability valuation estimates from 30 June 2019 onward incorporate the long-term discount rate assumption of five per cent. A higher discount rate leads to a lower liability valuation.

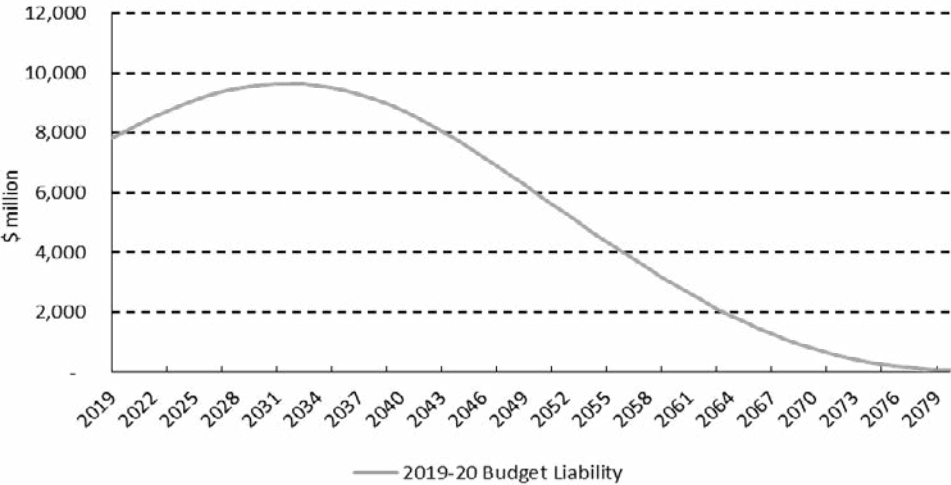
Service cost is the increase in the present value of superannuation benefits resulting from employee service in the current period. Service cost is estimated to decrease over time as employee member numbers reduce either through resignation or retirement. Interest cost is the increase in the superannuation benefit obligation related to employee service in prior periods.

The 2019-20 Budget estimates for the liability and benefit payments have remained consistent with the prior year’s estimates.

The defined benefit superannuation liability is projected to peak, in nominal terms, at approximately \$9.6 billion by 30 June 2032.

The estimates for the Territory’s projected defined benefit employer superannuation liabilities are illustrated in Figure 8.3.1.

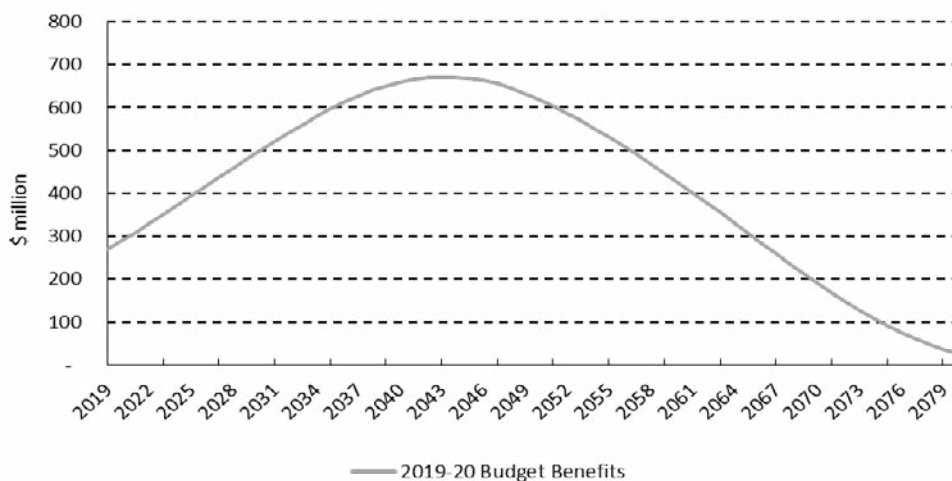
**Figure 8.3.1: Estimated employer superannuation liability**



The annual superannuation benefit payments are projected to peak, in nominal terms, at approximately \$670 million in 2043.

The estimates for the Territory’s projected emerging cost payments to the Commonwealth are illustrated in Figure 8.3.2.

**Figure 8.3.2: Estimated employer emerging cost payments**



## Defined benefit superannuation liability funding

The Government has a funding plan to progressively extinguish the Territory's unfunded superannuation liability over time by accumulating funds in the Superannuation Provision Account.

Funds in the Superannuation Provision Account are being set aside to assist the Government in meeting the long-term defined benefit employer superannuation obligations. These funds are invested in line with an established Investment Plan and Responsible Investment Policy that takes into account the long-term nature of the superannuation liability and projected cash flow requirements.

The long-term investment return objective for the Superannuation Provision Account is the Consumer Price Index (CPI) plus 4.75 per cent a year. Due to the nature of global investment markets, actual investment earnings recognised in any particular year will vary from the annual budget estimates. The investment return for 2018-19 is estimated to be 5.4 per cent, or CPI plus 3.3 per cent. The Budget and forward year investment earnings estimates assume the long-term investment return objective.

Incorporating the estimated investment return outcome for 2018-19, the Superannuation Provision Account portfolio will have generated a nominal investment return of 7.7 per cent a year, or CPI plus 5.2 per cent a year, over the past 23 years (1996-97 to 2018-19), which is above the current long-term investment return objective.

The estimates for investment earnings, budget appropriation, benefit payments to the Commonwealth, administration expenses and the investment assets are outlined in Table 8.3.3.

**Table 8.3.3: Defined benefit superannuation assets**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Budget \$'000	2022-23 Budget \$'000
<b>Opening assets</b>	<b>4,000,114</b>	<b>4,133,080</b>	<b>4,432,361</b>	<b>4,753,512</b>	<b>5,098,196</b>
Net investment earnings	213,175	304,559	326,612	350,278	375,676
Appropriation	194,070	289,811	308,740	330,624	350,770
Benefit payments	-269,070	-289,811	-308,740	-330,624	-350,770
Other payments	-5,208	-5,278	-5,461	-5,594	-5,732
<b>Closing assets</b>	<b>4,133,080</b>	<b>4,432,361</b>	<b>4,753,512</b>	<b>5,098,196</b>	<b>5,468,140</b>

**Note:** Numbers may not add due to rounding.

Maintaining a consistent funding plan for the defined benefit superannuation liability will help reduce the longer-term cost as investment income contributes toward meeting these future liabilities.

The difference between the estimated liability and investment assets represents the level of unfunded superannuation liability.

The estimated unfunded liability and funding percentage are outlined in Table 8.3.4.

**Table 8.3.4: Superannuation liability funding**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
Superannuation liability <sup>1</sup>	7,808,989	8,061,526	8,299,805	8,520,761	8,725,920
Assets	4,133,080	4,432,361	4,753,512	5,098,196	5,468,140
Unfunded liability	3,675,909	3,629,165	3,546,293	3,422,565	3,257,780
<b>Funding percentage</b>	<b>53%</b>	<b>55%</b>	<b>57%</b>	<b>60%</b>	<b>62%</b>

**Notes:** Numbers may not add due to rounding.

1. The liability valuations from 30 June 2019 use a long-term discount rate assumption of five per cent.



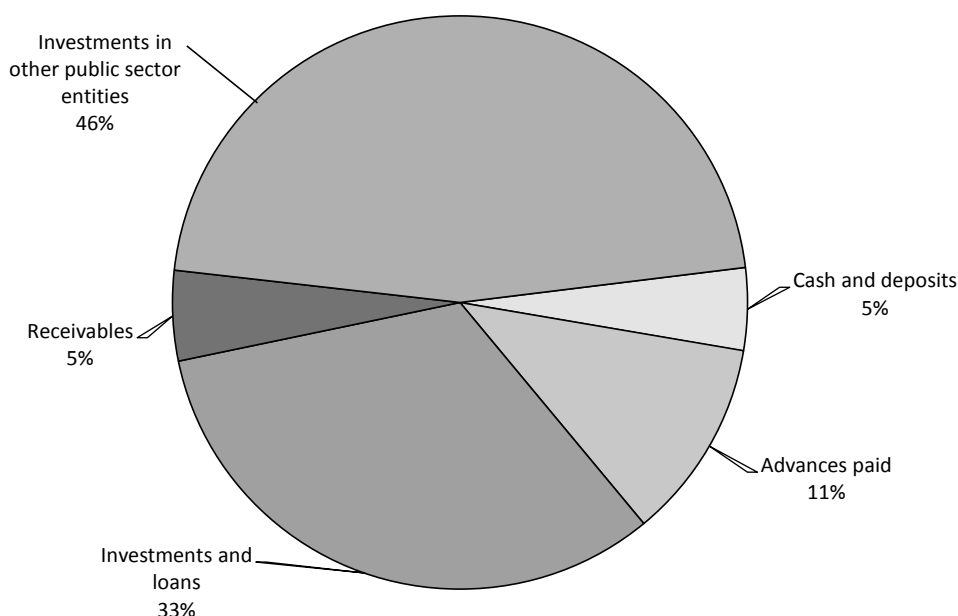
## 8.4 MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

### General Government Sector financial assets

The Territory's financial assets account for approximately 49 per cent of total assets held by the General Government Sector.

Figure 8.4.1 shows the proportion of these assets by category. The largest components are General Government Sector investments in other public sector entities (46 per cent) and investments and loans (33 per cent).

**Figure 8.4.1: General Government Sector – estimated financial assets**



### Investments in other public sector entities

Investments in other public sector entities represents the General Government Sector investment in Public Trading Enterprises, recorded as the value of net assets held by the sector. Significant assets held by Public Trading Enterprises include land, water and sewerage infrastructure and public housing.

### Financial investments

The Government has a significant portfolio of financial investment assets from which we derive market-based financial returns.



The Treasury stream within the Chief Minister, Treasury and Economic Development Directorate manages most of these financial investment assets through the Territory Banking Account. Investment funds from relevant directorates and Territory authorities (agency investors) are pooled together under a centralised investment platform which provides a number of different investment options designed to meet specific investment objectives.

In December 2018 the centralised investment platform was enhanced with the consolidation of the financial investment assets of the Superannuation Provision Account into the platform. This consolidation restructure maximises economies of scale and efficiencies, ensures a consistent implementation of investment policies and governance and enables agency investors to access a range of investment options to meet their needs. From December 2018, the investment strategies of all agency investors in the centralised investment platform were restructured across a range of asset classes in line with their specific investment strategies.

The financial assets are managed by Treasury within the Territory Banking Account in accordance with the individual investment plans of approved agency investors. Each investment plan takes into consideration the particular circumstances of the agency when formulating the appropriate investment objectives.

The financial investment assets are also managed in accordance with the Government's overarching responsible investment policy framework. This framework recognises that financial, environmental, social and corporate governance risks can all impact on the long-term sustainability and performance of investments.

In addition to the management of agency investments, a strategic cash management objective is to maintain sufficient liquidity within the Territory Banking Account to meet short term budget appropriation requirements and debt servicing obligations, including interest and maturities. Maintaining high liquidity coverage is a key factor in the credit rating assessment undertaken by the international ratings agency Standard & Poor's and provides assurance that the Government can meet our cash obligations on an ongoing basis.

Table 8.4.1 outlines the total financial investment assets held by the General Government Sector.

**Table 8.4.1: General Government Sector investments**

2018-19 Budget		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
606,728	Cash and deposits	1,080,614	759,991	-30	761,426	769,084	775,573
4,599,008	Investments and loans	4,927,289	5,361,065	9	5,778,891	6,138,511	6,527,007
<b>5,205,736</b>	<b>Total investments</b>	<b>6,007,903</b>	<b>6,121,056</b>	<b>2</b>	<b>6,540,317</b>	<b>6,907,595</b>	<b>7,302,580</b>
	<b>Comprising:</b>						
4,133,890	Superannuation Provision Account	4,107,233	4,405,688	7	4,724,941	5,067,588	5,435,343
267,429	Territory Banking Account	1,051,207	542,597	-48	598,599	574,065	552,326
324,939	ACTIA investments Public Sector Workers Compensation Fund	316,450	344,442	9	372,506	400,894	429,612
479,478	Other GGS agency investments	533,013	303,000	#	303,000	303,000	303,000
			525,329	-1	541,271	562,048	582,299
<b>5,205,736</b>	<b>Total investments</b>	<b>6,007,903</b>	<b>6,121,056</b>	<b>0</b>	<b>6,540,317</b>	<b>6,907,595</b>	<b>7,302,580</b>

## Loan receivables

General Government Sector financial assets include loans provided to Icon Water Ltd, ACTION and the Chief Minister, Treasury and Economic Development Directorate.

- Icon Water Ltd loans are funded by matching external borrowings from the Territory's debt issuance program. Forms of funding include inflation-linked bonds, fixed rate medium-term notes, and short-term discount securities. Loan maturity dates range from June 2020 to June 2048. The total estimated outstanding principal at 30 June 2019 is \$1.7 billion.
- The Chief Minister, Treasury and Economic Development Directorate Community Housing Canberra loans – provided through repayable capital injection appropriation – support the Government's affordable housing action plan. The total estimated outstanding principal at 30 June 2019 is \$63.1 million. Repayment of the loan principal commenced in December 2017.
- The Chief Minister, Treasury and Economic Development Directorate Exhibition Park loan – provided through a repayable capital injection appropriation – is to support the development and operation of low cost accommodation facilities. Loan principal and interest repayments commence on 1 October 2018, with a maturity date of 1 July 2033. The total estimated outstanding principal at 30 June 2019 is \$1.4 million.
- The ACTION loan relates to funding provided from the Commonwealth Government at the commencement of self-government. The loan matures in June 2023. The total estimated outstanding principal at 30 June 2019 is \$1.4 million.

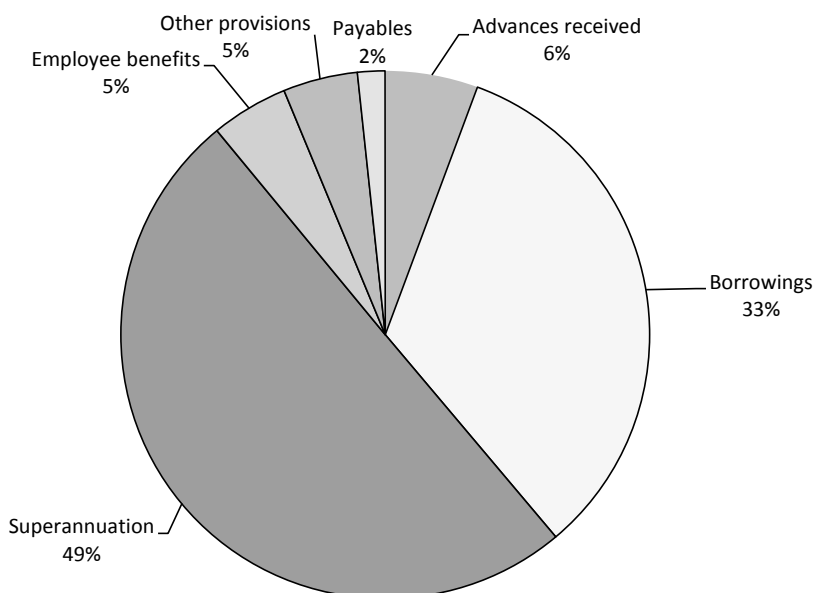
## General Government Sector Liabilities

Figure 8.4.2 shows the proportion of liabilities by category. The majority of the General Government Sector liabilities comprise superannuation (49 per cent) and borrowings (33 per cent).

Further details regarding the defined benefit superannuation liability can be found in Chapter 8.3 – *Unfunded Superannuation Liability*.

As a result of the commencement of AASB 16, total finance leases (inclusive of Public Private Partnership liabilities) are \$568.9 million in 2019-20, increasing to \$765.8 million in 2022-23.

**Figure 8.4.2: General Government Sector liabilities**



## Debt management

Territory borrowings include short-term and long-term debt securities, Commonwealth Government loans and leases which comprise both operating and finance leases and public private partnership contracts.

The Government's capital funding requirements are mainly achieved by the issuance of debt securities in wholesale capital markets. The Government's Domestic Debt Issuance Program is managed within the Chief Minister, Treasury and Economic Development Directorate.

The primary focus of debt management is to meet the ongoing financing needs of the Territory while achieving an optimal debt profile in the context of the Government's overall macroeconomic and fiscal strategies and policies.

## Credit rating

The Territory holds AAA (stable) long-term and A-1+ short-term local currency credit ratings from Standard & Poor's. The 2019-20 Budget has been delivered with the objective of maintaining this rating and our policy settings reflect the broad metrics compatible with AAA rating status.

## Total Territory Borrowings

Implementation of the new Australian accounting standard AASB 16 increases Total Territory gross debt levels by the value of the operating lease obligations falling within the scope of this standard.

A summary of the borrowing estimates for the 2019-20 Budget are detailed below in Tables 8.4.2 and 8.4.3.

**Table 8.4.2: Total Territory borrowings – Principal outstanding**

2018-19 Budget \$m		2018-19 Est. outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
<b>Total Territory</b>						
3,510.2	Market borrowings	4,439.4	4,764.9	5,300.8	5,585.8	5,416.9
117.2	Historic Commonwealth Loans (self-government)	117.2	108.3	99.4	90.5	81.6
900.0	Commonwealth Loan – Asbestos Eradication Scheme	900.0	850.0	750.0	650.0	550.0
488.0	Leases <sup>1,2</sup>	441.1	891.2	1,121.6	1,087.1	1,055.7
<b>5,015.4</b>	<b>Total</b>	<b>5,897.6</b>	<b>6,614.5</b>	<b>7,271.8</b>	<b>7,413.4</b>	<b>7,104.2</b>

**Notes:** Numbers may not add due to rounding.

1. Leases comprise operating and finance leases and public private partnership contracts.
2. Total Territory gross debt has increased by \$411.6 million in 2019-20, \$655.6 million in 2020-21, \$635.3 in 2021-22 and \$616.8 million in 2022-23 as a result of AASB 16.

**Table 8.4.3: Total Territory borrowings – Interest expense**

2018-19 Budget \$m		2018-19 Est. outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
<b>Total Territory</b>						
143.7	Market borrowings	135.0	164.3	171.0	186.0	178.0
5.9	Historic Commonwealth Loans (self-government)	5.9	5.5	5.0	4.6	4.1
25.7	Commonwealth Loan – Asbestos Eradication Scheme	25.7	24.4	23.0	20.3	17.6
27.1	Leases	12.3	40.9	48.7	49.2	48.4
<b>202.4</b>	<b>Total</b>	<b>179.0</b>	<b>235.0</b>	<b>247.8</b>	<b>260.1</b>	<b>248.1</b>

**Note:** Numbers may not add due to rounding.

The estimated increase in market borrowings over the budget and forward years reflects the ongoing investment in infrastructure projects and assets that generate economic growth and protect Canberra’s liveability as our city grows.

The strength of the Territory’s balance sheet provides us with the flexibility to deliver the high priority investments in hospital, school and transport infrastructure that Canberra will need into the future.

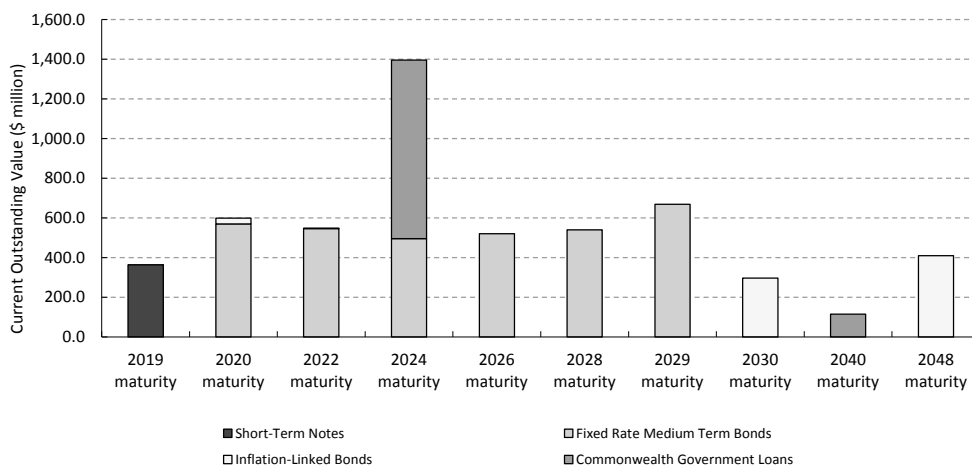
A key measure of our ability to borrow at sustainable levels is the Government’s capacity to service our debt. Supported by our AAA credit rating and global interest rates at all-time lows, we are in a strong position to increase borrowings while keeping debt servicing costs at sustainable levels. Territory borrowings continue to fund our infrastructure needs and are not used to fund our recurrent expenses. The Budget consistently forecasts strong operating cash surpluses of \$2.6 billion over the forward estimates.

In the context of the ongoing volatility in global financial markets, historically low interest rates and the need to ensure we have sufficient liquidity, we will continue to manage our debt program with a conservative and flexible approach. This includes undertaking pre-funding transactions and seeking opportunities for refinancing of existing liabilities where it may be cost effective to do so.

### **Total outstanding market borrowings and loans**

Figure 8.4.3 shows the total estimated outstanding principal value of market borrowings and loans by funding type and year of maturity as at 30 June 2019.

**Figure 8.4.3: Total external Territory market borrowings and loans**

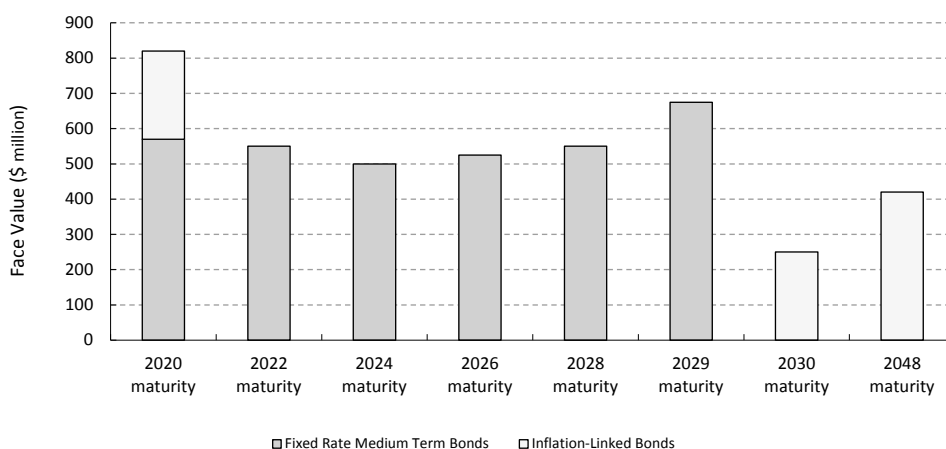


**Note:**

1. Figure excludes leases.

Figure 8.4.4 shows the estimated Territory issued bonds as at 30 June 2019.

**Figure 8.4.4: Territory issued bonds**



**Notes:**

1. Figure excludes short-term variable rate notes.
2. Figure shows the face value of issued bonds.

Table 8.4.4 provides details of the Territory's estimated outstanding issued nominal fixed rate bonds as at 30 June 2019.

**Table 8.4.4: Nominal fixed rate bonds on issue**

Coupon <sup>1</sup>	Maturity	Face value \$m	Principal outstanding <sup>2</sup> \$m	Timing of interest payments <sup>3</sup>	
4.25%	May 2020	570	570.3	Semi-annual	May, Nov
4.25%	Apr 2022	550	546.2	Semi-annual	Apr, Oct
4.00%	May 2024	500	495.5	Semi-annual	May, Nov
2.50%	May 2026	525	520.2	Semi-annual	May, Nov
3.00%	Apr 2028	550	540.0	Semi-annual	Apr, Oct
2.25%	May 2029	675	668.4	Semi-annual	May, Nov

**Notes:**

1. The coupon rate is the fixed interest rate used to calculate interest payments over the life of the bond.
2. Estimated capital value outstanding as at 30 June 2019. The difference between principal outstanding and the face value reflects the unamortised issuance premium or discount.
3. Interest is paid semi-annually with the capital value repaid at maturity.

Table 8.4.5 provides details of the Territory's estimated outstanding market-issued inflation bonds as at 30 June 2019.

**Table 8.4.5: Inflation linked bonds on issue**

Coupon	Maturity	Face value \$m	Principal outstanding \$m	Timing of payments	
3.74% <sup>1</sup>	Apr 2020	250	28.7	Quarterly	Jan, Apr, Jul, Oct
2.83% <sup>1</sup>	Jun 2048	420	410.0	Quarterly	Mar, Jun, Sep, Dec
3.50% <sup>2</sup>	Jun 2030	250	297.0	Quarterly	Mar, Jun, Sep, Dec

**Notes:**

1. Indexed Annuity Bond. Annuity payments are made quarterly, comprising both principal and interest amounts. Both the interest and principal payments are adjusted for movements in the CPI. There is no capital value repayment at maturity.
2. Capital Indexed Bond. The capital value of the security is adjusted for movements in the CPI. Interest is paid quarterly at a fixed rate on the adjusted capital value. The adjusted capital value of the security is repaid at maturity.

Table 8.4.6 provides details of the Territory's outstanding Commonwealth loans

**Table 8.4.6: Commonwealth loans**

Interest Rate <sup>1</sup>	Maturity	Face value \$m	Principal outstanding \$m <sup>2</sup>	Timing of payments	
12.57%	Jun 2023	19	2.2	Annual	Jun
4.50%	Jun 2040	174	61.2	Annual	Jun
4.50%	Jun 2042	124	53.5	Annual	Jun
2.71%	Jun 2024	1,000	900.0	Annual	Jun

**Notes:**

1. The fixed interest rate used to calculate the annual interest payments.
2. Principal and interest is paid annually in arrears in accordance with established amortising loan schedules.

Table 8.4.7 details the Territory's projected gross borrowing program through the issuance of debt securities in the financial capital markets.

**Table 8.4.7: Territory debt funding program**

	2018-19 Est. outcome \$m	2019-20 Budget \$m	2020-21 Estimate \$m	2021-22 Estimate \$m	2022-23 Estimate \$m
New/pre funding	1,031.5	622.0	523.5	273.0	-180.0
Refinancing	0	655.0	0	550.0	0
<b>Total funding requirement<sup>1,2,3</sup></b>	<b>1,031.5</b>	<b>1,277.0</b>	<b>523.5</b>	<b>823.0</b>	<b>-180.0</b>

**Notes:**

1. Estimated funding requirements will be sourced through the issuance of debt securities in accordance with the Territory's Australian Dollar Debt Issuance Program.
2. Projections are based on a range of assumptions and will vary with changes to assumptions and budget estimates.
3. The projections are the total estimated funding requirements for the General Government Sector and the Public Trading Enterprise Sector (Icon Water).

## CHAPTER 9

### GGG HARMONISED FINANCIAL STATEMENTS

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## 9.1 GFS/GAAP HARMONISED FINANCIAL STATEMENTS

**Table 9.1**  
**Australian Capital Territory**  
**General Government Sector**  
**Operating statement**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>Revenue</b>							
1,898,190	Taxation revenue <sup>1</sup>	1,949,994	2,051,557	5	2,178,546	2,301,715	2,416,781
Grants revenue							
2,311,269	Commonwealth grants <sup>2</sup>	2,306,050	2,405,504	4	2,525,319	2,675,091	2,835,700
220,515	Gains from contributed assets <sup>1</sup>	156,950	142,292	-9	132,818	145,165	297,119
542,093	Sales of goods and services <sup>1</sup>	541,533	568,005	5	582,000	591,425	604,312
118,534	Interest income <sup>1</sup>	102,574	115,138	12	109,705	111,350	110,288
38,633	Distributions from financial investments <sup>1</sup>	36,465	45,330	24	50,040	53,561	57,314
397,462	Dividend and income tax equivalents income <sup>1</sup>	371,536	350,124	-6	390,043	452,723	460,959
144,609	Other revenue <sup>1</sup>	181,392	193,258	7	193,268	195,449	200,178
<b>5,671,305</b>	<b>Total revenue</b>	<b>5,646,494</b>	<b>5,871,208</b>	<b>4</b>	<b>6,161,739</b>	<b>6,526,479</b>	<b>6,982,651</b>
<b>Expenses</b>							
2,060,032	Employee expenses <sup>3</sup>	2,089,669	2,151,451	3	2,195,936	2,245,992	2,286,190
Superannuation expenses							
378,066	Superannuation interest cost <sup>3</sup>	305,767	390,951	28	402,759	413,815	424,077
328,592	Other superannuation expense <sup>3</sup>	399,113	331,819	-17	338,056	337,948	337,659
435,806	Depreciation and amortisation <sup>3</sup>	414,151	475,983	15	492,085	510,303	524,005
199,977	Interest expense <sup>3</sup>	178,896	217,714	22	229,938	242,420	231,096
Other operating expenses							
1,108,504	Supplies and services <sup>3</sup>	1,085,877	1,064,745	-2	1,170,555	1,323,175	1,445,358
224,202	Other operating expenses <sup>3</sup>	230,467	273,827	19	276,389	281,465	287,408
1,082,992	Grants and purchased services <sup>3</sup>	1,095,345	1,251,476	14	1,334,852	1,263,517	1,277,466
<b>5,818,171</b>	<b>Total expenses</b>	<b>5,799,285</b>	<b>6,157,966</b>	<b>6</b>	<b>6,440,570</b>	<b>6,618,635</b>	<b>6,813,259</b>
<b>-146,866</b>	<b>UPF Net Operating Balance</b>	<b>-152,791</b>	<b>-286,758</b>	<b>88</b>	<b>-278,831</b>	<b>-92,156</b>	<b>169,392</b>
<b>Other economic flows – included in the operating result</b>							
84,565	Dividends (market gains on land sales)	47,905	60,563	26	13,248	8,876	-
82,090	Net land revenue (undeveloped land value)	52,664	55,982	6	47,357	34,448	13,412
-13,983	Net gain/(loss) on sale/(disposal) of non-financial assets	-30,681	-52,995	73	-5,071	-5,916	-6,748

**Notes:**

1. Refer to Revenue and Forward Estimates (Chapter 6.2) for more information.
2. Refer to Federal Financial Relations (Chapter 7.2) for more information.
3. Refer to Expenses and Forward Estimates (Chapter 4.2) for more information.

**Table 9.1 (cont.)**  
**Australian Capital Territory**  
**General Government Sector**  
**Operating statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
183,325	Net gain/(loss) on financial assets or liabilities at fair value	113,631	198,076	74	214,978	230,505	247,094
-7,139	Doubtful debts	-9,864	-10,646	8	-10,787	-10,853	-10,853
<b>181,992</b>	<b>Operating result</b>	<b>20,864</b>	<b>-35,778</b>	<b>-271</b>	<b>-19,106</b>	<b>164,904</b>	<b>412,297</b>
	<b>Other economic flows – other comprehensive income</b>						
	<b>Items that will not be subsequently reclassified to profit or loss</b>						
-80,681	Payments to act government agencies	-30,765	-154,333	402	-54,381	-44,770	-26,042
122,386	Capital distributions	123,496	-	-100	-	-	-
-170,783	Transfer of assets to the public trading enterprises (PTE) sector	-180,723	-457,918	153	-	-	-
	- Superannuation actuarial gain/(loss)	2,190,763	-	-100	-	-	-
-438	Other movements	111,748	-30,357	-127	-518	-518	-518
63,763	Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	57,886	11,728	-80	51,938	-18,113	-21,740
	<b>Items that may be subsequently reclassified to profit or loss</b>						
255,990	Increase/(decrease) in net assets of PTE	-2,035	535,283	#	73,436	72,307	39,108
<b>372,229</b>	<b>Total comprehensive income/(loss)</b>	<b>2,291,234</b>	<b>-131,375</b>	<b>-106</b>	<b>51,369</b>	<b>173,810</b>	<b>403,105</b>
	<b>Key fiscal aggregates</b>						
<b>-146,866</b>	<b>UPF net operating balance</b>	<b>-152,791</b>	<b>-286,758</b>	<b>88</b>	<b>-278,831</b>	<b>-92,156</b>	<b>169,392</b>
	<b>Less net acquisition of non-financial assets</b>						
708,886	Payments for non-financial assets	729,335	878,415	20	790,988	858,179	677,651
-233,319	Sales of non-financial assets	-181,255	-127,569	-30	-148,865	-132,890	-132,890
-47,204	Land revenue (net cash receipts)	-	-	-	-	-	-
	- Change in inventories	164	164	..	164	164	164
-435,806	Depreciation and amortisation	-414,151	-475,983	15	-492,085	-510,303	-524,005
215,610	Other movements in non-financial assets	152,079	134,601	-11	46,920	123,409	275,363
208,167	<i>Total net acquisition of non-financial assets</i>	286,172	409,628	43	197,122	338,559	296,283
<b>-355,033</b>	<b>Net lending/(borrowing)</b>	<b>-438,963</b>	<b>-696,386</b>	<b>59</b>	<b>-475,953</b>	<b>-430,715</b>	<b>-126,891</b>

**Table 9.1 (cont.)  
Australian Capital Territory  
General Government Sector  
Operating statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/DEFICIT</b>							
-146,866	UPF Net Operating Balance	-152,791	-286,758	88	-278,831	-92,156	169,392
183,325	Superannuation return adjustment	196,563	197,703	1	212,019	227,381	243,868
<b>36,459</b>	<b>HEADLINE NET OPERATING BALANCE</b>	<b>43,772</b>	<b>-89,055</b>	<b>-303</b>	<b>-66,812</b>	<b>135,225</b>	<b>413,260</b>

**Table 9.2**  
**Australian Capital Territory**  
**General Government Sector**  
**Balance sheet**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Financial assets</b>							
606,728	Cash and deposits <sup>1</sup>	1,080,614	759,991	-30	761,426	769,084	775,573
1,813,259	Advances paid	1,794,983	1,847,781	3	1,877,622	1,905,466	1,930,767
4,599,008	Investments and loans <sup>1</sup>	4,927,289	5,361,065	9	5,778,891	6,138,511	6,527,007
543,745	Receivables	973,350	832,824	-14	856,990	717,124	549,521
7,144,765	Investments in other public sector entities	7,042,308	7,577,591	8	7,651,027	7,723,334	7,762,442
<b>14,707,505</b>	<b>Total financial assets</b>	<b>15,818,544</b>	<b>16,379,252</b>	<b>4</b>	<b>16,925,956</b>	<b>17,253,519</b>	<b>17,545,310</b>
<b>Non-financial assets</b>							
<b>Produced assets</b>							
12,459,689	Property, plant and equipment	12,318,983	12,216,910	-1	12,654,791	13,160,456	13,535,045
5,410	Investment properties	5,410	5,410	-	5,410	5,410	5,410
353,469	Intangibles	445,359	519,271	17	503,001	478,796	445,667
19,545	Inventories	19,416	19,580	1	19,744	19,908	20,072
7,901	Assets held for sale	23,246	20,457	-12	-	-	-
544,037	Capital works-in-progress	481,311	613,668	27	818,494	771,858	824,865
<b>Non-produced assets</b>							
3,663,938	Property, plant and equipment	3,828,405	3,764,173	-2	3,670,392	3,574,537	3,478,691
29,917	Biological assets	29,769	29,769	-	29,769	29,769	29,769
14,922	Other non-financial assets	11,845	11,845	-	11,845	11,845	11,845
<b>17,098,828</b>	<b>Total non-financial assets</b>	<b>17,163,744</b>	<b>17,201,083</b>	<b>..</b>	<b>17,713,446</b>	<b>18,052,579</b>	<b>18,351,364</b>
<b>31,806,333</b>	<b>Total assets</b>	<b>32,982,288</b>	<b>33,580,335</b>	<b>2</b>	<b>34,639,402</b>	<b>35,306,098</b>	<b>35,896,674</b>
<b>Liabilities</b>							
15,632	Deposits held	-	-	-	-	-	-
963,676	Advances received	963,676	909,357	-6	804,868	700,203	595,353
<b>Borrowings</b>							
488,040	Finance leases <sup>1</sup>	441,059	568,859	29	809,663	786,192	765,759
3,523,614	Other borrowings <sup>1</sup>	4,446,863	4,772,213	7	5,307,534	5,591,961	5,423,185
7,803,892	Superannuation <sup>1</sup>	7,811,934	8,064,786	3	8,303,392	8,524,687	8,730,198
709,738	Employee benefits	723,083	756,653	5	794,912	833,877	873,526
400,692	Other provisions	717,636	733,245	2	744,448	772,706	800,343
228,738	Payables	207,796	253,097	22	301,175	349,335	558,084
37,964	Other liabilities	35,139	18,398	-48	18,314	18,231	18,215
<b>14,171,986</b>	<b>Total liabilities</b>	<b>15,347,186</b>	<b>16,076,608</b>	<b>5</b>	<b>17,084,306</b>	<b>17,577,192</b>	<b>17,764,663</b>
<b>17,634,347</b>	<b>Net assets</b>	<b>17,635,102</b>	<b>17,503,727</b>	<b>-1</b>	<b>17,555,096</b>	<b>17,728,906</b>	<b>18,132,011</b>

**Note:**

1. Refer to Net Debt and Net Financial Liabilities (Chapter 8.2) for more information.

**Table 9.2 (cont.)**  
**Australian Capital Territory**  
**General Government Sector**  
**Balance sheet**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
7,144,765	Equity in public trading entities	7,042,308	7,577,591	8	7,651,027	7,723,334	7,762,442
4,718,613	Accumulated funds	4,835,879	4,157,493	-14	4,083,488	4,203,104	4,588,841
5,769,869	Asset revaluation surplus	5,755,815	5,767,543	..	5,819,481	5,801,368	5,779,628
1,100	Other reserves	1,100	1,100	-	1,100	1,100	1,100
<b>17,634,347</b>	<b>Net worth</b>	<b>17,635,102</b>	<b>17,503,727</b>	<b>-1</b>	<b>17,555,096</b>	<b>17,728,906</b>	<b>18,132,011</b>
535,519	<b>Net financial worth</b>	471,358	302,644	-36	-158,350	-323,673	-219,353
6,609,246	<b>Net financial liabilities</b>	6,570,950	7,274,947	11	7,809,377	8,047,007	7,981,795
-2,028,033	<b>Net debt (including superannuation related investments)</b>	-1,951,288	-1,718,408	-12	-1,495,874	-1,734,705	-2,449,050
2,108,347	<b>Net debt (excluding superannuation related investments)</b>	2,181,737	2,713,929	24	3,257,646	3,363,532	3,019,165

**Table 9.3**  
**Australian Capital Territory**  
**General Government Sector**  
**Statement of changes in equity**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Opening equity</b>							
6,888,775	Opening equity in public trading enterprises (PTE)	7,044,343	7,042,308	..	7,577,591	7,651,027	7,723,334
4,666,137	Opening accumulated funds	2,600,496	4,835,879	86	4,157,493	4,083,488	4,203,104
5,706,106	Opening asset revaluation surplus	5,697,929	5,755,815	1	5,767,543	5,819,481	5,801,368
1,100	Opening other reserves	1,100	1,100	-	1,100	1,100	1,100
<b>17,262,118</b>	<b>Opening balance</b>	<b>15,343,868</b>	<b>17,635,102</b>	<b>15</b>	<b>17,503,727</b>	<b>17,555,096</b>	<b>17,728,906</b>
<b>Comprehensive income</b>							
<i>Included in accumulated funds:</i>							
181,992	Operating result for the period	20,864	-35,778	-271	-19,106	164,904	412,297
-80,681	Payments to act government agencies	-30,765	-154,333	402	-54,381	-44,770	-26,042
122,386	Capital distributions	123,496	-	-100	-	-	-
	- Superannuation actuarial gain/(loss)	2,190,763	-	-100	-	-	-
-170,783	Transfer of assets to the PTE sector	-180,723	-457,918	153	-	-	-
-438	Other movements	111,748	-30,357	-127	-518	-518	-518
<i>Included in equity in PTE:</i>							
255,990	Increase/(decrease) in net assets of PTE entities	-2,035	535,283	#	73,436	72,307	39,108
<i>Included in asset revaluation surplus:</i>							
63,763	Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	57,886	11,728	-80	51,938	-18,113	-21,740
<b>372,229</b>	<b>Total comprehensive income/(loss)</b>	<b>2,291,234</b>	<b>-131,375</b>	<b>-106</b>	<b>51,369</b>	<b>173,810</b>	<b>403,105</b>
<b>Closing equity</b>							
7,144,765	Closing equity in PTE	7,042,308	7,577,591	8	7,651,027	7,723,334	7,762,442
4,718,613	Closing accumulated funds	4,835,879	4,157,493	-14	4,083,488	4,203,104	4,588,841
5,769,869	Closing asset revaluation surplus	5,755,815	5,767,543	..	5,819,481	5,801,368	5,779,628
1,100	Closing other reserves	1,100	1,100	-	1,100	1,100	1,100
<b>17,634,347</b>	<b>Closing balance</b>	<b>17,635,102</b>	<b>17,503,727</b>	<b>-1</b>	<b>17,555,096</b>	<b>17,728,906</b>	<b>18,132,011</b>

**Table 9.4**  
**Australian Capital Territory**  
**General Government Sector**  
**Cash flow statement**

2018-19 Budget \$'000	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Cash flows from operating activities</b>						
<b>Cash receipts</b>						
1,903,494	1,917,949	2,034,553	6	2,163,360	2,356,796	2,610,520
590,340	556,520	626,084	12	632,630	611,957	600,569
2,317,886	2,334,503	2,433,680	4	2,554,786	2,706,089	2,868,470
38,633	41,998	45,330	8	50,040	53,561	57,314
110,245	95,431	103,874	9	93,198	94,785	92,694
356,605	245,998	190,020	-23	419,353	573,252	632,741
398,267	477,322	428,017	-10	411,987	407,736	412,561
<b>5,715,470</b>	<b>5,669,721</b>	<b>5,861,558</b>	<b>3</b>	<b>6,325,354</b>	<b>6,804,176</b>	<b>7,274,869</b>
<b>Total cash received from operating activities</b>						
<b>Cash payments</b>						
-2,489,976	-2,539,958	-2,614,262	3	-2,689,906	-2,767,945	-2,833,397
-1,079,168	-1,109,429	-1,083,357	-2	-1,197,657	-1,352,784	-1,476,485
-1,076,805	-1,091,276	-1,253,107	15	-1,258,287	-1,251,043	-1,264,992
-188,792	-169,290	-208,011	23	-217,758	-230,092	-219,014
-445,062	-406,411	-461,915	14	-435,826	-420,627	-426,203
<b>-5,279,803</b>	<b>-5,316,364</b>	<b>-5,620,652</b>	<b>6</b>	<b>-5,799,434</b>	<b>-6,022,491</b>	<b>-6,220,091</b>
<b>Total cash paid from operating activities</b>						
<b>435,667</b>	<b>353,357</b>	<b>240,906</b>	<b>-32</b>	<b>525,920</b>	<b>781,685</b>	<b>1,054,778</b>
<b>Net cash flows from operating activities</b>						
<b>Cash flows from investing activities</b>						
<b>Cash flows from investments in non-financial assets</b>						
233,319	181,255	127,569	-30	148,865	132,890	132,890
-708,886	-729,335	-878,415	20	-790,988	-858,179	-677,651
<b>-475,567</b>	<b>-548,080</b>	<b>-750,846</b>	<b>37</b>	<b>-642,123</b>	<b>-725,289</b>	<b>-544,761</b>
<b>Net cash flows from investments in non-financial assets</b>						
<b>Cash flows from investments in financial assets for policy purposes</b>						
<b>Cash receipts</b>						
2,677	2,677	2,677	-	2,677	3,677	3,677
170,179	120,964	340,308	181	-	-	-



**Table 9.4 (cont.)**  
**Australian Capital Territory**  
**General Government Sector**  
**Cash flow statement**

<b>2018-19</b>		<b>2018-19</b>	<b>2019-20</b>		<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Budget</b>		<b>Est. outcome</b>	<b>Budget</b>	<b>Var</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
84,565	Dividends – market gains on land sales	47,905	60,563	26	13,248	8,876	-
<b>257,421</b>	<b>Total cash received from investments in financial assets for policy purposes</b>	<b>171,546</b>	<b>403,548</b>	<b>135</b>	<b>15,925</b>	<b>12,553</b>	<b>3,677</b>
	<b>Cash payments</b>						
-80,681	Capital payments to government agencies	-30,765	-154,333	402	-54,381	-44,770	-26,042
<b>-80,681</b>	<b>Total cash paid from investments in financial assets for policy purposes</b>	<b>-30,765</b>	<b>-154,333</b>	<b>402</b>	<b>-54,381</b>	<b>-44,770</b>	<b>-26,042</b>
<b>176,740</b>	<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>140,781</b>	<b>249,215</b>	<b>77</b>	<b>-38,456</b>	<b>-32,217</b>	<b>-22,365</b>
	<b>Cash flows from investments in financial assets for liquidity purposes</b>						
405,903	Sales of investments	35,035	17,234	-51	17,595	17,764	17,788
-91,409	Payments for investments	-62,658	-247,661	295	-219,494	-144,728	-156,522
<b>314,494</b>	<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>-27,623</b>	<b>-230,427</b>	<b>734</b>	<b>-201,899</b>	<b>-126,964</b>	<b>-138,734</b>
<b>15,667</b>	<b>Net cash flows from investing activities</b>	<b>-434,922</b>	<b>-732,058</b>	<b>68</b>	<b>-882,478</b>	<b>-884,470</b>	<b>-705,860</b>
	<b>Cash flows from financing activities</b>						
	<b>Cash receipts</b>						
108,187	Borrowings	1,041,143	569,831	-45	536,472	285,997	1,474
<b>108,187</b>	<b>Total cash received from financing activities</b>	<b>1,041,143</b>	<b>569,831</b>	<b>-45</b>	<b>536,472</b>	<b>285,997</b>	<b>1,474</b>
	<b>Cash payments</b>						
-536,261	Borrowings	-524,776	-399,301	-24	-178,478	-175,545	-343,879
<b>-536,261</b>	<b>Total cash paid from financing activities</b>	<b>-524,776</b>	<b>-399,301</b>	<b>-24</b>	<b>-178,478</b>	<b>-175,545</b>	<b>-343,879</b>
<b>-428,074</b>	<b>Net cash flows from financing activities</b>	<b>516,367</b>	<b>170,530</b>	<b>-67</b>	<b>357,994</b>	<b>110,452</b>	<b>-342,405</b>
<b>23,260</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>434,802</b>	<b>-320,622</b>	<b>-174</b>	<b>1,436</b>	<b>7,667</b>	<b>6,513</b>

**Table 9.4 (cont.)  
Australian Capital Territory  
General Government Sector  
Cash flow statement**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>612,503</b>	Cash and cash equivalents at the beginning of reporting period	<b>653,996</b>	<b>1,088,797</b>	<b>66</b>	<b>768,175</b>	<b>769,611</b>	<b>777,278</b>
<b>635,763</b>	Cash and cash equivalents at the end of reporting period	<b>1,088,797</b>	<b>768,175</b>	<b>-29</b>	<b>769,611</b>	<b>777,278</b>	<b>783,791</b>
<b>Key fiscal aggregates</b>							
435,667	Net cash from operating activities	353,357	240,906	-32	525,920	781,685	1,054,778
-475,567	Investments in non-financial assets	-548,080	-750,846	37	-642,123	-725,289	-544,761
<b>-39,900</b>	<b>Cash surplus (+) /deficit (-)</b>	<b>-194,723</b>	<b>-509,940</b>	<b>162</b>	<b>-116,203</b>	<b>56,396</b>	<b>510,017</b>

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

**Table 9.5**  
**General Government Sector taxes**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Taxes on employers' payroll and labour force</b>	<b>542,767</b>	<b>582,886</b>	<b>624,106</b>	<b>668,322</b>	<b>714,765</b>
<b>Taxes on property</b>					
Land taxes	141,027	150,945	158,357	164,043	169,220
Other	940,434	974,866	1,037,920	1,097,503	1,146,876
<b>Total taxes on property</b>	<b>1,081,461</b>	<b>1,125,811</b>	<b>1,196,277</b>	<b>1,261,546</b>	<b>1,316,096</b>
<b>Taxes on the provision of goods and services</b>					
Taxes on gambling	58,470	63,658	65,026	66,426	67,863
Taxes on insurance <sup>1</sup>	44,657	47,941	52,165	53,854	55,424
<b>Total taxes on the provision of goods and services</b>	<b>103,127</b>	<b>111,599</b>	<b>117,191</b>	<b>120,280</b>	<b>123,287</b>
<b>Taxes on use of goods and performance of activities</b>					
Motor vehicle taxes	174,613	180,706	188,497	197,017	205,946
Other	48,026	50,555	52,475	54,550	56,687
<b>Total taxes on use of goods and performance of activities</b>	<b>222,639</b>	<b>231,261</b>	<b>240,972</b>	<b>251,567</b>	<b>262,633</b>
<b>Total taxation revenue</b>	<b>1,949,994</b>	<b>2,051,557</b>	<b>2,178,546</b>	<b>2,301,715</b>	<b>2,416,781</b>

**Note:** Numbers may not add due to rounding.

1. The taxes on insurance predominantly consist of the Ambulance Levy and the Lifetime Care and Support Levy.

**Table 9.6**  
**General Government Sector grant revenue**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Current grant revenue</b>					
Current grants from the commonwealth					
Gst revenue and municipal grants	1,348,614	1,450,840	1,516,770	1,610,628	1,700,141
Non-government school grants	248,055	246,667	254,283	254,602	261,756
Other contributions and grants	685,118	679,873	708,994	746,512	791,043
<b>Total current grant revenue</b>	<b>2,281,787</b>	<b>2,377,380</b>	<b>2,480,047</b>	<b>2,611,742</b>	<b>2,752,940</b>
<b>Capital grant revenue</b>					
Capital grants from the commonwealth					
Gains on contributed assets	156,950	142,292	132,818	145,165	297,119
Other contributions and grants	24,263	28,124	45,272	63,349	82,760
<b>Total capital grant revenue</b>	<b>181,213</b>	<b>170,416</b>	<b>178,090</b>	<b>208,514</b>	<b>379,879</b>
<b>Total grant revenue</b>	<b>2,463,000</b>	<b>2,547,796</b>	<b>2,658,137</b>	<b>2,820,256</b>	<b>3,132,819</b>

**Note:** Numbers may not add due to rounding.

**Table 9.7**  
**General Government Sector grants and purchased services expense**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Current grant expense</b>					
Private and not-for-profit sector	175,295	218,970	210,790	206,319	200,483
Non-government school grants	248,055	246,667	254,283	254,602	261,756
Grants to other sectors of government	655,007	759,621	769,985	775,584	789,190
<b>Total current grant expense</b>	<b>1,078,357</b>	<b>1,225,258</b>	<b>1,235,058</b>	<b>1,236,505</b>	<b>1,251,429</b>
<b>Capital grant expense</b>					
Private and not-for-profit sector	12,775	19,182	14,623	5,932	4,957
Grants to other sectors of government	4,213	7,036	85,171	21,080	21,080
<b>Total capital grant expense</b>	<b>16,988</b>	<b>26,218</b>	<b>99,794</b>	<b>27,012</b>	<b>26,037</b>
<b>Total grant expense</b>	<b>1,095,345</b>	<b>1,251,476</b>	<b>1,334,852</b>	<b>1,263,517</b>	<b>1,277,466</b>

**Note:** Numbers may not add due to rounding.

**Table 9.8**  
**General Government Sector dividend and**  
**income tax equivalent income**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
Dividends and income tax equivalent from PNFC sector	295,776	271,501	304,206	360,687	362,319
Other dividend income	75,760	78,623	85,837	92,036	98,640
<b>Total GGS dividend and income tax equivalent income</b>	<b>371,536</b>	<b>350,124</b>	<b>390,043</b>	<b>452,723</b>	<b>460,959</b>

**Note:** Numbers may not add due to rounding.

**Table 9.9**  
**General Government Sector expenses by function**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
General public services	1,192,642	1,353,880	1,413,631	1,456,889	1,479,428
Public order and safety	467,717	502,676	511,279	527,389	539,656
Economic affairs	94,293	86,274	159,589	99,184	101,386
Environmental protection	116,810	118,272	113,626	116,182	119,930
Housing and community amenities	65,436	61,709	60,221	61,039	62,698
Health	1,582,327	1,634,232	1,713,791	1,791,648	1,846,405
Recreation, culture and religion	201,538	208,968	211,115	215,706	219,667
Education	1,282,111	1,305,338	1,360,646	1,420,649	1,484,603
Social protection	417,810	465,674	462,612	477,481	495,042
Transport	378,601	420,944	434,062	452,469	464,444
<b>Total expenses</b>	<b>5,799,285</b>	<b>6,157,966</b>	<b>6,440,570</b>	<b>6,618,635</b>	<b>6,813,259</b>

**Note:** Numbers may not add due to rounding.

**Table 9.10**  
**General Government Sector expenses by function**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>General public services</b>	<b>1,192,642</b>	<b>1,353,880</b>	<b>1,413,631</b>	<b>1,456,889</b>	<b>1,479,428</b>
Executive and legislative organs, financial and fiscal affairs, external affairs	387,668	469,401	486,143	508,142	524,011
<i>Executive and legislative organs</i>	33,974	33,963	35,492	35,918	36,962
<i>Financial and fiscal affairs</i>	353,694	435,437	450,650	472,224	487,050
General services	267,335	280,448	281,147	285,155	286,416
<i>General personnel services</i>	3,634	3,930	4,007	4,190	4,327
<i>General services n.e.c</i>	263,701	276,518	277,139	280,964	282,089
Public debt transactions	173,962	200,793	207,527	223,775	216,384
Transfers of a general character between different levels of government	11	7	12	18	23
General public services n.e.c	363,666	403,231	438,803	439,799	452,593
<b>Public order and safety</b>	<b>467,717</b>	<b>502,676</b>	<b>511,279</b>	<b>527,389</b>	<b>539,656</b>
Police services	174,868	177,135	185,621	191,100	199,417
Civil and fire protection services	54,261	58,116	59,415	61,993	62,235
Law courts	127,961	142,845	139,623	144,400	146,503
Prisons	79,123	87,650	90,268	92,516	93,481
Public order and safety n.e.c	31,504	36,930	36,353	37,379	38,020
<b>Economic affairs</b>	<b>94,293</b>	<b>86,274</b>	<b>159,589</b>	<b>99,184</b>	<b>101,386</b>
General economic, commercial and labour affairs	43,596	44,508	44,687	47,403	49,307
<i>General economic and commercial affairs</i>	16,085	16,262	15,197	15,875	17,134
<i>General labour affairs</i>	27,511	28,246	29,490	31,528	32,174
Agriculture, forestry, fishing and hunting	362	356	376	391	404
Fuel and energy	33,861	23,539	96,603	33,610	34,002
Other industries	8,971	9,621	9,233	9,353	9,370
Economic affairs n.e.c	7,503	8,249	8,691	8,428	8,302
<b>Environmental protection</b>	<b>116,810</b>	<b>118,272</b>	<b>113,626</b>	<b>116,182</b>	<b>119,930</b>
Waste management	48,349	50,517	44,653	47,415	49,367
<i>Waste recycling</i>	12,571	13,134	11,610	12,328	12,836
<i>Waste management n.e.c</i>	35,779	37,382	33,044	35,087	36,532
Protection of biodiversity and landscape	34,933	34,135	35,194	35,255	36,371
Environmental protection n.e.c	33,528	33,620	33,778	33,511	34,191
<b>Housing and community amenities</b>	<b>65,436</b>	<b>61,709</b>	<b>60,221</b>	<b>61,039</b>	<b>62,698</b>
Community development	32,626	28,125	26,256	25,424	26,077
Street lighting	11,747	11,859	12,646	13,641	14,045
Housing and community amenities n.e.c	21,063	21,725	21,318	21,974	22,576
<b>Health</b>	<b>1,582,327</b>	<b>1,634,232</b>	<b>1,713,791</b>	<b>1,791,648</b>	<b>1,846,405</b>
Medical products, appliances and equipment	23,420	25,401	26,873	27,757	28,751
<i>Pharmaceutical products</i>	21,659	23,532	24,898	25,713	26,640
<i>Therapeutic appliances and equipment</i>	1,761	1,869	1,975	2,044	2,111
Outpatient services	317,977	324,367	340,923	357,826	369,184
<i>General medical services</i>	63,578	65,406	68,947	71,265	73,610



**Table 9.10**  
**General Government Sector expenses by function (cont.)**

	2018-19	2019-20	2020-21	2021-22	2022-23
	Est. outcome	Budget	Budget	Estimate	Estimate
	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Specialised medical services</i>	237,514	242,210	254,405	268,052	276,499
<i>Dental services</i>	16,886	16,751	17,571	18,509	19,076
Hospital services	944,222	970,883	1,019,458	1,068,689	1,102,332
<i>General hospital services</i>	831,048	853,735	896,733	939,837	969,874
<i>Specialised hospital services</i>	1,024	3,000	2,837	2,837	2,943
<i>Medical and maternity centre services</i>	112,150	114,147	119,889	126,015	129,515
Mental health institutions	8,869	9,019	9,388	9,911	10,256
Community health services	184,207	195,486	202,351	208,447	213,370
<i>Community mental health services</i>	65,551	67,825	71,072	74,813	77,015
<i>Patient transport</i>	43,182	45,409	46,885	48,049	48,342
<i>Community health services n.e.c</i>	75,474	82,253	84,394	85,585	88,013
Public health services	47,265	48,867	51,294	54,028	55,670
Research and development - health	34,076	34,480	36,203	38,073	39,228
Health n.e.c	22,291	25,728	27,301	26,917	27,613
<b>Recreation, culture and religion</b>	<b>201,538</b>	<b>208,968</b>	<b>211,115</b>	<b>215,706</b>	<b>219,667</b>
Recreational and sporting services	126,764	129,240	132,443	136,246	139,700
Cultural services	51,446	53,286	52,016	51,734	51,597
Recreation, culture and religion n.e.c	23,328	26,442	26,656	27,726	28,370
<b>Education</b>	<b>1,282,111</b>	<b>1,305,338</b>	<b>1,360,646</b>	<b>1,420,649</b>	<b>1,484,603</b>
Pre-primary and primary education	597,641	607,978	634,911	663,550	695,769
<i>Government pre-primary education</i>	33,550	34,555	36,327	38,307	40,340
<i>Non-government pre-primary education</i>	578	385	151	664	1,042
<i>Government primary education</i>	384,410	396,654	415,860	436,799	459,059
<i>Non-government primary education</i>	179,103	176,383	182,573	187,780	195,329
Secondary education	489,209	497,601	520,332	543,574	569,740
<i>Government secondary education</i>	338,685	349,617	366,549	385,043	404,689
<i>Non-government secondary education</i>	150,524	147,984	153,783	158,531	165,051
Tertiary education	169,799	174,179	177,979	183,472	186,819
<i>University education</i>	39,808	40,263	42,133	44,388	45,817
<i>Vocational education and training</i>	129,991	133,916	135,847	139,084	141,002
Education n.e.c	25,461	25,579	27,424	30,052	32,275
<b>Social protection</b>	<b>417,810</b>	<b>465,674</b>	<b>462,612</b>	<b>477,481</b>	<b>495,042</b>
Sickness and disability	154,816	167,696	172,777	181,571	189,906
Old age	453	449	310	387	457
Family and children	84,480	109,374	108,436	112,431	116,526
Housing	124,918	123,225	112,986	110,787	112,664
Social exclusion n.e.c	53,143	64,930	68,103	72,305	75,490

**Table 9.10**  
**General Government Sector expenses by function (cont.)**

	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Transport</b>	<b>378,601</b>	<b>420,944</b>	<b>434,062</b>	<b>452,469</b>	<b>464,444</b>
Road transport	219,839	203,463	210,376	220,585	228,218
<i>Road maintenance</i>	199,252	182,277	189,298	198,988	206,403
<i>Road construction</i>	6,002	5,827	5,922	6,175	6,368
<i>Road transport n.e.c</i>	14,585	15,359	15,155	15,421	15,448
Bus transport	116,860	136,497	154,229	161,051	164,571
Railway transport	29,229	67,192	58,526	59,037	59,360
Transport n.e.c	12,672	13,791	10,932	11,796	12,294
<b>Total expenses</b>	<b>5,799,285</b>	<b>6,157,966</b>	<b>6,440,570</b>	<b>6,618,635</b>	<b>6,813,259</b>

**Note:** Numbers may not add due to rounding.

**Table 9.11**  
**General Government Sector**  
**Purchases of non-financial assets by function**

	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
	<b>Est. outcome</b>	<b>Budget</b>	<b>Budget</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
General public services	81,231	136,735	89,039	89,106	74,138
Public order and safety	11,726	31,175	46,195	20,591	10,155
Education	94,654	123,710	171,821	140,729	100,283
Health	114,640	193,124	156,387	149,336	122,523
Social protection	66,012	108,262	96,480	132,889	115,477
Housing and community amenities	4,816	4,509	3,494	5,134	4,523
Recreation, culture and religion	30,119	37,948	28,733	21,940	16,758
Transport	204,660	191,673	144,004	201,544	180,067
Economic affairs	2,193	3,425	2,551	1,004	567
Environmental protection	119,283	47,855	52,285	95,906	53,159
<b>Purchases of non-financial assets</b>	<b>729,335</b>	<b>878,415</b>	<b>790,988</b>	<b>858,179</b>	<b>677,651</b>

**Note:** Numbers may not add due to rounding.

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# APPENDIX A

## ACT GOVERNMENT STRUCTURE



## APPENDIX A: ACT GOVERNMENT STRUCTURE

The ACT Government structure is based on the current *Administrative Arrangements 2018 (No 2)* which became effective on 1 October 2018.

### ACT GOVERNMENT STRUCTURE

ANDREW BARR MLA		
<i>Responsible for:</i>		
<b>Chief Minister</b>	Access to government information ACT Public Service Audit policy Canberra Region Joint Organisation Chief Digital Officer City Renewal Authority Communication and community engagement	Council of Capital City Lord Mayors Digital strategy Government strategy and policy Integrity Commission Intergovernmental relations International engagement Sister city relationships Support to Cabinet
<b>Treasurer</b>	Borrowing, funds management and infrastructure finance Budget process and financial reporting Concessions Directions relating to authorisation thresholds for land acquisition by the City Renewal Authority or Suburban Land Agency Fiscal and economic policy including competition Government accommodation and property services Government business enterprises	Infrastructure planning coordination and capital works Insurance policy (including compulsory third-party and lifetime care and support scheme) Revenue Office, including administration of rental bonds Taxation and revenue policy Venues Canberra (Arboretum, Exhibition Park in Canberra, GIO Stadium, Manuka Oval, Stromlo Forest Park) including elite sporting venue agreements
<b>Minister for Social Inclusion and Equality</b>	Chief Minister's Charitable Fund and philanthropy encouragement Diversity and equal opportunity	LGBTIQ affairs, policy and services Social inclusion and equality Social Inclusion Statement
<b>Minister for Trade, Industry and Investment</b>	Aboriginal and Torres Strait Islander enterprise Aviation industry development Brand Canberra CBR Innovation Network Commissioner for International Engagement Creative industries Defence Industry Advocate	Digital technology, innovation and business growth Innovation Invest Canberra Science Small Business Innovation Partnership Program Trade and export development
<b>Minister for Tourism and Special Events</b>	Hospitality Major events (Floriade, Enlighten, Innovation Festival) National cultural institution partnerships	Special Events Fund Tourism policy Visit Canberra



<b>YVETTE BERRY MLA</b>		
<i>Responsible for:</i>		
<b>Deputy Chief Minister</b>	Childcare services and regulation Education (including early childhood education)	Government and non-government schools
<b>Minister for Education and Early Childhood Development</b>		
<b>Minister for Housing and Suburban Development</b>	Affordable housing Homelessness services Housing policy and services Housing sector regulation Public housing asset management	Public housing renewal program Suburban Land Agency (with the exception of those matters assigned to the Minister for Urban Renewal) Suburban land development
<b>Minister for the Prevention of Domestic and Family Violence</b>	Domestic Violence Agencies	Family Safety (Coordinator-General)
<b>Minister for Sport and Recreation</b>	Aquatic facilities management Elite sporting performance agreements	Sport and recreation Sports ground management
<b>Minister for Women</b>	Women's affairs policy and services	

<b>MEEGAN FITZHARRIS MLA</b>		
<i>Responsible for:</i>		
<b>Minister for Health and Wellbeing</b>	Acute health policy Aged care and rehabilitation policy Cancer policy Child health development Commissioning health services Community health policy and programs (excluding mental health and justice health) Drug and alcohol policy	Health protection Health services and facilities operated by the ACT Government Health system policy, planning and performance monitoring Healthy and active living Local hospital network arrangements Population health Regulation of health services
<b>Minister for Higher Education</b>	Higher education and research	
<b>Minister for Medical and Health Research</b>	Medical and health research policy and programs	
<b>Minister for Transport</b>	Active travel (including road crossing supervision) Community transport	Transport Canberra Transport planning and reform
<b>Minister for Vocational Education and Skills</b>	Canberra Institute of Technology State Training Authority	Vocational education and training

<b>MICK GENTLEMAN MLA</b>		
<i>Responsible for:</i>		
<b>Minister assisting the Chief Minister for Advanced Technology and Space Industries</b>	50th anniversary of the moon landing Advanced technology Agricultural and environmental sciences Cyber security industries	Defence industries Renewable energy industry development strategy Space industries
<b>Minister for Planning and Land Management</b>	Chief engineer Government architect Land release policy (including the land release program)	Parking policy Planning and development Strategic land use Survey and leasing
<b>Minister for Police and Emergency Services</b>	Emergency services and policing	
<b>Minister for the Environment and Heritage</b>	Environment protection policy Heritage Land management and stewardship Parks and Conservation	Support to the Conservator of Flora and Fauna Water policy and water efficiency programs

<b>GORDON RAMSAY MLA</b>		
<i>Responsible for:</i>		
<b>Attorney-General</b>	Administration of justice, civil and criminal law Electoral policy Policy relating to incorporation of associations	Policy relating to liquor Policy relating to security Policy relating to the registration of land titles and tenancies Racing and gaming policy
<b>Minister for Building Quality Improvement</b>	Building policy	
<b>Minister for Business and Regulatory Services</b>	Access Canberra (except in relation to work health and safety regulation) Building, utilities, land and lease regulation* Electricity and natural gas, water and sewerage industry technical regulation* Environment protection and water regulation* Fair trading and registration, inspection and regulatory services (including transport regulation and licensing)*	Food safety licensing and regulation* Occupational licensing* Public unleased land regulation (permits)* Racing and gaming regulation* Registration of civil unions, domestic relationships and parentage* Regulatory reform Small business
<b>Minister for Seniors and Veterans</b>	Seniors and ageing policy	Veterans
<b>Minister for the Arts and Cultural Events</b>	ACT events fund Art and cultural policy and services Community arts facilities	Community events Cultural Facilities Corporation

**Note:**

\* This is a matter relating to Access Canberra (see *Public Sector Management Act 1994*, s 21 (8), definition for relevant matter, par (b)). The Minister for Business and Regulatory Services is the responsible minister for Access Canberra for this relevant matter (see *Public Sector Management Act 1994*, s21(8) definition for responsible minister).

<b>SHANE RATTENBURY MLA</b>		
<i>Responsible for:</i>		
<b>Minister for Climate Change and Sustainability</b>	Climate change policy Energy policy and energy efficiency programs	Government sustainability
<b>Minister for Corrections and Justice Health</b>	Corrective services	Justice Health
<b>Minister for Justice, Consumer Affairs and Road Safety</b>	ACT Human Rights Commission Fair trading policy relating to Australian consumer law, fuel prices and licensing motor vehicle repairers Justice reinvestment Policy for administration of human rights Policy relating to civil unions Policy relating to prostitution Policy relating to retirement villages, egg labelling, sale of goods and uncollected goods Policy relating to the licensing of agents, hawkers, pawnbrokers, motor vehicle dealers, second-hand dealers and x-films	Policy relating to the registration of deeds, births, deaths, parentage, marriages, civil unions, domestic relationships and charitable collections Policy relating to transport regulation and safety Reducing recidivism Restorative justice Sentence Administration Board Victims of Crime Commissioner
<b>Minister for Mental Health</b>	Mental health (Coordinator-General) Mental health policy	Mental health services, facilities and programs operated by the ACT

<b>CHRIS STEEL MLA</b>		
<i>Responsible for:</i>		
<b>Minister for City Services</b>	Footpaths Mowing and verge maintenance Municipal services	Public space amenity Waste policy
<b>Minister for Community Services and Facilities</b>	Carers strategy Community facilities charging policy Community facilities policy and planning Community facilities property services Community recovery policy and services	Community sector policy and services Community sector reform Land release strategy for future community facilities Volunteering statement
<b>Minister for Multicultural Affairs</b>	Multicultural affairs policy and services	
<b>Minister for Roads</b>	Roads and bridges	Stormwater

<b>RACHEL STEPHEN-SMITH MLA</b>		
<i>Responsible for:</i>		
<b>Minister for Aboriginal and Torres Strait Islander Affairs</b>	Aboriginal and Torres Strait Islander affairs policy and services	Aboriginal and Torres Strait Islander Elected Body secretariat
<b>Minister for Children, Youth and Families</b>	Childhood early intervention and development services Children and young people protection (including youth justice) policy and services	Children, young people and family policy and services Early support for families Youth affairs policy
<b>Minister for Disability</b>	Disability inclusion and participation Disability policy	Disability reform and services
<b>Minister for Employment and Workplace Safety</b>	Access Canberra (only in relation to work health and safety regulation) ACT Public Sector workers compensation improvement Asbestos Response Taskforce	Private sector industrial relations and workers compensation Work health and safety policy Work health and safety regulation (including WorkSafe ACT)**
<b>Minister for Government Services and Procurement</b>	ACT Insurance Authority Procurement	Shared services, including transactional services and ICT services
<b>Minister for Urban Renewal</b>	Major land and property project facilitation	Suburban Land Agency (as it relates to urban renewal sites including Kingston Arts precinct and Canberra Brickworks)

**Note:**

\*\* This is a matter relating to Access Canberra (see *Public Sector Management Act 1994*, s 21 (8), definition relevant matter, par (b)). The Minister for Employment and Workplace Safety is the responsible minister for Access Canberra for this relevant matter (see *Public Sector Management Act 1994*, s21(8) definition responsible minister).

## STRUCTURE OF ACT DIRECTORATES

<b>CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE</b>		
<b>Head of Service and Director-General Kathy Leigh</b> <b>Under Treasurer David Nicol</b> <i>With responsibility for:</i>		
50th anniversary of the moon landing	Council of Capital City Lord Mayors Creative industries	Major events (Floriade, Enlighten, Innovation Festival)
Aboriginal and Torres Strait Islander enterprise	Cultural Facilities Corporation Cyber security industries	National cultural institution partnerships
Access Canberra (except in relation to work health and safety regulation)	Defence industries Defence Industry Advocate Digital strategy	Occupational licensing* Private sector industrial relations and workers compensation
Access Canberra (only in relation to work health and safety regulation)	Digital technology, innovation and business growth Directions relating to authorisation thresholds for land acquisition by the City Renewal Authority or Suburban Land Agency	Procurement Public unleased land regulation (permits)* Racing and gaming regulation*
Access to government information		Registration of civil unions, domestic relationships and parentage*
ACT events fund		Regulatory reform
ACT Insurance Authority	Diversity and equal opportunity	Renewable energy industry development strategy
ACT Public Sector workers compensation improvement	Electricity and natural gas, water and sewerage industry technical regulation*	Revenue Office, including administration of rental bonds
ACT Public Service	Elite sporting performance agreements	Science
Advanced technology	Environment protection and water regulation*	Shared services, including transactional services and ICT services
Agricultural and environmental sciences	Fair trading and registration, inspection and regulatory services (including transport regulation and licensing)*	Sister city relationships
Aquatic facilities management	Fiscal and economic policy including competition	Small business
Art and cultural policy and services	Food safety licensing and regulation*	Small Business Innovation Partnership Program
Audit policy	Government accommodation and property services	Social inclusion and equality
Aviation industry development	Government business enterprises	Social Inclusion Statement
Borrowing, funds management and infrastructure finance	Government strategy and policy	Space industries
Brand Canberra	Healthy and active living	Special Events Fund
Budget process and financial reporting	Higher education and research	Sport and recreation
Building, utilities, land and lease regulation*	Hospitality	State Training Authority
Canberra Institute of Technology	Infrastructure planning coordination and capital works	Support to Cabinet
Canberra Region Joint Organisation	Innovation	Taxation and revenue policy
CBR Innovation Network	Insurance policy (including compulsory third-party and lifetime care and support scheme)	Tourism policy
Chief Digital Officer	Integrity Commission	Trade and export development
Chief Minister's Charitable Fund and philanthropy encouragement	Intergovernmental relations	Venues Canberra (Arboretum, Exhibition Park in Canberra, GIO Stadium, Manuka Oval, Stromlo Forest Park) including elite sporting venue agreements
Commissioner for International Engagement	International engagement	Visit Canberra
Communication and community engagement	Invest Canberra	Vocational education and training
Community arts facilities	LGBTIQ affairs, policy and services	Work health and safety policy
Community events		Work health and safety regulation (including WorkSafe ACT)**
Community facilities charging policy		
Community facilities property services		
Concessions		

<b>OTHER GENERAL GOVERNMENT SECTOR ENTITIES</b>	
ACT COMPULSORY THIRD-PARTY INSURANCE REGULATOR (being replaced by the MOTOR ACCIDENT INJURIES COMMISSION)	ACT GAMBLING AND RACING COMMISSION
ACT INSURANCE AUTHORITY	CANBERRA INSTITUTE OF TECHNOLOGY
CULTURAL FACILITIES CORPORATION	INDEPENDENT COMPETITION AND REGULATORY COMMISSION
LIFETIME CARE AND SUPPORT FUND	PUBLIC SECTOR WORKERS COMPENSATION FUND
SUPERANNUATION PROVISION ACCOUNT	TERRITORY BANKING ACCOUNT

**Notes:**

- \* This is a matter relating to Access Canberra (see *Public Sector Management Act 1994*, s 21 (8), definition for relevant matter, par (b)). The Minister for Business and Regulatory Services is the responsible minister for Access Canberra for this relevant matter (see *Public Sector Management Act 1994*, s21(8) definition for responsible minister).
- \*\* This is a matter relating to Access Canberra (see *Public Sector Management Act 1994*, s 21 (8), definition relevant matter, par (b)). The Minister for Employment and Workplace Safety is the responsible minister for Access Canberra for this relevant matter (see *Public Sector Management Act 1994*, s21(8) definition for responsible minister).

<b>ACT HEALTH DIRECTORATE</b>		
<b>Director-General</b> Michael De'Ath <i>With responsibility for:</i>		
Acute health policy	Drug and alcohol policy	Mental health
Aged care and rehabilitation policy	Health protection	(Coordinator-General)
Cancer policy	Health system policy, planning and performance monitoring	Mental health policy
Child health development	Local hospital network	Population health
Commissioning health services	arrangements	Regulation of health services
Community health policy and programs (excluding mental health and justice health)	Medical and health research policy and programs	
<b>OTHER GENERAL GOVERNMENT SECTOR ENTITY</b>		
ACT LOCAL HOSPITAL NETWORK		

<b>CANBERRA HEALTH SERVICES</b>		
<b>Chief Executive Officer</b> Bernadette McDonald <i>With responsibility for:</i>		
Health services and facilities operated by the ACT Government	Justice Health	Mental health services, facilities and programs operated by the ACT

<b>COMMUNITY SERVICES DIRECTORATE</b>		
<b>Director-General</b> Rebecca Cross <i>With responsibility for:</i>		
Aboriginal and Torres Strait Islander affairs policy and services	Community facilities policy and planning	Homelessness services
Aboriginal and Torres Strait Islander Elected Body secretariat	Community recovery policy and services	Housing policy and services
Carers strategy	Community sector policy and services	Housing sector regulation
Childhood early intervention and development services	Community sector reform	Multicultural affairs policy and services
Children and young people protection (including youth justice) policy and services	Disability inclusion and participation	Public housing asset management
Children, young people and family policy and services	Disability policy	Seniors and ageing policy
	Disability reform and services	Veterans
	Early support for families	Volunteering statement
	Family Safety (Coordinator-General)	Women's affairs policy and services
		Youth affairs policy

<b>EDUCATION DIRECTORATE</b>		
<b>Director-General</b> Natalie Howson <sup>1</sup> <i>With responsibility for:</i>		
Childcare services and regulation	Education (including early childhood education)	Government and non-government schools

**Note:**

1. As at 4 June 2019.

<b>ENVIRONMENT, PLANNING AND SUSTAINABLE DEVELOPMENT DIRECTORATE</b>		
<b>Director-General</b> Ben Ponton <i>With responsibility for:</i>		
Affordable housing	Land release policy (including the land release program)	Suburban Land Agency (with the exception of those matters assigned to the Minister for Urban Renewal)
Asbestos Response Taskforce	Land release strategy for future community facilities	Suburban land development
Building policy	Major land and property project facilitation	Support to the Conservator of Flora and Fauna
Chief engineer	Parking policy	Survey and leasing
City Renewal Authority	Parks and Conservation	Water policy and water efficiency programs
Climate change policy	Planning and development	
Energy policy and energy efficiency programs	Public housing renewal program	
Environment protection policy	Strategic land use	
Government architect	Suburban Land Agency (as it relates to urban renewal sites including Kingston Arts precinct and Canberra Brickworks)	
Government sustainability		
Heritage		
Land management and stewardship		
<b>OTHER PUBLIC TRADING ENTERPRISE SECTOR ENTITIES</b>		
CITY RENEWAL AUTHORITY	SUBURBAN LAND AGENCY	

<b>JUSTICE AND COMMUNITY SAFETY DIRECTORATE</b>		
<b>A/g Director-General</b> Richard Glenn <i>With responsibility for:</i>		
ACT Human Rights Commission	Policy relating to civil unions	Policy relating to the registration of deeds, births, deaths, parentage, marriages, civil unions, domestic relationships and charitable collections
Administration of justice, civil and criminal law	Policy relating to incorporation of associations	
Corrective services	Policy relating to liquor	
Domestic Violence Agencies	Policy relating to prostitution	
Electoral policy	Policy relating to retirement villages, egg labelling, sale of goods and uncollected goods	Policy relating to the registration of land titles and tenancies
Emergency services and policing	Policy relating to security	Policy relating to transport regulation and safety
Fair trading policy relating to Australian consumer law, fuel prices and licensing motor vehicle repairers	Policy relating to the licensing of agents, hawkers, pawnbrokers, motor vehicle dealers, second-hand dealers and x-films	Racing and gaming policy Reducing recidivism Restorative justice
Justice reinvestment		Sentence Administration Board
Policy for administration of human rights		Victims of Crime Commissioner
<b>OTHER GENERAL GOVERNMENT SECTOR ENTITIES</b>		
LEGAL AID COMMISSION ACT	PUBLIC TRUSTEE AND GUARDIAN	

<b>TRANSPORT CANBERRA AND CITY SERVICES DIRECTORATE</b>		
<b>Director-General</b> Alison Playford (interim) <i>With responsibility for:</i>		
Active travel (including road crossing supervision)	Municipal services	Stormwater
Community transport	Public space amenity	Transport Canberra (including Transport Canberra Operations)
Footpaths	Roads and bridges	Transport planning and reform
Mowing and verge maintenance	Sports ground management	Waste policy
<b>OTHER GENERAL GOVERNMENT SECTOR ENTITY</b>		
ACT PUBLIC CEMETERIES AUTHORITY		

## OTHER GENERAL GOVERNMENT SECTOR ENTITIES

ACT EXECUTIVE
ACT INTEGRITY COMMISSION (to commence operations in 2019)
AUDITOR-GENERAL
ELECTORAL COMMISSIONER
OFFICE OF THE LEGISLATIVE ASSEMBLY

## PUBLIC TRADING ENTERPRISES/PUBLIC NON-FINANCIAL CORPORATIONS

CIT SOLUTIONS
CITY RENEWAL AUTHORITY
HOUSING ACT
ICON WATER LIMITED
SUBURBAN LAND AGENCY
TRANSPORT CANBERRA OPERATIONS (formerly ACTION)





## **APPENDIX B**

# **ACCOUNTING TREATMENT FOR PUBLIC PRIVATE PARTNERSHIPS**



## APPENDIX B: ACCOUNTING TREATMENT FOR PUBLIC PRIVATE PARTNERSHIPS

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In 2015-16, the ACT Government entered into public private partnership contracts for both the ACT Law Courts Facilities and the Light Rail – Stage 1. These are long-term contracts with private sector consortia to design, finance, construct, maintain and operate infrastructure assets. The Government will make service payments over the life of the contracts, intended to cover the costs incurred by the consortia in constructing, financing, maintaining and operating the assets. At the end of these contracts, the infrastructure will become Territory assets.

There was previously no Australian Accounting Standard which prescribed the accounting treatment for these types of arrangements from the perspective of a government grantor. In the absence of an Accounting Standard and by virtue of the application of the hierarchy for the selection of accounting policies under the Australian Accounting Standard, the Government adopted an accounting policy for these types of arrangements based on the principles of Application Note F Private Finance Initiative and Similar Contracts issued in 1998 by the United Kingdom Accounting Standards Board as an amendment to its *Financial Reporting Standard 5 Reporting the Substance of Transactions*.

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

*Financial Reporting Standard 5* applies a risks and rewards approach. Where the focus is on the grantor's contractual obligations to the operator. As the ACT Law Courts Facilities and the Light Rail – Stage 1 contracts are able to be separated into property and service elements, application of the requirements of *Financial Reporting Standard 5* results in these projects being accounted for as leases in accordance with Australian Accounting Standard *AASB 16 Leases*.

*Australian Accounting Standard AASB 16 – Leases* comes into effect from 1 July 2019. The new standard changes how entities must record their leasing arrangements. The Standard removes the distinction between an operating lease and a financing lease, with the majority of leases now recorded as balance sheet items. Because the Public Private Partnerships are already accounted for as balance sheet items, the accounting treatment for them will not change as a result of *Australian Accounting Standard AASB16 – Leases* coming into effect.

Accordingly, the carrying amount of the leased assets and a corresponding lease liability are recognised on the balance sheet for each contract at the commencement of the lease term, which is the date the right-of-use assets are ready for the provision of the services.

Australian Accounting Standard *AASB 1059 Service Concession Arrangements: Grantors* effective for reporting periods beginning on or after 1 January 2020 (i.e. financial year 2020-21), prescribes the accounting treatment for these types of arrangements from the perspective of a government grantor. The Government will continue its existing accounting policy until the commencement of this standard.

Under the current treatment, initial direct costs of the Government are capitalised when incurred and are added to the lease assets on initial recognition at commercial acceptance, the commencement of the lease term.

The Territory's contract service payments are apportioned between maintenance/operating costs, a financing component and reduction of the lease liability. The financing component is calculated at the rate implicit in the lease and is accounted for as an interest expense. The portion of the payment related to the maintenance/operating costs is accounted for as a supplies and services expense.

In addition, the leased assets are depreciated over their useful life with depreciation expenses being recognised.

Tables B.1 to B.6 below outline the financial impacts of the ACT Law Courts Facilities and the Light Rail – Stage 1 contracts. The tables show how the financial impacts are reflected in the Budget in accordance with relevant accounting standards, noting that the impacts are not additive.

The annual cash payments made by the ACT Government to each of our delivery partners are outlined at Table B.3 and B.6. These payments represent the effective annual cost to the Government of delivering these services.

**Table B.1: Operating statement impacts – ACT Law Courts Facilities**

	2019-20 Financial Year \$'000	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000
<b>Operating statement expenses</b>				
Maintenance/operating costs	-7,427	-7,703	-9,680	-10,988
Interest	-12,395	-12,427	-12,224	-12,005
Depreciation	-3,931	-4,006	-4,006	-4,006
<b>Total expenses shown in operating statement</b>	<b>-23,753</b>	<b>-24,136</b>	<b>-25,910</b>	<b>-26,999</b>

**Table B.2: Balance sheet impacts – ACT Law Courts Facilities**

	2019-20 Financial Year \$'000	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000
<b>Balance sheet assets and liabilities</b>				
Lease asset <sup>1</sup>	154,247	150,241	146,235	142,229
Lease liability <sup>2</sup>	-156,939	-154,490	-151,838	-148,967
<b>Total impact on net assets shown in balance sheet</b>	<b>-2,692</b>	<b>-4,249</b>	<b>-5,603</b>	<b>-6,738</b>

**Notes:**

1. Reduces by the amount of depreciation showing in the Operating Statement each year (see 'Operating statement expenses' table).
2. Reduces by the amount of the lease payment (capital component) made to Juris Partnership each year (see 'Payments to Juris Partnership' table).

**Table B.3: Cash flow impacts – ACT Law Courts Facilities**

	2019-20 Financial Year \$'000	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000
<b>Cash payments to Juris Partnership</b>				
Maintenance/operating costs	-7,427	-7,703	-9,680	-10,988
Interest	-12,395	-12,427	-12,224	-12,005
Lease payment (capital component) <sup>1</sup>	-2,219	-2,449	-2,652	-2,871
<b>Total cash payments</b>	<b>-22,041</b>	<b>-22,579</b>	<b>-24,556</b>	<b>-25,864</b>

**Table B.4: Operating statement impacts – Light Rail – Stage 1**

	2019-20 Financial Year \$'000	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000
<b>Operating statement expenses</b>				
Maintenance/operating costs	-25,967	-26,424	-27,553	-27,560
Interest	-18,901	-18,275	-17,664	-17,664
Depreciation	-14,079	-14,079	-14,079	-14,079
<b>Total expenses shown in operating statement</b>	<b>-58,947</b>	<b>-58,778</b>	<b>-59,296</b>	<b>-59,303</b>

**Table B.5: Balance sheet impacts – Light Rail – Stage 1**

<b>Balance sheet assets and liabilities</b>				
Lease asset <sup>2</sup>	687,304	673,225	659,146	645,067
Lease liability <sup>3</sup>	-320,383	-310,111	-299,229	-288,347
<b>Total impact on net assets shown in balance sheet</b>	<b>366,921</b>	<b>363,114</b>	<b>359,917</b>	<b>356,720</b>

**Table B.6: Cash flow impacts – Light Rail – Stage 1**

<b>Cash payments to Canberra Metro</b>				
Maintenance/operating costs	-25,967	-26,424	-27,553	-27,560
Interest	-18,901	-18,275	-17,664	-17,664
Lease payment (capital component) <sup>1</sup>	-9,646	-10,272	-10,882	-10,882
<b>Total cash payments</b>	<b>-54,514</b>	<b>-54,971</b>	<b>-56,099</b>	<b>-56,106</b>

**Notes:**

1. Calculated as the reduction in the lease liability each year.
2. Reduces by the amount of depreciation showing in the Operating Statement each year (see 'Operating statement expenses' table).
3. Reduces by the amount of the lease payment (capital component) made to Canberra Metro each year (see 'Payments to Canberra Metro' table).



# **APPENDIX C**

## **BUDGET CONSULTATION**





## APPENDIX C: BUDGET CONSULTATION

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The 2019-20 Budget consultation process was launched on 27 August 2018, encouraging interested community members, businesses and local organisations to share their views and suggestions on how the ACT Government's resources are allocated, where services could be enhanced, and where possible efficiencies could be made.

The Government employed a dedicated webpage for the 2019-20 Budget consultation process on the Your Say website ([www.yoursay.act.gov.au](http://www.yoursay.act.gov.au)). The Your Say site invited community members, businesses, and local organisations to share their ideas for the 2019-20 Budget via an online survey, or by providing written submissions through the Budget Consultation webpage.

We have published contributions to the 2019-20 Budget consultation process, except where items were submitted in confidence. All non-confidential submissions are available through the Budget consultation website ([www.budgetconsultation.act.gov.au](http://www.budgetconsultation.act.gov.au)).

The Government received 97 submissions and 49 responses to the survey, with a small number of items being received after our '[What we heard](#)' report was released. The submissions and survey responses covered a diverse range of issues, including arts and entertainment, community services, disability, education, environmental protection, health, public infrastructure and transport, sustainability, as well as matters relating to the Territory's finances. ACT Government directorates closely considered the submissions as part of the process for developing proposals for the 2019-20 Budget.

The views and suggestions provided by peak bodies, professional organisations and members of the community through this process also helped inform the Government's decision-making about priorities for this year's Budget. The submissions provided valuable knowledge and insights from users and providers of services both funded and delivered by the Government.

The Government would like to thank all of the individuals, community groups and organisations who contributed to this year's Budget consultation process.

ACT Council of Parents and Citizens Associations  
ACT Council of Social Service Inc. (ACTCOSS)  
ACT Gifted Families Support Group Inc.  
ACT Playgroups Association Inc.  
ACT Shelter  
ACT Wildlife Inc.  
Advocacy for Inclusion  
AIDS Action Council of the ACT  
Alcohol Tobacco and Other Drug Association ACT (ATODA)  
Asthma Australia  
Australian Breastfeeding Association  
Australian Education Union – ACT Branch  
Belconnen Arts Centre  
Belconnen Community Council  
Better Renting  
Blakeley, Pam  
Canberra Alliance for Participatory Democracy (CAPaD)  
Canberra Business Chamber  
Canberra Community Law Ltd.  
Capital Health Network (ACT PHN)  
Care Financial Counselling Services Inc.  
Carers ACT  
CatholicCare Canberra & Goulburn  
Childers Group  
Children First Alliance  
Citi, Annie  
Community and Public Sector Union (CPSU) – PSU Group  
Community Housing Industry Association – ACT Region Committee  
Council on the Ageing ACT (COTA ACT)  
CREATE Foundation (ACT)  
Curham, Louise  
Dementia Australia  
Diabetes NSW & ACT (ACT Region)  
Directions Health Services  
Environmental Defenders' Office (ACT)  
Families ACT  
Friends of Grasslands

Friends of Hawker Village Inc.  
General Practice at the Deep End – Canberra Region Australia  
Goodwin, Neil  
Gunn, Anne  
Health Care Consumers’ Association (HCCA)  
Hepatitis ACT, the AIDS Action Council and Sexual Health Family Planning ACT (Joint Submission)  
Kelly, Fiona  
King, Gillian  
Kurz, Vera  
Landcare ACT  
Legal Aid ACT  
Living Streets Canberra  
Malmberg, Finn  
Master Builders Association of the ACT  
McCulloch, Catherine  
Mental Health Community Coalition ACT  
MyHome in Canberra Inc.  
National Disability Services  
National Roads and Motorists' Association (NRMA)  
National Seniors Australia  
Nikolic, Natalia  
North Belconnen Landcare Group (Ginninderra Catchment Inc.)  
Oxley, Chris  
Paine, Bruce  
Parentline ACT  
Pedal Power ACT  
People with Disabilities ACT Inc.  
Phillips, Mel  
Plank, Laura  
Public Transport Association of Canberra  
Real Estate Institute of the ACT  
Remembrance Driveway Committee Inc.  
Society of Hospital Pharmacists of Australia (SHPA) – ACT Branch  
Soundararajan, Renga  
Sullivan, Penny  
Superannuated Commonwealth Officers Association Inc. (SCOA) Australia – ACT Committee  
Thompson, Bill

Tuggeranong Community Arts Association Inc.  
UnionsACT  
United Firefighters Union of Australia – ACT Branch  
Vilkaitis, Vyt  
Vintage Reds of the Canberra Region  
Volunteering and Contact ACT  
Weston Molonglo FC  
Westwood, Pauline  
Winnunga Nimmyjah Aboriginal Health and Community Services  
Woden Community Service  
Woden Valley Community Council Inc.  
Yarralumla Residents Association Inc.  
Youth Coalition of the ACT  
YWCA Canberra

We also acknowledge and thank those who elected to provide confidential input.

## **APPENDIX D**

### **CAPITAL WORKS – BETTER INFRASTRUCTURE FUND**



## APPENDIX D: CAPITAL WORKS – BETTER INFRASTRUCTURE FUND

The *Better Infrastructure Fund* gives ACT Government agencies an annual funding pool for works that extend the useful life or improve the service delivery capacity of their existing infrastructure assets. This investment is distinct from routine repairs and maintenance work, which is funded separately.

In the 2019-20 Budget, we have delivered \$65.2 million for *Better Infrastructure Fund* projects.

The following table lists these projects by agency. A number of these projects are also highlighted in Chapter 3 – *New initiatives* where they are being delivered in parallel with, or to support, other new Government projects.

**Table D.1: *Better Infrastructure Fund* initiatives in the 2019-20 Budget**

Project	Financing 2019-20 \$'000
<b>Canberra Institute of Technology (CIT)</b>	
<b><i>Improving vocational training facilities</i></b>	
<b><i>Building improvements</i></b>	
Replacement of chillers – CIT Bruce	500
Upgrade lift – CIT Bruce	300
New lifts – CIT Fyshwick	450
Refurbishment of bitumen pavement – CIT Bruce	70
Pavement upgrade – CIT Fyshwick	160
Upgrade sewerage main – CIT Bruce	83
<b><i>Educational improvements</i></b>	
Refurbishment of classrooms – CIT Fyshwick	160
<b><i>Health and safety improvements</i></b>	
Upgrade electrical wiring interconnection system – CIT Bruce	150
Upgrade mechanical ventilation – CIT Bruce	160
Upgrade emergency lighting	150
Upgrade air-conditioning systems	100
Upgrade dust extraction – CIT Bruce	153
Replacement of CCTV system – CIT Bruce	100
Upgrade electrical switchboard, fire detection and fire panels – CIT Fyshwick	240
<b>Total</b>	<b>2,776</b>
<b>Chief Minister, Treasury and Economic Development Directorate</b>	
<b><i>ACT property upgrades</i></b>	
Safety upgrades at various buildings	1,103
Building refurbishment and energy efficiency improvements at various buildings	526
Renovations, extensions and amenities improvements at various buildings	526



Project	Financing 2019-20 \$'000
Childcare centre upgrades	494
Fire services upgrades at various buildings	163
Grounds upgrades including fencing and landscaping at various buildings	158
Hazardous material removal at various buildings	410
Upgrades to ageing infrastructure at various buildings	415
Upgrades to heritage buildings	425
<b><i>Arts facilities and buildings</i></b>	
Improving arts facilities	245
Upgrades to arts buildings	301
<b><i>Events</i></b>	
Floriade	319
<b><i>Sports facilities</i></b>	
Pools improvement program	800
<b><i>Improving major venues</i></b>	
Arboretum	291
Exhibition Park	506
GIO Stadium	550
Manuka Oval	419
Stromlo Forest Park	137
<b>Total</b>	<b>7,788</b>
<b>Community Services Directorate</b>	
<b><i>Improving community facilities</i></b>	
Bimberi Youth Justice Centre	300
Gungahlin Child and Family Centre	20
Holder Child Development Centre	55
Tuggeranong Child and Family Centre	20
West Belconnen Child and Family Centre	20
<b>Total</b>	<b>415</b>
<b>Cultural Facilities Corporation</b>	
<b><i>Improving cultural and arts facilities</i></b>	
ACT Historic Places	120
Canberra Museum and Gallery	100
Canberra Theatre Centre	120
Cultural Facilities Corporation – Corporate	78
<b>Total</b>	<b>418</b>
<b>Education Directorate</b>	
<b><i>Public school infrastructure upgrades<sup>1</sup></i></b>	
School learning area improvements	4,850
School administration and support area improvements	2,290
Disability access compliance	2,500

Project	Financing 2019-20 \$'000
School infrastructure revitalisation	4,700
School security improvements	1,450
School safety improvements	800
External learning environment development	1,995
Environmentally sustainable initiatives	1,450
Joint Funding Works Program	1,100
<b>Total</b>	<b>21,135</b>
<b>Environment, Planning and Sustainable Development Directorate</b>	
<b><i>Improving our parks and nature reserves</i></b>	
Upgrade grazing and horse paddocks	62
Relocation of bait preparation facility – Namadgi National Park	70
Upgrade toilet – Orroral Valley Campground	185
Installation of repeater radio	100
New walking trails – Tidbinbilla Nature Reserve	60
Parks and Conservation Service visitor facilities upgrade	80
<b><i>Improving our heritage</i></b>	
<b><i>Heritage Conservation</i></b>	
Heritage register for Smart City Canberra – Stage 1	123
Interpretive signage program	25
Conservation Management Plan for Aboriginal places – Stage 2	10
<b><i>Keeping our growing city moving – Infrastructure and equipment (civil infrastructure)</i></b>	
Design shared path network and links – Molonglo 2	150
Flooding and drainage advice for policy proposals and developments	50
Traffic modelling for development and planning policy	50
Infrastructure studies for ACT Planning Strategy	60
<b>Total</b>	<b>1,025</b>
<b>Health Directorate</b>	
<b><i>Improving health facilities</i></b>	
<b><i>ACT Health</i></b>	
Building upgrades	2,250
Electrical, fire and safety upgrades	1,500
Mechanical and services infrastructure	711
<b><i>Calvary Hospital</i></b>	
Environmental upgrades	636
Health and safety upgrades	250
<b>Total</b>	<b>5,347</b>
<b>Justice and Community Safety Directorate</b>	
<b><i>Improving access to services and justice</i></b>	
<b><i>Directorate projects</i></b>	

<b>Project</b>	<b>Financing 2019-20 \$'000</b>
Alexander Maconochie Centre facilities upgrades	600
Forensic Medicine Centre facilities upgrades	66
Magistrates Court upgrades	340
ACT Civil and Administrative Tribunal building upgrades	101
Energy efficiency program	147
<b><i>Emergency Services Agency projects</i></b>	
Training centre transition facility	150
Rural Fire Service facilities upgrades	178
<b><i>Territorial Projects</i></b>	
ACT Policing facility upgrades – Gungahlin station	151
Work, health and safety upgrades – Traffic Operation Centre	127
<b>Total</b>	<b>1,860</b>
<b>Office of the Legislative Assembly</b>	
<b><i>Assembly building</i></b>	
Assembly building upgrades	324
<b>Total</b>	<b>324</b>
<b>Transport Canberra and City Services Directorate<sup>2</sup></b>	
<b><i>School safety improvements</i></b>	
Safer walking and cycling around schools	1,250
<b><i>Public transport and active travel</i></b>	
Footpath and cycleway upgrades	1,000
Bus major component overhauls including refurbishment of vehicle floors and passenger seating	1,369
Transport Canberra – bus operations	2,185
Road Transport Control Centre relocation upgrades	540
<b><i>Road infrastructure and road safety</i></b>	
Disability Discrimination Act compliant bus stops	1,250
Streetlight control point program	2,500
Traffic signal controller replacement program	700
Urban stormwater upgrade program	2,200
Traffic signal lights upgrade program	500
Streetlights energy performance contract	2,050
<b><i>Safety compliance</i></b>	
Dam safety code and additional dam valve	950
Electricity armour cable upgrade	400
Upgrade safety and security at Recycling Drop Off Centres	250
Bollard replacement program – Garema Place and City Walk	360
Workshop safety initiative – Overhead service equipment additions and upgrades	750
Workshop Safety Initiative – Service pit safety improvements	500
<b><i>Public realm and playgrounds</i></b>	
Lake Ginninderra district park pump house upgrade	180
Dog park improvement program	200

<b>Project</b>	<b>Financing 2019-20 \$'000</b>
Play space upgrades	2,150
<b><i>Town centres and libraries</i></b>	
Upgrades to Woden Library	500
Local shopping centre improvements	500
<b><i>Urban infrastructure and sports facilities</i></b>	
Sportsgrounds facilities improvement program	1,310
Water demand management	550
<b>Total</b>	<b>24,144</b>
<b>Total Better Infrastructure Fund<sup>3</sup></b>	<b>65,232</b>

**Notes:**

1. The Education Directorate advanced \$10.7 million into its 2018-19 Better Infrastructure Fund program using funding allocations from its 2019-20 and 2020-21 BIF programs. This has been done to accelerate our \$85 million program of school infrastructure upgrades to deliver better facilities for teachers and students as quickly as possible.
2. The Government has increased the Transport Canberra and City Services Directorate Better Infrastructure Fund allocation by \$2.5 million a year (refer to page 163). This will allow the directorate to undertake more upgrade and improvement works on community and suburban infrastructure across Canberra.
3. The table may not add due to rounding.



## **APPENDIX E**

### **CAPITAL WORKS – WORKS-IN-PROGRESS**



## APPENDIX E: CAPITAL WORKS – WORKS-IN-PROGRESS

The works-in-progress component of the Capital Works Program includes projects from previous years. The value of works-in-progress over the four years to 2022-23 is \$854 million, of which more than half is allocated in 2019-20.

The following table lists the 2019-20 capital works-in-progress by agency.

**Table E.1: 2019-20 capital works – works-in-progress**

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
<b>Canberra Institute of Technology</b>						
CIT Plant and Equipment	1,257	1,257	1,257	1,257	5,028	Ongoing
More jobs for our growing city – CIT Campus Modernisation – Early planning	350	0	0	0	350	Jun-20
<b>Total</b>	<b>1,607</b>	<b>1,257</b>	<b>1,257</b>	<b>1,257</b>	<b>5,378</b>	
<b>Chief Minister, Treasury and Economic Development Directorate</b>						
Better Government – Boosting government digital security	348	0	252	0	600	Sep-19
Better Government – Streamlining debt management	201	0	0	0	201	Sep-19
Better Services – Weston Creek and Stromlo swimming pool and leisure centre	14,454	3,000	0	0	17,454	Jun-20
Building a better city – Civic and Dickson office accommodation	21,616	14,271	0	0	35,887	Oct-20
Building a better city – Dickson office accommodation	16,949	1,000	0	0	17,949	Feb-20
Building a better city – Improving major venues	250	0	0	0	250	Nov-19
Building a better city – Indoor sports centres – Early planning	147	0	0	0	147	May-20
Canberra Theatre Temporary Carpark	100	0	0	0	100	Jun-19
CBR FREE Wifi	237	0	0	0	237	Jun-20
Equipment Purchase Funding	2,000	1,000	1,000	1,000	5,000	Ongoing
Fairer revenue – Strengthening the mobile safety camera network	238	0	0	0	238	Dec-19
Government Budget Management System	810	750	750	750	3,060	Jun-23
Improving Road Safety – Traffic camera adjudication system upgrades	395	0	0	0	395	Jun-20
Keeping our growing city moving – Keeping Canberrans safe on our roads	690	625	0	0	1,315	Jun-21
Land Title Business System Modernisation	151	0	0	0	151	May-20
Learning Management System	500	0	0	0	500	Jun-20



Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
More and better jobs – Canberra Theatre Complex community consultation	99	0	0	0	99	Jun-20
More and better jobs – Data analytics for smarter policy	558	0	0	0	558	Jun-20
More and better jobs – Ensuring continuity of the Human Resources Information Management System	3,545	0	0	0	3,545	Jun-21
More and better jobs – Expanding Belconnen Arts Centre	6,259	3,417	2,000	0	11,676	Mar-20
More and better jobs – Modernising government ICT infrastructure	3,951	2,813	2,000	0	8,764	Jun-21
More and better Jobs – New Canberra Theatre	1,100	0	0	0	1,100	Jun-20
More jobs for our growing city – Better arts facilities	200	0	0	0	200	Jun-20
More jobs for our growing city – Better facilities for GIO Stadium	2,531	0	0	0	2,531	Mar-20
More jobs for our growing city – Better facilities for Manuka Oval	871	0	0	0	871	Mar-20
More jobs for our growing city – Better facilities for the Tuggeranong Rowing Club	200	0	0	0	200	Dec-19
More jobs for our growing city – Better infrastructure at the National Arboretum	2,000	750	0	0	2,750	May-20
More jobs for our growing city – Early planning for an upgraded amphitheatre at the National Arboretum Canberra	105	0	0	0	105	Nov-19
More jobs for our growing city – Government facilities upgrade	2,400	2,200	2,800	0	7,400	Jun-22
More jobs for our growing city – New tracks and trails at the National Arboretum	225	0	0	0	225	Sep-19
More services for our suburbs – Upgrading the Old Kingston Bus Depot	2,953	1,900	1,000	0	5,853	Jun-21
More support for families and inclusion – Delivering a new Compulsory Third Party Insurance scheme	2,288	0	0	0	2,288	Jun-20
Office Accommodation	862	500	500	500	2,362	Ongoing
Public Arts Scheme	75	0	0	0	75	Jun-20
Rego ACT – Ongoing Investment	431	431	431	431	1,724	Ongoing
Smarter Regulation – Red tape reduction	790	0	0	0	790	Jul-19
Stromlo Forest Park – Enclosed Oval – Early Planning	172	0	0	0	172	Dec-19
Throsby – Multisport Complex – Design	179	0	0	0	179	Jul-20
Working with Vulnerable People Checks	313	313	313	313	1,252	Ongoing
<b>Total</b>	<b>91,194</b>	<b>32,970</b>	<b>11,046</b>	<b>2,994</b>	<b>138,203</b>	
<b>City Renewal Authority</b>						
Building a better city – City Renewal Authority – Canberra's lakeside	10,000	15,040	10,025	0	35,065	Jun-22

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
Building a better city – City Renewal Authority – City precinct improvements	5,702	0	0	0	5,702	Jun-20
Building a better city – City Renewal Authority – Initial works package	306	0	0	0	306	Jun-20
Building a better city – West Basin infrastructure	98	0	0	0	98	Jun-20
Building a better city – West Basin public waterfront	33	0	0	0	33	Jun-20
More jobs for our growing city – City Renewal Authority activations and place making	848	0	0	0	848	Jul-20
More jobs for our growing city – City Renewal Precinct activation projects	2,157	0	0	0	2,157	Jun-20
<b>Total</b>	<b>19,144</b>	<b>15,040</b>	<b>10,025</b>	<b>0</b>	<b>44,209</b>	
<b>Community Services Directorate</b>						
Better support when it matters – Bimberi Youth Justice Centre - Infrastructure upgrades	15	0	0	0	15	Jun-20
More support for families and inclusion – Building connections for early intervention and prevention	1,232	0	0	0	1,232	Jun-20
<b>Total</b>	<b>1,247</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,247</b>	
<b>Cultural Facilities Corporation</b>						
More jobs for our growing city – Conserving and improving Canberra's historic places	440	0	0	0	440	Jun-20
More jobs for our growing city – Upgrading the Canberra Museum and Gallery	305	0	0	0	305	Jun-20
More jobs for our growing city – Upgrading the Canberra Theatre Centre	200	375	0	0	575	Jun-21
<b>Total</b>	<b>945</b>	<b>375</b>	<b>0</b>	<b>0</b>	<b>1,320</b>	
<b>Education Directorate</b>						
Better schools for our kids – Campbell Primary and Narrabundah College Facility upgrade	1,859	310	0	0	2,169	Jun-22
Better schools for our kids – Expanding schools in Gungahlin	4,477	1,600	0	0	6,077	Jun-21
Better schools for our kids – Laptops in schools	1,859	0	0	0	1,859	Jun-22
More schools, better schools – Delivering Molonglo P-6	13,500	27,858	0	0	41,358	Jun-21
More schools, better schools – More places at Gungahlin schools	11,180	8,000	0	0	19,180	Jun-22
More schools, better schools – Narrabundah College Modernisation – early planning and design	599	0	0	0	599	Jun-20
More schools, better schools – Roof Replacement Program	7,875	7,464	2,223	0	17,562	Jun-22

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
More schools, better schools – Upgrading Campbell Primary School Modernisation	7,000	6,119	5,200	0	18,319	Jun-22
School Staffing Integrated Management System	140	0	0	0	140	Jun-20
Schools for the Future – Caroline Chisholm School – Centre for Innovation and Learning	300	0	0	0	300	Completed
Schools for the Future – Modernising Belconnen High	250	0	0	0	250	Dec-19
Schools for the Future – North Gungahlin and Molonglo	700	0	0	0	700	Completed
Supporting our School System – Improving ICT	7,516	8,219	8,375	6,534	30,644	Ongoing
<b>Total</b>	<b>57,255</b>	<b>59,570</b>	<b>15,798</b>	<b>6,534</b>	<b>139,157</b>	

#### Elections ACT

Better Government – Electronic voting	406	0	0	0	406	Jun-20
Better Government – New Electoral Management System	756	0	0	0	756	Jun-20
<b>Total</b>	<b>1,162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,162</b>	

#### Environment, Planning and Sustainable

##### Development Directorate

Better Public Housing – New public housing properties	8,024	17,000	43,000	0	68,024	Oct-19
Better services in your community – Improving our capacity to fight bushfires	980	0	0	0	980	Jun-20
Better services in your community – Red Hill Nature Reserve – Landfill remediation	305	0	0	0	305	Jun-20
Better support when it matters – Public Housing Renewal – New and better properties	4,008	0	0	0	4,008	Oct-19
Better support when it matters – Public Housing Renewal – Taskforce operations	85	0	0	0	85	Oct-19
Building a better city – Bindubi Street extension – Early planning	125	0	0	0	125	Aug-19
Building a better city – Molonglo East-West Arterial road – Early planning	278	0	0	0	278	Jun-20
Caring for our Environment – Improving species and habitat protection	257	72	72	0	401	Jun-22
Caring for our Environment – Water Quality Improvement – Contributions to the ACT Healthy Waterways Project	800	1,800	0	0	2,600	Jun-21
Keeping our growing city moving – New mountain bike trail network – Design	300	0	0	0	300	Jun-20
More and better jobs – Ensuring continuity of the Spatial Data Management System	300	0	0	0	300	Jun-20

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
More jobs for our growing city – Delivering a new nature reserve in the Molonglo Valley – NES Plan Implementation Stage 3	900	934	504	0	2,338	Jun-22
More jobs for our growing city – Urban renewal in Dickson	580	0	0	0	580	Jun-20
More jobs for our growing city – Urban renewal in Kenny – Early planning	300	0	0	0	300	Jun-20
More services for our suburbs – Equestrian infrastructure	250	0	0	0	250	Jun-20
More services for our suburbs – Improved conservation management	232	65	0	0	297	Jun-21
More services for our suburbs – Sullivans Creek Flood Management Plan	75	0	0	0	75	Dec-19
More support for families and inclusion – Innovation in housing choices	430	125	0	0	555	Jun-21
Securing Electricity Supply in the ACT – Second supply network	125	0	0	0	125	Jun-20
Support for Building Industry – eDevelopment Renovation Project	600	0	0	0	600	Jun-20
Urban Renewal Program – Better Public Housing – Karuah	3,000	0	0	0	3,000	Completed
<b>Total</b>	<b>21,954</b>	<b>19,996</b>	<b>43,576</b>	<b>0</b>	<b>85,526</b>	

#### Health Directorate

An E-Healthy Future	1,071	0	0	0	1,071	Jun-20
Better care when you need it – More nurse-led Walk in Centres	505	0	0	0	505	Nov-19
Better care when you need it – New medical imaging equipment	500	0	0	0	500	Jun-20
Better care when you need it – Protecting Canberrans from infectious diseases	398	0	0	0	398	Jun-21
Better care when you need it – Replacement of polyethylene aluminium composite panels – Centenary Hospital for Women and Children	526	0	0	0	526	Jul-18
Better care when you need it – Training our future health workforce	1,400	300	0	0	1,700	Jun-20
Better Health Services – Upgrading and maintaining ACT Health assets	19,432	16,278	0	0	35,710	Dec-20
Better healthcare for a growing community – ACT Health critical assets upgrades	6,324	16,199	0	0	22,523	Sep-21
Better healthcare for a growing community – ACT Health critical assets upgrades	2,370	0	0	0	2,370	Jun-20
Better healthcare for a growing community – ACT Health ICT upgrades	5,305	0	0	0	5,305	Jun-20
Better healthcare for a growing community – ACT Pathology Laboratory information system replacement	5,829	887	0	0	6,716	Jun-21

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
Better healthcare for a growing community – Delivering the Weston Creek Walk-in Centre	4,445	0	0	0	4,445	Nov-19
Better healthcare for a growing community – Expanding Centenary Hospital – More services for women and children	1,500	0	0	0	1,500	Jun-22
Better healthcare for a growing community – Expanding the Centenary Hospital for Women and Children	4,000	0	0	0	4,000	Jun-22
Better healthcare for a growing community – More mental health accommodation	4,944	3,401	86	0	8,431	Nov-20
Better healthcare for a growing community – New facility for Winnunga Nimmityjah Aboriginal Health Community Services	2,435	7,700	0	0	10,135	Jun-21
Better healthcare for a growing community – Replacement of aluminium composite panels at Calvary Hospital	350	0	0	0	350	Oct-19
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	926	486	0	0	1,412	Jun-19
Clinical Services Redevelopment – Phase 2	217	0	0	0	217	Jun-19
Clinical Services Redevelopment – Phase 3	700	0	0	0	700	Jun-19
Health Infrastructure Program – Project management continuation	0	490	0	0	490	Jun-18
Improved Infrastructure for Acute Aged Care and Cancer Inpatients	9,380	4,000	0	0	13,380	May-20
Secure Mental Health Unit	754	0	0	0	754	Completed
Sterilising Services – Relocation and upgrade	2,894	0	0	0	2,894	Sep-19
The Canberra Hospital – Essential infrastructure and engineering works	1,748	0	0	0	1,748	Aug-19
University of Canberra Hospital	3,885	5,040	0	0	8,925	Completed
University of Canberra Hospital Car Park	1,594	0	0	0	1,594	Completed
<b>Total</b>	<b>83,432</b>	<b>54,781</b>	<b>86</b>	<b>0</b>	<b>138,299</b>	

#### Housing ACT

Better Government – Housing ACT Digital Transformation Program	484	0	0	0	484	Dec-19
Community and Social Housing and National Affordable Housing Agreement Funding	5,000	5,000	5,000	5,000	20,000	Ongoing
More services for our suburbs – Improved energy efficiency for public housing	2,222	2,766	0	0	4,988	Jun-21
More support for families and inclusion – Better housing for Aboriginal and Torres Strait Islander older people	4,488	0	0	0	4,488	Jun-20

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
More support for families and inclusion – Common Ground at Dickson – Design and planning	250	0	0	0	250	Dec-19
More support for families and inclusion – Supported accommodation for people with mental illness	200	0	0	0	200	Jun-20
<b>Total</b>	<b>12,644</b>	<b>7,766</b>	<b>5,000</b>	<b>5,000</b>	<b>30,410</b>	

## Justice and Community Safety

### Directorate

ACT Corrective Services – Information management solution	2,401	2,975	0	0	5,376	Dec-20
ACT Legislation Register Replacement	810	0	0	0	810	Jan-20
Alexander Maconochie Centre Detainee Industries and Activities Enhancement Project	407	0	0	0	407	Jun-20
Better government – Human Rights Commission digital capability	327	40	0	0	367	Jun-20
Better support when it matters – Enhanced protective security measures for ACT Policing	570	0	0	0	570	Jul-19
Better support when it matters – Implementing Moss Review recommendations	169	0	0	0	169	Jun-20
Better support when it matters – Integrating the Winnunga Model of Care to Indigenous detainees in the Alexander Maconochie Centre	2,987	1,000	0	0	3,987	Jun-20
Better support when it matters – More frontline firefighters – Second crew at Ainslie Station	270	271	0	0	541	Jun-20
Courts Public Private Partnership (PPP) – (Formerly called ACT Court Facilities Early Works Package)	2,450	2,337	0	0	4,787	Dec-19
Digital Canberra – New digital radio communication system	359	0	0	0	359	Dec-19
Emergency Services Agency (ESA) Station Upgrade and Relocation – Aranda Station	177	0	0	0	177	Dec-19
ESA – Station Relocation and Upgrade – Phase 2 Due Diligence	266	364	0	0	630	Jun-20
ESA – Urban Search and Rescue and Chemical, Biological, Radiological and Nuclear Equipment Replacement	211	111	111	111	544	Ongoing
ESA Vehicle Replacement Program	3,924	895	2,011	2,011	8,841	Ongoing
Gungahlin Joint Emergency Services Centre – Future use study	30	0	0	0	30	Jun-20
More services for our suburbs – More paramedics and ambulances	913	0	0	0	913	Jun-20
More support for families and inclusion – ACT Policing – Urgent Facilities Upgrade	1,482	300	0	0	1,782	Apr-20
More support for families and inclusion – Aerial Pumper for ACT Fire & Rescue	1,800	0	0	0	1,800	Feb-20

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
More support for families and inclusion – AMC – Staff Mobile Duress System Replacement	1,354	930	0	0	2,284	Dec-20
More support for families and inclusion – Commencing operations of the Drug and Alcohol Court	961	0	0	0	961	Jun-20
More support for families and inclusion – Design and planning for the Alexander Maconochie Reintegration Centre expansion	997	0	0	0	997	Dec-19
More support for families and inclusion – Equipment upgrades for first responders	381	0	0	0	381	Jun-20
More support for families and inclusion – Jury Management System replacement	669	0	0	0	669	Feb-20
More support for families and inclusion – Keeping Canberrans safe in public places	150	60	0	0	210	Dec-21
More support for families and inclusion – More resources for the Director of Public Prosecutions	0	300	0	0	300	Dec-20
More support for families and inclusion – Providing safe alternatives to remand	200	0	0	0	200	Jun-20
Replacement of the Courts and Tribunal ICT Case Management System	260	0	0	0	260	Oct-19
Strengthening Emergency Services – Territory Radio Network upgrade – Phase 2 and 3	1,717	600	0	0	2,317	Jun-20
<b>Total</b>	<b>26,242</b>	<b>10,183</b>	<b>2,122</b>	<b>2,122</b>	<b>40,669</b>	

#### Office of the Legislative Assembly

Assembly Artwork	30	30	30	30	120	Ongoing
Assembly Library Collection	5	5	5	5	20	Ongoing
<b>Total</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>35</b>	<b>140</b>	

#### Transport Canberra and City Services

##### Directorate

Better Roads for Belconnen – Aikman Drive duplication	1,075	0	0	0	1,075	Jul-19
Better Roads for Canberra – Stronger bridges to transport freight	1,500	0	0	0	1,500	Nov-19
Better Roads for Gungahlin – Gungahlin town centre road network improvements	198	0	0	0	198	Jun-20
Better Roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway)	8,095	0	0	0	8,095	Jun-20
Better Services – Improved asset management	905	0	0	0	905	Jun-21

Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
Better Services – Improving libraries – Self-service check out and improved access	850	0	0	0	850	Dec-19
Better services in your community – Essential waste management infrastructure	7,104	2,023	5,000	0	14,127	Jun-22
Better services in your community – Green waste bins	2,007	3,646	0	0	5,653	Oct-23
Better services in your community – Integrated bus and light rail ticketing	600	200	0	0	800	Jun-21
Better services in your community – Rehabilitating landfill sites	9,017	7,972	8,000	0	24,989	Jun-22
Building a better city – Canberra Brickworks – Access road and Dudley Street upgrade	3,798	3,000	0	0	6,798	Jun-21
Building a better city – Gundaroo Drive duplication – Stage 2	15,000	0	0	0	15,000	Jun-20
Building a better city – Improving Tharwa Village firefighting water supply	900	0	0	0	900	Jun-20
Building a better city – Monaro Highway upgrade	500	0	0	0	500	Dec-20
Building a better city – New bus depot at Woden	20,000	0	0	0	20,000	Jun-20
Building a better city – Pialligo Avenue duplication	1,000	0	0	0	1,000	Jun-20
Building a better city – Upgrading stormwater infrastructure on Flemington Road	700	0	0	0	700	Oct-19
Caring for our Environment – Lake Tuggeranong Water Quality Improvement – Stage 2 (Isabella Weir)	639	0	0	0	639	Jun-20
Cravens Creek Water Quality Control Pond	147	0	0	0	147	Jun-20
Enhancement of library collections	2,063	2,063	2,063	2,063	8,252	Ongoing
Expansion of the rapid bus network	21,800	0	0	0	21,800	Jun-20
Improving Our Suburbs – New Molonglo Valley infrastructure	7,876	2,000	1,000	0	10,876	Jun-22
Keeping our growing city moving – Better infrastructure for active travel	14,170	3,000	2,000	0	19,170	Jun-22
Keeping our growing city moving – Canberra Brickworks Precinct – Environmental offsets	937	0	0	0	937	Dec-20
Keeping our growing city moving – John Gorton Drive and Molonglo River Bridge Crossing – Early design	1,100	0	0	0	1,100	Jun-20
Keeping our growing city moving – Light Rail Stage 2 – City to Woden early planning	4,000	0	0	0	4,000	Aug-19
Keeping our growing city moving – Mitchell light rail stop	150	0	0	0	150	Jun-20
Keeping our growing city moving – Monaro Highway upgrade	1,800	0	0	0	1,800	Jun-20
Keeping our growing city moving – Pialligo pedestrian upgrades	100	0	0	0	100	Jun-20



Project	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	Four year investment \$'000	Physical completion date <sup>1</sup>
Keeping our growing city moving – Safer intersections	6,372	1,000	0	0	7,372	Dec-20
Majura Parkway to Majura Road – Link road	189	0	0	0	189	Jun-20
Molonglo 2 – Water Quality Control Ponds, Sewers and Cycle path – Design	709	0	0	0	709	Jun-20
Molonglo Infrastructure Investment	132	0	0	0	132	Dec-19
More jobs for our growing city – Better town centres	2,466	0	0	0	2,466	Dec-19
More jobs for our growing city – Micro parks	30	0	0	0	30	Dec-19
More jobs for our growing city – Renewing Higgins Neighbourhood Oval	800	0	0	0	800	Dec-19
More services for our suburbs – Better facilities at Higgins Neighbourhood Oval	600	0	0	0	600	Jun-20
More services for our suburbs – Better waste management	1,020	420	0	0	1,440	Jun-21
More services for our suburbs – Bringing Woden Town Square to life	200	0	0	0	200	Jun-20
More services for our suburbs – More trees	41	28	0	0	69	Jun-21
More services for our suburbs – Parkwood estate rehabilitation	3,724	0	0	0	3,724	Jun-20
More services for our suburbs – Replacement Synthetic grass at the Nicholls Neighbourhood oval	100	0	0	0	100	Jun-20
More services for our suburbs – Southern Memorial Park Detailed Design	721	0	0	0	721	Jun-20
More services for our suburbs – Stormwater infrastructure improvements	2,650	0	0	0	2,650	Jun-20
More support for families and inclusion – Keeping Canberrans safe in public places	200	200	100	0	500	Jun-22
Roads to Recovery Program (Federal Funding)	7,970	7,970	7,970	7,970	31,880	Jun-24
Transport for Canberra – Business system upgrade	300	0	0	0	300	Jun-20
Transport for Canberra – Real Time Passenger Information System	1,950	350	0	0	2,300	Jun-21
Urban Renewal Program – Molonglo 3 infrastructure	184	0	0	0	184	Jun-20
<b>Total</b>	<b>158,389</b>	<b>33,872</b>	<b>26,133</b>	<b>10,033</b>	<b>228,427</b>	
<b>Total 2019-20 Capital Works-in-Progress<sup>2</sup></b>	<b>475,249</b>	<b>235,845</b>	<b>115,078</b>	<b>27,975</b>	<b>854,147</b>	

**Notes:**

1. Projects that are physically completed retain funding while in the defects liability period of the project.
2. Table may not add due to rounding.

## **APPENDIX F**

# **CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES**



## APPENDIX F: CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES

**Table F.1**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Operating statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Revenue</b>							
200,946	Controlled Recurrent Payments <sup>1</sup>	189,516	254,451	34	259,691	264,414	267,016
	Grants revenue						
1,650	Commonwealth Grants	1,650	1,650	-	767	767	767
21,123	Gains from contributed assets	18,237	22,790	25	25,142	29,273	24,573
	Sales of goods and services						
	revenue						
75,516	Revenue from associates and joint ventures <sup>2</sup>	94,613	71,033	-25	68,346	84,171	84,807
429,519	Other sales of goods and services	431,187	443,356	3	452,300	462,494	474,734
4,687	Interest income <sup>3</sup>	6,064	3,092	-49	3,155	2,887	2,200
	Other revenue						
527,311	Land revenue (value add component) <sup>4</sup>	447,505	314,460	-30	434,442	655,939	683,423
14,313	Other revenue	15,200	12,871	-15	11,081	10,656	10,892
<b>1,275,065</b>	<b>Total revenue</b>	<b>1,203,972</b>	<b>1,123,703</b>	<b>-7</b>	<b>1,254,924</b>	<b>1,510,601</b>	<b>1,548,412</b>
<b>Expenses</b>							
186,527	Employee expenses	186,449	196,243	5	206,769	212,065	216,074
25,515	Superannuation expenses	26,902	29,551	10	31,352	32,015	32,723
101,878	Depreciation and amortisation	116,066	129,100	11	132,368	137,840	139,681
82,260	Interest expense	69,690	95,079	36	92,811	94,079	94,231
131,370	Other property expenses	118,012	103,833	-12	99,630	116,417	112,818
	(Income tax equivalents)						
	Other operating expenses						
262,684	Supplies and services	245,199	289,638	18	287,509	301,203	300,986
161,609	Other operating expenses	110,208	137,027	24	192,487	328,809	188,353
61,877	Grants and purchased services	62,552	65,384	5	72,776	99,436	251,363
<b>1,013,720</b>	<b>Total expenses</b>	<b>935,078</b>	<b>1,045,855</b>	<b>12</b>	<b>1,115,702</b>	<b>1,321,864</b>	<b>1,336,229</b>
<b>261,345</b>	<b>UPF Net Operating Balance</b>	<b>268,894</b>	<b>77,848</b>	<b>-71</b>	<b>139,222</b>	<b>188,737</b>	<b>212,183</b>

**Notes (variances between the 2019-20 Budget and 2018-19 Estimated Outcome):**

1. The increase largely reflects the commencement of Light Rail Stage 1 in Transport Canberra Operations.
2. The decrease is mainly due to a reduction in energy investment prices.
3. The decrease largely reflects a lower level of cash held by the Suburban Land Agency.
4. The decrease is mainly due to the delay of release and settlements in Whitlam, combined with lower settlements across the market.

**Table F.1 (cont.)**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Operating statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Other economic flows – included in the operating result</b>							
126,131	Land revenue (market gains on land sales) <sup>1</sup>	69,315	92,228	33	19,380	13,136	-
-134,148	Net gain/(loss) on sale/(disposal) of non-financial assets <sup>2</sup>	-135,369	-8,539	-94	-9,927	-20,024	-51,347
100	Net gain/(loss) on financial assets or liabilities at fair value	100	100	-	100	100	100
-2,392	Doubtful debts	-4,419	-2,930	-34	-2,748	-2,819	-2,895
<b>251,036</b>	<b>Operating result</b>	<b>198,521</b>	<b>158,707</b>	<b>-20</b>	<b>146,027</b>	<b>179,130</b>	<b>158,041</b>
<b>Other economic flows – other comprehensive income</b>							
<b>Items that will not be subsequently reclassified to profit or loss</b>							
170,017	Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	-65,924	-7,450	-89	90,844	101,544	104,516
<b>421,053</b>	<b>Total comprehensive income/(loss)</b>	<b>132,597</b>	<b>151,257</b>	<b>14</b>	<b>236,871</b>	<b>280,674</b>	<b>262,557</b>
<b>Key fiscal aggregates</b>							
<b>261,345</b>	<b>UPF Net Operating Balance less Net acquisition of non-financial assets</b>	<b>268,894</b>	<b>77,848</b>	<b>-71</b>	<b>139,222</b>	<b>188,737</b>	<b>212,183</b>
220,901	Payments for non-financial assets	179,502	334,828	87	240,739	246,439	212,699
-39,396	Sales of non-financial assets	-40,287	-82,262	104	-134,125	-160,027	-152,159
-122,131	Land revenue (net cash receipts)	-	-	-	-	-	-
	- change in inventories	71,284	183,152	157	79,211	-118,273	-163,917
-101,878	Depreciation and amortisation	-116,066	-129,100	11	-132,368	-137,840	-139,681
-17,212	Other movements in non-financial assets	-19,819	-17,462	-12	-21,912	-44,136	-200,790
-59,716	Total net acquisition of non-financial assets	74,614	289,156	288	31,545	-213,837	-443,848
<b>321,061</b>	<b>Net lending /(borrowing)</b>	<b>194,280</b>	<b>-211,308</b>	<b>-209</b>	<b>107,677</b>	<b>402,574</b>	<b>656,031</b>

**Notes (variances between the 2019-20 Budget and 2018-19 Estimated Outcome):**

1. The increase largely reflects forecast revenue in 2019-20 for the Belconnen 17/152 site.
2. The decrease mainly reflects the finalisation of asset recycling sites being transferred in 2018-19.

**Table F.1 (cont.)  
Australian Capital Territory  
Public Trading Enterprises  
Operating statement**

<b>2018-19 Budget \$'000</b>	<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
261,345 UPF Net Operating Balance	268,894	77,848	-71	139,222	188,737	212,183
<b>261,345 HEADLINE NET OPERATING BALANCE</b>	<b>268,894</b>	<b>77,848</b>	<b>-71</b>	<b>139,222</b>	<b>188,737</b>	<b>212,183</b>

**Table F.2**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Balance sheet**

<b>2018-19</b>		<b>2018-19</b>	<b>2019-20</b>		<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Budget</b>		<b>Est. outcome</b>	<b>Budget</b>	<b>Var</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>\$'000</b>		<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>							
111,898	Cash and deposits	242,799	158,909	-35	59,562	66,278	61,701
25,377	Advances paid	24,100	19,721	-18	16,646	8,031	18
30,000	Investments and loans	30,000	30,000	-	30,000	30,000	30,000
151,127	Receivables	109,721	110,916	1	111,399	112,404	114,270
1,023,917	Investments accounted for using the equity method	1,047,926	1,054,959	1	1,057,305	1,069,976	1,080,283
<b>1,342,319</b>	<b>Total financial assets</b>	<b>1,454,546</b>	<b>1,374,505</b>	<b>-6</b>	<b>1,274,912</b>	<b>1,286,689</b>	<b>1,286,272</b>
<b>Non-financial assets</b>							
<b>Produced assets</b>							
3,855,333	Property, plant and equipment	3,947,216	4,646,433	18	4,619,030	4,610,566	4,584,120
8,703	Investment properties	8,070	7,976	-1	7,964	7,970	7,976
49,196	Intangibles	45,545	46,912	3	49,594	45,358	38,926
371,681	Inventories	344,655	527,807	53	607,018	488,745	324,828
3,075	Assets held for sale	4,574	9,077	98	9,336	9,601	9,869
169,177	Capital works-in-progress	184,429	321,042	74	344,861	344,851	335,954
<b>Non-produced assets</b>							
4,093,528	Property, plant and equipment	3,958,951	4,033,398	2	4,110,536	4,188,707	4,266,038
<b>Other non-financial assets</b>							
30,939	Deferred tax assets	22,225	22,225	-	22,225	22,225	22,225
134	Other non-financial assets	-	-	-	-	-	-
<b>8,581,766</b>	<b>Total non-financial assets</b>	<b>8,515,665</b>	<b>9,614,870</b>	<b>13</b>	<b>9,770,564</b>	<b>9,718,023</b>	<b>9,589,936</b>
<b>9,924,085</b>	<b>Total assets</b>	<b>9,970,211</b>	<b>10,989,375</b>	<b>10</b>	<b>11,045,476</b>	<b>11,004,712</b>	<b>10,876,208</b>
<b>Liabilities</b>							
1,802,686	Advances received	1,785,351	1,836,139	3	1,864,076	1,891,154	1,915,887
	Borrowings – finance leases	-	322,385	100	311,934	300,927	289,942
57,258	Employee benefits	66,241	70,349	6	73,389	76,531	79,836
122,419	Other provisions	119,567	117,796	-1	117,937	119,736	115,729
149,696	Payables	228,965	175,094	-24	166,645	154,730	146,847
<b>Other liabilities</b>							
62,233	Current tax liability	41,632	36,721	-12	26,248	19,514	2,734
436,703	Deferred tax liability	503,565	503,565	-	503,565	503,565	503,565
148,325	Other liabilities	182,582	349,735	92	330,655	215,221	59,226
<b>2,779,320</b>	<b>Total liabilities</b>	<b>2,927,903</b>	<b>3,411,784</b>	<b>17</b>	<b>3,394,449</b>	<b>3,281,378</b>	<b>3,113,766</b>

**Table F.2 (cont.)  
Australian Capital Territory  
Public Trading Enterprises  
Balance sheet**

<b>2018-19 Budget \$'000</b>	<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>7,144,765 Net assets</b>	<b>7,042,308</b>	<b>7,577,591</b>	<b>8</b>	<b>7,651,027</b>	<b>7,723,334</b>	<b>7,762,442</b>
2,654,221 Accumulated funds	2,626,993	3,191,726	21	3,196,318	3,189,081	3,145,673
4,480,724 Asset revaluation surplus	4,415,315	4,385,865	-1	4,454,709	4,534,253	4,616,769
9,820 Other reserves	-	-	-	-	-	-
<b>7,144,765 Net worth</b>	<b>7,042,308</b>	<b>7,577,591</b>	<b>8</b>	<b>7,651,027</b>	<b>7,723,334</b>	<b>7,762,442</b>
<b>-1,437,001 Net financial worth</b>	<b>-1,473,357</b>	<b>-2,037,279</b>	<b>38</b>	<b>-2,119,537</b>	<b>-1,994,689</b>	<b>-1,827,494</b>
<b>1,635,411 Net debt</b>	<b>1,488,452</b>	<b>1,949,894</b>	<b>31</b>	<b>2,069,802</b>	<b>2,087,772</b>	<b>2,114,110</b>



**Table F.3**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Statement of changes in equity**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Opening equity</b>							
2,675,501	Opening accumulated funds	2,670,357	2,626,993	-2	3,191,726	3,196,318	3,189,081
4,203,454	Opening asset revaluation surplus	4,373,986	4,415,315	1	4,385,865	4,454,709	4,534,253
9,820	Opening other reserves	-	-	-	-	-	-
<b>6,888,775</b>	<b>Opening balance</b>	<b>7,044,343</b>	<b>7,042,308</b>	<b>..</b>	<b>7,577,591</b>	<b>7,651,027</b>	<b>7,723,334</b>
<b>Comprehensive income</b>							
<i>Included in accumulated funds:</i>							
251,036	<i>Operating result for the period included in asset revaluation surplus:</i>	198,521	158,707	-20	146,027	179,130	158,041
170,017	Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	-65,924	-7,450	-89	90,844	101,544	104,516
<b>421,053</b>	<b>Total comprehensive income/(loss)</b>	<b>132,597</b>	<b>151,257</b>	<b>14</b>	<b>236,871</b>	<b>280,674</b>	<b>262,557</b>
<b>Other</b>							
-107,253	Transfer to/(from) accumulated funds	-107,253	22,000	-121	22,000	22,000	22,000
107,253	Transfer to/(from) asset revaluation surplus	107,253	-22,000	-121	-22,000	-22,000	-22,000
<b>0</b>	<b>Total other</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transactions involving owners affecting accumulated funds</b>							
80,681	Capital injections	30,765	154,333	402	54,381	44,770	26,042
-122,386	Capital distributions	-123,496	-	-100	-	-	-
170,783	Transfer of assets from the General Government Sector	180,723	457,918	153	-	-	-
-294,141	Dividends approved	-222,624	-228,225	3	-217,816	-253,137	-249,491
<b>-165,063</b>	<b>Total transactions involving owners affecting accumulated funds</b>	<b>-134,632</b>	<b>384,026</b>	<b>-385</b>	<b>-163,435</b>	<b>-208,367</b>	<b>-223,449</b>
<b>Closing equity</b>							
2,654,221	Closing accumulated funds	2,626,993	3,191,726	21	3,196,318	3,189,081	3,145,673
4,480,724	Closing asset revaluation surplus	4,415,315	4,385,865	-1	4,454,709	4,534,253	4,616,769
9,820	Closing other reserves	-	-	-	-	-	-
<b>7,144,765</b>	<b>Closing balance</b>	<b>7,042,308</b>	<b>7,577,591</b>	<b>8</b>	<b>7,651,027</b>	<b>7,723,334</b>	<b>7,762,442</b>

**Table F.4**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Cash flow statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Cash flows from operating activities</b>							
<b>Cash receipts</b>							
1,117,462	Receipts from sales of goods and services	997,919	890,880	-11	940,332	1,159,498	1,169,003
202,596	Grants/subsidies received	191,166	256,100	34	260,457	265,180	267,782
3,517	Interest receipts	4,973	2,194	-56	1,938	2,016	2,132
100,797	Other receipts	102,462	112,358	10	104,646	115,290	113,673
<b>1,424,372</b>	<b>Total cash received from operating activities</b>	<b>1,296,520</b>	<b>1,261,532</b>	<b>-3</b>	<b>1,307,373</b>	<b>1,541,984</b>	<b>1,552,590</b>
<b>Cash payments</b>							
-158,737	Payments for employees	-153,243	-168,420	10	-175,925	-180,178	-184,007
-343,470	Payments for goods and services	-335,178	-374,161	12	-373,825	-390,552	-393,633
-23,542	Grants/subsidies paid	-24,496	-24,849	1	-25,298	-25,596	-25,563
-83,986	Interest paid	-75,770	-99,444	31	-98,211	-97,641	-97,417
-326,765	Other payments	-268,263	-412,037	54	-356,849	-336,840	-311,035
<b>-936,500</b>	<b>Total cash paid from operating activities</b>	<b>-856,950</b>	<b>-1,078,911</b>	<b>26</b>	<b>-1,030,108</b>	<b>-1,030,807</b>	<b>-1,011,655</b>
<b>487,872</b>	<b>Net cash flows from operating activities</b>	<b>439,570</b>	<b>182,621</b>	<b>-58</b>	<b>277,265</b>	<b>511,177</b>	<b>540,935</b>
<b>Cash flows from investing activities</b>							
<b>Cash flows from investments in non-financial assets</b>							
39,396	Sales of non-financial assets	40,287	82,262	104	134,125	160,027	152,159
-220,901	Payments for non-financial assets	-179,502	-334,828	87	-240,739	-246,439	-212,699
<b>-181,505</b>	<b>Net cash flows from investments in non-financial assets</b>	<b>-139,215</b>	<b>-252,566</b>	<b>81</b>	<b>-106,614</b>	<b>-86,412</b>	<b>-60,540</b>
<b>Cash flows from investments in financial assets for policy purposes</b>							
<b>Cash receipts</b>							
8,563	Repayment of loans	3,459	11,016	218	14,871	15,582	8,081
80,681	Capital receipts from government agencies	30,765	154,333	402	54,381	44,770	26,042
<b>89,244</b>	<b>Total cash received from investment in financial assets for policy purposes</b>	<b>34,224</b>	<b>165,349</b>	<b>383</b>	<b>69,252</b>	<b>60,352</b>	<b>34,123</b>

**Table F.4 (cont.)**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Cash flow statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<i>Cash payments</i>							
-18,821	Issue of loan	-12,909	-5,740	-56	-10,579	-6,095	-
-84,565	Dividends – market gains on land sales	-47,905	-60,563	26	-13,248	-8,876	-
-170,179	Distributions to Government	-120,964	-51,308	-58	-	-	-
<b>-273,565</b>	<b>Total cash paid from investment in financial assets for policy purposes</b>	<b>-181,778</b>	<b>-117,611</b>	<b>-35</b>	<b>-23,827</b>	<b>-14,971</b>	<b>0</b>
<b>-184,321</b>	<b>Net cash flows from investments in financial assets for policy purposes</b>	<b>-147,554</b>	<b>47,738</b>	<b>-132</b>	<b>45,425</b>	<b>45,381</b>	<b>34,123</b>
<i>Cash flows from investments in financial assets for liquidity purposes</i>							
403	Sales of investments	403	247	-39	182	183	183
<b>403</b>	<b>Net cash flows from investments in financial assets for liquidity purposes</b>	<b>403</b>	<b>247</b>	<b>-39</b>	<b>182</b>	<b>183</b>	<b>183</b>
<b>-365,423</b>	<b>Net cash flows from investing activities</b>	<b>-286,366</b>	<b>-204,581</b>	<b>-29</b>	<b>-61,007</b>	<b>-40,848</b>	<b>-26,234</b>
<i>Cash flows from financing activities</i>							
<i>Cash receipts</i>							
96,300	Advances received	85,800	292,300	241	23,800	23,300	20,300
<b>96,300</b>	<b>Total cash received from financing activities</b>	<b>85,800</b>	<b>292,300</b>	<b>241</b>	<b>23,800</b>	<b>23,300</b>	<b>20,300</b>
<i>Cash payments</i>							
-23,208	Advances paid	-23,182	-243,336	950	-5,892	-5,700	-5,480
-168,452	Dividends paid	-58,220	-2,152	-96	-223,410	-358,061	-404,498
-131,637	Other financing	-111,447	-108,743	-2	-110,104	-123,153	-129,601
<b>-323,297</b>	<b>Total cash paid from financing activities</b>	<b>-192,849</b>	<b>-354,231</b>	<b>84</b>	<b>-339,406</b>	<b>-486,914</b>	<b>-539,579</b>
<b>-226,997</b>	<b>Net cash flows from financing activities</b>	<b>-107,049</b>	<b>-61,931</b>	<b>-42</b>	<b>-315,606</b>	<b>-463,614</b>	<b>-519,279</b>
<b>-104,548</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>46,155</b>	<b>-83,891</b>	<b>-282</b>	<b>-99,348</b>	<b>6,715</b>	<b>-4,578</b>
<b>246,446</b>	<b>Cash and cash equivalents at the beginning of reporting period</b>	<b>226,644</b>	<b>272,799</b>	<b>20</b>	<b>188,908</b>	<b>89,560</b>	<b>96,275</b>
<b>141,898</b>	<b>Cash and cash equivalents at the end of reporting period</b>	<b>272,799</b>	<b>188,908</b>	<b>-31</b>	<b>89,560</b>	<b>96,275</b>	<b>91,697</b>

**Table F.4 (cont.)**  
**Australian Capital Territory**  
**Public Trading Enterprises**  
**Cash flow statement**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>Key fiscal aggregates</b>							
487,872	Net cash from operating activities	439,570	182,621	-58	277,265	511,177	540,935
-181,505	Net cash flows from investments in non-financial assets	-139,215	-252,566	81	-106,614	-86,412	-60,540
-300,089	Distributions paid	-169,667	-110,895	-35	-333,514	-481,214	-534,099
<b>6,278</b>	<b>Cash surplus (+)/Deficit (-)</b>	<b>130,688</b>	<b>-180,840</b>	<b>-238</b>	<b>-162,863</b>	<b>-56,449</b>	<b>-53,704</b>

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



## **APPENDIX G**

### **CONSOLIDATED FINANCIAL STATEMENTS – TOTAL TERRITORY**



## APPENDIX G: CONSOLIDATED FINANCIAL STATEMENTS – TOTAL TERRITORY

**Table G.1**  
**Australian Capital Territory**  
**Consolidated Total Territory**  
**Operating statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Revenue</b>							
1,852,103	Taxation revenue	1,904,882	2,002,314	5	2,126,210	2,245,730	2,361,123
	Grants revenue						
2,312,919	Commonwealth grants	2,307,700	2,407,154	4	2,526,086	2,675,858	2,836,467
193,327	Gains from contributed assets	126,713	113,038	-11	99,357	88,761	84,007
	Sales of goods and services						
75,516	Revenue from associates and joint ventures	94,613	71,033	-25	68,346	84,171	84,807
888,197	Other sales of goods and services	888,363	919,279	3	941,370	960,145	983,159
44,745	Interest income	39,003	40,444	4	37,861	37,806	35,252
38,633	Distributions from financial investments	36,465	45,330	24	50,040	53,561	57,314
56,516	Dividend income	75,760	78,623	4	85,837	92,036	98,640
	Other revenue						
477,311	Land revenue (value add component)	397,505	257,460	-35	338,442	588,939	616,423
137,912	Other revenue	173,042	184,862	7	183,490	185,461	190,101
<b>6,077,179</b>	<b>Total revenue</b>	<b>6,044,046</b>	<b>6,119,537</b>	<b>1</b>	<b>6,457,039</b>	<b>7,012,468</b>	<b>7,347,293</b>
<b>Expenses</b>							
2,246,559	Employee expenses	2,276,118	2,341,350	3	2,396,361	2,451,713	2,495,920
	Superannuation expenses						
378,066	Superannuation interest cost	305,767	390,951	28	402,759	413,815	424,077
338,855	Other superannuation expenses	409,508	343,963	-16	351,784	352,111	352,267
537,684	Depreciation and amortisation	530,217	605,083	14	624,453	648,143	663,686
203,761	Interest expense	178,951	235,007	31	247,750	260,068	248,091
	Other operating expenses						
1,307,531	Supplies and services	1,273,548	1,302,417	2	1,405,031	1,559,741	1,679,749
275,905	Other operating expenses	237,969	296,863	25	342,192	489,947	355,348
920,190	Grants and purchased services	930,129	1,022,086	10	1,100,969	1,033,524	1,044,986
<b>6,208,551</b>	<b>Total expenses</b>	<b>6,142,207</b>	<b>6,537,720</b>	<b>6</b>	<b>6,871,299</b>	<b>7,209,062</b>	<b>7,264,124</b>
<b>-131,372</b>	<b>UPF Net Operating Balance</b>	<b>-98,161</b>	<b>-418,183</b>	<b>326</b>	<b>-414,260</b>	<b>-196,594</b>	<b>83,169</b>



**Table G.1 (cont.)**  
**Australian Capital Territory**  
**Consolidated Total Territory**  
**Operating statement**

2018-19 Budget \$'000	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	
<b>Other economic flows – included in the operating result</b>							
126,131	69,315	92,228	33	19,380	13,136	-	
82,090	52,664	55,982	6	47,357	34,448	13,412	
-148,131	-166,050	-61,534	-63	-14,998	-25,940	-58,095	
183,425	113,731	198,176	74	215,078	230,605	247,194	
-9,531	-14,283	-13,576	-5	-13,535	-13,672	-13,748	
<b>102,612</b>	<b>Operating result</b>	<b>-42,784</b>	<b>-146,907</b>	<b>243</b>	<b>-160,978</b>	<b>41,983</b>	<b>271,932</b>
<b>Other economic flows – other comprehensive income</b>							
<b>Items that will not be subsequently reclassified to profit or loss</b>							
-	2,190,763	-	-100	-	-	-	
-438	111,748	-30,357	-127	-518	-518	-518	
205,975	20,191	33,004	63	202,392	125,611	114,911	
<b>308,149</b>	<b>Total comprehensive income/(loss)</b>	<b>2,279,918</b>	<b>-144,260</b>	<b>-106</b>	<b>40,896</b>	<b>167,076</b>	<b>386,325</b>
<b>Key fiscal aggregates</b>							
<b>-131,372</b>	<b>UPF Net Operating Balance</b>	<b>-98,161</b>	<b>-418,183</b>	<b>326</b>	<b>-414,260</b>	<b>-196,594</b>	<b>83,169</b>
<b>Less net acquisition of non-financial assets</b>							
879,787	858,837	1,156,243	35	935,727	1,037,618	823,350	
-272,715	-221,542	-209,831	-5	-282,990	-292,917	-285,049	
-169,335	-	-	-	-	-	-	
-	115,978	183,316	58	79,375	-118,109	-163,753	
-537,684	-530,217	-605,083	14	-624,453	-648,143	-663,686	
192,635	126,055	112,383	-11	20,948	67,005	62,251	
92,688	349,111	637,028	82	128,607	45,454	-226,887	
<b>-224,060</b>	<b>Net lending / (borrowing)</b>	<b>-447,272</b>	<b>-1,055,211</b>	<b>136</b>	<b>-542,867</b>	<b>-242,048</b>	<b>310,056</b>

**Table G.1 (cont.)  
Australian Capital Territory  
Consolidated Total Territory  
Operating statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/DEFICIT</b>							
-131,372	UPF Net Operating Balance	-98,161	-418,183	326	-414,260	-196,594	83,169
183,325	Superannuation return adjustment	196,563	197,703	1	212,019	227,381	243,868
<b>51,953</b>	<b>HEADLINE NET OPERATING BALANCE</b>	<b>98,402</b>	<b>-220,480</b>	<b>-324</b>	<b>-202,241</b>	<b>30,787</b>	<b>327,037</b>

**Table G.2**  
**Australian Capital Territory**  
**Consolidated Total Territory**  
**Balance sheet**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>Financial assets</b>							
718,626	Cash and deposits	1,323,413	918,900	-31	820,988	835,362	837,274
89,430	Advances paid	87,212	80,333	-8	74,758	62,643	51,130
4,628,988	Investments and loans	4,957,289	5,391,065	9	5,808,891	6,168,511	6,557,007
410,244	Receivables	638,265	376,372	-41	419,472	394,022	382,903
1,023,917	Investments accounted for using the equity method	1,047,926	1,054,959	1	1,057,305	1,069,976	1,080,283
<b>6,871,205</b>	<b>Total financial assets</b>	<b>8,054,105</b>	<b>7,821,629</b>	<b>-3</b>	<b>8,181,414</b>	<b>8,530,514</b>	<b>8,908,597</b>
<b>Non-financial assets</b>							
Produced assets							
16,315,022	Property, plant and equipment	16,266,199	16,863,343	4	17,273,821	17,771,022	18,119,165
14,113	Investment properties	13,480	13,386	-1	13,374	13,380	13,386
402,665	Intangibles	490,904	566,183	15	552,595	524,154	484,593
391,226	Inventories	364,071	547,387	50	626,762	508,653	344,900
10,976	Assets held for sale	27,820	29,534	6	9,336	9,601	9,869
713,214	Capital works-in-progress	665,740	934,710	40	1,163,355	1,116,709	1,160,819
Non-produced assets							
7,757,466	Property, plant and equipment	7,787,356	7,797,571	..	7,780,928	7,763,244	7,744,729
29,917	Biological assets	29,769	29,769	-	29,769	29,769	29,769
15,056	Other non-financial assets	11,845	11,845	-	11,845	11,845	11,845
<b>25,649,655</b>	<b>Total non-financial assets</b>	<b>25,657,184</b>	<b>26,793,728</b>	<b>4</b>	<b>27,461,785</b>	<b>27,748,377</b>	<b>27,919,075</b>
<b>32,520,860</b>	<b>Total assets</b>	<b>33,711,289</b>	<b>34,615,357</b>	<b>3</b>	<b>35,643,199</b>	<b>36,278,891</b>	<b>36,827,672</b>
<b>Liabilities</b>							
15,632	Deposits held	-	-	-	-	-	-
1,017,156	Advances received	1,017,156	958,327	-6	849,434	740,503	631,585
Borrowings							
488,040	Finance leases	441,059	891,244	102	1,121,597	1,087,119	1,055,701
3,523,614	Other borrowings	4,446,863	4,772,213	7	5,307,534	5,591,961	5,423,185
7,803,907	Superannuation	7,811,956	8,064,808	3	8,303,414	8,524,709	8,730,220
766,981	Employee benefits	789,302	826,980	5	868,279	910,386	953,340
479,226	Other provisions	786,504	802,169	2	813,344	841,838	864,530
442,415	Payables	299,062	341,413	14	380,655	416,512	616,990
38,331	Other liabilities	35,769	18,845	-47	18,688	18,533	18,466
<b>14,575,302</b>	<b>Total liabilities</b>	<b>15,627,671</b>	<b>16,675,999</b>	<b>7</b>	<b>17,662,945</b>	<b>18,131,561</b>	<b>18,294,017</b>

**Table G.2 (cont.)  
Australian Capital Territory  
Consolidated Total Territory  
Balance sheet**

<b>2018-19 Budget \$'000</b>		<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>17,945,558</b>	<b>Net assets</b>	<b>18,083,618</b>	<b>17,939,358</b>	<b>-1</b>	<b>17,980,254</b>	<b>18,147,330</b>	<b>18,533,655</b>
7,251,201	Accumulated funds	7,376,049	7,220,785	-2	7,081,289	7,144,754	7,438,168
10,683,437	Asset revaluation surplus	10,706,469	10,717,473	..	10,897,865	11,001,476	11,094,387
10,920	Other reserves	1,100	1,100	-	1,100	1,100	1,100
<b>17,945,558</b>	<b>Net worth</b>	<b>18,083,618</b>	<b>17,939,358</b>	<b>-1</b>	<b>17,980,254</b>	<b>18,147,330</b>	<b>18,533,655</b>
-7,704,097	<b>Net financial worth</b>	-7,573,566	-8,854,370	17	-9,481,531	-9,601,047	-9,385,420
8,728,014	<b>Net financial liabilities</b>	8,621,492	9,909,329	15	10,538,836	10,671,023	10,465,703
-392,602	<b>Net debt (including superannuation related investments)</b>	-462,836	231,486	-150	573,928	353,067	-334,940
3,743,778	<b>Net debt (excluding superannuation related investments)</b>	3,670,189	4,663,823	27	5,327,448	5,451,304	5,133,275

**Table G.3**  
**Australian Capital Territory**  
**Consolidated Total Territory**  
**Statement of changes in equity**

2018-19 Budget \$'000	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Opening equity</b>						
7,256,280	5,223,575	7,376,049	41	7,220,785	7,081,289	7,144,754
10,370,209	10,579,025	10,706,469	1	10,717,473	10,897,865	11,001,476
10,920	1,100	1,100	-	1,100	1,100	1,100
<b>17,637,409</b>	<b>15,803,699</b>	<b>18,083,618</b>	<b>14</b>	<b>17,939,358</b>	<b>17,980,254</b>	<b>18,147,330</b>
<b>Comprehensive income</b>						
<i>Included in accumulated funds:</i>						
102,612	-42,784	-146,907	243	-160,978	41,983	271,932
-	2,190,763	-	-100	-	-	-
-438	111,748	-30,357	-127	-518	-518	-518
<i>Included in asset revaluation surplus:</i>						
205,975	20,191	33,004	63	202,392	125,611	114,911
<b>308,149</b>	<b>2,279,918</b>	<b>-144,260</b>	<b>-106</b>	<b>40,896</b>	<b>167,076</b>	<b>386,325</b>
<b>Other</b>						
-107,253	-107,253	22,000	-121	22,000	22,000	22,000
107,253	107,253	-22,000	-121	-22,000	-22,000	-22,000
<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Closing equity</b>						
7,251,201	7,376,049	7,220,785	-2	7,081,289	7,144,754	7,438,168
10,683,437	10,706,469	10,717,473	..	10,897,865	11,001,476	11,094,387
10,920	1,100	1,100	-	1,100	1,100	1,100
<b>17,945,558</b>	<b>18,083,618</b>	<b>17,939,358</b>	<b>-1</b>	<b>17,980,254</b>	<b>18,147,330</b>	<b>18,533,655</b>

**Table G.4**  
**Australian Capital Territory**  
**Consolidated Total Territory**  
**Cash flow statement**

2018-19 Budget \$'000		2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<b>Cash flows from operating activities</b>							
<b>Cash receipts</b>							
1,856,128	Taxes received	1,874,400	1,987,665	6	2,113,379	2,303,166	2,557,217
1,530,369	Receipts from sales of goods and services	1,389,003	1,328,922	-4	1,353,584	1,580,410	1,600,357
2,318,587	Grants/subsidies received	2,335,204	2,434,361	4	2,554,586	2,705,887	2,868,268
38,633	Distributions from financial investments	41,998	45,330	8	50,040	53,561	57,314
43,527	Interest receipts	37,460	35,275	-6	29,157	29,448	27,699
56,516	Dividends	76,331	79,123	4	85,837	92,036	98,640
457,607	Other receipts	533,006	497,136	-7	487,636	500,097	502,830
<b>6,301,367</b>	<b>Total cash received from operating activities</b>	<b>6,287,402</b>	<b>6,407,812</b>	<b>2</b>	<b>6,674,219</b>	<b>7,264,605</b>	<b>7,712,325</b>
<b>Cash payments</b>							
-2,633,457	Payments for employees	-2,689,960	-2,772,173	3	-2,846,838	-2,929,085	-2,998,180
-1,274,746	Payments for goods and services	-1,357,256	-1,372,699	1	-1,485,436	-1,655,849	-1,780,940
-918,216	Grants/subsidies paid	-930,273	-1,030,754	11	-1,031,760	-1,020,917	-1,032,379
-202,543	Interest paid	-182,116	-236,662	30	-249,990	-260,380	-249,304
-698,955	Other payments	-554,537	-739,892	33	-686,524	-653,726	-656,908
<b>-5,727,917</b>	<b>Total cash paid from operating activities</b>	<b>-5,714,142</b>	<b>-6,152,180</b>	<b>8</b>	<b>-6,300,548</b>	<b>-6,519,957</b>	<b>-6,717,711</b>
<b>573,450</b>	<b>Net cash flows from operating activities</b>	<b>573,260</b>	<b>255,632</b>	<b>-55</b>	<b>373,671</b>	<b>744,648</b>	<b>994,614</b>
<b>Cash flows from investing activities</b>							
<b>Cash flows from investments in non-financial assets</b>							
272,715	Sales of non-financial assets	221,542	209,831	-5	282,990	292,917	285,049
-879,787	Payments for non-financial assets	-858,837	-1,156,243	35	-935,727	-1,037,618	-823,350
<b>-607,072</b>	<b>Net cash flows from investments in non-financial assets</b>	<b>-637,295</b>	<b>-946,412</b>	<b>49</b>	<b>-652,737</b>	<b>-744,701</b>	<b>-538,301</b>
<b>Cash flows from investments in financial assets for policy purposes</b>							
<b>Cash receipts</b>							
11,240	Repayment of loans	6,136	13,693	123	17,548	19,259	11,758
-	Capital receipts from government agencies	-	289,000	100	-	-	-
<b>11,240</b>	<b>Total cash received from investment in financial assets for policy purposes</b>	<b>6,136</b>	<b>302,693</b>	<b>#</b>	<b>17,548</b>	<b>19,259</b>	<b>11,758</b>

**Table G.4 (cont.)**  
**Australian Capital Territory**  
**Consolidated Total Territory**  
**Cash flow statement**

2018-19 Budget \$'000	2018-19 Est. outcome \$'000	2019-20 Budget \$'000	Var %	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000
<i>Cash payments</i>						
-18,821	-12,909	-5,740	-56	-10,579	-6,095	-
<b>-18,821</b>	<b>-12,909</b>	<b>-5,740</b>	<b>-56</b>	<b>-10,579</b>	<b>-6,095</b>	<b>0</b>
<i>Total cash paid from investment in financial assets for policy purposes</i>						
-7,581	-6,773	296,953	#	6,969	13,164	11,758
<i>Net cash flows from investments in financial assets for policy purposes</i>						
<i>Cash flows from investments in financial assets for liquidity purposes</i>						
406,306	35,439	34,175	-4	34,473	34,641	34,665
-91,409	-62,659	-264,354	322	-236,189	-161,421	-173,215
<b>314,897</b>	<b>-27,220</b>	<b>-230,179</b>	<b>746</b>	<b>-201,716</b>	<b>-126,780</b>	<b>-138,550</b>
<i>Net cash flows from investments in financial assets for liquidity purposes</i>						
-299,756	-671,288	-879,638	31	-847,484	-858,317	-665,093
<i>Net cash flows from investing activities</i>						
<i>Cash flows from financing activities</i>						
<i>Cash receipts</i>						
81,320	1,010,529	325,830	-68	536,143	285,260	300
<b>81,320</b>	<b>1,010,529</b>	<b>325,830</b>	<b>-68</b>	<b>536,143</b>	<b>285,260</b>	<b>300</b>
<i>Total cash received from financing activities</i>						
<i>Cash payments</i>						
-436,302	-431,544	-106,336	-75	-160,241	-157,208	-327,885
<b>-436,302</b>	<b>-431,544</b>	<b>-106,336</b>	<b>-75</b>	<b>-160,241</b>	<b>-157,208</b>	<b>-327,885</b>
<i>Total cash paid from financing activities</i>						
-354,982	578,985	219,494	-62	375,902	128,052	-327,585
<i>Net cash flows from financing activities</i>						
<b>-81,288</b>	<b>480,957</b>	<b>-404,512</b>	<b>-184</b>	<b>-97,911</b>	<b>14,383</b>	<b>1,936</b>
<i>Net increase/(decrease) in cash and cash equivalents</i>						
858,949	880,640	1,361,596	55	957,084	859,173	873,556
<i>Cash and cash equivalents at the beginning of reporting period</i>						
777,661	1,361,596	957,084	-30	859,173	873,556	875,492
<i>Cash and cash equivalents at the end of reporting period</i>						

**Table G.4 (cont.)  
Australian Capital Territory  
Consolidated Total Territory  
Cash flow statement**

<b>2018-19 Budget \$'000</b>	<b>2018-19 Est. outcome \$'000</b>	<b>2019-20 Budget \$'000</b>	<b>Var %</b>	<b>2020-21 Estimate \$'000</b>	<b>2021-22 Estimate \$'000</b>	<b>2022-23 Estimate \$'000</b>
<b>Key fiscal aggregates</b>						
573,450 Net cash from operating activities	573,260	255,632	-55	373,671	744,648	994,614
-607,072 Investments in non-financial assets	-637,295	-946,412	49	-652,737	-744,701	-538,301
<b>-33,622 Cash surplus (+)/deficit (-)</b>	<b>-64,035</b>	<b>-690,780</b>	<b>979</b>	<b>-279,066</b>	<b>-53</b>	<b>456,313</b>

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





## **APPENDIX H**

### **GENERAL GOVERNMENT SECTOR – KEY AGGREGATES HISTORY**



## APPENDIX H: GENERAL GOVERNMENT SECTOR – KEY AGGREGATES HISTORY

Year	Headline net operating balance \$m	Net debt <sup>1</sup> \$m	Net financial liabilities \$m	Net worth \$m
2006-07	89.0	-555.9	N/A	11,181.6
2007-08 <sup>2</sup>	298.1	-933.3	512.1	13,305.2
2008-09	-26.5	-992.3	1,739.4	14,486.5
2009-10	147.9	-941.8	2,246.3	15,414.2
2010-11	22.9	-735.9	2,526.1	15,875.6
2011-12	43.8	-473.2	5,472.0	13,792.5
2012-13	-273.8	109.8	4,840.7	15,198.8
2013-14	-187.8	312.7	5,559.0	14,879.9
2014-15	-479.3	909.6	7,002.7	14,284.9
2015-16	-173.7	1,646.5	9,665.9	12,408.5
2016-17	-26.7	1,452.8	6,984.0	15,663.8
2017-18	80.8	1,302.2	7,706.5	15,343.9
2018-19 <sup>3,4</sup>	43.8	2,181.7	6,571.0	17,635.1
2019-20 <sup>3,4</sup>	-89.1	2,713.9	7,274.9	17,503.7
2020-21 <sup>3</sup>	-66.8	3,257.6	7,809.4	17,555.1
2021-22 <sup>3</sup>	135.2	3,363.5	8,047.0	17,728.9
2022-23 <sup>3</sup>	413.3	3,019.2	7,981.8	18,132.0

**Notes:**

1. Net Debt excludes superannuation related investments.
2. The ACT did not measure Net financial liabilities until 2008-09. The amount for 2007-08 reflects the amount presented in the 2008-09 Loan Council Allocation Outcome Report for comparative purposes.
3. Reflects current estimates in the 2019-20 Budget.
4. From 2019-20 Net debt includes the impact of changes to AASB 16 which recognises the majority of leases on the Balance sheet, increasing Net debt. For this reason, Net debt from 2019-20 is not directly comparable to prior years.



# APPENDIX I

## LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME



## **APPENDIX I: LOOSE-FILL ASBESTOS INSULATION ERADICATION SCHEME**

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On 28 October 2014, the Government announced the implementation of a voluntary buyback scheme for all residential properties in the ACT affected by loose-fill asbestos (Mr Fluffy) insulation.

The legacy of loose-fill asbestos insulation has directly affected over 1,000 families across Canberra.

The decision to eradicate loose-fill asbestos from residential dwellings in the ACT recognises the significant health, social, practical and financial impacts it has had on owners of affected properties and the wider community.

Under the Loose-fill Asbestos Insulation Eradication Scheme, the ACT Government has offered to acquire, demolish and safely dispose of all affected properties. Remediated blocks are being resold to defray some of the overall impact on the budget. Remediated blocks are being offered to their former owner in the first instance, followed by government agencies, and then to the wider public.

The Asbestos Eradication Scheme also includes emergency financial assistance and relocation support, as well as stamp duty concessions to support affected owners to purchase another property in the ACT, or to support the purchase of their remediated block.

### **Progress to date**

There were 1,023 houses in the ACT eligible for the Asbestos Eradication Scheme, comprising 1,018 private properties and five Territory-owned properties. In addition, 15 eligible impacted properties – those sharing connecting walls or other physical links to affected properties – were identified. A further two impacted properties were determined to be eligible in January 2019.

As at 21 May 2019, 1,009 property owners have agreed to participate in the scheme, comprising of 994 owners of affected properties and the owners of a further 15 impacted properties.

As at 21 May 2019:

- 992 homeowners had accepted offers to surrender or sell their property to the Territory through the scheme
- 965 properties have been purchased totalling \$691 million
- 949 properties have been demolished through the scheme
- 866 remediated blocks have been released for sale
- 850 remediated blocks have been sold



- of the 850 blocks that have been sold, 799 blocks were sold via the auction process
  - 46 former home owners had accepted the purchase price to buy back their remediated block through the First Right of Refusal process
  - five remediated blocks had been sold directly to Housing ACT.
- 12 homeowners have taken part in the Assisted Private Demolition program
  - five Territory-owned properties have been demolished and remediated
  - 682 owners have exercised Stamp Duty concessions to the value of \$16.7 million
  - \$12.3 million has been paid in emergency financial support to homeowners, which includes the full payment of 1,098 relocation assistance grants.

The Asbestos Response Taskforce has engaged licensed asbestos assessors and removalists, and demolition contractors to safely demolish affected properties.

WorkSafe ACT is monitoring demolition work as part of its regulatory function. The taskforce continues to work closely with industry and regulators to ensure affected properties are demolished safely, and every block is remediated properly. Safety is the key overarching consideration, particularly in relation to health and wellbeing of workers and the wider community.

## **Budget estimates**

The Government has updated the budget estimates associated with the Asbestos Eradication Scheme to reflect the outcomes achieved to date. The budget indicates a revised net cash cost of \$289 million, down from an estimate of \$295 million in the 2018-19 Budget. A summary of these budget adjustments is shown below.

Total cash payments estimated over the life of the Asbestos Eradication Scheme (excluding contingency) are \$922 million. This is \$1 million higher than the 2018-19 Budget estimate. This is mainly due to the increased demolition and remediation expenses which are partially offset by the reduction of operational expenses as a result of scaling down the taskforce as the bulk of demolitions are completed.

Compared to the 2018-19 Budget, the number of property sales is estimated to:

- decrease by 60 in 2018-19
- increase by 43 in 2019-20
- increase by 55 in 2020-21.

The variance in the expected timing of property sales is primarily due to recent moderation in the Canberra property market. To accommodate changing market conditions, the taskforce has approved longer settlement timeframes in some circumstances, deferring a number of settlements.

Overall, the Net Sales Revenue from the scheme is anticipated to increase by \$3 million from the 2018-19 Budget estimate, to \$630 million.

Tables I.1 and I.2 show the net cash flow and Headline Net Operating Balance movements compared to the 2018-19 Budget.

The Commonwealth Government provided the Territory with a loan to support the financing of the Asbestos Eradication Scheme. The total loan of \$1 billion was provided in two tranches: \$750 million in January 2015 at a fixed interest rate of 2.605 per cent, and \$250 million in July 2015 at a fixed interest rate of 3.015 per cent. The weighted cost of the loan is 2.708 per cent. The loan term is approximately 10 years, from January 2015 to 30 June 2024. Repayments of principal commenced on 30 June 2018 and will be paid annually until 30 June 2024. Principal repayments are to be made according to the following schedule:

- \$50 million at the end of June each year from 2018 to 2020
- \$100 million at the end of June each year from 2021 to 2023
- \$550 million at the end of June 2024.

Loan interest to be paid to the Commonwealth in 2019-20 is estimated to be \$24.4 million.

The expected financial impacts of the program are presented in the tables below. Note that these tables do not include the financial implications of stamp duty waivers exercised by affected and impacted homeowners because these are recorded separately by the ACT Revenue Office.

**Table I.1: Asbestos Eradication Scheme cash flow impact excluding contingency**

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
<b>2018-19 Budget</b>					
<b>Payments</b>					
Financial assistance package	200	482	291	0	0
Purchase costs <sup>1</sup>	4,759	13,241	200	0	0
Demolition and remediation	7,490	18,056	15,865	0	0
Other costs <sup>2</sup>	4,230	4,166	3,931	0	0
<b>Total payments</b>	<b>16,679</b>	<b>35,945</b>	<b>20,287</b>	<b>0</b>	<b>0</b>
<b>Receipts</b>					
Net sales revenue	135,559	15,336	15,756	0	0
<b>Total receipts</b>	<b>135,559</b>	<b>15,336</b>	<b>15,756</b>	<b>0</b>	<b>0</b>
<b>Net cash flow</b>	<b>118,880</b>	<b>-20,610</b>	<b>-4,531</b>	<b>0</b>	<b>0</b>
<b>2019-20 Budget</b>					
<b>Payments</b>					
Financial assistance package	309	120	140	0	0
Purchase costs <sup>1</sup>	8,657	8,962	10,542	0	0
Demolition and remediation	4,342	20,320	4,960	0	0
Other costs <sup>2</sup>	2,635	2,700	2,768	0	0
<b>Total payments</b>	<b>15,943</b>	<b>32,102</b>	<b>18,410</b>	<b>0</b>	<b>0</b>
<b>Receipts</b>					
Net sales revenue	93,907	46,148	45,439	0	0
<b>Total receipts</b>	<b>93,907</b>	<b>46,148</b>	<b>45,439</b>	<b>0</b>	<b>0</b>
<b>Net cash flow</b>	<b>77,965</b>	<b>14,046</b>	<b>27,029</b>	<b>0</b>	<b>0</b>

**Notes:** Numbers may not add due to rounding.

1. Includes purchase of house and land, purchase transaction costs, board-up costs and holding costs.
2. Mainly comprises Asbestos Response Taskforce costs.

**Table I.2: Asbestos Eradication Scheme Headline net operating balance impact**

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
<b>2018-19 Budget</b>					
Financial assistance package	-200	-482	-291	0	0
Other costs	-4,284	-4,267	-4,102	0	0
Purchase costs	-114	-131	-200	0	0
Contingency	-3,144	-3,144	-4,192	0	0
<b>Total HNOB Impact (including contingency)</b>	<b>-7,742</b>	<b>-8,024</b>	<b>-8,785</b>	<b>0</b>	<b>0</b>
<b>2019-20 Budget</b>					
Financial assistance package	-309	-120	-140	0	0
Other costs	-3,306	-4,092	-4,774	0	0
Purchase costs	-162	-66	-77	0	0
Contingency	-7,085	-3,476	-3,538	0	0
<b>Total HNOB Impact (including contingency)</b>	<b>-10,861</b>	<b>-7,754</b>	<b>-8,529</b>	<b>0</b>	<b>0</b>

**Note:** Numbers may not add due to rounding.

**Table I.3: Asbestos Eradication Scheme cumulative cash flow impact including financing costs**

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Net cash flow – cumulative	-488,822	-702,503	-582,741	-408,346	-330,381

Indicative annual interest cost <sup>1,2,3</sup>	-6,619	-16,131	-17,402	-13,419	-10,002
<b>Total cost (including financing costs)</b>	<b>-495,441</b>	<b>-718,634</b>	<b>-600,143</b>	<b>-421,765</b>	<b>-340,384</b>
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net cash flow – cumulative	-316,336	-289,306	-289,306	-289,306	-289,306
Indicative annual interest cost <sup>1,2,3</sup>	-8,757	-8,200	-7,834	-7,834	-7,834
<b>Total cost (including financing costs)</b>	<b>-325,092</b>	<b>-297,507</b>	<b>-297,141</b>	<b>-297,141</b>	<b>-297,141</b>

**Notes:** Numbers may not add due to rounding.

1. The indicative interest cost is calculated on the cumulative net cash flow from the scheme each year but interest is not cumulative. The interest cost is met from the total Territory budget not the budget for the scheme.
2. Indicative interest cost is calculated assuming an equal spread of payments/receipts across the year.
3. The interest rate used is based on the weighted cost of the loan of 2.708 per cent.



## **APPENDIX J**

### **SAFER FAMILIES**



## **APPENDIX J: SAFER FAMILIES**

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The 2019-20 Budget allocates \$24 million over four years for a refreshed Safer Families package.

Now in its fourth year, the Safer Families package supports implementation of the commitments made in the ACT Government Response to Family Violence. The Safer Families package represents the single largest spending and policy commitment to address domestic and family violence in the ACT's history.

The ACT Government introduced a Safer Families Levy on 1 July 2016 to provide an ongoing revenue base to fund long-term system reform and service improvements. The \$30 annual levy is applied to all residential and rural properties.

The levy is expected to raise \$20.2 million over the next four years. The total investment in Safer Families initiatives over this period is \$24 million.

The achievements from the Safer Families initiatives have been reported in budget papers, directorate annual reports, and through annual Safer Families statements by the Minister for Prevention of Domestic and Family Violence.

### **Progress to date: Looking back over first phase of initiatives (2016-17 to 2018-19)**

The first phase of Safer Families projects has built an important foundation. Through this investment we have strengthened the capacity of frontline services to respond to domestic and family violence, improved coordination across Government, built important partnerships with the community sector and tested promising new approaches.

Enhancing crisis services and providing additional supports and resources across the service system for those experiencing domestic and family violence has been an important component of the first phase. Our new funding delivered increased capacity for two specialist frontline services, the Domestic Violence Crisis Service and Canberra Rape Crisis Centre, to meet increasing demand.

Safer Families also provided additional resourcing for Legal Aid, ACT Policing and the Courts to improve their capacity to help those affected by domestic and family violence to navigate the justice system and enforce justice responses that keep victims safe. We have delivered specific resources for translation and interpretation services in Legal Aid, community legal services, domestic violence specialist services and for Family Violence Order processes in the Courts.

Since 2016 we have expanded the financial support options for individuals and families leaving violent situations. This has included delivering a new Safer Families Assistance program which provides \$2,000 to help with costs associated with maintaining or establishing a home. The community, private and philanthropic sectors established an important complementary initiative, the Assistance Beyond Crisis Loan Scheme, which provides interest free loans of up to \$5,000 for people who are not eligible for low income safety nets but find themselves unable to afford essential costs.



We have recognised that leadership is critical to creating and sustaining change across the Canberra community. To support the first Minister for the Prevention of Domestic and Family Violence, we created a new, full-time Coordinator-General for Family Safety to lead reform in the service system in partnership with government agencies, non-government services and the Canberra community.

The Coordinator-General for Family Safety works closely with directors-general of the Community Services, Health, Education and Justice and Community Safety Directorates and has a whole of government mandate and accountability to the ACT Government and the community for improvements to the service system.

The Coordinator-General has worked across government and with the community sector on new policy and approaches, tackling emerging problems and strengthening whole of government and community capability to address domestic and family violence. This included leading the co-design and establishment of the Family Safety Hub and development of the whole of government frontline worker training strategy.

The whole of government frontline worker training strategy includes foundation training for all public service employees and specific training for managers. We will deliver more intensive training for ACT Government staff in frontline roles from 2019-20, complementing the specialist training already delivered to Child and Youth Protective Services case workers and frontline police officers. We have established an ACT Public Service community of practice to share best practice and a consistent approach to implementing the training strategy.

Safer Families funding has supported the ACT Health Directorate to develop a suite of tools to assess and build capacity among specialist alcohol and other drug sector workers and organisations. These tools enable specialist services to benchmark their practice and identify strategies to extend capability. The tools also provide clinical and practical guidance to alcohol and drug services on how to prevent and respond to domestic and family violence.

The Forensic Medical Unit in Canberra Health Services, with support from ACT Policing, also led a training initiative to build stronger awareness and understanding of the impacts and risks of non-fatal strangulation for frontline officers across health, emergency services, police, corrections and child protection.

We have been undertaking significant reforms to justice system responses to domestic and family violence, to improve the protections for people subjected to violence and strengthen accountability for perpetrators of violence. The new Family Violence Act commenced on 1 May 2017 and established a broader definition of family violence to protect victims from the full range of coercive, controlling and abusive behaviours.

The protections for victims of domestic and family violence have been extended further through the ACT's participation in the national domestic and family violence orders scheme so that family violence orders made in other states to protect victims are automatically recognised in the ACT.

In addition to strengthening our capability and delivery of more specialised supports across government, the first phase of the Safer Families package also provided opportunities to test new approaches to responding to domestic and family violence.

We have supported the Domestic Violence Crisis Service to establish Room4Change, a therapeutic residential men's behaviour change program. This is an important new program for the ACT as it has the capacity to support the whole family and is one of a small number of residential behaviour change programs nationally.

Room4Change helps men make their own lives better by stopping their use of violence and assisting them to explore what is important to them and their current and future relationships. The program also supports the partners and children to stay safely in the home while men are engaged in the six-month therapeutic program which includes group work, one-on-one case management, and accommodation.

The co-design of the Family Safety Hub brought together people with lived experience, community organisations, crisis services and Government to design a new approach to domestic and family violence in our community. The Family Safety Hub was conceived as a catalyst for system reform and to facilitate new ideas that can deliver better support, earlier, for those affected by domestic and family violence.

The Family Safety Hub works by tackling one identified challenge at a time. The Family Safety Hub identifies barriers and system gaps, then develops and tests solutions to remove or improve them. The first challenge focussed on how we can improve early intervention for pregnant women and new parents.

This focus led to the development of the Family Safety Hub's first pilot program, a Health Justice Partnership, which provides free and confidential legal advice in health and community care settings, particularly to vulnerable women who have multiple legal issues. Access to legal services is important as evidence shows that one in five women whose partners use violence experience that violence during pregnancy.

Table J.1 below shows the expenditure for Safer Families initiatives against the 2018-19 Budget.

**Table J.1: Funding and expenditure of Safer Families initiatives in 2018-19**

Safer Families initiatives	2018-19	2018-19
	Budget	Estimated expenditure
	\$'000	\$'000
More support for families and inclusion – Delivering the Family Safety Hub <sup>1</sup>	1,583	1,469
Safer Families – Additional resources for the Canberra Rape Crisis Centre	105	105
Safer Families – Additional resources for the Domestic Violence Crisis Service	210	210
Safer Families – Early assistance for families at risk of violence (Room for Change)	385	385
Safer Families – Enhanced child protection case management and coordination	481	481
Safer Families – Enhancing access to justice for non-English speakers <sup>2</sup>	438	238
Safer Families – Implementation of the Joint Australian Law Reform Commission and NSW Law Reform Commission Report on Family Violence	358	358
Safer Families – Improved access to Legal Aid	300	300
Safer Families – Reportable conduct scheme for employees	288	288
Safer Families – Safer families team	909	909
Safer Families – Stronger criminal justice responses	318	318
Safer Families – Stronger police support for family violence victims	300	300
Safer Families – Support and referral through specialist drug and alcohol treatment services	500	500
Safer Families – Support for women and children to leave violence	100	100
Safer Families – Training in domestic violence for frontline workers <sup>3</sup>	770	415
<b>Total</b>	<b>7,045</b>	<b>6,376</b>
<b>Safer Families Levy offset</b>	<b>-4,800</b>	<b>-4,800</b>

**Notes:**

1. This initiative includes \$114,000 which has been reprofiled from 2018-19.
2. This initiative includes \$200,000 in 2019-20 that has been reprioritised to another Safer Families Initiative - Supporting pregnant women and new parents at risk of domestic and family violence.
3. This initiative includes \$355,000 in 2019-20 that has been reprofiled from 2018-19.

## Looking forward: 2019-20 and beyond

### New Safer Families package approach

With 2019-20 being the final year of funding for the first phase of Safer Families initiatives, it is time to review the initiatives' impact and consider future priorities. The work over the last three years has improved our understanding of domestic and family violence in the ACT and the needs of different people and families.

In establishing priorities for the future, a key goal will be to ensure that future funding is invested strategically and flexibly over time—making it possible for the Government to respond to emerging issues and new evidence of what works best.

Some of the early initiatives that have been funded through the Safer Families package will be transitioned out of the package after 2019-20. These initiatives are identified in Table J.2 below.

Transitioning these initiatives out of the Safer Families package creates opportunities to fund new initiatives. It has also enabled us to continue and enhance our investment through the 2019-20 Budget in frontline worker training and the Room4Change program, as well as extend the first Family Safety Hub pilot program for an additional 12 months.

To ensure that Safer Families funding continues to be directed towards the highest priorities with ongoing capacity to respond to new issues, we will prioritise initiatives that focus on:

- building whole-of-government and multi-agency domestic and family violence capability, coordination and supporting infrastructure
- improving the capacity of front line domestic and family violence services to meet increased demand
- supporting the testing of new approaches, particularly those generated through the Family Safety Hub, in order to demonstrate the feasibility and value of these approaches for preventing and addressing domestic and family violence.

In line with the priorities of the new Safer Families approach, the 2019-20 Budget grows our total investment through the Safer Families package to \$24 million over four years, including funding for a second phase of initiatives.

### **Priorities for 2019-20**

As part of this second phase of the Safer Families package, the 2019-20 Budget commits additional resources for universal training of frontline workers and their managers across all ACT Government workplaces. We will deliver \$2.5 million over four years for frontline worker training which will see the final training modules developed and tested, and provide resourcing for directorates to deliver the training. Through a staged implementation from 2018-19, domestic and family violence training will be made available to 21,000 ACT Public Service and ACT Policing employees.

Room4Change is already showing important short-term successes for the men involved, their partners and children since its commencement in April 2017. To date, no men participating in the program have been incarcerated for a domestic and family violence offence and no women have needed to leave their home due to domestic and family violence. There have been positive flow-on effects for children too, as Child and Youth Protection Services have not been required to support any children whose families are receiving support via Room4Change.

Importantly, Room4Change is being independently evaluated to establish the long-term impacts of the program. We have allocated \$4.2 million in this budget to continue the program while it is evaluated.

Another new approach being tested by the Family Safety Hub is also showing promising signs. Free and confidential legal advice is now being provided in health care settings, through the Health Justice Partnership. Legal advice that can be accessed easily has the potential to prevent a problem reaching the point of crisis. The program is reaching vulnerable women who have multiple legal issues and who are receiving support and advice they would otherwise not be able to access.

In this budget, we will deliver funding to continue this new legal service for pregnant women and new parents experiencing domestic and family violence for another year. This will provide time to evaluate the service and consider the value it could offer in the long-term.

Understanding the factors behind domestic and family violence-related deaths is important to be able to identify the best ways to prevent such deaths occurring in the future. In this budget, we have provided funding to establish an ACT Family Violence Death Review, which is expected to become operational in 2020-21. This initiative will review all domestic and family violence-related deaths and advise on what's needed to prevent deaths and improve system-wide supports and services.

The Aboriginal and Torres Strait Islander community has shown leadership and commitment by bringing to the fore the complex issues facing their community in regard to domestic and family violence. This budget delivers new funding to support a partnership between government and the Aboriginal and Torres Strait Islander community to develop community-led and family-centred responses that address the issues raised in the *We Don't Shoot Our Wounded* (2009) report and the *Change our Future - Share what you know* (2017) report.

It is well known that domestic and family violence often triggers housing and financial crises for people leaving a violent relationship. Preventing and improving this situation is the next priority for the Family Safety Hub. Work to address the 'challenge' of financial and housing crisis has started, and we are working to identify new ideas and approaches. These will be tested over the coming year, with the aim of turning promising initiatives into pilot projects.

Children and young people exposed to domestic and family violence have special needs and can be affected differently than the adults around them. The need to gain the insights of children and young people so that services can be equipped to better support their needs was one of the key recommendations the Domestic Violence Prevention Council presented to government after hosting its Extraordinary Meeting in 2018.

We are working across directorates to implement a whole of government response which ensures children and young people are at the heart of service design and delivery.

This includes launching a new Listening and Learning project to engage with children and young people to gain their insights about their experiences and needs. This project is being led by the Family Safety Hub, in conjunction with the ACT Children and Young People Commissioner.

Overlaying all this important work, the ACT is continuing work with the Australian, state and territory governments to develop the Fourth Action Plan of the National Plan to Reduce Violence against Women and their Children 2010-2022. This is a strong opportunity to feed in insights and service successes from the ACT to help drive a better approach to tackling family violence around Australia, as well as in our own community.

Table J.2 below shows the funding allocated to all Safer Families initiatives through the 2019-20 Budget. Table J.3 shows initiatives funded in this year's Budget that also complement our Safer Families work.

**Table J.2: Safer Families initiatives in the 2018-19 Budget**

Safer Families initiatives	2019-20 Budget \$'000	2020-21 Estimate \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	Total \$'000
More support for families and inclusion – Delivering the Family Safety Hub <sup>1</sup>	1,534	1,343	1,615	1,655	6,147
More support for families and inclusion – Extending the Family Safety Hub legal services pilot <sup>2</sup>	300	0	0	0	300
Safer Families – Additional resources for the Canberra Rape Crisis Centre	108	111	114	117	450
Safer Families – Additional resources for the Domestic Violence Crisis Service	215	220	226	232	893
Safer Families – Extending the Room4Change program to help prevent family violence	456	1,224	1,262	1,301	4,243
Safer Families – Enhanced child protection case management and coordination <sup>3</sup>	360	0	0	0	360
Safer Families – Enhancing access to justice for non-English speakers	100	100	100	100	400
Safer Families – Implementation of the Joint Australian Law Reform Commission and NSW Law Reform Commission Report on Family Violence <sup>3</sup>	242	0	0	0	242
Safer Families – Improved access to Legal Aid <sup>3</sup>	305	0	0	0	305
Safer Families – Reportable conduct scheme for employees <sup>4</sup>	293	0	0	0	293
Safer Families – Safer families team	746	765	784	804	3,099
Safer Families – Stronger criminal justice responses <sup>3</sup>	235	0	0	0	235
Safer Families – Stronger police support for family violence victims <sup>3</sup>	304	0	0	0	304
Safer Families – Reducing the risk of deaths from family violence	87	236	243	247	813
Safer Families - Delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence	100	208	46	0	354
Safer Families – Support for women and children to leave violence	100	103	106	109	418
Safer Families – Training ACT Government frontline workers to respond to family violence <sup>5</sup>	992	700	572	567	2,831
Safer Families Levy - provision	0	516	835	919	2,270
<b>Total</b>	<b>6,477</b>	<b>5,526</b>	<b>5,903</b>	<b>6,051</b>	<b>23,957</b>
<b>Safer Families Levy offset</b>	<b>4,900</b>	<b>-5,000</b>	<b>-5,100</b>	<b>-5,200</b>	<b>-20,200</b>

**Notes:**

1. This initiative includes \$114,000 which has been re-profiled from 2018-19.
2. This initiative includes \$200,000 in 2019-20 that has been reprioritised and re-profiled from another Safer Families Initiative - Enhancing access to justice for non-English speakers.
3. These initiatives will be reviewed by directorates in 2019-20 to determine the best approach for the future.
4. Funding for the Reportable Conduct Scheme from 2020-21 will be met from within existing resources.
5. This initiative includes \$355,000 in 2019-20 that has been reprofiled from 2018-19.

**Table J.3: Complementary initiatives**

<b>Complementary Initiatives</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>Total</b>
	<b>Budget \$'000</b>	<b>Estimate \$'000</b>	<b>Estimate \$'000</b>	<b>Estimate \$'000</b>	<b>\$'000</b>
More support for families and inclusion – More frontline homelessness services	1,479	1,761	2,057	2,057	7,354
More support for families and inclusion – More frontline domestic violence and rape crisis services <sup>1</sup>	420	420	420	420	1,680
More support for families and inclusion – Strengthening the Reportable Conduct Scheme	560	NFP	NFP	NFP	560
<b>Total</b>	<b>2,459</b>	<b>2,181</b>	<b>2,477</b>	<b>2,477</b>	<b>9,594</b>

**Notes:**

1. Funding beyond 2019-20 has been provisioned while the Government examines future expected demand.

# APPENDIX K

## STATEMENT OF RISKS





## **APPENDIX K: STATEMENT OF RISKS**

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The ACT Government monitors current and emerging risks to the Territory's economy and balance sheet as a whole, as well as in specific policy areas. This appendix discusses some of those risks facing the Territory, with particular attention to economic risks, Commonwealth Government funding, investments and borrowings, superannuation liabilities and insurable risk.

### **Economic risks**

While the ACT's economy is expected to continue to grow at a steady rate in the coming years, the ACT is not immune to the domestic and international risks facing the wider Australian economy.

A key domestic uncertainty stems from the outlook for household consumption, with a potential softening of consumer confidence arising from adjustments in house prices. If the impact on consumer confidence and consumption expenditure is stronger and more wide-spread than currently anticipated, this would affect the ACT's economic and fiscal outlook.

The Australian economy is significantly influenced by global developments. Downside risks such as ongoing trade tensions between the US and China and uncertainty around Brexit could result in a slowing of global economic growth. This would also have implications for growth both nationally and in the ACT.

Commonwealth Government policy decisions continue to be a significant source of risk to the ACT economy. The Commonwealth Government's recent election commitment to cut \$1.5 billion in Australian Public Service spending over the next four years represents a downside risk to the ACT's economic outlook, as does its ongoing decentralisation agenda. However, the ACT is increasingly less vulnerable to reductions in Commonwealth spending in Canberra as our economy continues to become more diverse.

By contrast, a moderation in the exchange rate between the Australian and US dollars may present an opportunity for ACT service exports, such as education and tourism. In particular, the ACT Government's ongoing discussions with the University of New South Wales over their establishment of a major new campus in Canberra has the potential to boost local growth by further adding to the number of domestic and international students choosing to study here.

### **Fiscal risks**

The Territory faces a range of fiscal risks including Commonwealth funding, the investment outlook and the ongoing delivery of complex programs such as the asbestos eradication scheme. However, the Government is actively monitoring these risks and working to minimise them where it is possible to do so.

## 2019-20 Federal election

As is the case after every election, the election of the new federal parliament presents both opportunities and risks for the ACT. We welcome the Coalition Government's commitments made in both the Commonwealth 2019-20 Budget and subsequent election campaign relating to new funding for the Territory in areas such as health and road infrastructure. However, we note that a significant proportion of these are planned to be delivered outside the current forward estimates period.

It is also not clear at present how these announcements will affect the ACT's Budget. Details of the funding, including any matched funding requirements from the ACT, are yet to be provided. Similarly, it remains unclear if some of these announcements represent new funding, or the rebadging of existing spending.

We will continue to work with the Commonwealth Government to clarify these issues and adjust our estimates as required when more information becomes available.

## Commonwealth Government funding

### *Goods and Services Tax (GST)*

As the GST is a broad-based consumption tax, revenue collections are subject to consumer confidence and the state of the economy at the national level. Changes in these factors can lead to variations in the size and growth of the national GST pool, and therefore in the funding available for allocation to the states and territories. As noted in Chapter 7.2 – *Federal Financial Relations*, forecasts for weaker economic conditions nationally from 2018-19 have resulted in the Commonwealth Government reducing the estimates of GST entitlements for the states and territories by \$9.5 billion over four years in the 2019-20 Commonwealth Budget.

If the national economy, and in particular the property market, does not perform as forecast against the Commonwealth's already-reduced expectations over the budget and forward estimate years, there are further risks to the GST pool.

The ACT's GST grants are also subject to annual revisions of state and territory GST relativities by the Commonwealth Grants Commission. The GST relativities are the proportion of the GST pool that each state and territory receives in accordance with the principle of horizontal fiscal equalisation, relative to what it would receive if the GST were distributed equally per person in Australia. The ACT's share of the GST pool may change in 2020-21 and thereafter as a result of the Commission's *2020 Methodology Review of GST Revenue Sharing Relativities (2020 Review)*. The Commonwealth Grants Commission is expected to deliver its report on the 2020 Review to the Commonwealth Government on 28 February 2020.

In addition, while the Commonwealth Government has legislated that no state or territory will be worse off as a consequence of the GST changes and committed that their boost to the GST pool from 2021-22 onwards will not be at the expense of funding for other agreements, the risk remains that future economic or budget scenarios may put this guarantee under pressure.

### ***Specific Purpose Payments***

#### ***Health***

In June 2017, the Commonwealth and the states and territories signed an addendum to the National Health Reform Agreement. This agreement continues Commonwealth National Health Reform funding for public hospitals at a growth rate capped at 6.5 per cent a year nationally from 1 July 2017 to 30 June 2020.

In the event that a state or territory exceeds a jurisdiction-specific 'soft cap' of 6.5 per cent a year, that jurisdiction would be entitled to receive a share of remaining national funding if the national funding cap has not been breached. The 'soft cap' on growth shifts funding risks onto the states and territories if the national funding cap of 6.5 per cent is breached. The current National Health Reform Agreement is scheduled to expire on 30 June 2020.

In early 2018, the ACT Government signed a Heads of Agreement with the Commonwealth, as a precursor to the next agreement that will cover the period 2020 to 2025. All Health Ministers are currently developing the agreement for consideration and approval by the Council of Australian Governments before the end of 2019.

#### ***Education***

The Commonwealth Government is currently reviewing the Student Resources Standard, which is its funding distribution methodology for non-government schools. The Commonwealth has indicated that it intends to use a direct measure of parental income to determine the capacity of each school community to contribute to their school from 2020 instead of the current socio-economic status score. This review may result in parts of the non-government school sector receiving less funding and other parts receiving more. The ACT Government has committed to the outcome of this review which may increase or decrease Commonwealth funding to this sector. Due to uncertainty surrounding the implementation of this review and its impact on socio-economic scores, revised funding contributions to the non-government sector may vary. Potential funding impacts have not been reflected in the 2019-20 Commonwealth or ACT Budgets.

### ***National Partnership Payments***

There is a risk to the ACT Budget in the forward years due to the uncertainty over Commonwealth funding for National Partnership Payments beyond their current expiry dates. The ACT does not budget for these payments beyond amounts published in the 2019-20 Commonwealth Budget. Expiring payments that carry a risk because they relate to the provision of ongoing services include:

- *Universal Access to Early Childhood Education (2020-21)*
- *Public Dental Services for Adults (2019-20)*

- *Family advocacy and support services (2019-20)*
- *Legal Assistance Services (2019-20)*.

National Partnership Agreements are generally entered into for a fixed period of time, reflecting the nature of the project, service or reform involved.

Payments may be aligned with the achievement of milestones and be made after states and territories have achieved the outcomes or outputs specified in the relevant agreement. There is inherent uncertainty in the funding estimates and this is particularly the case where agreements are under development, where state allocations are yet to be finalised, or where notional allocations may have been published by the Commonwealth. Where noteworthy, such instances are indicated in the Chapter 7 – *Federal Financial Relations* either in the footnotes or text relating to each agreement.

## **Financial investment assets and liabilities**

The Territory's financial investment assets and liabilities are subject to ongoing risks arising from the performance of the Australian and global financial markets. Changes in financial market conditions can impact on the valuation of the Government's financial investment assets and investment returns, the cost for new borrowings and on the valuation of the defined benefit superannuation liability.

## **Icon Water**

Icon Water's profitability is affected by a range of factors outside its control including independent regulatory decisions, retail electricity market competition, market interest rates, and extreme weather events.

## **Land release program**

The ACT Government's land release program remains an important source of revenue for the Territory. The program is susceptible to risks related to the capacity of the ACT residential property market to grow and sustain the sale of all released land at forecast prices. Lower than expected demand or sale prices would reduce revenue for the Government.

There remains evidence of strong underlying demand for housing over the medium to longer term. The ACT's population is expanding by around 8,000 people a year, which is one of the strongest growth rates of any jurisdiction in Australia. Our unemployment rate is also the lowest in Australia. These factors, along with high income levels and the expectation of both low interest rates and more accommodative lending policies mean that the demand for new land for housing in the ACT is likely to remain strong over the medium term.

Nevertheless, there have been some signs of moderation in the ACT's housing market in the lead up to the federal election, combined with tighter conditions for housing finance which have contributed to a slower pace of sales. This highlights the risks present in the short-term outlook.

Other risks to the program include achieving statutory clearances, the capacity of industry to deliver infrastructure and estate works, slippage associated with environmental, commercial or other considerations, the capacity of the market to absorb the additional supply offered through urban renewal development and increased competition from private sector developments.

The 2019-20 Budget estimates reflect an expected moderation in land sales in 2019-20 and 2020-21. While there have been recent positive developments which support demand for housing, there nevertheless remains the risk that the recent softening in land sales will be deeper or more protracted than currently expected.

### **Large-scale Generation Certificates (previously referred to as Renewable Energy Certificates)**

The 2019-20 Budget reflects the expense and revenue components of Large-scale Generation Certificates, which are credits received for the generation of renewable electricity under the Commonwealth Government's large-scale renewable energy target. The ACT receives the certificates from our large-scale feed-in tariff supported renewable electricity generation projects to meet our target of 100 per cent renewable electricity by 2020.

Once created and recognised, Large-scale Generation Certificates can be sold and transferred to other individuals and businesses, with their price being determined through the open market. As such, the value of the Large-scale Generation Certificates held by the ACT Government is subject to price fluctuations arising from supply and demand within the market.

Spot and forward prices for Large-scale Generation Certificates have decreased slightly since the 2018-19 Budget Review and therefore the 2019-20 Budget includes revalued holdings.

### **Loose-fill Asbestos Insulation Eradication Scheme**

The Government is delivering the Loose-fill Asbestos Insulation Eradication Scheme to buy back, demolish and remediate all houses in the ACT affected by loose-fill asbestos insulation. The remediated blocks of land are being sold to defray some of the scheme's overall costs. The financial impacts of the scheme have been modelled using a range of assumptions, together with the best available estimates.

With the buyback phase now effectively complete, and the demolition and sales phases are nearing completion, the risks for these phases have significantly diminished. However, there remains a possibility that the demolition of some of the remaining properties may be more complex and costly.

There also remain risks regarding the extent to which sales proceeds will offset the cost of the buyback and remediation activities. Credit conditions, market absorption and take-up rates in a housing market that is moderating have the potential to affect land prices or delaying sales.

## Other commitments

### *Contingent liabilities*

Contingent liabilities are liabilities resulting from uncertain timing or amounts. They arise from past events which 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.

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

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's 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***

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

As at the date of the 2019-20 Budget, undertakings have been provided for the renewable energy projects listed in Table K.1. The maximum caps operate from the date the entitlement is granted for these projects until an agreed date. All compensation agreements expire before the end of the 20-year entitlement period. The Territory's potential commitment as a result of these undertakings also declines over the life of the agreements.

**Table K.1: Details of Contracted Renewable Energy Projects**

<b>Renewable energy project</b>	<b>FiT entitlement granted</b>	<b>20 year FiT entitlement begins</b>
Royalla Solar Farm	September 2012	March 2014
Ararat Wind Farm	February 2015	April 2017
Coonooer Bridge Wind Farm	February 2015	February 2016
Hornsedale Wind Farm (Stage 1)	February 2015	February 2017
Hornsedale Wind Farm (Stage 2)	January 2016	December 2018
Sapphire Wind Farm	March 2016	May 2018
Crookwell 2 Wind Farm	August 2016	September 2018
Hornsedale Wind Farm (Stage 3)	August 2016	October 2019
SolarShare Community Solar Farm	May 2019	November 2019

## **Outstanding claims liability**

The value of insurance liabilities is the present value of the future claim for payments that have accrued at the calculation date. This approach is required under Australian Accounting Standard 1023 *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.

### ***Sensitivity to discount rate***

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. Australian Accounting Standard 1023 *General Insurance Contracts* requires the outstanding claims liabilities to be valued using a 'risk free' rate of return, which is generally accepted to be the discount rate derived from market yields on Commonwealth Government Bonds. The discount rates adopted match the weighted term to maturity of insurance claims. The long-term nature of the projected cash flows from the liability means that small changes in the discount rate adopted can lead to significant variations in the liability valuations and the claims expense.

The outstanding claims provision as at 30 June 2018 was \$231.7 million net of Reinsurance Recoveries. Variations in the discount rate of +/- one percentage point results in an estimated change to the liability of between a \$11.3 million decrease and a \$12.2 million increase, equivalent to a change of between -4.9 per cent and 5.3 per cent.

## **Public Private Partnerships**

During 2015-16, the ACT Government contracted two projects through Public Private Partnership arrangements: the ACT Law Courts and Stage 1 of light rail from Gungahlin to the City.

These projects are being delivered as Public Private Partnerships in accordance with *The Partnerships Framework* and the National Public Private Partnership Policy and Guidelines. By undertaking these projects through this delivery model, the Territory sought to achieve better value for money by capturing the expertise and efficiencies of the private sector in designing, financing, building and maintaining infrastructure projects and providing services on a whole-of-life basis.

The risk allocation adopted for these Public Private Partnership projects is consistent with *The Partnerships Framework* and the National Public Private Partnership Policy and Guidelines. Specifically, the Territory sought to achieve value for money by allocating risks to the party best able to manage them.



By adopting a service focus and paying only for services received after construction completion, the private party bears certain risks associated with designing, building and operating the infrastructure. To achieve value for money, the Government retains those risks that it can manage for less than it would have to pay the private party to bear them.

The party with greatest control of a particular risk has the best opportunity to reduce the likelihood of the risk eventuating, and to control the consequences if it does. This process ensures that the cost of managing risk is minimised on a whole-of-life and whole-of-project basis, and results in various risks being:

- retained by the Territory
- transferred to the private sector
- shared between the parties.

Retained risks are those risks or parts of a risk that government proposes to bear ourselves under a Public Private Partnership arrangement. The scope of retained risk reflects the nature of the specific project and the output specification.

Risks that are commonly retained or shared by the public sector include:

- adverse site conditions that are not known or reasonably foreseeable
- artefacts and heritage claims
- Native Title claims
- obtaining specified planning approvals
- changes in the price of the utilities
- changes in law and policy which impact on the project
- patronage risk
- force majeure for specified unforeseen events which impact on the project.

The private sector bears all other risks, including those risks relating to cost and time of construction and cost of service provision.

The Project Agreement and associated documents establish the obligations of each party in managing these risks. Project documentation, including the Project Agreement, for the ACT Law Courts and Light Rail – Stage 1 projects is available at:

<http://www.procurement.act.gov.au/contracts>.

Under *The Partnerships Framework*, the Territory also publishes contract summaries of Public Private Partnership projects providing a description of key project features and contract elements. These summaries include a broad overview of the project, a summary of the tender process and value for money assessment, the main parties and their general obligations, the broad allocation of risk between the public and private sectors, and the treatment of various key project issues. They are available at:

[https://apps.treasury.act.gov.au/\\_data/assets/pdf\\_file/0008/873602/Law Courts Contract Summary-June-2016.pdf](https://apps.treasury.act.gov.au/_data/assets/pdf_file/0008/873602/Law_Courts_Contract_Summary-June-2016.pdf);

and

[https://www.tccs.act.gov.au/\\_data/assets/pdf\\_file/0007/887686/Light-rail-Capital-Metro-Project-Contract-Summary.pdf](https://www.tccs.act.gov.au/_data/assets/pdf_file/0007/887686/Light-rail-Capital-Metro-Project-Contract-Summary.pdf)

Stage 1 of the ACT Law Courts project was completed in October 2018 and Stage 2 is progressing well. There have been no claims from the private partner in respect of Territory retained risks.

Stage 1 of light rail commenced operations in April 2019. The Territory is still in the process of finalising a Project Delivery Report on the achievements, outcomes and lessons learnt from the procurement and delivery of the project, including outturns of Territory retained risks. The Report is anticipated to be published later in 2019.



## APPENDIX L

### STATEMENT OF SENSITIVITY OF BUDGET ESTIMATES



# APPENDIX L: STATEMENT OF SENSITIVITY OF BUDGET ESTIMATES

This statement of sensitivity is made pursuant to sub-section 11(1)(c) of the *Financial Management Act 1996*.

## Sensitivity of Budget estimates

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

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

## Sensitivity of economic assumptions

### *Consumer Price Index*

A change in the Consumer Price Index will affect revenue forecasts and the expenses of agencies.

If the Consumer Price Index were to increase by 1 percentage point more than the forecast in each year of the budget period, own-source taxation revenue and expenses would increase by the amounts shown in Table L.1.

**Table L.1: Impact of a 1 percentage point increase in Consumer Price Index on General Government Sector revenue and expenses**

	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Commercial conveyances	1,170	1,869	2,771	3,689
Sales of goods and services, Commonwealth Government grants <sup>1</sup> and other revenue <sup>2</sup>	-	12,129	25,527	40,739
<b>Total revenue</b>	<b>1,170</b>	<b>13,998</b>	<b>28,298</b>	<b>44,428</b>
<b>Expenses</b>	<b>-</b>	<b>32,475</b>	<b>67,282</b>	<b>106,327</b>
<b>Net impact</b>	<b>1,170</b>	<b>-18,477</b>	<b>-38,984</b>	<b>-61,899</b>

**Notes:**

1. Refers to Specific Purpose Payments only.
2. Other revenue includes fines, superannuation contribution, rents and commutation, contributions and other miscellaneous revenue.

## **Wage Price Index**

Various fees are indexed to the Wage Price Index. If this were to increase by 1 percentage point more than the forecast in each year of the budget period, forecast revenue would increase by the amounts shown in Table L.2.

**Table L.2: Impact of a 1 percentage point increase in Wage Price Index on General Government Sector revenue**

	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>				
Payroll tax	5,428	11,191	17,325	23,846
Ambulance Levy	316	590	886	1,121
Utilities (Network Facilities) tax	-	-	441	924
Sales of goods and services and other revenue <sup>1</sup>	-	5,664	11,540	17,758
<b>Total revenue</b>	<b>5,744</b>	<b>17,445</b>	<b>30,192</b>	<b>43,649</b>

**Note:**

1. Other revenue includes fines, superannuation contribution, rents and commutation, contributions and other miscellaneous revenue.

## **Interest**

Interest from investment portfolios and cash holdings are affected by interest rate variations. If the interest rate was 1 percentage point higher than assumed in the budget estimates, forecast interest revenue would increase by the amounts shown in Table L.3.

**Table L.3: Impact of a 1 percentage point increase in interest rates on interest revenue**

	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000
Territory Banking Account <sup>1</sup>	8,223	6,586	6,682	6,666

**Note:**

1. A decrease of 1 percentage point is estimated to reduce interest revenue by equivalent amounts.

The estimated impact of an increase of 1 percentage point in the interest rate used to calculate the interest costs on the Territory's variable rate borrowing exposures is shown in Table L.4.

**Table L.4: Impact of a 1 percentage point increase in interest rates on borrowing costs**

	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000
Territory Banking Account <sup>1</sup>	-5,479	-6,904	-7,589	-8,480

**Note:**

1. A decrease of 1 percentage point is estimated to reduce borrowing costs by equivalent amounts.

### ***Defined benefit superannuation liability***

Table L.5 outlines the impact to the Commonwealth Superannuation Scheme/Public Sector Superannuation Scheme defined benefit employer superannuation liability valuation from a 1 per cent decrease in the discount rate from the long-term budget assumption of 5 per cent.

**Table L.5: Impact of a 1 percentage point decrease in the discount rate on the superannuation liability valuation**

	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000
Superannuation Provision Account	1,323,957	1,343,638	1,359,484	1,371,636

### ***Superannuation expenses***

Table L.6 outlines the impact on the Commonwealth Superannuation Scheme/Public Sector Superannuation Scheme defined benefit employer superannuation liability expense from a 1 per cent decrease in the discount rate from the long-term budget assumption of 5 per cent.

**Table L.6: Impact of a 1 percentage point decrease in the discount rate on the superannuation liability expense**

	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000
Superannuation Provision Account	-23,803	-20,015	-16,388	-12,946





## APPENDIX M

### WHOLE OF GOVERNMENT STAFFING



## APPENDIX M: WHOLE OF GOVERNMENT STAFFING

Table M.1 below lists the number of Full-Time Equivalents (FTEs), based on the estimated outcome for the 2018-19 financial year, and the 2019-20 Budget.

**Table M.1: Whole of Government staffing movements – 2019-20 Budget**

	2017-18 Actual	2018-19 Budget	2018-19 Est. outcome	2019-20 Budget
<b>Directorate/Agency</b>				
ACT Executive	52	54	60	60
ACT Health Directorate <sup>1</sup>	0	557	557	603
ACT Insurance Authority	18	19	18	19
ACT Public Cemeteries Authority	16	17	17	17
Auditor-General	35	35	40	37
Canberra Health Services <sup>1</sup>	6,660	6,139	6,390	6,529
Canberra Institute of Technology	681	678	707	707
Chief Minister, Treasury and Economic Development Directorate	2,319	2,391	2,369	2,475
City Renewal Authority	26	25	27	27
Community Services Directorate	602	628	632	658
Cultural Facilities Corporation	103	92	92	92
Education Directorate	5,452	5,583	5,670	5,920
Electoral Commissioner	11	9	12	14
Environment, Planning and Sustainable Development Directorate	629	678	644	685
Housing ACT	243	260	255	267
Independent Competition and Regulatory Commission	10	11	11	10
Justice and Community Safety Directorate	1,727	1,769	1,783	1,840
Legal Aid Commission (ACT)	83	84	83	89
Office of the Legislative Assembly	50	52	52	52
Public Trustee and Guardian	54	55	62	61
Suburban Land Agency	78	92	91	121
Superannuation Provision Account	4	4	4	4
Transport Canberra and City Services Directorate	875	907	913	888
Transport Canberra Operations (formerly ACTION)	863	903	898	928
<b>Total Government agencies<sup>2</sup></b>	<b>20,591</b>	<b>21,042</b>	<b>21,388</b>	<b>22,102</b>
<b>Government Business Enterprises</b>				
CIT Solutions Pty Ltd	133	130	105	105
Icon Water Limited	392	418	420	432
<b>Total Government Business Enterprises</b>	<b>525</b>	<b>548</b>	<b>525</b>	<b>537</b>
<b>Total Government agencies and Business Enterprises</b>	<b>21,116</b>	<b>21,590</b>	<b>21,913</b>	<b>22,639</b>

**Notes:**

1. The 2018-19 Budget has been notionally adjusted for comparative purposes to reflect the *Administrative Arrangements 2018 (No 2)*, on 1 October 2018, the former Health Directorate separated into two distinct organisations, with Canberra Health Services being responsible for the delivery of clinical services, and the ACT Health Directorate responsible for strategic policy and planning.
2. The 2019-20 Budget includes the insourcing of cleaning services in public schools and the conversion of labour hire contracts to ACT Public Service employees within Access Canberra.

The structure of the ACT Government is consistent with *Administrative Arrangements 2018 (No 2)*, which took effect from 1 October 2018. Staffing movements for the 2019-20 Budget largely reflect the outcomes of recruitment processes (such as the filling of vacant positions), restructuring, changes to workforce structure (such as the insourcing of formerly contract-based staff) and the implementation of 2019-20 Budget initiatives.

The most significant movements between the 2018-19 and 2019-20 Budget are:

### **ACT Health Directorate and Canberra Health Services**

The ACT Health Directorate was established during the 2018-19 financial year, with 603 full time equivalent positions anticipated for 2019-20. This number represents the combination of transferred employees from the (former) Health Directorate, 46 full time equivalent positions associated with 2019-20 Budget initiatives, and the transfer of staff from Shared Services ICT within the Chief Minister, Treasury and Economic Development Directorate.

The increase of 390 full time equivalent positions for Canberra Health Services is primarily due to 2019-20 and prior year budget initiatives.

### **Education Directorate**

The increase of 337 full time equivalent positions primarily reflects resources associated with 2019-20 Budget initiatives. This includes the employment of additional teachers and learning support staff in response to increased enrolments, and the insourcing of cleaning services in public schools.

### **Chief Minister, Treasury and Economic Development Directorate**

The increase of 84 full time equivalent positions is a net result of the transfer of staff from Shared Services ICT to the ACT Health Directorate, offset by 2019-20 Budget initiatives and the conversion of labour hire contractors within Access Canberra to ACT Public Service employees.

### **Justice and Community Safety Directorate**

The increase of 71 full time equivalent positions is mainly due to increases in staffing resources associated with justice initiatives and elements of the *Building communities not prisons* package delivered through both the 2018-19 Budget Review and the 2019-20 Budget.

## **Community Services Directorate**

The increase of 30 full time equivalent positions largely reflects staff transferring to the Community Services Directorate from Housing ACT, as a result of a realignment of operational responsibilities. It also includes the net effect of 2019-20 Budget initiatives, offset by reductions in staff numbers associated with ceasing initiatives.

## **Suburban Land Agency**

The increase of 29 full time equivalent positions is associated with the filling of identified capability gaps, and additional resources to assist with project delivery and new functions in various units within the Agency.

## **Canberra Institute of Technology**

The increase of 29 full time equivalent positions is primarily due to additional staff being engaged to support teaching activity.

## **Transport Canberra and City Services Directorate and Transport Canberra Operations (formerly ACTION)**

The increase of 24 full time equivalent positions for Transport Canberra Operations is comprised of the transfer of 19 positions from the Transport Canberra and City Services Directorate and additional positions associated with approved prior year and 2019-20 Budget initiatives.

## **ACT Executive**

The increase of 6 full time equivalent positions is associated with the appointment of an additional Minister and their office. This included a transfer of a Member and staff from the Office of the Legislative Assembly during 2018-19.

## **Electoral Commissioner**

The increase of 5 full time equivalent positions is due to an increase in staff in preparation for the 2020 ACT Legislative Assembly election, as well as the addition of staff to implement the full modernisation of the Electoral Management System