ACT Government

Australian Capital Territory

Budget

2015-16

Budget Paper 3

Budget Outlook

For Canberra

Guide to the Budget Papers

Structure and content of the 2015-16 Budget Papers

The 2015-16 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

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

Summarises the 2015-16 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government. Details of the projected 2015-16 Budget results are provided, as well as background information on the development of the 2015-16 Budget, including economic conditions and federal financial relations.

Also provides an overview of the Territory's infrastructure investment program and details of the 2015-16 expense, infrastructure and capital, and revenue initiatives.

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

Budget Statements

Information on each directorate and Territory authority and corporation is broken up into several smaller documents. This includes output classes (where relevant), descriptions of functions, roles and responsibilities, together with major strategic priorities.

ISSN 1327-581X
© Australian Capital Territory, Canberra June 2015
Publication No 15/0231
Material in this publication may be reproduced provided due acknowledgement is made.
Produced for the Chief Minister, Treasury and Economic Development Directorate by Publishing Services.

Enquiries about this publication should be directed to the Chief Minister, Treasury and Economic Development Directorate. GPO Box 158, Canberra City 2601
http://www.act.gov.au/budget
Telephone: Canberra 13ACT1 or 13 22 81

ECF ELEMENTAL CHLORINE FREE
EMS ENVIRONMENTAL MANAGEMENT SYSTEMS
pH NEUTRAL ARCHIVAL

TABLE OF CONTENTS

		Page No.
Introduction		**1**
Chapter 1	**Economic Performance, Outlook and Strategy**	**5**
	1.1 Overview	7
	1.2 National and Global Economic Outlook	9
	1.3 ACT Economic Outlook	11
	1.4 Economic Strategy	23
	1.5 Risks to the Economic Outlook	25
Chapter 2	**Fiscal Strategy**	**27**
	2.1 Budget Outlook	29
	2.2 Fiscal Strategy	35
	2.3 Cost of Living Statement	45
Chapter 3	**New Initiatives**	**59**
	3.1 Initiatives Overview	61
	3.2 Expense Initiatives	63
	3.3 Infrastructure and Capital Initiatives	103
	3.4 Revenue Initiatives	135
Chapter 4	**Expenses**	**147**
	4.1 Expenses and Forward Estimates	149
	4.2 Savings	157
Chapter 5	**Infrastructure and Capital**	**159**
	5.1 Infrastructure Investment Program	161
	5.2 Capital Works Program	169
	5.3 Supply and Release of Land	185
	5.4 The Territory's Infrastructure	189
	5.5 Asset Recycling	193
Chapter 6	**Revenue**	**195**
	6.1 Revenue and Forward Estimates	197
	6.2 Taxation Reform	219

TABLE OF CONTENTS

			Page No.
Chapter 7	**Federal Financial Relations**		**223**
	7.1	Federal Financial Relations	225
Chapter 8	**Asset and Liability Management**		**249**
	8.1	Net Debt and Net Financial Liabilities	251
	8.2	Unfunded Superannuation Liability	253
	8.3	Management of Financial Assets and Liabilities	259
Chapter 9	**General Government Sector Financial Statements**		**267**
	9.1	GGS GFS/GAAP Harmonised Financial Statements	269
Appendices			**285**
	A	**ACT Government Structure**	**287**
	B	**Asbestos Eradication Scheme**	**295**
	C	**Budget Consultation (Submission Acknowledgement)**	**301**
	D	**Capital Works – New Initiatives By Type**	**305**
	E	**Capital Works – Capital Upgrades Program**	**313**
	F	**Capital Works – Works-in-Progress**	**321**
	G	**Capital Works – 2014-15 Savings and Project Variations**	**331**
	H	**Capital Works – 2014-15 Re-Profiling and Technical Adjustments**	**335**
	I	**Consolidated Financial Statements – Public Trading Enterprises and Total Territory**	**345**
	J	**General Government Sector – Key Aggregates History**	**359**
	K	**Report on Government Services 2015**	**363**
	L	**Statement of Risks**	**367**
	M	**Statement of Sensitivity of Budget Estimates**	**373**
	N	**Summary and Terms of Debt Capital Injection**	**379**
	O	**Summary of Outputs**	**383**
	P	**Summary of Transfers**	**389**
	Q	**Whole of Government Staffing**	**393**

INTRODUCTION

Budget Strategy

The 2015-16 Budget is for Canberra – for our suburbs, our people, our businesses and our economy.

This Budget is a clear statement about continuing to stand up for all Canberrans. The Government will continue to use the budget to safeguard jobs for Canberra and grow our economy.

The Government is proud of its longstanding history of making decisions and delivering budgets that are appropriate for the circumstances facing the Territory. When economic conditions have allowed, the Government has built up sustained surpluses. When the ACT has been buffeted by external shocks, such as the Global Financial Crisis or Commonwealth fiscal consolidation, it has used the budget to support jobs and people.

The 2015-16 Budget continues that tradition in finding a balance between supporting our economy, maintaining sound public finances, and investing in our future.

Accordingly, the Government's 2015-16 Budget strategy is based on the following principles:

- supporting and boosting the ACT economy in the short-term, with particular focus on creating jobs and continuing to deliver appropriate services to the community;
- sustaining a strong operating balance over the medium term; and
- continuing to invest in important infrastructure projects to allow the Canberra community to enjoy the benefits of these assets in the longer-term.

The Government's immediate focus is restoring confidence in the people and businesses of the ACT as the economy recovers from the Commonwealth's fiscal consolidation and job cuts. This shorter-term priority does not detract from the Government's commitment to return to a net operating balance in the longer term.

General government sector net debt will increase across the forward estimates, peaking in 2017-18 before declining. Similarly, net financial liabilities, as a share of Gross State Product, will also rise until 2017-18 before declining in 2018-19 when the budget is forecast to return to surplus.

Importantly, the Government is keeping its debt at responsible levels and is not borrowing to meet running costs. The long-lasting infrastructure projects funded by borrowing will provide benefits to the Canberra community well into the future.

Overview of the 2015-16 Budget

As occurred in 2014-15, this Budget has been framed in an uncertain environment with further funding reductions from the Commonwealth. Last year, the Commonwealth Government announced a program of fiscal consolidation and the loss of 16,500 jobs nationally, which has resulted in the loss of 5,378 in Canberra so far, both of which had substantial negative impacts on the ACT economy. The Commonwealth also significantly reduced the Territory's expected National Health Reform Agreement funding.

In its 2015-16 Budget, the review of the Commonwealth Grants Commission relativities resulted in a cut to the ACT's share of Goods and Services Tax (GST) revenue by approximately $560 million over four years. Together with the Asbestos Eradication Scheme, announced by the ACT Government as part of its 2014-15 Budget Review, these two matters have and will put pressure on our public finances.

Notwithstanding the negative impact of the Commonwealth's decisions on the ACT in 2014-15, a number of factors will help boost the ACT economy. These include the end of the Commonwealth Government's hiring freeze, low interest rates, the *Jobs and Small Business Package* and *Families Package*, and ACT Government measures, including infrastructure spending and business support. That said, the ACT economy has been subdued as a result of previous Commonwealth Government decisions. As a result, we are likely to see moderate levels of growth in 2015-16.

As set out in Table 1, Gross State Product is forecast to increase slightly, from the 0.7 per cent recorded in 2013-14 to 1¼ per cent in 2014-15 and 1½ per cent in 2015-16.

Employment is also expected to grow by ¾ of a percentage point in 2015-16, following a fall of ¼ of a percentage point in 2014-15 as a result of larger than expected Australian Public Service job cuts.

State Final Demand, which measures economic activity in the Territory, is expected to pick up slightly in the second half of 2014-15 to record growth of 2¼ per cent for the financial year. It is then forecast to increase slightly to 2¾ per cent in 2015-16.

Table 1
Economic Forecasts, Year Average Percentage Change

	Actual	Forecasts	
ACT	**2013-14**	**2014-15**	**2015-16**
Gross State Product	0.7	1¼	1½
Employment	-0.2	-¼	¾
State Final Demand	1.9	2¼	2¾
Consumer Price Index	2.2	1¼	2
Wage Price Index	2.4	1¾	2¼
Population	1.2	1¼	1¼
Australia			
Gross Domestic Product	2¾	2½	2¾

Given the significant headwinds facing the local economy, the ACT Government has decided to provide significant support to the Canberra community by expanding existing services and introducing a range of new initiatives in the 2015-16 Budget. This approach, while necessitating deficits in the short term, aims to boost employment and bolster the economy through targeted spending initiatives.

There are new initiatives in the 2015-16 Budget which provide funding for Canberra in each of the four themes: economic growth and diversification for Canberra, enhancing liveability and social inclusion for Canberra, health and education investment for Canberra, and suburban renewal and better transport for Canberra.

Canberra's economic growth will be boosted by the Government's Infrastructure Investment Program, which is at a record level – a total of $2.8 billion over the next four years. This capital works program includes significant projects in areas including road and urban infrastructure, land development, education, health and community facilities.

This Budget continues the Government's commitment to provide the people of Canberra with high quality health services. In particular, we are providing more acute health services, more women's and children's health services, more elective surgery, improved mental health services, better integrated hospital and community services, and improved palliative care.

We are continuing to invest in our education system to deliver the very best in education outcomes for Canberra. In this budget, the Government is delivering more new schools, upgrades to existing schools, better ICT infrastructure, more support for students with a disability, and is establishing a new Canberra Institute of Technology campus in Tuggeranong.

The Government is continuing to support and diversify the ACT economy to encourage continued growth into the future. In this budget, the Government is making it easier to do business in Canberra by streamlining regulatory processes administered by Access Canberra, developing a single business licensing framework and one stop shop for environmental approvals, establishing innovation and trade investment funds, and providing new and upgraded government ICT to make interactions with the Government easier.

The Government is also supporting growth in our visitor economy through cooperative marketing campaigns and is seeking to attract direct international air services to and from key markets. The Government continues to progress tax reforms that make the Territory's taxation system fairer, simpler and more efficient.

The Government will undertake a significant program of suburban renewal to ensure Canberra remains the most liveable city in the world. In this budget, we are investing in active travel, improving walking and cycling connections around our city centres, boosting municipal services, and enhancing our sporting and arts facilities. The Government is also undertaking a substantial public housing renewal program that will see the redevelopment of Allawah Court, Karuah, Owen Flats and Red Hill housing sites and the construction of replacement public housing properties.

In this Budget we are continuing to provide public transport reforms, including the construction of Capital Metro, in addition to enhancing our roads system and suburban infrastructure.

The Government is investing in ensuring that our city remains safe and fair through providing more funding for police, more funding for emergency services, a better victims of crime financial assistance scheme, justice reforms, and more judicial resourcing.

The development of greater social inclusion is a key commitment for this Government in this Budget with the goal of ensuring that everyone has the opportunity to participate in the Canberra community. To achieve this outcome the Government is constructing a new purpose built respite property, and providing a new client information system for youth protection services, extensions of the One Human Services Gateway and Strengthening Families Programs, more homelessness services, special needs transport, and initiatives to reduce violence against women and children.

Notwithstanding the range and extent of new initiatives in the 2015-16 Budget, the return to surplus from 2018-19 is consistent with the Government's commitment to maintain sound public finances and a strong balance sheet. The Government has to some extent mitigated the effect of recent economic shocks through consistent prudent financial management and considers that sustainable public finances are a necessary factor for long-term economic growth and stability.

The Government is forecasting a headline net operating deficit of $407.6 million in 2015-16, with progressively declining deficits in each successive year until 2018-19 when the budget is expected to return to surplus. Balancing of the budget will be achieved through targeted savings and revenue initiatives over the next four years.

The Government forecasts are for net debt and net financial liabilities to peak in 2017-18 before declining in 2018-19 as the budget returns to surplus. The balance sheet remains strong and net operating cash is forecast to improve in 2016-17 once the Asbestos Eradication Scheme moves into the next phase of remediation works.

Table 2
General Government Sector Headline Net Operating Balance

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Revenue	4,491,504	4,609,541	4,870,140	5,056,550	5,258,508
Expenses	5,217,471	5,148,547	5,140,234	5,287,311	5,401,827
Superannuation return adjustment[1]	128,578	131,440	154,022	179,596	193,660
HEADLINE NET OPERATING BALANCE	**-597,389**	**-407,566**	**-116,072**	**-51,165**	**50,341**
HEADLINE NET OPERATING BALANCE (excluding the Asbestos Scheme)	**-210,941**	**-348,994**	**-104,734**	**-41,645**	**58,681**
Net Cash from Operating Activities	-14,699	-5,879	352,547	420,415	646,583
Net Debt (excluding superannuation)	1,347,994	2,425,710	2,848,612	3,130,016	2,867,342
Net Financial Liabilities	4,641,805	5,663,926	6,140,969	6,432,291	6,247,858

Notes: Table may not add due to rounding.

1. The Headline Net Operating Balance incorporates the impact of long term superannuation investment earnings in order to provide an accurate assessment of the longer-term sustainability of the budget position. Further details are provided in Chapter 2.

CHAPTER 1

ECONOMIC PERFORMANCE, OUTLOOK AND STRATEGY

Chapter		Page
1.1	Overview	7
1.2	National and Global Economic Outlook	9
1.3	ACT Economic Outlook	11
1.4	Economic Strategy	23
1.5	Risks to the Economic Outlook	25

1.1 OVERVIEW

The ACT economy remains resilient. In the face of the challenges posed by the Commonwealth Government's spending cuts and downsizing of the Australian Public Service, the ACT economy, as measured by State Final Demand (SFD), grew by 1.9 per cent in the 2014 calendar year. This is despite a slight fall in employment and a net interstate migration outflow. An expected slight pickup in growth in the second half of 2014-15 lifts forecast growth in State Final Demand to 2¼ per cent for the 2014-15 financial year.

The economic outlook for the ACT in 2015-16 is expected to improve moderately. The ACT Government's own infrastructure and capital program will stimulate activity in the short to medium term. The lifting of the Commonwealth Government's hiring freeze as well as the *Jobs and Small Business Package* and the *Families Package* in the 2015-16 Commonwealth Budget, are also expected to help boost confidence in the ACT economy.

A low interest rate environment will also support the ACT economy.

National economic conditions remain challenging as the source of growth transitions to non-mining sectors. Resource exports, dwelling and non-mining investment, and an improvement in household consumption are expected to underpin economic growth, noting that the Australian economy is currently growing at a slightly below-trend pace.

The International Monetary Fund notes that global economic activity has improved moderately in 2015, with a slight acceleration expected in 2016. The momentum of recovery in advanced economies, led by the United States, is expected to support much of the expected global growth. China's transition away from investment toward consumption-led growth will provide opportunities for the ACT economy, given the ACT's strength in high value service exports.

Overall, lower energy prices are predicted to underpin global growth. Lower than forecast inflation rates in many economies are expected to provide central banks with further opportunities to support demand through ongoing accommodative monetary and fiscal policy settings.

1.2 NATIONAL AND GLOBAL ECONOMIC OUTLOOK

Australian Economy

The Australian economy continues to grow at below-trend pace, as commodity prices and resource-related investments continue to decline noticeably. Non-mining led business investment has also remained subdued over the last year, despite government moves to rebalance the Australian economy after the end of the mining led investment boom.

However, supportive monetary policy has seen stronger growth in dwelling investment over the past six months. In addition, the resource cycle is moving from investment to production with noticeable increases in export volumes.

Household consumption has also gained momentum, in part as a result of interest rate cuts by the Reserve Bank of Australia (RBA). Despite consumer sentiment remaining subdued, retail sales data indicates growth in household consumption has continued in the early months of 2015.

There are also signs of improvement in labour market conditions. Employment growth has improved over recent months, the participation rate has picked up slightly, and the unemployment rate has remained at around 6.2 per cent since July 2014.

Consumer price inflation has slowed substantially over the past year, reflecting in particular significant declines in global oil prices and general deflationary pressures around the world. Measures of underlying inflation continue to remain within the RBA's target band. Wage cost pressures remain subdued, both in the private and public sectors, consistent with spare capacity in the labour market.

Despite the decline in commodity prices putting pressure on high-cost producers of iron ore and the coal sector, resource exports continue to increase. Non-mining business investment continues to remain subdued, albeit in the presence of positive conditions for a recovery. Looking forward, resource exports are expected to continue to support economic growth. However, resource exports remain susceptible to external shocks, in particular from lower international commodity prices and the economic performance of key trading partners.

Key risks to the Australian economy continue to exist from the rate of decline of mining investment and the impact of lower commodity prices. The Australian Prudential Regulation Authority and the RBA have also warned of the risks involved in rapid house price growth in a number of Australian cities. Lower than expected global growth is also a potential risk to economic growth nationally.

World Economy

The growth prospects for the global economy have improved, with better than expected economic growth recorded in advanced economies in 2014 helping to offset growth that was below expectations in developing economies. Significant decreases in oil prices have been positive for global growth, in particular for advanced economies, while country specific factors such as movements in exchange rates and the further easing of monetary policy have also contributed to improved economic performance.

Global economic growth is expected to remain at a relatively moderate rate in 2015, with a slight acceleration expected in 2016. Lower energy prices are predicted to underpin growth, and lower than forecast inflation rates in many economies are expected to provide central banks with further opportunities to support demand through ongoing accommodative monetary and fiscal policy settings.

Growth in the **United States** was stronger than expected in 2014, as a result of strong domestic consumption, driven by improved levels of consumer confidence, lower oil prices and steady income growth. Above trend growth is expected to continue in 2015 and 2016. This will be driven by increased domestic demand, supported by lower energy prices, low levels of inflation, and improvements in the housing market.

Gradual economic recovery has continued in **Europe**, driven by increased household consumption, higher consumer and business confidence, and an improving labour market. Moderate levels of growth are expected in 2015 and 2016, supported by ongoing monetary stimulus and lower oil prices. However, the ongoing risk of financial market instability and decreasing productivity growth represent continuing challenges.

Following a recession in mid-2014, **Japan** has experienced improved economic conditions in recent months. Economic growth is expected to gradually improve in 2015 and 2016, supported by increased wages growth driven by tight labour market conditions, ongoing stimulatory fiscal and monetary policy settings, and the positive impact of lower oil and commodity prices. However, the impact of the ever increasing public debt burden will remain a challenge for the country.

Economic growth in **China** has continued to ease as a result of slowing domestic demand, with the Chinese Government reducing its Gross Domestic Product growth target for 2015 to about 7 per cent from around 7.5 per cent. The slowdown in economic growth from previous very high levels is being driven by weakness in the property market and softening conditions in the industrial and financial sectors. Ongoing structural reforms aimed at rebalancing the economy toward consumption driven growth and stimulus measures focussed on the property market, are expected to help support economic growth in China in the medium term, although risks remain around possible asset price bubbles. Overall, this transition is likely to provide significant opportunities for the ACT region in terms of the supply of high value-added products and services.

1.3 ACT ECONOMIC OUTLOOK

Recent Economic Developments

Economic growth in the Territory, as measured by State Final Demand (SFD), was 1.9 per cent in 2013-14. Year-average growth to the December quarter 2014 remained at this rate, but is expected to pickup slightly in the second half of 2014-15, to record growth of 2¼ per cent for the financial year.

Gross State Product is also forecast to increase slightly, from the 0.7 per cent recorded in 2013-14 to 1¼ per cent in 2014-15.

Employment in 2014-15 is expected to decline by ¼ of a percentage point. The lower than expected employment result was partially due to larger than expected Australian Public Service (APS) job cuts in 2014-15. The employment result was also negatively affected by slowing activity in labour intensive sectors, such as accommodation and food services related sectors.

Inflationary pressures have been well contained in 2014-15, due to the effects of lower oil prices and general deflationary conditions. The Consumer Price Index is expected to grow by 1¼ per cent in 2014-15 and the Wage Price Index by 1¾ per cent over the same period.

Population growth continues to remain below trend, with annual population growth of 1.2 per cent through-the-year to 30 September 2014.

Economic Outlook for 2015-16

The key economic aggregates for the ACT are summarised in Table 1.3.1.

Table 1.3.1
Economic Forecasts, Year-Average Percentage Change

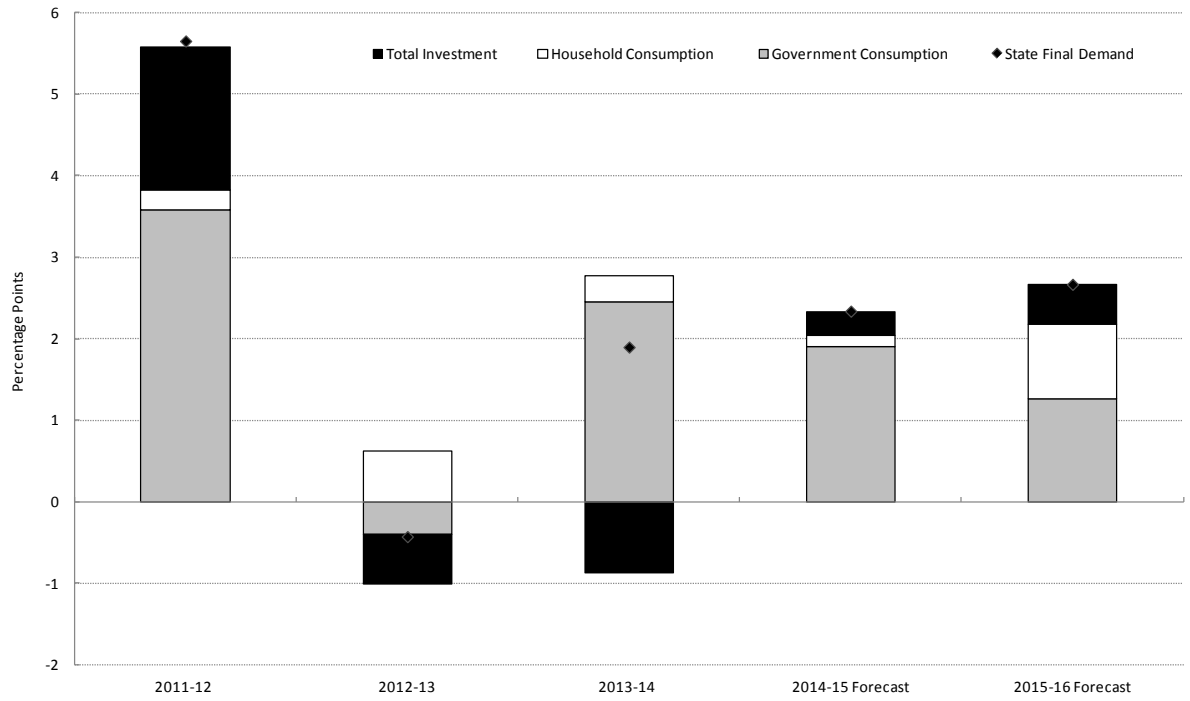
	Actual	Forecasts[1]	
	2013-14	2014-15	2015-16
ACT			
State Final Demand[2]	1.9	2¼	2¾
Gross State Product[2]	0.7	1¼	1½
Employment	-0.2	-¼	¾
Wage Price Index[3]	2.4	1¾	2¼
Consumer Price Index	2.2	1¼	2
Population[4]	1.2	1¼	1¼
Australia			
Gross Domestic Product[2,5]	2.5	2½	2¾

Notes:

1. Forecasts and projections are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in forecasting economic parameters.
2. Economic growth is forecast in real terms.
3. Total hourly rates of pay excluding bonuses.
4. The population forecasts are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other forecasts.
5. These are 2015-16 Commonwealth Budget forecasts for 2014-15 and 2015-16.

State Final Demand (SFD) is forecast to increase slightly to 2¾ per cent in 2015-16. The increase in demand is expected to be driven by a larger contribution from household consumption. Contributions to SFD growth from the various components are shown in Figure 1.3.1.

Figure 1.3.1
Contributions to Growth in ACT State Final Demand



Source: ABS Cat No. 5206.0; Chief Minister, Treasury and Economic Development Directorate.

Gross State Product (GSP) is forecast to grow by 1½ per cent in 2015-16, reflecting a forecast pickup in employment.

Government Consumption

Commonwealth Government consumption in 2014-15 was boosted by the front loading of job cuts in the APS, with redundancy packages adding to Commonwealth Government expenditure on wages and salaries. With job cuts expected to be minimal in 2015-16, together with continued fiscal restraint, Commonwealth Government consumption is expected to grow at a lesser pace in 2015-16. ACT Government consumption in 2014-15 is boosted by expenditure on the Asbestos Eradication Scheme, and is expected to reduce in 2015-16, while still remaining an important overall contributor to SFD growth.

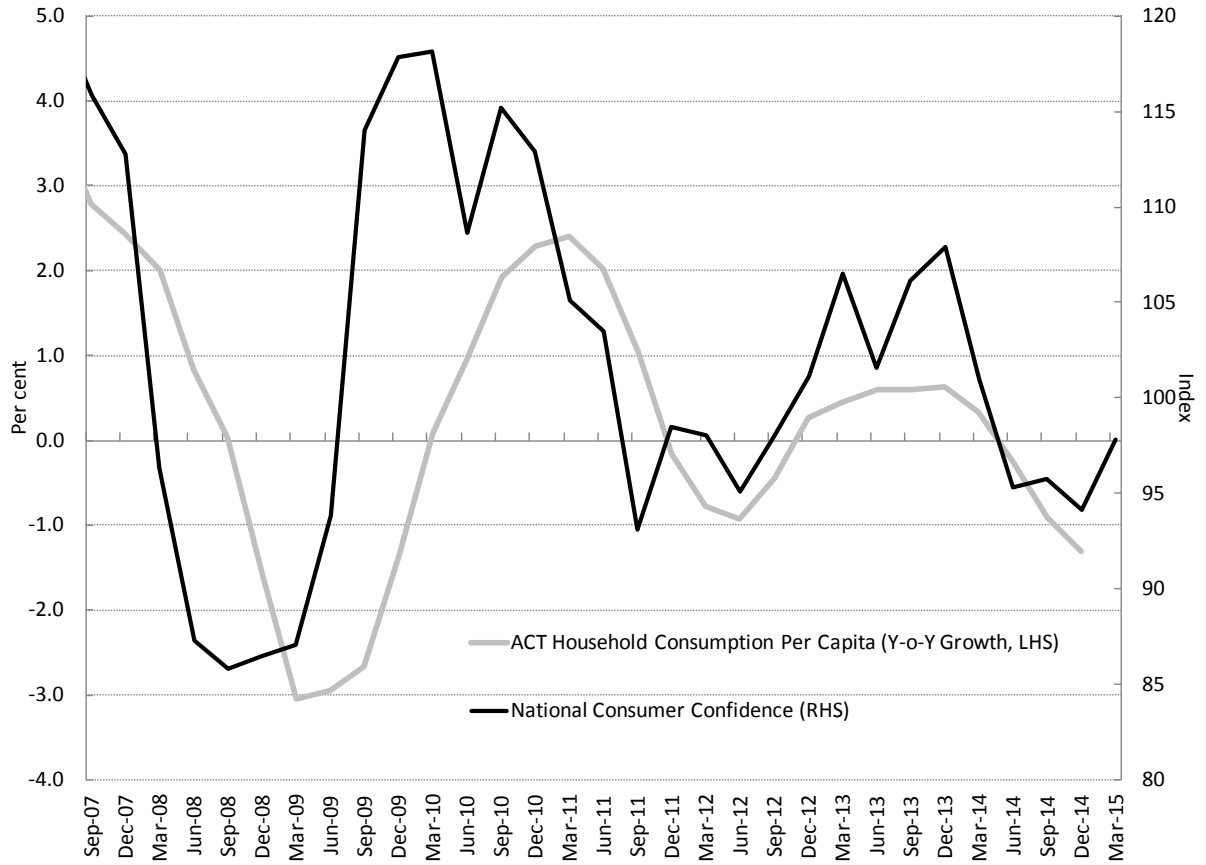
Household Consumption

Household consumption growth is forecast to pickup in 2015-16, as the local labour market stabilises after the recent Commonwealth job cuts. However, expectations on household income growth remain subdued and this, combined with continuing relatively low consumer confidence and below trend population growth, is expected to limit private spending growth in 2015-16, despite the impact of lower interest rates.

National consumer confidence has shown some improvement in early 2015, but still remains below long-run average levels. This improvement in confidence is expected to be reflected in the growth rate for overall household consumption per capita (Figure 1.3.2).

Job security is expected to continue to influence consumer confidence in the ACT. This may improve with the announcement in the 2015-16 Federal Budget of an end to the period of sharp contraction of the APS, including a relaxation of the hiring freeze from 1 July 2015.

Figure 1.3.2
Consumer Confidence and ACT Household Consumption Per Capita



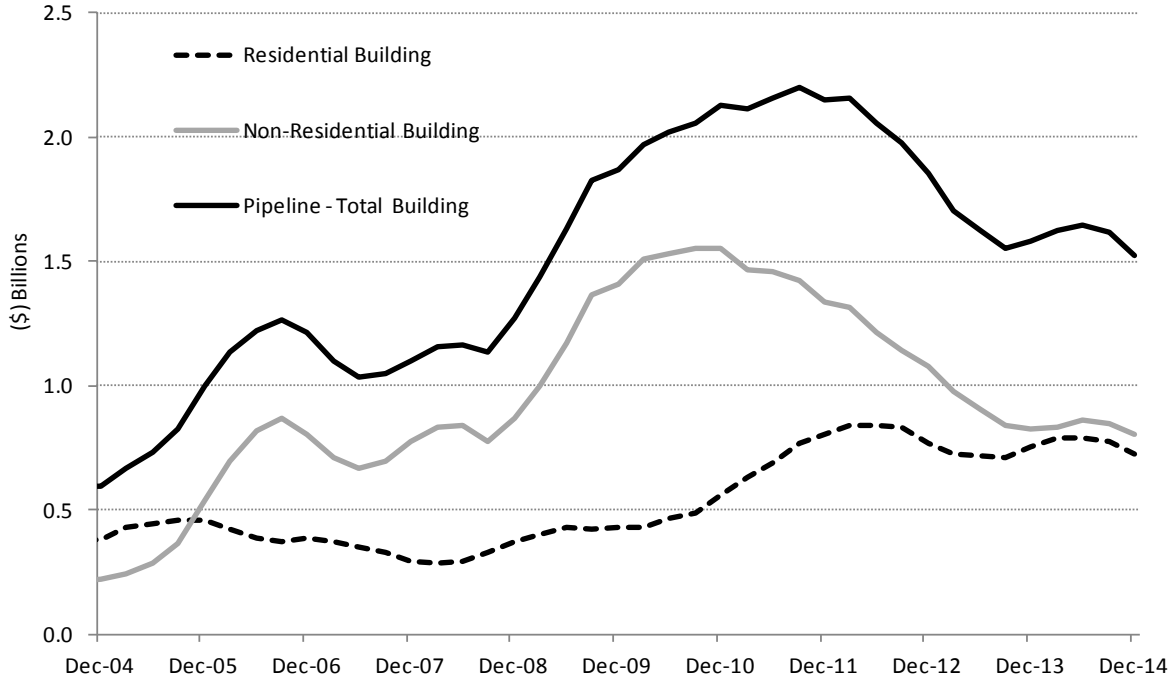
Source: ABS Cat No. 5206.0 and No. 3101.0; Westpac – Melbourne Institute Survery of Consumer Sentiment.

Investment

Total investment in the ACT is forecast to improve over the next two years.

Dwelling and non-dwelling investment is expected to play a key role in driving investment growth over the forward years. The December Quarter 2014 Building Activity Survey and Engineering Construction Activity Survey showed that the value of work in the pipeline remains at relatively high levels (Figure 1.3.3).

Figure 1.3.3
Real Value of Construction Work in the ACT Pipeline (Four-quarter Moving Average)



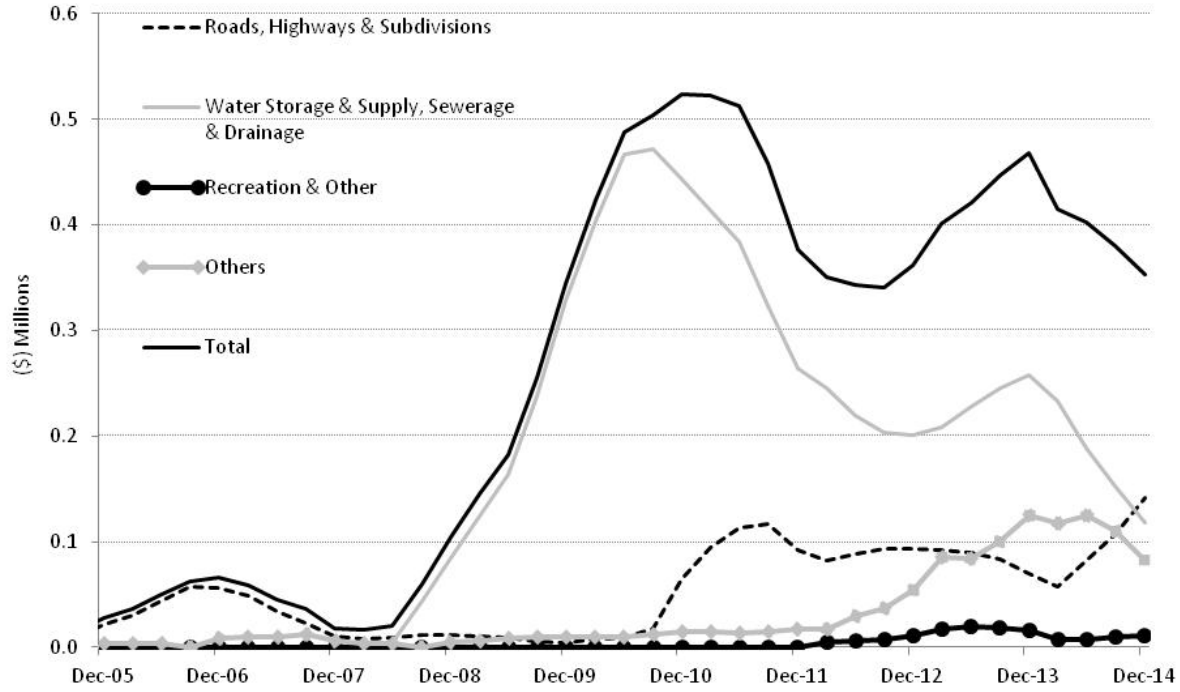
Source: ABS Cat No. 8752.0 and No. 8782.0.65.001; Chief Minister, Treasury and Economic Development Directorate.

The ACT Government's Asbestos Eradication Scheme is expected to support residential investment in 2015-16. Strong foreign buyer interest in new ACT housing construction is also expected to support ongoing investment.

Leading indicators in *engineering construction activity* continue to point to a high level of investment, although a downward trend has taken place in recent quarters (Figure 1.3.4). In this Budget, the ACT Government will invest $208 million in New Capital Works in 2015-16, and $459 million over four years. These projects are part of the Government's $2.8 billion infrastructure program over the forward estimates.

Projects to commence within the next two years include the ACT Court Facilities Early Works, public housing renewal projects, duplication of major roads, and other ACT Government capital projects.

Figure 1.3.4
ACT Nominal Value of Engineering Construction Work Yet-to-be Done
(Four-quarter Moving Average)



Note: The "Others" category includes Bridges, Railways & Harbours, Electricity Generation, Telecommunications and Heavy Industry.
Source: ABS Cat No. 8762.0; Chief Minister, Treasury and Economic Development Directorate.

Total public sector investment (which consists of investment by the Commonwealth Government, ACT Government and Public Corporations) is forecast to contribute positively to total investment in the short term.

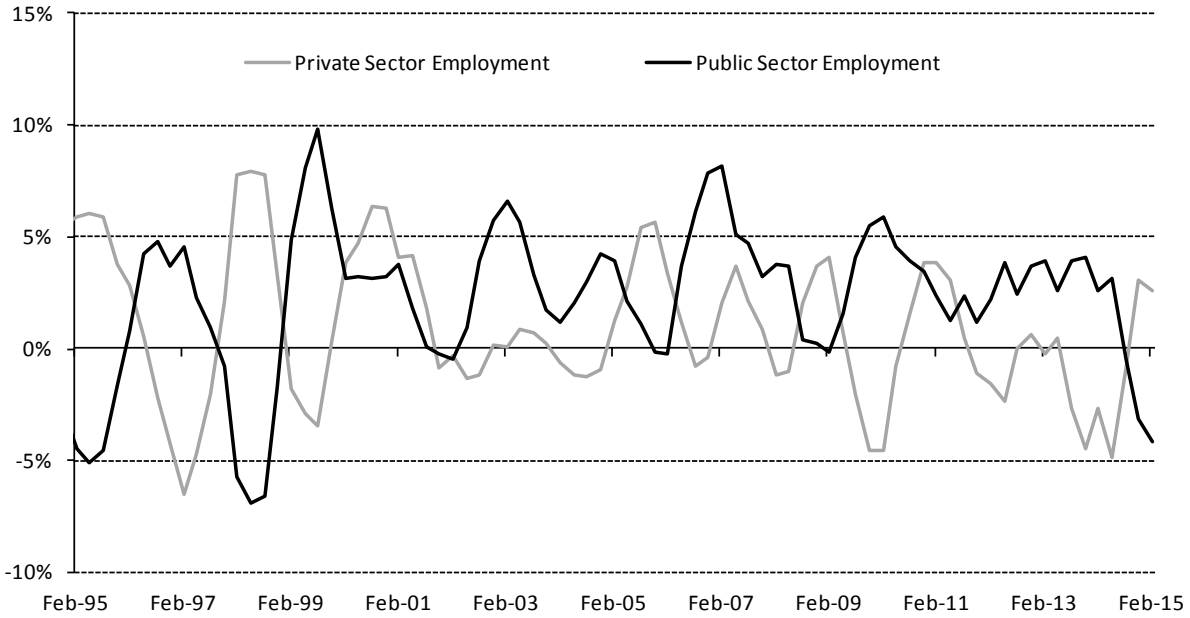
Labour Market

Employment in 2014-15 is expected to decline by ¼ of a percentage point, before growing at a below-trend pace of ¾ of a percentage point in 2015-16.

Employment in 2014-15 was negatively affected by larger than expected APS job cuts and slowing activity in labour intensive sectors such as the accommodation and food services sectors. The 2015-16 Commonwealth Budget noted that the average staff levels (ASL) in the general government sector Australia-wide in 2015-16 will be 15,165 lower than the ASL peak of 185,505 in 2011-12. The APS's Statistical Bulletin shows that APS job cuts were front loaded, with a reduction of 5,378 ACT jobs (14,414 nationally) through the 18 months to 31 December 2014.

While the broad employment picture in 2014-15 was affected by Commonwealth Government downsizing, a pickup in private sector employment has partially offset the impact of APS jobs cuts and restrictive hiring practices (Figure 1.3.5). The past few ACT Budgets have added employment through increased service delivery and construction of key projects. In addition, the relaxation from 1 July 2015 of the stringent restrictions on recruitment by Commonwealth Government departments should help support an improved labour market outcome in 2015-16.

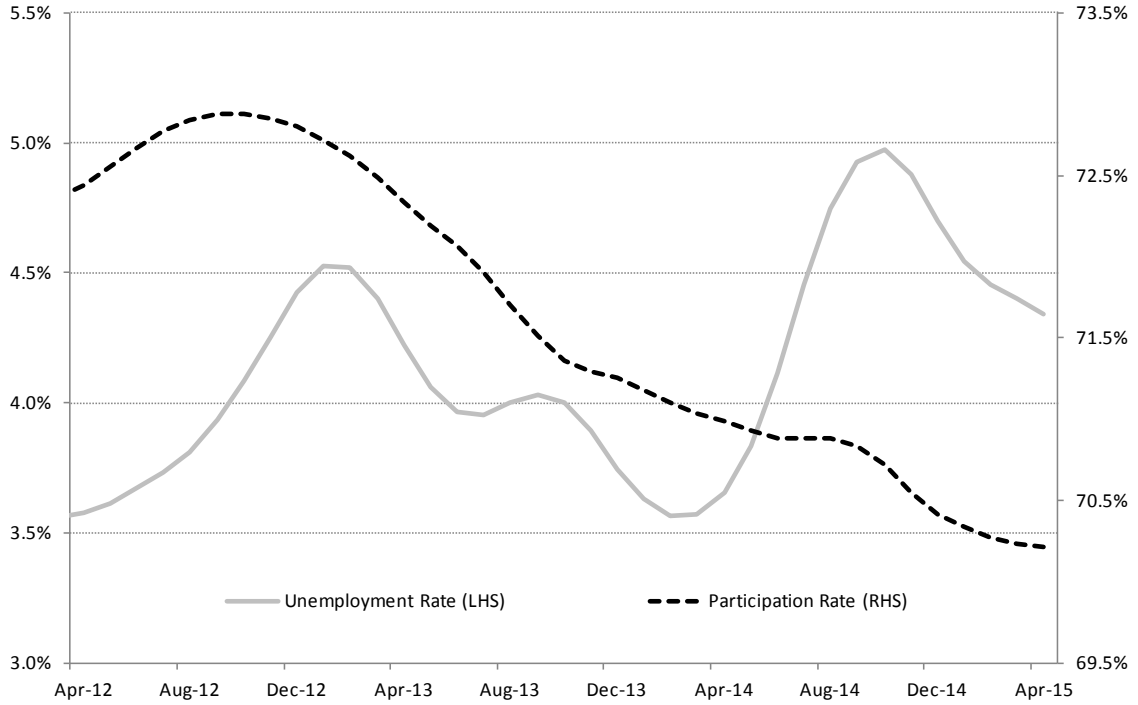
Figure 1.3.5
ACT Private and Public Sector Employment (Year-average change)



Source: ABS Cat. No. 6291.0.55.003.

Data from early 2015 has displayed initial signs of a turnaround in the labour market following softer outcomes through 2014. Employment levels in the ACT have improved and the unemployment rate has begun to decrease (Figure 1.3.6).

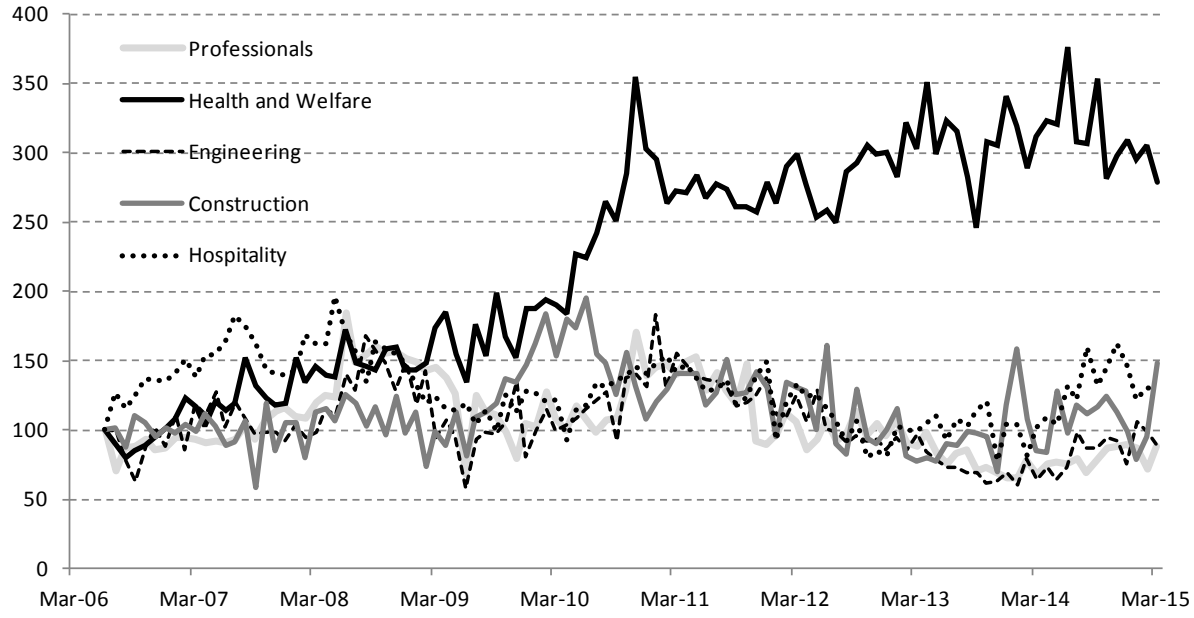
Figure 1.3.6
ACT Unemployment Rate and Participation Rate (Monthly Trend Data)



Source: ABS Cat No. 6202.0.

This outlook is also consistent with an upturn observed in leading employment indicators, albeit from very low levels. Year-on-year to March 2015, the Commonwealth Department of Employment's job vacancy report showed a 10.4 per cent increase in internet job vacancies in the ACT (Figure 1.3.7).

Figure 1.3.7 Internet Job Vacancies Index by Sectors in the ACT (Index: Jan 06=100 Seasonally Adjusted)



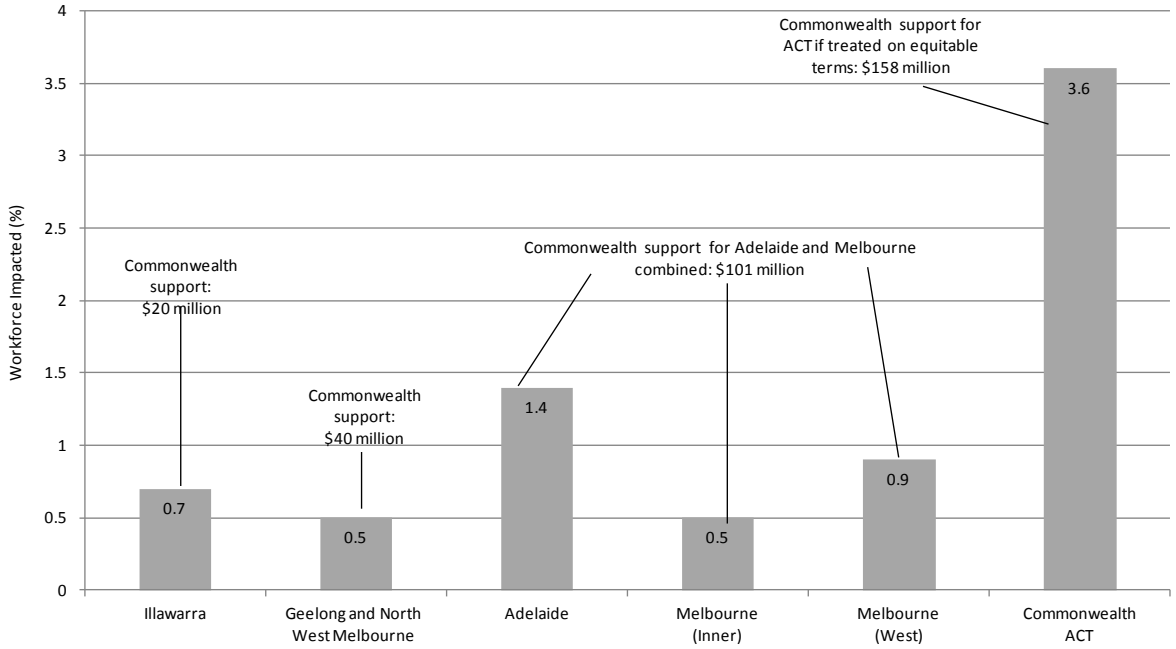
Source: Commonwealth Department of Employment.

Commonwealth Assistance to Industry

The Commonwealth Government has provided no support to the ACT economy, despite the extent of the APS job cuts and the impact this had on the economy. By comparison, the Commonwealth Government has provided direct support to the industries or other regions impacted by significant change.

In response to the loss of approximately 6,600 direct jobs at Ford, Holden and Toyota, the Commonwealth Government committed approximately $140 million in assistance programs. The closure of Blue Scope in Illawarra also attracted support of $20 million for 1,000 direct job losses. On average, this is equivalent to approximately $20,000 in Commonwealth funding per direct job loss. If treated on similar terms, the ACT economy would have been boosted by an injection of $158 million (see Figure 1.3.8).

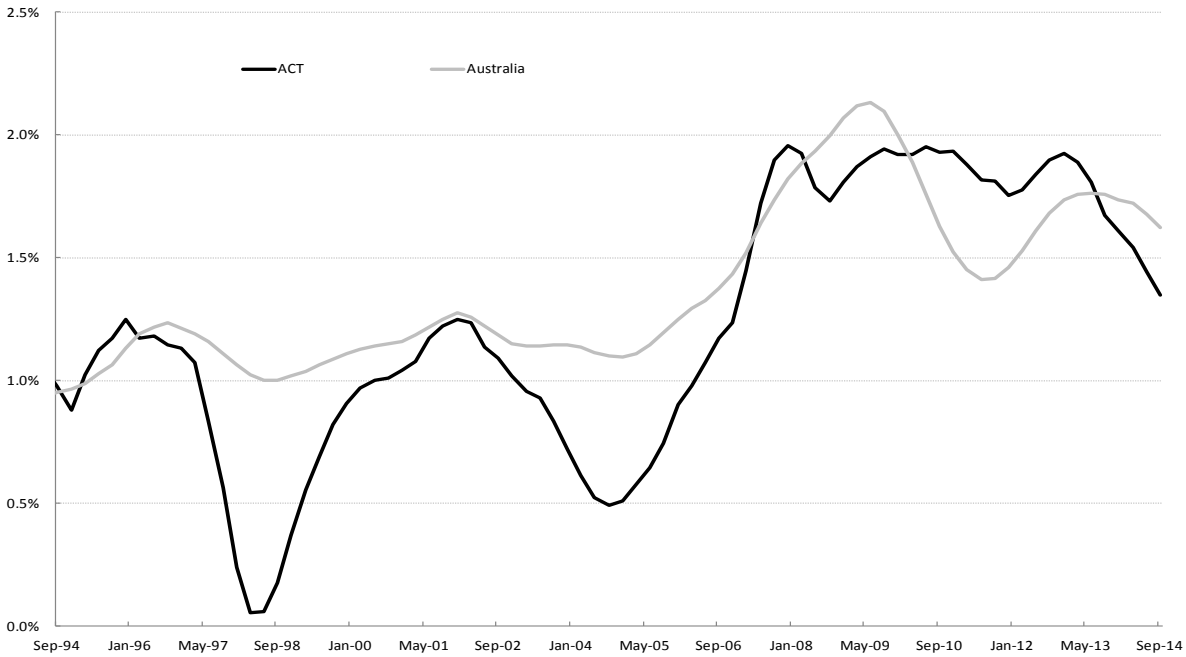
Figure 1.3.8 Commonwealth Assistance to Industry



Population

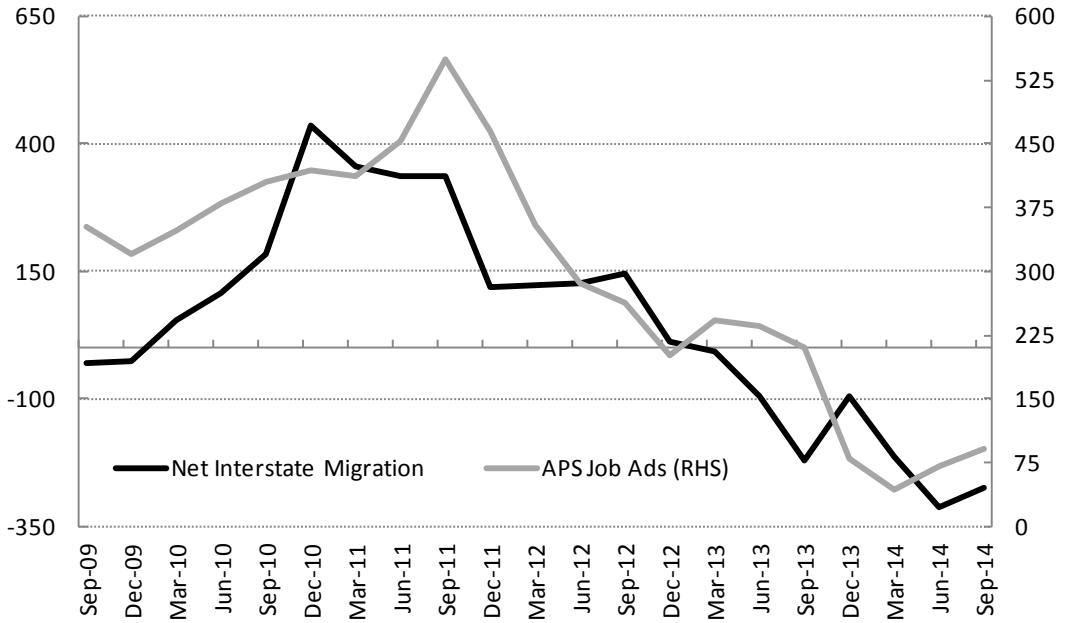
Population growth in the ACT continues to moderate, in line with the subdued economic environment in the Territory through the Commonwealth Government job cuts and fiscal consolidation. The slowdown (see Figure 1.3.9) has mainly been driven by net interstate migration, which recorded three consecutive quarters of outflow from the ACT between the March and September quarters of 2014, in line with the decline in APS job advertisements observed in the Territory (Figure 1.3.10).

Figure 1.3.9
ACT Population, Through-the-Year Growth



Source: ABS Cat No. 3101.0.

Figure 1.3.10 Net Interstate Migration and APS Job Ads, ACT
Quarterly Original Data



Source: ABS Cat No. 3101.0 and APS Jobs website

Net overseas migration to the ACT has slowed somewhat, consistent with the overall national trend. However, inflows from international student numbers are expected to maintain some strength over 2014-15 and 2015-16. In addition, natural increases in the population are expected to continue to contribute positively to population growth.

Considering the current trend by components of population, the ACT's population is forecast to grow by 1¼ per cent in 2014-15 and 2015-16 (Figure 1.3.9).

Housing Market

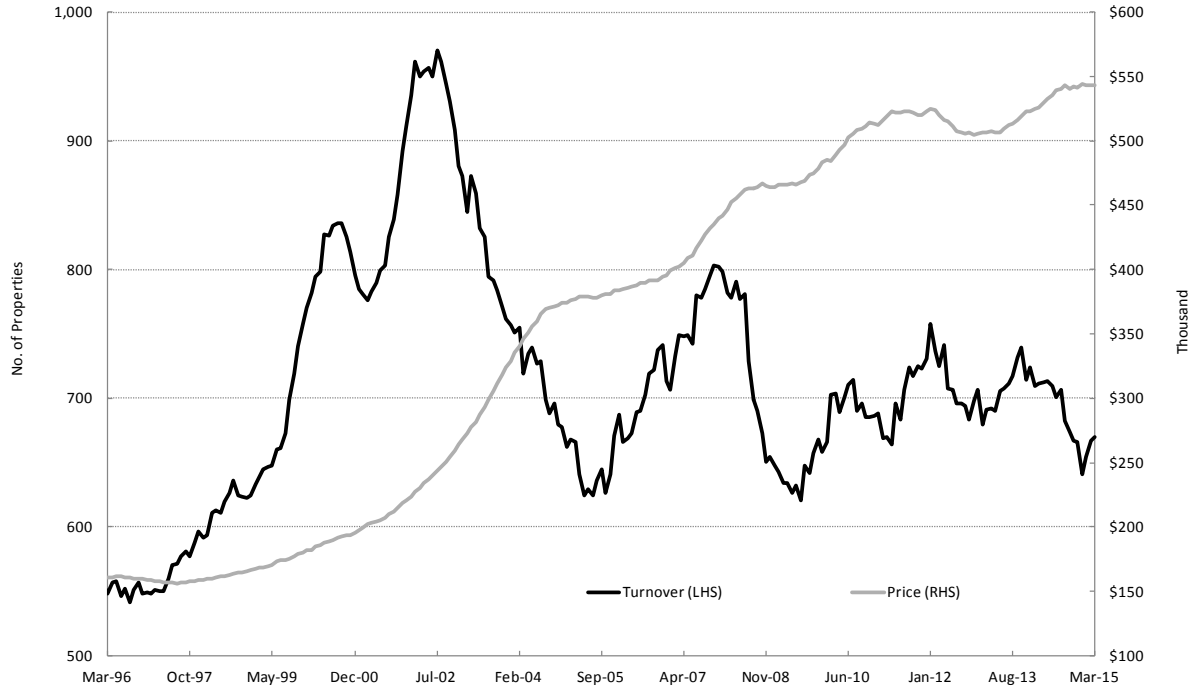
The ACT housing market experienced strong building activity in recent years, particularly in apartments and townhouses. This is in-line with the Government's land release program as well as other initiatives to improve housing affordability and to increase urban infill development.

Investment remains at high levels. However, reductions in some sectors have been recorded recently. Residential building commencements decreased by 9.4 per cent year-on-year to the December quarter 2014. Year-on-year to March 2015, the number of building approvals in the ACT in trend terms decreased by 36.8 per cent, driven mainly by a reduction in units, flats, apartments and townhouses.

The turnover in the established housing market has increased in recent months, driven mainly by owner-occupiers. Year-on-year to March 2015, the number of owner occupier housing finance commitments for established dwellings increased by 2.2 per cent in original terms.

House prices remain relatively subdued and are expected to remain so over the medium term (Figure 1.3.11). The latest Bendigo Bank Real Estate Market Facts report shows the median house price in Canberra increased by 1.9 per cent in the December quarter 2014 while the median price for other dwellings was flat. This was below the weighted average increase recorded for Australian capital cities over the same period (an increase of 3.5 per cent for houses and 2.5 per cent for other dwellings), and below the increases experienced in Sydney (4.5 per cent for houses and 3.7 per cent for other dwellings).

Figure 1.3.11
ACT Residential Property Turnover and Average Price, 12-Month Moving Average
Original Data



Source: Environment and Planning Directorate; Chief Minister, Treasury and Economic Development Directorate.

The housing market will continue to face short-term challenges as a consequence of the Commonwealth Government's fiscal consolidation, although there continue to be positive factors for the housing market from solid overall economic fundamentals and favourable investment conditions driven by historically low interest rates and the ACT Government's Land Release Program.

Consumer Price Inflation and Wages

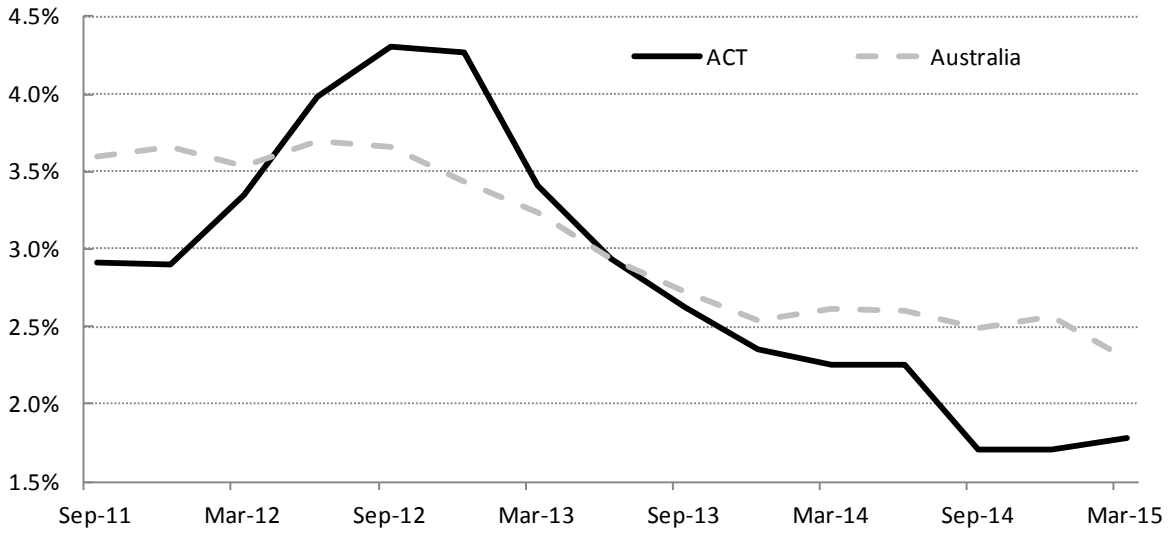
Consumer Prices

Inflationary pressures are expected to increase in 2015-16, albeit from current very low levels, as the impact of the depreciation of the Australian dollar places upward pressure on the price of tradable goods. Inflation is forecast to reach 2 per cent in 2015-16, which is at the lower bound of the inflation target of 2 to 3 per cent set by the Reserve Bank of Australia.

Wages

Wages growth is forecast to increase to 2¼ per cent in 2015-16, consistent with moderate consumer prices growth, spare capacity in the labour market, and public sector wage and cost containment by the Commonwealth Government (Figure 1.3.12).

Figure 1.3.12
Wage Price Index. Through-the-Year Growth
Original Data



Source: ABS Cat. No. 6345.0

Forward Year Projections

Forward year projection parameters are reflected in Table 1.3.2 below. Projections based on these medium-term assumptions are provided for planning purposes only and do not reflect an expectation (forecast) of actual outcomes.

Table 1.3.2
Economic Projections, Year-Average Percentage Change

	Projections[1]		
	2016-17	**2017-18**	**2018-19**
ACT			
State Final Demand[2]	4	4	4
Gross State Product[2]	2½	2½	2½
Employment	1½	1½	1½
Wage Price Index[3]	3½	3½	3½
Consumer Price Index	2½	2½	2½
Population[4]	1½	1½	1½
Australia			
Gross Domestic Product[2,5]	3¼	3½	3½

Notes:

1. Forecasts and projections are rounded to a ¼ of a percentage point to reflect the relative level of accuracy used in forecasting economic parameters.
2. Economic growth is forecast in real terms.
3. Total hourly rates of pay excluding bonuses.
4. The population forecasts are based on the rate of growth from the June quarter compared to the June quarter of the previous year, rather than 'year average' as with all other forecasts.
5. These are 2015-16 Commonwealth Budget forecasts.

1.4 ECONOMIC STRATEGY

Economic Strategy

The Government's economic strategy is to grow and continue to diversify the ACT economy, encourage job creation and support the community. The 2015-16 Budget builds on the efforts in 2014-15 and continues the Government's focus on these key principles.

There is no doubt the ACT economy has suffered under the Commonwealth Government's job cuts and spending cuts (see ACT Economic Outlook – Chapter 1.3). However, the policies in last year's Budget to invest in jobs and infrastructure have underpinned the ACT economy in these hard times.

The worst of the Australian Public Service job cuts and declines in Commonwealth spending appear to be behind us.

The Government will continue to use this budget to safeguard jobs for Canberra and grow our economy in 2015-16. Transforming Canberra through major infrastructure projects will generate jobs for Canberrans, stimulate the ACT economy, and help to reduce the impact of the past Commonwealth Budget contraction. Infrastructure investment will continue to play a key role in promoting economic stability in the ACT and generating longer-term economic benefits for the community. While the Government is unable to control expenditure decisions by the Commonwealth Government, we can improve the resilience of the ACT economy to the impacts of negative Commonwealth decisions.

Economic strategy – priority areas

Priority areas of the Government's economic strategy are: promoting key infrastructure development and urban renewal, encouraging business development and job creation, and continuing service provision with a focus on social inclusion.

Infrastructure

Our priority is to continue to build new infrastructure, and plan for the Canberra of tomorrow through major long-term projects.

Infrastructure investment is one of the best ways for governments to promote long-term improvements in productivity, by enhancing the efficiency with which private sector resources can be used. This drives growth and better living standards for the community.

Infrastructure investment is delivered by the construction sector, which accounts for over eight per cent of employment in the ACT. Growth in this sector has significant flow-on benefits for employment in a range of related professions such as architecture, engineering, law and finance.

The $2.8 billion infrastructure program in the 2015-16 Budget builds on the investment announced in the 2014-15 Budget (refer to Infrastructure and Capital – Chapter 5).

Urban renewal

While new infrastructure is important in stimulating growth in our city, this Government is also committed to improving the infrastructure in Canberra's older suburbs. Urban renewal is an essential element of the Government's strategy to achieve better economic and social outcomes for the Territory. The Government, in this Budget, is establishing a comprehensive program of urban renewal across Canberra. The program will reinvigorate the Territory and support our economy through improved public housing, transport, access roads, pathways, local shops, and sport and community facilities.

An important aspect of the urban renewal strategy is the program of asset sales which commenced in 2014-15. This will allow the government to restructure our balance sheet and invest in productivity enhancing infrastructure. The asset sales program will also attract additional funding as part of the Commonwealth's Asset Recycling Initiative which provides incentive payments on proceeds of asset sales re-invested in productive infrastructure.

Business Development Strategy

This Budget commits $6 million to *Confident and Business Ready – Business Development Strategy 2015*. The focus of this strategy is on creating the right business environment and using our competitive strengths to accelerate innovation and investment.

The strategy will build on the effective approaches we have pursued over the last three years to support innovation, investment and create and keep jobs in the ACT. We will continue to work with our business community and university sector to build a city with its own distinct economic identity for the future.

We will also continue to work with our regional neighbours to leverage and promote the size and diversity of economic opportunities that exist in the broader Canberra region, particularly in relation to the visitor economy.

Taxation reform

In support of its business development strategy, the Government is also continuing its agenda of taxation reform. The economy will benefit in the longer term from the transition to a more efficient and fairer taxation structure (see Taxation Reform – Chapter 6.2 for further information).

Access Canberra

Access Canberra is providing a new 'one-stop shop' to cut red tape and better connect Canberrans to government services. Access Canberra brings together ACT Government customer services, approvals and regulatory compliance activities. Access Canberra aims to make it easier for business to meet its regulatory requirements by streamlining processes and incrementally moving to a modern, risk-based approach to services and compliance. By adopting a customer-focus, Access Canberra will work with businesses to support and promote their ideas, encouraging growth and innovation.

Access Canberra will be a key party in delivering on the Government's red tape reduction agenda.

1.5 RISKS TO THE ECONOMIC OUTLOOK

The Australian economy is forecast to return to trend growth in 2016-17. Changes to the Australian and/or world economic growth path will have flow-on effects to the ACT economy. Of particular note is the impact of commodity prices on our national growth.

The large number of jobs cuts in the Australian Public Service, which occurred over the last 18 months, have had a significant negative impact on the local ACT economy. Given recent announcements by the Commonwealth Government, the risk of further cuts and hence damage to the local economy has abated, and somewhat reduces future risks to the ACT economy. This Budget assumes a return to moderate growth across the main economic indicators, but from a weakened base.

Although the risk of further job cuts appears to have fallen, the ACT economy still faces the prospect of lower than expected Commonwealth Government spending and continued Commonwealth Government wage restraint, which will affect income and associated household spending growth in the Territory. Other potential risks to the ACT economic outlook are slower than anticipated population, employment and price growth in 2015-16.

Business confidence is expected to improve; however, there is uncertainty as to the extent and pace with which that improvement will occur. A similar comment may be made in respect of consumer sentiment.

The *Jobs and Small Business Package* and *Families Package* in the Commonwealth Budget, which are expected to help boost the ACT economy, should partly offset these risks.

At the Territory level, the ACT Government's 2015 business development strategy, *Confident and Business Ready*, sets out a clear and positive plan to support our private sector as it continues to grow and develop over the next two years. The establishment of Access Canberra in 2014 will focus on streamlining processes for dealing with government, providing further support for local business.

CHAPTER 2

FISCAL STRATEGY

Chapter		Page
2.1	Budget Outlook	29
2.2	Fiscal Strategy	35
2.3	Cost of Living Statement	45

2.1 BUDGET OUTLOOK

2015-16 Budget Overview

The 2015-16 Budget is *For Canberra*. It continues to deliver core services such as health, education, community and emergency services, and justice, and is investing in the future through new and ongoing infrastructure projects that will renew our city and contribute to economic growth and employment.

The forecast Headline Net Operating Balance in 2015-16 is a deficit of $407.6 million, with increasingly smaller deficits expected in 2016-17 and 2017-18 before the budget returns to surplus in 2018-19.

Table 2.1.1 below provides estimates for the Headline Net Operating Balance over the forward estimates.

Table 2.1.1
General Government Sector Headline Net Operating Balance

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Revenue	4,491,504	4,609,541	4,870,140	5,056,550	5,258,508
Expenses	5,217,471	5,148,547	5,140,234	5,287,311	5,401,827
Superannuation return adjustment[1]	128,578	131,440	154,022	179,596	193,660
HEADLINE NET OPERATING BALANCE	**-597,389**	**-407,566**	**-116,072**	**-51,165**	**50,341**
HEADLINE NET OPERATING BALANCE (excluding the Asbestos Eradication Scheme)	**-210,941**	**-348,994**	**-104,734**	**-41,645**	**58,681**
Net Cash from Operating Activities	-14,699	-5,879	352,547	420,415	646,583
Net Debt (excluding superannuation)	1,347,994	2,425,710	2,848,612	3,130,016	2,867,342
Net Financial Liabilities	4,641,805	5,663,926	6,140,969	6,432,291	6,247,858

Notes: Table may not add due to rounding.

1. The Headline Net Operating Balance incorporates the impact of long-term superannuation investment earnings to provide an accurate assessment of the longer-term sustainability of the budget position. Further details are provided later in this chapter.

The Government's balance sheet remains strong with net worth forecast to be $16.5 billion and net debt expected to be $1.3 billion at 30 June 2015.

The Context of the 2015-16 Budget

In the past two years, there have been a number of significant fiscal and economic shocks which have adversely affected the ACT Budget. Last year, the Commonwealth Government announced that it would not only progressively contract spending, but it would also substantially reduce the number of its employees. In addition to these indirect negative impacts on the ACT, the Commonwealth also reduced the Territory's expected National Health Reform Agreement (NHRA) funding by approximately $248 million over four years.

Table 2.1.2 provides a summary of the direct impact of decisions, announced in the 2015-16 Commonwealth Budget, on the ACT.

Table 2.1.2
Summary of the direct impact of Commonwealth Government funding on the ACT Budget

	2014-15 Estimated Outcome $'000	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000
National Health Reform Agreement grants[1]	15,549	-19,693	-50,264	-116,732
Financial Assistance Grants (Local Government)[2]	36	-81	-104	-175
General Revenue Assistance[2]	-247	-133,290	-130,555	-90,674
Other grants[3]	321	9,600	27,223	38,261
Total	**15,659**	**-143,464**	**-153,700**	**-169,320**

Notes: Table may not add due to rounding.

1. ACT Treasury estimate of the difference between guaranteed funding under the National Health Reform Agreement and funding announced in the 2015-16 Commonwealth Budget.
2. For further information on Financial Assistance Grants and General Revenue Assistance, refer to Federal Financial Relations (Chapter 7).
3. Other grants include National Special Purpose Payments (excluding Health) and National Partnership Payments (excluding Financial Assistance Grants). Additional funding mainly reflects increased assistance for DisabilityCare Australia and ARI financial incentives (ACT Treasury estimates).

The Commonwealth has not increased the pace of its fiscal consolidation announced in its 2014-15 Budget. Nonetheless, the 2015-16 Budget has again been framed in an uncertain environment with further funding reductions from the Commonwealth, this time a reduction of nearly $560 million over four years in relation to our Goods and Services Tax (GST) revenue as a result of a Commonwealth Grants Commission review of relativities.

This, combined with the Asbestos Eradication Scheme, announced as part of the 2014-15 Budget Review at a net cost of up to $400 million, will put pressure on our public finances over the short-term. The Territory is meeting the net cost of the Asbestos Eradication Scheme after the Commonwealth reneged on a cost sharing arrangement which was set out in the 1991 Memorandum of Understanding between the two Governments on this matter. The Memorandum of Understanding stipulated that costs above $30 million would be apportioned $2 to $1 by the Commonwealth and Territory, respectively.

The prudent financial management of the Government has to some extent mitigated the impact of these shocks. In particular, the Government has bolstered the balance sheet through past operating surpluses and targeted investments. This laid a solid foundation and provided the Government with sufficient capacity to reduce the effect of the series of economic shocks that have adversely impacted the ACT economy and budget over the past two years.

Health services in particular have been negatively affected as a result of the cuts in 2014-15 to the health funding guaranteed by the previous Commonwealth Government. While the ACT Government decided to maintain the level of funding allocated to health services in 2014-15 and again in 2015-16 – effectively funding these Commonwealth cuts from its own budget – in the longer-term the ACT Government will be forced to reduce growth from historic growth in Commonwealth funding of around 11 per cent to around 5 per cent per annum, consistent with the revised Commonwealth funding arrangements.

To continue to provide stability to the ACT economy, the Government has not cut programs nor reduced services. Rather, it is supporting and stimulating the Canberra community by continuing to fund existing services and introducing a range of new initiatives in the 2015-16 Budget. This approach, while necessitating deficits in the short term, aims to boost employment and bolster the economy through targeted spending initiatives.

The return to a surplus from 2018-19 is consistent with the Government's commitment to maintain sound public finances and a strong balance sheet.

Headline Net Operating Balance

The Government is forecasting a headline net operating deficit of $407.6 million in 2015-16, an increase of $157.8 million from the deficit of $249.8 million that was forecast in the 2014-15 Budget Review. This movement reflects a forecast increase in expenses of $94.1 million and an expected decrease in revenue of $79.9 million.

Table 2.1.3 provides an overview of variations in the General Government Sector (GGS) Headline Net Operating Balance (HNOB) since the 2014-15 Budget.

Table 2.1.3
Summary of Movements in the GGS HNOB from the 2014-15 Budget

	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000
2014-15 Budget	**-332,835**	**-117,803**	**-26,276**	**77,470**
Revenue	33,363	35,372	14,848	1,521
Expenses	-82,496	-17,726	-7,674	-1,163
Asbestos Eradication Scheme	-384,613	-141,760	-5,148	1,009
Superannuation Return Adjustment	-3,887	-7,835	1,410	1,521
2014-15 Budget Review	**-770,468**	**-249,752**	**-22,840**	**80,358**
Commonwealth Grants[1]	1,208	-137,599	-133,163	-136,191
Revenue				
Policy Decisions	0	14,234	21,607	31,621
Technical Adjustments	50,190	38,297	22,937	-76,475
Expenses				
Policy Decisions	0	-123,998	-66,922	-25,305
Technical Adjustments	104,710	-48,038	48,245	49,510
Asbestos Eradication Scheme	-1,835	83,188	-6,190	-10,529
Superannuation Return Adjustment	18,806	16,102	20,254	35,846
2015-16 Budget	**-597,389**	**-407,566**	**-116,072**	**-51,165**
HNOB excluding the Asbestos Eradication Scheme				
2014-15 Budget Review	**-385,855**	**-107,992**	**-17,692**	**79,349**
2015-16 Budget	**-210,941**	**-348,994**	**-104,734**	**-41,645**

Notes: This table may not add due to rounding.

1. Includes general revenue assistance, financial assistance grants and municipal grants only. National Partnerships and Special Purpose Payments are included under technical adjustments.

Table 2.1.4
Summary of major technical adjustments since the 2014-15 Budget Review

	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000
Revenue				
ACTTAB Licence Fees	46,790	0	0	0
Conveyance duty parameters	-3,574	-6,477	-11,075	-14,463
Icon Water dividend and income tax equivalent	-3,040	-10,118	-1,409	-15,966
LDA dividend, income tax equivalent and contributed assets	851	45,093	45,096	158
Payroll tax parameters	5,092	11,788	10,486	8,939
Superannuation Provision and Territory Bank Account earnings	-1,552	2,153	-7,097	-10,490
Other parameters and technical adjustments	5,623	-4,142	-13,064	-44,653
Total Revenue Technical Adjustments	**50,190**	**38,297**	**22,937**	**-76,475**
Expenses				
ACTIA liabilities – actuarial update	41,418	-10,836	1,762	4,738
Revised funding profiles and rollovers	45,629	-58,390	-5,869	-4,451
Treasurer's advances	-11,953	0	0	0
Other parameter and provision adjustments	22,450	31,393	51,134	57,335
Other technical adjustments	7,166	-10,205	1,218	-8,112
Total Expenses Technical Adjustments	**104,710**	**--48,038**	**48,245**	**49,510**

Revenue

The Government is forecasting revenue of $4.6 billion in 2015-16, a reduction of $79.9 million since the 2014-15 Budget Review. This lower revenue forecast reflects the following reductions:

- Commonwealth grant revenue for GST relativities ($137.6 million);
- Icon Water dividend and income tax equivalent ($10.1 million); and
- an expected fall in conveyancing duties ($6.5 million).

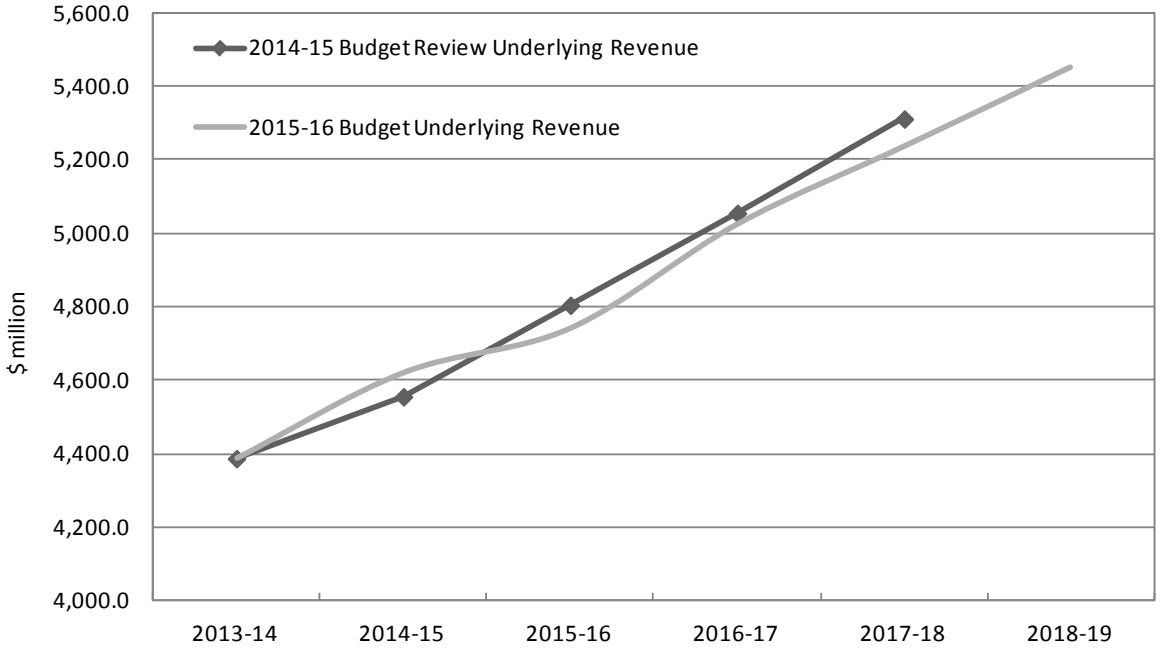
These forecast reductions in revenue are partially offset by expected increases in:

- revised dividend and income tax equivalents from the Land Development Agency ($45.1 million);
- the policy impact of Government decisions ($14.2 million);
- an increase in payroll tax due in part to growth in employment and wages in relevant sectors of the ACT economy and the payroll tax harmonisation initiative which commenced on 1 January 2015 ($11.8 million); and
- investment earnings from the Superannuation Provision Account ($7.8 million).

Across the Budget and forward estimates period, underlying revenues (which exclude the one-off ACTIA actuarial update) are forecast to grow at 4.5 per cent per annum, 0.8 percentage points lower than expected at the time of the 2014-15 Budget.

Figure 2.1.1 depicts a comparison between the underlying revenue in the 2014-15 Budget Review and the 2015-16 Budget.

Figure 2.1.1
Underlying Revenue, 2014-15 Budget Review and 2015-16 Budget



Expenses

The Government is forecasting expenses of $5.1 billion in 2015-16, an increase of $94.1 million since the 2014-15 Budget Review. This increase largely reflects:

- policy initiatives to invest in Canberra and support the ACT economy and jobs ($124.0 million); and
- the reprofiling and rollovers of agency expenses, including those associated with capital works ($58.4 million).

These forecast increases in expenses are partially offset by expected decreases arising from updating the accounting treatment of the Asbestos Eradication Scheme ($83.2 million).

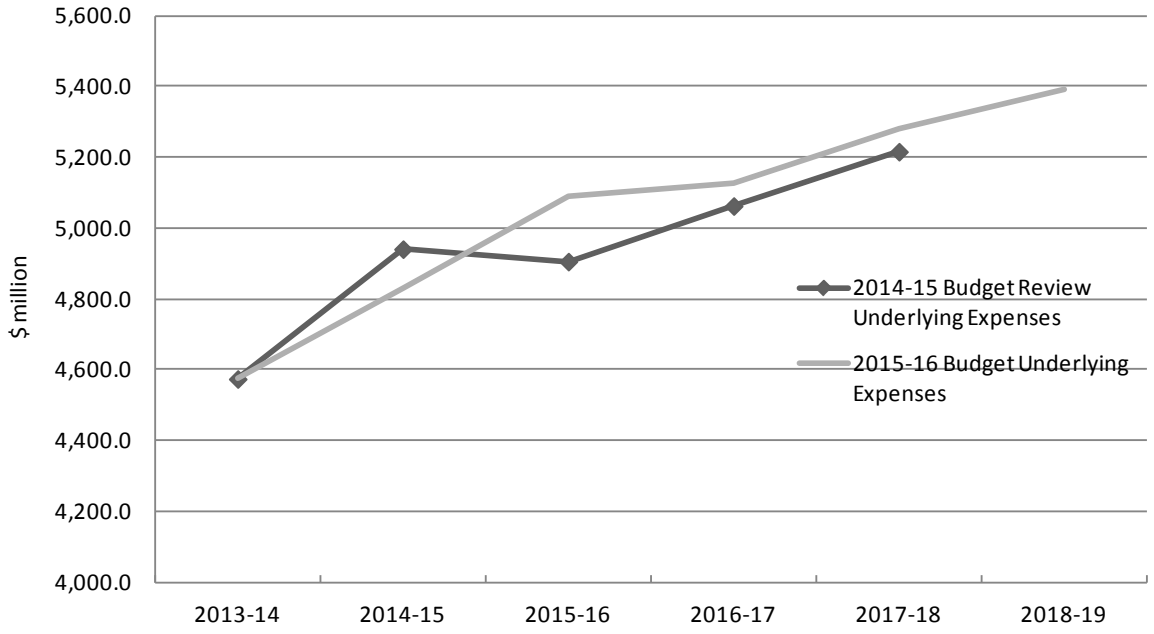
The 2015-16 Budget also contains $45.2 million in savings over four years which will mainly arise from the benefits of procurement and administrative efficiencies across the ACT Public Service. This will allow the Government to redirect funding to areas of high priority.

The most significant policy decisions by the ACT Government include additional investment in health services ($101.2 million) over the four years – managing demand for acute services, boosting community mental health services, expanding access to elective surgery and medical treatment, and the improved integration of hospital and community services – which are all offset by the provision for future health expenditure, and boosting operational capacity for government agencies such as the Emergency Services Agency ($15.6 million) over the four years and ACTION ($17.2 million) in 2015-16.

Across the estimates period, compared to the 2014-15 Budget underlying expenses (which excludes the Asbestos Eradication Scheme) are forecast to grow at an annual average rate of 2.8 per cent. This growth reflects targeted spending focussed on areas of service delivery where the Government believes it can meet the Territory's priority needs and also deliver maximum economic benefit.

Figure 2.1.2 depicts a comparison between the underlying expenses in the 2014-15 Budget Review and the 2015-16 Budget.

Figure 2.1.2
Underlying Expenses, 2014-15 Budget Review and 2015-16 Budget



2.2 FISCAL STRATEGY

Fiscal Strategy

The Government remains committed to a fiscal strategy that establishes an objective of achieving an operating balance over time by offsetting temporary deficits with surpluses in other periods, and focuses on managing the public finances of the Territory responsibly.

In a practical sense, this strategy aims to achieve net operating surpluses over the medium term, make targeted investments to achieve economic growth, manage the ACT's balance sheet in a prudent manner, maintain taxation revenues at sustainable levels, and support the Canberra economy while delivering the high quality services needed by the community. The ACT's credit rating, which is currently assessed as triple-A stable – one of only three States and Territories to hold this rating in Australia – is collectively influenced by these factors.

The principles underlying the 2015-16 Budget strategy include:

- supporting and boosting the ACT economy in the short term, with particular focus on creating jobs and continuing to deliver appropriate services to the community;
- sustaining a strong operating balance over the medium term; and
- continuing to invest in important infrastructure projects to allow the Canberra community to enjoy the benefits of these assets in the longer-term.

The Government's immediate focus is restoring confidence in the people and businesses of the ACT as the economy recovers from the Commonwealth's fiscal consolidation and revenue reductions. Notwithstanding the significant impact that the diminished GST and health funding will have on the ACT's finances, the Government's objective is to boost employment and maintain delivery of essential services.

This shorter-term priority does not detract from the Government's commitment to return to a net operating balance in the longer-term but, with lower Commonwealth grants to assist the funding of the services that the Canberra community needs, the Government must continue to support and stimulate the ACT economy and thereby secure its economic future.

The Government has again demonstrated its fiscal responsibility by including provisions in the 2015-16 Budget for major, commercially sensitive, projects. These adjustments ensure that the balance sheet and net operating balance in each of the forward years take account of long-term investments such as Capital Metro and the new Law Courts rather than waiting until the projects are contracted by the Government and about to commence.

While our debt is forecast to increase over the budget and forward years, it remains contained and targeted towards the funding of these important capital projects. It is not being used to fund the delivery of services or wages and, as these borrowings will be directed towards productive infrastructure projects, they will create employment opportunities, improve services and generate long lasting benefits for our citizens. Furthermore, our net debt remains at prudent levels as a share of Gross State Product and is broadly in line with other jurisdictions.

The growth in our operating cash balance over the forward years will provide a strong base to reduce our debt after the budget returns to surplus following this very important period of investment.

The Government's fiscal strategy can be grouped into five high level objectives:

- sustainable economic growth;
- sound public finances;
- quality and efficient services;
- sustainable taxation revenue; and
- a strong balance sheet.

By adhering to these five objectives, the Government will continue to allow short-term responsiveness to economic conditions, manage debt prudently, and fully fund the Territory's unfunded superannuation liability by 2030. It will strive to maintain a triple-A credit rating in the long term and, while recognising that the current and planned level of investment will lead to an expansion of the Territory's balance sheet in the short to medium term, it will be a catalyst for a better future for our modern and evolving city.

Sustainable Economic Growth

The Government continues to demonstrate its commitment to building a productive and competitive economy through targeted investments that support economic growth.

While the reduction in Commonwealth public sector employment and cuts to our revenue by the Commonwealth Government have delayed our timeframe for returning the budget to surplus, the temporary deficits over the next three years reflect the Government's investment in jobs and services.

The Government is supporting jobs and the economy by investing in programs and infrastructure that will modernise and benefit our city. Historic capital works in education, health, the courts, public amenities, public transport, roads and car parks will boost employment and provide ongoing quality services for the people of Canberra.

The return to surplus reflects the fact that sustainable public finances are a necessary factor for long-term economic growth and stability.

The Government's Infrastructure Investment Program will be supported by the sale of existing assets. Where it is in the community's interest, the sale of assets will create capacity on the Territory's balance sheet and help deliver services and facilities for Canberrans. This approach will be supported by the Commonwealth Government's Asset Recycling Initiative, which provides financial incentives to state and territory governments to divest assets and reinvest the proceeds in additional productive infrastructure.

The Government has already sold ACTTAB as part of this program and will divest itself of further assets such as ageing public housing stock and government office buildings in 2015-16. Consistent with past practice, the Government has included a provision in the budget for future asset sales.

The Government is supporting private sector investment through programs to develop Canberra as a place to do business. Programs to support local business, encourage tourism, stage international sporting events, promote business opportunities and encourage innovation, will broaden and strengthen our economy.

Sound Public Finances

Headline Net Operating Balance

The Government's objective is to achieve a net operating balance over the medium to long term. However, given the fragile state of the ACT economy in the wake of the Commonwealth's job cuts and significant reductions to our GST revenue, the Government sees its priority in the shorter-term as bolstering the ACT's economic future, particularly supporting and creating job opportunities.

In 2015-16, the Headline Net Operating Balance is forecast to be in deficit by $407.6 million. This balance is estimated to improve progressively each year until 2018-19 when the budget is forecast to return to surplus. This is consistent with the Government's fiscal strategy and clearly signals the Government's intention to support the economic development and wellbeing of the Territory both now and in the future.

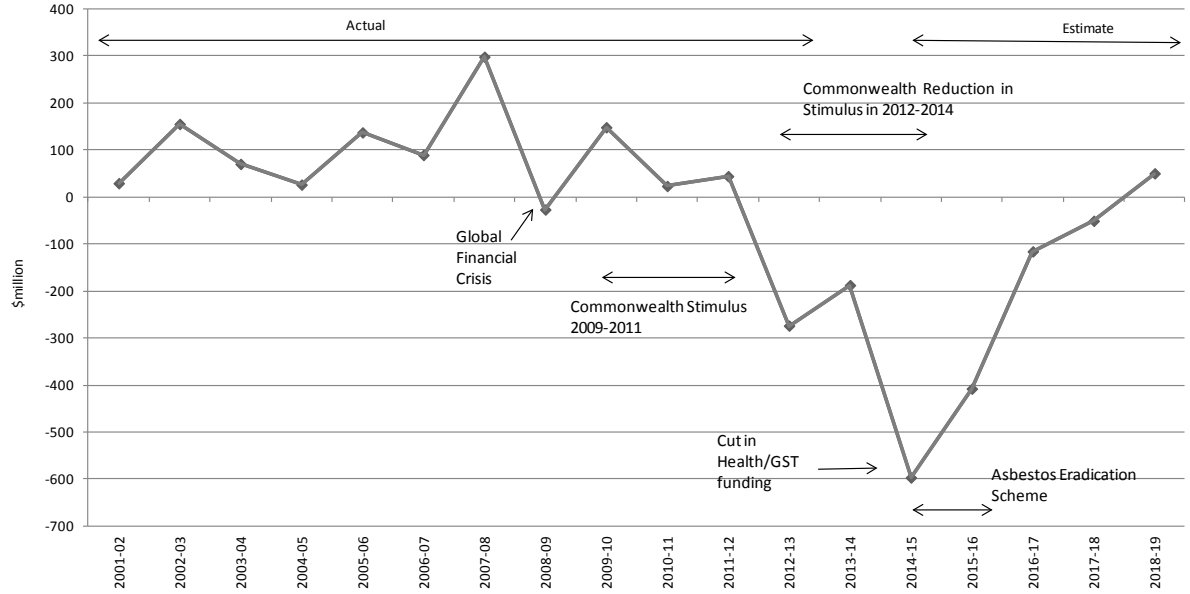
Figure 2.2.1 depicts the Government's longstanding history of prudent and targeted decision-making, demonstrated by a significant period of net operating surpluses.

On those occasions when the Government has decided to go into deficit, it has largely been in response to external events beyond its direct control. In particular, the Global Financial Crisis in 2008 – which led to the sharpest slowdown in the world economy since the great depression of the 1930s – resulted in a budget deficit in 2008-09.

Similarly, the unwinding of the Commonwealth stimulus package in 2012-13 had a significant impact on both the ACT economy and government finances while reductions in health and hospital funding in 2014-15, together with sizeable Commonwealth public sector staffing cuts, further impacted on our fiscal situation. The 2015-16 Budget sees further reductions in Commonwealth grants with GST revenue falling by $558.9 million over the budget and forward years as well as the financial burden of the Asbestos Eradication Scheme, notably repayment of the $1 billion loan from the Commonwealth.

In each of these circumstances, the focus of the Government has been to support the economy and jobs through targeted spending initiatives and to endeavour to return the budget to balance as soon as practicable.

Figure 2.2.1
The Budget Operating Surplus/Deficit



Note: The Net Operating Balance is presented on an Australian Accounting Standards (AAS) basis up until 2005-06 and reflects the Annual Consolidated Financial Statements. From 2006-07, the Net Operating Balance is presented on a Headline basis, the ACT's key fiscal indicator. This indicator is a representation of the AAS Net Operating Balance from transactions adjusted for the investment return differential on superannuation investments. The Headline Net Operating Balance is not available prior to 2006-07.

The Headline Net Operating Balance (HNOB), which is the ACT Government's key measure of the public finances, includes an adjustment for long-term expected superannuation investment earnings (consistent with the long-term expected return objective of CPI plus 5 percentage points). This presentation has been adopted in the ACT Government's Budget Papers since 2006-07, and the consistent and continued use of the HNOB for budget purposes ensures that comparable, comprehensive and informed assessments can be made of the Territory's financial performance over time.

The rationale for the use of this measure is that it takes into account the full impact of the long-term expected earnings on financial investment assets dedicated to fund and support the accruing costs associated with servicing the Government's long-term defined superannuation obligations. As superannuation expenses will be paid over the next 40 to 60 years, the objective of the Government's financial investment assets held in the Superannuation Provision Account is to fund these future cash payments. The inclusion of the full amount of the long-term investment earnings is therefore considered necessary to provide an accurate assessment of the longer term sustainability of the budget position.

On this basis, the Government considers that the HNOB provides the most relevant and meaningful information for making long-term budget and resource allocation decisions.

To adhere to its fiscal strategy, maintain fiscal discipline and return the budget to balance, the Government has partially offset the cost of its new initiatives in this Budget with savings and revenue proposals. Savings are necessary in light of the Government's strategic objective of achieving net operating surpluses over the longer term, and retaining some degree of capacity to accommodate a change in policy position should it be necessitated by a shift in economic circumstances. Details on the revenue initiatives can be found in Chapter 3.4 while information on savings can be found in Chapter 4.2.

Operating Cash Surplus

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 GGS on the basis that a strong operating cash balance ensures that there is sufficient cash generated from operations to cover the net outlay of the capital investment, to repay debt, and to put aside to address unfunded superannuation liabilities.

The GGS net operating cash is expected to be negative in 2014-15 and 2015-16, returning to surplus in the remaining three forward years. The initial deficit cash position is largely caused by the outlays under the Asbestos Eradication Scheme.

Quality and Efficient Services

The Government aims to deliver more efficient and productive public services, and remains committed to delivering high quality services to the community.

In delivering for Canberra, this Budget will continue to invest in the provision of necessary services including public transport, education and healthcare to ensure that appropriate service quality is retained while being delivered in an efficient manner. To augment existing services, the Government will implement a transport reform package and expand municipal services in new suburbs. It will support teachers to allow them to be more effective and provide assistance for students with disabilities.

The Government will also expand access to women's and children's services, elective surgery and medical treatment, and improve the integration of hospital and community services. Community mental health services will be boosted and the demand for acute services managed more effectively. There will be strategies to support dying at home and the Government will invest in specialist drug treatment services.

The ACT community will be reassured that the capacity for a number of particularly important operational areas are being enhanced; these include the Emergency Services Agency (see further details below), ACT Policing, and the ACT Supreme Court.

As part of its regular review of its own structures and processes in order to identify ways of delivering services more efficiently, the Government has created Access Canberra in the Chief Minister, Treasury and Economic Development Directorate. This unit will combine customer and regulatory services into a single entry point for the community and businesses. It will work with policy and administrative areas to reduce red tape and deliver coordinated, integrated services for permits, licences and applications.

To enable Access Canberra to provide digital solutions for ACT agencies, the Government is providing funding, as part of the 2015-16 Budget, to invest in systems which will facilitate efficiency gains and boost public sector productivity. Similarly, there is a service-wide feasibility study to modernise the information and communication technology across the ACT network.

Expenditure Review Committee

There were a number of reviews conducted under the auspices of the Expenditure Review Committee of Cabinet which have informed the 2015-16 Budget – the Emergency Services Agency, ACTION and the Concessions Program.

Emergency Services Agency

The review of the Emergency Services Agency (ESA) was undertaken to inform the Government of issues around service delivery, standards and sustainability. This followed significant cuts by the Commonwealth Government to the Commonwealth Fire Payment, and one-off investments in previous budgets to support operational capacity.

The outcome of the Government's consideration of this review is that ESA's operational capacity is being supported by supplementation of $15.6 million over four years in the 2015-16 Budget. This funding will allow ESA to maintain the quality and effectiveness of its services and ensure it has capacity to maintain its operational capabilities at the current levels for response standards. ESA will also progress a number of reforms aimed at improving its future sustainability by delivering an increasingly efficient and high quality service.

ACTION

A review of ACTION was commissioned following significant ongoing cost pressures requiring funding supplementation. The review identified options for improvements to ACTION's business practices that would enhance public transport bus services in the ACT while placing them on a sustainable financial footing.

The outcome of the review is that the Government will provide additional funding of $17.2 million for ACTION in 2015-16 to meet the cost of delivering public transport services to the community. The Government will consider longer-term funding subject to the outcomes of business improvements outlined in the review, and within the broader context of the Government's public transport reform agenda.

Concessions

A review of the ACT Concessions Program was undertaken to explore options to improve the effectiveness and overall sustainability of the program while continuing to support those most in need. The review was undertaken following cuts to the Concessions Program by the Commonwealth Government, and a period of higher than forecast growth in the cost of the Program, averaging around nine per cent per annum between 2008-09 and 2013-14.

The review examined the nature, eligibility, usage and costs of the ACT Concessions Program, the current and future demand profiles for concessions, and the impacts on the ACT Budget in the context of current fiscal pressures.

The outcomes from the Government's consideration of the review is the provision of additional funding of $6.9 million in 2015-16 to meet the Program's expected costs while community consultation is undertaken during 2015-16 on a range of options to ensure the Concessions Program is sustainably funded and appropriately targeted.

Sustainable Taxation Revenue

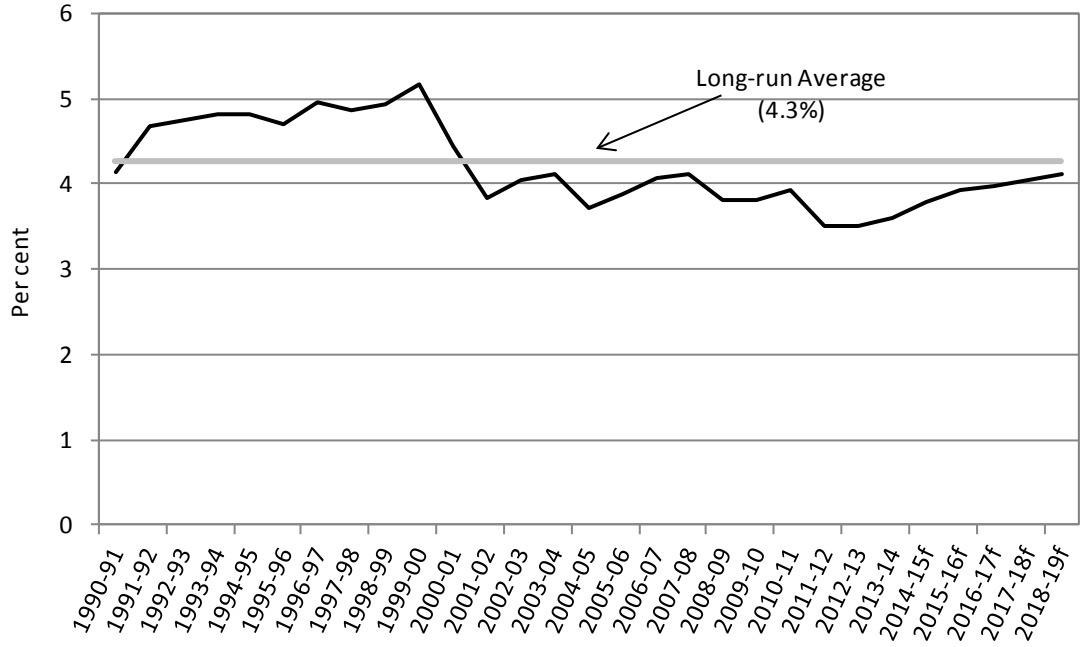
The Government is committed to making the Territory's taxation system fairer, simpler and more efficient. Importantly, the Government's fiscal strategy also depends on ensuring taxation revenue is at sustainable levels.

The significant reforms to the Territory's taxation system, which began in 2012-13, have been continued in the 2015-16 Budget. Under this program of reform, the Government is abolishing conveyance duty and insurance duty and replacing the revenue through the collection of general rates. This approach will preserve the capacity for the Government to deliver public services in the future, while reducing the impact of inefficient taxes on the economy.

Following the implementation of these reforms, taxation revenue in 2015-16 is expected to be $1.5 billion, or 3.9 per cent of nominal Gross State Product (GSP).

Figure 2.2.2 presents the Territory's taxation revenue relative to nominal GSP.

Figure 2.2.2
Taxation Revenue as a Share of Nominal GSP



Source: ABS Cat No. 5220.0; Chief Minister, Treasury and Economic Development Directorate.

The taxation initiatives announced in the 2015-16 Budget are those necessary to ensure that the Government is able to deliver quality public services, while continuing its commitment to reform the Territory's taxation system. Details of these revenue initiatives can be found in Chapter 3.4.

Strong Balance Sheet

The ACT Government continues to have a strong balance sheet, both in absolute terms and relative to other jurisdictions, providing the Government with the flexibility to invest in high priority infrastructure projects.

Net Debt

Net debt is a key balance sheet measure in the Government Financial Statement (GFS) framework. It takes gross debt liabilities as well as financial assets (such as cash reserves and investments) into account.

General Government Sector net debt, as a percentage of GSP, is estimated to be 6 per cent in 2015-16 compared with the 2014-15 estimated outcome of 4 per cent.

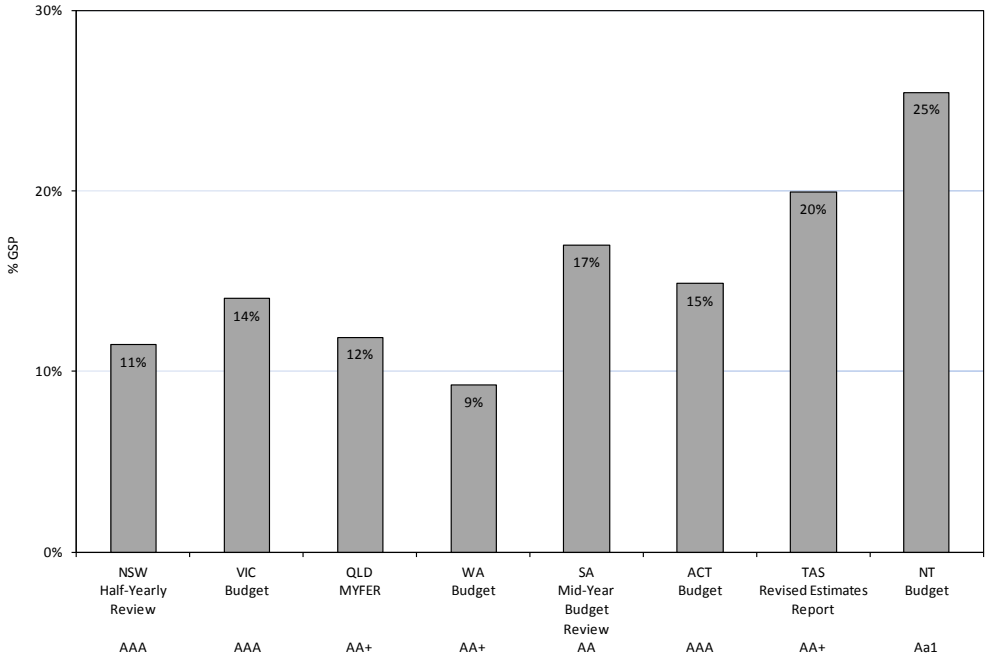
Net Financial Liabilities

Net financial liabilities are a broad measure of General Government Sector liabilities, including net debt and superannuation liabilities. The net financial liability to GSP ratio is estimated to be 15 per cent in 2015-16 compared with the 2014-15 estimated outcome of 13 per cent.

Net financial liabilities are calculated as total liabilities less financial assets (such as cash reserves and investments). It takes into account all non-equity financial assets, but excludes the value of equity held by the General Government Sector in public corporations (for example, Icon Water).

Figure 2.2.3 below compares the ACT's net financial liabilities as a proportion of GSP with other jurisdictions. The ACT remains broadly in line with other AAA rated jurisdictions.

Figure 2.2.3
Net Financial Liabilities to GSP Ratio General Government Sector: 2015-16



Source: The inter-jurisdictional data utilised in this comparison is taken from each jurisdiction's most current Budget documentation. Differing sources have been employed as not all jurisdictions have released their 2015-16 Budgets. Nominal GSP has been calculated based on jurisdictions' most recent budget publications. In some instances assumptions based on growth factors have been applied.

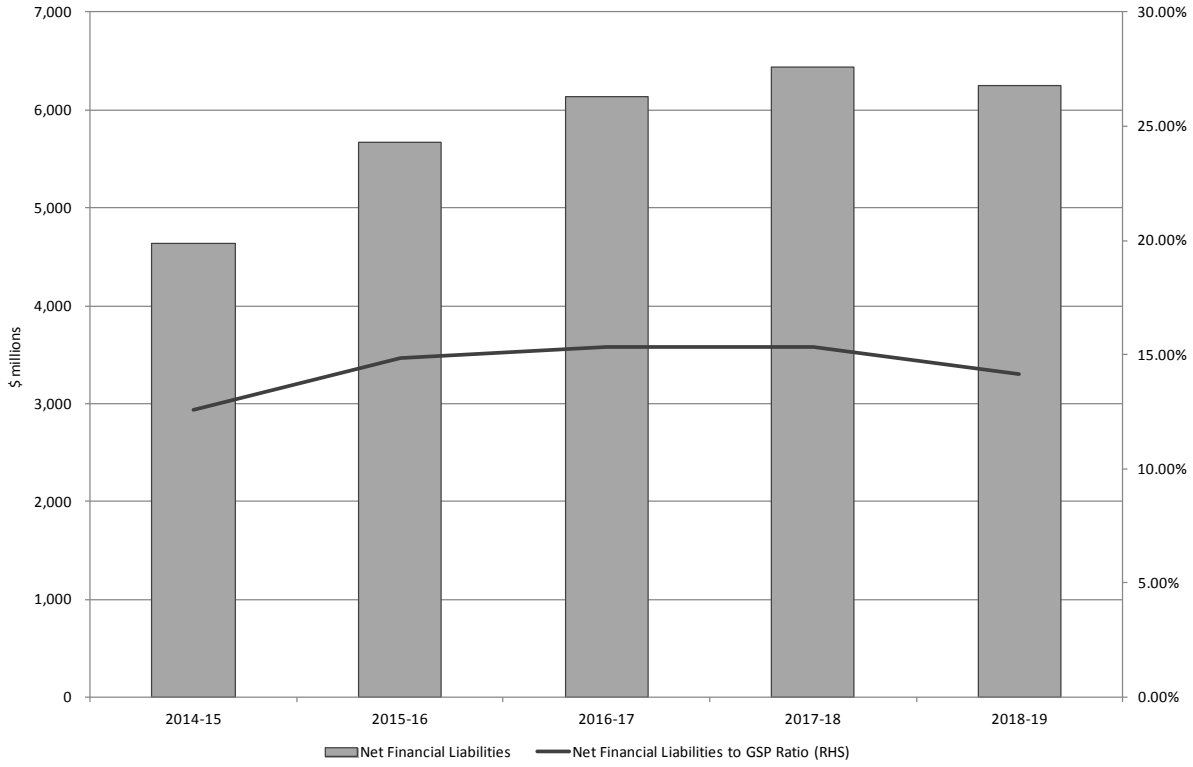
There is general acceptance of the proposition that governments with strong balance sheets can responsibly incur some debt - provided it is used to finance high quality assets in areas of community need. Such assets (for example, public transport, new roads, schools and hospital facilities) generate benefits to the community over a long period of time, offsetting the cost of the borrowing. It is important, however, that the level of debt remains sustainable.

An indicator of that assessment is the ratio of net financial liabilities to GSP. While this ratio is subject to volatility (in particular, net financial liabilities can fluctuate - sometimes substantially - depending on the condition of financial markets), it is desirable that it remains broadly stable over time while maintaining sustainable levels of borrowings.

The 2015-16 Budget and forward estimates anticipate a net increase in General Government Sector borrowings for capital purposes of $1.2 billion (excluding the Commonwealth loan supporting the Asbestos Eradication Scheme) by 2018-19. The continued investment in infrastructure, funded by debt, as required, will strengthen the ACT economy and enhance service delivery for ACT residents. This trend in debt is a major driver in the level of net financial liabilities as displayed below at Figure 2.2.4.

As noted in the introduction, this arrangement is possible and sustainable through the strength of the Territory's balance sheet. Over time, net financial liabilities as a share of GSP will decline as the Government progressively reviews its asset base and divests assets that are no longer required.

Figure 2.2.4
General Government Sector – Net Financial Liabilities to GSP



Net Worth

The broadest measure of a jurisdiction's balance sheet is net worth, which measures the total value of all financial and non-financial assets less all liabilities. The ACT has strong positive net worth and, as a proportion of GSP, continues to be one of the strongest of all Australian jurisdictions. At the end of 2015-16, net worth is expected to be $16.2 billion.

2.3 COST OF LIVING STATEMENT

In this Budget, the ACT Government sets out a plan to ensure Canberra remains the world's most liveable city, a place all Canberrans can be proud of, with a growing and diversified economy. The funding in this Budget for Canberra ensures we have the right services, facilities and infrastructure that our residents and businesses deserve and expect.

This year's Budget protects Canberra against the Commonwealth Government's fiscal consolidation, by safeguarding jobs for Canberra and growing the economy. The ACT is continuing to build new infrastructure, and plan for the Canberra of tomorrow through long-term projects by renewing and expanding our hospitals, schools and roads.

The ACT Government delivers a wide range of services and infrastructure for Canberrans, including schools, hospitals, public transport, municipal services, emergency services and community events. It also delivers services and programs to support the vulnerable and disadvantaged in our community, promote social inclusion, and ease cost of living pressures for those who need assistance.

While the Government is committed to supporting families and individuals through targeted assistance and concessions, there are a range of cost of living pressures that are outside the influence of the ACT Government. Examples include changes to interest rates, petrol prices, and decisions of independent pricing authorities.

This Cost of Living Statement provides five case studies of Canberra households. It outlines the effect of the ACT Government's taxes and charges and the various concessions available in 2015-16.[1] The impact of Commonwealth Government taxes, fees or concessions are not taken into account.

ACT Households

ACT residents on average are relatively younger, have a higher level of education and higher incomes than the rest of Australia. As at June 2014, 11.7 per cent of the ACT's population was 65 years of age or over, and 24.6 per cent were under 20 years of age.[2] At the 2011 Census, Canberra families had an average of 1.8 children, and 47 per cent of residents were married.

ACT residents are more engaged with the labour market than average Australians – the ACT has a workforce participation rate of 70.2 per cent compared to 64.8 per cent nationally. Of these, 73 per cent are working full-time and 27 per cent are working part-time.[3] At the 2011 Census, median weekly household income for ACT families with children was $3,060 while for the rest of Australia it was $2,310.[4] Wages in the ACT have continued to rise with the Wage Price Index, increasing by 1.8 per cent from the March quarter 2014 to the March quarter 2015, compared to 2.3 per cent nationally.[5]

The majority of households (67.3 per cent) own their own home, with or without a mortgage, while 30.6 per cent of households rent. The vast majority (91.8 per cent) of households own at least one motor vehicle.[6]

[1] As required under Section 11(1)(f) of the *Financial Management Act 1996.*
[2] Australian Demographic Statistics, Australian Bureau of Statistics Cat. No. 3101.0.
[3] Labour Force – April 2015, Australian Bureau of Statistics Cat. No. 6202.0.
[4] 2011 Census Australian Capital Territory STE QuickStats.
[5] Wage Price Index - March quarter 2015, Australian Bureau of Statistics Cat. No. 6345.0.
[6] 2011 Census Australian Capital Territory STE QuickStats.

ACT Government

Public services

The ACT Government continues to provide high quality public services across the Territory. Government expenditure on health services has increased by around 8.8 per cent per year over the decade to 2013-14, and expenditure on education by 5.4 per cent each year over the same period. [7] The provision of these public services protects households from some cost of living pressures. For example, households with school age children in public education receive its benefit at little cost, and households using public medical services and facilities are significantly shielded from increases in the cost of health care. Table 2.3.1 below shows where ACT Government services and infrastructure are delivered.

Table 2.3.1
What your money delivers

Area of Expenditure 2015-16	$ million	% of total	$ per capita
Health	1,471.5	31	3,802
Education	1,123.9	24	2,904
Justice and Safety	483.3	10	1,249
Disability and Community Services	289.3	6	747
Territory and Municipal Services	275.5	6	712
Delivering Government Services	253.3	5	654
Environment, Sustainability and Land Management	232.5	5	601
Housing	160.2	4	414
Planning and Regulation	157.8	3	408
Public Transport	152.4	3	394
Events, Tourism and Investment	90.9	2	235
Sport and Recreation	53.5	1	138
Total	**4,744.20**	**100**	**12,257**

Source: Chief Minister, Treasury and Economic Development Directorate.

ACT Government taxes and fees

The ACT Government collects revenue directly via taxes and fees. This revenue is used to support the provision of high quality services and infrastructure to the community as detailed throughout the Budget papers. About 32 per cent of ACT Government revenue is derived from own-source taxation, and another 40 per cent is provided by the Commonwealth Government. Please refer to Revenue and Forward Estimates (Chapter 6.1) for more information on own-source taxation, and Federal Financial Relations (Chapter 7.1) for more information on Commonwealth grants. The remainder is derived from a range of other income sources including the sales of goods and services, interest and dividend income.

[7] Government Finance Statistics 2013-14, Australian Bureau of Statistics Cat. No. 5512.0.

The ACT Government generates most of its own-source revenue from taxes levied on businesses, households and investors. Taxes levied on businesses include payroll tax and general rates. Taxes levied on households include general rates on property. Businesses and households pay conveyance duty when purchasing property in the ACT. Annual fees are charged for the licensing and registration of motor vehicles. Investors who own residential properties are subject to land tax. Other administrative fees, charged on a one-off-basis, cover the costs of transactions and include such things as commemorative certificates and land title fees.

ACT Government taxation forms a small part of overall household costs. The most recent Australian Bureau of Statistics data shows average taxation per capita in the ACT compares favourably with other jurisdictions. The ACT per capita taxation of $3,376 is below the Australian average of $3,563.[8]

The ACT Government is continuing to implement the taxation reforms announced in the 2012-13 Budget. The reforms improve the overall fairness of the taxation system and set the Territory's taxation system on a more sustainable footing.

Utilities

The cost of providing gas, electricity and other utilities is largely outside the direct control of the ACT Government. These are generally determined by market forces and the decisions of independent pricing tribunals. Both international and domestic markets contribute to utility costs in the ACT.

Water and sewerage service charges and electricity charges are determined by the Independent Competition and Regulatory Commission (ICRC). Though the ACT Government is able to and does make submissions to the ICRC during the determination process, prices are set independently of the ACT Government. Natural gas prices are not regulated in the ACT. All utility charges incorporate the costs of factors of production, the impact of various Commonwealth, state and territory energy and environmental programs, as well as taxes and charges.

The ACT Government recognises that utility bills are a significant cost of living consideration for many households. That is why the ACT Government provides a range of utility concessions for eligible households.

A wide range of everyday living expenses are outside the direct influence of the ACT Government such as food and fuel prices. The Statement does not attempt to capture the impacts of these expenses.

Assistance to households through concessions

The ACT Government provides a wide range of concessions to households, to assist with living expenses such as general rates, utility bills, driver's licence fees, motor vehicle registration fees and public transport fares, as outlined in Table 2.3.2 below. Concessions are also available to eligible individuals for spectacles, assisted transport, the Taxi Subsidy Scheme and a range of other expenses. Information is available at the ACT Government's Assistance website: www.assistance.act.gov.au

[8] Taxation Revenue, Australia 2013-14, Australian Bureau of Statistics - Cat. No. 5506.0.

Table 2.3.2
ACT Government Concessions (2013-14)

	No. of recipients	Cost $'000
Energy and utility concession	28,530	12,146
Water and sewerage rebate	15,121	10,715
ACT Taxi Subsidy Scheme	3,103	1,513
ACT Spectacle Subsidy Scheme	10,419	1,450
Dental Services Scheme	18,178	9,706
Special Needs Transport	565	6,204
ACTION bus concession (number of trips)	5,250,000	7,673
Motor Vehicle Registration	36,417	3,544
Driver licence concessions	8,197	505
General Rates Rebate	14,221	8,664
First Home Owner Grant	1,850	14,683
Home Buyer Concession Scheme	1,129	9,868

Source: Chief Minister, Treasury and Economic Development Directorate.

A range of Commonwealth concessions and assistance programs are also available to offset eligible households' living costs; however these payments have not been included in the tables that follow.

Cost of Living Statement

Under Section 11(1)(f) of the *Financial Management Act 1996*, the Territory is required to provide a statement on the effect of Territory 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. A number of household scenarios are presented as a basis for highlighting the differential impact for various household types and circumstances.

ACT Household Scenarios

The scenarios below present the estimated impact of Territory taxes, fees and utility charges and the concessions which offset them on five representative households. Other potential savings, which can reduce cost of living pressures, are also outlined.

Household One

Tabib and Ruby are a single income family renting in Monash. They have a household income of $65,000 a year and access to Centrelink Health Care cards. Their daughter, Mirza, has a disability and the family currently receives support through the Community Services Directorate, their local school and other community organisations. Mirza has joined the National Disability Insurance Scheme (NDIS), which commenced in the ACT on 1 July 2014. The NDIS will fund reasonable and necessary supports including therapies, equipment and home modifications, as per the tailored plan of support.

Table 2.3.3 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2014-15 to 2015-16 for Tabib, Ruby and Mirza.

Table 2.3.3
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2015-16 on Household One

Government Taxes and Fees, and Utility Charges	Net of Concessions 2014-15 $	Savings 2014-15 $	Gross 2015-16 $	Concessions 2015-16 $	Net of Concessions 2015-16 $	Change $	Savings 2015-16 $
Property							
Savings:							
Duty on contents insurance		-7.16					-7.52
Transport							
Fees: Drivers licence fee, vehicle registration, road rescue fee, road safety contribution, CTP insurance, CTP regulator levy, lifetime care and support levy and ACTION fares	1,646.22		2,357.25		1,684.77	38.55	
Concessions: ACTION fares				-672.48			
Savings:							
Reduction in duty on car insurance		-14.70					-15.44
Reduction from Rewards for Safe Driving		-6.68					-6.85
Utilities							
Fees: Electricity, natural gas	3,136.95		3,439.36		3,012.90	-124.05	
Concessions: Energy, utility				-426.46			

Source: Chief Minister, Treasury and Economic Development Directorate

Household Two

Laura and Sam are currently renting in Gungahlin and will buy their first house in Moncrieff in 2015-16. They plan to buy a townhouse for $410,000. Their household income is $120,000.

Laura and Sam will have access to the First Home Owners Grant which is valued at $10,000 for the purchase of a new home. They will also be eligible for the Home Buyer Concession Scheme (HBCS) which will allow them to reduce conveyance duty on their home purchase from $11,000 to $20.

Laura works full time and Sam works part time while studying. Laura catches the bus to work, to save on parking costs. Sam cycles to work and university most days. Table 2.3.4 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2014-15 to 2015-16 for Laura and Sam.

Table 2.3.4
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2015-16 on Household Two

Government Taxes and Fees, and Utility Charges	Net of Concessions 2014-15 $	Savings 2014-15 $	Gross 2015-16 $	Concessions 2015-16 $	Net of Concessions 2015-16 $	Change $	Savings 2015-16 $
Property							
General Rates,	1,164.18		1,257.61		1,257.61	93.43	
Fire and Emergency Services Levy	130.00		196.00		196.00	66.00	
Savings:							
Duty on home and contents insurance and life insurance		-34.65					-36.39
Home Buyer Concession Scheme		-12,045.00					-10,980.00
First Home Owner Grant		-12,500.00					-10,000.00
Transport							
Fees: Drivers licence fee, vehicle registration, road rescue fee, road safety contribution, CTP insurance, CTP regulator levy, lifetime care and support levy and ACTION fares	2,338.50		2,391.51		2,391.51	53.01	
Savings:							
Reduction in duty on car insurance		-14.70					-15.44
Rewards for Safe Driving		-13.37					-13.70
Utilities							
Fees: Electricity, natural gas, water and sewerage	4,073.30		3,977.51		3,977.51	-95.79	

Source: Chief Minister, Treasury and Economic Development Directorate

Household Three

Diego and Aurelia live in their own home in Waramanga and both receive a full pension. Both have an ACTION Gold Concession Card which provides them with free travel on ACTION buses. Aurelia catches the bus to Woden most weekdays to volunteer, and twice a week they drive to the local community-run seniors groups.

If they downsize their home in 2015-16, they can access the Pensioner Duty Concession Scheme (PDCS)/Over 60s Home Bonus, saving $9,780.00 in conveyance duty.

Table 2.3.5 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2014-15 to 2015-16 for Diego and Aurelia.

Table 2.3.5
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2015-16 on Household Three

Government Taxes and Fees, and Utility Charges	Net of Concessions 2014-15 $	Savings 2014-15 $	Gross 2015-16 $	Concessions 2015-16 $	Net of Concessions 2015-16 $	Change $	Savings 2015-16 $
Property							
General Rates,	1,106.33		1,924.13		1,224.13	117.80	
Fire and Emergency Services Levy	65.00		196.00		98.00	33.00	
Concessions: General Rates, Fire and Emergency Services Levy				-798.00			
Savings: Duty on home and contents insurance		-31.50					-33.08
Transport							
Fees: Drivers licence fee, vehicle registration, road rescue fee, road safety contribution, CTP insurance, CTP regulator levy, lifetime care and support levy and ACTION fares	644.30		2,357.25		648.05	3.75	
Concessions: Drivers licence fees, vehicle registration and ACTION fares				-1,709.20			
Savings: Reduction in duty on car insurance		-14.70					-15.44
Utilities							
Fees: Electricity, water and sewerage	1,785.01		2,523.30		1,672.25	-112.76	
Concessions: Energy, utility, water and sewerage				-851.05			
Other Concessions Potentially Available							
Spectacles Subsidy Scheme	-200.00			-200.00			
Over 60's Home Bonus/PDCS		-10,800.00					-9,780.00

Source: Chief Minister, Treasury and Economic Development Directorate.

Household Four

Sienna and Jacob live in Kaleen. They have an annual household income of $156,000, own their own home (valued at $555,000) and both work full time. They have two children, Amelia in primary school and Enrik in high school. They share school drop offs for Amelia, and Enrik catches the bus to school. Most days one of them catches the bus to work and the other drives their family sedan.

They have building and contents insurance for their home and life insurance. Both children belong to local sporting clubs and play sport at ovals around the city. The whole family regularly use their local library.

Table 2.3.6 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2014-15 to 2015-16 for Sienna, Jacob and their family.

Table 2.3.6
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2015-16 on Household Four

Government Taxes and Fees, and Utility Charges	Net of Concessions 2014-15 $	Savings 2014-15 $	Gross 2015-16 $	Concessions 2015-16 $	Net of Concessions 2015-16 $	Change $	Savings 2015-16 $
Property							
General Rates,	1,682.73		1,817.66		1,817.66	134.93	
Fire and Emergency Services Levy	130.00		196.00		196.00	66.00	
Savings: Reduction in duty on home and contents insurance, reduction in duty on life insurance		-34.65					-36.39
Transport							
Fees: Drivers licence fee, vehicle registration, road rescue fee, road safety contribution, CTP insurance, CTP regulator levy, lifetime care and support levy and ACTION fares	4,868.84		5,166.61		5,166.61	297.77	
Savings: Reduction in duty on car insurance		-14.70					-15.44
Rewards for Safe Driving		-13.37					-13.70
Utilities							
Fees: Electricity, natural gas, water and sewerage	5,378.55		5,242.60		5,242.60	-135.95	

Source: Chief Minister, Treasury and Economic Development Directorate

Household Five

Susan lives in public housing in Narrabundah and is on full Centrelink benefits. She uses the local bus at a full concessional rate and participates in a range of community programs to improve her skills and interact with other members of the local community.

Table 2.3.7 below shows the costs of taxes, fees and charges net of concessions and the percentage change from 2014-15 to 2015-16 for Susan.

Table 2.3.7
Estimated Impact of Territory Taxes and Fees, and Utility Charges 2015-16 on Household Five

Government Taxes and Fees, and Utility Charges	Net of Concessions 2014-15 $	Savings 2014-15 $	Gross 2015-16 $	Concessions 2015-16 $	Net of Concessions 2015-16 $	Change $	Savings 2015-16 $
Transport							
Fees: ACTION fares	325.66		1,342.64		409.68	84.02	
Concessions: ACTION fares				-932.96			
Utilities							
Fees: Electricity	893.50		1,227.56		801.10	-92.40	
Concessions: Energy and utility				-426.46			

Source: Chief Minister, Treasury and Economic Development Directorate

TABLE NOTES

ACT Household Scenarios

General

Costs for 2014-15 are as per the 2014-15 Budget Cost of Living Statement, except for the following items which have been updated as more current information became available: drivers licence fee, motor vehicle registration, CTP insurance, ACTION off peak concession fare and utilities.

Transport

Drivers licence fees have been calculated by dividing the cost of a five year drivers licence by five to determine the annual cost. For 2015-16, drivers are assumed to receive the 20 per cent Rewards for Safe Driving discount.

For CTP insurance, an average of the four providers in the market (NRMA, APIA, GIO and AAMI) has been used ($585.55). ACTION bus fares for 2015-16 reflect the expected pricing increase that will come into effect in January 2016.

Utilities

Consumption

Electricity consumption figures are based on a 'per person per household' basis for the ACT sourced from the energymadeeasy.gov.au website and rounded to the nearest 100 kWh. Natural gas and water consumption figures are derived using electricity consumption proportion as a proxy for determining a base level, and per person consumption differentials calculated using average residential consumption and average number of persons per household.

Pricing

2015-16 electricity prices are assumed to fall by 7 per cent, consistent with the Australian Energy Market Commission Report.

2015-16 gas prices are assumed to increase by 0.4 per cent, consistent with the Independent Pricing and Regulatory Tribunal final report on regulated retail gas prices in NSW for the period 1 July 2014 to 30 June 2016.

2015-16 water prices are assumed to fall by around 1.5 per cent (depending on consumption) and sewerage prices rise by 3.53 per cent, consistent with the terms of the Industry Panel's substituted price direction and price path for regulated water and sewerages services in the ACT.

Household One

Property

For 2015-16, property savings comprise reducing the duty on contents insurance from 4 per cent to 2 per cent ($7.52).

Assumptions

As the family is renting, they do not pay general rates or the Fire and Emergency Services Levy. Insurance premiums for 2015-16 are $375.99 for contents insurance only. Building insurance is not required as they are renting.

Transport

For 2015-16, transport fees comprise: driver licence fee ($34.26); vehicle registration ($332.30); Road Rescue Fee ($25.00); Road Safety Contribution ($2.50); CTP insurance ($585.55); the CTP Regulator Levy ($1.00); the Lifetime Care and Support Levy ($34.00) and ACTION fares ($1,342.64).

For 2015-16, concessions comprise: ACTION's concession fare ($672.48). For 2015-16, savings comprise reducing the duty on car insurance from 4 per cent to 2 per cent ($15.44). The driver is eligible for a discount on the cost of their driver's licence under the Rewards for Safe Driving Program ($6.85).

Assumptions

Fees are calculated on a vehicle with a tare weight of 1,155kg to 1,504kg. Insurance premiums for 2015-16 are $771.75 for comprehensive car insurance. The Centrelink Healthcare Card provides access to ACTION's concession fare, with travel twice a day at peak time five days a week, reaching the monthly travelling cap of 40.

Utilities

For 2015-16, utility charges comprise: electricity ($1,738.25); and natural gas ($1,701.11). Concessions include: energy and utility concessions ($426.46).

Assumptions

Consumption per year: electricity (8,700 kWh) and natural gas (51 GJ). As the family is renting, no water or sewerage charges have been included.

Household Two

Property

For 2015-16, property fees comprise: general rates ($1,257.61); and Fire and Emergency Services Levy ($196.00).

For 2015-16, property savings comprise: reducing the duty on home and contents insurance from 4 per cent to 2 per cent ($33.08); reducing the duty on life insurance from 2 per cent to 1 per cent ($3.31); access to the First Home Owners Grant ($10,000); and the Home Buyer Concession Scheme ($10,980).

Assumptions

A townhouse with an Average Unimproved Value (AUV) of $180,000 in Moncrieff. Insurance premiums for 2015-16 are: $1,653.75 for home and contents insurance; and $330.75 for life insurance.

Transport

For 2015-16, transport fees comprise: driver licence fee ($68.52); vehicle registration ($332.30); Road Rescue Fee ($25.00); Road Safety Contribution ($2.50); CTP insurance ($585.55); the CTP Regulator Levy ($1.00); the Lifetime Care and Support Levy ($34.00); and ACTION fares ($1,342.64).

For 2015-16, savings comprise reducing the duty on car insurance from 4 per cent to 2 per cent ($15.44). Both drivers are eligible for a discount on the cost of their driver's licence under the Rewards for Safe Driving Program ($13.70).

Assumptions

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155kg to 1,504kg. Insurance premiums for 2015-16 are $771.75 for comprehensive car insurance.

Utilities

For 2015-16, utility charges comprise: electricity ($1,482.90); natural gas ($1,454.21); water ($517.15); and sewerage ($523.25).

Assumptions

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

Household Three

Property

For 2015-16, property fees comprise: general rates ($1,924.13); and Fire and Emergency Services Levy ($196.00). Concessions consist of the rates rebate ($700.00) and a 50 per cent reduction in the Fire and Emergency Services Levy ($98.00).

For 2015-16, property savings comprise reducing the duty on home and contents insurance from 4 per cent to 2 per cent ($33.08).

Assumptions

A house with an Average Unimproved Value (AUV) of $344,000 in Waramanga. Insurance premiums for 2015-16 are $1,653.75 for home and contents insurance.

Transport

For 2015-16, transport fees comprise: driver licence fee ($34.26); vehicle registration ($332.30); Road Rescue Fee ($25.00); Road Safety Contribution ($2.50); CTP insurance ($585.55); the CTP Regulator Levy ($1.00); and the Lifetime Care and Support Levy ($34.00).

For 2015-16, transport savings comprise reducing the duty on car insurance from 4 per cent to 2 per cent ($15.44). Concessions comprise: drivers license ($34.26); vehicle registration ($332.30); and ACTION bus fares ($1,342.64).

Assumptions

Fees are calculated based on one driver and one car with a vehicle tare weight of 1,155kg to 1,504kg. Insurance premiums for 2015-16 are $771.75 for comprehensive car insurance.

ACTION fares are calculated as off-peak single trips five days a week, reaching the monthly travelling cap of 40 and an entitlement to free travel under the ACTION Gold Card.

Utilities

For 2015-16, utility charges comprise: electricity ($1,482.90); water ($517.15); and sewerage ($523.25). Concessions include: energy and utility concessions ($426.46); water rebate ($68.78); and sewerage rebate ($355.81).

Assumptions

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

Other Concessions

They are eligible to access the Spectacles Subsidy Scheme, which provides a $200 rebate every two years on the purchase of glasses. They are also eligible to access the Over 60's Home Bonus, which charges conveyance duty at a concessional rate, to downsize to a unit worth $380,000.

Household Four

Property

For 2015-16, property fees comprise: general rates ($1,817.66); and Fire and Emergency Services Levy ($196.00).

For 2015-16, property savings comprise reducing the duty on home and contents insurance from 4 per cent to 2 per cent ($33.08) and life insurance from 2 per cent to 1 per cent ($3.31).

Assumptions

A house with an Average Unimproved Value (AUV) of $321,000 in Kaleen. Insurance premiums for 2015-16 are: $1,653.75 for home and contents insurance; and $330.75 for life insurance.

Transport

For 2015-16, transport fees comprise: driver licence fee ($68.52); vehicle registration ($332.30); Road Rescue Fee ($25.00); Road Safety Contribution ($2.50); CTP insurance ($585.55); the CTP Regulator Levy ($1.00); Lifetime Care and Support Levy ($34.00); school student ACTION fare ($349.60); adult ACTION fare ($1,342.64) and parking ($2,425.50).

For 2015-16, transport savings comprise reducing the duty on insurance from 4 per cent to 2 per cent ($15.44). Both drivers are eligible for a discount on the cost of their driver's licence under the Rewards for Safe Driving Program ($13.70).

Assumptions

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155kg to 1,504kg. Insurance premiums for 2015-16 are $771.75 for comprehensive car insurance.

A 30 ride paid cap for students is reached taking rides to and from school. The monthly travelling cap of 40 applies to the adult fare calculation.

Parking fees have been calculated using the Zone B, Off Street, City Centre rate, which has been assumed to increase by 6 per cent from 2014-15 to 2015-16.

Utilities

For 2015-16, utility charges comprise: electricity ($1,993.59); natural gas ($1,948.01); water ($777.75); and sewerage ($523.25).

Assumptions

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

Household Five

Transport

For 2015-16, transport fees comprises the adult five days a week ACTION fare ($1,342.64). Concessions comprise ACTION's concession fare ($932.96). The total net annual cost is $409.68

The increase in the off peak concession fare in 2015-16 is due to a realignment of the MyWay off peak single concession fare to reach 50 per cent of the standard fare by 2016-17.

Assumptions

The Centrelink concession card provides access to ACTION's off-peak concession fare. Assumed travel is at off peak time twice a day, five days a week, reaching the monthly travelling cap of 40.

Utilities

For 2015-16, utility charges comprise: electricity ($1,227.56). Concessions include: energy and utility concessions ($426.46).

Assumptions

Consumption per year: electricity (5,700 kWh); and water (125 kL). Water and sewerage charges are paid by Housing and Community Services ACT, and are valued at $426.15 and $523.25 respectively.

CHAPTER 3

NEW INITIATIVES

Chapter		Page
3.1	Initiatives Overview	61
3.2	Expense Initiatives	63
3.3	Infrastructure and Capital Initiatives	103
3.4	Revenue Initiatives	135

3.1 INITIATIVES OVERVIEW

The 2015-16 Budget includes, over four years, $244.3 million of new expense initiatives (net of the health funding envelope), $487.5 million of new infrastructure and capital initiatives, and $106.4 million of new revenue initiatives announced since the 2014-15 Budget Review.

The Government has also made provisions of $1.5 billion for capital works over four years to 2018-19. These provisions include amounts for high value and/or commercially sensitive projects and the Capital Upgrades Program.

A summary of these initiatives is set out in Table 3.1.1 below.

Table 3.1.1
Overview of Initiatives

	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Expense initiatives	122,006	81,434	43,130	43,689	**290,259**
Health funding envelope offset	33,949	40,090	26,927	27,503	**128,469**
Net expense initiatives	**88,057**	**41,344**	**16,203**	**16,186**	**161,790**
Expenses related to infrastructure and capital initiatives	35,941	25,578	9,102	11,905	**82,526**
Total expense initiatives	**123,998**	**66,922**	**25,305**	**28,091**	**244,316**
Infrastructure and capital initiatives	184,105	188,503	50,119	11,908	**434,635**
Infrastructure and capital related to expense initiatives	17,206	12,771	11,385	11,484	**52,846**
Total infrastructure and capital initiatives	**201,311**	**201,274**	**61,504**	**23,392**	**487,481**
Revenue initiatives	8,322	15,549	25,343	34,444	**83,658**
Revenue related to expense initiatives	5,912	5,990	6,061	4,011	**21,974**
Revenue related to infrastructure and capital initiatives	0	68	217	479	**764**
Total revenue initiatives	**14,234**	**21,607**	**31,621**	**38,934**	**106,396**
Depreciation associated with new initiatives	35	12,007	19,455	28,214	**59,711**

Significant new expense initiatives in the 2015-16 Budget include funding for more acute hospital services; elective surgery; community, outpatient and primary care as well as more mental health services. The Government is also continuing to make significant investments into the transition to the National Disability Insurance Scheme, emergency services, bushfire protection, public transport and supporting information and communication technology in schools.

Significant infrastructure and capital initiatives include investment in Capital Metro, public housing renewal, planning for new schools, upgrades to existing schools, essential waste management infrastructure, road construction, and the relocation and upgrade of sterilising services.

Revenue initiatives include after hours paid parking in civic, changes to the ambulance levy and the Fire and Emergency Services Levy, and an increase in the Water Abstraction Charge.

3.2 EXPENSE INITIATIVES

The Government is investing in new expense initiatives totalling $124.0 million in 2015-16 and $244.3 million across the Budget and forward estimates. This is net of the $128.5 million health funding envelope offset.

A summary of expenses is shown in Table 3.2.1 below.

Table 3.2.1
Summary of Expense Initiatives

Summary of Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total 4 Year $'000
Expense initiatives	**122,006**	**81,434**	**43,130**	**43,689**	**290,259**
Health funding envelope offset	33,949	40,090	26,927	27,503	**128,469**
Net Budget Impact – Initiatives	**88,057**	**41,344**	**16,203**	**16,186**	**161,790**
Expense component of infrastructure and capital initiatives	35,941	25,578	9,102	11,905	**82,526**
Total expense initiatives	**123,998**	**66,922**	**25,305**	**28,091**	**244,316**
Associated revenue	5,912	5,990	6,061	4,011	21,974
Associated capital	17,206	12,771	11,385	11,484	52,846
Depreciation	0	66	66	66	198

Initiatives – Summary of Expenses by Portfolio

Table 3.2.2
Expense Initiatives

Expense Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Canberra Institute of Technology					
CIT Modernisation – Tuggeranong, Bruce and Reid campuses[1]	1,071	1,607	1,607	1,607	5,892
Total	**1,071**	**1,607**	**1,607**	**1,607**	**5,892**
Capital Metro Agency					
Capital Metro – Procurement and delivery[1]	-7,433	-6,703	-2,025	5,000	-11,161
Total	**-7,433**	**-6,703**	**-2,025**	**5,000**	**-11,161**
Chief Minister, Treasury and Economic Development Directorate					
Access Canberra – One service, one experience – Online services[2]	0	0	0	0	0
ACT Public Service Workers' Compensation Insurance Scheme[3]	1,159	NFP	NFP	NFP	1,159
Additional Support for the Concessions Program	6,900	0	0	0	6,900
Better Roads for Gungahlin – Enhanced Town Centre road network[1]	0	0	0	141	141
Boosting Tourism – Airline Stimulus Fund	800	800	0	0	1,600
Boosting Tourism – Destination marketing partnerships	250	250	0	0	500
Boosting Tourism – Special Event Fund	1,000	1,000	0	0	2,000
Christmas in the City – Partnership funding[1]	125	125	125	125	500
Confident and Business Ready – Business Development Strategy 2015	3,000	3,000	0	0	6,000
Facilitating Transition to the NDIS and Creating Efficiencies – Restructure Fund supplementation	10,667	8,247	1,761	0	20,675
Floriade 2015 – Car park hire and increased water extraction costs	255	0	0	0	255
Healthy Weight Initiative – Healthier lifestyles[4]	150	400	410	420	1,380
Improving Building Quality Regulation[5]	1,845	1,895	1,953	1,984	7,677
Improving Road Safety – Mobile road safety camera deployment[5]	321	330	336	341	1,328
Increased Sports Grants – Asset repair and maintenance scheme	400	0	0	0	400
Performance Agreement Extension – Canberra Capitals basketball team	130	0	0	0	130
Reduction in First Home Owners' Grant	-957	-3,543	-6,031	-6,255	-16,786
Sportsgrounds – More irrigation and mowing	871	0	0	0	871
Transport for Canberra – Transport reform initiatives[5]	1,400	200	0	0	1,600
Urban Renewal Program – Better Public Housing[1]	2,450	2,288	0	0	4,738
Urban Renewal Program – Better Public Housing – Allawah Court[1]	541	6,166	0	0	6,707
Urban Renewal Program – Better Public Housing – Karuah[1]	3,373	233	0	0	3,606
Urban Renewal Program – Better Public Housing – Owen Flats[1]	1,114	0	0	0	1,114

Expense Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Urban Renewal Program – Better Public Housing – Red Hill Housing Precinct[1]	9,075	686	0	0	9,761
Urban Renewal Program – City to the Lake – West Basin infrastructure[1]	0	0	96	146	242
Urban Renewal Program – Civic and Braddon public realm improvements[1]	0	0	0	15	15
Urban Renewal Program – Melrose football precinct[1]	0	0	160	120	280
Urban Renewal Program – Phillip Oval upgrade[1]	0	0	0	63	63
We are CBR Brand Canberra – Phase 2	700	700	0	0	1,400
Whole of Government Software Upgrade	1,600	3,500	1,430	1,925	8,455
Information and Communication Technology					
Government Budget Management System[1]	198	515	528	541	1,782
ICT Network Modernisation[1]	413	0	0	0	413
Land Titles Business Systems Modernisation[1]	0	0	-10	-9	-19
Simpler Business Licensing	853	0	-250	-250	353
Total	**48,633**	**26,792**	**508**	**-693**	**75,240**
Community Services Directorate					
A Step Up for Our Kids[6]	11,987	11,944	8,927	6,089	38,947
Bendora Through Care Unit	299	0	0	0	299
Better Services Program	469	243	0	0	712
Children and Young People Death Review Committee	193	198	0	0	391
Client Management System for Child and Youth Protection Services[1]	283	684	865	715	2,547
Continuation of the Community Sector Reform Program[2]	0	0	0	0	0
Countering Domestic Violence – More support for domestic and sexual violence services	250	0	0	0	250
Disability Services – Indexation	1,685	0	0	0	1,685
Growing Healthy Families	624	640	0	0	1,264
Support for People with Disability – New respite property[1]	0	87	87	87	261
Total	**15,790**	**13,796**	**9,879**	**6,891**	**46,356**
Education and Training Directorate					
ACT Teacher Quality Institute – Digital Service Delivery Phase 2[1]	0	211	177	182	570
Countering Domestic Violence – Promoting social and emotional learning[2]	0	0	0	0	0
Schools for the Future – Caroline Chisholm School – Centre for innovation and learning[1]	0	0	284	284	568
Schools for the Future – Coombs Primary	1,691	1,764	1,833	1,856	7,144
Schools for the Future – Modernising Belconnen High[1]	0	100	316	356	772
Schools for the Future – North Gungahlin and Molonglo[1]	0	0	0	1,702	1,702
Support for Students with Disability – Extra resources	2,000	1,000	0	0	3,000
Support for Students with Disability – Special needs transport	925	0	0	0	925
Support for Teachers – Online teacher resources[2]	0	0	0	0	0
Supporting our School System – Improving ICT[1]	2,564	3,653	3,744	3,838	13,799
Total	**7,180**	**6,728**	**6,354**	**8,218**	**28,480**
Environment and Planning Directorate					
ACT Active Living Program	0	0	0	0	0
Canberra and Urban Regional Futures	250	250	0	0	500

Expense Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Energy Efficiency Improvement Scheme[2,5]	0	0	0	0	0
One Stop Shop for Environmental Approvals[4]	239	247	254	257	997
Support for Building Industry – eDevelopment Renovation Project[1]	0	0	300	300	600
Upper Murrumbidgee Waterwatch Program	460	470	481	493	1,904
Total	**949**	**967**	**1,035**	**1,050**	**4,001**
Health Directorate					
Aboriginal and Torres Strait Islander Smoking Cessation Program[7]	212	0	0	0	212
Additional Elective Surgeries and Procedures[7]	7,300	7,480	0	0	14,780
Calvary Public Hospital – Expanded hospital services	3,079	0	0	0	3,079
Calvary Public Hospital – Operating theatre upgrade	3,242	2,385	0	0	5,627
Calvary Public Hospital – Upgrade of medical imaging equipment	1,839	1,883	0	0	3,722
Canberra Hospital – More beds[1]	0	0	33	36	69
Care in the Right Place – More community, outpatient and primary care services[7]	3,364	3,465	3,545	3,627	14,001
Critical Hospital Infrastructure Systems – Enhancing patient and staff safety[1]	209	632	648	664	2,153
End of Life Care at Home[7]	585	602	614	627	2,428
Enhancing Mental Health Services – Early intervention[7]	196	269	275	280	1,020
Enhancing Mental Health Services – Hospital care[7]	433	594	606	618	2,251
Enhancing Mental Health Services – Improved services[7]	2,245	3,082	3,150	3,219	11,696
Enhancing Mental Health Services – More community services[7]	2,915	4,432	4,523	4,619	16,489
Enhancing Mental Health Services – Secure Mental Health staff[7]	409	0	0	0	409
Healthy Weight Initiative – Healthier lifestyles[4,7]	374	396	174	176	1,120
More Acute Hospital Services – Emergency specialists[7]	1,372	1,414	1,442	1,471	5,699
More Acute Hospital Services – General hospital beds[7]	3,921	6,281	6,418	6,552	23,172
More Acute Hospital Services – Hospital in the home[7]	352	362	371	380	1,465
More Acute Hospital Services – Intensive care beds[7]	1,396	2,877	2,940	3,004	10,217
More Services – Hospital and community care[7]	5,852	6,027	0	0	11,879
Specialist Drug Treatment Services[7]	800	0	0	0	800
Sterilising Services – Relocation and upgrade[1]	0	0	-1,627	-1,813	-3,440
University of Canberra Public Hospital – Car park[2]	0	0	NFP	NFP	NFP
Women's and Children's Health – Expanding services[7]	1,043	1,074	1,099	1,124	4,340
Women's and Children's Health – Neonatal intensive care[7]	504	1,039	1,060	1,081	3,684
Women's and Children's Health – QEII expansion[7]	676	696	710	725	2,807
Total	**42,318**	**44,990**	**25,981**	**26,390**	**139,679**
Housing ACT					
Better Services Program[4]	296	148	0	0	444
Continued Support for Homelessness Services	1,520	1,520	0	0	3,040
Total	**1,816**	**1,668**	**0**	**0**	**3,484**
Justice and Community Safety Directorate					
A Fair, Just and Equitable Society – High density housing program	210	156	0	0	366

Expense Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
ACT Corrective Services – Workers' compensation	1,048	0	0	0	1,048
ACT Government Solicitor – Additional resources	764	787	798	810	3,159
ACT Policing Enabling Services – Supporting operational policing	865	865	865	865	3,460
Eastman Stay Application[4]	376	0	0	0	376
Improving Access to Justice – Street Law	177	181	0	0	358
Judicial Resourcing – Fifth judge	241	1,010	1,032	1,055	3,338
Justice Reform Strategy – Enhancing community corrections	589	1,255	1,384	0	3,228
Restorative Justice Scheme – Phase 2	429	535	543	551	2,058
Strengthening Emergency Services – ACT Fire and Rescue recruit college	147	0	0	0	147
Strengthening Emergency Services – Backup communications centre[2]	0	0	0	0	0
Strengthening Emergency Services – Supporting operational capacity	3,905	3,905	3,905	3,905	15,620
Strengthening Emergency Services – Workers' compensation	5,120	0	0	0	5,120
Victims of Crime Financial Assistance Scheme Reforms[1,5]	434	447	223	326	1,430
Information and Communication Technology					
ACT Corrective Services Information Management Solution	397	743	704	514	2,358
Strengthening Emergency Services – Territory Radio Network upgrade – Phases 2 and 3[1]	0	123	0	0	123
Total	**14,702**	**10,007**	**9,454**	**8,026**	**42,189**
Legal Aid Commission (ACT)					
Eastman Stay Application[4]	110	0	0	0	110
Improving Access to Justice – Legal Aid[5]	429	438	0	0	867
Total	**539**	**438**	**0**	**0**	**977**
Office of the Legislative Assembly					
Accommodation – Staff relocation[1]	304	332	333	334	1,303
Offices of the MLAs – Administrative on-costs	57	57	57	57	228
Procedural Document Production System[1]	12	24	24	24	84
Total	**373**	**413**	**414**	**415**	**1,615**
Territory and Municipal Services Directorate					
Additional Funding for Animal Welfare Services	178	183	187	192	740
Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1	0	0	0	315	315
Better Roads for Gungahlin – Horse Park Drive duplication[1,4]	500	500	0	0	1,000
Boosting Municipal Services in New Suburbs	2,201	1,913	1,960	2,010	8,084
Chifley – Hindmarsh Drive, Launceston Street and Eggleston Crescent intersection	250	0	0	0	250
Continuation of Service Agreement with the RSPCA-ACT	256	0	0	0	256
Continuation of the Bulky Waste Collection Scheme	400	0	0	0	400
Continuation of Waste Management Services	1,010	0	0	0	1,010
Continued Investment in Infrastructure	566	583	609	620	2,378
Dunlop – Lance Hill Avenue and Ginninderra Drive intersection augmentation	100	0	0	0	100

Expense Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Enhancing the Protection of Endangered Species and Habitat[1]	929	996	1,047	1,906	4,878
Improved Waste Resource Recovery	1,975	830	0	0	2,805
Management of the Lower Cotter Catchment	788	734	575	581	2,678
More mowing, weed removal, tree maintenance, lake cleaning and graffiti prevention in our suburbs	2,550	2,050	1,681	1,723	8,004
One Stop Shop for Environmental Approvals[4]	109	111	115	117	452
Pialligo and Airport Road Network	0	900	0	0	900
Public Place Recycling in the City	50	51	52	53	206
Reducing the ACT's Vulnerability to Bushfire	1,835	2,342	2,196	2,846	9,219
Spence – Kuringa Drive and Owen Dixon Drive intersection augmentation[1]	100	0	0	0	100
Support for Parkcare	165	170	176	180	691
Transport for Canberra – Community transport coordination	496	0	0	0	496
Transport for Canberra – Nightrider services continuation	130	134	0	0	264
Transport for Canberra – Supporting operational capacity	17,204	0	0	0	17,204
Transport for Canberra – Transport reform initiatives[4]	690	0	0	0	690
Urban Renewal Program – Acton - Sullivans Creek cycle path upgrades[1]	0	0	15	30	45
Urban Renewal Program – Barton – Bowen Park cycle path[1]	0	0	6	12	18
Urban Renewal Program – Belconnen Town Centre improved cycling connections	100	0	0	0	100
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1[1]	0	0	0	6	6
Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1[1]	0	0	0	1	1
Urban Renewal Program – Kingston Group Centre – Pedestrian and cycling accessibility improvements – Stage 1	150	0	0	0	150
Urban Renewal Program – Molonglo to the City cycle highway[1]	200	0	0	0	200
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1[1]	0	0	0	2	2
Urban Renewal Program – Phillip trade service area parking management[1]	0	0	3	6	9
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1[1]	0	0	3	6	9
Urban Renewal Program – Tuggeranong Town Centre improved cycling connections	100	0	0	0	100
Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities[1]	0	0	0	5	5
Urban Renewal Program – West Belconnen to the City improved cycling connections	100	0	0	0	100
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades[1]	0	0	0	6	6
Urban Renewal Program – Woden – Canberra Hospital connections[1]	0	0	4	8	12
Urban Renewal Program – Woden Town Centre cycle and pedestrian network improvements	250	0	0	0	250

Expense Initiatives		2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Urban Trees Study		130	0	0	0	130
Weetangera – Belconnen Way and Springvale Drive intersection augmentation		170	0	0	0	170
Information and Communication Technology						
Domestic Animal Services Incident Management System[1]		0	0	5	5	10
	Total	**33,682**	**11,497**	**8,634**	**10,630**	**64,443**
Whole of Government Savings[8]						
Procurement Reform		-373	-4,173	-8,873	-10,973	-24,392
Urban Renewal Offsets		-1,300	-1,015	-736	-967	-4,018
	Total	**-1,673**	**-5,188**	**-9,609**	**-11,940**	**-28,410**
TOTAL EXPENSE INITIATIVES		**157,947**	**107,012**	**52,232**	**55,594**	**372,785**
Associated Revenue		*5,912*	*5,990*	*6,061*	*4,011*	*21,974*
Associated Capital		*17,206*	*12,771*	*11,385*	*11,484*	*52,846*
Depreciation		*0*	*66*	*66*	*66*	*198*
Health Funding Envelope Offset		*33,949*	*40,090*	*26,927*	*27,503*	*128,469*

Notes:

1. 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).
2. The funding of this initiative is to be absorbed by the agency.
3. NFP indicates not for publication. A provision has been included for the cost of this initiative in the Budget.
4. This is a joint initiative, i.e. delivered by more than one agency.
5. This initiative has a revenue component; this is listed in the summary table in Revenue Initiatives (Chapter 3.4).
6. Funding for this initiative was provided in the 2014-15 Budget Review.
7. This is funded from within the health funding envelope.
8. Details in relation to those savings can be found in Chapter 4.2.

CANBERRA INSTITUTE OF TECHNOLOGY

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
CIT Modernisation – Tuggeranong, Bruce and Reid campuses	1,071	1,607	1,607	1,607	**5,892**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

CAPITAL METRO AGENCY

Capital Metro – Procurement and delivery

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	4,800	2,300	1,800	5,000	**13,900**
Provision	-12,233	-9,003	-3,825	0	**-25,061**
Net Expenses	**-7,433**	**-6,703**	**-2,025**	**5,000**	**-11,161**
Associated Capital	16,137	12,771	11,385	11,484	**51,777**

The Government will invest in the continued development of Capital Metro to procure and deliver the light rail construction project between the City and Gungahlin. The funding will allow Capital Metro Agency to meet the costs to deliver detailed design, procurement and contract management during the various phases of the project.

This expense is offset from a provision included in the 2014-15 Budget. The operating impact of this initiative is positive for the budget year and the first two forward estimate years as the provision included in the 2014-15 Budget was more than the recurrent funding required by Capital Metro.

In the 2014-15 Budget, the Government established a provision for commercially sensitive projects, such as Capital Metro, with both a capital and recurrent component to provide a more accurate assessment of the public finances. The full business case for Capital Metro was approved by the Government in September 2014.

The Capital Metro Project is in part financed by assets sold under the Asset Recycling Initiative. The Asset Recycling Initiative agreed between the Commonwealth and ACT Governments allows for the Territory to receive a 15 per cent bonus from the Commonwealth when the ACT sells surplus assets to pay for new public infrastructure. The funding will ensure that the ACT Government can continue to progress and deliver on priority infrastructure projects like Capital Metro and the Northbourne Corridor redevelopment to promote urban renewal. Refer to Chapter 5 – Infrastructure and Capital for further detail on the budget impact of Asset Recycling Initiatives.

CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

Access Canberra – One service, one experience – Online services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	645	487	487	487	**2,106**
Savings Offset	-645	-487	-487	-487	**-2,106**
Net Expenses	**0**	**0**	**0**	**0**	**0**

The Government will enhance its service delivery by establishing a common customer service platform within Access Canberra and creating additional online services. The implementation of this initiative will result in efficiency improvements across the ACT public sector that will offset the cost.

ACT Public Service Workers' Compensation Insurance Scheme

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses[1]	1,159	NFP	NFP	NFP	**1,159**

Note:

1. NFP indicates Not For Publication as these amounts will depend upon the final scheme design.

The Government is establishing a new workers' compensation insurance scheme for the ACT Public Service. The new scheme will provide the Territory with more control over the management of its workers' compensation matters. The financial impact of the scheme on the ACT Budget will be determined once details of the scheme are finalised following a consultation period.

The scheme aims to improve Government oversight and control of its workers' compensation arrangements, provide more comprehensive and timely information to assist in planning workers' compensation budgets and services, and improve productivity and work outcomes through assisting staff in their return to work.

Additional Support for the Concessions Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	6,900	0	0	0	**6,900**

The Government will be consulting on a variety of reform options to improve the equity, targeting and sustainability of the concessions program to assist those households most in need.

Boosting Tourism – Airline Stimulus Fund

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	800	800	0	0	**1,600**

The Government will continue to support cooperative marketing campaigns that promote Canberra as a key business and leisure destination in domestic and international markets. The investment in 2015-16 will also seek to attract direct international air services with, to and from key markets, such as Singapore.

Boosting Tourism – Destination marketing partnerships

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	250	250	0	0	**500**

The Government will promote Canberra as a leisure destination by establishing new cooperative marketing partnerships with key stakeholders in the tourism industry, such as hotels, online travel agents and transport operators.

Boosting Tourism – Special Event Fund

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,000	1,000	0	0	**2,000**

The Government will continue to support the development of major events that attract significant numbers of visitors to the ACT by providing funding for the cooperative Special Event Fund. Two years of funding has been allocated to meet the Government's election commitment and allow for necessary planning and certainty for future events.

Christmas in the City – Partnership funding

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	125	125	125	125	**500**
Depreciation	0	29	29	29	**86**
Associated Capital	198	0	0	0	**198**

The Government will continue to support *Christmas in the City* celebrations by renovating the existing Christmas tree and forming partnerships with the business and community sectors to deliver the event over the next five years. This funding is additional to the existing funding of $45,000 per annum for the event.

Confident and Business Ready – Business Development Strategy 2015

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	3,000	3,000	0	0	**6,000**

The Government will continue to work with the private sector to grow its contribution to the Territory's economy through increasing business innovation, trade development and private investment. This initiative includes the establishment of the CBR Innovation Fund and the CBR Trade Investment Fund.

Facilitating Transition to the NDIS and Creating Efficiencies – Restructure Fund supplementation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	10,667	8,247	1,761	0	**20,675**

The Government will provide funding for the Restructure Fund to fully meet the costs of the National Disability Insurance Scheme trial. Without supplementation, there would be no capacity to support agencies to identify and undertake activities outside of normal operations that generate budget savings and/or economic efficiencies.

Floriade 2015 – Car park hire and increased water extraction costs

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	255	0	0	0	**255**

The Government will continue to support Floriade for the 2015 event by providing funding for the use of the National Capital Authority car parks at Regatta Point and Barrine Drive for the duration of the event and to cover an increase in water extraction fees. The need for further additional funding will be considered ahead of Floriade 2016.

Healthy Weight Initiative – Healthier lifestyles

See Health Directorate expense initiative *Healthy Weight Initiative – Healthier lifestyles*.

Improving Building Quality Regulation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,845	1,895	1,953	1,984	**7,677**
Associated Revenue	1,845	1,895	1,953	1,984	**7,677**

The Government will appoint 13 additional inspectors to ensure the quality and safety of buildings in the Territory is maintained. The cost of this will be offset against an increase in the Building Levy by 0.1 per cent of the cost of building works.

Improving Road Safety – Mobile road safety camera deployment

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	321	330	336	341	**1,328**
Associated Revenue	680	680	680	680	**2,720**

To improve ACT road safety outcomes, the Government will provide funding for an additional four mobile road safety camera operators using existing assets for more hours in the day. This initiative, which is consistent with the *ACT Road Strategy 2011-2020*, will increase mobile camera operations by up to 120 hours per week.

Increased Sports Grants – Asset repair and maintenance scheme

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	400	0	0	0	**400**

The Government will assist a range of community sporting organisations to keep their facilities in good working order by supporting certain repair and maintenance projects.

Performance Agreement Extension – Canberra Capitals basketball team

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	250	0	0	0	**250**
Offset	-120	0	0	0	**-120**
Net Expenses	**130**	**0**	**0**	**0**	**130**

The Government will provide $250,000 to extend the Performance Agreement of the Canberra Capitals women's basketball team to assist with its involvement in the national league. Of the additional funding, $120,000 will be met from within existing resources.

Reduction in First Home Owners' Grant

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	-957	-3,543	-6,031	-6,255	**-16,786**

The Government will reduce the First Home Owners' Grant from $12,500 to $10,000 from 1 January 2016 and to $7,000 from 1 January 2017. These changes will ensure the ongoing sustainability of the scheme, which is experiencing record costs of around $7 million higher than forecast in the 2014-15 Budget. The Grant was increased to stimulate activity in the short-term (the 2013-17 period). A return to the previous level of $7,000 reflects the end of the stimulus period.

Sportsgrounds – More irrigation and mowing

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	871	0	0	0	**871**

The Government will provide additional funding to ensure that the quality of sportsgrounds in the Territory is maintained. The funding will be used to manage the costs relating to the irrigation and mowing of sportsgrounds. This funding is considered on an annual basis, based on anticipated demand for irrigation and/or mowing services. This funding is in addition to the $5.6 million in base funding that is provided for sportsground irrigation and mowing each year.

Transport for Canberra – Transport reform initiatives

See Territory and Municipal Services Directorate expense initiative *Transport for Canberra – Transport reform initiatives*.

We are CBR Brand Canberra – Phase 2

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	700	700	0	0	**1,400**

The Government will build on the success of the first phase of the *Brand Canberra* project to promote and enhance Canberra as a great place to live, work, invest, study or visit. This includes assisting *Brand Canberra* to transition to a new governance model and partnering and collaborating with the private sector. This investment in *Brand Canberra* will support tourism in the Territory through increased regional engagement and international outreach.

Whole of Government Software Upgrade

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,600	3,500	1,430	1,925	**8,455**

The Government will upgrade the Microsoft Windows Operating System and Office product suite across its information and communication technology network. The new operating environment will provide support for a range of hardware, such as tablets, easier access for teleworkers and support for cloud based services.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Better Roads for Gungahlin – Enhanced Town Centre road network	0	0	0	141	**141**
Government Budget Management System	198	515	528	541	**1,782**
ICT Network Modernisation	413	0	0	0	**413**
Land Titles Business Systems Modernisation	0	0	-10	-9	**-19**
Simpler Business Licensing	853	0	-250	-250	**353**
Urban Renewal Program – Better Public Housing	2,450	2,288	0	0	**4,738**
Urban Renewal Program – Better Public Housing – Allawah Court	541	6,166	0	0	**6,707**
Urban Renewal Program – Better Public Housing – Karuah	3,373	233	0	0	**3,606**
Urban Renewal Program – Better Public Housing – Owen Flats	1,114	0	0	0	**1,114**
Urban Renewal Program – Better Public Housing – Red Hill Housing Precinct	9,075	686	0	0	**9,761**
Urban Renewal Program – City to the Lake – West Basin infrastructure	0	0	96	146	**242**
Urban Renewal Program – Civic and Braddon public realm improvements	0	0	0	15	**15**
Urban Renewal Program – Melrose football precinct	0	0	160	120	**280**
Urban Renewal Program – Phillip Oval upgrade	0	0	0	63	**63**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

COMMUNITY SERVICES DIRECTORATE

A Step Up for Our Kids[1]

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	11,987	11,944	8,927	6,089	**38,947**
Depreciation	0	15	15	15	**45**
Housing ACT – Associated Capital	736	0	0	0	**736**

Note:

1. Funding for this initiative was provided in the 2014-15 Budget Review and was originally titled *Out of Home Care Services*.

The Government will implement *A Step Up for Our Kids – One Step Can Make a Lifetime of Difference,* the ACT's new five year strategy for out of home care services. The aim of this initiative is to reduce the flow of children and young people into out of home care (for example, foster care or residential care), better support birth parents in retaining care of their children, improve outcomes for those in care and, wherever possible, place children and young people from care into permanent alternative families on a timely basis.

Bendora Through Care Unit

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	600	610	620	625	**2,455**
Savings	-301	-610	-620	-625	**-2,156**
Net Expenses	**299**	**0**	**0**	**0**	**299**

The Government is continuing to support young people in detention at the Bimberi Youth Justice Centre by providing intensive and targeted programs to assist them with moving from custody to the community. The Government is providing a total of $2.455 million over four years for this initiative. Ongoing funding will be provided through savings at Bimberi due to reduced numbers of young people entering the youth justice system and adjustments to education services for young people on youth justice orders.

Better Services Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Community Services Directorate – Expense	469	243	0	0	**712**
Housing ACT – Expenses	296	148	0	0	**444**

The Government is extending the One Human Services Gateway to improve community access to a range of human services in the ACT. The *Strengthening Families Program* is also being extended to provide early intervention and targeted support for up to 50 families with the greatest need in the community. This initiative will be funded in future years from the savings generated.

Children and Young People Death Review Committee

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	193	198	0	0	**391**

The Government is continuing to support the Children and Young People Death Review Committee, which reviews all child deaths in the ACT, considers any trends and patterns arising, and makes recommendations that may contribute to preventing future child deaths. Funding in future years will be considered following the outcomes of the Committee's review in 2016.

Continuation of the Community Sector Reform Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	499	491	0	0	**990**
Internal Levy	499	491	0	0	**990**
Net Expenses	**0**	**0**	**0**	**0**	**0**

The Government will continue to work with the community sector through a range of activities to support strategic reform and continued initiatives to reduce red tape. This initiative of $1.0 million over two years will be funded through a levy (0.34 per cent) on community sector funding.

Countering Domestic Violence – More support for domestic and sexual violence services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	250	0	0	0	**250**

The Government will provide additional funding of $250,000 to expand the capacity of three key domestic and sexual violence services.

Heightened community awareness of domestic violence is creating increased demand for assistance. This funding will assist the Domestic Violence Crisis Service, Canberra Rape Crisis Centre and the Canberra Men's Centre to meet this demand. Longer-term prevention and management strategies are also being developed across government.

This funding is in addition to the ACT Government's commitment of approximately $250,000 to the jointly-funded national domestic violence awareness and prevention campaign. The exact timing and amount of this funding is yet to be formally agreed with the Commonwealth.

Disability Services – Indexation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,685	0	0	0	**1,685**

The Government will continue to fund disability support packages and provide funding to disability service providers to ensure people with a disability receive appropriate care in the transition to the National Disability Insurance Scheme, which is expected to be completed by 30 June 2016.

Growing Healthy Families

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	624	640	0	0	**1,264**

The Government will expand the Growing Healthy Families Program at the Gungahlin, West Belconnen and Tuggeranong Child and Family Centres to provide resources that support engagement, inclusion and access to culturally informed services by the local Aboriginal and Torres Strait Islander community. Future funding will be considered in the context of the 2017-18 Budget.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Client Management System for Child and Youth Protection Services	283	684	865	715	**2,547**
Support for People with Disability - New respite property	0	87	87	87	**261**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

EDUCATION AND TRAINING DIRECTORATE

Countering Domestic Violence – Promoting social and emotional learning

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	0	0	0	0	**0**

The Government will support ACT public schools to provide social and emotional learning programs. It will provide additional resources for the training of teachers and staff on domestic violence issues including mandatory reporting requirements. An online resource centre will be developed to connect families to support services, provide additional resources for teachers and support children and young people who may be experiencing domestic violence. This is an agency funded initiative of $0.615 million over two years.

Schools for the Future – Coombs Primary

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,691	1,764	1,833	1,856	**7,144**

The Government is supporting the establishment of the new P-6 school at Coombs including the school leadership team and other operational costs such as building security and additional maintenance.

Support for Students with Disability – Extra resources

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	2,000	1,000	0	0	**3,000**

The Government is providing additional resources to support increased numbers of students with disability to access and participate in education. Future funding will be considered in the context of the 2017-18 Budget.

Support for Students with Disability – Special needs transport

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	925	0	0	0	**925**

The Government is supporting the transport of students with disability to ACT public schools. This funding is for one year to align with the ACT National Disability Insurance Scheme trial.

Support for Teachers – Online teacher resources

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	165	171	172	173	**681**
Offset	-165	-171	-172	-173	**-681**
Net Expenses	**0**	**0**	**0**	**0**	**0**

The Government is investing in online teaching and learning resources to assist in the delivery of the Australian Curriculum in ACT schools. This is an agency funded initiative of $0.7 million over four years.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
ACT Teacher Quality Institute – Digital Service Delivery Phase 2	0	211	177	182	**570**
Schools for the Future – Caroline Chisholm School – Centre for innovation and learning	0	0	284	284	**568**
Schools for the Future – Modernising Belconnen High	0	100	316	356	**772**
Schools for the Future – North Gungahlin and Molonglo	0	0	0	1,702	**1,702**
Supporting our School System – Improving ICT	2,564	3,653	3,744	3,838	**13,799**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

ENVIRONMENT AND PLANNING DIRECTORATE

ACT Active Living Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	170	170	0	0	**340**
Offset	-170	-170	0	0	**-340**
Net Expenses	**0**	**0**	**0**	**0**	**0**

The Government will provide a grant to the Heart Foundation in return for advice on promoting Active Living principles across Canberra's built environment. The $0.340 million cost of this initiative across two years will be offset against funds already allocated to the Healthy Weight Initiative.

Canberra and Urban Regional Futures

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	250	250	0	0	**500**

The Government will invest in the Canberra and Urban Regional Futures. This joint program between the University of Canberra and the Australian National University seeks to explore current local and regional spatial planning and climate change challenges, and develop solutions in response.

Energy Efficiency Improvement Scheme

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	0	0	0	0	**0**
Associated Revenue	2,110	2,110	2,110	0	**6,330**

Revenue collected from small to medium (Tier 2) retailers under the *Energy Efficiency (Cost of Living) Improvement Act 2012* will be used to deliver environmental programs under the Actsmart program, including assistance for low income households and home energy assessments. This revenue replaces the previous appropriation for the energy components of the Actsmart program.

One Stop Shop for Environmental Approvals

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Environment and Planning Directorate – Expenses	239	247	254	257	**997**
Territory and Municipal Services Directorate – Expenses	109	111	115	117	**452**

The Government is establishing a one stop shop for environmental approvals, to administer the environmental assessment and approval of projects that impact on matters of National Environmental Significance. The one stop shop will streamline the approval process and create efficiencies for new developments.

Upper Murrumbidgee Waterwatch Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	460	470	481	493	**1,904**

The Government will support the continuation of the Upper Murrumbidgee Waterwatch Program by funding three part time co-ordinators, one part time science officer, and a full time regional facilitator, to work with Waterwatch volunteers. Water quality and waterway health monitoring systems currently undertaken by Waterwatch supplement data collected by the Government and Icon Water to present a comprehensive picture of waterway and catchment health. The funding is part of the ACT's contribution to the Commonwealth's Basin Priority Project.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Support for Building Industry – eDevelopment Renovation Project	0	0	300	300	**600**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

HEALTH DIRECTORATE

In this Budget, all new Health expense initiatives (except Health Infrastructure Program project management costs) are funded from within the Health Funding Envelope.

Aboriginal and Torres Strait Islander Smoking Cessation Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	212	0	0	0	**212**

The Government will continue initiatives to reduce smoking rates amongst Aboriginal and Torres Strait Islander people in the ACT during 2015-16. The program outcomes will be evaluated in 2015-16, which will inform future funding decisions.

Additional Elective Surgeries and Procedures

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	7,300	7,480	0	0	**14,780**

The Government will increase the number of elective surgeries by approximately 500 in 2015-16 to improve elective surgery waiting times. The Government will also increase the number of elective endoscopy procedures by approximately 500 in 2015-16 and the number of bariatric surgeries by 13 during 2015-16. Elective surgeries will reduce to 12,000 surgeries per year from 2017-18 onwards unless the Commonwealth Government extends funding for a national partnership.

Care in the Right Place – More community, outpatient and primary care services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	3,364	3,465	3,545	3,627	**14,001**

The Government will increase access to cancer outpatient services by expanding outpatient clinics, providing more doctors and establishing a central intake service for the Canberra Regional Cancer Centre. In addition, the Government will establish emergency ambulatory care clinics, provide services to allow earlier discharge for people who currently remain in hospital due to social reasons, provide more services for people who need sub-acute care, and expand the Pain Management Service.

End of Life Care at Home

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	585	602	614	627	**2,428**

The Government will increase its support for end of life care by providing home-based palliative care packages, and more staff and education for health care professionals. The Government will also raise awareness of advanced care plans and palliative care services.

Enhancing Mental Health Services – Early intervention

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	196	269	275	280	**1,020**

The Government will establish a new program of early identification for children presenting with emerging mental health illnesses or disorders.

Enhancing Mental Health Services – Hospital care

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	433	594	606	618	**2,251**

The Government will improve access to specialised services for patients at the Canberra Hospital by extending the operation of both the Alcohol and Drug and the Mental Health consultation and liaison services. These services will operate seven days per week and for longer hours each day.

Enhancing Mental Health Services – Improved services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	2,245	3,082	3,150	3,219	**11,696**

The Government will increase mental health and alcohol and drug services by providing more staff and improving efficiency through redesigning the way services are provided.

Enhancing Mental Health Services – More community services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	2,915	4,432	4,523	4,619	**16,489**

The Government will provide more adult community mental health services including a local service for the Gungahlin region, additional intensive psychogeriatric care, a self-harm diversion service, expansion of the primary care team at the Alexander Maconochie Centre, and more in-home support for people experiencing acute mental health problems.

Enhancing Mental Health Services – Secure Mental Health staff

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	409	0	0	0	**409**

The Government will commence recruitment of staff, staff training and policy development for the new 25 bed Secure Mental Health Unit. Ongoing costs for staff will be considered in future budgets.

Healthy Weight Initiative – Healthier lifestyles

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Health Directorate – Expenses	374	396	174	176	**1,120**
Chief Minister, Treasury and Economic Development Directorate – Expenses	150	400	410	420	**1,380**

The Government will continue to deliver a range of programs to promote and support healthy lifestyles including Kids at Play, Ride or Walk to School, Fresh Tastes, It's Your Move and Healthier Work. It will also provide smoking cessation interventions such as nicotine replacement therapy for pregnant women and a campaign targeting young people. The Government will also deliver an interactive web-based data platform to enable wider access to, and use of, population health data. The $4.286 million total cost of this initiative is partly funded through the reallocation of $1.786 million of existing resources.

More Acute Hospital Services – Emergency specialists

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,372	1,414	1,442	1,471	**5,699**

The Government will continue to provide emergency care through ongoing support of three existing Emergency Department specialist physician positions.

More Acute Hospital Services – General hospital beds

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	3,921	6,281	6,418	6,552	**23,172**

The Government will increase hospital services by providing four additional general hospital beds at the Calvary Hospital and twelve additional general hospital beds at the Canberra Hospital. The Government is also allocating funding to establish a single point of contact for Canberra Hospital. This service will act as a central coordinating service to provide more effective access to Canberra Hospital services.

More Acute Hospital Services – Hospital in the home

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	352	362	371	380	**1,465**

The Government will provide more health services by expanding the hospital in the home program for patients who no longer require an acute hospital bed but need some level of medical treatment.

More Acute Hospital Services – Intensive care beds

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,396	2,877	2,940	3,004	**10,217**

The Government will increase hospital services by providing two additional intensive care beds at the Canberra Hospital to meet growing demand for critical care services.

More Services – Hospital and community care

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	5,852	6,027	0	0	**11,879**

The Government will continue to provide advanced role physiotherapists to deliver care in the Emergency Department, a patient transportation vehicle, sub-acute care beds and a youth step up/step down sub-acute mental health facility. It will also continue to provide community palliative care, mental health housing assistance recovery programs, a mental health day care service, a specialist palliative care nurse practitioner, and hospice day care services. The Government will review these programs in 2016-17 to inform future funding decisions.

Specialist Drug Treatment Services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	800	0	0	0	**800**

The Government will deliver more specialist drug treatment and support services, including a naloxone overdose management program, to reduce service waiting times. The naloxone overdose management program is currently being evaluated and the Government will determine future funding for this initiative after considering the evaluation findings.

Women's and Children's Health – Expanding services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,043	1,074	1,099	1,124	**4,340**

The Government will expand health services for women and children by providing more outpatient services and by enhancing community services to decrease the need for longer hospital stays.

Women's and Children's Health – Neonatal intensive care

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	504	1,039	1,060	1,081	**3,684**

The Government will increase hospital services for families by providing an additional neonatal bed to enable more ACT babies to be treated and cared for close to their families.

Women's and Children's Health – QEII expansion

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	676	696	710	725	**2,807**

The Government will enhance health services for families by providing six additional beds at the Queen Elizabeth II Family Centre, which provides services for women with non-acute but longer-term needs following childbirth.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Calvary Public Hospital – Expanded hospital services	3,079	0	0	0	**3,079**
Calvary Public Hospital – Operating theatre upgrade	3,242	2,385	0	0	**5,627**
Calvary Public Hospital – Upgrade of medical imaging equipment	1,839	1,883	0	0	**3,722**
Canberra Hospital – More beds	0	0	33	36	**69**
Critical Hospital Infrastructure Systems – Enhancing patient and staff safety	209	632	648	664	**2,153**
Sterilising Services – Relocation and upgrade	0	0	-1,627	-1,813	**-3,440**
University of Canberra Public Hospital – Car park	0	0	NFP	NFP	**NFP**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

HOUSING ACT

Better Services Program

See Community Services Directorate expense initiative *Better Services Program*.

Continued Support for Homelessness Services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,520	1,520	0	0	**3,040**

The Government is maintaining its contribution to homelessness services consistent with the Commonwealth commitment to extend the National Partnership Agreement on Homelessness for two years.

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

A Fair, Just and Equitable Society – High density housing program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	210	156	0	0	**366**

The Government will continue the high density housing program which facilitates programs and participation opportunities designed to prevent or reduce crime and facilitate access to justice, health, education and employment for residents living in high density housing. This program will be reviewed in 2016-17.

ACT Corrective Services – Workers' compensation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,048	0	0	0	**1,048**

The Government will meet an increase in workers' compensation premiums for ACT Corrective Services. Funding has been provided for one year only, pending the development of revised workers' compensation arrangements (see Chief Minister, Treasury and Economic Development Directorate expense initiative *ACT Public Service Workers' Compensation Insurance Scheme*).

ACT Government Solicitor – Additional resources

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	764	787	798	810	**3,159**

The Government will provide additional resources for the ACT Government Solicitor (ACTGS) to assist in meeting the increasing demand for legal services. This additional funding will provide for four additional staff for the ACTGS.

ACT Policing Enabling Services – Supporting operational policing

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	865	865	865	865	**3,460**

The Government will provide additional funding for enabling services of ACT Policing following a review of the current arrangements. These enabling services support the operational capacity of ACT Policing and include finance, human resources, information and communication technology, operations support, high tech crime and forensics services.

Eastman Stay Application

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Justice and Community Safety Directorate – Expenses	376	0	0	0	**376**
Legal Aid Commission – Expenses	110	0	0	0	**110**

The Government is providing funding for the ACT Courts and Tribunal ($0.240 million), the Office of the Director of Public Prosecutions ($0.136 million), and the Legal Aid Commission ($0.110 million) for a Stay Application associated with the proposed retrial of Mr Eastman.

Improving Access to Justice – Street Law

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	177	181	0	0	**358**

The Government will continue operating the Street Law early intervention legal outreach service for an additional two years. Street Law provides legal services to people who are homeless or at risk of becoming homeless. This group often faces significant barriers in accessing mainstream legal services or in resolving legal matters without assistance. Future funding will be considered in the context of future budgets.

Judicial Resourcing – Fifth judge

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	241	1,010	1,032	1,055	**3,338**

The Government will provide for temporary judicial resourcing to assist in reducing the backlog of matters considered in the ACT Supreme Court in 2015-16. From 2016-17 the Government will be appointing a fifth judge to the ACT Supreme Court based on modelling undertaken jointly by the Courts and the Justice and Community Safety Directorate confirming the requirement of a fifth judge to ensure the timely disposition of the Court's expected workload in the 2016-17 financial year.

Justice Reform Strategy – Enhancing community corrections

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	589	1,255	1,384	0	**3,228**

The Government will strengthen the capability of ACT Community Corrections to deliver services, and to prepare for the anticipated outcomes of the Justice Reform Strategy. This additional funding will allow Community Corrections to deliver primary service functions to enable successful uptake and supervision of offenders subject to any new community-based sentencing option.

Restorative Justice Scheme – Phase 2

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	429	535	543	551	**2,058**

The Government will invest in the second phase of the Restorative Justice Scheme to allow adult offenders to participate in restorative justice processes as an alternative to and, in some cases, in conjunction with, imprisonment. It will also include referrals for more serious crime for both juveniles and adults.

Strengthening Emergency Services – ACT Fire and Rescue recruit college

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	147	0	0	0	**147**

The Government will continue to support the Emergency Services Agency (ESA) by undertaking an ACT Fire and Rescue recruit college, employing 16 new fire-fighters. This will enable ESA to maintain operational capability in fire fighting and emergency rescue, and actively encourage female participation in line with the *Women in Emergency Services Strategy.*

Strengthening Emergency Services – Backup communications centre

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	0	0	0	0	**0**

The Government will undertake a feasibility study into potential sites to relocate the existing backup communications centre site currently located at Curtin. The cost of this initiative will be met from within existing resources.

Strengthening Emergency Services – Supporting operational capacity

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	3,905	3,905	3,905	3,905	**15,620**

The Government is providing additional funds to the Emergency Services Agency (ESA) to ensure it maintains the quality and effectiveness of its services and will ensure the ESA will have the capacity to maintain its operational capabilities at the current high levels for response standards. This funding will address a number of cost pressures experienced by the ESA and reflects the findings of the review of ESA services.

Strengthening Emergency Services – Workers' compensation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	5,120	0	0	0	**5,120**

The Government is meeting an increase in workers' compensation premiums for the Emergency Services Agency. Funding has been provided for one year only, pending the development of revised workers' compensation arrangements (see Chief Minister, Treasury and Economic Development Directorate expense initiative *ACT Public Service Workers' Compensation Insurance Scheme*).

Victims of Crime Financial Assistance Scheme Reforms

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	434	447	223	326	**1,430**
Associated Revenue – Chief Minister, Treasury and Economic Development Directorate	600	600	600	600	**2,400**
Depreciation	0	22	22	22	**65**
Associated Capital	135	0	0	0	**135**

The Government will reform the Victims of Crime Financial Assistance Scheme to create an administratively based scheme outside of the court system. The reforms complement changes to the scheme's eligibility criteria which will make assistance available to a broader range of victims of crime, including victims of domestic violence and those who have suffered very serious injuries. The revenue associated with this initiative relates to an increase in the Victims' Services Levy. The Victims' Services Levy is imposed on adults who are ordered by the court to pay a fine in relation to an offence. The levy is also included within the prescribed amount for traffic infringement notices.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
ACT Corrective Services Information Management Solution	397	743	704	514	**2,358**
Strengthening Emergency Services – Territory Radio Network upgrade – Phases 2 and 3	0	123	0	0	**123**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

LEGAL AID COMMISSION

Eastman Stay Application

See Justice and Community Safety Directorate expense initiative *Eastman Stay Application* for further details.

Improving Access to Justice – Legal Aid

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	429	438	0	0	**867**
Associated Revenue	13	14	0	0	**27**

The Government will provide additional legal assistance to the ACT community. This initiative will enhance the Legal Aid Commission's ability to grant legal assistance to vulnerable people who cannot afford the cost of private legal representation. Future funding will be considered in the context of future budgets.

OFFICE OF THE LEGISLATIVE ASSEMBLY

Offices of the MLAs – Administrative on-costs

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	57	57	57	57	**228**

The Government will provide ongoing support for administrative on-costs associated with new staff engaged by Members of the Legislative Assembly in 2014-15. These on-costs include the cost of computers, associated ICT support and data storage, office equipment, and human resources functions.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Accommodation – Staff relocation	304	332	333	334	**1,303**
Procedural Document Production System	12	24	24	24	**84**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Additional Funding for Animal Welfare Services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	178	183	187	192	**740**

The Government will provide additional support for animal welfare and domestic animal services including inspectorate services and management of domestic animals in the ACT.

Boosting Municipal Services in New Suburbs

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	2,201	1,913	1,960	2,010	**8,084**

The Government is providing additional funding for the provision of municipal services in new suburbs as a result of the growth in Canberra associated with land release. These services include waste collection, street lighting and the maintenance of public places and assets in new suburbs.

Continuation of Service Agreement with the RSPCA-ACT

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	256	0	0	0	**256**

The Government will continue to support the RSPCA-ACT to enable it to provide services to the ACT community, including the protection and care for stray, seized, neglected and other vulnerable animals.

The Government is currently negotiating a new Service Funding Agreement with the RSPCA-ACT that will aim to further improve animal management.

Continuation of the Bulky Waste Collection Scheme

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	400	0	0	0	**400**

The Government will continue to provide assistance to eligible concession card holders for the collection of bulky waste. The scheme provides a booked waste collection service, where residents may have up to two cubic metres (a standard trailer load) of unwanted items removed from within their property boundary.

Continuation of Waste Management Services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,010	0	0	0	**1,010**

The Government will maintain current waste management services in the 2015-16 financial year while it obtains advice on future waste management strategies, including the assessment of the costs and benefits associated with alternative waste management strategies and waste reduction measures.

Continued Investment in Infrastructure

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	566	583	609	620	**2,378**

The Government will continue support for infrastructure development through industry consultation and the timely assessment of development application approvals related to infrastructure assets. These resources will allow the Government to undertake early consultation with industry, and to standardise and streamline the development, design and approval process in the construction of essential infrastructure. It will also facilitate more efficient receipt of infrastructure assets from developers to the Government.

Management of the Lower Cotter Catchment

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	788	734	575	581	**2,678**

The Government will actively manage an additional 20,000 hectares of water catchment land following the construction of the enlarged Cotter Dam. The delivery of an integrated catchment management program will ensure water quality is not compromised by threatening elements such as environmental weed invasion, erosion and sedimentation, vertebrate pests and inappropriate visitor interaction including anti-social behaviour and vandalism. Two new positions will be funded to deliver land management works.

More mowing, weed removal, tree maintenance, lake cleaning and graffiti prevention in our suburbs

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	2,550	2,050	1,681	1,723	**8,004**

The Government will provide further funding to improve the amenity of the city. This funding will provide for additional mowing right across the city. There will also be greater maintenance of trees and shrubs, and more mowing, around road signs, bus stops and in other high visibility areas. This funding will also provide for more frequent cleaning of lakes and ponds. The funding will also provide a targeted removal of graffiti on high visibility assets, and boost graffiti prevention measures.

One Stop Shop for Environmental Approvals

See Environment and Planning Directorate expense initiative *One Stop Shop for Environmental Approvals*.

Public Place Recycling in the City

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	50	51	52	53	**206**

The Government will continue to service and maintain the existing street level recycling bins in the City area.

Reducing the ACT's Vulnerability to Bushfire

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	1,835	2,342	2,196	2,846	**9,219**

The Government will meet the standards and strategies specified in Version 3 of the Strategic Bushfire Management Plan. The new plan requires an increase in active fire management and is consistent with reducing the ACT's vulnerability to bushfire. This funding will also provide for the implementation of a fire management strategy in the Lower Cotter Catchment to assist in the protection of the Cotter Dam water supply from the adverse effects of unplanned fire.

Support for Parkcare

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	165	170	176	180	**691**

The Government will continue to provide on-ground support to volunteer groups in the ACT's parks and reserves. This full-time ranger position supports stronger relationships with the community and will encourage the formation of new Parkcare groups.

Transport for Canberra – Community transport coordination

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	496	0	0	0	**496**

The Government will continue the operation of the Community Transport Coordination Centre including the single booking system for community transport services. This funding will maintain community transport in Woden, Weston, Belconnen and Tuggeranong to respond to the needs of seniors and people with disability, and transport other community members who need assistance with transport. The Government will consider longer-term funding subject to the development of its transport reform initiative (see the *Transport for Canberra – Transport reform initiatives* expense initiative).

Transport for Canberra – Nightrider services continuation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	130	134	0	0	**264**

The Government will continue the operation of Nightrider Services for a period of two years. These services run over five weeks during the Christmas and New Year period. This includes the promotion, operation and evaluation of Nightrider services that provide a safe and sustainable way for people to travel home from popular spots in Canberra City during the festive season. The Government will consider longer-term funding as part of the development of the *Transport Reform Strategy*.

Transport for Canberra – Supporting operational capacity

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	17,204	0	0	0	**17,204**

The Government will provide funding in 2015-16 for ACTION to meet the increased cost of delivering public transport services to the community. This includes funding for higher workers' compensation costs and increased network operational costs. The Government will consider longer-term funding subject to the development of the Transport Reform Strategy (see *Transport for Canberra – Transport reform* expense initiatives below).

Transport for Canberra – Transport reform initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Chief Minister, Treasury and Economic Development Directorate – Expenses	1,400	200	0	0	**1,600**
Territory and Municipal Services Directorate – Expenses	690	0	0	0	**690**

The Government will prepare a *Transport Reform Strategy* as part of the transport reform agenda. This strategy will include a number of initiatives which will allow the Government to progress comprehensive reforms to enhance the public transport network.

Urban Trees Study

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Expenses	130	0	0	0	**130**

The Government will engage the services of an independent industry expert to develop options regarding the management of Canberra's urban trees. This will provide a sound basis for consideration of the long-term management of urban trees including the strategic removal and replacement of ageing trees on a sustainable basis.

Expenses associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1	0	0	0	315	**315**
Better Roads for Gungahlin – Horse Park Drive duplication	500	500	0	0	**1,000**
Chifley – Hindmarsh Drive, Launceston Street and Eggleston Crescent intersection	250	0	0	0	**250**
Domestic Animal Services Incident Management System	0	0	5	5	**10**
Dunlop – Lance Hill Avenue and Ginninderra Drive intersection augmentation	100	0	0	0	**100**
Enhancing the Protection of Endangered Species and Habitat	929	996	1,047	1,906	**4,878**
Improved Waste Resource Recovery	1,975	830	0	0	**2,805**
Pialligo and Airport Road Network	0	900	0	0	**900**
Spence – Kuringa Drive and Owen Dixon Drive intersection augmentation	100	0	0	0	**100**
Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades	0	0	15	30	**45**
Urban Renewal Program – Barton – Bowen Park cycle path	0	0	6	12	**18**
Urban Renewal – Belconnen Town Centre improved cycling connections	100	0	0	0	**100**
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1	0	0	0	6	**6**

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1	0	0	0	1	**1**
Urban Renewal Program – Kingston Group Centre – Pedestrian and cycling accessibility improvements – Stage 1	150	0	0	0	**150**
Urban Renewal Program – Molonglo to the City cycle highway	200	0	0	0	**200**
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1	0	0	0	2	**2**
Urban Renewal Program – Phillip trade service area parking management	0	0	3	6	**9**
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1	0	0	3	6	**9**
Urban Renewal Program – Tuggeranong Town Centre improved cycling connections	100	0	0	0	**100**
Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities	0	0	0	5	**5**
Urban Renewal Program – West Belconnen to the City improved cycling connections	100	0	0	0	**100**
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades	0	0	0	6	**6**
Urban Renewal Program – Woden – Canberra Hospital connections	0	0	4	8	**12**
Urban Renewal Program – Woden Town Centre cycle and pedestrian network improvements	250	0	0	0	**250**
Weetangera – Belconnen Way and Springvale Drive intersection augmentation	170	0	0	0	**170**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

3.3 INFRASTRUCTURE AND CAPITAL INITIATIVES

The total value of 2015-16 new infrastructure and capital initiatives is $487.5 million over four years. This includes new Capital Works ($365.0 million), Information and Communication Technology projects ($57.3 million) and Plant and Equipment ($12.7 million). The 2015-16 Budget also includes $52.6 million across the Budget and forward estimates, in expense associated with infrastructure and capital initiatives.

In addition to these new initiatives, the Government has provisioned $1.5 billion for future capital works including commercially sensitive works, general works and capital upgrades. Consistent with common practice for commercially sensitive and high value projects, the provisions have not been identified for each specific project.

Table 3.3.1
Summary of Infrastructure and Capital Initiatives

	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Investment $'000
Capital works initiatives	157,532	162,886	38,436	5,968	**364,822**
Information and communication technology initiatives	21,493	18,233	11,683	5,940	**57,349**
Plant and equipment initiatives	5,080	7,384	0	0	**12,464**
New infrastructure and capital initiatives	**184,105**	**188,503**	**50,119**	**11,908**	**434,635**
Capital associated with expense initiatives	17,206	12,771	11,385	11,484	**52,846**
Total new infrastructure and capital initiatives	**201,311**	**201,274**	**61,504**	**23,392**	**487,481**
Associated expenses (new capital works)	24,386	19,080	9,102	11,905	**64,473**
Associated revenue (new capital works)	0	68	217	479	**764**
Feasibility studies and grants	11,555	6,498	0	0	**18,053**
Depreciation	35	11,941	19,389	28,148	**59,513**
Total operating impact	**35,976**	**37,587**	**28,708**	**40,532**	**142,803**

Table 3.3.2
Capital Works

Infrastructure and Capital Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Canberra Institute of Technology					
CIT Modernisation – Tuggeranong, Bruce and Reid campuses[1]	-2,550	2,475	0	0	-75
Total	**-2,550**	**2,475**	**0**	**0**	**-75**
Capital Metro Agency					
Capital Metro – Procurement and delivery[1]	16,137	12,771	11,385	11,484	51,777
Total	**16,137**	**12,771**	**11,385**	**11,484**	**51,777**
Chief Minister, Treasury and Economic Development Directorate					
Better Roads for Gungahlin – Enhanced Town Centre road network[1]	5,940	8,019	0	0	13,959
Better Roads for Gungahlin – Horse Park Drive duplication[1,2]	6,930	9,900	297	0	17,127
Christmas in the City – Partnership funding[1]	198	0	0	0	198
Urban Renewal Program – Better Public Housing[1]	610	626	0	0	1,236
Urban Renewal Program – Better Public Housing – Allawah Court[1]	29,322	15,789	0	0	45,111
Urban Renewal Program – Better Public Housing – Karuah[1]	11,479	6,182	0	0	17,661
Urban Renewal Program – Better Public Housing – Owen Flats[1]	13,120	0	0	0	13,120
Urban Renewal Program – Better Public Housing – Red Hill Housing Precinct[1]	36,496	19,652	0	0	56,148
Urban Renewal Program – City to the Lake – West Basin infrastructure[1]	6,633	3,465	0	0	10,098
Urban Renewal Program – Civic and Braddon public realm improvements[1]	500	1,000	0	0	1,500
Urban Renewal Program – Melrose football precinct[1]	1,980	4,178	495	0	6,653
Urban Renewal Program – Molonglo 3 infrastructure[3]	1,980	990	0	0	2,970
Urban Renewal Program – Phillip Oval upgrade[1]	990	3,623	0	0	4,613
Information and Communication Technology					
Government Budget Management System[1]	5,302	0	0	0	5,302
Land Titles Business Systems Modernisation[1,3]	870	920	0	0	1,790
Plant and Equipment					
Improving Art Facilities – Safety upgrades	248	248	0	0	496
North Building – Upgrade of HVAC system	495	4,446	0	0	4,941
Refurbishment of the National Convention Centre	2,691	2,690	0	0	5,381
Total	**125,784**	**81,728**	**792**	**0**	**208,304**
Community Services Directorate					
Support for People with Disability – New respite property[1]	1,319	28	28	28	1,403
Information and Communication Technology					
Client Management System for Child and Youth Protection Services[1,3]	1,188	1,584	0	0	2,772
Total	**2,507**	**1,612**	**28**	**28**	**4,175**

Infrastructure and Capital Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Cultural Facilities Corporation					
Canberra Theatre Centre Upgrades – Stage 3	1,931	1,386	792	0	4,109
Lanyon Heritage Precinct – Stormwater systems upgrade	99	0	0	0	99
Total	**2,030**	**1,386**	**792**	**0**	**4,208**
Education and Training Directorate					
Schools for the Future – Caroline Chisholm School – Centre for Innovation and Learning[1]	495	1,980	3,421	0	5,896
Schools for the Future – Modernising Belconnen High[1]	4,950	10,697	1,980	0	17,627
Schools for the Future – North Gungahlin and Molonglo[1]	0	9,108	13,161	5,940	28,209
Schools for the Future – Revitalising school infrastructure[4]	0	0	0	0	0
Information and Communication Technology					
ACT Teacher Quality Institute – Digital Service Delivery Phase 2[1,3]	297	198	139	79	713
Supporting our School System – Improving ICT[1]	5,307	7,235	5,626	5,861	24,029
Total	**11,049**	**29,218**	**24,327**	**11,880**	**76,474**
Environment and Planning Directorate					
Information and Communication Technology					
Support for Building Industry – eDevelopment Renovation Project[1]	1,386	495	0	0	1,881
Total	**1,386**	**495**	**0**	**0**	**1,881**
Health Directorate					
Canberra Hospital – More beds[1]	990	990	495	0	2,475
Sterilising Services – Relocation and upgrade[1]	99	9,900	7,291	0	17,290
Plant and Equipment					
Critical Hospital Infrastructure Systems – Enhancing patient and staff safety[1]	1,646	0	0	0	1,646
Total	**2,735**	**10,890**	**7,786**	**0**	**21,411**
Housing ACT					
A Step Up for Our Kids[5]	736	0	0	0	736
Total	**736**	**0**	**0**	**0**	**736**
Justice and Community Safety Directorate					
ACT Court Facilities Early Works Package	-128	-9	-7	0	-144
Strengthening Emergency Services – Greenway Ambulance Station	1,253	0	0	0	1,253
Strengthening Emergency Services – Upgrade of facilities	74	0	0	0	74
Victims of Crime Financial Assistance Scheme Reforms[4]	135	0	0	0	135

Infrastructure and Capital Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Information and Communication Technology					
ACT Corrective Services Information Management Solution	1,161	537	876	0	2,574
Strengthening Emergency Services – New Direct Turnout System	971	0	0	0	971
Strengthening Emergency Services – Territory Radio Network upgrade – Phases 2 and 3[1]	2,383	7,180	5,042	0	14,605
Total	**5,849**	**7,708**	**5,911**	**0**	**19,468**
Office of the Legislative Assembly					
Accommodation – Expansion of the Assembly	4,214	1,030	0	0	5,244
Accommodation – Staff relocation[1]	1,497	0	0	0	1,497
Information and Communication Technology					
Procedural Document Production System[1]	348	0	0	0	348
Upgrade and Expansion of Audio System	312	0	0	0	312
Total	**6,371**	**1,030**	**0**	**0**	**7,401**
Territory and Municipal Services Directorate					
Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1[1]	9,900	21,285	0	0	31,185
Better Roads for Tuggeranong – Ashley Drive duplication – Stage 2	4,950	10,890	8,762	0	24,602
Bridge Strengthening on Commercial Routes	700	0	0	0	700
Enhancing the Protection of Endangered Species and Habitat[1]	1,339	3,030	1,721	0	6,090
Essential Waste Management Infrastructure	6,229	14,682	0	0	20,911
Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades[1]	1,500	0	0	0	1,500
Urban Renewal Program – Barton – Bowen Park cycle path	600	0	0	0	600
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1[1]	80	780	0	0	860
Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1[1]	50	0	0	0	50
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1[1]	50	180	0	0	230
Urban Renewal Program – Phillip trade service area parking management[1]	419	0	0	0	419
Urban Renewal Program – Playground repairs	200	0	0	0	200
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1[1]	430	0	0	0	430
Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities[1]	250	250	0	0	500
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades[1]	80	780	0	0	860
Urban Renewal Program – Woden – Canberra Hospital connections[1]	532	0	0	0	532
Information and Communication Technology					
Domestic Animal Services Incident Management System[1]	158	84	0	0	242
Transport for Canberra – Business system upgrade	1,810	0	0	0	1,810
Total	**29,277**	**51,961**	**10,483**	**0**	**91,721**

Infrastructure and Capital Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
TOTAL INFRASTRUCTURE AND CAPITAL INITIATIVES	**201,311**	**201,274**	**61,504**	**23,392**	**487,481**
Associated Revenue	*0*	*68*	*217*	*479*	*764*
Associated Expenses	*35,941*	*25,578*	*9,102*	*11,905*	*82,526*
Depreciation	*35*	*11,941*	*19,389*	*28,148*	*59,513*

Notes:

1. The expense component is listed in the summary table in the Expense Initiatives (Chapter 3.2).
2. This is a joint initiative, i.e. delivery by more than one agency.
3. This initiative has a revenue component; this is listed in the summary table in Revenue Initiatives (Chapter 3.4).
4. The funding for this initiative is to be absorbed by the agency.
5. This initiative was announced in the 2014-15 Budget Review, but funding was not provided at the time.

CANBERRA INSTITUTE OF TECHNOLOGY

CIT Modernisation – Tuggeranong, Bruce and Reid campuses

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	4,950	2,475	0	0	**7,425**
Offset Provision – Capital	7,500	0	0	0	**7,500**
Depreciation	0	102	102	102	**306**
Associated Expenses	1,071	1,607	1,607	1,607	**5,892**

The Government is delivering a new Canberra Institute of Technology (CIT) campus at Tuggeranong and upgrading the existing Bruce and Reid campuses as part of the CIT Campus Modernisation Strategy. The initiative will support increased utilisation of facilities and allow CIT to deliver courses where there is the greatest community demand.

Part of the CIT Campus Modernisation Strategy, and linked to this initiative, will be a transition out of CIT's current Woden campus in mid to late 2016 as functions are transferred to Tuggeranong, Bruce and Reid Campuses. CIT is actively seeking opportunities to provide a community campus in the Woden Town Centre. The proposed move to Woden would provide CIT with a more modern learning environment and have the advantage of being more accessible for the public and closer to public transport.

CAPITAL METRO AGENCY

Expense initiatives with associated capital

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital Metro – Procurement and delivery	16,137	12,771	11,385	11,484	**51,777**

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

CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

Better Roads for Gungahlin – Enhanced Town Centre road network

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	5,940	8,019	0	0	**13,959**
Depreciation	0	0	349	349	**698**
Associated Expenses	0	0	0	141	**141**

The Government will enhance the Gungahlin Town Centre's traffic network by constructing new roads to meet increasing traffic requirements and facilitate land release in the area. Works include the Valley Avenue and Manning Clarke Crescent extensions, as well as an access road off the Manning Clarke Crescent extension to allow development at this location.

See the Territory and Municipal Services Directorate infrastructure and capital initiative *Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1*.

Better Roads for Gungahlin – Horse Park Drive duplication

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	6,930	9,900	297	0	**17,127**
Depreciation	0	0	0	429	**429**

The Government will conduct feasibility, design and fund the first stage of construction to duplicate Horse Park Drive from Mulligans Flat Road to the Majura Parkway. The Government will fund the construction work to upgrade the Horse Park Drive and Mapleton Avenue as well as Horse Park Drive and Well Station Drive intersections. The Government will also undertake infrastructure works such as pedestrian and cycling facilities, water mains, sewerage, stormwater and electrical infrastructure.

See the Territory and Municipal Services Directorate infrastructure and capital initiative *Better Roads for Gungahlin – Horse Park Drive duplication*.

Urban Renewal Program – Better Public Housing

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	610	626	0	0	**1,236**
Associated Expenses	2,450	2,288	0	0	**4,738**

The Government is establishing the Public Housing Renewal Taskforce to oversee the redevelopment of properties along the Northbourne Avenue corridor and at other major sites under the Public Housing Renewal Program.

Urban Renewal Program – Better Public Housing – Allawah Court

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	29,322	15,789	0	0	**45,111**
Associated Expenses	541	6,166	0	0	**6,707**

The Government is redeveloping the Allawah Court public housing property (located adjacent to Ainslie Avenue), involving the demolition of 114 units and the sale of land. The Government will also invest in the construction of 114 replacement properties.

Urban Renewal Program – Better Public Housing – Karuah

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	11,479	6,182	0	0	**17,661**
Associated Expenses	3,373	233	0	0	**3,606**

The Government is redeveloping the Karuah public housing property (located on Northbourne Avenue), involving the demolition of 46 units and the sale of land. The Government will also invest in the construction of 46 replacement properties.

Urban Renewal Program – Better Public Housing – Owen Flats

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	13,120	0	0	0	**13,120**
Associated Expenses	1,114	0	0	0	**1,114**

The Government is redeveloping the Owen Flats (located on Northbourne Avenue) public housing property, involving the demolition of 48 units and the sale of land. The Government will also invest in the construction of 48 replacement properties.

Urban Renewal Program – Better Public Housing – Red Hill Housing Precinct

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	36,496	19,652	0	0	**56,148**
Associated Expenses	9,075	686	0	0	**9,761**

The Government is redeveloping the Red Hill Housing Precinct (located adjacent to the Red Hill Neighbourhood Centre), involving the demolition of 144 units and the sale of land. The Government will also invest in the construction of 144 replacement properties.

Urban Renewal Program – City to the Lake – West Basin infrastructure

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	6,633	3,465	0	0	**10,098**
Depreciation	0	0	202	202	**404**
Associated Expenses	0	0	96	146	**242**

The Government will begin the transformation and renewal of West Basin with the construction of a new public park and intersections on Commonwealth Avenue to improve access to West Basin. These works are a key element of the broader City to the Lake project and represent the first stages in the Government's plans to connect the city with Lake Burley Griffin.

Urban Renewal Program – Civic and Braddon public realm improvements

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	500	1,000	0	0	**1,500**
Depreciation	0	0	38	38	**76**
Associated Expenses	0	0	0	15	**15**

The Government will upgrade the lighting in Haig Park and finalise upgrades for lighting and footpath revitalisation in Mort and Lonsdale Streets in Braddon.

Urban Renewal Program – Melrose football precinct

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,980	4,178	495	0	**6,653**
Depreciation	0	0	0	178	**178**
Associated Expenses	0	0	160	120	**280**
Associated Revenue	0	0	60	60	**120**

The Government will construct a sports facility at Melrose High School. The project will include the construction of a new FIFA accredited synthetic football field and a new natural turf grass field. The project also involves the construction of a new sports pavilion, lighting, a car park and multi-use hard courts.

Urban Renewal Program – Molonglo 3 infrastructure

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,980	990	0	0	**2,970**

The Government will support land release for the first stage of Molonglo 3 in 2017-18 by providing funding for the detailed design of roads and intersections, water and electricity infrastructure.

Urban Renewal Program – Phillip Oval upgrade

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	990	3,623	0	0	**4,613**
Depreciation	0	0	92	92	**184**
Associated Expenses	0	0	0	63	**63**

The Government, in conjunction with AFL NSW/ACT and Cricket ACT, will upgrade Phillip Oval to enhance its facilities and ability to serve as a second-tier facility for AFL and cricket. Works include community facilities, administration buildings, storage, and lighting.

Information and Communication Technology

Government Budget Management System

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	5,302	0	0	0	**5,302**
Depreciation	0	1,767	1,767	1,767	**5,301**
Associated Expenses	198	515	528	541	**1,782**

The Government will replace the ageing Budget Development Application that is used to manage the Territory's budget, with a new software solution. This includes initial license purchase costs, vendor project implementation costs, Shared Services ICT infrastructure and project management costs, and other internal technical project management costs.

ICT Network Modernisation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	413	0	0	0	**413**

The Government will commission a feasibility study to identify the most appropriate method of procuring equipment and services for the ACT Government Information and Communication Technology Network.

Land Titles Business Systems Modernisation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	870	920	0	0	**1,790**
Depreciation	0	0	358	358	**716**
Associated Expenses	0	0	-10	-9	**-19**
Associated Revenue	0	30	82	106	**218**

The Government will replace the existing Land Titles business system (TARQUIN), which is critical for the use and management of land in the Territory, but has reached the end of its useful life. The new system will generate savings by eliminating the need for Citrix tokens which are currently required for external access to the system by replacing it with web based access. The cost will be partially offset by additional revenue from the introduction of a user pays 'title watch' option, which would notify a proprietor of any change to the title information by email.

Simpler Business Licensing

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	853	0	0	0	**853**
Offset Provision	0	0	250	250	**500**
Net Expenses	**853**	**0**	**-250**	**-250**	**353**

The Government will simplify and standardise processes for business and individuals across more than 70 services by establishing a single business licensing framework for the bulk of licenses and permits administered by Access Canberra. As part of this initiative, the Government will undertake a feasibility study for a replacement of the current business licensing system and create additional online services.

Plant and Equipment

Improving Art Facilities – Safety upgrades

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	248	248	0	0	**496**
Depreciation	0	3	6	6	**15**

The Government will undertake safety upgrades at government-owned arts facilities to ensure they meet applicable statutory requirements.

North Building – Upgrade of HVAC system

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	495	4,446	0	0	**4,941**
Depreciation	0	0	248	248	**496**

The Government will upgrade the North Building's Heating, Ventilation and Cooling (HVAC) system, which is beyond the end of its useful life.

Refurbishment of the National Convention Centre

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	2,691	2,690	0	0	**5,381**
Depreciation	0	241	480	480	**1,201**

The Government will fund a refurbishment of the National Convention Centre including new carpets and curtains, painting, upgraded digital signage, new seating and extension of the hearing loops.

These works will ensure the National Convention Centre remains a quality venue for Canberra in the short-to-medium-term. The Government remains committed to delivering state-of-the-art convention and exhibition facilities for Canberra in the longer-term, and has retained a provision of $8.0 million to bring the Australia Forum project to procurement ready status.

The 2014-15 Budget funded a business case for the Australia Forum, and will shortly provide the Government with options to secure funding partners to progress the project.

Expense initiatives with associated capital

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Christmas in the City – Partnership funding	198	0	0	0	**198**

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

COMMUNITY SERVICES DIRECTORATE

Support for People with Disability – New respite property

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,319	28	28	28	**1,403**
Depreciation	0	42	42	42	**126**
Associated Expense	0	87	87	87	**261**

The Government will construct a purpose built respite property for young people aged between 13 and 18 years old to replace an existing respite property currently operated by Disability ACT. It is expected that the construction will be undertaken in partnership with the private sector.

Information and Communication Technology

Client Management System for Child and Youth Protection Services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,188	1,584	0	0	**2,772**
Depreciation	0	0	396	396	**792**
Associated Expense	283	684	865	715	**2,547**
Associated Revenue	0	0	0	200	**200**

The Government is investing in a new integrated client management system for Child and Youth Protection Services to improve information security and to simplify access and reporting for caseworkers, out of home care agencies, and foster and kinship carers.

CULTURAL FACILITIES CORPORATION

Canberra Theatre Centre Upgrades – Stage 3

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,931	1,386	792	0	**4,109**
Depreciation	0	50	139	208	**397**

The Government is continuing a staged program of improvements to the Canberra Theatre Centre to continue upgrades, maintain the functionality of venues, and improve the comfort and amenity for staff, hirers, audience and performers. This will include replacing 1,244 seats which have reached the end of their useful life.

Lanyon Heritage Precinct – Stormwater systems upgrade

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	99	0	0	0	**99**
Depreciation	0	3	6	6	**15**

The Government is continuing to develop the Lanyon Heritage Precinct by upgrading the stormwater systems at the Lanyon Heritage Centre to enable its use as an education centre and provide suitable storage facilities for the historical places social history collection.

EDUCATION AND TRAINING DIRECTORATE

Schools for the Future – Caroline Chisholm School – Centre for innovation and learning

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	495	1,980	3,421	0	**5,896**
Depreciation	0	0	0	118	**118**
Associated Expenses	0	0	284	284	**568**

The Government is constructing a specialist learning centre at Caroline Chisholm School to deliver science, technology, engineering and mathematics programs to students in the Tuggeranong school network and to provide professional development to all ACT public school teachers.

Schools for the Future – Modernising Belconnen High

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	4,950	10,697	1,980	0	**17,627**
Depreciation	0	0	256	512	**768**
Associated Expenses	0	100	316	356	**772**

The Government will continue to invest in the modernisation of Belconnen High School through the construction of a new building, and refurbishment of existing buildings and facilities. This investment will provide a contemporary learning environment for students and teachers, and modern facilities that will be accessible to the local community.

Schools for the Future – North Gungahlin and Molonglo

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	0	9,108	13,161	5,940	**28,209**
Associated Expenses	0	0	0	1,702	**1,702**

The Government is investing in the construction and operation of a new P-6 School at North Gungahlin to open in January 2019. The school will accommodate around 540 students and provide a contemporary learning environment and modern facilities for the local community. The Government will further invest in feasibility studies for a year 7-10 school at North Gungahlin and a P-10 school at Molonglo.

Schools for the Future – Revitalising school infrastructure

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	0	0	0	0	**0**

The Government is continuing to revitalise public school buildings by replacing the roofs at Melrose High School and Mount Stromlo High School during 2015-16 and 2016-17. The $3.6 million will be met from within existing resources.

Information and Communication Technology

ACT Teacher Quality Institute – Digital Service Delivery Phase 2

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	297	198	139	79	**713**
Depreciation	0	0	36	71	**107**
Associated Expenses	0	211	177	182	**570**
Associated Revenue	0	38	75	113	**226**

The Government is continuing to support the ACT Teacher Quality Institute by enabling the next stage of development of online services relating to teacher registration, professional learning, teaching standards and professional practice and conduct. The cost of this initiative will be partly offset by increasing teacher registration fees, which will rise progressively over three years commencing in 2017. Fees will be: $100 in 2016, $105 in 2017, $110 in 2018 and $115 in 2019.

Supporting our School System – Improving ICT

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	5,307	7,235	5,626	5,861	**24,029**
Depreciation	0	1,327	3,135	4,542	**9,004**
Associated Expenses	2,564	3,653	3,744	3,838	**13,799**

The Government is investing additional resources into school information and communication technology infrastructure to ensure that digital systems and infrastructure are modern and reliable, and support the provision of contemporary learning and teaching – for example through the provision of wireless access to high speed networks.

ENVIRONMENT AND PLANNING DIRECTORATE

Information and Communication Technology

Support for Building Industry – eDevelopment Renovation Project

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,386	495	0	0	**1,881**
Depreciation	0	0	376	376	**752**
Associated Expenses	0	0	300	300	**600**

The Government will upgrade the eDevelopment System to improve client services and maintain operability for industry users of the system. The new system will provide processing for end to end Development and Building Applications, easier and more intuitive application steps, and fast multiple upload facilities to streamline the building industry's interactions with Government.

HEALTH DIRECTORATE

Calvary Public Hospital – Expanded hospital services

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	3,079	0	0	0	**3,079**

The Government will increase health services by providing 12 additional acute beds. The Government will also commence the design for both more beds and the expansion of pathology and pharmacy services to further increase health services in line with future projected demand.

Calvary Public Hospital – Operating theatre upgrade

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	3,242	2,385	0	0	**5,627**

The Government will upgrade the Theatre Suite to improve patient and staff flow, construct a central store room, and implement a patient monitoring system and a point of care staff communication system. The Government will also replace aged equipment with contemporary equipment including surgical laser, microscope and camera equipment.

Calvary Public Hospital – Upgrade of medical imaging equipment

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	1,839	1,883	0	0	**3,722**

The Government will replace aged medical imaging equipment with contemporary radiography, fluoroscopy and ultrasound equipment, provide a second computerised tomography (CT) scanner, and upgrade the medical imaging department to accommodate the second CT scanner.

Canberra Hospital – More beds

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	990	990	495	0	**2,475**
Depreciation	0	0	35	69	**104**
Associated Expenses	0	0	33	36	**69**

The Government will provide more health services by providing eight additional beds at the Canberra Hospital. To accommodate the new beds, the Government will relocate the Acute Haemodialysis Unit to an adjacent ward and improve patient facilities and privacy in the Unit.

Sterilising Services – Relocation and upgrade

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	99	9,900	7,291	0	**17,290**
Depreciation	0	0	666	727	**1,393**
Associated Expenses	0	0	-1,627	-1,813	**-3,440**

The Government will design and construct a new sterilising service at the Canberra Hospital and decommission the current aged sterilising services at Mitchell and the Canberra Hospital. This initiative will generate efficiencies in service delivery and savings for the Territory.

University of Canberra Public Hospital – Car park

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses[1]	0	0	NFP	NFP	**NFP**

Note:

1. NFP indicates Not For Publication for commercial-in-confidence reasons. A provision has been included in the Budget for the cost of this initiative.

The Government will provide a 400 space car park at the University of Canberra for the University of Canberra Public Hospital. This is in addition to the car park spaces that will be located on the Hospital site to provide access to the hospital for people with impaired mobility.

Plant and Equipment

Critical Hospital Infrastructure Systems – Enhancing patient and staff safety

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,646	0	0	0	**1,646**
Depreciation	0	99	163	163	**425**
Associated Expenses	209	632	648	664	**2,153**

The Government will improve the duress and nurse call systems within healthcare facilities in the ACT to enhance patient and staff safety and security. The Government will also provide resources to support these systems, including training for systems administrators and maintenance of the systems.

HOUSING ACT

Expense initiatives with associated capital

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
A Step Up for Our Kids	736	0	0	0	**736**

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

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

ACT Court Facilities Early Works Package

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	12,712	842	644	0	**14,197**
Offset Provision – Capital	12,840	850	650	0	**14,340**
Depreciation	0	6,752	7,445	0	**14,197**

The Government announced, in the 2014-15 Budget, a decision to redevelop the ACT Supreme Court building through a public-private partnership (PPP) arrangement. As part of that decision, the Government included a capital provision equivalent to the expected capital cost of the building works. This capital provision will be removed from the Budget when the PPP contract is finalised, at which point the final availability payment for the new facility will be included in the Budget estimates.

In this Budget, the Government will make available up to $14.197 million from the capital provision to allow for the flexibility to contract for the construction of a temporary building to house the court function while the new facility is being constructed. The cost of the temporary facility was included in the provision for the new court building works. The need for the temporary facility is currently being investigated and, should alternative solutions be found to manage the court functions while the new facility is being constructed, a temporary facility will not be needed. These solutions are being assessed as part of the procurement process for the new court facility.

Strengthening Emergency Services – Greenway Ambulance Station

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,253	0	0	0	**1,253**
Depreciation	0	50	50	50	**150**

The Government will provide an ambulance station at Greenway, which is strategically located to service the Tuggeranong region. The Greenway Ambulance Station will be delivered by upgrading and adapting the existing Fire and Rescue Station at Greenway.

Strengthening Emergency Services – Upgrade of facilities

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	74	0	0	0	**74**

The Government will design upgrades to facilities at Emergency Services Agency (ESA) stations to support personal dignity and privacy and enhance workplace practices. This initiative will assist the ESA in attracting and retaining women in the workforce.

Information and Communication Technology

ACT Corrective Services Information Management Solution

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,161	537	876	0	**2,574**
Depreciation	0	290	425	644	**1,359**
Associated Expenses	397	743	704	514	**2,358**

The Government will procure and implement a new information management system to improve offender and detainee management and reporting. This system will allow for enhanced document control and enable a more complete audit trail.

Strengthening Emergency Services – New Direct Turnout System

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	971	0	0	0	**971**
Depreciation	0	97	97	97	**291**

The Government will replace the Emergency Services Agency's Direct Turnout System, which is used to notify crews of requests for assistance, to ensure that emergency services continue to respond to events in a timely manner.

Strengthening Emergency Services – Territory Radio Network upgrade – Phases 2 and 3

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	2,383	7,180	5,042	0	**14,605**
Depreciation	0	239	956	1,460	**2,655**
Associated Expenses	0	123	0	0	**123**

The Government will continue to upgrade the Territory Radio Network. This will involve upgrading the tower infrastructure and the radio and terminal equipment. This essential infrastructure is used by the Emergency Services Agency and other government agencies to communicate, particularly during emergencies.

Expense initiatives with associated capital

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Victims of Crime Financial Assistance Scheme Reforms	135	0	0	0	**135**

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

OFFICE OF THE LEGISLATIVE ASSEMBLY

Accommodation – Expansion of the Assembly

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	4,214	1,030	0	0	**5,244**
Depreciation	0	210	262	262	**734**

The Government will modify the Legislative Assembly building and the chamber to accommodate the enlarged Assembly that will follow the 2016 ACT Election.

Accommodation – Staff relocation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,497	0	0	0	**1,497**
Depreciation	0	75	75	75	**225**
Associated Expenses	304	332	333	334	**1,303**

The Government will fund the relocation of a portion of existing Office of the Legislative Assembly staff to nearby alternative premises to enable the enlarged Assembly to be accommodated following the 2016 ACT Election.

Information and Communication Technology

Procedural Document Production System

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	348	0	0	0	**348**
Depreciation	35	70	70	70	**245**
Associated Expenses	12	24	24	24	**84**

The Government will replace the Office of the Legislative Assembly's document production system. The new system will increase productivity and ensure that the Assembly continues to produce reliable, accurate and timely procedural documents which are essential for the functioning of the Assembly.

Upgrade and Expansion of Audio System

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	312	0	0	0	**312**
Depreciation	0	31	31	31	**93**

The Government will update obsolete audio equipment within the Office of the Legislative Assembly's chamber and committee rooms, including the replacement of 48 microphones. The Government will also provide 12 additional microphones to cater for the enlarged Assembly following the 2016 ACT Election.

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE

Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	9,900	21,285	0	0	**31,185**
Depreciation	0	0	416	416	**832**
Associated Expenses	0	0	0	315	**315**

The Government will start construction of the duplication of Gundaroo Drive between Gungahlin Drive and Mirrabei Drive, and construct associated infrastructure to improve traffic flows in the Gungahlin area.

Better Roads for Gungahlin – Horse Park Drive duplication

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	500	500	0	0	**1,000**

See the Chief Minister, Treasury and Economic Development Directorate infrastructure and capital initiative *Better Roads for Gungahlin – Horse Park Drive duplication.*

Better Roads for Tuggeranong – Ashley Drive duplication – Stage 2

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	4,950	10,890	8,762	0	**24,602**
Depreciation	0	0	0	328	**328**

The Government will undertake works to duplicate Ashley Drive from Erindale Drive to Ellerston Avenue. These works will address traffic congestion and delays along Ashley Drive and will also include a new pedestrian bridge, intersection signalisation and intersection upgrades.

Bridge Strengthening on Commercial Routes

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	700	0	0	0	**700**
Depreciation	0	14	14	14	**42**

The Government will undertake bridge strengthening work along the Monaro Highway from Pialligo Avenue to Isabella Drive. These works will ensure the continued efficient movement of heavy vehicles along this important arterial and freight route. The ACT's contribution will be matched by the Commonwealth under the Heavy Vehicle Safety and Productivity Program.

Chifley – Hindmarsh Drive, Launceston Street and Eggleston Crescent intersection

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	250	0	0	0	**250**

The Government will undertake feasibility studies for traffic signals at the Hindmarsh Drive, Launceston Street and Eggleston Crescent intersections to improve the flow of traffic.

Dunlop – Lance Hill Avenue and Ginninderra Drive intersection augmentation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	100	0	0	0	**100**

The Government will prepare a feasibility study for the upgrade of the Lance Hill Avenue and Ginninderra Drive intersection.

Enhancing the Protection of Endangered Species and Habitat

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,339	3,030	1,721	0	**6,090**
Depreciation	0	17	70	90	**177**
Associated Expenses	929	996	1,047	1,906	**4,878**

The Government will undertake vital environmental offsets works to improve the long-term condition and sustainability of endangered species and habitat. These works fulfil the Territory's offset commitments and will include improving 234 hectares of Golden Sun Moth habitat within Kinlyside Nature Reserve, extending Mulligans Flat and Goorooyarroo Nature Reserves and improving 549 hectares of Box Gum Woodland across sites at Kinlyside, Mulligans Flat, Goorooyarroo, Justice Robert Hope Park, Isaacs and the Pinnacle Nature Reserves.

Essential Waste Management Infrastructure

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	6,229	14,682	0	0	**20,911**
Depreciation	0	0	0	12,546	**12,546**

The Government will expand the Mugga Lane Resource Management Centre by constructing a landfill cell to provide additional capacity to meet the Territory's needs until 2020.

Improved Waste Resource Recovery

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	1,975	830	0	0	**2,805**

The Government will undertake a feasibility study to investigate long-term options for the management and treatment of waste in the ACT, including the development of a full business case for a waste to energy facility.

Pialligo and Airport Road Network

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	0	900	0	0	**900**

The Government will commission a feasibility study to consider both current and future transport requirements along this key corridor. In recent years the Pialligo and Airport area has experienced considerable growth in commercial development and regional road infrastructure investments that have increased traffic volumes in this area.

Spence – Kuringa Drive and Owen Dixon Drive intersection augmentation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	100	0	0	0	**100**

The Government will prepare a feasibility study to consider options for improving safety at the Kuringa Drive and Owen Dixon Drive intersection.

Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,500	0	0	0	**1,500**
Depreciation	0	37	38	38	**113**
Associated Expenses	0	0	15	30	**45**

The Government will undertake the final design and construction of new road crossings of Masson Street, David Street, Condamine Street and Goodwin Street, and the widening of the existing cycle path from Wattle Street to Barry Drive.

Urban Renewal Program – Barton – Bowen Park cycle path

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	600	0	0	0	**600**
Depreciation	0	15	15	15	**45**
Associated Expenses	0	0	6	12	**18**

The Government will construct a new shared walking and cycling path through Bowen Park connecting to the Kingston Foreshore.

Urban Renewal Program – Belconnen Town Centre improved cycling connections

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	100	0	0	0	**100**

The Government will undertake a feasibility study to investigate options for improved walking and cycling connections in the Belconnen Town Centre. The study will also examine ways to better integrate the Belconnen Town Centre with Canberra's established walking and cycling networks.

Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	80	780	0	0	**860**
Depreciation	0	0	25	25	**50**
Associated Expenses	0	0	0	6	**6**

The Government will design and improve Gartside Street in the Erindale Shopping Centre with additional car parking, pedestrian paths and associated infrastructure.

Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	50	0	0	0	**50**
Depreciation	0	1	1	1	**3**
Associated Expenses	0	0	0	1	**1**

The Government will undertake the design for the upgrade of the public domain in the Kambah Group Centre and undertake minor improvements.

Urban Renewal Program – Kingston Group Centre – Pedestrian and cycling accessibility improvements – Stage 1

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	150	0	0	0	**150**

The Government will design improvements to increase ease of cycling and walking to and from the Kingston Group Centre. The design will include wider footpaths along Eyre Street and Giles Street from Wentworth Avenue to the centre, and directional signage to the centre. The Government will also give consideration to a shared zone at the intersection of Jardine Street and Eyre Street.

Urban Renewal Program – Molonglo to the City cycle highway

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	200	0	0	0	**200**

The Government will prepare the design of Stage 1 of the Molonglo Cycle Highway from the City to Acacia Inlet. The cycle highway will provide an improved walking and cycling connection from the Molonglo Valley, along Lake Burley Griffin, through to the Canberra City centre.

Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	50	180	0	0	**230**
Depreciation	0	0	11	11	**22**
Associated Expenses	0	0	0	2	**2**

The Government will provide paths and signage in Oaks Estate. The heritage walk signage will highlight the history of Oaks Estate.

Urban Renewal Program – Phillip trade service area parking management

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Total $'000
Capital	419	0	0	0	**419**
Depreciation	0	20	20	20	**60**
Associated Expenses	0	0	3	6	**9**

The Government will introduce pay parking in the Phillip trade service area to better manage parking demand. This initiative will provide for new parking machines and signage, which will come into effect from July 2016.

Urban Renewal Program – Playground repairs

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	200	0	0	0	**200**

The Government will undertake maintenance and repairs to playground equipment to improve safety in playgrounds across Canberra.

Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	250	250	0	0	**500**
Depreciation	0	0	10	10	**20**
Associated Expenses	0	0	0	5	**5**

As a continuation of its age friendly suburbs program (which started with Ainslie and Weston last year), the Government will undertake feasibility, detailed design and construction of a number of improvements in the Tuggeranong Valley and Kaleen to provide age friendly facilities. These facilities will align with the World Health Organisation's *Checklist of Essential Features of Age Friendly Cities*. Works include new footpaths, widening of footpaths, community paths (catering for walking, bicycles, wheelchairs, scooters, and other mobility devices), traffic islands, refuge spots and wheelchair ramps.

Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	430	0	0	0	**430**
Depreciation	0	13	13	13	**39**
Associated Expenses	0	0	3	6	**9**

The Government will design and undertake improvements, including planting street trees, landscaping and lighting to improve the safety and amenity of Anketell Street (north).

Urban Renewal Program – Tuggeranong Town Centre improved cycling connections

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	100	0	0	0	**100**

The Government will undertake a feasibility study to investigate options for future walking and cycling connections in and around the Tuggeranong Town Centre area.

Urban Renewal Program – West Belconnen to the City improved cycling connections

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	100	0	0	0	**100**

The Government will conduct a feasibility study to investigate ways to ensure that the West Belconnen area is appropriately connected to the Belconnen Town Centre, and other centres, by Canberra's cycle network.

Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	80	780	0	0	**860**
Depreciation	0	0	25	25	**50**
Associated Expenses	0	0	0	6	**6**

The Government will design and upgrade Brierly Street and Trenerry Square to improve the landscape, pedestrian connections and safety in the centre.

Urban Renewal Program – Woden – Canberra Hospital connections

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	532	0	0	0	**532**
Depreciation	0	16	16	16	**48**
Associated Expenses	0	0	4	8	**12**

The Government will design and construct upgrades of the pedestrian path connection and associated infrastructure between Woden Town Park and the Canberra Hospital. This will provide a safe pedestrian and cycle connection between the Woden Town Centre and the Canberra Hospital.

Urban Renewal Program – Woden Town Centre cycle and pedestrian network improvements

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	250	0	0	0	**250**

The Government will design the upgrade of new and existing shared paths and cycle infrastructure in and around the Woden Town Centre.

Weetangera – Belconnen Way and Springvale Drive intersection augmentation

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Associated Expenses	170	0	0	0	**170**

The Government will undertake a feasibility study to upgrade the intersection at Belconnen Way and Springvale Drive to a traffic signal controlled intersection.

Information and Communication Technology

Domestic Animal Services Incident Management System

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	158	84	0	0	**242**
Depreciation	0	0	49	49	**98**
Associated Expenses	0	0	5	5	**10**

The Government will design and develop a new incident management system to enhance the provision of domestic animal services by providing for a more holistic, targeted and co-ordinated approach to compliance. This will be done by providing rangers with more comprehensive information to ensure better handling of animal nuisance complaints and improved resolution of these issues.

Transport for Canberra – Business system upgrade

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Capital	1,810	0	0	0	**1,810**
Depreciation	0	362	362	362	**1,086**

The Government will provide funding to upgrade to HASTUS 2014, the latest software used for ACTION bus scheduling and rostering functions. This will improve bus scheduling and provide a better service to Canberrans.

3.4 REVENUE INITIATIVES

Revenue initiatives in the 2015-16 Budget total $106.4 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

Summary of Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total 4 Year $'000
Revenue initiatives	**8,322**	**15,549**	**25,343**	**34,444**	**83,658**
Revenue component of expense initiatives	5,912	5,990	6,061	4,011	**21,974**
Revenue component of infrastructure and capital initiatives	0	68	217	479	**764**
Total revenue initiatives	**14,234**	**21,607**	**31,621**	**38,934**	**106,396**

Initiatives – Summary of Revenue by Agency

Table 3.4.2
Revenue Initiatives

Revenue Initiatives	2015-16 Estimate $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000	Total Estimate $'000
Chief Minister, Treasury and Economic Development Directorate					
After Hours Paid Parking in Civic	1,050	1,300	1,300	1,350	5,000
Ambulance Levy	504	1,038	1,069	1,101	3,712
Fire and Emergency Services Levy	6,250	12,500	18,750	25,000	62,500
General Rates	-3,839	-9,649	-10,344	-12,386	-36,218
Improving Building Quality Regulation[1]	1,845	1,895	1,953	1,984	7,677
Improving Road Safety – Mobile road safety camera deployment[1]	680	680	680	680	2,720
Land Tax	1,700	3,450	5,500	7,850	18,500
Land Titles Business Systems Modernisation[2]	0	30	82	106	218
Motor Vehicle Registration	250	2,950	5,000	7,350	15,550
Parking Fee Revenue	960	993	1,028	1,064	4,045
Pensioner Duty Concession Scheme	-1,450	0	0	0	-1,450
Road Rescue Fee	2,347	2,417	2,490	2,565	9,819
Urban Renewal Program – Melrose football precinct[2]	0	0	60	60	120
Victims of Crime Financial Assistance Scheme Reforms[1]	600	600	600	600	2,400
Water Abstraction Charge	550	550	550	550	2,200
Total	**11,447**	**18,754**	**28,718**	**37,874**	**96,793**
Community Services Directorate					
Client Management System for Child and Youth Protection Services[2]	0	0	0	200	200
Total	**0**	**0**	**0**	**200**	**200**
Education and Training Directorate					
ACT Teacher Quality Institute – Digital Service Delivery Phase 2[2]	0	38	75	113	226
Total	**0**	**38**	**75**	**113**	**226**
Environment and Planning Directorate					
Energy Efficiency Improvement Scheme[1]	2,110	2,110	2,110	0	6,330
Total	**2,110**	**2,110**	**2,110**	**0**	**6,330**
Justice and Community Safety Directorate					
Supreme and Magistrates Court Fees	664	691	718	747	2,820
Total	**664**	**691**	**718**	**747**	**2,820**
Legal Aid Commission					
Improving Access to Justice – Legal Aid[1]	13	14	0	0	27
Total	**13**	**14**	**0**	**0**	**27**
TOTAL REVENUE INITIATIVES	**14,234**	**21,607**	**31,621**	**38,934**	**106,396**

Notes:
1. This initiative has an expense component; this is listed in the summary table in the Expense Initiatives (Chapter 3.2).
2. This initiative has a capital component; this is listed in the summary table in the Infrastructure and Capital Initiatives (Chapter 3.3).

CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

After Hours Paid Parking in Civic

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	1,050	1,300	1,300	1,350	**5,000**

The Government will introduce after-hours paid parking in the London Circuit, Civic Pool, Acton Peninsula and Canberra Institute of Technology car parks from 5.30pm to 10.30pm on weekdays and from 9.00am to 10.30pm on weekends. Parking tickets purchased after 5.30pm on weekdays and at any time on weekends will be subject to a maximum price of $5.00. Parking hours for all day tickets purchased on weekdays will be extended until 10.30pm. These fees will commence from 1 September 2015.

Ambulance Levy

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	504	1,038	1,069	1,101	**3,712**

The Government will increase the Ambulance Levy by $6.24 to $131.56 for individuals and by $12.48 to $263.12 for families on 1 January 2016. The revenue raised will support the Emergency Services Agency to deliver high quality and effective services.

Fire and Emergency Services Levy

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	6,250	12,500	18,750	25,000	**62,500**

The Government will raise an additional $6.250 million in Fire and Emergency Services Levy (FESL) revenue each year over the next four years, which will be distributed over residential and rural properties. The annual FESL for residential and rural properties will be increased from $130 in 2014-15 to $196 in 2015-16. The estimated increase in future years as a result of this initiative will be around $40 per year per household.

The ACT Government is transitioning the Emergency Services Agency to a more sustainable funding model so that, in total, by 2018-19 the FESL and other emergency services charges (the Road Rescue Fee and the Ambulance Levy) will account for approximately 75 to 80 per cent of the total cost of delivering emergency services to the Canberra community, which is the standard used by other jurisdictions across Australia.

General Rates

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	-3,839	-9,649	-10,344	-12,386	**-36,218**

General rates are updated every budget for the coming financial year. General rates are increased to reflect indexation in line with the Wage Price Index and to offset the revenue lost from abolishing inefficient taxes on insurance premiums and conveyances. In the fourth year of the ACT Government's Taxation Reform program, the Government has determined the increase in general rates will be less than previously estimated, resulting in a reduction in general rates revenue. In 2015-16, general rates for both residential and commercial properties will rise by an average of nine per cent.

Land Tax

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	1,700	3,450	5,500	7,850	**18,500**

The Government will apply a five per cent annual indexation to the fixed charge component of land tax from 2015-16. Indexation will help to ensure an equitable distribution of land tax revenue between houses and units over time.

Motor Vehicle Registration

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	250	2,950	5,000	7,350	**15,550**

The Government will increase motor vehicle registration fees by five per cent per year from 2015-16 to 2018-19. This will be partly offset by a reduction in the administration fee from $15 to $10 per transaction, for those motorists who choose to pay their motor vehicle registration quarterly or half yearly. A two per cent discount is available to those motorists who pay their motor vehicle registration annually.

Parking Fees

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	960	993	1,028	1,064	**4,045**

The Government will increase parking fees by six per cent per year. This initiative is part of the forthcoming ACT parking action plan and is aimed at encouraging short-stay parking turnover and influencing behaviour by all-day commuters in locations well serviced by public transport and active travel options. The new parking fees will commence on 1 July 2015.

Pensioner Duty Concession Scheme

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	-1,450	0	0	0	**-1,450**

The Government will extend the Pensioner Duty Concession Scheme for 12 months. The Scheme assists eligible pensioners to move to accommodation more suited to their needs – for example, moving from a house to a townhouse – by charging duty at a concessional rate. The expiry date of the Scheme has been aligned with the expiry of the Over 60's Home Bonus Scheme on 3 June 2016. The continued need for both schemes will be assessed before this date.

Road Rescue Fee

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	2,347	2,417	2,490	2,565	**9,819**

The Government will increase the Road Rescue Fee by $8.40 to $25.00 on 1 July 2015, with subsequent annual increases made in line with the Wage Price Index. The revenue raised will support the Emergency Services Agency to deliver high quality and effective services.

Water Abstraction Charge

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	550	550	550	550	**2,200**

The Government will increase the Water Abstraction Charge (WAC) by two per cent in 2015-16. The WAC will increase from 54 cents to 55 cents per kilolitre (urban water) and 26 cents to 26.5 cents per kilolitre (non urban water). This increase maintains the intent of the WAC in reflecting the economic value of water as a scarce resource in the Territory.

Revenue associated with expense initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Improving Building Quality Regulation	1,845	1,895	1,953	1,984	**7,677**
Improving Road Safety – Mobile road safety camera deployment	680	680	680	680	**2,720**
Victims of Crime Financial Assistance Scheme Reforms	600	600	600	600	**2,400**

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

Revenue associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Land Titles Business Systems Modernisation	0	30	82	106	**218**
Urban Renewal Program – Melrose football precinct	0	0	60	60	**120**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

COMMUNITY SERVICES DIRECTORATE

Revenue associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Client Management System for Child and Youth Protection Services	0	0	0	200	**200**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

EDUCATION AND TRAINING DIRECTORATE

Revenue associated with infrastructure and capital initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
ACT Teacher Quality Institute – Digital Service Delivery Phase 2	0	38	75	113	**226**

Refer to Infrastructure and Capital Initiatives (Chapter 3.3) for more information.

ENVIRONMENT AND PLANNING DIRECTORATE

Revenue associated with expense initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Energy Efficiency Improvement Scheme	2,110	2,110	2,110	0	**6,330**

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

JUSTICE AND SAFETY DIRECTORATE

Supreme and Magistrates Court Fees

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Revenue	664	691	718	747	**2,820**

The Government will increase the fees charged for civil lodgements in the Supreme and Magistrates Courts. The revenue raised from this initiative offsets the cost of the expense initiatives *A Fair, Just and Equitable Society – High density housing program* and *Restorative Justice Scheme – Phase 2* (see Chapter 3.2 – Expense Initiatives).

LEGAL AID COMMISSION

Revenue associated with expense initiatives

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	**Total $'000**
Improving Access to Justice – Legal Aid	13	14	0	0	**27**

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

CHAPTER 4

EXPENSES

Chapter		Page
4.1	Expenses and Forward Estimates	149
4.2	Savings	157

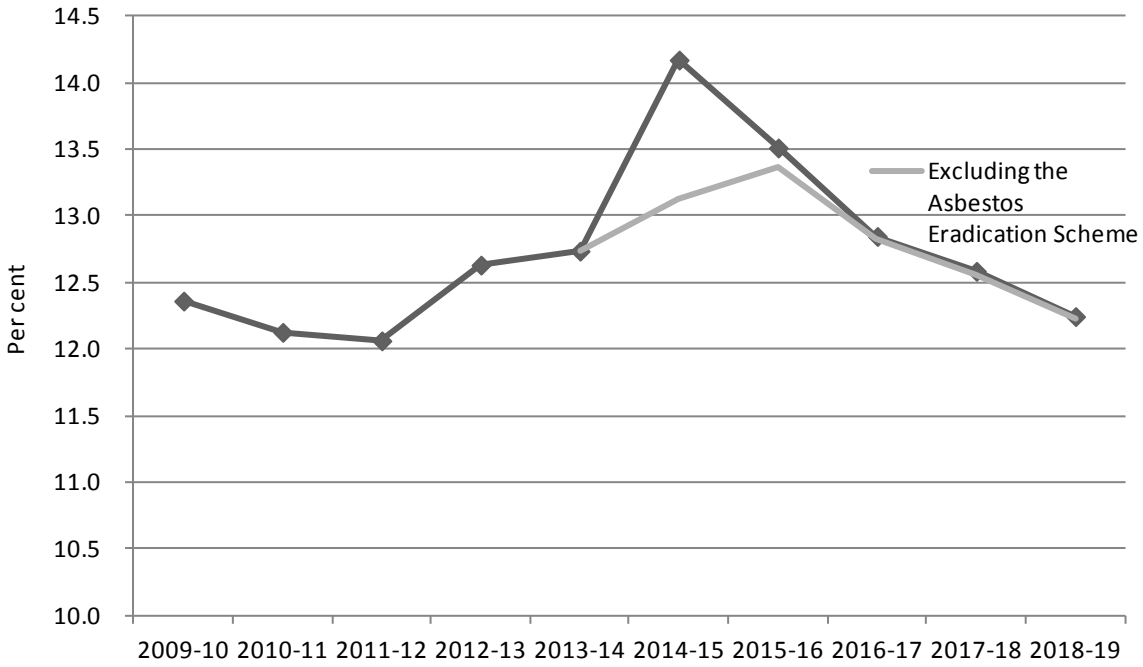
4.1 EXPENSES AND FORWARD ESTIMATES

In this chapter, ACT General Government Sector (GGS) expenses have been categorised and presented in accordance with both Government Purpose Classifications (GPC) and the consolidated GGS Operating Statement. In the Government Finance Statistics reporting framework, the GPC is a coding system that is used to classify expense transactions in terms of their functional purposes (for example, health, education, etc). Presenting the government expenses in this format provides information on the proportion of government expenses expected to be spent on individual functions. These classifications can differ from the thematic presentation of government spending presented elsewhere in the budget papers.

GGS expenses are forecast at $5.2 billion in 2015-16, representing 13.5 per cent of Gross State Product. Health and education functions continue to be the two most significant components of government spending.

Across the estimated outcome and forward estimates period, GGS expenses are forecast to grow by 3.5 per cent per annum. This growth largely reflects an increase in health, education and other purposes expenses, offset by a reduction in housing and community amenities as the Asbestos Eradication Scheme winds down.

Figure 4.1.1
General Government Sector Total Expenses as a Percentage of Gross State Product



Estimated Expenses by Function

Table 4.1.1 sets out the estimates of GGS expenses by function for the period 2014-15 to 2018-19.

Table 4.1.1
General Government Sector Expenses by Function

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
453,618	General Public Services	433,016	558,437	540,375	537,270	553,259
414,332	Public Order and Safety	409,772	407,055	419,252	422,826	421,206
1,035,077	Education	1,035,731	1,093,513	1,112,020	1,139,347	1,175,035
1,308,065	Health	1,340,588	1,388,119	1,442,334	1,522,694	1,581,677
263,228	Social Security	253,969	251,524	251,140	275,985	258,106
196,412	Housing and Community Amenities	599,633	256,392	184,646	176,341	173,685
204,647	Recreation and Culture	222,695	207,042	203,141	202,414	206,948
24,678	Fuel and Energy	26,497	22,747	20,368	20,360	20,885
6,798	Agriculture, Forestry, Fishing and Hunting	2,310	2,463	2,481	2,607	2,791
7,504	Mining and Mineral Resources other than Fuels, Manufacturing and Construction	12,244	10,073	11,774	10,918	11,142
322,242	Transport and Communications	316,928	309,086	288,333	290,569	303,468
69,750	Other Economic Affairs	67,550	66,445	62,340	55,400	55,980
551,997	Other Purposes	496,537	575,652	602,030	630,580	637,645
4,858,348	**Total Expenses**	**5,217,471**	**5,148,547**	**5,140,234**	**5,287,311**	**5,401,827**

Note: Numbers may not add due to rounding. Classifications may have changed following the recent Administrative Arrangements and will be reviewed prior to Budget Review.

GGS expenses are strongly influenced by underlying trends in spending in the health, education, and other purposes functions. Together, these functions account for 59.4 per cent of all government expenses in 2015-16.

Major expense trends across the budget and forward years include movements in the following functions:

- Education – the forecast increase in expenses is primarily driven by indexation, and expected growth in student numbers, as well as costs associated with operating new schools and delivering information and communication technology in schools;

- Health – expenses are expected to increase to reflect indexation of the government's contribution to the provision of health services. This is in line with forecast growth in health service delivery and associated health-related expenses;

- Housing – the spike in expenses in 2014-15 is due to the creation and activities of the Asbestos Response Taskforce and is expected to gradually decrease as the program comes to an end; and

- Other Purposes – the increase in expenses over the forward estimates largely reflects interest expense on the $1 billion loan from the Commonwealth in relation to the Asbestos Eradication Scheme, and borrowings to finance investment in infrastructure for Canberra.

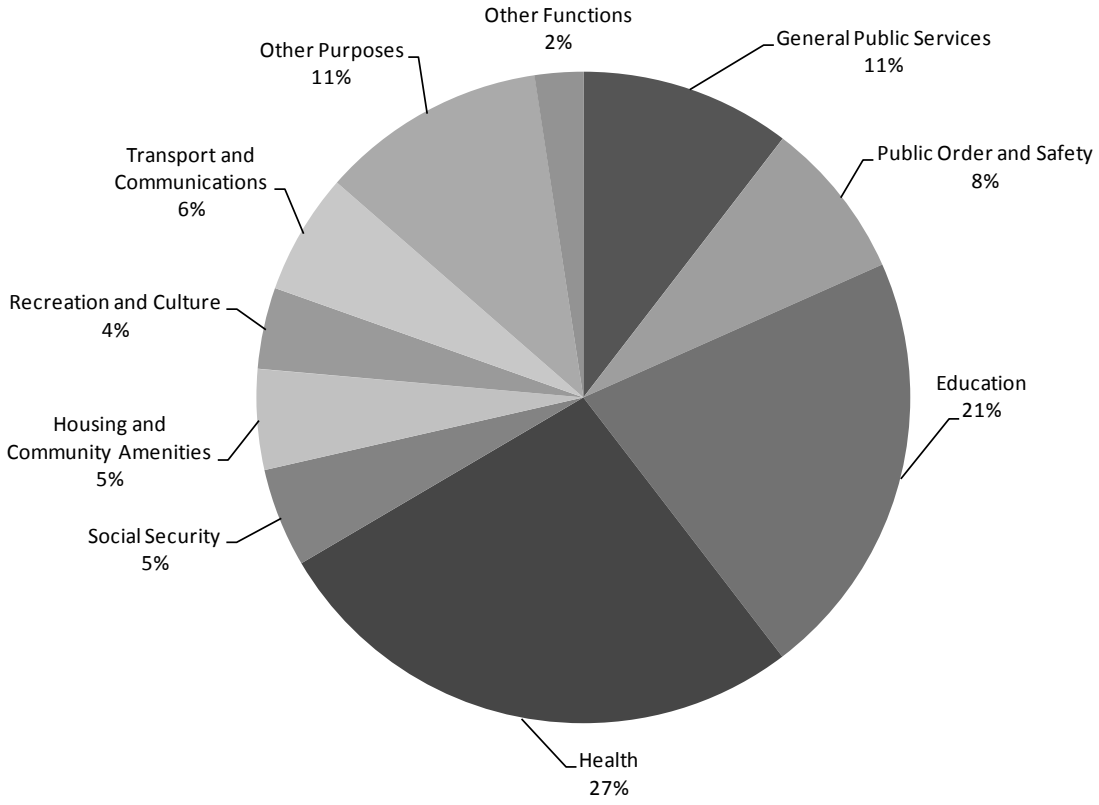
Where does Government Spending go in 2015-16?

In 2015-16, the Government will spend approximately $5.1 billion in delivering services to Canberra. The most significant component of government spending relates to health expenses, with more than a quarter of total GGS expenses being used to provide health services such as general hospital activities, medical benefits, and health research.

Spending on health is followed closely by spending on education. Approximately 21 per cent of total GGS expenses are dedicated to education services such as the provision of education in government and non-government schools and higher education.

The remaining government expenses are mainly for public order and safety, and transport and communication, as shown in Figure 4.1.2.

Figure 4.1.2
Components of 2015-16 General Government Sector Expenses



Consolidated General Government Sector Expenses

This section provides details of the 2014-15 estimated outcome, the 2015-16 Budget and forward estimates for expense items, including a discussion of the major variances in line with the presentation of the GGS Consolidated Operating Statement.

Total expenses for the GGS in 2014-15 are estimated to be $5.2 billion and the 2015-16 Budget estimate is $5.1 billion. Approximately 47.1 per cent of expenses in 2015-16 relate to employees' wages and superannuation.

The estimated outcome for expenses in 2014-15 is approximately $359.1 million higher than the original 2014-15 Budget forecast. This increase is largely due to the creation and activities of the Asbestos Response Taskforce.

Abstract for the Asbestos Eradication Scheme, expenses are forecast to grow across the estimates at an annual average rate of 2.8 per cent.

Table 4.1.2
General Government Sector Expenses

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Expenses						
1,688,492	Employee Expenses	1,716,557	1,805,053	5	1,849,706	1,880,247	1,939,025
334,958	Superannuation Interest Cost	313,820	350,898	12	366,913	382,446	397,490
259,202	Other Superannuation Expenses	332,443	268,258	-19	275,382	274,937	273,983
359,889	Depreciation and Amortisation	351,953	372,258	6	398,932	411,006	416,013
168,474	Interest Expense	158,642	203,895	29	216,471	231,017	221,960
980,443	Supplies and Services	923,116	991,906	7	954,979	989,894	1,032,445
197,813	Other Operating Expenses	278,027	250,940	-10	194,144	198,150	203,288
869,077	Grants and Purchased Services	1,142,913	905,339	-21	883,707	919,614	917,623
4,858,348	**Total Expenses**	**5,217,471**	**5,148,547**	**-1**	**5,140,234**	**5,287,311**	**5,401,827**

Note: Numbers may not add due to rounding.

Factors Affecting Expense Levels

Employee Expenses

For the 2014-15 estimated outcome, employee expenses are estimated to be $1.7 billion. This is $28 million, or 1.7 per cent, higher than the forecast in the 2014-15 Budget, mainly due to the growth in health and a reclassification of grants and purchased services to wages and salaries.

Employee expenses are forecast to grow by $88 million, or 5.2 per cent, in 2015-16 compared to the 2014-15 estimated outcome. This increase is largely due to growth in employee expenses in the Health and Education and Training Directorates that relates to the impact of expenditure rollovers, growth in wage rates, and an increase in education enrolment numbers.

Superannuation Interest Cost and Other Superannuation Expenses

Superannuation interest costs and other superannuation expenses represent superannuation expenses in relation to the defined benefit CSS/PSS liabilities and accumulation superannuation arrangements including PSSap and fund of choice.

The increase of $52.1 million for the 2014-15 estimated outcome compared to the original budget is due mainly to a lower than estimated discount rate as at 30 June 2014 of 4.08 per cent used in the annual superannuation liability valuation. This compares to the long-term discount rate estimate of 6 per cent.

Depreciation and Amortisation

The 2014-15 estimated outcome for depreciation and amortisation is $7.9 million, or 2.2 per cent, lower than the original 2014-15 Budget. This largely results from the timing of completion of capital works projects.

Depreciation and amortisation expenses are estimated to increase in 2015-16 by $20.3 million, or 5.8 per cent, from the 2014-15 estimated outcome mainly reflecting the completion of capital works programs over the course of the past year.

Interest Expense (Borrowing Costs)

This item mainly represents interest payments for borrowings.

The expected decrease of $9.8 million, or 5.8 per cent, in the 2014-15 estimated outcome from the original budget is mainly due to lower interest payments on market borrowings as a result of a lower Consumer Price Index impact on inflation-linked bonds and lower levels of market borrowings. This decrease is partly offset by the commencement of interest payments for the new Commonwealth loan provided in relation to the Asbestos Eradication Scheme.

The increase in interest costs of $45.3 million, or 28.5 per cent, in the 2015-16 Budget from the 2014-15 estimated outcome is as a result of higher levels of borrowings to support future capital projects, and the full year cost of the interest on the Commonwealth borrowing associated with the Asbestos Eradication Scheme.

Supplies and Services

Supplies and services expenses consist of supplies (such as pharmaceuticals), repairs and maintenance, consultants and contractors' expenses, and payments for ACT Policing.

The 2014-15 estimated outcome for supplies and services expenses is expected to be $57.3 million, or 5.8 per cent, lower than the original budget. This is mainly due to the allocation of centrally held provisions, including the conservative bias allowance and future maintenance provision.

Expenses are forecast to increase in 2015-16 by $68.8 million, or 7.5 per cent, from the 2014-15 estimated outcome. The increase is primarily due to new government policy decisions in 2015-16 and rollovers of unspent appropriation from 2014-15.

Other Operating Expenses

Other operating expenses consists of cost of goods sold, insurance-related costs, concessions, school accounts expenses, and other miscellaneous expenses.

The 2014-15 estimated outcome for other expenses is expected to be $80.2 million higher, or 40.6 per cent, than the original 2014-15 Budget. This is primarily attributable to the creation and activities of the Asbestos Response Taskforce, reflecting the fact that the majority of home owners are expected to sign up to the Asbestos Eradication Scheme in the 2014-15 financial year. This is partially offset by a decrease in claims expenses as a result of changes in actuarial assumptions and a decrease in the discount rate used to value insurance claims.

The decrease of $27.1 million, or 10.2 per cent, in the 2015-16 Budget from the 2014-15 estimated outcome is mainly due to the creation and timing of activities of the Asbestos Response Taskforce.

Grants and Purchased Services

The 2014-15 estimated outcome for grants and purchased services is $273.8 million, or 31.5 per cent, higher than the original budget.

The 2015-16 Budget forecast for grants expenses is $237.6 million, or 20.8 per cent, lower than the 2014-15 estimated outcome. Both of these variances are mainly due to the creation and activities of the Asbestos Response Taskforce.

Community Service Obligations

Community Service Obligations (CSOs) 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 under the aegis of the Special Premiers' Conference in 1991, which 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 CSOs provides transparency on the full costs of services and the financial implications of Government decisions in the provision of services to specific targeted groups in the community.

Table 4.1.3 lists Community Service Obligations funded in the 2015-16 Budget.

Table 4.1.3
CSOs Funded in the 2015-16 Budget

CSO provided by:	2015-16 Budget $'000	Description
Chief Minister, Treasury and Economic Development Directorate		
Icon Water Limited	11,120	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	13,537	Rebates on energy bills for concession card holders and community groups, and remissions provided by the ACAT.
Several Transport Providers	1,694	Part subsidy for taxi fares for eligible persons with disability.
Several Funeral Directors	252	Funerals Assistance Program.
Public Trustee for the ACT		
Public Trustee	496	Financial Management under ACAT orders, Enduring Power of Attorney, welfare funerals, AFP callouts, estates and trusts administered valued at less than $100,000, and the examination of external ACAT orders and will preparation.
Territory and Municipal Services Directorate		
Yarralumla Nursery	284	Free plant issue.
ACT Forests	2,387	Provision and upkeep of public use areas within ACT Forests.
ACTION	96,014	Funding provided to ACTION to operate network services.
Total Community Service Obligations	**125,784**	

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:

Community Sector Funding Rate = (Wage Price Index × 0.80) + (Consumer Price Index × 0.20)

Table 4.1.4 sets out the rates that have been applied to eligible community sector funding for the 2015-16 Budget.

Table 4.1.4
Community Sector Funding Rate

	2015-16 Budget %
Wage Price Index	2.75
Consumer Price Index	2.5
Community Sector Funding Rate	**2.7**

Note: An adjustment of 0.34 per cent will be made to eligible service funding agreements managed by Housing ACT, the Community Services Directorate and the Health Directorate as a contribution to the "Continuation of the Community Sector Reform Program".

4.2 SAVINGS

The Government is committed to providing quality and sustainable public services for the people of Canberra. To do this, it continues to deliver services in better and more efficient ways.

As a result, a number of the initiatives announced in this Budget are fully or partly funded by savings generated by efficiencies. For example, savings will flow from the standardisation of business licensing through Access Canberra, a better land titles system and from implementation of 'One Service, One Experience' initiatives that will facilitate more online services. In addition, initiatives such as *Support for Teachers – Online teacher resources*, the *ACT Active Living* Program, and the feasibility for a back-up communications centre for the emergency services are being funded from within existing resources as a result of agencies achieving efficiencies.

In addition, the Government is implementing a number of whole-of-government savings reforms. These initiatives will generate $45.2 million in savings over four years.

The Government will continue its successful program of procurement reform which is expected to deliver net savings of $24.4 million in the four years to 2018-19.

In addition, partial offsets have been identified to support new expenditure on the Urban Renewal Program, which in turn will support economic growth and jobs, both now and into the future.

The First Home Owners' Grant was increased from $7,000 to $12,500 on 1 September 2013 as a stimulus measure. This stimulus has worked with a high level of take up by first home buyers. Reflecting this improvement in the housing market, the stimulus will be progressively withdrawn over two years to return to the previous $7,000 level. In the 2015-16 Budget, changes to ensure this grant will see it reduced to $10,000 from 1 January 2016 and $7,000 from 1 January 2017.

Notwithstanding the savings identified as part of the 2015-16 Budget, the total Full Time Equivalent staffing level for the ACT Public Service is expected to remain above 2014-15 levels.

The savings contained in the 2015-16 Budget appear in Table 4.2.1 below.

Table 4.2.1
Summary of Savings Initiatives (Gross)

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Total $'000
Whole of Government Savings					
Procurement Reform	373	4,173	8,873	10,973	**24,392**
First Home Owners' Grant[1]	957	3,543	6,031	6,255	**16,786**
Urban Renewal Offsets[2]	1,300	1,015	736	967	**4,018**
Total 2015-16 Budget Savings	**2,630**	**8,731**	**15,640**	**18,195**	**45,196**

Notes:

1. The Government will provide funding for these items to generate savings. Accordingly, these savings are also reported as part of the capital and expense initiatives.
2. The Urban Renewal Program is also offset by savings in the Government's capital program (not reported here).

CHAPTER 5

INFRASTRUCTURE AND CAPITAL

Chapter		Page
5.1	Infrastructure Investment Program	161
5.2	Capital Works Program	169
5.3	Supply and Release of Land	185
5.4	The Territory's Infrastructure	189
5.5	Asset Recycling	193

5.1 INFRASTRUCTURE INVESTMENT PROGRAM

The Government has a vision for a confident future while maintaining the things we love about Canberra. As part of realising this vision, the Government will encourage foreign investment for major infrastructure, while investing in urban renewal in our suburbs.

Infrastructure investment is a key enabler of economic growth and social cohesion. In this context, the ACT Government is committed to a well targeted and integrated investment program as a high priority for Canberra.

In the short term, the Infrastructure Investment Program provides the necessary stimulus to economic activities and job creation in the Territory. In the longer term, this investment forms the foundation of the delivery of high quality services, a more highly skilled workforce, improved productive capacity, and higher growth potential and living standards for the people of Canberra.

The 2015-16 Budget provides for a record infrastructure investment of $2.8 billion over the four years to 2018-19. This maintains the impetus of the $2.5 billion four-year investment program announced in the 2014-15 Budget.

The Infrastructure Investment Program includes significant projects in areas including road and urban infrastructure, land development, education, health and community facilities.

A key feature of the 2015-16 Budget is the Urban Renewal Program (URP) with funding of $167 million in 2015-16 and $234 million over four years. The URP provides for a suite of projects, including to revitalise public infrastructure, improve access to public transport and essential services, and upgrade public amenities to encourage more active living.

The URP includes a $133 million investment in public housing renewal in central locations over four years and is discussed further in Chapter 5.2.

The road and urban infrastructure projects included in the Budget facilitate continued land release and new urban developments in Molonglo, Gungahlin and West Belconnen, upgrade arterial roads to reduce traffic congestion in Gungahlin and Tuggeranong, continue works on the Majura Parkway and the link road to Majura Road, and prepare for the construction of the Capital Metro Light Rail Network.

The Infrastructure Investment Program also includes transformational projects that will redefine Canberra as one of the best cities in which to live and work. The Government will advance the first stage of the Capital Metro Light Rail Network and the City to the Lake development. These projects will provide a seamless connection between urban and city living, and leisure activities. This will further consolidate Canberra's status as Australia's most liveable city. In addition, a provision is provided to progress the Australia Forum project following consideration of a business case which will be finalised this year.

Our investment in education and training facilitates population growth and urban expansion. Examples of this investment include Coombs Primary School, which is nearing completion, and the construction and operation of a new P-6 school at North Gungahlin to open in January 2019. Feasibility studies are programmed for a Year 7-10 school at North Gungahlin and a P-10 school at Molonglo.

To enhance the learning opportunities for students in existing schools, Belconnen High School will be modernised and a new specialist learning centre at Caroline Chisholm School created. Additional resources will also be made available for school information and communication technology infrastructure to support contemporary learning and teaching.

Another priority area for capital investment is to build a world-class health care system in the Territory. This is being achieved through the Health Infrastructure Program (HIP), which is the single largest capital works project undertaken in the history of the Territory since self-government.

Works under HIP are continuing in the redevelopment and expansion of the Canberra Hospital and Calvary Public Hospital, the design and construction of new sterilising services, and the development of the University of Canberra Public Hospital which will be a sub-acute facility encompassing teaching and research.

The Government is also making major investment in justice and safety for Canberra. Provision is included in this Budget to allow for early works on the redevelopment of the ACT Supreme Court building, subject to the outcome of the selection process for the new facility that is currently underway.

Construction of additional facilities continues at the Alexander Maconochie Centre and at the new Emergency Services Agency Station in Aranda. Works to upgrade the Territory Radio Network are also ongoing, to provide essential communication infrastructure for use by the Emergency Services Agency and other government agencies, particularly during emergencies.

Maximising economic and social outcomes from infrastructure investment requires not only the selection of projects with high expected rates of return, but also careful planning and management of those projects to minimise costs to the budget and the community.

A central element of the Government's strategy to achieve maximum benefit from our capital investments is *The Capital Framework*, which seeks to improve business case development, service and asset planning, and project definition and scope. This is complemented by the *Public Private Partnership Framework* which provides a framework for managing private sector involvement in the financing, management and delivery of major projects.

Since their implementation in the 2014-15 Budget, *The Capital Framework* and the *Public Private Partnership Framework* have seen the adoption of more cost-effective and efficient integrated delivery models involving the private sector. This has resulted in substantial savings, better management of project risks and high quality infrastructure. *The Capital Framework* and the *Public Private Partnership Framework* are discussed later in this section.

Further savings on the cost of capital are being achieved through asset recycling, where aged assets are disposed of and the proceeds used for the acquisition of new and more efficient and effective assets.

The Asset Recycling Initiative (ARI) agreed between the Commonwealth Government and the ACT Government allows the Territory to benefit from a 15 per cent bonus from the Commonwealth on proceeds of agreed asset sales where these proceeds are allocated to agreed new infrastructure investment. The Capital Metro Light Rail Network will be funded in part by assets sold under the ARI. The ARI is discussed in Chapter 5.5.

In the long term, the Infrastructure Investment Program offers significant benefits in leveraging scarce public resources for capital investment through more effective project planning and management, increased private sector involvement and better use of assets.

2015-16 Infrastructure Investment Program

The ACT Infrastructure Investment Program provides for capital works, information and technology projects and expenditure on property, plant and equipment.

The program does not include works delivered through the Territory's Public Trading Enterprises (PTEs) and other agencies which are financed through own-source revenue or debt. Capital investment by PTEs is largely related to land servicing, water and wastewater works, and public housing. The value of PTE works for 2015-16 is $234 million which will be delivered by Housing ACT, Icon Water, the Land Development Agency and the ACT Public Cemeteries Authority. A summary of capital investment by these PTEs is provided in Table 5.2.6.

Budget-funded Infrastructure Investment Program

The 2015-16 Budget provides for new investment in infrastructure of $585 million over the four years to 2018-19. This comprises New Capital Works ($459 million), Capital Upgrades ($56 million), Information and Communications Technology ($59 million) and Plant and Equipment ($13 million).

The value of works in progress from previous years is $513 million over four years.

The Government has also made provisions of $1.5 billion for capital works over the four years to 2018-19. Including these provisions is consistent with good financial management as they improve the accuracy of the budget estimates and provide greater clarity around the Government's decisions. These provisions include amounts for high value and/or commercially sensitive projects; this is prudent practice whilst these projects are further refined.

Table 5.1.1 shows a summary of Budget-funded Infrastructure Investment Program in 2015-16.

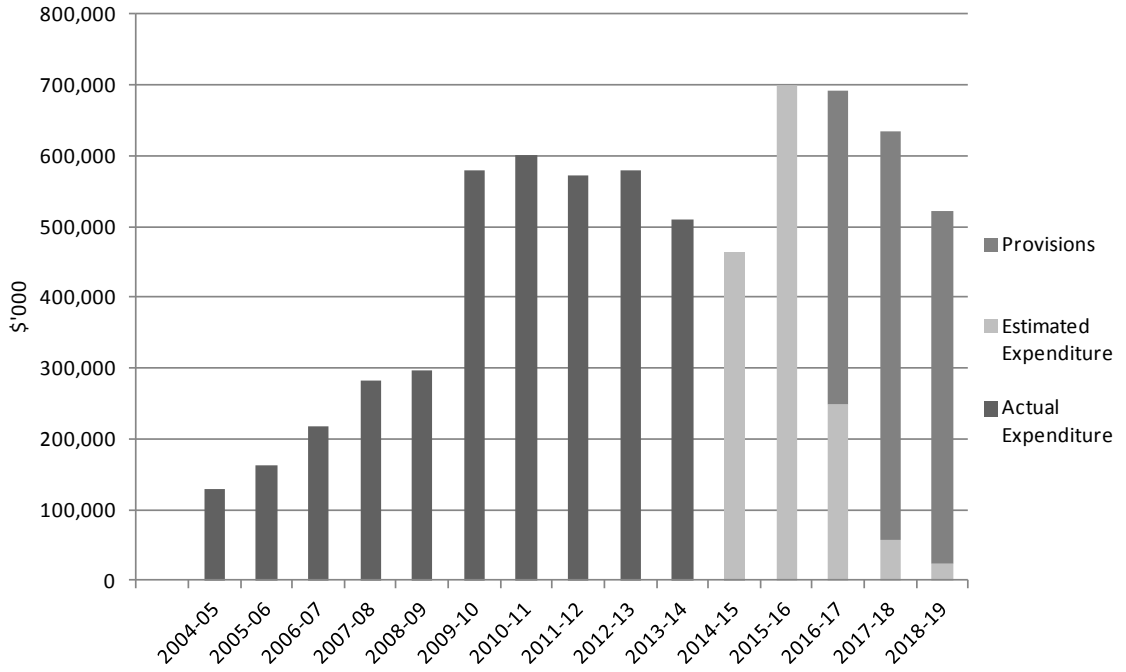
Table 5.1.1
Summary of 2015-16 Budget-funded Infrastructure Investment Program – by Type

	2015-16 Allocation $'000	2016-17 Allocation $'000	2017-18 Allocation $'000	2018-19 Allocation $'000	Total Allocation $'000
New Capital Works[1]					
Business Case Development	3,395	2,230	0	0	5,625
Forward Design	18,791	13,761	11,385	11,484	55,421
Construction Projects	185,513	167,013	39,086	5,968	397,580
Sub-Total New Capital Works	**207,699**	**183,004**	**50,471**	**17,452**	**458,626**
Urban Renewal Component	*114,142*	*65,512*	*495*		*180,149*
Capital Upgrades[2]	**55,554**	**0**	**0**	**0**	**55,554**
Urban Renewal Component	*15,475*	*0*	*0*	*0*	*15,475*
TOTAL NEW WORKS	**263,253**	**183,004**	**50,471**	**17,452**	**514,180**
Urban Renewal Component	*129,617*	*65,512*	*495*	*0*	*195,624*
Works in Progress	**435,772**	**65,086**	**6,737**	**5,600**	**513,195**
Urban Renewal Component	*37,835*	*500*	*0*	*0*	*38,335*
TOTAL CAPITAL WORKS PROGRAM	**699,025**	**248,090**	**57,208**	**23,052**	**1,027,374**
Urban Renewal Component[3]	*167,452*	*66,012*	*495*	*0*	*233,959*
Information and Communication Technology (ICT)					
New Works	22,760	18,233	11,683	5,940	58,617
Works In Progress	79,737	19,728	4,645	1,313	105,423
Sub-Total (ICT)	**102,497**	**37,961**	**16,328**	**7,253**	**164,040**
Plant and Equipment (P&E)					
New Works	5,278	7,383	0	0	12,662
Works In Progress	18,517	15,732	3,880	3,801	41,930
Sub-Total (P&E)	**23,795**	**23,115**	**3,880**	**3,801**	**54,592**
Sub-Total (ICT and P&E)	**126,292**	**61,077**	**20,208**	**11,054**	**218,631**
TOTAL INFRASTRUCTURE INVESTMENT PROGRAM	**825,317**	**309,166**	**77,416**	**34,106**	**1,246,006**
Capital Provisions					
Infrastructure Investment Provision		390,000	524,000	442,400	1,356,400
Capital Upgrades		53,188	54,405	55,725	163,319
Total Provisions		**443,188**	**578,405**	**498,125**	**1,519,719**
TOTAL INFRASTRUCTURE INVESTMENT PROGRAM INCLUDING PROVISIONS	**825,317**	**752,354**	**655,821**	**532,231**	**2,765,724**

Notes:
1. Includes $12.4 million in Capital Grants to Calvary Hospital.
2. Includes 2015-16 Commonwealth Government funding of $3.2 million for the National Highway Upgrade Program.
3. The Urban Renewal Program includes Urban Improvement Program projects, totalling $3.9 million over four years.

Figure 5.1.1 below shows the sustained increase in the Capital Works Program (including provisions) since 2009-10. Significant investment is expected to continue over the forward estimates period, with substantial provisions being included in the Budget for commercially sensitive projects.

Figure 5.1.1
Capital Works Expenditure Program
2004-05 to 2018-19



Capital Planning, Delivery and Management

High-value and commercially sensitive projects

The Infrastructure Investment Provision for capital projects has been increased to $1.5 billion over the four years to 2018-19 to account for some high value projects for which budgets are either yet to be settled or which are commercially sensitive. Reflecting commercial sensitivities, the Government has not published specific details but has provisioned an amount for these works to be undertaken. Where these projects require funding for early works, allocations have been made in the 2015-16 Budget from the project provisions.

The projects include:

- the Capital Metro Light Rail Network project – a Request for Expressions of Interest (REOI) process for the Gungahlin to the City alignment concluded early 2015, with two short-listed bidders now due to provide proposals to Government in September 2015. These bidders have also been asked to submit an additional option for a Gungahlin to Russell alignment in late 2015;
- ACT Court Facilities – following receipt of tenders in late May 2015, this project is now in the Request for Proposal Phase. It is expected that contractual and financial close will be reached with the preferred proponent in late 2015. Funding of $14 million is being provided over three years to 2017-18 from the provision for this project, mainly for the cost of temporary facilities, to enable the Court to continue to operate during the redevelopment of the ACT Supreme Court building (refer to New Initiatives – Chapter 3);

- the University of Canberra Public Hospital – Car park – as the first stage of the project to construct a new sub-acute hospital on the University of Canberra campus is underway, a provision has been included in the Budget for a 400 space car park for the Hospital; and
- Australia Forum – The Government remains committed to delivering state-of-the-art convention and exhibition facilities for Canberra in the longer-term, and has retained a provision of $8.0 million to bring the Australia Forum project to procurement ready status. The 2014-15 Budget funded a business case for the Australia Forum, and will shortly prepare options for the Government to secure funding partners to progress the project.

As planning or procurement progresses, future budgets will contain further specific financial details related to these projects.

Funding Capital Metro

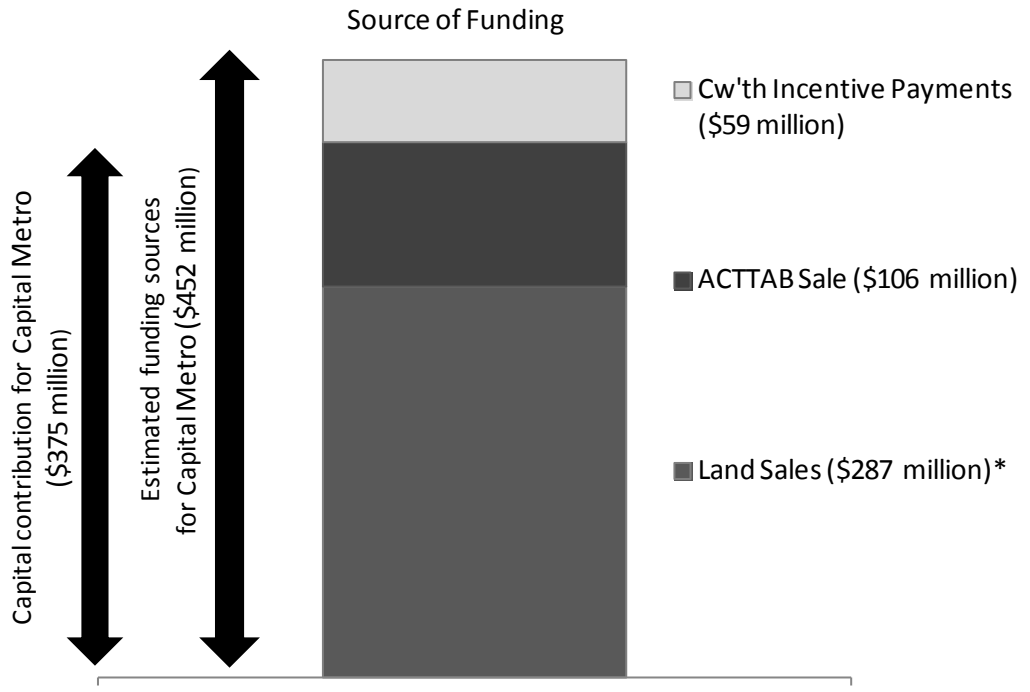
The Government expects to deliver Capital Metro through a Public Private Partnership (PPP) involving availability payments to a private sector partner.

The Government's approach to PPPs is to provision the capital value of the project until financial close of the PPP agreement. Once financial close is reached, the provision is extinguished and the access payment and other accounting treatments are included in the forward estimates. This approach ensures that the Territory's forward year financial statements reflect the infrastructure and financing costs of the project.

The Government has decided to provide a $375 million capital contribution for the project, which will be provided to the successful consortium after construction is finished.

The funding needed to meet the $375 million contribution has been or is being raised through the Asset Recycling Initiative, such as the sale of ACTTAB (which has been completed), contributions from the Commonwealth Government, and land sales.

Figure 5.1.2
Summary of Capital Metro Budget Funding Sources for Capital Contribution



Note: * Original estimate of sale proceeds using the valuation method agreed with the Commonwealth Government for the purposes of the Asset Recycling Initiative.

The Capital Framework

The Government has continued to plan, manage and review capital works projects under *The Capital Framework*. The Framework seeks to improve business case development, service and asset planning, and project definition and scope. Details of the Framework are available from www.procurement.act.gov.au.

The focus on more cost effective and efficient integrated delivery models has seen a number of projects undergoing procurement through models other than construct only procurement. The delivery of Coombs P-6 School as a Design Construct Maintain project is one key example of integrated procurement, and the successful adoption of integrated delivery models. The ACT Health Directorate has also achieved substantial savings in the delivery of the Calvary Hospital car park through the use of the design and construct delivery model.

As part of the Territory's commitment to improve the delivery of capital projects, a policy implementation review has been initiated to assess the success and any lessons learned from the Framework's first two budget processes. The outcomes of this review will be used to enhance and refine the Framework in future periods.

The Partnerships Framework

The *Partnerships Framework* is now in its second year of operation and continues to guide the Territory's approach to PPP and Design Construct Maintain Operate (DCMO) delivery models. It also addresses how unsolicited proposals are considered in relation to the Territory's infrastructure program.

Since the Framework's inception, the Territory has embarked on its first two PPP projects, the ACT Law Courts Redevelopment and the Capital Metro Project. As a mark of the Framework's attractiveness to market, these projects attracted six and four expressions of interest, respectively. Both projects are currently in the Request for Proposals phase, with the two short listed bidders on each developing their project solution to align with the Territory's strategic, financial and performance objectives.

The Framework seeks to reduce the costs of delivery under PPPs for both the Government and bidder by seeking to short-list two proponents at the Request for Proposal stage and by making non-evaluated documentation a condition subsequent to preferred bidder status.

The *Guidelines for Unsolicited Proposals*, which forms part of the Framework, is also in its second year of operation. To date the Territory has received five unsolicited proposals, with two currently under consideration by the Unsolicited Proposals Steering Committee. Through the Framework and these guidelines, the Territory remains committed to encouraging appropriate private investment and innovative entrepreneurship in the delivery of public infrastructure and services.

Active certification and safety in Government construction

Active certification and safety as a weighted criterion for Government construction contracts were implemented in 2013-14 as part of the Government's response to the *Getting Home Safely Report*. They are now an established and accepted practice.

The objective of Active Certification is to determine whether organisations have an adequate safety record to retain eligibility (prequalification) to apply for significant Government projects, using safety audits and a demerits point system. Principal Contractors will still be required to fulfil their work health and safety responsibilities as covered under the *Work Health and Safety Act 2011*, *Work Safety Regulations 2011*, all relevant Codes of Practice, Australian Standards and applicable guidelines.

To emphasise the importance placed on work health and safety, the Government has also introduced a comparative assessment of contractors' safety records and capacities in the tender evaluation stage of Government construction projects. This requires the application of a default weighting of 30 per cent for work health safety performance on all new ACT Government works tenders.

5.2 CAPITAL WORKS PROGRAM

Budget-funded Capital Works Program

The Territory's Capital Works Program is a component of the Total Infrastructure Investment Program. Capital Works relate to fixed physical infrastructure which excludes Information and Communication Technology, and Plant and Equipment.

The budget allocation for the 2015-16 Capital Works Program, including capital upgrades, is $1 billion over the four years to 2018-19 and comprises:

- $459 million for New Capital Works;
- $56 million for Capital Upgrades; and
- $513 million for Works-in-Progress (WIP).

In addition, the Government has included capital provisions of $443 million in 2016-17 and $1.5 billion over the four years to 2018-19. This is to ensure that the forward estimates present a fair view of the Government's planning in regard to a number of large commercially sensitive projects, as well as an ongoing Infrastructure Investment Program.

A summary of the 2015-16 Budget-funded Capital Works Program in individual agencies is provided in Table 5.2.1 below.

Table 5.2.1
Summary of 2015-16 Budget-funded Capital Works Program

	2015-16	2016-17	2017-18	2018-19	Four Year Investment
	$'000	$'000	$'000	$'000	$'000
Capital Metro Agency					
New Capital Works	16,137	12,771	11,385	11,484	51,777
Capital Upgrades	0	0	0	0	0
Works-in-Progress	0	0	0	0	0
Total	**16,137**	**12,771**	**11,385**	**11,484**	**51,777**
Canberra Institute of Technology					
New Capital Works	4,950	2,475	0	0	7,425
Capital Upgrades	2,515	0	0	0	2,515
Works-in-Progress	0	0	0	0	0
Total	**7,465**	**2,475**	**0**	**0**	**9,940**
Chief Minister, Treasury and Economic Development Directorate					
New Capital Works	115,981	73,422	792	0	190,195
Capital Upgrades	8,983	0	0	0	8,983
Works-in-Progress	123,137	5,500	0	0	128,637
Total	**248,101**	**78,922**	**792**	**0**	**327,815**
Community Services Directorate					
New Capital Works	1,319	28	28	28	1,402
Capital Upgrades	376	0	0	0	376
Works-in-Progress	1,148	0	0	0	1,148
Total	**2,843**	**28**	**28**	**28**	**2,926**

	2015-16	2016-17	2017-18	2018-19	Four Year Investment
	$'000	$'000	$'000	$'000	$'000
Cultural Facilities Corporation					
New Capital Works	2,030	1,386	792	0	4,208
Capital Upgrades	379	0	0	0	379
Works-in-Progress	800	0	0	0	800
Total	**3,209**	**1,386**	**792**	**0**	**5,387**
Education and Training Directorate					
New Capital Works	6,845	21,785	18,563	5,940	53,132
Capital Upgrades	14,215	0	0	0	14,215
Works-in-Progress	30,566	1,500	0	0	32,066
Total	**51,626**	**23,285**	**18,563**	**5,940**	**99,413**
Environment and Planning Directorate					
New Capital Works	0	0	0	0	0
Capital Upgrades	143	0	0	0	143
Works-in-Progress	1,904	0	0	0	1,904
Total	**2,047**	**0**	**0**	**0**	**2,047**
Health Directorate					
New Capital Works	9,250	15,158	7,786	0	32,193
Capital Upgrades	4,844	0	0	0	4,844
Works-in-Progress	139,824	50,868	0	0	190,692
Total	**153,917**	**66,026**	**7,786**	**0**	**227,729**
Housing ACT					
New Capital Works	0	0	0	0	0
Capital Upgrades	0	0	0	0	0
Works-in-Progress	6,451	0	0	0	6,451
Total	**6,451**	**0**	**0**	**0**	**6,451**
Justice and Community Safety Directorate					
New Capital Works	14,174	842	644	0	15,659
Capital Upgrades	1,683	0	0	0	1,683
Works-in-Progress	50,517	299	170	0	50,986
Total	**66,374**	**1,141**	**814**	**0**	**68,328**
Office of the Legislative Assembly					
New Capital Works	5,711	1,030	0	0	6,741
Capital Upgrades	708	0	0	0	708
Works-in-Progress	0	0	0	0	0
Total	**6,419**	**1,030**	**0**	**0**	**7,449**
Territory and Municipal Services Directorate					
New Capital Works	31,305	54,107	10,482	0	95,894
Capital Upgrades	21,708	0	0	0	21,708
Works-in-Progress	81,425	6,919	6,567	5,600	100,511
Total	**134,438**	**61,026**	**17,049**	**5,600**	**218,113**

	2015-16	2016-17	2017-18	2018-19	Four Year Investment
	$'000	$'000	$'000	$'000	$'000
Total All Agencies					
New Capital Works	207,699	183,004	50,471	17,452	458,626
Capital Upgrades	55,554	0	0	0	55,554
Total New Works	**263,253**	**183,004**	**50,471**	**17,452**	**514,180**
Works-in-Progress	435,772	65,086	6,737	5,600	513,195
TOTAL CAPITAL WORKS PROGRAM	**699,025**	**248,090**	**57,208**	**23,052**	**1,027,374**

New Capital Works

The New Capital Works program comprises construction projects, business case development and forward design.

The 2015-16 Budget provides for New Capital Works totalling $208 million in 2015-16 and $459 million over the four years to 2018-19 (see Appendix D). This includes $167 million in 2015-16 and $234 million over four years for the newly created Urban Renewal Program.

The Government is making investment in all critical areas of urban development, education and training, health, and justice and community safety, with a particular focus on urban renewal. Significant new projects include:

- Urban Renewal Program – Better Public Housing. Public housing properties will be redeveloped to replace Allawah Court, Karuah, Red Hill Housing Precinct and Owen Flats ($133 million over four years);
- Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1 ($31 million);
- Schools for the Future – North Gungahlin and Molonglo ($28 million);
- Better Roads for Tuggeranong – Ashley Drive duplication – Stage 2 ($25 million);
- Essential Waste Management Infrastructure ($21 million);
- Schools for the Future – Modernising Belconnen High ($18 million);
- Better Roads for Gungahlin – Horse Park Drive duplication ($17 million);
- Sterilising Services – Relocation and upgrade ($17 million);
- ACT Court Facilities Early Works Package ($14 million);
- Better Roads for Gungahlin – Enhanced Town Centre road network ($14 million);
- Urban Renewal Program – City to the Lake – West Basin infrastructure ($10 million);
- Calvary Public Hospital – Operating theatre upgrade ($6 million); and
- Calvary Public Hospital – Upgrade of medical imaging equipment ($4 million).

Construction projects form the largest component of the New Capital Works program and account for $186 million (or 89 per cent) of the program in 2015-16 ($398 million or 87 per cent over four years).

Public housing renewal represents the largest element of construction projects, with funding allocation of $91 million in 2015-16 and $133 million over the four years to 2018-19.

Financing information for new construction projects in individual agencies is provided in Table 5.2.2.

Table 5.2.2
Summary of 2015-16 Budget-funded Construction Projects[1]

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Canberra Institute of Technology					
CIT Modernisation – Tuggeranong, Bruce and Reid campuses	4,950	2,475	0	0	7,425
Total	**4,950**	**2,475**	**0**	**0**	**7,425**
Chief Minister, Treasury and Economic Development Directorate					
Better Roads for Gungahlin – Enhanced town centre road network	5,940	8,019	0	0	13,959
Better Roads for Gungahlin – Horse Park Drive duplication	6,930	9,900	297	0	17,127
Urban Renewal Program – Better Public Housing – Allawah Court	29,322	15,789	0	0	45,111
Urban Renewal Program – Better Public Housing – Karuah	11,479	6,182	0	0	17,661
Urban Renewal Program – Better Public Housing – Red Hill Housing Precinct	36,496	19,652	0	0	56,148
Urban Renewal Program – Better Public Housing – Owen Flats	13,120	0	0	0	13,120
Urban Renewal Program – Public housing renewal	610	626	0	0	1,236
Urban Renewal Program – City to the Lake – West Basin infrastructure	6,633	3,465	0	0	10,098
Urban Renewal Program – Civic and Braddon public realm improvements	500	1,000	0	0	1,500
Urban Renewal Program – Melrose football precinct	1,980	4,178	495	0	6,653
Urban Renewal Program – Phillip Oval upgrade	990	3,623	0	0	4,613
Total	**114,001**	**72,432**	**792**	**0**	**187,226**
Community Services Directorate					
Support for People with Disability – New respite property	1,319	28	28	28	1,402
Total	**1,319**	**28**	**28**	**28**	**1,402**

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Cultural Facilities Corporation					
Canberra Theatre Centre Upgrades – Stage 3	1,931	1,386	792	0	4,109
Lanyon Heritage Precinct – Stormwater systems upgrade	99	0	0	0	99
Total	**2,030**	**1,386**	**792**	0	**4,208**
Education and Training Directorate					
Schools for the Future – Caroline Chisholm School – Centre for Innovation and Learning	495	1,980	3,421	0	5,896
Schools for the Future – Modernising Belconnen High	4,950	10,697	1,980	0	17,627
Schools for the Future – North Gungahlin and Molonglo[2]	1,400	9,108	13,161	5,940	29,609
Total	**6,845**	**21,785**	**18,563**	**5,940**	**53,132**
Health Directorate					
Calvary Public Hospital – Expanded hospital services	3,079	0	0	0	3,079
Calvary Public Hospital – Operating theatre upgrade	3,242	2,385	0	0	5,627
Calvary Public Hospital – Upgrade of medical imaging equipment	1,839	1,883	0	0	3,722
Canberra Hospital – More beds	990	990	495	0	2,475
Sterilising Services – Relocation and upgrade	99	9,900	7,291	0	17,290
University of Canberra Public Hospital – Car park	0	0	NFP	NFP	NFP
Total	**9,250**	**15,158**	**7,786**	**0**	**32,193**
Justice and Community Safety Directorate					
ACT Court Facilities Early Works Package	12,712	842	644	0	14,198
Strengthening Emergency Services – Greenway ambulance station	1,253	0	0	0	1,253
Victims of Crime Financial Assistance Scheme Reforms	135	0	0	0	135
Total	**14,100**	**842**	**644**	**0**	**15,586**
Office of the Legislative Assembly					
Accommodation – Expansion of the Assembly	4,214	1,030	0	0	5,244
Accommodation – Staff relocation	1,497	0	0	0	1,497
Total	**5,711**	**1,030**	**0**	**0**	**6,741**
Territory and Municipal Services Directorate					
Better Roads for Gungahlin – Gundaroo Drive duplication	9,900	21,285	0	0	31,185
Better Roads for Tuggeranong – Ashley Drive duplication – Stage 2	4,950	10,890	8,762	0	24,602

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Bridge Strengthening on Commercial Routes	700	0	0	0	700
Enhancing the Protection of Endangered Species and Habitat	1,339	3,030	1,721	0	6,090
Essential Waste Management Infrastructure	6,229	14,682	0	0	20,911
Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades	1,500	0	0	0	1,500
Urban Renewal Program – Barton – Bowen Park cycle path	600	0	0	0	600
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1	80	780	0	0	860
Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1	50	0	0	0	50
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1	50	180	0	0	230
Urban Renewal Program – Phillip trade service area parking management	419	0	0	0	419
Urban Renewal Program – Playground repairs	200	0	0	0	200
Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities	250	250	0	0	500
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1	430	0	0	0	430
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades	80	780	0	0	860
Urban Renewal Program – Woden – Canberra Hospital connections	532	0	0	0	532
Total	**27,309**	**51,877**	**10,483**	**0**	**89,669**
Total New Construction Projects[3]	**185,513**	**167,013**	**39,086**	**5,968**	**397,580**

Notes:

1. Some figures may not add due to rounding.
2. Funding transfer of $1.4 million from Coombs P-6 School project for 2015-16.
3. Includes $12.4 million in capital grants to Calvary Public Hospital.

Urban Renewal Program

The 2015-16 Budget includes $167 million in 2015-16 and $234 million over four years for the Urban Renewal Program (URP).

Targeted urban renewal allows better provision of services and improved access to community and leisure activities. It also reduces economic and social stress for those who are most vulnerable, thereby increasing participation, income and independence.

The URP includes projects such as road, active transport and public transport network improvements, upgrading, remediating and maintaining our local shopping centres and other urban areas to create opportunities for growth and improve environmental outcomes; and a range of initiatives that care for our parks and environment. The URP also includes the renewal of public housing across Canberra.

To ensure that the benefits of urban renewal are shared by all Canberrans, the Government is embarking on a comprehensive program of public housing renewal. The 2015-16 Budget includes projects to redevelop four public housing properties in Braddon, Dickson, Lyneham and Red Hill. These projects are the first stage of the Government's commitment to renew the Territory's public housing stock which will see the construction of replacement public housing units and the sale of surplus land.

Urban renewal is also about providing the necessary infrastructure for Canberra City as the social, cultural and commercial hub of the region. The City to the Lake project will develop the West Basin as a premium water front leisure, sport, commercial and residential precinct. As the first stage of this project, the Government has allocated $10 million for a new public park and road network enhancements on Commonwealth Avenue to improve access to West Basin.

To support continued land release in new developments and urban infill locations, the Government has also allocated funding of $15 million in 2015-16 and $25 million over four years to upgrade and enhance road networks for Gungahlin (enhanced town centre roads and roads for the new suburb of Moncrieff), Molonglo (three infrastructure projects) and Dickson (intersection upgrades). Works will continue on the construction of the $10 million link road between Majura Parkway and Majura Road to allow access to new commercial land sites.

To promote active living and provide for improved access to facilities, the Government will invest $22 million in 2015-16 and $34 million over four years to improve public transport facilities, walking and cycling paths, leisure and sport facilities and public spaces.

A summary of the URP in individual agencies is provided in Table 5.2.3 below.

Table 5.2.3
2015-16 Urban Renewal Program

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Chief Minister, Treasury and Economic Development Directorate					
New Works					
Better Roads for Gungahlin – Enhanced Town Centre road network	5,940	8,019	0	0	13,959
Urban Renewal Program – Better Public Housing	610	626	0	0	1,236
Urban Renewal Program – Better Public Housing – Allawah Court	29,322	15,789	0	0	45,110
Urban Renewal Program – Better Public Housing – Karuah	11,479	6,182	0	0	17,661
Urban Renewal Program – Better Public Housing – Red Hill Housing Precinct	36,496	19,652	0	0	56,148
Urban Renewal Program – Better Public Housing – Owen Flats	13,120	0	0	0	13,120
Urban Renewal Program – City to the Lake – West Basin infrastructure	6,633	3,465	0	0	10,098
Urban Renewal Program – Civic and Braddon public realm improvements	500	1,000	0	0	1,500
Urban Renewal Program – Melrose football precinct	1,980	4,178	495	0	6,653
Urban Renewal Program – Molonglo 3 infrastructure	1,980	990	0	0	2,970
Urban Renewal Program – Phillip Oval upgrade	990	3,623	0	0	4,613
Works- in-Progress					
Isabella Weir Spillway – Upgrades	9,550	0	0	0	9,550
Majura Parkway to Majura Road – Link road construction	9,356	0	0	0	9,356
Dickson Group Centre Intersections – Upgrade	2,380	500	0	0	2,880
Horse Park Drive Extension from Burrumarra Drive to Mirrabei Drive	1,942	0	0	0	1,942
Horse Park Drive Extension to Moncrieff Group Centre	3,444	0	0	0	3,444
Horse Park Drive Water Quality Control Pond	3,526	0	0	0	3,526
Woden Bus Interchange – Redevelopment stage 1	3,150	0	0	0	3,150
Conservation Management Plans for Heritage Buildings	20	0	0	0	20
Yarralumla – Canberra Brickworks site remediation	181	0	0	0	181
Revitalisation of Civic and Braddon	247	0	0	0	247
Tuggeranong Lakeside Leisure Centre – Water play park	300	0	0	0	300

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Capital Upgrades Program					
GIO Stadium Amenity Upgrades	440	0	0	0	440
Stromlo Forest Park Amenity Upgrades	200	0	0	0	200
Manuka Oval Amenity Upgrades	513	0	0	0	513
Facilities Improvement Program 2015-16	1,476	0	0	0	1,476
Pools Improvement Program 2015-16	764	0	0	0	764
Water Management System Upgrades	528	0	0	0	528
Exhibition Park Amenity Upgrades	566	0	0	0	566
Total	**147,634**	**64,022**	**495**	**0**	**212,156**
Environment and Planning Directorate					
Works-in-Progress					
Inner North Stormwater Reticulation Network	72	0	0	0	72
Capital Upgrades Program					
Aboriginal Scar Tree Relocation to Namadgi National Park	76	0	0	0	76
Upgrade of Heritage Signage	67	0	0	0	67
Total	**215**	**0**	**0**	**0**	215
Territory and Municipal Services Directorate					
New Works					
Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades	1,500	0	0	0	1,500
Urban Renewal Program – Barton – Bowen Park cycle path	600	0	0	0	600
Urban Renewal Program – Belconnen Town Centre improved cycling connections	100	0	0	0	100
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1	430	0	0	0	430
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1	80	780	0	0	860
Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1	50	0	0	0	50
Urban Renewal Program – Kingston Group Centre – Pedestrian and cycling accessibility improvements – Stage 1 – Design	150	0	0	0	150
Urban Renewal Program – Molonglo to the city cycle highway	200	0	0	0	200
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1	50	180	0	0	230

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Urban Renewal Program – Phillip trade service area parking management	419	0	0	0	419
Urban Renewal Program – Playground repairs	200	0	0	0	200
Urban Renewal Program –Tuggeranong Valley and Kaleen age friendly facilities	250	250	0	0	500
Urban Renewal Program – Tuggeranong Town Centre improved cycling connections	100	0	0	0	100
Urban Renewal Program – West Belconnen to the City improved cycling connections	100	0	0	0	100
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades	80	780	0	0	860
Urban Renewal Program – Woden – Canberra Hospital connections	532	0	0	0	532
Urban Renewal Program – Woden Town Centre cycle and pedestrian network improvements	250	0	0	0	250
Work in Progress					
Jerrabomberra Wetlands Infrastructure Improvements	50	0	0	0	50
Shopping Centre Upgrade Program – Red Hill and Lyons	344	0	0	0	344
Transport for Canberra – Walking and cycling infrastructure – Stage 4	500	0	0	0	500
Local Shopping Centre Upgrades Program	1,818	0	0	0	1,818
Molonglo Riverside Park – Stage 1	955	0	0	0	955
Capital Upgrades Program					
Armour Cable Upgrade	600	0	0	0	600
Public Transport Infrastructure upgrades (including DDA Bus Stop Upgrades)	2,600	0	0	0	2,600
Road Barrier Improvement Upgrades	300	0	0	0	300
Road Safety Measures	700	0	0	0	700
Public Car Park Improvements	200	0	0	0	200
Stormwater Improvement Program	1,000	0	0	0	1,000
Footpath and Cycling Improvements	2,000	0	0	0	2,000
Safety Improvements Lighting Program	1,200	0	0	0	1,200
Residential Street Improvements	400	0	0	0	400
Isaacs Ridge Mountain Bike Trail Network Upgrade	185	0	0	0	185
Fitness Equipment Upgrade	120	0	0	0	120
Upgrade Open Space Street Furniture	290	0	0	0	290
Point Hut Flying Fox Replacement	300	0	0	0	300
Public Toilet Upgrades	300	0	0	0	300
Shopping Centre Upgrades – Minor works	300	0	0	0	300
Bunda Street Improvements	200	0	0	0	200
Bike Racks	50	0	0	0	50

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Drinking Fountains	100	0	0	0	100
Total	**19,603**	**1,990**	**0**	**0**	**21,593**
TOTAL Urban Renewal Program	**167,452**	**66,012**	**495**	**0**	**233,959**

Business Case Development

Funding for business case development, including feasibility studies, recognises the long lead times involved in major construction activities and provides agencies with the capacity to undertake planning and policy development work associated with larger, more complex proposals. This also provides the additional resources required for more comprehensive assessment of the viable options and alternatives, including linkages to the Government's service delivery objectives.

A total of $3.4 million is being provided in 2015-16, and $5.6 million over four years, for business case development (see Table 5.2.4 below).

Table 5.2.4
Summary of 2015-16 Budget Business Case Development

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Territory and Municipal Services Directorate					
Better Roads for Gungahlin – Horse Park Drive duplication	500	500	0	0	**1,000**
Chifley – Hindmarsh Drive, Launceston Street and Eggleston Crescent intersection	250	0	0	0	**250**
Dunlop - Lance Hill Avenue and Ginninderra Drive intersection augmentation	100	0	0	0	**100**
Improved Waste Resource	1,975	830	0	0	**2,805**
Pialligo and Airport Road Network	0	900	0	0	**900**
Spence – Kuringa Drive and Owen Dixon Drive intersection augmentation	100	0	0	0	**100**
Urban Renewal Program – Belconnen Town Centre improved cycling connections	100	0	0	0	**100**
Urban Renewal Program – Tuggeranong Town Centre improved cycling connections	100	0	0	0	**100**
Urban Renewal Program – West Belconnen to the City improved cycling connections	100	0	0	0	**100**
Weetangera – Belconnen Way and Springvale Drive intersection augmentation	170	0	0	0	**170**
Total	**3,395**	**2,230**	0	0	**5,625**
TOTAL New Business Case Development	**3,395**	**2,230**	**0**	**0**	**5,625**

Forward Design

Formal planning and design of large infrastructure projects enables detailed specifications and scope to be fully developed. This helps mitigate potential risk associated with delays and/or cost escalations during the construction phase of a project.

The 2015-16 Budget allocates $55 million to forward design projects over four years, of which $19 million is being invested in 2015-16. Most of this funding is for the procurement of the Capital Metro Light Rail Network project.

Table 5.2.5 outlines the 2015-16 Forward Design program.

Table 5.2.5
Summary of 2015-16 Budget Forward Design Projects

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000
Capital Metro					
Capital Metro – Procurement and delivery[1]	16,137	12,771	11,385	11,484	51,777
Total	**16,137**	**12,771**	**11,385**	**11,484**	**51,777**
Chief Minister, Treasury and Economic Development Directorate					
Urban Renewal Program – Molonglo 3 infrastructure	1,980	990	0	0	2,970
Total	**1,980**	**990**	**0**	**0**	**2,970**
Justice and Community Safety Directorate					
Strengthening Emergency Services – Upgrade of facilities	74	0	0	0	74
Total	**74**	**0**	**0**	**0**	**74**
Territory and Municipal Services Directorate					
Urban Renewal Program – Kingston Group Centre – Pedestrian and cycling accessibility improvements – Stage 1	150	0	0	0	150
Urban Renewal Program – Molonglo to the city highway	200	0	0	0	200
Urban Renewal Program – Woden Town Centre cycle and pedestrian network improvements	250	0	0	0	250
Total	**600**	**0**	**0**	**0**	**600**
Total Forward Design Projects	**18,791**	**13,761**	**11,385**	**11,484**	**55,421**

Note:

1 The amounts shown represent costs incurred by Capital Metro Agency which are directly attributable to the light rail project. These costs include expenses such as technical advice, transaction management, independent certifiers, commercial, legal and probity advice, contract delivery and program management.

Capital Upgrades

Funding of $56 million has been allocated in 2015-16 for capital upgrades for works that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets. Upgrades are distinct from routine repairs and maintenance which receive separate funding.

Indicative annual capital upgrade allocations for agencies are included in their forward estimates. This funding allows agencies to prioritise and manage their upgrade programs according to asset management needs and plans.

The 2015-16 Capital Upgrades Program includes projects in all areas including urban infrastructure and facilities, roads, health, education and training, and justice and community safety. Details of capital upgrade projects, by agency, are provided at Appendix E – Capital Works – Capital Upgrades Program.

Works-in-Progress (WIP)

The value of WIP over the four years to 2018-19 is $513 million, of which $436 million is allocated to 2015-16.

Some of the significant WIP projects include road and urban infrastructure to support the Molonglo urban development, works in progress on Majura Parkway, the construction of a secure mental health unit, the continued redevelopment and expansion of Canberra Hospital, the construction of a new P-6 school in the suburb of Coombs, provision of additional facilities at the Alexander Maconochie Centre, and the construction of a new Emergency Services Agency station in Aranda.

Financing information for all WIP projects in individual agencies is provided at Appendix F – Capital Works – Works-in-Progress.

Public Trading Enterprises Capital Works Program

The value of Public Trading Enterprise (PTE) new works for 2015-16 is $234 million. These works are those financed by PTEs through own-source revenue and/or borrowing.

Table 5.2.6
Summary of 2015-16 Public Trading Enterprises Works

Agency	Financing 2015-16 $'000	Financing 2016-17 $'000	Financing 2017-18 $'000	Financing 2018-19 $'000
Housing ACT	60,957	39,816	42,867	44,056
ACT Public Cemeteries Authority[1]	2,400	0	0	0
Icon Water	87,888	125,731	102,468	81,821
Land Development Agency	82,572	163,862	122,524	98,366
Total PTEs	**233,817**	**329,409**	**267,859**	**224,243**

Note:
1. The program for ACT Public Cemeteries Authority is allocated annually.

Housing ACT

Housing ACT undertakes a program of constructing or buying, as well as upgrading and refurbishing properties each year. The funding for this program is derived from the sale of properties and funds from operations.

The progressive redevelopment of the public housing portfolio is essential to the effective management of the portfolio to better meet the needs of tenants and applicants on the Social Housing Register. The 2015-16 Program focuses on small scale developments to deliver a range of housing choices to tenants ranging from larger sized housing of four or more bedrooms to small scale multi-unit two bedroom developments of up to 10 units. A structured and consistent approach to the long-term management of the portfolio will improve the performance of publicly owned housing assets, and the effectiveness, efficiency and quality of services delivered by the Government.

The annual capital program of $61 million is in addition to the replacement of aged multi-unit properties along Northbourne Avenue and elsewhere across the city. This replacement program is being undertaken as part of the Public Housing Renewal Program discussed in Section 5.3.

Icon Water Limited

Key capital works projects for Icon Water include the rehabilitation of 13 kilometres of sewer mains and seven kilometres of water mains, with significant improvements at both Water Treatment Plant facilities. A significant investment is also being made at Lower Molonglo Water Quality Control Centre.

The meter replacement program will continue during 2015-16 with planned meter replacements throughout the region. Work is also progressing in the Molonglo Valley development.

Following the integration of the water business, Icon Water is currently in the process of relocating staff resources and upgrading the Mitchell building in order to accommodate the changes to the business structure.

Land Development Agency

The Land Development Agency sells and develops land on behalf of the Government. Infrastructure works to be undertaken in 2015-16 and the forward estimates include roadworks, road lines and signs, stormwater, utility connections, data cabling, landscaping, parks and recreational areas, pedestrian paths, driveways and street lighting.

The bulk of the works will be undertaken at the major land developments in the suburbs of Moncrieff and Throsby in Gungahlin, Coombs and Denman Prospect in Molonglo, and Lawson in Belconnen. Works will also be undertaken in Campbell, Greenway, Parkes and at the Kingston Foreshore.

2014-15 Budget-funded Capital Works Estimated Outcomes

The 2014-15 Budget allocated $621 million to capital works projects which include New Works, Capital Upgrades and Works-in-Progress. This budget appropriation was adjusted for the rollover of 2013-14 program funding, opening financial year adjustments, revisions to Commonwealth funding and supplementary appropriations. These adjustments provided total funds of $619 million available for expenditure in 2014-15.

The Territory's annual capital works expenditure for 2014-15 is estimated at $465 million (excluding Information and Communications Technology and Plant and Equipment). Table 5.2.7 shows a summary of actual and estimated capital works expenditure between 2010-11 and 2018-19.

Table 5.2.7
Capital Works Expenditure Summary

2010-11 Actual $'000	2011-12 Actual $'000	2012-13 Actual $'000	2013-14 Actual $'000	2014-15 Estimate $'000	2015-16 Estimate $'000	2016-17[1] Estimate $'000	2017-18[1] Estimate $'000	2018-19[1] Estimate $'000
601,655	572,055	578,774	510,217	464,884	699,025	691,278	635,613	521,177

Note:
1. Estimates include capital provisions for commercially sensitive projects and Capital Upgrades.

Project Re-profiling and Savings

Over the course of 2014-15, agencies reviewed their infrastructure, upgrades and other projects in light of expenditure to date and identified where the re-profiling of their projects was appropriate. This process also included bringing forward planned out-year expenditure to accelerate some existing projects and returning savings to the Budget.

A total of $145 million has been re-profiled from 2014-15 to 2015-16 and the forward years. Program savings of $9 million have also been identified for return to the Budget.

Table 5.2.8 provides a summary of expected outcomes for individual agencies for 2014-15, compared to total funds available for the capital works program.

Details of savings and re-profiling for individual projects are provided at Capital Works – 2014-15 Savings and Project Variations (Appendix G) and Capital Works – 2014-15 Re-profiling and Technical Adjustments (Appendix H).

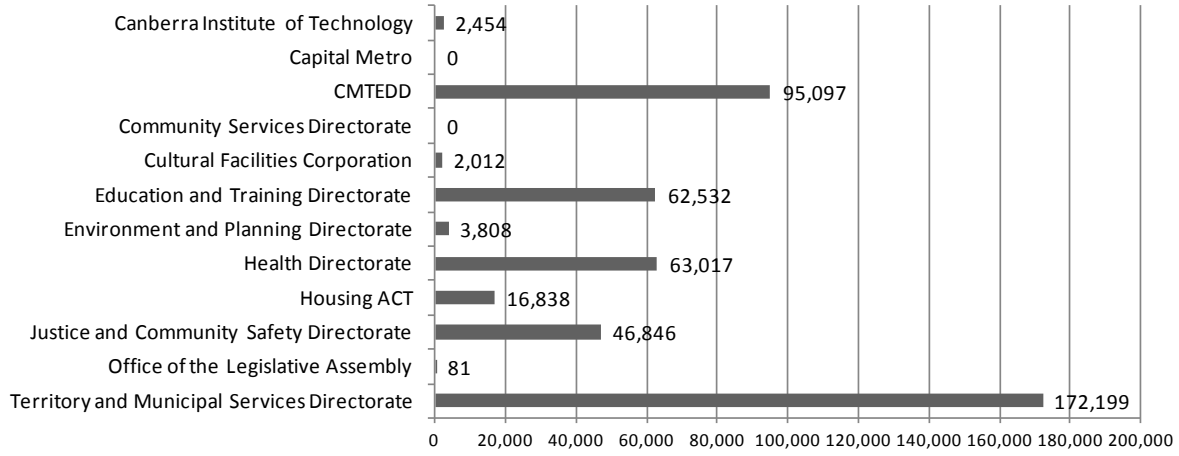
Table 5.2.8
Summary of 2014-15 Capital Works Expenditure[1]

	Total Financing 2014-15 $'000	Estimated Outcome 2014-15 $'000	Financing Re-profiled 2014-15[1] $'000	Project Savings 2014-15 $'000
Canberra Institute of Technology	2,454	2,454	0	0
Capital Metro	0	0	0	0
Chief Minister, Treasury and Economic Development Directorate	142,300	95,097	-47,203	0
Community Services Directorate	1,148	0	-1,148	0
Cultural Facilities Corporation	2,012	2,012	0	0
Education and Training Directorate	81,803	62,532	-16,971	-2,300
Environment and Planning Directorate	5,640	3,808	-1,832	0
Health Directorate	123,925	63,017	-59,653	-1,255
Housing ACT	19,570	16,838	-2,732	0
Justice and Community Safety Directorate	60,618	46,846	-8,472	-5,300
Office of the Legislative Assembly	246	81	-165	0
Territory and Municipal Services Directorate	178,803	172,199	-6,604	0
Total	**618,519**	**464,884**	**-144,780**	**-8,855**

Note:
1. Financing from 2014-15 is re-profiled into 2015-16 and the out years. Some projects have also been accelerated.

Figure 5.2.1 below shows estimated capital works expenditure for 2014-15 by agency. Territory and Municipal Services Directorate has the largest forecast spend ($172 million), followed by the Chief Minister, Treasury and Economic Development Directorate ($95 million), Health Directorate ($63 million), and Education and Training Directorate ($63 million).

Figure 5.2.1
Estimated Capital Expenditure by Agency in 2014-15



Note: CMTEDD – Chief Minister, Treasury and Economic Development Directorate.

5.3 SUPPLY AND RELEASE OF LAND

The ACT Government plans for the supply and release of land, taking into account factors such as forecast population changes, household changes, demand for land and the capacity to cost effectively deliver key infrastructure and services.

The four year Indicative Land Release Program (the program) is one of the Government's economic and social strategies for the community. The program assists the Government achieve its financial and environmental objectives:

- promoting of the economic and social development of the Territory;
- meeting the demand for land in the Territory;
- establishing an appropriate inventory of serviced land;
- facilitating the provision of affordable housing; and
- achieving satisfactory returns from the sale of unleased Territory land.

The Land Development Agency is on track to release almost 4,000 dwelling sites in 2014-15, exceeding the target of 3,600. Public housing renewal will drive urban renewal in key parts of the city, including along the Capital Metro Corridor and in the City. Disposal of ageing public housing assets as part of the Commonwealth Government's Asset Recycling Initiative, and building new replacement public housing required the release of extra sites.

The 2015-16 Indicative Land Release Program (ILRP) includes a sales target of 17,190 dwelling sites between 2015-16 and 2018-19. This is an increase of 3,690 dwelling sites on the program published with the 2014-15 Budget. The annual number of dwelling sites expected to be sold has increased from 3,300 to 3,513 in 2015-16, from 3,300 to 3,713 in 2016-17, from 3,300 to 4,566 in 2017-18, and has been set at 5,398 in 2018-19.

This increased target is a response to improved market conditions and a number of important ACT Government policy initiatives. The program includes sites across three greenfield development fronts and many infill locations. It also includes the likely development outcomes from the sale of assets as part of the Commonwealth Government's Asset Recycling Initiative, and the sale and redevelopment of many public housing properties. The program reflects the key Government priorities of urban renewal and active development within the Capital Metro light rail corridor, as well as the provision of 300 extra dwelling sites to meet demand associated with the ACT Government's Asbestos Eradication Scheme.

Demand for detached housing remains strong and every effort has been made to increase the supply of standard residential sites in greenfield estates in the ILRP. Detached housing sites in Moncrieff, Throsby, Denman Prospect and West Belconnen are programmed for release in 2015-16. To increase the rate of land servicing and compress the time between releases and shovel ready sites, concurrent civil contracts are being let in most greenfield areas and this is expected to continue.

The ILRP also includes 19 sites as part of the Commonwealth Government's Asset Recycling Initiative. Thirteen of these properties are part of the ACT Government's Public Housing Renewal Program, which currently contains around 1,200 dwellings and are to be sold with an estimated uplift to 4,600 dwelling sites. The other six sites include the sale of four sites in Dickson, Macarthur House in Lyneham and the ACT Government Building at 1 Moore Street in the City.

The Indicative Commercial Land Release Program seeks to ensure that adequate and affordable commercial land is available to support the needs of a growing economy. The Program includes a target of 247,512 square metres of commercial land. Much of the commercial land programmed for release is part of mixed-use developments that facilitate residential infill.

The Indicative Industrial Land Release Program includes a release target of 230,283 square metres of industrial land over the next four years. Over the four years from 2008-09 to 2011-12, the Government released approximately 140,000 square metres of industrial land. In addition, the private sector released 361,552 square metres in Hume and Beard. These releases have resulted in an inventory of industrial land available to meet businesses needs.

The Indicative Community and Non-Urban Land Release Program identifies a range of community facility sites, including aged care and child care sites. The Program includes a target of 201,192 square metres of community and non-urban land over the next four years.

The 2015-16 Budget makes significant capital investments to support the objectives of the Indicative Land Release Program. Projects supporting developments across the Territory include:

- **Urban Renewal Program – City to the Lake – West Basin infrastructure ($10 million)** – Construction of a new park and intersections on Commonwealth Avenue to improve access to West Basin and support the re-connection of the city with Lake Burley Griffin;
- **Better Roads for Gungahlin – Enhanced Town Centre road network ($14 million)** – Construction of the Valley Avenue and Manning Clarke Crescent extensions, as well as an access road off the Manning Clarke Crescent extension to provide access to the east side of Gungahlin Town Centre; and
- **Better Roads for Gungahlin – Horse Park Drive duplication ($17 million)** – Construction of the first stage of the duplication of Horse Park Drive between Anthony Rolfe Avenue and Well Station Drive and associated infrastructure which will facilitate land release in Throsby.

A number of projects related to land release funded in the 2014-15 Budget will continue to be delivered throughout 2015-16, including:

- **Molonglo Infrastructure Investment ($17 million)** – Construction of a four lane arterial road to provide access for the development of Denman Prospect in Molonglo;
- **Throsby – Access road and western intersection ($5.3 million)** – Construction of a road to provide access from Horse Park Drive to Gungahlin's new residential suburb of Throsby;
- **Isabella Weir Spillway Upgrades ($10.1 million)** – Upgrade of Isabella Weir spillway to provide flood protection for development on the shores of Lake Tuggeranong;
- **Majura Parkway to Majura Road – Link road ($9.9 million)** – Construction of a road linking Majura Parkway and Majura Road; and
- **Dickson Intersections Upgrade ($3.4 million)** – Upgrade of various intersections in the Dickson Group Centre to facilitate future growth.

In addition to the substantial capital investments being made by the Government in the 2015-16 Budget to support its land development activities, the Land Development Agency (LDA) is also budgeting for significant infrastructure works in its program. In 2015-16, the value of works to be funded by the LDA is in the order of $82 million.

The 2015-16 Budget maintains a strong focus on ensuring that urban developments are sustainable. Over the last year, the LDA has continued to incorporate the principles of environmentally sensitive development into its activities.

A summary of the ILRP is set out in Table 5.3.1.

Table 5.3.1

Indicative Land Release Program

Indicative Residential Land Release Program

	Number of Dwelling Sites			
Location	**2015-16**	**2016-17**	**2017-18**	**2018-19**
Gungahlin	1,300	750	500	650
Belconnen	370	500	1,012	1,050
Central Canberra	594	725	675	685
Molonglo	400	700	563	1,164
Woden and Weston	0	0	80	0
Tuggeranong	229	270	100	0
Asset Recycling Initiative	620	768	1636	1,849
Other	0	0	0	0
Total	**3,513**	**3,713**	**4,566**	**5,398**

Indicative Commercial Land Release Program (site area)

Location	**2015-16** m^2	**2016-17** m^2	**2017-18** m^2	**2018-19** m^2
Gungahlin	0	0	16,000	10,000
Belconnen	1,263	2,309	30,941	9,664
Central Canberra	23,294	23,417	12,174	8,300
Molonglo	0	8,150	0	0
Woden and Weston	11,891	0	0	0
Tuggeranong	20,746	24,739	44,624	0
Asset Recycling Initiative	0	0	0	0
Other	0	0	0	0
Total	**57,194**	**58,615**	**103,739**	**27,964**

Indicative Industrial Land Release Program (site area)

Location	**2015-16** m^2	**2016-17** m^2	**2017-18** m^2	**2018-19** m^2
Gungahlin	0	0	0	0
Belconnen	0	0	0	0
Central Canberra	0	0	0	0
Molonglo	0	0	0	0
Woden and Weston	0	0	0	0
Tuggeranong	0	0	0	0
Asset Recycling Initiative	0	0	0	0
Other	64,485	76,250	41,930	47,618
Total	**64,485**	**76,250**	**41,930**	**47,618**

Indicative Community and Non-Urban Land Release Program (site area)

Location	2015-16 m^2	2016-17 m^2	2017-18 m^2	2018-19 m^2
Gungahlin	7,854	5,000	30,000	7,000
Belconnen	43,500	6,638	0	3,503
Central Canberra	4,500	0	0	0
Molonglo	0	0	0	0
Woden and Weston	1,300	0	20,000	0
Tuggeranong	0	41,897	0	30,000
Asset Recycling Initiative	0	0	0	0
Other	0	0	0	0
Total	**57,154**	**53,535**	**50,000**	**40,503**

5.4 THE TERRITORY'S INFRASTRUCTURE

The Territory's Asset Base

The Territory's physical assets largely consist of public housing, stormwater infrastructure, roads, community and heritage assets and schools, as well as the land on which they are situated.

Table 5.4.1 below shows the Territory's physical asset base split between the General Government Sector and the Public Trading Enterprise Sector. Over the 12 months to 30 June 2015, the total value of physical assets, net of depreciation, is estimated to increase by $427 million to $20.8 billion. Factoring in the combination of capital works projects reaching completion and asset revaluations, it is expected that the value of the Territory's total physical assets will increase further to $21.5 billion by June 2016.

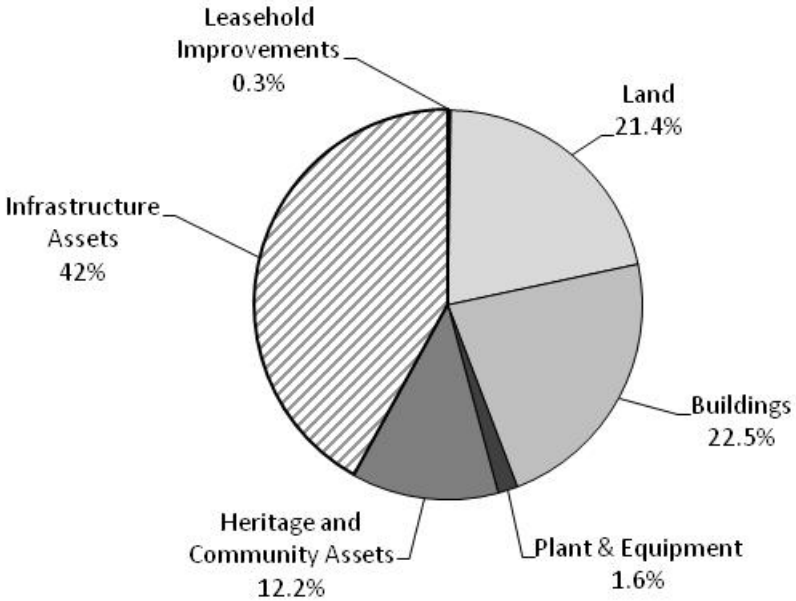
Table 5.4.1
Total Territory Physical Assets: Value by Sector

As at 30 June	2011 Actual $m	2012 Actual $m	2013 Actual $m	2014 Actual $m	2015 Budget $m	2016 Estimate $m
General Government Sector	12,305	13,021	13,653	13,874	14,253	14,782
Public Trading Enterprise Sector	5,735	5,787	6,430	6,506	6,554	6,672
Total Territory	**18,040**	**18,808**	**20,084**	**20,380**	**20,807**	**21,454**

Note: Numbers may not add due to rounding.

Figure 5.4.1 below shows that, as at 30 June 2014, the Territory's assets were mostly classed as infrastructure assets (42 per cent), buildings (23 per cent) and land (21 per cent).

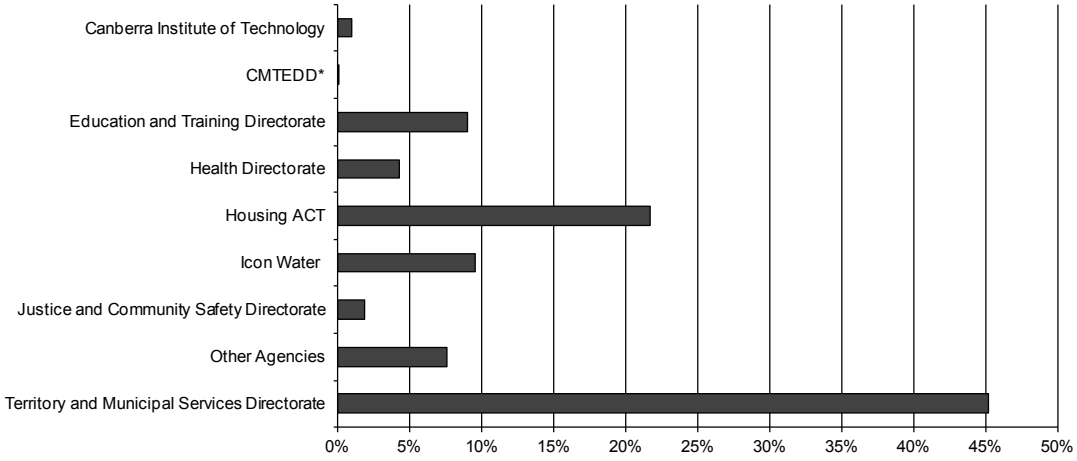
Figure 5.4.1
Total Territory Physical Asset Value:
Distribution by Category as at 30 June 2014



Distribution of the Territory Assets by Agency and Type

Reflecting their functions in the provision of municipal and transport services, as at 30 June 2014 the Territory and Municipal Services Directorate held 45 per cent of the value of the Territory's physical assets. Housing ACT had responsibility for 22 per cent, Icon Water held 10 per cent, while the Education and Training Directorate held 9 per cent (see Figure 5.4.2 below).

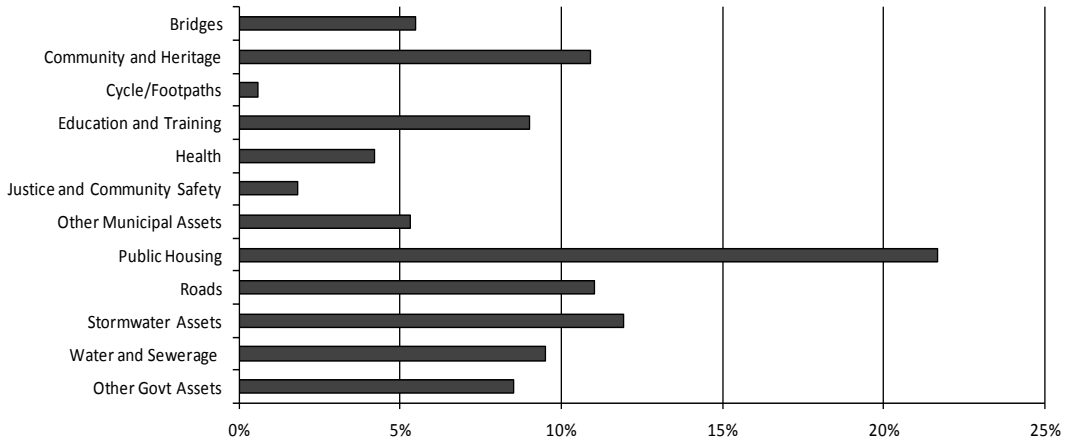
Figure 5.4.2
Total Territory Physical Asset Value:
Distribution by Agency as at 30 June 2014



Note: *CMTEDD – Chief Minister, Treasury and Economic Development Directorate

The largest component of the Territory's assets relate to the provision of public housing. Other significant asset holdings relate to transport and municipal, community and heritage, and education services (see Figure 5.4.3 below).

Figure 5.4.3
Total Territory Physical Asset Holding:
Distribution by Asset Type as at 30 June 2014



Asset Management

As noted in the Capital Works Program (Chapter 5.2), budget-funded agencies with physical assets are provided funding for capital upgrade projects that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets.

Recurrent funding is also provided for routine maintenance to maintain assets at an operational standard. The 2015-16 Budget provides $56 million for capital upgrades and $183 million for repairs and maintenance.

Details of capital upgrade funding by agency are provided at Capital Works – Capital Upgrades Program (Appendix E). A summary of repairs and maintenance funding is provided in Table 5.4.2 below.

Table 5.4.2
Repairs and Maintenance

2011-12 Actual $'000	2012-13 Actual $'000	2013-14 Actual $'000	2014-15 Estimate $'000	2015-16 Estimate $'000	2016-17 Estimate $'000
159,879	153,992	145,205	171,684	183,330	188,786

5.5 ASSET RECYCLING

The Asset Recycling Initiative

The Commonwealth Government's Asset Recycling Initiative (ARI) aims to encourage investment in productivity enhancing new infrastructure by providing financial incentives for the States and Territories to sell assets and re-invest the proceeds in productive infrastructure. Under the ARI, all assets to be sold and infrastructure projects must be agreed with the Commonwealth before 1 July 2016.

The ACT Government entered into negotiations with the Commonwealth Government in 2014-15 to pursue opportunities to participate in the ARI. In February 2015, the Commonwealth Government agreed to a list of assets to be sold and to Capital Metro as the productive infrastructure project to receive investment.

The assets to be sold include ACTTAB, ageing public housing assets, office accommodation, the Visitor Information Centre, and the Dickson Ambulance Station. The Government will be progressing sales under the ARI program until 2018-19. All proceeds of the asset sales and the milestone payments from the Commonwealth will go towards Capital Metro, making a capital contribution of $375 million after construction is complete. Refer to the Infrastructure Investment Program (Chapter 5.1) for more detail on the use of proceeds from the ARI in funding Capital Metro.

As part of the Agreement, the ACT reports on ARI funding received and receivable along with associated sales and payments towards Capital Metro. Corresponding figures across the forward estimates are provided for elsewhere in the Budget. In 2014-15, ACTTAB was sold and, at the time of finalisation of the 2015-16 Budget, the first incentive payment was expected to be settled in 2014-15. The second payment is expected to be received in 2016-17, when construction of Capital Metro is due to commence.

Table 5.5.1
Asset Recycling Initiative Accrued Funding Pool

	2014-15 $'000
Opening Balance	0
Proceeds of Net Asset Sales (Sales)	105,500
Incentive Payments from the Commonwealth (Incentives)	7,810
Sub-Total (Sales and Incentives)	**113,310**
Payments towards Capital Metro	0
CLOSING BALANCE	**113,310**

CHAPTER 6

REVENUE

Chapter		Page
6.1	Revenue and Forward Estimates	197
6.2	Taxation Reform	219

6.1 REVENUE AND FORWARD ESTIMATES

Total ACT General Government Sector (GGS) revenue is estimated to be $4.6 billion in 2015-16 compared with a 2014-15 estimate of $4.5 billion.

Total revenue is expected to increase in 2015-16 by $118 million or 2.6 per cent compared to the 2014-15 estimated outcome.

2015-16 Budget and Forward Estimates Revenues

Figure 6.1.1 provides an overview of the sources of ACT Government revenue.

Figure 6.1.1
Components of the 2015-16 General Government Sector Revenue

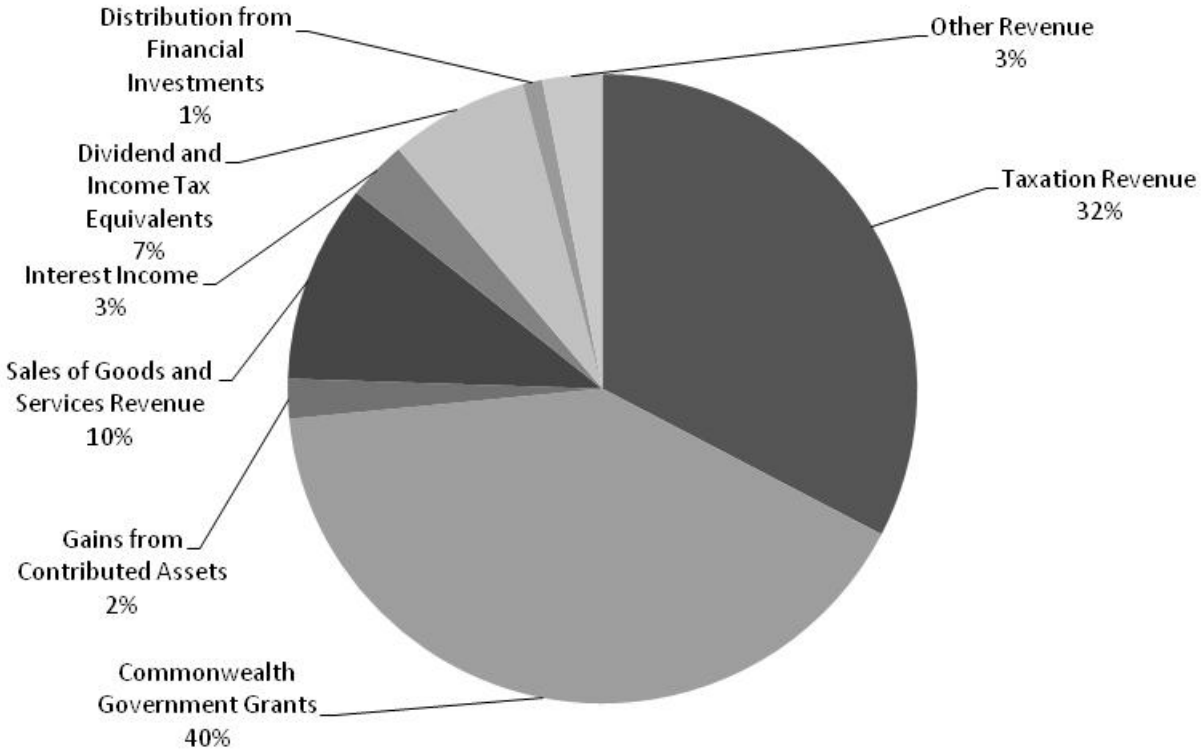


Table 6.1.1 provides a summary of 2014-15 estimated GGS revenue, the 2015-16 Budget forecast and forward estimates by revenue source.

Table 6.1.1
General Government Sector Revenue

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var. %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
1,390,101	Taxation Revenue	1,441,809	1,491,730	3	1,583,300	1,695,957	1,813,848
1,892,280	Commonwealth Grants	1,933,491	1,860,511	-4	2,000,387	2,045,935	2,098,853
110,053	Gains from Contributed Assets	88,160	109,573	24	166,120	136,719	120,229
468,892	Sales of Goods and Services Revenue	471,365	482,202	2	495,579	576,582	587,771
122,177	Interest Income	128,173	135,201	5	124,041	127,218	125,198
55,566	Distribution from Financial Investments	43,102	63,167	47	64,463	55,289	58,868
237,640	Dividend and Income Tax Equivalents	262,644	329,428	25	295,188	275,526	307,443
135,145	Other Revenue	122,760	137,729	12	141,062	143,324	146,298
4,411,854	**Total Revenue**	**4,491,504**	**4,609,541**	**3**	**4,870,140**	**5,056,550**	**5,258,508**

As can be seen from Table 6.1.1 above, the majority of GGS revenue is from Commonwealth Government grants (40 per cent) and own source taxation (32 per cent).

The ACT has a number of revenue raising disadvantages in comparison with other jurisdictions as a significant proportion of the Territory's economic activity is generated by Commonwealth Government expenditure within the Territory. Commonwealth employment, which contributes much of the Territory's wages expenditure, is exempt from payroll tax.

The Territory has a moderate but growing, private employment base. The key sectors of private sector employment are in the construction, professional services, retail and health care sectors. Employment in manufacturing, agricultural and mining industries, important contributors to the diversity and growth in other jurisdictions' payroll tax bases, is small in the ACT.

While the ACT is compensated for these limitations through the Commonwealth Grants Commission's assessment process for allocating GST revenue, it nevertheless has comparatively less capacity and flexibility to raise own-source revenue than other jurisdictions.

The Territory's revenue forecasts are based on the continuation of the Government's tax reform program which commenced in 2012-13 and will result in the replacement of conveyance duty with general rates over a 20 year period, and insurance duty over a five year period.

Taxation

The estimated outcome for taxation revenue in 2014-15 is $1.4 billion, which is $51.7 million (3.7 per cent) above the original budget. This change is largely due to a one-off fee paid by Tabcorp following the sale of ACTTAB to Tabcorp on 14 October 2014.

For 2015-16, taxation revenue is forecast to increase by $49.9 million (3.5 per cent), which is mainly due to both indexation and new initiatives such as land tax, motor vehicle registration and the Fire and Emergency Service Levy (FESL). This increase in revenue would be seven per cent in 2015-16 if the Tabcorp payment was excluded from 2014-15 revenue.

Table 6.1.2
Taxation Revenue

2014-15 Budget		2014-15 Est. Outcome	2015-16 Budget	Var.	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
$'000		$'000	$'000	%	$'000	$'000	$'000
	General Tax						
363,908	Payroll Tax	360,549	402,250	12	429,127	457,841	488,524
165	Tax Waivers	18,153	5,733	-68	172	178	182
379,940	General Rates	378,684	419,759	11	463,288	507,211	553,743
89,065	Land Tax	89,065	94,069	6	101,345	108,579	116,112
833,078	**Total General Tax**	**846,451**	**921,811**	**9**	**993,932**	**1,073,809**	**1,158,561**
	Duties						
226,428	Conveyances	220,003	229,057	4	238,554	248,647	258,833
23,478	General Insurance	24,694	12,964	-48	-	-	-
1,414	Life Insurance	1,662	873	-47	-	-	-
29,876	Motor Vehicle Registrations and Transfers	29,291	30,286	3	31,317	32,381	33,482
281,196	**Total Duties**	**275,650**	**273,180**	**-1**	**269,871**	**281,028**	**292,315**
	Gambling Taxes						
1,757	ACTTAB/Tabcorp Licence Fee	48,462	1,025	-98	1,051	1,077	1,104
34,852	Gaming Tax	32,939	33,793	3	34,639	35,505	36,393
1,992	Casino Tax	1,500	1,538	3	1,576	1,615	1,655
14,710	Interstate Lotteries	15,305	15,683	2	16,075	16,476	16,888
53,311	**Total Gambling Taxes**	**98,206**	**52,039**	**-47**	**53,341**	**54,673**	**56,040**
	Other Taxes						
113,713	Motor Vehicle Registration	113,719	121,013	6	129,708	138,053	147,011
19,188	Ambulance Levy	19,188	20,652	8	22,194	23,281	24,424
14,580	Lease Variation Charge	14,165	16,290	15	17,593	18,174	18,118
25,695	Utilities (Network Facilities) Tax	25,695	26,980	5	28,329	29,746	31,232
44,008	Fire and Emergency Service Levy	43,403	54,411	25	62,952	71,783	80,702
1,871	City Centre Marketing and Improvements Levy	1,871	1,806	-3	1,743	1,682	1,624
3,461	Energy Industry Levy	3,461	3,548	3	3,637	3,728	3,821
222,516	**Total Other Taxes**	**221,502**	**244,700**	**9**	**266,156**	**286,447**	**306,932**
1,390,101	**Total Taxation**	**1,441,809**	**1,491,730**	**3**	**1,583,300**	**1,695,957**	**1,813,848**

Payroll Tax

The payroll tax rate in the ACT remains unchanged at 6.85 per cent on wages and other taxable payments made by employers, where the Australia-wide wages bill of the employer exceed the threshold of $1.85 million per annum.

The 2014-15 estimated outcome is $360.5 million and the forecast for 2015-16 is $402.3 million. The expected $41.7 million increase in 2015-16 is due in part to growth in employment and wages in relevant sectors of the ACT economy, as well as the payroll tax harmonisation initiative which commenced on 1 January 2015.

Tax Waivers

Tax waivers represent the amount of revenue that has been waived. The estimated value of waivers is also reflected in expenses. The grossing up of revenue and expenses enables tax treatments to be transparent.

The estimate at the 2014-15 Budget was $0.165 million and the 2014-15 estimated outcome is $18.2 million. The increase from the 2014-15 Budget is mainly due to waivers of general rates and conveyance duty for home owners taking part in the Asbestos Eradication Scheme. Waivers are forecast at $5.7 million in 2015-16, which also reflects waivers under the above Scheme, before returning to trend levels from 2016-17.

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.

The 2014-15 estimated outcome for rates revenue is $378.7 million. This is expected to increase to $419.8 million in 2015-16. General rates revenue from existing properties will increase in 2015-16 by the Wage Price Index and revenue replacement from taxation reforms. These factors will result in an average general rates increase of around nine per cent for residential and commercial properties in 2015-16.

General rates revenue estimates also include expected revenue for new properties. An adjustment for the estimated amount of pensioner rebates and discounts for early payment has also been included.

The rating system in 2015-16 will have the following elements:

- a fixed charge of:
  - $730 for residential properties;
  - $150 for rural properties; and
  - $2,130 for commercial properties.
- a valuation based charge on the Average Unimproved Land Value (AUV) for 2015 (which is the average of 2013, 2014 and 2015 land values);
- marginal rating factors applied to the AUV of residential properties (refer to Table 6.1.3):

Table 6.1.3
General Rates Marginal Rates

Thresholds	Marginal Rates
0 to $150,000	0.2746%
$150,001 to $300,000	0.3857%
$300,001 to $450,000	0.4629%
$450,001 and above	0.5339%

- marginal rating factors applied to the AUV of commercial properties (refer to Table 6.1.4):

Table 6.1.4
General Rates Marginal Rates

Threshold	Marginal Rates
0 to $150,000	2.6274%
$150,001 to $275,000	3.0467%
$275,001 and above	4.4339%

- a rating factor of 0.1468 per cent applied to the AUV of rural properties (the same as in 2014-15); and
- a pensioner rebate cap (for residential properties) of $700 for post 1 July 1997 applicants.

Land Tax

Land tax applies to any residential property that is rented, or any residential property owned by a corporation or a trustee, even if the property is not rented. Land tax assessments in 2015-16 will be based on a valuation based charge on the AUV for 2015 (which is the average of 2013, 2014 and 2015 land values) and a fixed charge of $945. The fixed charge introduced in the 2014-15 Budget has been indexed by five per cent to help ensure an equitable distribution of land tax revenue between houses and units over time. More information on this initiative, can be found in the Revenue Initiatives (Chapter 3.4).

The estimated outcome from land tax revenue is $89.1 million in 2014-15 and is estimated to increase to $94.1 million in 2015-16. The increase in revenue is mainly due to the indexation of the fixed charge.

Table 6.1.5 shows the land tax marginal rates that will apply to residential properties in 2015-16.

Table 6.1.5
Land Tax – Marginal Rates

Thresholds (AUV)	Marginal Rates
$0 to $75,000	0.41%
$75,001 to $150,000	0.48%
$150,001 to $275,000	0.61%
$275,001+	1.23%

Duty on Conveyances

Duty is levied on the agreement for the sale or transfer of land, a Crown lease or a land use entitlement located in the ACT.

The duty rates are generally applied to the transfer value of the property. A concessional rate applies for persons qualifying under the ACT Home Buyer Concession Scheme, the ACT Pensioner Duty Concession Scheme or the Over 60s Home Bonus Scheme.

The estimated outcome for 2014-15 for conveyance duty is $220 million and the forecast for 2015-16 is $229.1 million. The rates of conveyance duty will continue to be decreased over a 20 year period as a key part of the ACT tax reform program. Table 6.1.6 outlines conveyance duty thresholds and rates for the next three years. The 2015-16 rates will apply from 3 June 2015.

Table 6.1.6
Conveyance Duty Thresholds and Rates

Threshold	2014-15 %	2015-16 %	2016-17 %	2017-18 %
Up to $200,000	2.0	1.8	1.48	1.47
$200,001 to $300,000	3.5	3.0	2.5	2.49
$300,001 to $500,000	4.15	4.0	4.0	3.99
$500,001 to $750,000	5.0	5.0	5.0	4.8
$750,001 to $1,000,000	6.5	6.5	6.5	6
$1,000,001 to $1,454,999	7.0	7.0	7.0	6.75
$1,455,000 and above[1]	5.25	5.17	5.09	4.89

Note:
1. The $1,455,000 and above rate is a flat rate.

Duty on General Insurance

From 1 July 2015, general insurance premiums will incur duty at the rate of 2 per cent of the net premiums received. This is a reduction from the duty rate of 4 per cent that applied during 2014-15. The estimated outcome for 2014-15 is $24.7 million and the forecast for 2015-16 is $13 million. Duty on insurance will be fully abolished on 1 July 2016.

Duty on Life Insurance

Duty on life insurance contracts (term, temporary or insurance rider policies) will be calculated until 30 June 2015 at the rate of 2 per cent of the first year's premium. The duty rate will reduce to 1 per cent from 1 July 2015.

Duty on all other life insurance contracts will be calculated until 30 June 2015 at the rate of $0.40 plus $0.08 per $200 or part thereof in excess of $2,000, and $0.40 for each contract where the sum insured is $2,000 or less.

From 1 July 2015 duty on all other life insurance contracts will reduce to $0.20 plus $0.04 per $200 or part thereof in excess of $2,000, and $0.20 for each contract where the sum insured is $2,000 or less. Life insurance annuities are exempt from duty.

The estimated outcome for 2014-15 is $1.7 million with $0.9 million forecast for 2015-16. Duty on insurance will be fully abolished on 1 July 2016.

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.

The 2014-15 estimated outcome is $29.3 million and the forecast for 2015-16 is $30.3 million.

ACTTAB/Tabcorp Licence Fee

The estimate of $1.8 million at the time of the 2014-15 Budget reflects licence fees paid by ACTTAB. The significant increase in the estimated outcome for 2014-15 is due to a one-off fee paid by Tabcorp following the sale of ACTTAB to Tabcorp on 14 October 2014. Forecast revenue from 2015-16 onwards reflects the annual Tabcorp license fee (which was $1 million in 2014-15) and is subject to annual indexation.

Gaming Tax

Gaming tax revenue incorporates gaming machine taxes and interactive gaming taxes. Gaming machines are taxed on the basis of monthly gross revenue, which is defined as monthly gaming machine revenue less amounts paid out in prize money. Estimated total gaming tax revenue for 2014-15 is $32.9 million and the forecast for 2015-16 is $33.8 million.

Casino Tax

The tax applying to Casino Canberra is 10.9 per cent of gross profit from general gaming operations. Estimated revenue for 2014-15 is $1.5 million and the forecast for 2015-16 is $1.5 million.

Interstate Lotteries

The ACT receives revenue based on the value of NSW and Victorian Lotteries tickets purchased in the ACT. Estimated revenue for 2014-15 is $15.3 million and the forecast for 2015-16 is $15.7 million.

Motor Vehicle Registration Fees

The estimated revenue from motor vehicle registrations in 2014-15 is $113.7 million and the forecast for 2015-16 is $121.0 million. The six per cent increase in revenue is in part due to a five per cent indexation of registration fees, which is partly offset by a reduction in the administration charge for quarterly or half yearly payments. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative. The 2015-16 forecast also includes allowance for growth in the number of motor vehicle registrations.

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 revenue for 2014-15 is $19.2 million and the forecast for the 2015-16 Budget is $20.7 million. This increase is largely due to an increase in the Ambulance Levy rate from 1 January 2016 and an increase in the number of insurance premiums. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative.

Lease Variation Charge

The 2014-15 outcome is estimated at $14.2 million and the forecast for 2015-16 is $16.3 million. The forecast increase in 2015-16 is due to the cessation in March 2016 of the additional Leave Variation Charge remissions available under the Government's economic stimulus package.

Utilities (Network Facilities) Tax

The Utilities (Network Facilities) Tax (UNFT) applies to the owner of a utility network facility that is installed on or under land in the ACT. The 2014-15 estimated outcome is $25.7 million, with $27 million forecast in 2015-16. This increase reflects the five per cent per annum indexing of the UNFT announced in the 2014-15 Budget.

Fire and Emergency Services Levy (FESL)

A FESL is charged on all rateable properties in the ACT. The revenue raised from the FESL is used to support the Emergency Services Agency (ESA) to deliver high quality and effective services.

The estimates for FESL revenue include expected revenue from both existing and new properties, and represent the net amount after allowing for pensioner rebates and discounts for early payment. The estimated outcome from FESL revenue is $43.4 million in 2014-15, which is expected to increase to $54.4 million in 2015-16.

The increase in FESL revenue is to help meet the increasing demand in the Territory for fire, SES and ambulance services. In addition, the Commonwealth Government is refusing to pay the true cost of delivering fire services to its assets in the Territory.

The increase in 2015-16 is in part due to the Government's decision to raise an additional $6.3 million in FESL revenue each year over the next four years, which will be distributed over residential properties. The ACT Government is transitioning the Emergency Services Agency to a more sustainable funding model so that, in total, by 2018-19 the FESL and other emergency services charges (the Road Rescue Fee and the Ambulance Levy) will account for approximately 75 to 80 per cent of the total cost of delivering emergency services to the Canberra community, which is the standard used by other jurisdictions across Australia. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative.

The 2015-16 Budget estimate also includes the $3 million increase announced in the 2013-14 Budget, which will be distributed equally between residential and commercial properties.

The FESL in 2015-16 will have the following elements:

- a fixed charge of $196 for residential and rural properties (an increase from $130);
- a pensioner rebate of 50 per cent; and
- a valuation-based charge for commercial properties with progressive marginal rating factors applied to the average of the 2013, 2014 and 2015 unimproved land values.

Table 6.1.7 outlines the new FESL thresholds and rates for commercial properties.

Table 6.1.7
FESL Thresholds and Rates for Commercial Properties

AUV Thresholds	Marginal Rates
$1 to $300,000	0.6773%
$300,001 to $2,000,000	0.7990%
$2,000,001 and above	0.8253%

City Centre Marketing and Improvements Levy (CCMIL)

The CCMIL applies to all rateable commercial properties in the City and selected areas in Braddon and Turner adjacent to the City Centre. The collection area is divided into two zones and the levy is applied on the AUV of each property at the rate of 0.2992 per cent for the retail core and the rate of 0.2161 per cent for the non-retail core.

The revenue collected from the CCMIL is used to promote, maintain and improve the amenities of the City Centre area. The estimated outcome for 2014-15 is $1.9 million and the forecast for 2015-16 is $1.8 million.

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; and
- local regulatory costs incurred by the Territory in relation to energy utility services.

The levy applies to the energy utility industry sectors of: electricity distribution; electricity supply; gas distribution; and gas supply. The estimated outcome for 2014-15 is $3.5 million and the forecast for 2015-16 is $3.5 million.

ACT Taxes Compared to NSW

Table 6.1.8 shows the comparative rates of tax between the ACT and NSW for major taxation items. Note that the release of the 2015-16 NSW Budget in June 2015 may change the information below.

Table 6.1.8
Major ACT Taxes compared with NSW

Tax type	ACT	NSW
Land Tax	Applied quarterly on the three year Average Unimproved Value (AUV). Land used for primary production is exempt from land tax. **Residential** - applied on rateable properties that are rented, or properties owned by a trust or a corporation even if they are not rented (excluding land owned by a building or development company). A fixed charge of $945 in 2015-16 is applied to each land taxable property, in addition to the marginal rates. For 2015-16, the marginal rates are as follows: • AUV up to $75,000 – 0.41% • AUV $75,001 to $150,000 – 0.48% • AUV $150,001 to $275,000 – 0.61% • AUV $275,001 and above – 1.23%	Applied annually on the three year Average Unimproved Value (AUV). Generally, the principal place of residence or land used for primary production is exempt. The 2015 rate is $100 plus 1.6% of the taxable land value between the land tax threshold for 2015 of $432,000 (three year average) and $2,641,000. A premium land tax marginal rate applies if the land value is above $2,641,000. Over this value, land tax is $35,444 for the first $2,641,000 then 2% over that value. For land owned by a trustee of a special trust, a flat rate of 1.6% without any land value threshold applies; then 2% after the premium threshold. A company is assessed for land tax the same way as sole owners, except when related to another company. When assessing related companies, the concessional company receives the benefit of the threshold ($432,000) and each other company (non-concessional) is assessed without the threshold. Where the concessional or joint

Tax type	ACT	NSW
	The value of each individual property is assessed for land tax. Commercial properties are not subject to land tax due to the ACT Government's Taxation Reforms.	concessional companies' land value exceeds the premium rate threshold, the land value of each non-concessional company is assessed at 2% of the taxable value. Where the land value exceeds the general but not premium threshold, the land value of each non-concessional company is assessed at 1.6%. The value of an entity's entire land holdings is assessed for land tax (aggregation). The 2014 threshold was $412,000, with the premium threshold $2,519,000.
Payroll Tax	6.85% As of 1 July 2014, first $1,850,000 exempt per financial year.	5.45% For 2014-15, first $750,000 exempt. Since 1 July 2013, this threshold is no longer indexed.
Duty on Conveyances	From 3 June 2015, the greater of $20 or the amount resulting from applying the following rates based on the size of the transaction: Up to $200,000 – 1.8% $200,001 to $300,000 – 3.0% $300,001 to $500,000 – 4.0% $500,001 to $750,000 – 5.0% $750,001 to $1,000,000 – 6.5% $1,000,001 to $1,454,999 – 7.0% $1,455,000 and above – 5.17% (flat rate applied to the entire transaction value). **Home Buyer Concession Scheme (HBCS)**: For transactions dated from 3 June 2015: • concession for house and land value up to $560,000; and • concession for vacant land value up to $303,800. **Pensioner Duty Concession Scheme (PDCS)**: For transactions dated from 3 June 2015: • concession for house and land value up to $807,000. • concession for vacant land value up to $391,700. **Over 60s Home Bonus Scheme**: The Scheme was introduced on 4 June 2014. It is similar to the PDCS, for non-pensioners who are aged 60 years and over. All other criteria are the same as the PDCS.	The greater of $10 or the amount resulting from applying the rates of $1.25 to a maximum of $5.50 per $100 for transactions up to $3.0 million. Premium Property Duty: For dutiable transactions above $3.0 million, the duty payable is $150,490 plus the rate of $7.00 per $100 or part thereof that exceeds $3.0 million. Premium property duty only applies to residential land. **First Home – New Home Scheme:** The First Home – New Home scheme provides that an agreement or transfer will only be eligible for a concession or exemption if it is for the acquisition of a new home or vacant land intended to be used as the site for a new home. A duty concession is not available for established properties. Eligible first home buyers will not pay duty on a new home or off the plan purchase valued up to $550,000 with a phase-out concession up to a property value cap of $650,000. For vacant land, no duty is payable for a value up to $350,000 and phasing out at $450,000. These rates have applied from 1 July 2012.

Tax type	ACT	NSW
	For transactions dated from 3 June 2015: • concession for house and land value up to $807,000. • concession for vacant land value up to $391,700. The property value thresholds for the HBCS, PDCS and Over 60s Home Bonus are determined biannually, taking into account movements in the market.	
Mortgages and Loan Security Duty	Not applied in the ACT.	Charged on the amount secured by the mortgage. $0 - $16,000: $5.00 duty Above $16,000: $5.00 plus $4.00 per $1,000 or part thereof in excess of $16,000. Further advances: $4.00 for every $1,000, or part of $1,000 of the amount secured. Not chargeable on advances made to natural persons for owner-occupied housing and investment housing. Duty on mortgages will be abolished from 1 July 2016.
Duty on Motor Vehicle Registrations	**No green vehicle rating** <u>Valued at $45,000 or less</u> $3 per $100 <u>Valued at more than $45,000</u> $1,350+$5 per $100 or part thereof over $45,000 **Green vehicle rating** Applies to new motor vehicles not previously registered anywhere in Australia. Rates depend on the green vehicle rating (environmental performance score) and value. <u>Valued at $45,000 or less</u> A rated (16 or more) = nil B rated (14 or more but < 16) = $2 per $100 C rated (9.5 or more but < 14) = $3 per $100 D rated (less than 9.5) = $4 per $100 <u>Valued at more than $45,000</u> A rated (16 or more) = nil B rated (14 or more but < 16) = $900 plus $4 per $100 above $45,000 C rated (9.5 or more but < 14) = $1,350 plus $5 per $100 above $45,000 D rated (less than 9.5) = $1,800 plus $6 per $100 above $45,000	Under $45,000: $3 per $100 (or part of $100). Over $45,000: $1,350 + $5 per $100 or part thereof over $45,000.

Tax type	ACT	NSW
Duty on General Insurance	2% of the value of the premium from 1 July 2015. Duty on general insurance will be reduced each year until 1 July 2016, when insurance duty will be abolished.	2.5% 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 per cent Type B insurance (e.g. a vehicle): 5 per cent Type C insurance (e.g. livestock): 2.5 per cent
Duty on Life Insurance	**Term, temporary or insurance rider policies** 1% of the first year's premium from 1 July 2015. **All other** <u>From 1 July 2015:</u> Sum insured $0 to $2,000 - $0.20 Sum insured over $2,000 - $.20 plus $0.04 per $200 or part thereof in excess of $2,000. Duty on life insurance will be reduced each year until 1 July 2016, when insurance duty will be abolished.	**Term, temporary or insurance rider policies** 5% of the first year's premium **Trauma or disability policies** 5% of premium paid to effect the insurance **All other (e.g. life insurance)** Sum insured $0 to $2,000 - $1 Sum insured over $2,000 - $1 plus $0.20 per $200 or part thereof in excess of $2,000

Commonwealth Government Grants

Total revenue expected to be received from Commonwealth Government grants in 2015-16 is $1.9 billion.

Further information on funding for Commonwealth Government grants can be found in Federal Financial Relations (Chapter 7.1).

Table 6.1.9
Commonwealth Government Grants

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Current Grants						
1,098,600	GST Revenue Grant	1,105,409	1,032,368	-7	1,103,268	1,167,795	1,234,980
37,983	ACT Municipal Services	37,983	38,515	1	39,131	39,757	40,393
586,981	National Specific Purpose Payments (SPPs)	625,866	659,033	5	700,276	667,109	695,923
48,638	Financial Assistance Grants to Local Government	48,882	48,562	-1	48,541	50,567	52,697
38,507	National Partnership Payments (NPP) - Current	43,296	28,859	-33	39,120	57,072	23,534
9,494	Other Commonwealth Government Payments - Current	10,293	11,677	13	11,881	11,872	11,391
1,820,203	**Total Current Grants**	**1,871,729**	**1,819,014**	**-3**	**1,942,217**	**1,994,172**	**2,058,918**
	Capital Grants						
72,077	National Partnership Payments (NPPs) - Capital	61,762	41,497	-33	58,170	51,763	39,935
72,077	**Total Capital Grants**	**61,762**	**41,497**	-33	**58,170**	**51,763**	**39,935**
1,892,280	**Total Commonwealth Government Funding**	**1,933,491**	**1,860,511**	**-4**	**2,000,387**	**2,045,935**	**2,098,853**

Contributed Assets

Table 6.1.10 provides a summary of contributed assets. Contributed assets largely relate to land development infrastructure assets transferred to the GGS from the Land Development Agency and private developers.

Variations between the 2014-15 estimated outcome, 2015-16 Budget and across the forward estimates period mainly reflect revisions to the land release program. Please refer to the Supply and Release of Land (Chapter 5.3) for more information on the land release program.

Table 6.1.10
Contributed Assets

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
109,799	Gains from Contributed Assets	87,903	109,313	24	165,849	136,439	119,938
254	Resources Received Free of Charge	257	260	1	271	280	291
110,053	**Total Contributed Assets**	**88,160**	**109,573**	**24**	**166,120**	**136,719**	**120,229**

Sale of Goods and Services

The sale of goods and services revenue in 2014-15 is estimated to increase by $2.5 million from the original budget of $468.9 million. This is largely attributable to increases in service receipts (non ACT Government) and casino licence fees.

The 2015-16 forecast for sales of goods and services is expected to increase by $10.8 million from the 2014-15 estimated outcome mainly due to increases in cross border health receipts and fees for regulatory services, partly offset by a reduction in revenue from casino licence fees.

Details of sale of goods and services are provided in Table 6.1.11.

Table 6.1.11
Sale of Goods and Services

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Regulatory Fees						
871	Casino Licence Fees	4,975	6	-100	6	6	6
10,226	Drivers Licences	10,117	10,621	5	10,993	11,377	11,776
1,982	Taxi Licences	1,751	2,056	17	2,128	2,202	2,280
90,069	Fees for Regulatory Services	90,785	96,777	7	100,660	105,167	107,386
28,454	Water Abstraction Charge	28,454	30,535	7	30,535	30,573	30,573
131,602	**Total Regulatory Fees**	**136,082**	**139,995**	**3**	**144,322**	**149,325**	**152,021**
	Other						
17,766	Parking Fees	15,371	17,047	11	18,997	19,576	20,226
34,618	Inpatient Fees	35,720	36,580	2	37,353	38,471	39,433
5,144	Non-Inpatient Fees	5,060	5,457	8	5,646	5,823	6,019
3,873	Meals and Accommodation	3,443	3,525	2	3,596	3,636	3,727
84,249	Cross Border Health Receipts	89,525	93,053	4	94,896	163,662	164,854
21,340	Sales	21,033	22,759	8	23,059	24,150	25,123
112,357	Service Receipts (Non ACT Government)	120,588	119,528	-1	122,583	125,280	128,333
13,899	Rent from Tenants	3,937	4,062	3	4,172	4,282	4,511
22,453	Miscellaneous	20,908	20,319	-3	20,635	21,385	21,930
21,591	User Charges - ACT Government	19,698	19,877	1	20,320	20,992	21,594
337,290	**Total Other**	**335,283**	**342,207**	**2**	**351,257**	**427,257**	**435,750**
468,892	**Total Sale of Goods and Services**	**471,365**	**482,202**	**2**	**495,579**	**576,582**	**587,771**

Casino Licence Fees

The casino licensee pays the casino licence fee to the ACT Gambling and Racing Commission. The Commission also collects casino employees' licence fees for licensing staff employed by the casino. The sale of Casino Canberra was finalised in December 2014 and, as part of the sale process a revised licence fee was paid in February 2015 that covers the period to 7 February 2020. The remaining amounts in 2015-16 and across the forward estimates are for employees' licence fees.

Drivers Licences

The revenue from drivers licences in 2014-15 is estimated at $10.1 million and the forecast for 2015-16 is $10.6 million.

Taxi Licences

The 2014-15 estimated outcome for revenue from taxi licences is estimated to be $1.8 million, which has decreased by around 13 per cent compared to the 2014-15 Budget. This is because a number of taxi licenses were not renewed in 2014-15. The number of taxi licenses and the associated revenue is expected to return to trend in 2015-16.

Fees for Regulatory Services

The 2014-15 estimated outcome for fees for regulatory services is $90.8 million and is expected to increase to $96.8 million in 2015-16. This increase is due to increased activity and the four per cent annual indexation of regulatory services fees announced in the 2014-15 Budget.

Water Abstraction Charge

The Water Abstraction Charge (WAC) in 2014-15 is estimated to be $28.5 million and is expected to increase to $30.5 million in 2015-16. This increase is partly attributed to an increase in the volume of water consumption and the two per cent increase in the WAC in 2015-16. Refer to Revenue Initiatives (Chapter 3.4) for more information on this initiative.

Parking Fees

The estimated revenue from parking fees in 2014-15 is $15.4 million and the forecast for 2015-16 is $17.1 million, with the increase partly due to the introduction of after-hours pay parking near major entertainment venues in Civic and a six per cent increase in parking fees. Refer to Revenue Initiatives (Chapter 3.4) for more information on these initiatives.

Patient Fees

Inpatient fees and non-inpatient fees are payments for the provision of hospital and related services, which are collected at the Canberra Hospital. Patient fees relate to admitted patients, while non-inpatient fees are primarily for accident and emergency services.

The 2014-15 estimated outcome for inpatient fees is $35.7 million, and $5.1 million for non-inpatient fees. The 2015-16 Budget estimates are $36.6 million and $5.5 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 2014-15 is $89.5 million, and the forecast for 2015-16 is $93.1 million reflecting an increase in usage of medical services by non-ACT residents.

In 2017-18, the Commonwealth will cease funding for interstate patients treated in ACT public hospitals. The $68.8 million revenue increase in 2017-18 is due to the Territory seeking full reimbursement for cross border activity from other jurisdictions.

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 2014-15 is $21.0 million and the forecast for 2015-16 is $22.8 million.

Service Receipts (non-ACT Government)

This item 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 2014-15 estimated outcome is $120.6 million and the 2015-16 Budget forecast is $119.5 million.

Miscellaneous

Miscellaneous revenue is estimated at $20.9 million for 2014-15 and the 2015-16 Budget forecast is $20.3 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 2014-15 estimated outcome is $19.7 million and the 2015-16 Budget forecast is $19.9 million.

Interest Income

Table 6.1.12 provides a summary of interest expected to be received.

Table 6.1.12
Interest Income

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Interest Received						
29,111	Interest Received from Banks	41,489	41,439	..	25,543	25,116	26,528
80,630	Interest Received on Advances and Loans to Agencies	71,449	79,145	11	84,405	86,699	82,164
5,367	Interest Received on Advances from Private Sector – Non Banks	2,830	1,786	-37	1,687	1,582	1,471
4,387	Interest Received – Other	4,802	6,533	36	6,122	7,081	7,806
2,682	Interest from Financial Investments	7,603	6,298	-17	6,284	6,740	7,229
122,177	**Total Interest Received**	**128,173**	**135,201**	**5**	**124,041**	**127,218**	**125,198**

Interest Received from Banks

This item represents the interest income recognised by the Territory Banking Account for general government investments. Interest income from banks is interest earnings on cash, short-term securities and fixed interest assets. General government investments comprise the balances of the Territory Banking Account and investments made on behalf of government directorates and some Territory Authorities.

The increase of $12.4 million in the 2014-15 estimated outcome from the original budget is mainly due to higher levels of investment balances held during the year and a higher actual investment return than estimated.

Interest Received on Advances and Loans to Agencies

Interest received on advances and loans to agencies mainly relates to interest loans provided by the Territory to Icon Water.

The decrease of $9.2 million in the 2014-15 estimated outcome from the original budget is mainly due to lower interest receipts on inflation linked loans due to lower CPI during the year and the timing and lower amount of new borrowings.

The increase of $7.7 million in the 2015-16 Budget from the 2014-15 estimated outcome reflects higher interest receipts due to new borrowings and higher interest payments on inflation linked loans.

Interest Received from Private Sector

Interest received from the private sector, being the University of Canberra, will decrease by $2.5 million from the 2014-15 Budget due to the early in-advance repayment of $42 million against outstanding loans to the Territory.

The decrease of $1 million from the 2014-15 estimated outcome to the 2015-16 Budget is due to interest being applied to a lower loan balance due to the commencement of scheduled loan principal repayments.

This interest is represented as being received from an external party as the University of Canberra is not consolidated into the financial statements of the Territory.

Other Interest Income

Other interest income includes income mainly recognised by the Home Loan Portfolio, the Chief Minister, Treasury and Economic Development Directorate, the Territory and Municipal Services Directorate and the Environment and Planning Directorate. The majority of interest recognised relates to interest charged to the Land Development Agency in relation to the holding costs of land.

Other interest income is expected to increase by $1.7 million from the 2014-15 estimated outcome to the 2015-16 Budget.

Interest from Financial Investments

Interest from financial investments mainly comprises interest earnings on cash and fixed income investment assets of the Superannuation Provision Account.

The increase of $4.9 million in the 2014-15 estimated outcome from the original budget is mainly due to higher than anticipated interest earnings on the Australian inflation linked debt investments through changes in the portfolio holdings over the year. The decrease of $1.3 million from the 2014-15 estimated outcome to the 2015-16 Budget mainly reflects the anticipated changes to the portfolio's asset allocation.

Distributions from Financial Investments

Table 6.1.13 provides a summary of distribution from financial investments received.

Table 6.1.13
Distributions from Financial Investments

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Interest Received						
55,566	Distributions from Financial Investments	43,102	63,167	47	64,463	55,289	58,868
55,566	**Total Interest Received**	**43,102**	**63,167**	**47**	**64,463**	**55,289**	**58,868**

Distributions from Financial Investments

The decrease of $12.5 million in the 2014-15 estimated outcome from the original budget is mainly due to the timing of distribution receipts, the availability of income for distribution from the investment trusts and the asset allocation of the Superannuation Provision Account.

The increase of $20.1 million in the 2015-16 Budget from the 2014-15 estimated outcome mainly reflects the timing of distribution receipts and the asset allocation of the Superannuation Provision Account.

Dividends and Tax Equivalents

Table 6.1.14 provides a summary of dividends and tax equivalents.

Table 6.1.14
Dividends and Tax Equivalents

2014-15 Budget		2014-15 Est. Outcome	2015-16 Budget	Var	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
$'000		$'000	$'000	%	$'000	$'000	$'000
	Dividends						
81,036	Dividends – Icon Water	79,308	69,172	-13	74,918	74,334	79,707
418	Dividends – ACTTAB	700	-	-100	-	-	-
500	Dividends – CIT Solutions	250	500	100	500	500	500
81,880	Dividends – Land Development Agency	60,379	107,043	77	56,746	74,456	68,329
54,527	Dividends from Financial Investments	51,100	50,858	..	49,892	53,624	57,640
175,471	**Total Dividends**	**191,737**	**227,573**	**19**	**182,056**	**202,914**	**206,176**
	Tax Equivalents						
62,169	Income Tax Equivalent	70,907	101,855	44	113,132	72,612	101,267
62,169	**Total Tax Equivalents**	**70,907**	**101,855**	44	**113,132**	**72,612**	**101,267**
237,640	**Total Dividend and Tax Equivalents**	**262,644**	**329,428**	**25**	**295,188**	**275,526**	**307,443**

Icon Water

Icon Water's estimated 2014-15 dividend of $79.3 million is $1.7 million below the original 2014-15 Budget, followed by a decrease of $10.1 million in 2015-16. Lower energy distribution charges resulting from the Australian Energy Regulator's final decision for ActewAGL's distribution business has reduced expected profits for ActewAGL, thereby reducing Icon Water's dividend payment for 2015-16.

ACTTAB

As ACTTAB was sold on 14 October 2014, the 2014-15 estimated outcome reflects the final ACTTAB dividend payment.

CIT Solutions

CIT Solutions' estimated 2014-15 dividend is 50 per cent below the original 2014-15 Budget. This is to ensure that CIT Solutions has sufficient cashflow reserves over the coming months to meet the cost of design and development work for new major contracts. The dividend returns to normal levels from 2015-16 onwards.

Land Development Agency (LDA)

The LDA's 'nominal' surplus is not fully recognised as revenue in the GGS Net Operating Balance, consistent with the Government Finance Statistics (GFS) accounting principles. In general, LDA's nominal surplus comprises sale of assets (for example, undeveloped commercial land) and profit from development and marketing activities. Proceeds from asset sales (including gains from land rezoning) are treated as capital distributions and only profits from development and marketing activities are recognised as dividend revenue.

The dividend is forecast to decrease by $21.5 million in 2014-15 and increase by $46.7 million in 2015-16, due to increased sales activity. Refer to Supply and Release of Land (Chapter 5.2).

Dividends from Financial Investments

This represents dividends from financial investment assets of the Superannuation Provision Account. The decrease of $3.4 million in the 2014-15 estimated outcome from the original budget is mainly due to the actual share investment holdings over the year and the level of dividend revenue expected to be received.

Income Tax Equivalents

This represents income tax equivalent payments made by the Public Trading Enterprise sector. The estimated outcome for 2014-15 is $70.9 million and reflects the performance forecast from the ACT agencies that are subject to the National Tax Equivalent Regime.

The increase of $8.7 million in 2014-15 from the original budget forecast is primarily due to greater than expected contributions from Icon Water and the Land Development Agency.

Revenue of $101.9 million is forecast for 2015-16. The increase of $30.9 million from the 2014-15 estimated outcome reflects significant increased activity in 2015-16 by the Land Development Agency.

Other Revenue

Table 6.1.15 provides the 2014-15 estimated outcome, the 2015-16 Budget and the forward estimates for other revenue.

The 2014-15 outcome is expected to decrease by $12.1 million relative to the 2014-15 Budget estimate. Other revenue is expected to increase in 2015-16 by $15 million to $137.7 million.

Table 6.1.15
Other Revenue

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
22,285	Traffic Infringement Fines	20,400	23,590	16	24,915	26,321	27,809
283	Court Fines	380	380	-	380	380	380
12,392	Parking Fines	10,525	13,625	29	14,442	15,309	16,228
378	Other Fines	491	1,059	116	1,063	1,068	1,072
35,338	**Total Fines**	**31,796**	**38,654**	**22**	**40,800**	**43,078**	**45,489**
	Other						
14,762	Superannuation Contribution	12,721	12,649	-1	12,070	11,744	11,538
16,191	Rents and Commutation	15,513	16,885	9	17,069	16,611	16,055
18,647	Contributions	19,047	20,047	5	20,047	20,047	20,047
49,907	Other Miscellaneous Revenue	43,683	49,494	12	51,076	51,844	53,169
99,507	**Total Other**	**90,964**	**99,075**	8	**100,262**	**100,246**	**100,809**
134,845	**Total Other Revenue**	**122,760**	**137,729**	**11**	**141,062**	**143,324**	**146,298**

Traffic Infringement Fines

The estimated revenue from traffic infringement fines in 2014-15 is $20.4 million, which is $1.9 million lower than the 2014-15 Budget estimate. This is because of a reduction in the number of traffic fines issued in 2014-15, partly due to the replacement of fixed and mobile speed cameras in 2014. Revenue from traffic infringement fines is expected to increase to $23.6 million in 2015-16 which assumes the number of traffic fines will return to trend.

Parking Fines

The estimated outcome from parking fines revenue in 2014-15 is $10.5 million, which is $1.9 million less than the 2014-15 Budget. This is because of initial technical issues associated with the Parkmobile app which reduced compliance enforcement. The introduction of the National Capital Authority parking has also removed compliance enforcement in the Parliamentary triangle.

Parking fine revenue is expected to increase to $13.6 million in 2015-16 partly due to an increased presence of Parking Operations inspectors.

Other Fines

Revenue from other fines is forecast to increase from $0.5 million in 2014-15 to $1.1 million in 2015-16 mostly due to a $10 increase to the Victims of Crime Assistance Scheme. Refer to Expense Initiatives (Chapter 3.2) for more information on this initiative.

Superannuation Contributions

This item represents the payment of employer superannuation contributions to the Territory Banking Account (TBA) by the Public Trading Enterprise sector and external sector (ActewAGL). The contribution calculations are based on annual actuarially determined employer contribution rates for either the CSS or PSS membership. This item also includes the employee contributions to the TBA by those Members of the Legislative Assembly who are members of the defined benefit superannuation arrangement.

Rents and Commutation

Rents and commutation income is expected to decrease by $0.7 million in the 2014-15 estimated outcome compared to the original 2014-15 Budget. The 2015-16 Budget forecast shows an increase of $1.4 million, partly due to higher rental revenue under the land rent scheme.

Contributions

This item includes voluntary contributions, fundraising and excursion funds, and revenue from hire of school buildings, which are collected by schools and the Education and Training Directorate.

Other Miscellaneous Revenue

Other miscellaneous revenue is expected to increase in 2015-16 compared to the 2014-15 estimated outcome by $5.8 million.

Table 6.1.16 below provides a breakdown of other miscellaneous revenue.

Table 6.1.16
Breakdown – Other Miscellaneous Revenue

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Revenue from Financial Investments	853	688	680	730	785
Donations	1,484	1,518	1,548	1,672	1,714
Other Grants	10,888	18,328	18,763	18,975	19,413
Recoveries	13,492	11,901	12,477	12,847	13,268
Contributions	2,471	1,966	1,923	1,880	1,884
Perpetual Care Trust	1,952	1,525	1,855	1,907	1,987
Problem Gambling Assistance Fund	1,085	1,112	1,140	1,169	1,198
Regulatory Fees	1,364	1,366	1,368	1,368	1,368
Miscellaneous	10,094	11,090	11,322	11,296	11,552
Total Other Miscellaneous Revenue	**43,683**	**49,494**	**51,076**	**51,844**	**53,169**

6.2 TAXATION REFORM

The Government is committed to making the Territory's taxation system fairer, simpler and more efficient through with significant reforms to the Territory's taxation system. For the Budget, the Government continues the reform process that it started in the 2012-13 Budget.

The main reform initiative relates to the abolition of inefficient taxes, including conveyance duty (over a twenty year period) and insurance duty (over a five year period). The revenue lost through the abolition of these inefficient taxes will be replaced through the general rates system. This will preserve capacity for the provision of high quality government services and ensure future generations do not bear the economic costs of an unfair and inefficient tax system. In addition, tax reform will result in significant economic gains in the wider economy due to the improvements in efficiency.

Continuing Taxation Reform

The 2015-16 Budget continues the tax reform agenda first announced in the 2012-13 Budget, to abolish duty on insurance policies and conveyance duty.

Duty on Insurance

In the 2012-13 Budget, the Government announced the abolition of duty on insurance policies over a five year period. The 2015-16 financial year will be the last year that duty will apply on insurance policies with rates being fully abolished effective on 1 July 2016.

From 1 July 2015, duty rates on general insurance will reduce from four per cent to two per cent. Duty on life insurance will reduce from two per cent to one per cent.

The rates for insurance duty until 2016-17 are shown in Table 6.2.1 below.

Table 6.2.1: Duty on Insurance Taxes (%)

	2015-16	2016-17
General insurance	2	0
Life insurance	1	0

From 1 July 2015, an ACT household paying around $2,500 per year in insurance (home and motor vehicle) will save an additional $50 in 2015-16 as a result of this reform. The total annual saving from the introduction of these reforms, in 2012-13, will be approximately $200 in 2015-16.

The ACT's low and declining insurance duty rates compare favourably to other jurisdictions. The rate of duty on general insurance in NSW and Queensland is nine per cent, 10 per cent in Victoria and 11 per cent in South Australia.

Conveyance Duty

In 2012-13, the Government announced the abolition of conveyance duty over a twenty year period. This timeframe was set to ensure the reform was undertaken in a staged approach, and to allow households and businesses time to plan and make decisions with certainty as to the reform program.

In the 2013-14 Budget, the Government established a flat rate of conveyance duty for large properties. The Government will further reduce the flat rate in this budget to 5.17 per cent in 2015-16 for all properties (residential and commercial) with a sale value above $1.455 million. Table 6.2.2 shows the conveyance duty rate scale.

Table 6.2.2: Conveyance Duty Rates

Threshold	2014-15 %	2015-16 %	2016-17 %	2017-18 %
Up to $200,000	2.0	1.8	1.48	1.47
$200,001 to $300,000	3.5	3.0	2.5	2.49
$300,001 to $500,000	4.15	4.0	4.0	3.99
$500,001 to $750,000	5.0	5.0	5.0	4.8
$750,001 to $1,000,000	6.5	6.5	6.5	6
$1,000,001 to $1,454,999	7.0	7.0	7.0	6.75
$1,455,000 and above*	5.25	5.17	5.09	4.89

Note:* The $1,455,000 and above rate is a flat rate.

Table 6.2.3 below shows the reduction in conveyance duty payable since the commencement of the reform program in 2012-13 for a range of different property values. For example, as a result of taxation reform:

- for a property valued at $300,000, the saving is $2,900;
- for a property valued at $500,000, the saving is $5,900;
- for a property valued at $750,000, the saving is $7,775; and
- for a property valued at $2,000,000 the saving is $13,350.

Table 6.2.3: Conveyance Duty by Threshold

Property value ($)	Duty Payable (pre reform) 2011-12 ($)	Duty Payable 2015-16 ($)	Total savings in 2015-16 ($)
200,000	5,500	3,600	1,900
300,000	9,500	6,600	2,900
500,000	20,500	14,600	5,900
750,000	34,875	27,100	7,775
2,000,000	116,750	103,400	13,350

The Government's reforms to conveyance duty continue to provide significant savings on higher value properties, which in the ACT are almost exclusively confined to the commercial sector. Table 6.2.4 below shows the reduction in conveyance duty payable for high value properties since the commencement of the reform program in 2012-13. For example:

- for a property valued at $5 million, the additional saving in 2015-16 is $4,000 with a total saving of $60,750 since taxation reform commenced;
- for a property valued at $10 million, the additional saving in 2015-16 is $8,000 with a total saving of $139,750 since taxation reform commenced; and
- for a property valued at $20 million, the additional saving in 2015-16 is $16,000 with a total saving of $297,750 since taxation reform commenced.

Table 6.2.4: Conveyance Duty by Threshold – High Value Properties

Property value ($)	Duty Payable (pre reform) 2011-12 ($)	Duty Payable 2015-16 ($)	Total savings in 2015-16 ($)
5,000,000	319,250	258,500	60,750
10,000,000	656,750	517,000	139,750
20,000,000	1,331,750	1,034,000	297,750
30,000,000	2,006,750	1,551,000	455,750

Under this reform, conveyance duty in the ACT will be lower for all property values compared with Victoria. Properties valued up to $850,000 will incur less conveyance duty in the ACT compared with NSW.

General Rates

On average, general rates on residential and commercial properties will increase by around nine per cent in 2015-16, continuing the tax reform program by replacing inefficient taxes on conveyances and insurance premiums with an efficient land based tax.

This is lower than the 10 per cent rate foreshadowed in the 2014-15 Budget due to lower levels of general inflation. The 2015-16 Budget assumes that general rates will increase by nine per cent in 2015-16, 8.75 per cent in 2016-17, 8.5 per cent in 2017-18 and 8.25 per cent in 2018-19. These rate increases are part of the Government's reforms to move our tax base away from inefficient transaction based taxes to a more efficient land tax system.

CHAPTER 7

FEDERAL FINANCIAL RELATIONS

Chapter		Page
7.1	Federal Financial Relations	225

7.1 FEDERAL FINANCIAL RELATIONS

The ACT is an independent member of the Federation but with unique circumstances as a City/State in a National Capital setting and as a major regional centre.

In that context this chapter outlines developments in the ACT's financial relations with the Commonwealth, States and the Northern Territory that occurred in 2014-15, and the likely flow-on effects into 2015-16.

A key development in 2014-15 was the Commonwealth Grants Commission release of its *Report on GST Sharing Relativities: 2015 Review*. This report has set the scene for the distribution of GST revenue between the States and Territories for the next five financial years. Further discussion and information on the impact of the report for the ACT are included in this chapter.

Also in 2014-15 a review of the relationship between the levels of Government in Australia commenced in earnest. This review has the potential for significant changes, foreshadowed in early work underpinning a promised 2016 White Paper on Reform of the Federation and a promised 2016 White Paper on the Reform of Australia's Tax System.

Any reallocation of roles and responsibilities and tax reforms proposed in the White Paper process would have financial implications for all parties. Further discussion on progress is also included in this chapter.

Sources of Federal Funding

The sources of federal funding are General Revenue Assistance, inclusive of GST, Financial Assistance Grants, National Specific Purpose Payments (SPPs) and National Partnership Payments (NPPs).

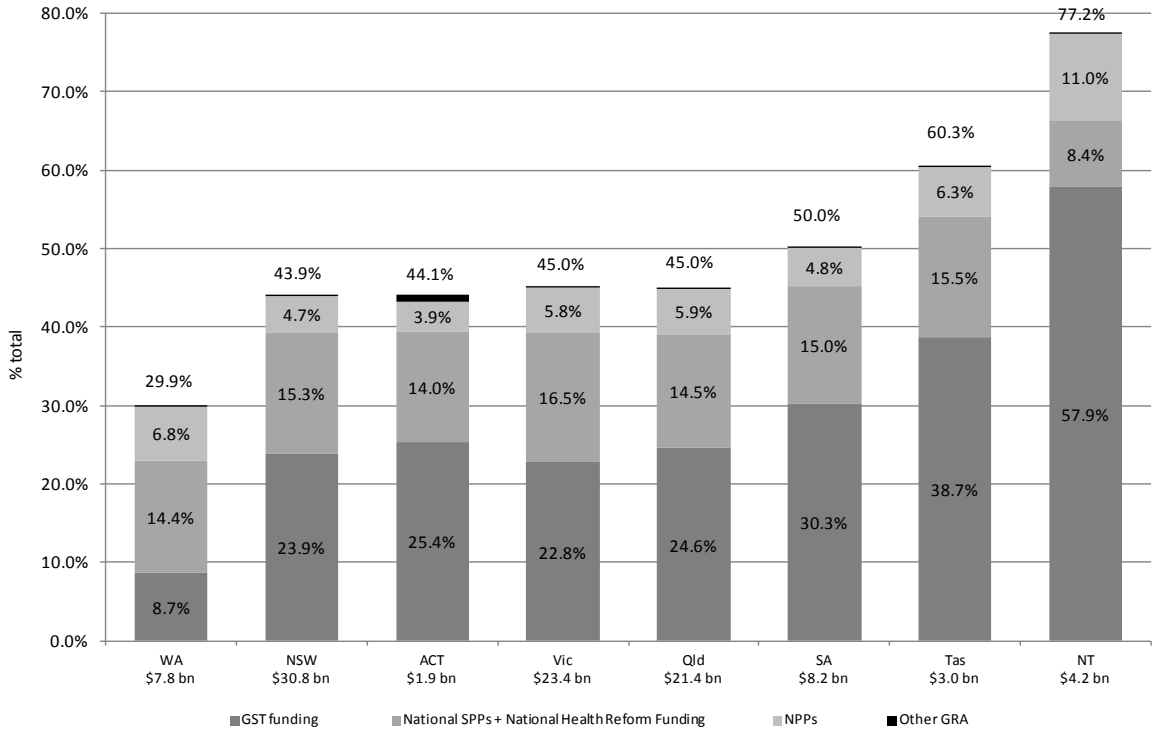
Figure 7.1.1 below illustrates the sources of Commonwealth revenue payments to the States[1] for 2014-15. On average, the States received 44.7 per cent of their funding from the Commonwealth.

The ACT received approximately 44 per cent of its funding from the Commonwealth in 2014-15.

An understanding of the aggregate transfer to jurisdictions is particularly important when comparing respective shares of any one individual stream of transfers such as the GST redistribution. The ACT is less dependent on Commonwealth funding than most other States. The ACT's relatively high GST allocation is offset by relatively lower SPP and NPP funding compared with other States.

[1] The word 'States' refers to the States and Territories unless otherwise indicated.

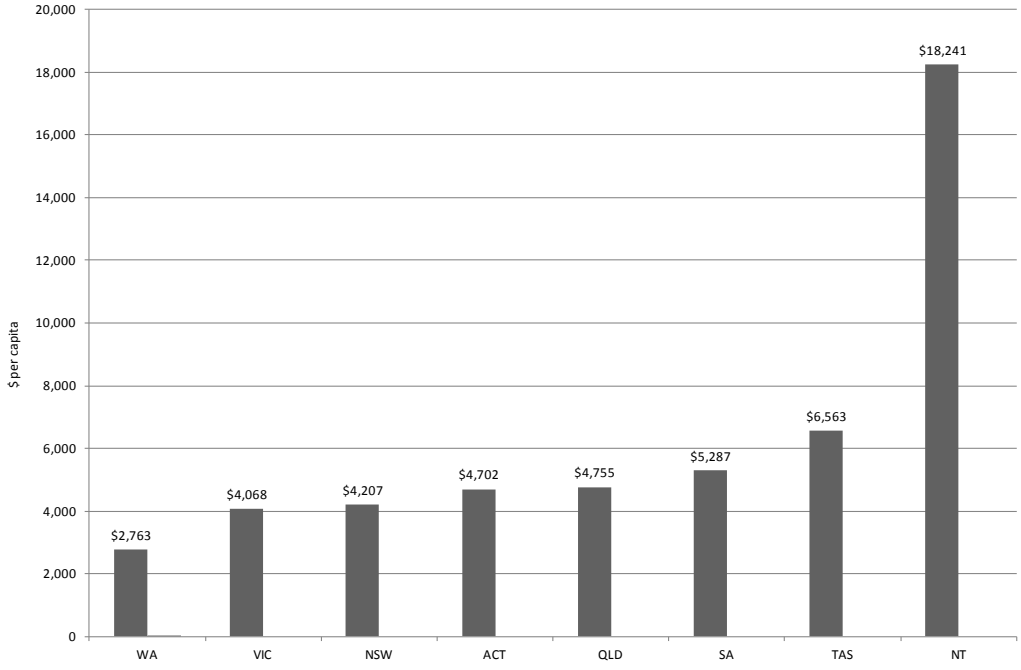
Figure 7.1.1
State-Territory Revenue Profile from the Commonwealth in 2014-15



Sources: 2014-15 Commonwealth Mid-Year Economic and Fiscal Outlook; 2014-15 State Mid-Year Budget Review Papers.

In 2015-16 the ACT will receive the third lowest amount of combined SPP and NPP funding from the Commonwealth on an actual per capita basis. The ACT will receive the fourth lowest total of Commonwealth grants per capita in 2015-16, as illustrated in Figure 7.1.2.

Figure 7.1.2
Commonwealth Payments to the States on an actual per capita basis in 2015-16



Source: 2015-16 Commonwealth Budget, Budget Paper No.3.

The 2015-16 Commonwealth Budget shows that the ACT will receive the following estimated receipts from the Commonwealth Government:

- General Revenue Assistance, comprising:
  - Goods and Services Tax (GST) of $1,032.4 million, representing a decrease of $73.0 million over 2014-15; and
  - ACT Municipal Services payments of $38.5 million, representing an increase of $0.5 million over 2014-15;
- SPPs of $659.0 million, representing an increase of $33.2 million over 2014-15;
- NPPs of $130.6 million[2]; representing a decrease of $33.6 million over 2014-15; and
- Other Commonwealth Payments comprising:
  - Financial Assistance Grants[3] – Local Government grants of $48.6 million, representing a decrease of $0.3 million over 2014-15.

The figures above reflect the 2015-16 Commonwealth Budget estimated 2014-15 outcome and 2015-16. Each type of grant is discussed in more detail in the following sections.

General Revenue Assistance

General Revenue Assistance transfers from the Commonwealth Government represent a major source of untied funding in support of the delivery of state type services in the ACT. It is estimated they will comprise approximately 40 per cent of the ACT's General Government Sector revenues in 2015-16. Table 7.1.1 below summarises the expected level of GRA funding to the ACT across the Budget and forward estimates.

Table 7.1.1
Commonwealth Government General Revenue Assistance funding to the ACT

	2014-15 Est. Out. $m	2015-16 Budget $m	Variation $m	Variation %	2016-17 Estimate $m	2017-18 Estimate $m	2018-19 Estimate $m
General Revenue Assistance							
GST Revenue	1,105.4	1,032.4	-73.0	-6.6	1,103.3	1,167.8	1,235.0
ACT Municipal Services	38.0	38.5	0.5	1.4	39.1	39.8	40.4
Total General Revenue Assistance	**1,143.4**	**1,070.9**	**-72.5**	**-6.3**	**1,142.4**	**1,207.6**	**1,275.4**

Note: Table may not add due to rounding.
Source: The 2015-16 Commonwealth Budget; Chief Minister, Treasury and Economic Development Directorate calculations.

[2] This figure includes the additional funding commitment of $167,000 for the BreastScreen Australia Programme received after the 2015-16 Commonwealth Budget and the ACT Treasury estimated for funding to be received through the Asset Recycling Initiative.
[3] The 2014-15 estimate for Financial Assistance Grants includes $0.209 million for an underpayment in 2013-14 due to adjustments related to the funding parameters.

GST Revenues

GST payments to the ACT in any year reflect: the total national GST pool; the ACT's GST relativity[4]; and the Australian Bureau of Statistics' estimates of the ACT and national populations.

The GST is distributed to the States as 'untied' payments and consistent with the principle of Horizontal Fiscal Equalisation (HFE)[5].

In relation to the forward estimates, the GST revenue receipts to the ACT are based on:

- the 2015-16 Commonwealth Budget forward estimates of the GST pool:
  - the Commonwealth projections included two measures that are expected to increase the GST pool:
    - a three year extension to the GST compliance program from 2016-17, increasing the estimated GST pool by $1.8 billion over three years; and
    - a proposal to extend the application of GST to include digital products and services imported by consumers from 2017-18, increasing total pool estimates by $350 million over two years;
- the Commonwealth's forward estimate of the ACT's population as a percentage of the national total; and
- the 2015-16 GST relativity for the ACT held constant across the forward years.

It should be noted that the ACT Government's approach to estimating GST relativities for the forward estimates differs from that of the Commonwealth Government.

This arises as the Commonwealth Grants Commission (CGC) only recommends GST relativities for the Budget year based on its assessment of state revenues and expenses under average policy settings, taking into account economic, demographic and geographic circumstances. It does not project relativities because its relativities are based on actual outcomes in past years.

In its Budget Papers, the Commonwealth produces technical projections of GST relativities beyond the Budget year for the purposes of publishing state breakdowns of the GST entitlement.

Given that state fiscal capacities will inevitably change over time and accordingly that the CGC's future recommended relativities will differ from the Commonwealth's projected technical relativities, the ACT has consistently adopted the practice of holding the current relativity constant over the forward years.

The overall movement in GST grants to the ACT throughout the year since the 2014-15 Budget release is illustrated in Table 7.1.2 below. In 2015-16, it is estimated that the ACT will receive $1,032.4 million in GST. This is $97.2 million greater than if the GST were distributed based on an equal per capita share across jurisdictions.

[4] A per capita weight assessed by the Commonwealth Grants Commission for use by Commonwealth Treasury in calculating the share of the GST revenue a State requires to achieve horizontal fiscal equalisation.

[5] A distribution of GST revenue to State governments such that, after allowing for material factors affecting revenues and expenditures, each would have the fiscal capacity to provide services and their associated infrastructure at the same standard, if each made the same effort to raise revenue from its own sources, operated at the same level of efficiency and maintained the average per capita net financial worth.

Table 7.1.2
Reconciliation of GST Revenue Grants to the ACT

GST Grants to the ACT		2014-15 $m	2015-16 $m	2016-17 $m	2017-18 $m	2018-19 $m	Total $m
2014-15 ACT Budget	**3 June 2014**	**1,098.6**	**1,168.0**	**1,239.7**	**1,310.5**	**0**	**4,816.8**
	Variation (1)	*7.1*	*0.0*	*0.0*	*0.0*	*0*	*7.1*
Final Budget Outcome	**November 2014***	**1,105.7**	**1,168.0**	**1,239.7**	**1,310.5**	**0**	**4,823.9**
	Variation (2)	*-1.3*	*1.8*	*-3.6*	*-6.9*	*0*	*-10.0*
Federal MYEFO 2014-15	**December 2014***	**1,104.4**	**1,169.8**	**1,236.2**	**1,303.6**	**0**	**4,813.9**
ACT Budget Review 2014-15	**19 January 2015***	**1,104.4**	**1,169.8**	**1,236.2**	**1,303.6**	**0**	**4,813.9**
	Variation (3)	*1.0*	*-137.4*	*-132.9*	*-135.8*	*0*	*-405.1*
2015-16 Federal Budget	**12 May 2015***	**1,105.4**	**1,032.4**	**1,103.3**	**1,167.8**	**1,235.0****	**4,408.8****
2015-16 ACT Budget	**2 June 2015***	**1,105.4**	**1,032.4**	**1,103.3**	**1,167.8**	**1,235.0**	**5,643.8**

Notes: Table may not add due to rounding.

* Includes the underpayment of GST revenue in 2013-14 paid in 2014-15.

** Total does not include 2018-19.

Parameter Variations:

1. The 2013-14 Final Budget Outcome – Balancing adjustment of $7.1 million for payment under in 2013-14 to be paid in 2014-15.
2. The 2014-15 Commonwealth Mid-Year Economic and Fiscal Outlook: Revised GST revenue pool and population estimates.
3. The 2015-16 Commonwealth Budget: Revised GST revenue pool and population estimates. Commonwealth Grants Commission 2015 Review Report: Revised GST relativities.

ACT Municipal Services

The Commonwealth provides GRA to the ACT to assist meeting the additional local government type municipal costs which arise from Canberra's role as the National Capital, and to compensate the ACT for additional costs resulting from the National Capital planning influences on the provision of water and sewerage services.

This funding is additional to the Financial Assistance Grants to Local Government, which support normal municipal functions in the Territory (Financial Assistance Grants are discussed later in this chapter).

The level of funding is based upon the findings of the Commonwealth Grants Commission at the time of self-government and is indexed annually by a growth factor comprised of indicators for wage growth and inflation. Downward revisions to wage growth in the 2015-16 Commonwealth Budget have reduced the growth of ACT Municipal Services payments over the Budget and forward estimates period.

National Specific Purpose Payments (SPPs)

In accordance with the *Intergovernmental Agreement on Federal Financial Relations* (IGA-FFR), which took effect on 1 July 2009, SPPs transitioned from an historical to a population share distribution between States (equal per student in the case of the National Schools SPP) over the five year period from 2009-10 to 2013-14.

There were originally five SPPs under which the Commonwealth made payments to the States:

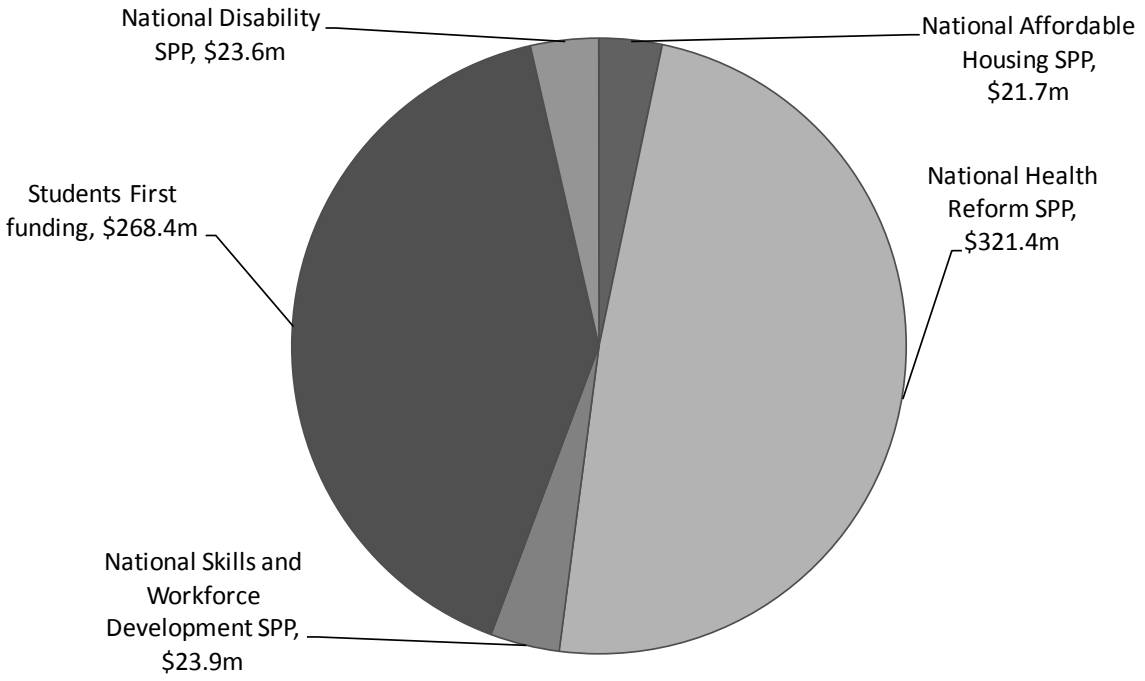
- National Healthcare SPP;
- National Schools SPP;
- National Skills and Workforce Development SPP;
- National Affordable Housing SPP; and
- National Disability SPP.

Major national reforms in recent years saw the replacement of the National Healthcare SPP with National Health Reform (NHR) funding from July 2012, and of the National Schools SPP with National Education Reform (now known as Students First) funding from January 2014. These reforms replaced block funding models with funding based on individual demand.

In the 2014-15 Commonwealth Budget, the Commonwealth Government unilaterally decided to return to a block funding approach for health and education specific purpose funding, from 2017-18, with indexation based on population growth and Consumer Price Index (CPI). This results in significantly reduced funding to the States and Territories for these services compared with what would have been paid both under the reform models and under the previous SPP indexation arrangements.

The relative distribution of these SPPs across sectors is illustrated in Figure 7.1.3.

Figure 7.1.3
2015-16 National Specific Purpose Payments to the ACT by sector ($ millions)



Source: Commonwealth Budget 2015‑16 Paper No.3.

The Commonwealth's SPP funding to the ACT is detailed in Table 7.1.3 below.

The ACT is required to spend the funding it receives under each National SPP in the service sector relevant to the SPP. For example, the National Affordable Housing funding must be expended in the housing sector – but the ACT has full budget flexibility to allocate funds within that sector as it sees fit to achieve any mutually agreed objectives for that sector.

Table 7.1.3
Commonwealth National Specific Purpose Payments to the ACT

	2014-15 Est. Out. $m	2015-16 Budget $m	Variation $m	Variation %	2016-17 Estimate $m	2017-18 Estimate $m	2018-19 Estimate $m
National Health Reform funding/ Public Hospitals funding	304.6	321.4	**16.8**	5.5	343.9	296.1	308.4
Students First funding	253.4	268.4	**15.0**	5.9	285.7	298.6	313.5
National Skills and Workforce Development SPP	23.5	23.9	**0.3**	1.3	24.2	24.6	25.0
National Disability SPP	22.9	23.6	**0.8**	3.4	24.5	25.4	26.4
National Affordable Housing SPP	21.4	21.7	**0.3**	1.3	22.0	22.4	22.7
Total National Specific Purpose Payments	**625.9**	**659.0**	**33.2**	**5.3**	**700.3**	**667.1**	**695.9**

Note: Table may not add due to rounding.
Source: 2015-16 Commonwealth Budget, Budget Paper No.3.

Distribution of National SPPs

Details of the changes made to funding arrangements under the National SPPs in each sector are set out below.

Health Funding

In the 2015-16 Commonwealth Budget, the Commonwealth Government confirmed changes to funding arrangements announced in the 2014-15 Commonwealth Budget.

Funding arrangements under the National Health Reform Agreement (NHRA) came into operation for all States from July 2014, linking funding directly to the level of services delivered in public hospitals in each State. From 2014-15 to 2016-17, the Commonwealth was to maintain its previous percentage of base funding and fund 45 per cent of volume growth, both at the National Efficient Price (determined annually by an independent authority).

At the time of its 2014-15 Budget, the Commonwealth Government unilaterally moved away from the guarantee of minimum payments, as agreed under the NHRA, which significantly reduced payments the ACT had expected to receive under this agreement. Refer to Budget Outlook (Chapter 2.1) for more information on the reduction in Commonwealth Government health funding.

The 2014-15 Commonwealth Budget also changes indexation arrangements. Specifically, from 1 July 2017, the Commonwealth will index its contribution for public hospitals funding by the Consumer Price Index (CPI) and population growth. This change withdrew the previous Commonwealth commitment under the NHRA to fund 50 per cent of efficient growth from 2017-18 and introduced a cap on the Commonwealth contribution. The effect of this change is that funding will no longer be determined by the actual level of services delivered by public hospitals. Instead, allocation of Public Hospital funding for 2017-18 and beyond will be capped and distributed on an equal per capita basis. The Commonwealth is forecasting growth in Public Hospitals SPP funding from 2017-18 at only 4.15 per cent, considerably lower than the historic growth in Commonwealth funding of around 11 per cent.

A further result of this change is that, from 2017-18, the ACT will not receive direct payments from the Commonwealth for services provided to NSW residents, and will be required to seek reimbursement of the full cost of those services from the NSW Government.

The Commonwealth has renamed Health SPP funding as Public Hospitals funding from 2017-18 onwards in recognition of the decision to cease the funding arrangements under the National Health Reform Agreement.

Schools Funding

The Students First SPP involves a needs-based funding model called the Schooling Resource Standard (SRS). This arrangement was initially for six years; however, the Commonwealth Government, in its 2014-15 Budget, unilaterally reduced the term of agreements on the new funding model previously reached with States and Territories from six years to four years.

From the 2018 school year onwards, total recurrent funding will be indexed by CPI, with an allowance for changes in enrolments.

These changes have been maintained in the 2015-16 Commonwealth Budget.

Disability Funding

Under the current bilateral agreement, the National Disability SPP is progressively being paid to the National Disability Insurance Scheme (NDIS) as ACT clients transition to the NDIS. The NDIS establishes a national scheme which provides lifetime care and support for eligible people who have significant and permanent disabilities. Trial implementations are being run in most States prior to the transition phase.

The ACT plans to have all eligible participants engaged with the Scheme by the end of the trial period at 30 June 2016.

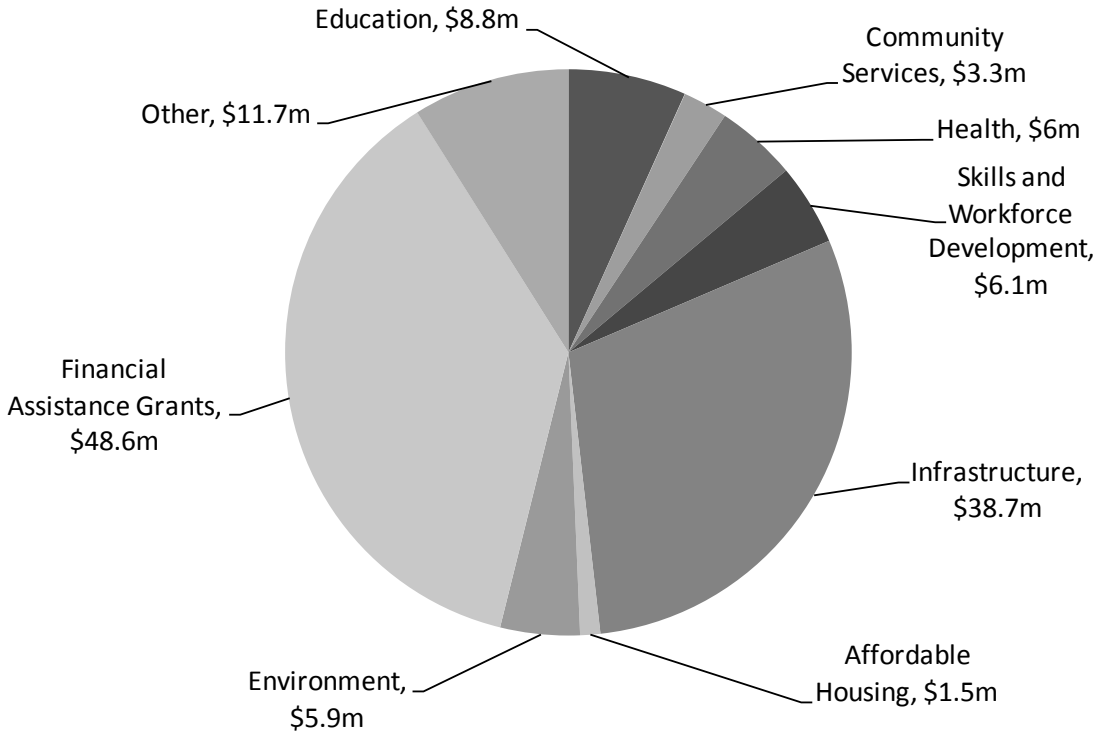
As States and Territories transition participants to the NDIS, funding will move from the National Disability SPP to NDIS. This will require repayment of Disability SPP monies by the States and Territories to the National Disability Insurance Agency on behalf of the Commonwealth Government. States will be able to draw on Medicare Levy surcharge funds paid into the DisabilityCare Australia Fund to help meet their NDIS contributions, in line with the rate at which participants are signed up to NDIS as per the terms of the DisabilityCare Australia Fund Agreement.

National Partnership Payments

Within the context of the IGA-FFR, the Commonwealth provides NPPs to the States, in addition to GRA and SPPs, to support the delivery of specified projects to facilitate reforms or to reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

The distribution of these payments for the ACT across sectors is shown in Figure 7.1.4 below.

Figure 7.1.4
2015-16 Major NP payments to the ACT by sector ($ millions)[6]



Source: Commonwealth Budget 2015‑16 Paper No.3.

[6] Contingent Payments to the ACT in the 2015-16 Commonwealth Budget are excluded. This funding is for the National Partnership Agreement on Hepatitis C Settlement Fund. The ACT has no eligible clients under this agreement.

The distribution of NPPs across sectors reflects both major areas of State service delivery, such as Health and Education, and the significant role played by the Commonwealth in funding State infrastructure, such as hospitals, roads and rail.

All NPPs currently delivering funding to the ACT are summarised by sector in Table 7.1.4 below.

Table 7.1.4
Commonwealth National Partnership Payments to the ACT

	2014-15 Est. Out. $m	2015-16 Budget $m	Variation $m	Variation %	2016-17 Estimate $m	2017-18 Estimate $m	2018-19 Estimate $m
Health[1]	12.9	6.0	-6.9	-53.2	3.0	2.6	2.5
Education	13.8	8.8	-5.0	-36.0	8.4	6.1	0.0
Skills and Workforce Development	6.4	6.1	-0.4	-5.7	8.3	0.0	0.0
Community Services	5.8	3.3	-2.4	-42.0	15.1	47.1	19.8
Affordable Housing	1.5	1.5	0.0	-0.5	1.5	0.0	0.0
Infrastructure[2]	58.3	38.7	-19.6	-33.6	32.1	22.7	23.2
Environment	6.4	5.9	-0.5	-7.6	28.9	30.3	18.0
Financial Assistance Grants[3]	48.9	48.6	-0.3	-0.7	48.5	50.6	52.7
Other[4]	10.3	11.7	1.4	13.4	11.9	11.9	11.4
Total NP Payments	**164.2**	**130.6**	**-33.6**	**-20.5**	**157.7**	**171.3**	**127.6**

Notes: Table may not add due to rounding.

1. This figure includes the additional funding commitment of $167,000 in 2015-16 and $43,000 in 2016-17 for the BreastScreen Australia Program received after the 2015-16 Commonwealth Budget.
2. These figures include the ACT Treasury estimates of funding to be received through the Asset Recycling Initiative. These will be updated as assets are sold or as otherwise required under reporting arrangements with the Commonwealth Government.
3. The 2014-15 estimate for Financial Assistance Grants includes $0.209 million for an underpayment in 2013-14 due to adjustments related to the funding parameters.
4. The Other category includes three NPPs namely Developing demand-driver Infrastructure for the tourism industry; Legal Assistance Services; and Provision of Fire Fighting Services. The detailed amounts are listed in Table 7.1.6.

Source: 2015-16 Commonwealth Budget

Expiring National Partnership Payments

In the 2015-16 Commonwealth Budget, the Commonwealth allowed four NPPs to expire. The total value of these four expired agreements to the ACT was approximately $1.6 million in 2014-15. The expiring agreements are:

- Joint Group Training ($0.2 million);
- Assistance for Students with Disabilities ($1.0 million);
- TAFE Fee Waivers for childcare qualifications ($0.1 million); and
- Indigenous Teenage Sexual and Reproductive Health ($0.3 million).

Some NPPs that were due to expire in 2014-15 with an approximate annual value of $10.7 million have been extended or replaced with new NPPs:

- Homelessness – continued ($1.5 million);
- Universal Access to Early Childhood Education – continued ($7.0 million);
- National Quality Agenda for Early Childhood Education and Care – continued ($0.3 million); and

- Treating more Public Dental Patients ($1.9 million) – this has been replaced with Adult Public Dental Services ($2.4 million).

The Commonwealth Treasurer has acknowledged, in the Council on Federal Financial Relations (CFFR), the need to improve the current process for dealing with expiring agreements to give States earlier notification of the Commonwealth's intentions. He has undertaken to provide notification through the Commonwealth's Mid-Year Economic and Fiscal Outlook (MYEFO) statement on an annual basis. This will enable States and Territories to manage the impacts of expiring agreements in their Budget processes.

New National Partnership Agreements

The NPA on Asset Recycling Initiative (the ARI) commenced on 1 July 2014 and will expire on 30 June 2019. States and Territories have a two year window to reach agreement with the Commonwealth to sell assets and invest the proceeds in productive infrastructure. Infrastructure investment must commence on or before 30 June 2019. The Commonwealth announced a total funding pool of $5 billion for this initiative and has offered a total incentive payment of 15 per cent of the asset's final sale proceeds to be paid to States in two instalments upon completing key milestones.

The ACT Government signed the first agreement under the ARI on 19 February 2015, agreeing to sell assets initially estimated at nearly $400 million (using the valuation method agreed with the Commonwealth for the purpose of commencement of the Initiative), including ACTTAB for $105.5 million. The Commonwealth has agreed to provide around $60 million in incentive payments to the ACT.

The 2015-16 Commonwealth Budget announced the commencement of the NPA on Adult Public Dental Services worth $2.4 million to the ACT in 2015-16. The agreement is only for 12 months as the Commonwealth will consider further funding as part of the White Paper on Reform of the Federation.

The movements in NPPs, including existing National Partnerships, are fully reflected in Table 7.1.6 below – Total Commonwealth Funding to the ACT.

Negotiations on the new NPA, as well as the NPAs that have been announced for extension or replacement, are still in progress between the ACT and the Commonwealth.

Other Commonwealth Payments

This component of Commonwealth funding to the ACT reflects a variety of grants outside the IGA framework, with the largest being Financial Assistance Grants (FAGs) to Local Government.

Financial Assistance Grants to Local Government

Financial Assistance Grants (FAGs) to local government are paid to State governments for on-passing to local governments through the State Grants Commissions. FAGs 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 FAGs are paid directly to the Territory to be spent according to its budget priorities, at approximately two per cent of the FAGs pool.

FAGs payments are made up of two components, general purpose funding and identified local road funding:

- the **general purpose** component is divided amongst the States on an equal per capita basis; and
- 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 FAGs funding is shown in Table 7.1.5 below.

Table 7.1.5
Commonwealth Government Financial Assistance Grants Funding to the ACT

	2014-15 Est. Out. $m	2015-16 Budget $m	Variation $m	Variation %	2016-17 Estimate $m	2017-18 Estimate $m	2018-19 Estimate $m
Financial Assistance Grants[1]	**48.9**	**48.6**	**-0.3**	**-0.7**	**48.5**	**50.6**	**52.7**

Notes: Table may not add due to rounding.

1. The 2014-15 estimate for Financial Assistance Grants includes $0.209 million for an underpayment in 2013–14 due to adjustments related to the funding parameters.

Source: 2015-16 Commonwealth Budget and 2013-14 Final Determination for Financial Assistance Grants for Local Government.

In its 2014-15 Budget, the Commonwealth took a decision to pause the indexation of FAGs for three years from 2014-15 to 2016-17. This meant a reduction in payments to the ACT across these years compared with previous estimates. The pause has been maintained in the 2015-16 Commonwealth Budget.

FAGs are expected to decrease over 2014-15 by $0.3 million. This is due to a reduction in the ACT's population growth, resulting in a lower share of payments to the ACT. The 2014-15 estimate also includes a balancing adjustment of $0.2 million that was paid in 2014-15 for underpayment in 2013-14.

Total Commonwealth Funding to the ACT

All estimated and expected revenue transfers from the Commonwealth Government to the ACT over the Budget period are detailed in Table 7.1.6.

Table 7.1.6
Total Commonwealth Funding to the ACT

2014-15 Budget $'000	FUNDING CATEGORIES	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	General Revenue Assistance					
37,983	ACT Municipal Services	37,983	38,515	39,131	39,757	40,393
1,098,600	GST Revenue	1,105,409	1,032,368	1,103,268	1,167,795	1,234,980
1,136,583	**Total General Revenue Assistance**	**1,143,392**	**1,070,883**	**1,142,399**	**1,207,552**	**1,275,373**
271,080	**Health Services**					
	National Health Reform Payments	304,617	321,427	343,889	0	0
	Public Hospitals Funding	0	0	0	296,132	308,381
	Health Services NPPs					
0	Adult Public Dental Services	0	2,365	nfp	nfp	nfp
3,704	Essential Vaccines	3,532	2,346	2,413	2,457	2,494
50	Health and Hospital Fund Capital – National Cancer System	0	50	0	0	0
0	Health and Hospital Fund Capital – Regional Priority Round	234	0	0	0	0
167	Health Services – BreastScreen[1] Australia – Expansion of Program	167	356	263	0	0
5,000	Health Services – Canberra Hospital Dedicated Paediatric Emergency Care	5,000	0	0	0	0
213	Health Services – National Perinatal Depression Initiative	224	nfp	nfp	0	0
33	Health Services – Vaccine Preventable Diseases Surveillance	33	34	35	0	0
0	National Elective Surgery Target Component - Reward Funding	670	0	0	0	0
262	Indigenous Early Childhood Development - Antenatal and Reproductive Health	262	0	0	0	0
620	Supporting National Mental Health Reform	620	620	0	0	0
102	National Bowel Cancer Screening Programme - Participant Follow-Up Function	102	118	151	184	0
137	OzFoodNet	137	139	141	nfp	nfp

2014-15 Budget $'000	FUNDING CATEGORIES	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
1,904	Treating More Public Dental Patients	1,904	0	0	0	0
12,192	***Total Health Services NPPs***	***12,885***	***6,028***	***3,003***	***2,641***	***2,494***
283,272	**Total Health Services**	**317,502**	**327,455**	**346,892**	**298,773**	**310,875**
	Housing					
21,522	National Affordable Housing SPP	21,421	21,704	22,029	22,357	22,690
	Housing NPPs					
0	First Home Owners Boost	7	0	0	0	0
1,520	Homelessness	1,520	1,520	1,520	0	0
	Total Housing NPPs	***1,527***	***1,520***	***1,520***	***0***	***0***
23,042	**Total Housing**	**22,948**	**23,224**	**23,549**	**22,357**	**22,690**
	Community Services					
23,046	National Disability SPP	22,863	23,640	24,451	25,384	26,416
	Community Services NPPs					
0	Payments from the DisabilityCare Australia Fund	0	1,417	12,490	43,817	15,715
3,700	Assisting Preparation towards the trial of the National Disability Insurance Scheme	3,700	0	0	0	0
1,318	Pay Equity for Social and Community Services	2,076	1,932	2,603	3,311	4,077
5,018	***Total Community Services NPPs***	***5,776***	***3,349***	***15,093***	***47,128***	***19,792***
28,064	**Total Community Services**	**28,639**	**26,989**	**39,544**	**72,512**	**46,208**
	Education and Early Childhood					
	National Schools SPPs and National Education Reform Agreement (Students First) Funding					
73,410	National Education Reform - (Students First) - Government	78,033	82,355	88,008	94,027	99,657
174,268	National Education Reform - (Students First) - Non-Government	175,388	186,049	197,669	204,603	213,793
247,678	***Total National Schools SPPs and National Education Reform Agreement (Students First) Funding***	***253,421***	***268,404***	***285,677***	***298,630***	***313,450***
	Education and Early Childhood NPPs					
240	Independent Public Schools Initiative	260	260	260	0	0
996	More Support for Students with Disability – Government Schools	802	0	0	0	0
0	More Support for Students with Disability – Non Government Schools	194	0	0	0	0

2014-15 Budget $'000	FUNDING CATEGORIES	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
212	National Quality Agenda for Early Childhood Education and Care	318	0	0	0	nfp
0	National School Chaplaincy Programme	966	966	966	966	0
0	Schools Security - Government schools	0	0	0	0	0
0	Schools Security - Non Government schools	35	3	0	0	0
3,919	Trade Training Centres in Schools – Government Schools	2,984	725	0	0	0
826	Trade Training Centres in Schools – Non Government Schools	1,158	0	0	0	0
3,728	Universal Access to Early Childhood Education	7,039	6,849	7,150	5,089	0
9,921	***Total Education and Early Childhood NPPs***	***13,756***	***8,803***	***8,376***	***6,055***	***0***
257,599	**Total Education and Early Childhood**	**267,177**	**277,207**	**294,053**	**304,685**	**313,450**
	Skills and Workforce Development					
23,655	National Skills and Workforce Development SPP	23,544	23,858	24,230	24,606	24,986
	Skills and Workforce Development NPPs					
6,046	Building Australia's Future Workforce – Skills Reform	6,046	6,050	8,276	0	0
0	Joint Group Training Program	234	0	0	0	0
79	TAFE Fee Waivers for Childcare Qualifications NPP	137	0	0	0	0
6,125	***Total Skills and Workforce Development NPPs***	***6,417***	***6,050***	***8,276***	***0***	***0***
29,780	**Total Skills and Workforce Development**	**29,961**	**29,908**	**32,506**	**24,606**	**24,986**
	Infrastructure					
	Infrastructure Investment Programme					
966	Black Spot Projects[2]	796	966	966	966	966
989	Bridges Renewal Programme	0	982	1,308	1,470	1,144
790	Heavy Vehicle Safety and Productivity	0	1,043	1,056	817	654
1,405	Investment – Road Component[2]	568	874	566	566	566
5,600	Roads to Recovery[2]	5,600	5,600	5,600	5,600	5,600
	Infrastructure Growth Package – Asset Recycling Fund					
0	Asset Recycling Initiative[3]	7,810	3,550	20,630	12,910	13,900
837	New Investments	0	10,411	1,610	0	0
	Other Projects					
48,100	Building Australia Fund – Road Component	41,180	6,920	0	0	0

2014-15 Budget $'000	FUNDING CATEGORIES	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
10,000	Centenary of Canberra 2013 – A Gift to the National Capital[4]	2,000	8,000	0	0	0
385	Interstate Road Transport	355	355	355	355	355
69,072	**Total Infrastructure**	**58,309**	**38,701**	**32,091**	**22,684**	**23,185**
	Environmental Services					
0	Bushfire Mitigation	305	300	299	0	0
327	Implementing Water Reform in the Murray Darling Basin	327	327	327	327	327
4,451	Sustainable Rural Water Use and Infrastructure Programme	4,451	3,320	27,000	30,000	17,671
1,958	Natural Disaster Resilience	1,305	1,958	1,305	NFP	NFP
6,736	**Total Environmental Services**	**6,388**	**5,905**	**28,931**	**30,327**	**17,998**
	Other Commonwealth					
0	Developing Demand-Driver Infrastructure for the Tourism Industry	799	775	775	775	0
48,638	Financial Assistance Grants – Local Government[5]	48,882	48,562	48,541	50,567	52,697
4,553	Legal Assistance Services	4,553	5,788	5,813	5,619	5,721
4,941	Provision of Fire Fighting Services	4,941	5,114	5,293	5,478	5,670
58,132	**Total Other Commonwealth**	**59,175**	**60,239**	**60,422**	**62,439**	**64,088**
1,892,280	**Total Commonwealth Government Grant Funding**	**1,933,491**	**1,860,511**	**2,000,387**	**2,045,935**	**2,098,853**

Notes: NFP indicates 'not for publication' in the 2015-16 Commonwealth Budget as negotiations are yet to be finalised.

1. This figure includes the additional funding commitment of $167,000 in 2015-16 and $43,000 in 2016-17 for the BreastScreen Australia Program received after the 2015-16 Commonwealth Budget.
2. Additional funding for these programs is included in the infrastructure growth package – Asset Recycling Fund – New Investments.
3. These figures include ACT Treasury estimates of funding to be received through the Asset Recycling Initiative. These will be updated as assets are sold or as otherwise required under reporting arrangements with the Commonwealth Government.
4. Funding for the redevelopment of Constitution Avenue.
5. The 2014-15 estimate for Financial Assistance Grants includes $0.209 million for an underpayment in 2013-14 due to adjustments related to the funding parameters.

Source: The 2015-16 Commonwealth Budget; the 2013-14 Final Determination for Financial Assistance Grants for Local Government; and Chief Minister, Treasury and Economic Development Directorate calculations.

Developments in Federal Financial Relations Framework in the Context of the ACT

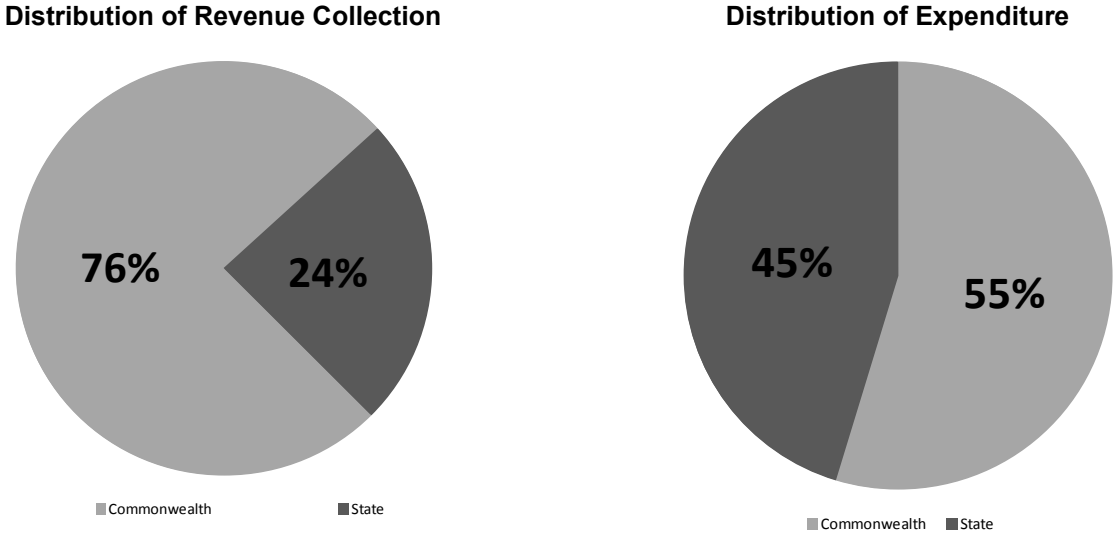
The Australian federal financial relations system is characterised by two distinct features – a high degree of Vertical Fiscal Imbalance (VFI) offset by the transfer of revenue under a Horizontal Fiscal Equalisation (HFE) system:

- VFI reflects a disparity between the revenue generation ability of the Commonwealth Government in excess of its own spending requirements and the obligations of the States and Territories in providing public services but with limited ability to raise their own revenue. VFI arises principally on account of Constitutional limitations on States' revenue raising powers.
- Horizontal fiscal imbalance arises because State and Territory governments have different abilities to raise funds from their tax bases and because their respective costs of providing public services differ. This imbalance is addressed by a HFE policy overseen by the CGC.

To put the concept of VFI into perspective, the Commonwealth Government currently collects around 76 per cent of combined Commonwealth and State Government tax revenue (14 per cent of Commonwealth revenue being from the GST) but is responsible for approximately 55 per cent of total government spending. In contrast, the States collect around 24 per cent of combined tax revenue, but are responsible for around 45 per cent of total government spending.

Figure 7.1.5 below depicts the distribution of Commonwealth-State spending and revenue collection (including the GST).

Figure 7.1.5
2014-15 Estimated Distribution of Federal-State Revenue Collection and Expenditure



Note: Capital expenditure is not included.
Source: ABS, Government Financial Estimates 2014-15 (5501.0.55.001) and Chief Minister, Treasury and Economic Development Directorate calculations.

Report on GST Revenue Sharing Relativities – 2015 Review

For equity and efficiency reasons, the Commonwealth Government distributes a portion of its revenues to the States and Territories, recognising that the States have differing capacities to raise revenues and deliver services. Australia's HFE system engenders stability and confidence in the States' and Territories' fiscal situations; HFE principles are designed to ensure State and Territory governments receive funding in proportion to their relative needs and revenue raising capacities.

The Task

The IGA-FFR sets out the requirement that the Commonwealth and the States and Territories agree that GST revenue should be distributed to the States and Territories to equalise their fiscal capacities.

In terms of reference from the Commonwealth Treasurer on 21 June 2013, the CGC was asked to review the methods which should be used to distribute the GST from 2015-16 to achieve this outcome:

- the CGC was asked to recommend how the GST should be distributed in accordance with the 'principle of Horizontal Fiscal Equalisation' (HFE) and to consider a number of priority issues, including some nominated recommendations of the GST Distribution Review[7]; and
- the terms of reference also provided guidance on the treatment of Commonwealth payments and direction as to how some payments should be treated.

The definition of the 'principle of HFE' adopted by all parties for this review remained unchanged from previous reviews:

- State and Territory governments should receive funding from the pool of goods and services tax such that, after allowing for material factors affecting revenues and expenditures, each would have the fiscal capacity to provide services and the associated infrastructure at the same standard, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency.

Supplementary terms of reference were issued by the Commonwealth Treasurer on 19 December 2014, requiring the CGC to:

- apply a 50 per cent discount to Commonwealth payments under the Infrastructure Growth Program;
- exclude all Commonwealth payments under the Asset Recycling Initiative from equalisation; and
- exclude States' drawdowns from the DisabilityCare Australia Fund during transition to the NDIS from equalisation.

[7] The Australian Government, *GST Distribution Review, Final Report*, October 2012.

The CGC also received a separate letter from the Commonwealth Treasurer on 23 December 2014 requesting advice on a possible approach that would mitigate the negative effects of large and volatile revenues and ensure that States' and Territories' shares of GST in the year are appropriate for their fiscal circumstances in that year.

Recommendations

Table 7.1.7 shows the per capita relativities recommended for use in distributing the GST revenue among the States in 2015-16. It also shows State and Territory shares of the GST revenue implied by the 2015-16 recommendations and an illustrative total GST revenue distribution; it compares these with the results for the 2014-15 year.

Table 7.1.7
Results – relativities, shares and GST distribution 2014-15 and 2015-16

	Relativities		Shares		GST distribution	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
			%	%	$m	$m
Australian Capital Territory	**1.23600**	**1.10012**	**2.0**	**1.8**	**1 097**	**1 040**
New South Wales	0.97500	0.94737	31.2	30.3	16 774	17 311
Victoria	0.88282	0.89254	22.0	22.3	11 828	12 755
Queensland	1.07876	1.12753	21.8	22.8	11 704	13 046
Western Australia	0.37627	0.29999	4.2	3.4	2 248	1 935
South Australia	1.28803	1.35883	9.2	9.7	4 955	5 525
Tasmania	1.63485	1.81906	3.6	3.9	1 914	2 236
Northern Territory	5.66061	5.57053	5.9	5.9	3 189	3 351
Total	1.00000	1.00000	100.0	100.0	53 710	57 200

Note: Table may not add due to rounding.
Source: CGC calculation.

The new assessment increases the share of GST most notably for Tasmania, as well as South Australia and Queensland. The ACT has suffered the second biggest decrease in share, after Western Australia.

Overall Commentary

The CGC's Report highlights the fact that States' and Territories' assessed fiscal capacities continue to reflect divergent trends in their economies and other key influences on their circumstances:

- particularly significant in recent years is the strong population and economic growth arising from mining development in Western Australia, the large impact of natural disaster costs on Queensland, and the ongoing high fiscal disadvantages experienced by the Northern Territory and Tasmania; and
- other emerging influences have been the property market recovery in New South Wales and the relatively high growth in Commonwealth payments to Victoria, each of which reduce their assessed GST shares.

The Main Changes

This methodology review broadly retained the assessment principles and approaches used in previous reviews, but also introduced a number of changes in specific areas in response to matters raised in the terms of reference, changing data sources, suggestions made by States and Territories, and the CGC's analysis of key issues, namely:

- a more comprehensive assessment of State and Territory housing and public transport infrastructure and services;
- the adoption of new data sources and methods in health and schools;
- responses to new funding arrangements for disability services and aged care; and
- a revised assessment structure for mining revenues.

The CGC also reviewed the impact of the methods on budget volatility and concluded that existing methods, applied consistently to all assessments, provide the most reliable, practical and appropriate outcome consistent with achieving HFE over a run of years (albeit with a lag since reliable data is only available on an historical basis).

The CGC retained the three year averaging approach adopted in the 2010 Review which it considers balances competing considerations of practicality, data reliability, contemporaneity and policy neutrality, and which provides for some readily predictable smoothing of payment flows over time.

Implications for the ACT

As discussed above, from the perspective of the ACT's 2015-16 budget, the report's recommendations translate into a loss of $129 million or $325 per capita to the ACT compared with the GST estimates released in the ACT Budget Review in February 2015. This per capita loss to the ACT is the largest of any jurisdiction, as illustrated by Table 7.1.8.

Table 7.1.8
Per capita change in GST distribution due to change in relativity in 2015-16

$ per capita	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
2015-16	-67	22	114	-182	166	436	-325	-223

Source: CGC calculation.

The reasons for the loss involve a multitude of factors, both at the technical level and at the broader intergovernmental level. For example, at a technical level:

- changes in data relating to payroll tax - revision of previous years' Australian Bureau of Statistics data on compensation of employees which increased the ACT's assessed revenue raising capacity, reducing its GST entitlement by approximately $35 million;
- changes in methods of assessment causing a reduction of approximately $93 million, including:
  - adoption of a more comprehensive assessment of public transport expenses, for which the ACT has below the Australian average needs, resulting in a loss of $33 million;
  - a reduced estimate of the impact on State and Territory expenses of below the Australian average provision of health services by the private sector, resulting in a loss of $31 million;
  - recognition of the impact of city size and urban population growth on the need for urban transport infrastructure, resulting in a loss of $27 million; and
- equalisation of 50 per cent of the infrastructure payments provided by the Commonwealth for the Majura Parkway project, a reduction of approximately $10 million in 2015-16.

Other factors were also relevant:

- ACT's GST relativity has been very stable over recent years, sustained by population growth above the national average. This is now changing, with the ACT population growth slipping below the national average;
  - the higher a State or Territory's growth rate above the national average, the more GST it is deemed to require per capita, including the need to provide more infrastructure to service the increased population; and
- terms of reference driven by the earlier GST Distribution Review:
  - this translated into a restricted 2015 review process – 18 months rather than five years, premised on the need for a quick response; with assessments likely to have favoured the ACT, such as administrative scale, not included due to the short timeframe.

The 2015 Review outcome represents a return to the ACT's long run average share of the GST pool.

Importantly, while the ACT has experienced the single biggest redistribution away from it of any jurisdiction in per capita terms, HFE still delivers approximately $98[8] million to the ACT above what would be delivered if the GST were allocated on a population share basis.

[8] CGC calculation based on the 2014-15 MYEFO GST pool and population estimates.

Table 7.1.9 below, from the CGC Report, illustrates the impact of the components contributing to the ACT's assessed GST funding of $1,040 million and how this results in a figure of $98 million above an equal per capital share.

Table 7.1.9
ACT Assessed GST Funding and Above Equal Per Capita funding in 2015-16

	$ per capita	$m
Equal per capita share (1.65 per cent)	**2,370**	**942**
Expense requirement	-482	-192
Investment[1]	-128	-51
Net lending[2]	-1	0
Revenue	731	291
Commonwealth payments[3]	127	51
Assessed GST (1.82 per cent)[4]	**2,617**	**1,040**
Total difference from equal per capita distribution	**248**	**98**

Notes: Table may not add due to rounding.

1. The investment assessment provides each State and Territory with the capacity to acquire the average level of new physical infrastructure. It is the equivalent to 'net acquisition of non-financial assets' that appears in the ABS Government Finance Statistics State operating statement.
2. The net lending assessment provides each State and Territory with the capacity to acquire the average level of income from their net financial assets, i.e. the outcome of an operating budget calculated as expenses and expenditures on non-financial assets, change in inventories, etc less State own source revenues and revenues received from the Australian Government.
3. Includes the impact on the revenue side only. The impact on the expense side is incorporated in the expense requirement line.
4. GST = equal per capita share plus sum of needs.

All eight ACT submissions and other dealings with the CGC can be located on the CGC's public website:
https://cgc.gov.au/index.php?option=com_content&view=article&id=219&Itemid=271.

A White Paper on Reform of the Federation

On 28 June 2014, the Commonwealth Government released the terms of reference for a White Paper on Reform of the Federation. The White Paper will seek to clarify roles and responsibilities to ensure that, as far as possible, the States and Territories are sovereign in their own sphere. The objective will be to:

- reduce and end, as far as possible, the waste, duplication and second guessing between different levels of Government;
  - achieve a more efficient and effective federation and, in so doing, improve national productivity;
  - make interacting with government simpler for citizens; and
  - ensure the federal system:
    - is better understood and valued by Australians (and the case for reform supported);
    - has clearer allocation of roles and responsibilities, enhances governments' autonomy, flexibility and political accountability; and
    - supports Australia's economic growth and international competitiveness.

The review has commenced with:

- the release of a series of Issues Papers – Overview; Health; Education; Housing; and Federal Financial Relations for consultation; and
- stakeholder roundtable consultation sessions in each State and Territory.

These phases will be followed by:

- a Green Paper due in the second half of 2015 which will outline for each sector options for reallocating roles and responsibilities in order to deliver better outcomes; and
- the White Paper by early 2016.

A White Paper on the Reform of Australia's Tax System

In the lead up to the 2013 Commonwealth Election, the Commonwealth Government also promised to deliver a White Paper on Tax Reform in its first term in Government, with the aim of taking any recommended changes to the next Commonwealth Election (likely to be held late in 2016).

At its most basic level, tax reform is the process of changing the bases and/or rates of taxation to maximise economic efficiency and equity.

The Commonwealth Treasurer released the Tax Discussion Paper (*Re:Think*) on 30 March 2015, and is seeking submissions on the issues raised in the discussion paper by 1 June 2015.

COAG Oversight

The members of COAG have agreed to work closely together on the Commonwealth White Papers on Taxation and Reform of the Federation, acknowledging the need to reduce duplication between governments.

All parties acknowledge the need for the White Papers to be considered together, as the roles and responsibilities of governments and tax policy are closely linked.

ACT Government response

The ACT Government and officials are working with the Commonwealth, States and the Northern Territory in providing suitable input to the preparation of both White Papers.

In the context of the Federation Paper, the key policy issues under consideration include:

- devolution of policy development and service delivery to the level of government closest to the ultimate clients (also known as the subsidiarity principle);
- the development of a sustainable revenue base able to meet the needs of a changing and ageing local population;
- a reduction in the degree of vertical fiscal imbalance between the Commonwealth and States and Territories;

- greater empowerment of States and Territories through improved tax bases and tax sovereignty; and
- close alignment of devolution options with funding and revenue raising arrangements, so that these matters may be considered together to facilitate a robust future financial architecture for the Federation.

In the context of the Tax Paper, there is a clear recognition among all governments of the need for comprehensive tax reform. Without it, government debt levels as a proportion of Gross Domestic Product will continue to rise to unsustainable levels, thereby placing all Australian governments at risk of not being able to meet the key needs of their respective communities.

It does however, need to be done in an appropriate manner:

- this means increasing those taxes that have the least effect on investment and employment, and at the same time reducing reliance on taxes that distort incentives to work, invest and transact business; and
- it also means addressing those factors which increase the complexity of the tax system and the cost of compliance.

The ACT Government is leading the way in tax reform, having commenced its Tax Reform agenda in 2012-13, and is continuing that process again in this Budget.

More information:

- Information about the White Paper on Reform of the Federation is available at https://federation.dpmc.gov.au/.
- Information on the White Paper on Reform of Australia's Tax System is available at http://bettertax.gov.au/.

CHAPTER 8

ASSET AND LIABILITY MANAGEMENT

Chapter		Page
8.1	Net Debt and Net Financial Liabilities	251
8.2	Unfunded Superannuation Liability	253
8.3	Management of Financial Assets and Liabilities	259

8.1 NET DEBT AND NET FINANCIAL LIABILITIES

The ACT continues to maintain a strong balance sheet. The key indicators, measured as a proportion of Gross State Product (GSP) and using the most recent budget documentation, are broadly in line with other jurisdictions.

Table 8.1.1 provides a summary of the key balance sheet measures for the General Government Sector (GGS).

Table 8.1.1
GGS Key Balance Sheet Measures

2014-15 Budget		2014-15 Estimated Outcome	2015-16 Budget	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
$m		$m	$m	$m	$m	$m
4,435.6	**Net Financial Liabilities**	4,641.8	5,663.9	6,141.0	6,432.3	6,247.9
1,227.5	**Net Debt (excluding super)**	1,348.0	2,425.7	2,848.6	3,130.0	2,867.3
16,730.7	**Net Worth**	16,478.2	16,232.7	16,371.5	16,472.0	16,768.7

Comparisons with other jurisdictions can be found in the Fiscal Strategy (Chapter 2.2).

Net Debt

Net debt is a key balance sheet measure taking into account gross debt liabilities as well as financial assets (such as cash reserves and investments). Table 8.1.2 below presents net debt and net debt to GSP for the GGS.

Table 8.1.2
General Government Sector Net Debt

2014-15 Budget		2014-15 Estimated Outcome	2015-16 Budget	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
$m		$m	$m	$m	$m	$m
1,227.5	**Net debt (excluding super)**	1,348.0	2,425.7	2,848.6	3,130.0	2,867.3
3.2%	**Net debt to GSP**	3.7%	6.4%	7.1%	7.5%	6.5%

Net debt over the budget and forward estimates period is positive, indicating that GGS cash reserves and investments are lower than gross debt liabilities. Compared to the 2014-15 Budget, net debt has increased. It is forecast to reach a peak in 2017-18 before declining, reflecting a net increase in borrowings over the budget and two forward years, before reducing as the budget returns to surplus.

The increase of $1,078 million in the 2015-16 Budget compared to the 2014-15 estimated outcome is substantially due to the impact of the loan provided by the Commonwealth to support the Asbestos Eradication Scheme. The increase also reflects borrowings undertaken to support the Territory's capital works program.

The net debt measure includes a provision for Capital Metro. Although the Government intends to fund that project as a Public Private Partnership (PPP), it has adopted the approach of including Capital Metro in the Infrastructure Investment Provision, which gives rise to an impact on net debt. If the project is procured through a PPP, there will be no requirement to debt fund the capital cost of the project.

Net Financial Liabilities

Net financial liabilities are a broad measure of GGS liabilities, including net debt and superannuation liabilities. Table 8.1.3 below details net financial liabilities and net financial liabilities to GSP for the GGS.

Table 8.1.3
General Government Sector Net Financial Liabilities

2014-15 Budget		2014-15 Estimated Outcome	2015-16 Budget	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
$m		$m	$m	$m	$m	$m
4,435.6	**Net financial liabilities**	4,641.8	5,663.9	6,141.0	6,432.3	6,247.9
11.6%	**Net financial liabilities to GSP**	12.6%	14.9%	15.3%	15.3%	14.2%

Over the budget and first two forward years, net financial liabilities are forecast to increase as further borrowings are undertaken to support capital projects. This estimate includes capital provisions to account for some high value projects for which budgets are either yet to be settled or which are commercially sensitive. This increase is also attributed to a higher forecast superannuation liability. Net financial liabilities are estimated to peak in 2017-18, declining slightly in 2018-19.

The ratio of net financial liabilities to GSP 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 (net financial liabilities in particular can fluctuate, sometimes substantially, depending on the condition of financial markets), it is desirable that it remains broadly stable over time while maintaining sustainable levels of borrowings.

Net Worth

Net worth reflects the value of all financial and non-financial assets less liabilities. The ACT maintains strong positive net worth. Table 8.1.4 below presents net worth and net worth to GSP for the GGS.

Table 8.1.4
General Government Sector Net Worth

2014-15 Budget		2014-15 Estimated Outcome	2015-16 Budget	2016-17 Estimate	2017-18 Estimate	2018-19 Estimate
$m		$m	$m	$m	$m	$m
16,730.7	**Net worth**	16,478.2	16,232.7	16,371.5	16,472.0	16,768.7
43.9%	**Net worth to GSP**	44.8%	42.6%	40.9%	39.2%	38.0%

Net worth is forecast to increase across the budget and forward estimates from $16.2 billion in 2015-16 to $16.8 billion in 2018-19.

With net worth to GSP at 42.6 per cent, the ACT continues to be one of the strongest of all Australian jurisdictions against this measure.

8.2 UNFUNDED SUPERANNUATION LIABILITY

Introduction

ACT Government employees ("employees") are members of a number of different superannuation schemes as arrangements have changed over time. A large proportion of current full time employees are members of defined benefit superannuation schemes that are closed to new employee members, and where the liabilities are unfunded. All superannuation liabilities incurred for new employees since 1 July 2005 are fully funded through defined contribution scheme arrangements.

Managing the defined benefit superannuation liability over time is a key financial objective of the Government. Unlike other jurisdictions, the Government does not operate a superannuation fund for employees. The Government has established a Superannuation Provision Account (SPA) for the purpose of holding and investing financial assets set aside to meet the Government's ongoing employer superannuation benefit obligations (emerging cost payments) to the Commonwealth Government.

ACT Government Employee Superannuation Arrangements

Superannuation arrangements for employees vary due to the type of superannuation scheme available at the time of commencing employment. The superannuation arrangements applicable to permanent employees are outlined below.

Defined Benefit Superannuation Schemes

The defined benefit superannuation schemes are the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). The CSS has been closed to new members since 1 July 1990 and the PSS since 30 June 2005.

The CSS and PSS are types of defined benefit superannuation schemes, in which some or all of the benefits payable to members are defined in advance according to a set of formulas which are linked to factors such as years of service, final average salary and level of individual member contribution over time. With the exception of employer productivity contributions, the employer financed component of entitlements is unfunded and is not required to be paid until a member takes his/her benefit entitlement.

The Trustee of the CSS and PSS is the Commonwealth Government agency, Commonwealth Superannuation Corporation (CSC)[1]. The administration of the CSS and PSS is undertaken by the Commonwealth Government agency, ComSuper[1], with all benefits paid to employees by ComSuper. The Government reimburses ComSuper for the annual cost of superannuation benefits paid in respect of current and former employees that reflects the period of service with the ACT Government.

[1]CSC and ComSuper will merge on 1 July 2015, subject to the passage of the *Governance of Australian Government Superannuation Schemes Legislation Amendment Bill 2015* introduced into the Commonwealth House of Representatives on 19 March 2015. The new entity will be called Commonwealth Superannuation Corporation (CSC). The merger will have no impact on scheme rules, member entitlements or services.

Public Sector Superannuation Accumulation Plan (PSSap)

From 1 July 2005, all new employees were required to become members of the PSSap, a defined contribution plan (accumulation) arrangement where the employer (ACT Government) is required to contribute 15.4 per cent of an employee's salary. Existing CSS and PSS members were not able to transfer to the new superannuation scheme. The PSSap closed to new employees on 6 October 2006.

Post 6 October 2006 – Fund of Choice Arrangements

From 6 October 2006, the Government introduced superannuation fund of choice arrangements for all new employees. Employees can elect to join a superannuation fund of their choice. If an employee does not elect a fund, he or she becomes an automatic member of the Government's appointed default superannuation fund.

The fund of choice arrangement is one where employees must join a defined contribution (accumulation) fund into which the employer (ACT Government) is required to contribute at a minimum, the prevailing superannuation guarantee percentage rate as set by Commonwealth Government legislation. The current employer contribution rate is 9.50 per cent. The Government will contribute an additional 1 per cent for employees who contribute 3 per cent or more of their salary to their chosen fund.

Members of the Legislative Assembly (MLAs)

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, and no discontinuance, are members of an unfunded defined benefit superannuation arrangement (DB Scheme), prescribed under the *Legislative Assembly* (*Members' Superannuation) Act 1991*.

Those Members elected at or after the 2008 general election, and who were not an existing member of the DB Scheme prior to the election, assume membership of a choice of fund accumulation scheme. The employer (ACT Government) is required to contribute the equivalent of 14 per cent of the Member's eligible salary. The Government will contribute an additional 1 per cent for Members who contribute 3 per cent or more of their salary to their chosen fund.

Defined Benefit Unfunded Superannuation Liabilities

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

Table 8.2.1 sets out details on the estimation and calculation of the liability.

Table 8.2.1
Defined Benefit Superannuation Liability

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Opening Liability	7,475,138	5,812,710	6,094,657	6,367,832	6,632,690
Service Cost	219,221	142,195	137,177	132,777	128,535
Interest Cost	313,820	350,898	366,913	382,446	397,490
Benefit Payments	-185,435	-211,146	-230,915	-250,365	-269,757
Actuarial Gain [1]	-2,010,035	0	0	0	0
Closing Liability	**5,812,710**	**6,094,657**	**6,367,832**	**6,632,690**	**6,888,958**

Notes: This table may not add due to rounding.

1. The actuarial gain/loss is the change in the present value of the superannuation liability resulting from a change in the discount rate assumption. The liability valuation at 30 June 2015 and forward years utilises a long term discount rate assumption of 6 per cent. The actual discount rate at 30 June 2014 was 4.08 per cent. A lower discount rate leads to a higher liability valuation estimate.

The defined benefit superannuation liability is estimated to grow to approximately $6.889 billion by 30 June 2019. The service cost associated with the accrual of new employee superannuation benefits is forecast to decrease over time as ACT employee members leave the schemes through resignation or retirement. The interest cost is forecast to increase due to past benefits accrued by ACT employee members becoming one year closer to payment.

Apart from the annual changes to the discount rate, which is required by Australian accounting standards, the annual actuarial review incorporates updated annual salary and membership data.

Every three years the actuary undertakes a more comprehensive review of the defined benefit employer superannuation liability by also incorporating a review of all financial and demographic assumptions, following a comprehensive review of actual outcomes and membership experience over time. The outcomes from this analysis form the basis for the financial and demographic assumptions adopted for the annual reviews of the liability and emerging cost projections.

The recent actuarial review, which utilised salary and membership data as at 30 June 2014, was a triennial actuarial review with the results incorporated into the 2015-16 Budget estimates.

Table 8.2.2
ACT Employee Defined Benefit Scheme Membership

	Contributors	Deferred Beneficiaries	Current Pensioners	Dependent Pensioners	Total
Group A Members [1]					
CSS	789	236	5,452	395	6,872
PSS	8,288	8,629	3,372	159	20,448
Total	**9,077**	**8,865**	**8,825**	**554**	**27,320**
Group B Members [2]					
CSS	351	172	908	24	1,455
PSS	3,511	3,371	988	26	7,896
Total	**3,862**	**3,543**	**1,896**	**50**	**9,351**

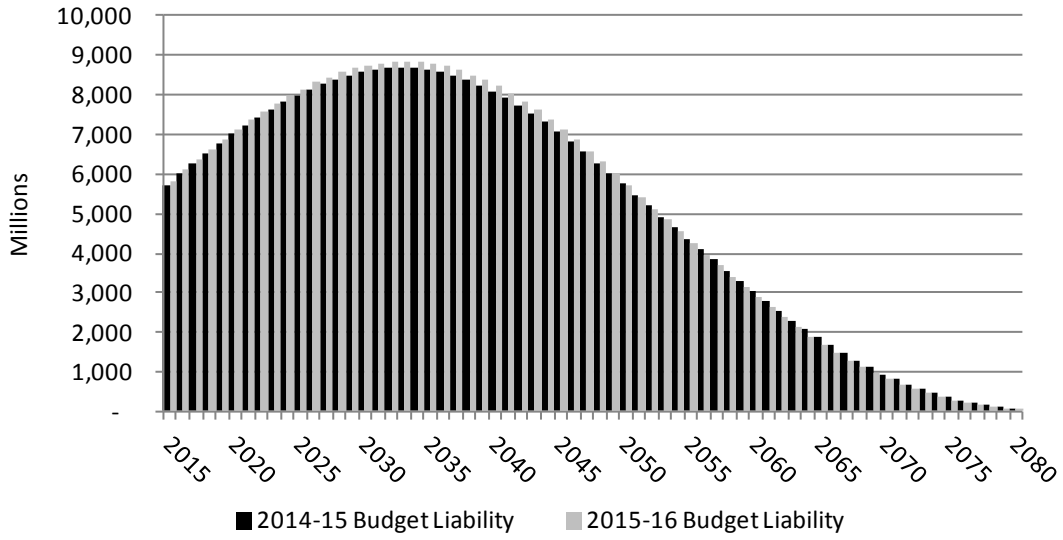
Notes:

1. Group A membership data includes CSS and PSS contributors who were employees of the ACT Government at 30 June 2014 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 2014, 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 2015-16 Budget estimates for the liability and emerging cost payments have been impacted by a membership base being higher than assumed at the end of the 2013-14 financial year, higher salary growth, higher pension indexation, higher pension election rates by retiring employees, and an improvement in pensioner mortality expectations.

The impact on the estimates for the projected defined benefit employer superannuation liabilities is illustrated in Figure 8.2.1, with the impact on the benefit payment estimates illustrated in Figure 8.2.2.

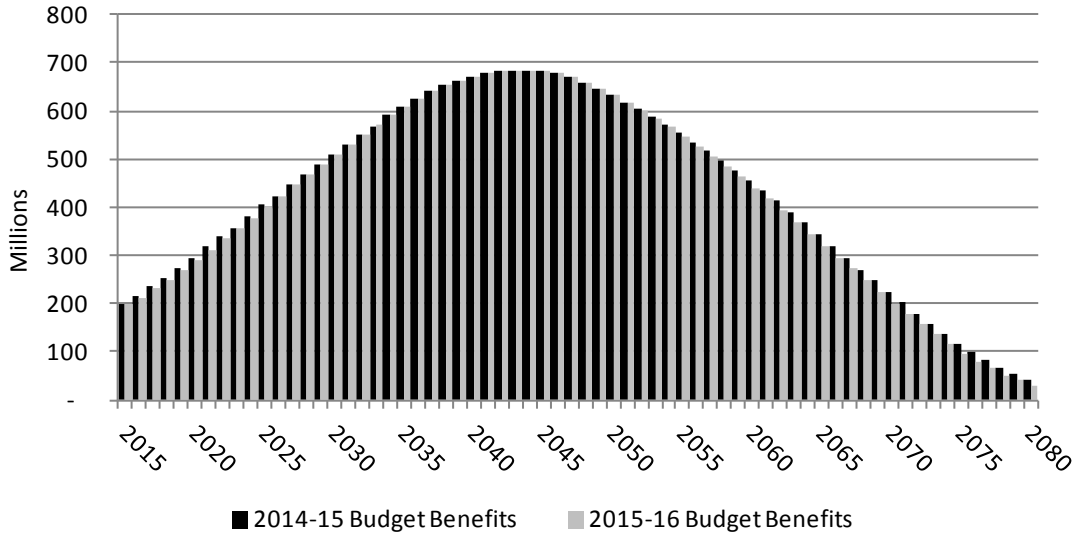
Figure 8.2.1
Triennial Actuarial Revision to the Estimated Employer Superannuation Liability



The defined benefit superannuation liability is projected to peak, in nominal terms, at approximately $8.8 billion by 30 June 2033.

The impact on the estimates for the Territory's projected emerging cost payments is illustrated below in Figure 8.2.2.

Figure 8.2.2
Actuarial Revision to Estimated Employer Emerging Cost Payments



The annual superannuation payments (in nominal terms) made to the Commonwealth to extinguish the liability are projected to increase over time from approximately $185 million in 2014-15 to a peak of $685 million by 2043.

The total superannuation payments to the Commonwealth are projected to be approximately $962 million across the 2015-16 Budget and forward years.

Defined Benefit Superannuation Funding

The Government maintains, as a key financial objective, a funding plan to extinguish the Territory's unfunded defined benefit superannuation liability by way of accumulating funds in the SPA through investment earnings.

The 2015-16 Budget maintains the defined benefit superannuation funding plan with Budget appropriation to the SPA matching the expected annual benefit payments to the Commonwealth. This allows the financial investment assets to grow over time with all investment earnings re-invested, leaving the SPA investment portfolio unencumbered by the management of the cash flows associated with benefit payments.

Details on the budget appropriation to the SPA, projected benefit payments to the Commonwealth, and the estimated investment portfolio assets, investment earnings, and SPA expenses are set out below in Table 8.2.3.

Table 8.2.3
Defined Benefit Superannuation Assets

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Budget $'000	2017-18 Budget $'000	2018-19 Budget $'000
Opening Assets	**3,030,349**	**3,358,680**	**3,609,360**	**3,879,159**	**4,169,383**
Net Investment Earnings	320,968	256,100	275,213	295,786	317,926
Appropriation	198,209	211,146	230,915	250,365	269,757
Benefit Payments	-185,435	-211,146	-230,915	-250,365	-269,757
Other Payments	-5,412	-5,418	-5,414	-5,562	-5,561
Closing Assets	**3,358,680**	**3,609,360**	**3,879,159**	**4,169,383**	**4,481,748**

Note: This table may not add due to rounding.

The funding plan for the defined benefit superannuation liability will help reduce the longer term cost as investment returns provide a source of funding for future liabilities.

The margin between the estimated liability and investment assets represents the level of unfunded superannuation liability. The estimated funding percentage of the employer superannuation liability over the Budget and forward years is projected to increase as illustrated below in Table 8.2.4.

Table 8.2.4
Superannuation Liability Funding

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Superannuation Liability[1]	5,812,710	6,094,657	6,367,832	6,632,690	6,888,958
Investments	3,358,680	3,609,360	3,879,159	4,169,383	4,481,748
Unfunded Liability	**2,454,030**	**2,485,297**	**2,488,673**	**2,463,307**	**2,407,210**
Funding Percentage	**58%**	**59%**	**61%**	**63%**	**65%**

Notes: This table may not add due to rounding.

1. The superannuation liability estimate at 30 June 2015 and across the forward years assumes a long-term discount rate assumption of 6 per cent.

8.3 MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

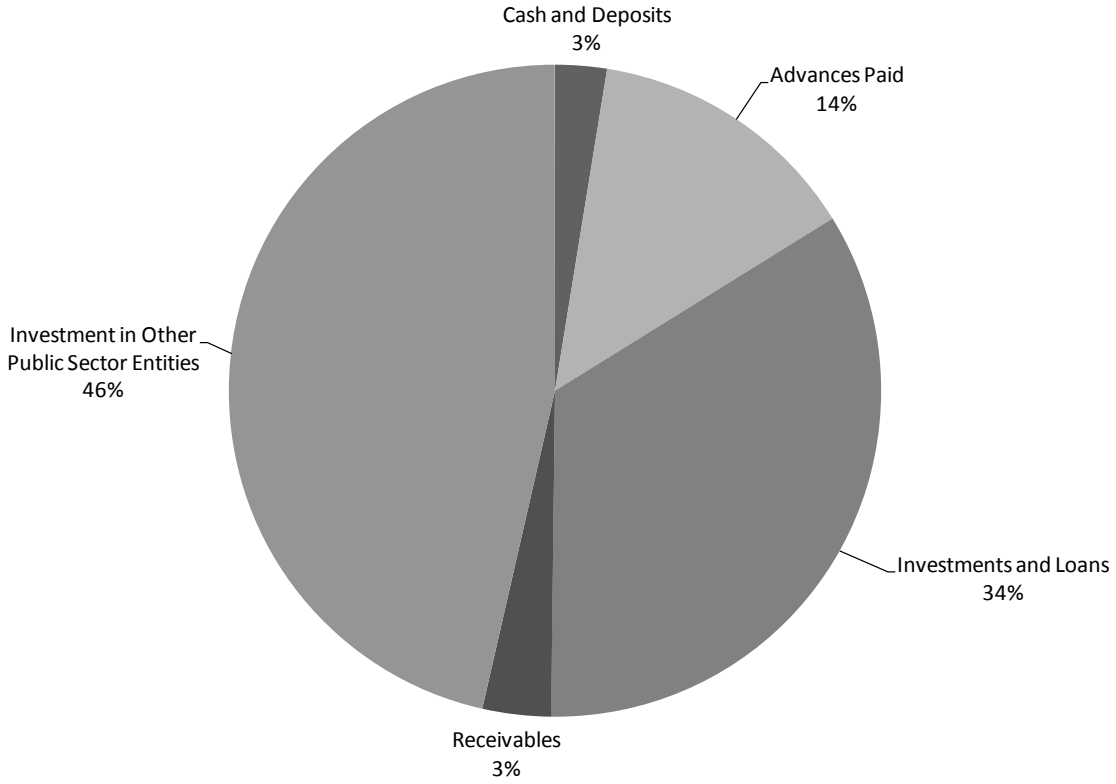
Financial Assets

The Territory's financial assets account for approximately 44 per cent of total assets held by the General Government Sector (GGS).

Figure 8.3.1 shows the proportion of these assets by category. GGS investment in other public sector entities (the Public Trading Enterprise (PTE) sector) makes up almost half of the Territory's financial assets.

Investments held to meet future liabilities, such as superannuation, also represent a significant portion of total financial assets at 34 per cent.

Figure 8.3.1
General Government Sector – Estimated Financial Assets



Investments in Other Public Sector Entities

Investments in other public sector entities reflect the GGS investment in the PTE sector as the carrying amount of the net assets held by the sector. Significant assets held by the PTE sector include land, water and sewerage infrastructure, and public housing.

Financial Investments

The Chief Minister, Treasury and Economic Development Directorate (CMTEDD) manages the Territory Banking Account (TBA) and Superannuation Provision Account (SPA) investment portfolios. These investment portfolios comprise the majority of the Territory's financial investment assets.

The purpose and role of the investment portfolios is to derive competitive financial returns, based on prudent financial and portfolio management principles, with an investment structure that is low cost, efficient to manage, and effective in deriving market-based returns. These investment assets are managed in accordance with an established Investment Plan and Responsible Investment Policy.

The Government holds significant financial investments. Table 8.3.1 outlines the components of investments held by the GGS, including the TBA and SPA.

Table 8.3.1
General Government Sector Investments

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	%	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
302,963	Cash and Deposits	359,815	317,777	-12	312,802	310,130	306,649
3,854,957	Investments and Loans	4,162,137	4,231,169	2	4,440,287	4,831,265	5,161,601
4,157,920	**Total Investments**	**4,521,952**	**4,548,946**	**1%**	**4,753,089**	**5,141,395**	**5,468,250**
	Comprising:						
3,241,212	Superannuation Provision Account	3,354,976	3,605,656	7	3,875,455	4,165,679	4,478,044
79,103	Territory Banking Account	305,233	144,611	-53	141,064	128,761	111,885
26,739	Investments held on behalf of PTE agencies	112,658	117,495	4	25,888	104,095	103,512
375,020	ACTIA Investments	381,592	348,710	-9	374,466	398,952	422,246
110,179	Home Loan Portfolio[1]	-	-	-	-	-	-
325,667	Other GGS agency investments	367,493	332,474	-10	336,216	343,908	352,563
4,157,920	**Total Investments**	**4,521,952**	**4,548,946**	**1%**	**4,753,089**	**5,141,395**	**5,468,250**

Note:
1. The Home Loan Portfolio investments have been transferred to the Territory Banking Account and the Chief Minister, Treasury and Economic Development Directorate.

Territory Banking Account Investment Portfolio

Any cash of the GGS which is not required for immediate expenditure is invested domestically with exposures to shorter term money markets and fixed interest securities, including cash, bank term deposits, bank bill securities, residential mortgage backed securities and bonds issued by the Commonwealth and State Governments and some corporate investment grade bonds. The investments are currently made via allocations to three externally managed funds: the Cash Fund; the Cash Enhanced Fund; and the Fixed Interest Fund.

The estimated 2014-15 net nominal return for the total portfolio of invested funds is 3.4 per cent; this compares to the original Budget estimate of 2.5 per cent, net of fees. The budgeted full year return (net of fees) for 2015-16 is estimated to be 2.4 per cent.

Superannuation Provision Account Investment Portfolio

Funds set aside in the SPA are earmarked to assist the Government in meeting its long-term defined benefit employer superannuation obligations. These funds are invested in accordance 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 net investment return objective for the SPA is Consumer Price Index (CPI) plus 5 per cent per annum. The investment strategy recognises the risk associated with targeting the long term investment return objective and the asset allocation modelling identifies a risk of negative investment returns once every three to five years.

The long-term strategic asset allocation, consistent with this long-term investment objective, currently equates to 75 per cent of the portfolio being invested in growth assets (such as shares and property) and 25 per cent of the portfolio being invested in defensive assets (such as cash and fixed interest investments).

The nominal net return of the portfolio for 2014-15 is estimated to be 10.7 per cent, with investment earnings of approximately $321 million. The actual net investment return for the 2013-14 financial year was 15.8 per cent with investment earnings of $407 million.

Incorporating the estimated 2014-15 investment return outcome, the SPA portfolio will have generated an annualised net investment return of CPI plus 5.1 per cent over the past 19 years (1996-97 to 2014-15), which is currently ahead of the long-term investment return objective.

Loan Receivables

GGS financial assets include loans provided to Icon Water Ltd, ACTION, CMTEDD (for Community Housing Canberra and Exhibition Park) and the University of Canberra.

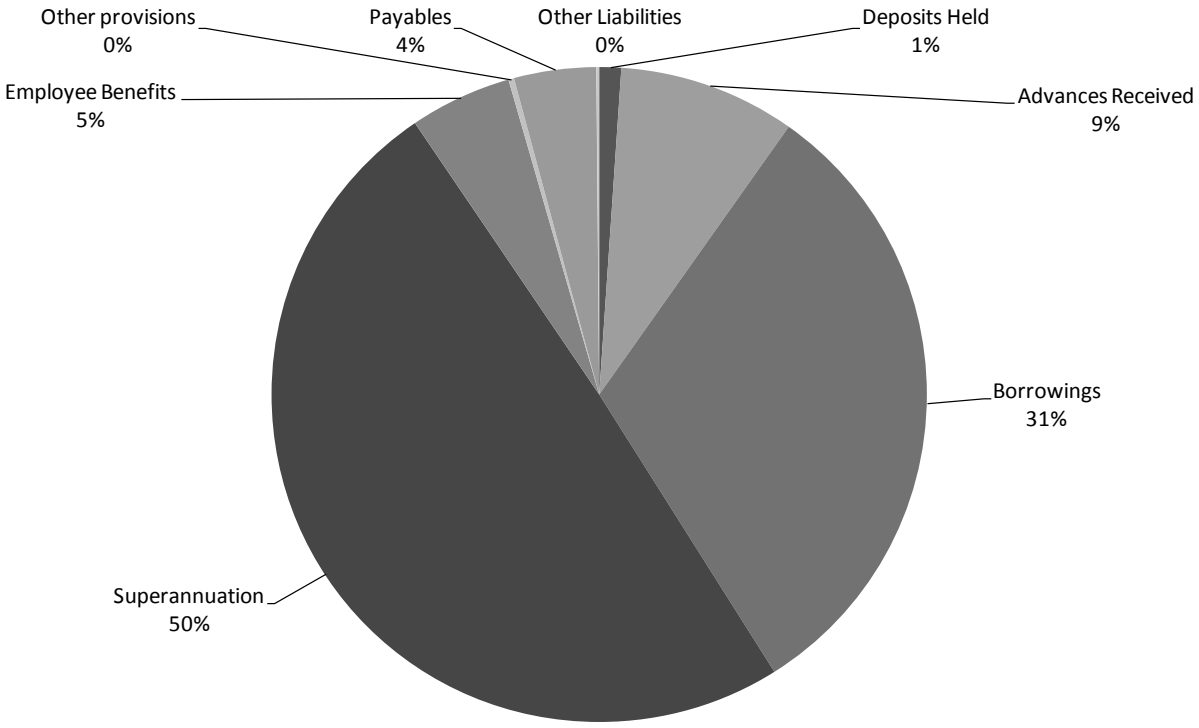
- Icon Water Ltd loans are funded by matching external borrowings from the Territory's debt issuance program. Forms of funding include inflation-linked bonds, fixed rate medium term notes, and short-term discount securities. Loan maturity dates range from June 2018 to June 2048. The total estimated outstanding principal at 30 June 2015 is $1.492 billion.
- CMTEDD Community Housing Canberra loans have been provided through capital injection appropriations from the budget. The total estimated outstanding principal at 30 June 2015 is $68.112 million (refer to the Summary and Terms of Debt Capital Injection (Appendix N) for further information).
- The University of Canberra loan has been provided from the TBA from a credit facility established by a disallowable instrument. The total estimated outstanding principal at 30 June 2015 is $31.409 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 2015 is $2.7 million.
- The CMTEDD Exhibition Park loan is to support the development and operation of low cost accommodation facilities. The total estimated outstanding principal at 30 June 2015 is $1.5 million (refer to the Summary and Terms of Debt Capital Injection (Appendix N) for further information).

Total Liabilities

Figure 8.3.2 demonstrates the proportion of liabilities by category. The majority of the GGS liabilities comprise superannuation (50 per cent) and borrowings (31 per cent).

Further details regarding the superannuation liability can be found in Unfunded Superannuation Liability (Chapter 8.2).

Figure 8.3.2
General Government Sector Liabilities



Borrowings

The funding and management of the Government's financial markets borrowings is undertaken by CMTEDD. The Government's funding requirements are mainly achieved by the issuance of debt securities in the financial capital markets.

Debt management objectives include: establishing bond lines of select debt maturity and volume (around $500 million); maximising investor diversification; minimising refinancing risk and managing the Government's liquidity requirements.

Debt securities issued include:

- long-term inflation-linked bonds where the interest and principal repayments are indexed to inflation that feature differing maturity profiles (2020, 2030 and 2048), and the repayment of principal over time or at maturity;

- nominal bonds where the interest cost (coupon) is fixed for the life of each bond and that feature differing maturity profiles (2018, 2020, 2022 and 2024), with the repayment of principal at maturity; and
- short-term discount debt securities with maturities of less than 12 months.

The debt funding program was supplemented in 2014-15 by a loan provided from the Commonwealth to support the funding of the costs of the Asbestos Eradication Scheme.

A summary of the current borrowing estimates for the 2015-16 Budget are detailed below in Tables 8.3.2 and 8.3.3.

Table 8.3.2
Territory Borrowings – Principal Outstanding

2014-15 Budget $m		2014-15 Est. Outcome $m	2015-16 Budget $m	2016-17 Estimate $m	2017-18 Estimate $m	2018-19 Estimate $m
	General Government Sector					
2,146.0	Market Borrowings	1,644.6	2,244.7	2,695.0	3,045.2	2,846.6
79.4	Historic Commonwealth Loans (self-government)	79.4	75.7	71.8	67.8	63.7
0	Commonwealth Loan – Asbestos Eradication Scheme	750.0	1,000.0	1,000.0	950.0	900.0
2,225.4	**Sub-Total**	**2,474.0**	**3,320.4**	**3,766.8**	**4,063.0**	**3,810.3**
	Public Trading Enterprise Sector					
1,509.6	Market Borrowings	1,490.2	1,582.0	1,677.9	1,755.3	1,798.4
72.2	Historic Commonwealth Loans (self-government)	72.2	67.5	62.8	58.1	53.5
1,581.8	**Sub-Total**	**1,562.4**	**1,649.5**	**1,740.7**	**1,813.4**	**1,851.9**
3,807.2	**Total** [1]	**4,036.4**	**4,969.9**	**5,507.5**	**5,876.4**	**5,662.2**

Note:
1. Refer to sum of 'Advances Received' and 'Other Borrowings' Table I.6, Consolidated Financial Statements – Public Trading Enterprises and Total Territory (Appendix I).

Table 8.3.3
Territory Borrowings – Interest Expense

2014-15 Budget $m		2014-15 Est. Outcome $m	2015-16 Budget $m	2016-17 Estimate $m	2017-18 Estimate $m	2018-19 Estimate $m
	General Government Sector					
82.1	Market Borrowings	71.4	89.2	99.7	113.7	118.7
4.1	Historic Commonwealth Loans (self-government)	4.1	3.9	3.7	3.5	3.3
0	Commonwealth Loan – Asbestos Eradication Scheme	8.2	26.7	27.0	27.0	25.7
86.2	**Sub-Total**	**83.7**	**119.8**	**130.4**	**144.2**	**147.7**
	Public Trading Enterprise Sector					
79.7	Market Borrowings	70.3	79.1	83.6	86.0	81.5
3.5	Historic Commonwealth Loans (self-government)	3.5	3.2	3.0	2.8	2.6
83.2	**Sub-Total**	**73.8**	**82.3**	**86.6**	**88.8**	**84.1**
169.4	**Total**[1]	**157.5**	**202.1**	**217.0**	**233.0**	**231.8**

Note:
1. Refer to 'Interest Expenses', Table I.5, Consolidated Financial Statements – Public Trading Enterprises and Total Territory (Appendix I).

General Government Sector

Total market financed borrowings for the GGS are estimated to be $1.645 billion as at 30 June 2015 compared with the 2014-15 Budget estimate of $2.146 billion. No new long-term GGS borrowings were required in 2014-15 as a result of actual cash flows and liquidity outcomes.

It is estimated that there will be a net increase in GGS borrowings of $1.2 billion (excluding the Commonwealth loan supporting the Asbestos Eradication Scheme) over the 2015-16 Budget and forward estimates period. This increase is consistent with the borrowing plan estimated in the 2014-15 Budget (a $1.1 billion increase over the 2014-15 Budget and forward estimates). The 2015-16 borrowing plan reflects re-profiling of borrowing requirements due to prevailing cash flow and liquidity requirements.

The borrowings in the forward years are largely to support future capital projects. Capital provisions are included in these estimates to account for some high value projects for which budgets are either yet to be settled or which are commercially sensitive. As planning or procurement progresses, future Territory budgets will contain specific financial details for these projects. However, these projects may be procured as Public Private Partnerships, in which case the direct borrowing associated with the future works provision in the 2015-16 Budget may not eventuate.

Public Trading Enterprise Sector

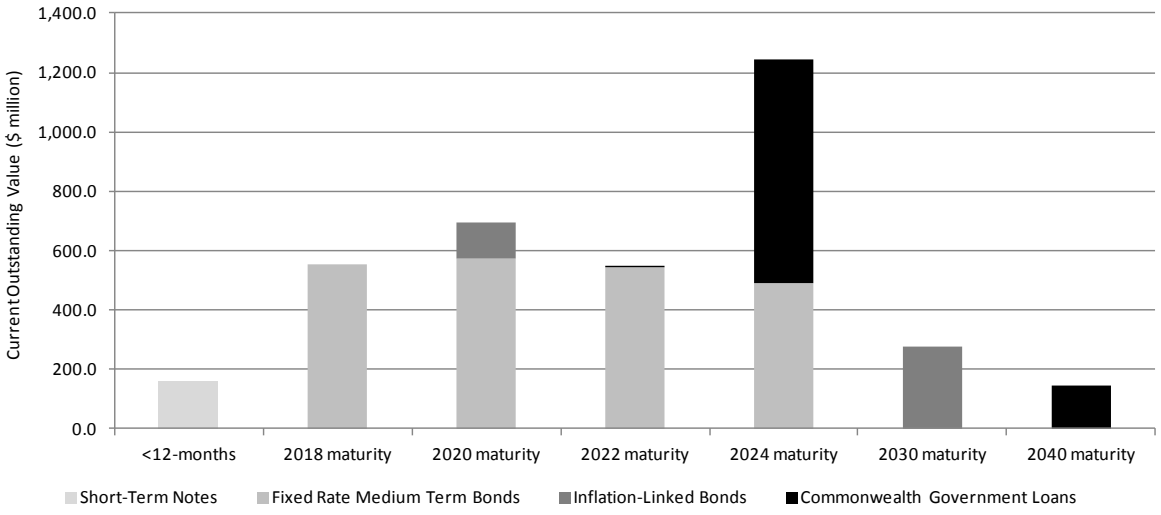
Total market-financed borrowings for the Public Trading Enterprise (PTE) sector are estimated to be $1.490 billion as at 30 June 2015 compared with the 2014-15 Budget estimate of $1.510 billion. The decrease is due to Icon Water having a lower new borrowing requirement and higher than anticipated inflation-linked bond principal repayments.

It is estimated that there will be a net increase in PTE market-financed borrowings (for Icon Water) of $308.2 million over the 2015-16 Budget and forward estimates period. This increase is slightly lower than the funding requirements estimated in the 2014-15 Budget (a $365.8 million increase over the 2014-15 Budget and forward estimates).

Total Outstanding Borrowings

Figure 8.3.3 shows the total outstanding principal value of borrowings by funding type and year of maturity estimated as at 30 June 2015.

Figure 8.3.3
Total External Territory Borrowings



CHAPTER 9

GENERAL GOVERNMENT SECTOR FINANCIAL STATEMENTS

Chapter		Page
9.1	GGS GFS/GAAP Harmonised Financial Statements	269

9.1 GGS GFS/GAAP HARMONISED FINANCIAL STATEMENTS

Table 9.1
Australian Capital Territory
General Government Sector
Operating Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Revenue						
1,390,101	Taxation Revenue	1,441,809	1,491,730	3	1,583,300	1,695,957	1,813,848
	Grants Revenue						
1,892,280	Commonwealth Grants	1,933,491	1,860,511	-4	2,000,387	2,045,935	2,098,853
110,053	Gains from Contributed Assets	88,160	109,573	24	166,120	136,719	120,229
468,892	Sales of Goods and Services	471,365	482,202	2	495,579	576,582	587,771
122,177	Interest Income	128,173	135,201	5	124,041	127,218	125,198
55,566	Distributions from Financial Investments	43,102	63,167	47	64,463	55,289	58,868
237,640	Dividend and Income Tax Equivalents Income	262,644	329,428	25	295,188	275,526	307,443
135,145	Other Revenue	122,760	137,729	11	141,062	143,324	146,298
4,411,854	**Total Revenue**	**4,491,504**	**4,609,541**	**3**	**4,870,140**	**5,056,550**	**5,258,508**
	Expenses						
1,688,492	Employee Expenses	1,716,557	1,805,053	5	1,849,706	1,880,247	1,939,025
	Superannuation Expenses						
334,958	Superannuation Interest Cost	313,820	350,898	12	366,913	382,446	397,490
259,202	Other Superannuation Expense	332,443	268,258	-19	275,382	274,937	273,983
359,889	Depreciation and Amortisation	351,953	372,258	6	398,932	411,006	416,013
168,474	Interest Expense	158,642	203,895	29	216,471	231,017	221,960
	Other Operating Expenses						
980,443	Supplies and Services	923,116	991,906	7	954,979	989,894	1,032,445
197,813	Other Operating Expenses	278,027	250,940	-10	194,144	198,150	203,288
869,077	Grants and Purchased Services	1,142,913	905,339	-21	883,707	919,614	917,623
4,858,348	**Total Expenses**	**5,217,471**	**5,148,547**	**-1**	**5,140,234**	**5,287,311**	**5,401,827**
-446,494	**UPF Net Operating Balance**	**-725,967**	**-539,006**	**-26**	**-270,094**	**-230,761**	**-143,319**
	Other Economic Flows – Included in the Operating Result						
9,830	Dividends (Market Gains on Land Sales)	4,216	49,775	#	132,315	20,639	88,251
76,790	Net Land Revenue (Undeveloped Land Value)	52,068	89,746	72	87,367	107,909	124,547
-112	Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-19,167	-1,732	-91	-1,807	-1,838	-1,915
113,659	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	268,166	131,440	-51	154,022	179,596	193,660
-4,409	Doubtful Debts	-6,684	-5,804	-13	-6,015	-6,156	-6,379
-250,736	**Operating Result**	**-427,368**	**-275,581**	**-36**	**95,788**	**69,389**	**254,845**

Table 9.1 (cont.)
Australian Capital Territory
General Government Sector
Operating Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Items that will not be Subsequently Reclassified to Profit or Loss						
-	Superannuation Actuarial Gain/(Loss)	2,010,035	-	-100	-	-	-
729	Other Movements	855	889	4	889	889	889
17,704	Increase/(Decrease) in the Asset Revaluation Surplus	42,643	18,954	-56	30,404	30,405	30,404
	Items that may be Subsequently Reclassified to Profit or Loss						
-	Increase/(Decrease) in Other Reserves	150	-	-100	-	-	-
-232,303	**Total Comprehensive Income**	**1,626,315**	**-255,738**	**-116**	**127,081**	**100,683**	**286,138**
-446,494	**UPF Net Operating Balance**	**-725,967**	**-539,006**	**-26**	**-270,094**	**-230,761**	**-143,319**
	***less* Net Acquisition of Non-Financial Assets**						
747,680	Payments for Non-Financial Assets	941,607	1,022,674	9	855,718	794,786	469,609
-2,649	Sales of Non-Financial Assets	-3,462	-55,834	#	-82,199	-135,305	-135,305
-79,743	Land Revenue (Net Cash Receipts)	-72,638	-79,843	10	-72,802	-83,888	-100,617
-359,889	Depreciation and Amortisation	-351,953	-372,258	6	-398,932	-411,006	-416,013
109,799	Other Movements in Non-Financial Assets	80,747	109,313	35	165,849	136,439	119,938
415,198	*Total Net Acquisition of Non-Financial Assets*	*594,301*	*624,052*	*5*	*467,634*	*301,026*	*-62,388*
-861,692	**Net Lending / (Borrowing)**	**-1,320,268**	**-1,163,058**	**-12**	**-737,728**	**-531,787**	**-80,931**

	GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/ DEFICIT						
-446,494	UPF Net Operating Balance	-725,967	-539,006	-26	-270,094	-230,761	-143,319
113,659	Superannuation Return Adjustment	128,578	131,440	2	154,022	179,596	193,660
-332,835	**HEADLINE NET OPERATING BALANCE**	**-597,389**	**-407,566**	**-32**	**-116,072**	**-51,165**	**50,341**

Table 9.2
Australian Capital Territory
General Government Sector
Balance Sheet

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Financial Assets						
302,963	Cash and Deposits	359,815	317,777	-12	312,802	310,130	306,649
1,654,726	Advances Paid	1,599,902	1,688,810	6	1,782,235	1,854,647	1,892,669
3,854,957	Investments and Loans	4,162,137	4,231,169	2	4,440,287	4,831,265	5,161,601
406,599	Receivables	355,362	422,773	19	437,529	468,975	401,630
5,780,173	Equity - Investments in Other Public Sector Entities	5,727,069	5,768,346	1	5,807,437	5,874,848	5,890,414
11,999,418	**Total Financial Assets**	**12,204,285**	**12,428,875**	**2**	**12,780,290**	**13,339,865**	**13,652,963**
	Non-Financial Assets						
	Produced Assets						
11,293,268	Property, Plant and Equipment	10,939,779	11,205,033	2	11,775,605	12,193,810	12,319,020
2,600	Investment Properties	2,600	2,600	-	2,600	2,600	2,600
79,835	Intangibles	65,247	87,701	34	92,558	119,788	131,806
17,717	Inventories	16,156	16,353	1	16,551	16,750	16,950
619	Assets Held for Sale	679	690	2	702	714	726
907,528	Capital Works-in-Progress	1,028,289	1,212,637	18	1,091,685	893,984	772,087
	Non-Produced Assets						
3,058,340	Property, Plant and Equipment	3,313,668	3,576,786	8	3,698,820	3,775,327	3,856,491
26,099	Biological Assets	26,457	26,457	-	26,457	26,457	26,457
45	Other Non-Financial Assets	45	45	-	45	45	45
15,386,051	**Total Non-Financial Assets**	**15,392,920**	**16,128,302**	**5**	**16,705,023**	**17,029,475**	**17,126,182**
27,385,469	**Total Assets**	**27,597,205**	**28,557,177**	**3**	**29,485,313**	**30,369,340**	**30,779,145**
	Liabilities						
42,469	Deposits Held	128,197	133,034	4	41,427	119,634	119,051
79,400	Advances Received	829,400	1,075,688	30	1,071,835	1,017,833	963,676
	Borrowings						
21,447	Finance Leases	22,432	22,312	-1	22,350	22,403	22,456
3,655,656	Other Borrowings	3,134,843	3,826,776	22	4,372,869	4,800,509	4,645,034
5,725,337	Superannuation	5,818,162	6,098,349	5	6,371,581	6,636,496	6,892,820
577,760	Employee Benefits	621,914	618,271	-1	646,813	673,774	700,795
22,227	Other Provisions	88,685	33,789	-62	43,563	52,838	61,611
517,278	Payables	458,419	500,238	9	529,072	560,078	591,790
13,248	Other Liabilities	16,969	15,998	-6	14,312	13,743	13,174
10,654,822	**Total Liabilities**	**11,119,021**	**12,324,455**	**11**	**13,113,822**	**13,897,308**	**14,010,407**
16,730,647	**Net Assets**	**16,478,184**	**16,232,722**	**-1**	**16,371,491**	**16,472,032**	**16,768,738**
5,780,173	Equity in Public Trading Entities	5,727,069	5,768,346	1	5,807,437	5,874,848	5,890,414
5,527,363	Accumulated Funds	5,440,535	5,134,842	-6	5,204,116	5,206,841	5,457,577
5,423,061	Asset Revaluation Surplus	5,310,230	5,329,184	..	5,359,588	5,389,993	5,420,397
50	Other Reserves	350	350	-	350	350	350
16,730,647	**Net Worth**	**16,478,184**	**16,232,722**	**-1**	**16,371,491**	**16,472,032**	**16,768,738**
1,344,596	**Net Financial Worth**	1,085,264	104,420	-90	-333,532	-557,443	-357,444
4,435,577	**Net Financial Liabilities**	4,641,805	5,663,926	22	6,140,969	6,432,291	6,247,858
-2,013,674	**Net Debt (Including Superannuation Related Investments)**	-2,006,982	-1,179,946	-41	-1,026,843	-1,035,663	-1,610,702
1,227,538	**Net Debt (Excluding Superannuation Related Investments)**	1,347,994	2,425,710	80	2,848,612	3,130,016	2,867,342

Table 9.3
Australian Capital Territory
General Government Sector
Statement of Changes in Equity

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Opening Equity						
5,725,940	Opening Equity in Public Trading Entities	5,721,412	5,727,069	..	5,768,346	5,807,437	5,874,848
5,820,457	Opening Accumulated Funds	3,874,849	5,440,535	40	5,134,842	5,204,116	5,206,841
5,405,357	Opening Asset Revaluation Surplus	5,283,464	5,310,230	1	5,329,184	5,359,588	5,389,993
50	Opening Other Reserves	200	350	75	350	350	350
16,951,804	**Opening Balance**	**14,879,925**	**16,478,184**	**11**	**16,232,722**	**16,371,491**	**16,472,032**
	Comprehensive Income						
	Included in Accumulated Funds:						
-250,736	Operating Result for the Period	-427,368	-275,581	-36	95,788	69,389	254,845
-	Superannuation Actuarial Gain/(Loss)	2,010,035	-	-100	-	-	-
729	Other Movements	855	889	4	889	889	889
	Included in Asset Revaluation Surplus:						
17,704	Increase/(Decrease) in Asset Revaluation Surplus	42,643	18,954	-56	30,404	30,405	30,404
	Included in Other Reserves:						
-	Increase/(Decrease) in Other Reserves	150	-	-100	-	-	-
-232,303	**Total Comprehensive Income**	**1,626,315**	**-255,738**	**-116**	**127,081**	**100,683**	**286,138**
	Other						
-	Transfer to/(from) Accumulated Funds	15,877	-	-100	-	-	-
-	Movement in the Asset Revaluation Surplus	-15,877	-	-100	-	-	-
0	**Total Other**	**0**	**0**	**-**	**0**	**0**	**0**
	Transactions Involving Owners Affecting Accumulated Funds						
	Included in Accumulated Funds:						
-43,087	Capital Injections / Distributions	-32,090	-31,001	-3	-14,283	51,367	-5,000
-	Transfer of Assets to the PTE Sector	-1,623	-	-100	-13,120	-118,920	-
	Included in Equity in Public Trading Entities:						
54,233	Increase/(Decrease) in Net Assets of Public Trading Entities	5,657	41,277	630	39,091	67,411	15,566
11,146	**Total Transactions Involving Owners Affecting Accumulated Funds**	**-28,056**	**10,276**	**-137**	**11,688**	**-142**	**10,566**
	Closing Equity						
5,780,173	Closing Equity in Public Trading Entities	5,727,069	5,768,346	1	5,807,437	5,874,848	5,890,414
5,527,363	Closing Accumulated Funds	5,440,535	5,134,842	-6	5,204,116	5,206,841	5,457,577
5,423,061	Closing Asset Revaluation Surplus	5,310,230	5,329,184	..	5,359,588	5,389,993	5,420,397
50	Closing Other Reserves	350	350	-	350	350	350
16,730,647	**Balance at the End of the Reporting Period**	**16,478,184**	**16,232,722**	**-1**	**16,371,491**	**16,472,032**	**16,768,738**

Table 9.4
Australian Capital Territory
General Government Sector
Cash Flow Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Cash Flows from Operating Activities						
	Cash Receipts						
1,397,343	Taxes Received	1,419,370	1,493,652	5	1,589,825	1,703,653	1,820,512
528,471	Receipts from Sales of Goods and Services	524,560	532,606	2	547,761	645,808	677,269
1,896,825	Grants/Subsidies Received	1,936,126	1,864,625	-4	2,009,265	2,082,395	2,102,773
121,548	Interest Receipts	139,632	133,972	-4	123,480	126,807	125,398
55,566	Distributions from Financial Investments	43,101	63,166	47	64,463	55,290	58,869
243,968	Dividends and Income Tax Equivalents	246,184	279,798	14	293,584	229,983	403,819
375,476	Other Receipts	410,305	408,483	..	406,947	407,644	409,035
4,619,197	***Total Cash Received from Operating Activities***	***4,719,278***	***4,776,302***	***1***	***5,035,325***	***5,251,580***	***5,597,675***
	Cash Payments						
-2,005,885	Payments for Employees	-2,038,349	-2,171,135	7	-2,216,861	-2,272,706	-2,354,679
-916,895	Payments for Goods and Services	-862,269	-921,074	7	-883,084	-931,420	-973,618
-884,491	Grants/Subsidies Paid	-1,080,889	-986,620	-9	-901,277	-937,819	-936,747
-166,993	Interest Paid	-158,242	-202,159	28	-216,473	-230,176	-220,544
-455,039	Other Payments	-594,228	-501,193	-16	-465,083	-459,044	-465,234
-4,429,303	***Total Cash Paid from Operating Activities***	***-4,733,977***	***-4,782,181***	***1***	***-4,682,778***	***-4,831,165***	***-4,950,822***
189,894	**Net Cash Flows from Operating Activities**	**-14,699**	**-5,879**	**-60**	**352,547**	**420,415**	**646,853**
	Cash Flows from Investing Activities						
	Cash Flows from Investments in Non-Financial Assets						
2,649	Sales of Non-Financial Assets	3,462	55,834	#	82,199	135,305	135,305
-747,680	Payments for Non-Financial Assets	-941,607	-1,022,674	9	-855,718	-794,786	-469,609
-745,031	**Net Cash Flows from Investments in Non-Financial Assets**	**-938,145**	**-966,840**	**3**	**-773,519**	**-659,481**	**-334,304**
	Cash Flows from Investments in Financial Assets for Policy Purposes						
	Cash Receipts						
610	Repayment of Loans	796	498	-37	416	2,851	2,801
9,830	Dividends – Market Gains on Land Sales	4,216	49,775	#	132,315	20,639	88,251
-	Capital Distributions from PTE Agencies	67,568	-	-100	5,155	56,367	-
10,440	***Total Cash Received from Investments in Financial Assets for Policy Purposes***	***72,580***	***50,273***	***-31***	***137,886***	***79,857***	***91,052***
	Cash Payments						
-1,952	Issue of Loans	-1,952	-62	-97	-62	-62	-62
-40,284	Capital Payments to Government Agencies	-38,145	-31,001	-19	-19,438	-5,000	-5,000
-42,236	***Total Cash Paid from Investments in Financial Assets for Policy Purposes***	***-40,097***	***-31,063***	***-23***	***-19,500***	***-5,062***	***-5,062***
-31,796	**Net Cash Flows from Investments in Financial Assets for Policy Purposes**	**32,483**	**19,210**	**-41**	**118,386**	**74,795**	**85,990**

Table 9.4 (cont.)
Australian Capital Territory
General Government Sector
Cash Flow Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Cash Flows from Investments in Financial Assets for Liquidity Purposes						
522,027	Sales of Investments	556,267	712,341	28	396,681	435,808	364,854
-416,046	Payments for Investments	-462,058	-644,658	40	-542,613	-567,843	-500,564
105,981	**Net Cash Flows from Investments in Financial Assets for Liquidity Purposes**	**94,209**	**67,683**	**-28**	**-145,932**	**-132,035**	**-135,710**
-670,846	**Net Cash Flows from Investing Activities**	**-811,453**	**-879,947**	**8**	**-801,065**	**-716,721**	**-384,024**
	Cash Flows from Financing Activities						
	Cash Receipts						
592,846	Borrowings	867,978	960,968	11	570,869	754,159	29,260
592,846	***Total Cash Received from Financing Activities***	***867,978***	***960,968***	***11***	***570,869***	***754,159***	***29,260***
	Cash Payments						
-92,686	Borrowings	-81,474	-117,180	44	-127,326	-460,525	-295,570
-92,686	***Total Cash Paid from Financing Activities***	***-81,474***	***-117,180***	***44***	***-127,326***	***-460,525***	***-295,570***
500,160	**Net Cash Flows from Financing Activities**	**786,504**	**843,788**	**7**	**443,543**	**293,634**	**-266,310**
19,208	**Net Increase/(Decrease) in Cash Held**	**-39,648**	**-42,038**	**6**	**-4,975**	**-2,672**	**-3,481**
299,485	**Cash and Cash Equivalents at the Beginning of Reporting Period**	**415,002**	**375,354**	**-10**	**333,316**	**328,341**	**325,669**
318,693	**Cash and Cash Equivalents at the End of Reporting Period**	**375,354**	**333,316**	**-11**	**328,341**	**325,669**	**322,188**
	Key Fiscal Aggregates						
189,894	Net Cash from Operating Activities	-14,699	-5,879	-60	352,547	420,415	646,853
-745,031	Investments in Non-Financial Assets	-938,145	-966,840	3	-773,519	-659,481	-334,304
-555,137	**Cash Surplus (+) / Deficit (-)**	**-952,844**	**-972,719**	**2**	**-420,972**	**-239,066**	**312,549**

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

	Derivation of ABS GFS Cash Surplus/(Deficit)						
-555,137	**Cash Surplus (+) / Deficit (-)**	**-952,844**	**-972,719**	**2**	**-420,972**	**-239,066**	**312,549**
-	Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-
-555,137	**ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements**	**-952,844**	**-972,719**	**2**	**-420,972**	**-239,066**	**312,549**

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

Table 9.5
General Government Sector Taxes

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Taxes on Employers' Payroll and Labour Force	**376,519**	**407,983**	**429,299**	**458,019**	**488,706**
Taxes on Property					
Land Taxes	89,065	94,069	101,345	108,579	116,112
Stamp Duties on Financial and Capital Transactions	-	-	-	-	-
Financial Institutions' Transactions Taxes	-	-	-	-	-
Other	615,035	665,106	719,435	774,032	830,694
Total Taxes on Property	**704,100**	**759,175**	**820,780**	**882,611**	**946,806**
Taxes on the Provision of Goods and Services					
Excises and Levies	-	-	-	-	-
Taxes on Gambling	98,206	52,039	53,341	54,673	56,040
Taxes on Insurance	45,544	34,489	22,194	23,281	24,424
Total Taxes on the Provision of Goods and Services	**143,750**	**86,528**	**75,535**	**77,954**	**80,464**
Taxes on Use of Goods and Performance of Activities					
Motor Vehicle Taxes	143,010	151,299	161,025	170,434	180,493
Franchise Taxes	-	-	-	-	-
Other	74,430	86,745	96,661	106,939	117,379
Total Taxes on Use of Goods and Performance of Activities	**217,440**	**238,044**	**257,686**	**277,373**	**297,872**
Total Taxation Revenue	**1,441,809**	**1,491,730**	**1,583,300**	**1,695,957**	**1,813,848**

Note: Numbers may not add due to rounding.

Table 9.6
General Government Sector Grant Revenue

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Current Grant Revenue					
Current Grants from the Commonwealth					
GST Revenue and Municipal Grants	1,143,383	1,070,915	1,142,431	1,207,557	1,275,393
Non Government School Grants	175,617	186,052	197,669	204,603	213,793
Other Contributions and Grants	560,539	565,597	622,747	594,922	583,632
Total Current Grant Revenue	**1,879,539**	**1,822,564**	**1,962,847**	**2,007,082**	**2,072,818**
Capital Grant Revenue					
Capital Grants from the Commonwealth					
Non Government School Grants	1,158	-	-	-	-
Other Contributions and Grants	140,954	147,520	203,660	175,572	146,264
Total Capital Grant Revenue	**142,112**	**147,520**	**203,660**	**175,572**	**146,264**
Total Grant Revenue	**2,021,651**	**1,970,084**	**2,166,507**	**2,182,654**	**2,219,082**

Note: Numbers may not add due to rounding.

Table 9.7
General Government Sector Grants and Purchased Services Expense

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Current Grant Expense					
Private and Not-for-Profit Sector	206,073	193,595	185,781	227,199	205,303
Non Government School Grants	175,617	186,052	197,669	204,603	213,793
Grants to Other Sectors of Government	475,159	502,548	484,909	478,992	489,699
Total Current Grant Expense	**856,849**	**882,195**	**868,359**	**910,794**	**908,795**
Capital Grant Expense					
Private and Not-for-Profit Sector	277,750	23,144	15,348	8,820	8,828
Non Government School Grants	1,158	0	0	0	0
Grants to Other Sectors of Government	7,156	0	0	0	0
Total Capital Grant Expense	**286,064**	**23,144**	**15,348**	**8,820**	**8,828**
Total Grant Expense	**1,142,913**	**905,339**	**883,707**	**919,614**	**917,623**

Note: Numbers may not add due to rounding.

Table 9.8
General Government Sector Dividend and Income Tax Equivalent Income

	2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
Dividend from PNFC Sector	140,637	176,715	132,164	149,290	148,536
Dividends from Superannuation Investments	51,100	50,858	49,892	53,624	57,640
Income Tax Equivalent	70,907	101,855	113,132	72,612	101,267
Total GGS Dividend and Income Tax Equivalent Income	**262,644**	**329,428**	**295,188**	**275,526**	**307,443**

Note: Numbers may not add due to rounding.

Table 9.9
General Government Sector Expenses by Function

		2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
01	General Public Services	433,016	558,437	540,375	537,270	553,259
03	Public Order and Safety	409,772	407,055	419,252	422,826	421,206
04	Education	1,035,731	1,093,513	1,112,020	1,139,347	1,175,035
05	Health	1,340,588	1,388,119	1,442,334	1,522,694	1,581,677
06	Social Security	253,969	251,524	251,140	275,985	258,106
07	Housing and Community Amenities	599,633	256,392	184,646	176,341	173,685
08	Recreation and Culture	222,695	207,042	203,141	202,414	206,948
09	Fuel and Energy	26,497	22,747	20,368	20,360	20,885
10	Agriculture, Forestry, Fishing and Hunting	2,310	2,463	2,481	2,607	2,791
11	Mining and Mineral Resources Other than Fuels, Manufacturing and Construction	12,244	10,073	11,774	10,918	11,142
12	Transport and Communications	316,928	309,086	288,333	290,569	303,468
13	Other Economic Affairs	67,550	66,445	62,340	55,400	55,980
14	Other Purposes	496,537	575,652	602,030	630,580	637,645
	Total Expenses	**5,217,471**	**5,148,547**	**5,140,234**	**5,287,311**	**5,401,827**

Note: Numbers may not add due to rounding.

Table 9.10
General Government Sector Expenses by Function

		2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
01	**General Public Services**	**433,016**	**558,437**	**540,375**	**537,270**	**553,259**
011	Government Superannuation Benefits	0	0	0	0	0
019	Other General Public Services	433,016	558,437	540,375	537,270	553,259
03	**Public Order and Safety**	**409,772**	**407,055**	**419,252**	**422,826**	**421,206**
031	Police and Fire Protection Services	216,370	216,526	217,636	218,381	218,487
0311	*Police Services*	*166,152*	*166,750*	*164,615*	*164,183*	*164,686*
0312	*Fire Protection Services*	*50,218*	*49,777*	*53,022*	*54,198*	*53,802*
032	Law Courts and Legal Services	92,937	91,255	93,672	94,903	95,774
033	Prisons and Corrective Services	63,729	62,073	66,708	68,100	67,196
039	Other Public Order and Safety	36,735	37,201	41,236	41,442	39,749
04	**Education**	**1,035,731**	**1,093,513**	**1,112,020**	**1,139,347**	**1,175,035**
041	Primary and Secondary Education	842,500	893,924	908,489	932,206	961,784
0411	*Primary Education*	*429,562*	*455,942*	*463,104*	*475,145*	*490,191*
0412	*Secondary Education*	*412,938*	*437,982*	*445,386*	*457,061*	*471,593*
0419	*Primary and Secondary Education n.e.c.*	*0*	*0*	*0*	*0*	*0*
042	Tertiary Education	109,889	111,409	114,602	116,096	119,205
0421	*University Education*	*12,400*	*12,848*	*13,456*	*13,680*	*14,364*
0422	*Technical and Further Education*	*97,489*	*98,561*	*101,146*	*102,416*	*104,841*
0429	*Tertiary Education n.e.c.*	*0*	*0*	*0*	*0*	*0*
043	Pre-School Education and Education not Definable by Level	75,656	80,603	81,687	83,652	86,527
0431	*Pre-School Education*	*39,532*	*42,009*	*42,568*	*43,687*	*45,103*
0432	*Special Education*	*35,944*	*38,403*	*38,918*	*39,762*	*41,210*
0439	*Other Education not Definable by Level*	*180*	*192*	*200*	*203*	*214*
044	Transportation of Students	5,785	5,553	5,123	5,239	5,254
0441	*Transportation of Non-Urban School Children*	*1,008*	*558*	*584*	*595*	*625*
0449	*Transportation of Other Students*	*4,777*	*4,995*	*4,538*	*4,644*	*4,629*
049	Education n.e.c.	1,901	2,023	2,119	2,154	2,265
05	**Health**	**1,340,588**	**1,388,119**	**1,442,334**	**1,522,694**	**1,581,677**
051	Acute Care Institutions	1,018,271	1,056,925	1,100,594	1,164,410	1,209,634
0511	*Admitted Patient Services in Acute Care Institutions*	*737,769*	*766,184*	*796,465*	*845,279*	*877,976*
0512	*Non-Admitted Patient Services in Acute Care Institutions*	*280,502*	*290,741*	*304,129*	*319,131*	*331,659*
052	Mental Health Institutions	8,694	9,051	9,478	9,931	10,356
053	Nursing Homes for the Aged	19	20	21	22	22
054	Community Health Services	224,245	229,673	236,075	247,603	256,742
0541	*Community Mental Health*	*70,132*	*72,286*	*74,086*	*77,677*	*81,000*
0542	*Patient Transport*	*31,240*	*30,697*	*32,245*	*33,904*	*33,877*
0549	*Other Community Health Services*	*122,873*	*126,690*	*129,744*	*136,022*	*141,865*
055	Public Health Services	42,707	44,236	45,682	47,889	49,735
056	Pharmaceutical, Medical Aids and Appliances	19,682	20,242	21,195	22,182	23,185
057	Health Research	13,821	14,411	15,092	15,804	16,487
059	Health Administration n.e.c.	13,148	13,559	14,196	14,854	15,516

Table 9.10 (cont.)
General Government Sector Expenses by Function

		2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
06	**Social Security**	**253,969**	**251,524**	**251,140**	**275,985**	**258,106**
061	Social Security	0	0	0	0	0
062	Welfare Services	251,695	249,267	248,824	273,609	255,710
0621	*Family and Children Services*	*81,407*	*72,092*	*73,562*	*73,327*	*74,721*
0622	*Welfare Services for the Aged*	*5,821*	*6,082*	*5,599*	*5,682*	*5,888*
0623	*Welfare Services for People with a Disability*	*123,051*	*126,020*	*130,194*	*154,438*	*134,628*
0629	*Welfare Services n.e.c.*	*41,416*	*45,073*	*39,469*	*40,163*	*40,473*
069	Social Security and Welfare n.e.c.	2,273	2,257	2,316	2,376	2,396
07	**Housing and Community Amenities**	**599,633**	**256,392**	**184,646**	**176,341**	**173,685**
071	Housing and Community Development	545,074	195,034	134,396	126,898	123,219
0711	*Housing*	*456,870*	*133,366*	*76,497*	*68,507*	*69,484*
0712	*Aboriginal Community Development*	*0*	*0*	*0*	*0*	*0*
0719	*Other Community Development*	*88,205*	*61,668*	*57,899*	*58,391*	*53,736*
072	Water Supply	18,899	16,046	16,130	16,471	16,584
0721	*Aboriginal Community Water Supply*	*0*	*0*	*0*	*0*	*0*
0729	*Other Water Supply*	*18,899*	*16,046*	*16,130*	*16,471*	*16,584*
073	Sanitation and Protection of the Environment	30,041	39,699	28,402	27,199	28,038
0731	*Aboriginal Community Sanitation*	*0*	*0*	*0*	*0*	*0*
0739	*Other Sanitation and Protection of the Environment*	*30,041*	*39,699*	*28,402*	*27,199*	*28,038*
079	Other Community Amenities	5,619	5,614	5,718	5,774	5,843
0791	*Aboriginal Community Amenities*	*0*	*0*	*0*	*0*	*0*
0799	*Other Community Amenities*	*5,619*	*5,614*	*5,718*	*5,774*	*5,843*
08	**Recreation and Culture**	**222,695**	**207,042**	**203,141**	**202,414**	**206,948**
081	Recreation Facilities and Services	126,529	112,184	112,978	110,748	117,025
0811	*National Parks and Wildlife*	*14,218*	*14,390*	*14,402*	*14,782*	*15,298*
0819	*Recreation Facilities and Services n.e.c.*	*112,311*	*97,795*	*98,576*	*95,966*	*101,727*
082	Cultural Facilities and Services	70,097	67,554	66,188	66,213	64,139
083	Broadcasting and Film Production	1,403	957	962	931	990
089	Recreation and Culture n.e.c.	24,666	26,347	23,013	24,522	24,794
09	**Fuel and Energy**	**26,497**	**22,747**	**20,368**	**20,360**	**20,885**
091	Fuel Affairs and Services	71	68	69	74	72
0911	*Gas*	*71*	*68*	*69*	*74*	*72*
0919	*Fuel Affairs and Services n.e.c.*	*0*	*0*	*0*	*0*	*0*
092	Electricity and Other Energy	9,846	9,273	9,410	9,576	9,613
0921	*Aboriginal Community Electricity*	*0*	*0*	*0*	*0*	*0*
0922	*Other Electricity*	*9,846*	*9,273*	*9,410*	*9,576*	*9,613*
0929	*Other Energy*	*0*	*0*	*0*	*0*	*0*
099	Fuel and Energy n.e.c.	16,579	13,406	10,889	*10,710*	*11,201*
10	**Agriculture, Forestry, Fishing and Hunting**	**2,310**	**2,463**	**2,481**	**2,607**	**2,791**
101	Agriculture	13	11	10	9	11
102	Forestry, Fishing and Hunting	2,297	2,452	2,471	2,598	2,780
11	**Mining and Mineral Resources other than Fuels, Manufacturing and Construction**	**12,244**	**10,073**	**11,774**	**10,918**	**11,142**
111	Mining and Mineral Resources other than Fuels	0	0	0	0	0
112	Manufacturing	0	0	0	0	0
113	Construction	12,244	10,073	11,774	10,918	11,142

Table 9.10 (cont.)
General Government Sector Expenses by Function

		2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
12	**Transport and Communications**	**316,928**	**309,086**	**288,333**	**290,569**	**303,468**
121	Road Transport	191,611	195,323	195,462	196,932	209,734
1211	*Aboriginal Community Transport*	*0*	*0*	*0*	*0*	*0*
1212	*Road Maintenance*	*167,902*	*172,236*	*172,692*	*174,632*	*187,051*
1213	*Road Rehabilitation*	*0*	*0*	*0*	*0*	*0*
1214	*Road Construction*	*0*	*0*	*0*	*0*	*0*
1219	*Road Transport n.e.c.*	*23,709*	*23,087*	*22,770*	*22,300*	*22,683*
122	Water Transport	0	0	0	0	0
123	Rail Transport	23,573	8,055	5,612	5,162	5,026
1231	*Urban Rail Transport Services*	*23,573*	*8,055*	*5,612*	*5,162*	*5,026*
1232	*Non-Urban Rail Transport Freight Services*	0	0	0	*0*	*0*
1233	*Non-Urban Rail Transport Passengers Services*	0	0	0	*0*	*0*
124	Air Transport	0	0	0	0	0
125	Pipelines	0	0	0	0	0
128	Other Transport	96,104	96,014	80,634	81,707	82,842
1281	*Multi-Mode Urban Transport*	*0*	*0*	*0*	*0*	*0*
1289	*Other Transport n.e.c.*	*96,104*	*96,014*	*80,634*	*81,707*	*82,842*
129	Communication	5,641	9,694	6,625	6,769	5,866
13	**Other Economic Affairs**	**67,550**	**66,445**	**62,340**	**55,400**	**55,980**
131	Storage, Saleyards and Markets	0	0	0	0	0
132	Tourism and Area Promotion	21,390	18,363	18,408	17,777	18,235
133	Labour and Employment Affairs	30,350	33,155	29,530	23,223	22,953
1331	*Vocational Training*	*30,350*	*33,155*	*29,530*	*23,223*	*22,953*
1339	*Other Labour and Employment Affairs*	*0*	*0*	*0*	*0*	*0*
139	Other Economic Affairs	15,809	14,927	14,403	14,399	14,792
14	**Other Purposes**	**496,537**	**575,652**	**602,030**	**630,580**	**637,645**
141	Public Debt Transactions	496,188	575,161	601,520	630,062	637,118
142	General Purpose Inter-Government Transactions	10	10	13	20	13
143	Natural Disaster Relief	0	0	0	0	0
149	Other Purposes n.e.c.	339	481	497	498	514
	Total Expenses	**5,217,471**	**5,148,547**	**5,140,234**	**5,287,311**	**5,401,827**

Note: Numbers may not add due to rounding.

Table 9.11
General Government Sector
Purchases of Non-Financial Assets by Function

		2014-15 Est. Outcome $'000	2015-16 Budget $'000	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
01	General Public Services	92,475	69,178	37,292	29,730	23,716
03	Public Order and Safety	54,825	77,595	15,486	10,285	4,815
04	Education	77,676	64,052	48,782	40,866	30,325
05	Health	99,742	180,485	81,818	23,118	15,563
06	Social Security and Welfare	7,820	6,137	4,567	4,036	2,555
07	Housing and Community Amenities	333,742	344,604	133,874	77,968	71,212
08	Recreation and Culture	34,424	52,793	19,938	4,021	2,883
09	Fuel and Energy	0	0	0	0	0
10	Agriculture, Forestry, Fishing and Hunting	0	0	0	0	0
11	Mining and Mineral Resources other than Fuels, Manufacturing and Construction	58,377	99,260	32,751	3,940	3,431
12	Transport and Communications	177,406	125,060	84,480	45,598	35,974
13	Other Economic Affairs	5,119	3,223	2,229	1,224	964
14	Other Purposes	0	287	394,500	554,000	278,171
	Purchases of Non-Financial Assets	**941,607**	**1,022,674**	**855,718**	**794,786**	**469,609**

Note: Numbers may not add due to rounding.

Loan Council Allocation

The ACT's Loan Council Allocation (LCA) agreed to at the 2015 Loan Council meeting was $627 million, based on an accrual Government Finance Statistics cash surplus of $602 million.

The nomination established a tolerance limit for the Budget-time estimate of between $521 million and $733 million (+/- 2 per cent of total public sector receipts).

The Budget-time estimate has been revised to $1,065 million, and now exceeds the upper LCA nomination tolerance limit by $332 million. The variance largely reflects the impact of Government policy decisions.

Table 9.12
Loan Council Allocations

		Loan Council Nomination $'m	Budget-Time Estimate $'m
	GGS Cash Deficit/(Surplus) [(a)]	486	973
	PNFC Sector Cash Deficit/(Surplus) [(a)]	123	79
	NFPS Sector Cash Deficit/(Surplus) [(a) (b)]	602	1,052
	Acquisition under Finance Leases and Similar Arrangements [(a)]	0	0
equals	ABS GFS Cash Deficit/(Surplus) [(a) (b)]	602	1,052
less	Net Cash Flows from Investments in Financial Assets for Policy Purposes [(c)]	0	0
	Adjusted NFPS Sector Cash Deficit/(Surplus)	602	1,052
plus	Memorandum Items [(d)]	25	13
	Loan Council Allocation	**627**	**1,065**

Notes:

(a) Cash surplus/deficits and finance leases are displayed with the opposite sign to that under which they are reported in cash flow statements. That is, a surplus is displayed as a negative number and vice versa.

(b) May not directly equate to the sum of the GGS and PNFC sector cash surplus/deficit due to intersectoral transfers which are netted out, and/or rounding.

(c) Net cash flows from investments in financial assets for policy purposes are displayed with the same sign as which they are reported in cash flow statements.

(d) Memorandum items are used to adjust the ABS GFS cash surplus/deficit to include in LCA's transactions - such as operating leases - that have many of the characteristics of public sector borrowings, but do not constitute formal borrowings. They are also used, where appropriate, to deduct from the ABS GFS cash surplus/deficit transactions that Loan Council has agreed should not be included in LCAs, for example, the funding of more than employers emerging costs under public sector superannuation schemes, or borrowings by entities such as statutory marketing authorities.
Memorandum items also include the net surplus/deficit of public Universities in the jurisdiction controlled by the Government. For the ACT, the University of Canberra has been included to reflect its financing requirement.

Tolerance Limit

Nomination – 2 per cent public sector receipts ($5.301 billion) +/- $106 million
Budget – 2 per cent of public sector receipts ($5.221 billion) +/- $104 million.

APPENDICES

Appendix		Page
A	ACT Government Structure	287
B	Asbestos Eradication Scheme	295
C	Budget Consultation (Submission Acknowledgement)	301
D	Capital Works – New Initiatives By Type	305
E	Capital Works – Capital Upgrades Program	313
F	Capital Works – Works-in-Progress	321
G	Capital Works – 2014-15 Savings and Project Variations	331
H	Capital Works – 2014-15 Re-Profiling and Technical Adjustments	335
I	Consolidated Financial Statements – Public Trading Enterprises and Total Territory	345
J	General Government Sector – Key Aggregates History	359
K	Report on Government Services 2015	363
L	Statement of Risks	367
M	Statement of Sensitivity of Budget Estimates	373

N	**Summary and Terms of Debt Capital Injection**	**379**
O	**Summary of Outputs**	**383**
P	**Summary of Transfers**	**389**
Q	**Whole of Government Staffing**	**393**

APPENDIX A

ACT GOVERNMENT STRUCTURE

ACT GOVERNMENT STRUCTURE

ANDREW BARR MLA		
	Responsible for:	
Chief Minister	Access Canberra Access to government information ACT Public Service Asbestos (Coordinator-General) Audit policy Building, utilities, land and lease regulation Canberra Connect Communication and community engagement 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)	Government strategy and policy Higher education Intergovernmental relations Occupational licensing Public health protection and regulation (food services) Public unleased land regulation (permits) Racing and gaming regulation Regional development Regulatory reform Road safety regulation, and driver and vehicle licensing Support to Cabinet WorkSafe ACT
Treasurer	ACT Insurance Authority Borrowing, funds management and infrastructure finance Budget process and financial reporting Concessions Fiscal and economic policy, including competition Government business enterprises	Insurance policy Revenue Office Shared services, including transactional services and ICT services Taxation and revenue policy
Minister for Economic Development	Capital works and procurement Digital Canberra Government accommodation and property services	Innovation, trade and investment Skills and economic development Small business
Minister for Urban Renewal	Infrastructure (Coordinator-General) Land development Land release policy (including the land release program)	Major land and property project facilitation Public housing renewal program
Minister for Tourism and Events	Tourism and events (including Territory venues)	

SIMON CORBELL MLA		
	Responsible for:	
Deputy Chief Minister **Attorney-General**	Administration of justice, civil and criminal law and human rights Electoral policy Policy relating to incorporation of associations, registration of civil unions, domestic relationships and parentage	Policy relating to liquor, security and prostitution Policy relating to the registration of land titles and tenancies
Minister for Health	Acute health services Aged care and rehabilitation services Cancer services Child health development Community health services	Health policy and infrastructure Local hospital network Mental health services Population health Public health protection policy
Minister for the Environment	Climate change policy Energy policy and energy efficiency programs Environment protection policy	Support to the Conservator of Flora and Fauna Water policy and water efficiency programs
Minister for Capital Metro	Capital Metro	

JOY BURCH MLA		
	Responsible for:	
Minister for Education and Training	Childcare services and regulation Education (including early childhood education) Government and non-government schools	State Training Authority Vocational education and training
Minister for Police and Emergency Services	Emergency services and policing	
Minister for Disability	Disability policy Disability reform and services	Therapy services
Minister for Racing and Gaming	Racing and gaming policy	
Minister for the Arts	Art and cultural policy and services	

SHANE RATTENBURY MLA		
	Responsible for:	
Minister for Territory and Municipal Services	ACTION Arboretum	Land management and stewardship Municipal services
Minister for Justice	Corrective services Fair trading policy relating to fuel prices and licensing motor vehicle repairers 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 and marriages, and charitable collections Policy relating to transport regulation and safety
Minister for Sport and Recreation	Sport and recreation	
Minister assisting the Chief Minister on Transport Reform	Transport reform	

MICK GENTLEMAN MLA		
	Responsible for:	
Minister for Planning	Active transport Government architect Heritage	Planning and development Strategic land use and transport planning Survey and leasing
Minister for Roads and Parking	Parking (Coordinator-General)	Roads ACT Roads coordination
Minister for Workplace Safety and Industrial Relations	ACT Public Sector workers' compensation improvement Private sector industrial relations and workers' compensation	Work safety policy
Minister for Children and Young People	Care and protection services Child and family centre program Children's policy and services	Youth policy and services (including youth justice)
Minister for Ageing	Ageing	

YVETTE BERRY MLA		
	Responsible for:	
Minister for Housing	Homelessness services Housing policy and services	Housing sector regulation Public housing asset management
Minister for Aboriginal and Torres Strait Islander Affairs	Aboriginal and Torres Strait Islander affairs policy and services	Aboriginal and Torres Strait Islander Elected Body secretariat services
Minister for Community Services	Community recovery policy and services Community sector policy and services	Community sector reform program Human Services Blueprint
Minister for Multicultural Affairs	Multicultural affairs policy and services	
Minister for Women	Women's affairs policy and services	
Minister assisting the Chief Minister on Social Inclusion and Equality	Social inclusion and equality	

STRUCTURE OF ACT DIRECTORATES

CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE		
Director-General Kathy Leigh **Under Treasurer** David Nicol **Director-General Economic Development** David Dawes *With responsibility for:*		
Access Canberra	Fair Trading and registration, inspection and regulatory services (including transport regulation and licensing)	Public housing renewal program
Access to government information		Public unleased land regulation (permits)
ACT Insurance Authority		Racing and gaming policy
ACT Public Sector workers' compensation improvement	Fiscal and economic policy, including competition	Racing and gaming regulation
ACT Public Service		Regional development
Art and cultural policy and services	Government accommodation and property services	Regulatory reform
Asbestos (Coordinator-General)		Revenue Office
Audit Policy	Government business enterprises	Road safety regulation, and driver and vehicle licensing
Borrowing, funds management and infrastructure finance	Government strategy and policy	
	Higher education	Shared services, including transactional services and ICT services
Budget process and financial reporting	Infrastructure (Coordinator-General)	
Building, utilities, land and lease regulation	Innovation, trade and investment	Skills and economic development
	Insurance policy	Small business
Canberra Connect	Intergovernmental relations	Sport and recreation
Capital works and procurement	Land development	Support to Cabinet
Communication and community engagement	Land release policy (including the land release program)	Taxation and revenue policy
		Tourism and events (including Territory venues)
Concessions	Major land and property project facilitation	
Digital Canberra		WorkSafe ACT
Electricity and natural gas, water and sewerage industry technical regulation	Occupational licensing	Work safety policy
	Private sector industrial relations and workers' compensation	
Environment protection and water regulation	Public health protection and regulation (food services)	

OTHER GENERAL GOVERNMENT SECTOR ENTITIES	
ACT COMPULSORY THIRD-PARTY INSURANCE REGULATOR	ACT GAMBLING AND RACING COMMISSION
ACT INSURANCE AUTHORITY	CULTURAL FACILITIES CORPORATION
HOME LOAN PORTFOLIO^	INDEPENDENT COMPETITION AND REGULATORY COMMISSION
LIFETIME CARE AND SUPPORT FUND	SUPERANNUATION PROVISION ACCOUNT
TERRITORY BANKING ACCOUNT	

Note: ^Ceased to operate on 30 June 2015.

CAPITAL METRO AGENCY
Director-General Emma Thomas *With responsibility for:*
Capital Metro

COMMUNITY SERVICES DIRECTORATE		
Director-General Natalie Howson *With responsibility for:*		
Aboriginal and Torres Strait Islander affairs policy and services	Community recovery policy and services	Human Services Blueprint
		Multicultural affairs policy and services
Aboriginal and Torres Strait Islander Elected Body secretariat services	Community sector policy and services	Public housing asset management
	Community sector reform program	Social inclusion and equality
Ageing	Disability policy	Therapy services
Care and protection services	Disability reform and services	Youth policy and services (including youth justice)
Child and family centre program	Homelessness services	
Children's policy and services	Housing policy and services	Women's affairs policy and services
	Housing sector regulation	

EDUCATION AND TRAINING DIRECTORATE		
Director-General Diane Joseph *With responsibility for:*		
Childcare services and regulation Education (including early childhood education)	Government and non-government schools State Training Authority	Vocational education and training
OTHER GENERAL GOVERNMENT SECTOR ENTITY		
CANBERRA INSTITUTE OF TECHNOLOGY		

ENVIRONMENT AND PLANNING DIRECTORATE		
Director-General Dorte Ekelund *With responsibility for:*		
Active transport Climate change policy Energy policy and energy efficiency programs Environment protection policy Government architect	Heritage Parking (Coordinator-General) Planning and development Strategic land use and transport planning	Support to the Conservator of Flora and Fauna Survey and leasing Water policy and water efficiency programs

HEALTH DIRECTORATE		
Director-General Nicole Feely *With responsibility for:*		
Acute health services Aged care and rehabilitation services Cancer services Child health development	Community health services Health policy and infrastructure Local hospital network Mental health services	Population health Public health protection policy
OTHER GENERAL GOVERNMENT SECTOR ENTITY		
ACT LOCAL HOSPITAL NETWORK		

JUSTICE AND COMMUNITY SAFETY DIRECTORATE		
Director-General Alison Playford *With responsibility for:*		
Administration of justice, civil and criminal law and human rights Corrective Services Electoral policy Emergency services and policing Fair trading policy relating to fuel prices and licensing motor vehicle repairers Policy relating to incorporation of associations, registration of civil unions, domestic relationships and parentage	Policy relating to the licensing of agents, hawkers, pawnbrokers, motor vehicle dealers, second hand dealers, and x-films Policy relating to liquor, security and prostitution Policy relating to the registration of deeds, births, deaths and marriages, and charitable collections Policy relating to the registration of land titles and tenancies	Policy relating to retirement villages, egg labelling, sale of goods, and uncollected goods Policy relating to transport regulation and safety
OTHER GENERAL GOVERNMENT SECTOR ENTITIES		
LEGAL AID ACT	PUBLIC TRUSTEE FOR THE ACT	

TERRITORY AND MUNICIPAL SERVICES DIRECTORATE		
Director-General Gary Byles *With responsibility for:*		
ACTION Arboretum Land management and stewardship	Municipal services Roads ACT	Roads coordination Transport reform
OTHER GENERAL GOVERNMENT SECTOR ENTITY		
ACT PUBLIC CEMETERIES AUTHORITY		

OTHER GENERAL GOVERNMENT SECTOR ENTITIES

ACT EXECUTIVE
AUDITOR-GENERAL
ELECTORAL COMMISSIONER
OFFICE OF THE LEGISLATIVE ASSEMBLY

PUBLIC TRADING ENTERPRISES/PUBLIC NON-FINANCIAL CORPORATIONS

ACTION
CIT SOLUTIONS
HOUSING ACT
ICON WATER LIMITED (FORMERLY ACTEW CORPORATION)
LAND DEVELOPMENT AGENCY

APPENDIX B

ASBESTOS ERADICATION SCHEME

APPENDIX B: ASBESTOS ERADICATION SCHEME

On 28 October 2014, the Government announced the implementation of a buyback scheme for all ACT houses affected by loose-fill asbestos (Mr Fluffy) insulation. This decision was based on advice from the ACT Asbestos Response Taskforce that eradication of the ongoing risk of asbestos exposure through demolition of all such properties is the only enduring solution to the health risks affected homes pose to current and future residents, visitors and workers, and their associated social, financial and practical effects.

Under the Loose-fill Asbestos Insulation Eradication Scheme (the Scheme), the ACT Government will acquire, demolish and safely dispose of all affected homes, remediate affected blocks and then resell them to defray overall Scheme costs. That Scheme also includes the emergency financial assistance, asbestos assessment and hazard reduction program undertaken by the Asbestos Response Taskforce since it was formed in mid-2014, as well as the ongoing relocation assistance grants payable as affected homes are vacated.

The Commonwealth has agreed to provide the ACT with a $1 billion loan for a 10 year term. The ACT Government will, however, incur the full net cost of the Asbestos Eradication Scheme as well as the interest costs on the Commonwealth loan. The Commonwealth reneged on a cost sharing arrangement which was set out in the 1991 Memorandum of Understanding between the two Governments on this matter. The Commonwealth is not contributing towards the cost of the Scheme.

The Asbestos Response Taskforce continues its work in providing a coordinated and compassionate response to the 'Mr Fluffy' loose fill asbestos insulation issue in the ACT. This includes supporting homeowners through the voluntary Buyback Program, which is part of the Scheme.

As at 21 May 2015, 90 per cent of the 1,021 affected houses were under offer through the Buyback Program with 916 homeowners having received offers to purchase from the ACT Government. Of these, 812 homeowners had accepted the offer and the ACT Government had taken possession of 479 of these properties. In total, 971 homeowners had 'opted in' to the Scheme.

Through the Buyback Program, homeowners receive two independent valuations of their properties (ignoring the continuing presence of loose fill asbestos contamination), and the Territory's offer to acquire the house is at the average of those valuations. Homeowners receive financial assistance to support relocation and a stamp duty concession to assist in the purchase of an equivalent property in the ACT. They can also request a first right of refusal (for owner occupation) on the repurchase of the block once remediated.

As the Buyback Program comes to a close on 30 June 2015, the Taskforce continues to support homeowners in participating in the Scheme in a way that suits their circumstances – including by agreeing to extended settlement times and early partial release of relocation assistance grants to assist homeowners' transition to other accommodation.

A key part of the Taskforce's work has been engaging with homeowners and the broader community through face to face meetings, information support, forums, linking to existing services and working closely with community councils. This work continues.

The Taskforce also continues to lead key regulatory change in the ACT to strengthen asbestos management and safety.

The Demolition and Remediation Phase

The Mr Fluffy issue affects 1,021 houses across 56 established suburbs and has a significant social, economic and community impact.

The demolition and remediation phase of the Scheme has now commenced, with the first demolitions scheduled to be completed by 30 June 2015. The Government is working closely with industry and relevant regulators to ensure affected properties are demolished and land is remediated safely, efficiently and effectively.

- Safety is the key overarching consideration, particularly in relation to the safety of the workers involved in the asbestos removal, demolition, site clearance, testing and disposal of rubble, as well as for the wider community.
- Demolitions will be scheduled in a coordinated and efficient way to reduce costs and community disruption (including through geographical grouping of properties). The impact of efficient scheduling on overall costs is a key consideration.
- Properties will be demolished in a way that permanently eradicates the issue of loose fill asbestos contamination from our community.

Land Sales

The sale of remediated land will allow the Government to defray some of the overall costs of the Scheme.

As foreshadowed in the ACT Government's response to this issue on 28 October 2014, modest planning changes will apply to surrendered blocks over 700m^2 in the RZ1 suburban zone. Under draft variation 343 to the Territory Plan, permission will be given for the unit titling of dual occupancy developments. This is anticipated to enhance the value of some blocks surrendered under the Scheme and assist in defraying the overall cost to the ACT community of the Scheme. Public consultation for the proposed changes closed on 25 May 2015.

Budget Update

The financial and cash impacts of the Scheme have been revised since the 2014-15 Budget Review. However, there are a range of assumptions, including the demolition/remediation costs, disposal costs and land sales forecasts, which should still be considered as indicative only as they are yet to be market tested. As the Scheme progresses and further information becomes available, the financial and cash estimates will be further refined.

The estimated net cash cost of the Scheme has increased slightly from $363 million at Budget Review to $370 million excluding contingency.

Accounting Policy

Since the development of estimates for the Scheme, the Government has commissioned accounting advice in relation to the treatment of associated transactions. This advice has not affected the cash cost of the Scheme, but has resulted in the following financial reporting impacts.

- An increase of $98 million ($96,100 per home) over the life of the program in Government Payment for Outputs and an equivalent decrease in Capital Injection reflecting that the difference between contaminated and non-contaminated land values should be the full cost of anticipated demolition and remediation expenses.
- Consequently, the $162 million ($158,500 per property) for remediation and demolition expenses will be funded from Capital Injection appropriation rather than from Government Payment for Outputs appropriation.
- The contingent liability of $162 million ($158,500 per property) has been removed. This liability was previously recognised as a Headline Net Operating Balance (HNOB) impact when properties were purchased.
- An onerous contract provision of $390.7 million ($382,693 per property) has instead been created to recognise the Government's commitment to compensate affected homeowners more than the fair value of their properties. This provision is recognised as an expense at the time when owners opt in to the Scheme. As the onerous contract provision occurs at an earlier stage than the previous contingent liability (opt-in rather than at settlement), these changes have resulted in the bring forward of HNOB expenses from 2015-16 to 2014-15, thereby reducing the HNOB impact of the Scheme in 2015-16.
  - There has been an $83 million improvement in the HNOB impact (including contingency) in 2015-16. This is because the accounting advice has resulted in a bring forward of expenses from 2015-16 to 2014-15.
- The value of the increase in land as a result of remediation is no longer treated as a HNOB revenue. This was formerly booked at $62,400 per home and is offset by remediation expenses now being capital funded.

APPENDIX C

BUDGET CONSULTATION
(SUBMISSION ACKNOWLEDGEMENT)

APPENDIX C: BUDGET CONSULTATION (SUBMISSION ACKNOWLEDGEMENT)

The 2015-16 Budget consultation process was launched on 1 September 2014, encouraging interested community members, businesses and local organisations to share their views and suggestions as to how the ACT Government's resources are allocated, where services could be enhanced, and where possible efficiencies could be made. Submissions expressing ideas and comments were sought by 13 October 2014.

Background information and links to relevant documentation, including previous Budget Papers, were made available to the community through the Budget Consultation Website www.budgetconsultation.act.gov.au.

A total of 77 written submissions were received. The submissions covered a diverse range of issues including disability, health, education, community services, sports and recreation, arts and entertainment, public infrastructure, sustainability and public transport, as well as ACT finances. Submissions were publicly available on the Budget Consultation Website, unless the author specified that the submission was to be classified as confidential.

Directorates and agencies reviewed the individual submissions for consideration in the development of proposals for the 2015-16 Budget. Views and suggestions provided by the community were also used to inform decision making, drawing on the knowledge and experiences of users and providers of government services.

The Government would like to thank and acknowledge the following individuals, community groups and organisations for their contributions and participation in the 2015-16 Budget consultation process.

ACT Aboriginal and Torres Strait Islander Elected Body
ACT Council of Parents & Citizens Associations
ACT Council of Social Service
ACT Medicare Local
ACT Mental Health Consumer Network
ACTSPORT
Advocacy for Inclusion
Alcohol Tobacco and Other Drug Association ACT
ANU Law Students' Society
Association of Independent Schools of the ACT (AISACT)
Australian Nursing and Midwifery Association ACT
Belconnen Arts Centre Incorporated
Belconnen Community Council
Blackman, Ms Margaret
Canberra CBD Limited
Canberra Convention Bureau (with input from Newgate Communications)
Canberra Organic Growers Society
CARE Inc.
Carers ACT
Childers Group
Communities@Work

Community and Public Sector Union (ACT)
Council on the Ageing ACT (COTA ACT)
Diamantina Scout Group
Directions ACT
Environmental Defender's Office ACT
Families ACT
Friends of Grasslands
Griffith/Narrabundah Community Association
Legal Aid Commission (ACT)
Living Streets Canberra
Macpherson, Dr Karen
Mental Health Community Coalition ACT
National Council of Women of ACT
National Disability Services (ACT)
Old Narrabundah Community Council Inc
Palliative Care ACT
Pastoral Care Council of the ACT
Pedal Power ACT
People with Disabilities ACT Inc
Southside Community Services Inc.
St Vincent de Paul Society
Superannuated Commonwealth Officers' Association (ACT) Inc
Sustainable Jill
The ACT Equestrian Association Incorporated
The AIDS Action Council of the ACT
The Cancer Support Group
Toora Women Inc.
Tourism & Transport Forum
Tuggeranong Community Council
UnionsACT
UnitingCare Kippax
Victims of Crime Commissioner ACT
Welfare Rights and Legal Centre
Weston Creek Community Council
Winnunga Nimmityjah Aboriginal Health Service
Woden Community Service Inc.
Woden Valley Community Council
Women with Disabilities ACT
Women's Legal Centre (ACT & Region)
Youth Coalition of the ACT

APPENDIX D

CAPITAL WORKS – NEW INITIATIVES BY TYPE

APPENDIX D: CAPITAL WORKS – NEW INITIATIVES BY TYPE

The New Capital Works program comprises construction projects, business case development and forward design. The 2015-16 Budget provides for New Capital Works totalling $207.7 million in 2015-16 and $458.6 million over the four years to 2018-19.

The following table lists the 2015-16 New Capital Works Program by agency.

Table D.1
2015-16 New Capital Works Program[1]

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Capital Metro Agency						
Design						
Capital Metro – Procurement and delivery	16,137	12,771	11,385	11,484	51,777	Mar-20
Total	**16,137**	**12,771**	**11,385**	**11,484**	**51,777**	
Canberra Institute of Technology						
Construction						
CIT Modernisation – Tuggeranong, Bruce and Reid campuses	4,950	2,475	0	0	7,425	Jul-16
Total	**4,950**	**2,475**	**0**	**0**	**7,425**	
Chief Minister, Treasury and Economic Development Directorate						
Construction						
Better Roads for Gungahlin – Enhanced Town Centre road network	5,940	8,019	0	0	13,959	Sep-16
Better Roads for Gungahlin – Horse Park Drive duplication	6,930	9,900	297	0	17,127	Jun-17
Urban Renewal Program – Better Public Housing	610	626	0	0	1,236	Jun-17
Urban Renewal Program – Better Public Housing – Allawah Court	29,322	15,789	0	0	45,110	Mar-17
Urban Renewal Program – Better Public Housing – Karuah	11,479	6,182	0	0	17,661	Mar-17
Urban Renewal Program – Better Public Housing – Owen Flats	13,120	0	0	0	13,120	Jun-17
Urban Renewal Program – Better Public Housing – Red Hill housing precinct	36,496	19,652	0	0	56,148	Mar-17
Urban Renewal Program – City to the Lake – West Basin infrastructure	6,633	3,465	0	0	10,098	Sep-16
Urban Renewal Program – Civic and Braddon public realm improvements	500	1,000	0	0	1,500	Jun- 16
Urban Renewal Program – Melrose football precinct	1,980	4,178	495	0	6,653	Dec-17
Urban Renewal Program – Phillip Oval upgrade	990	3,623	0	0	4,613	Jun- 17

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Forward Design						
Urban Renewal Program – Molonglo 3 infrastructure	1,980	990	0	0	2,970	Jun- 16
Total	**115,980**	**73,424**	**792**	**0**	**190,195**	
Community Services Directorate						
Construction						
Support for People with Disability – New respite property	1,319	28	28	28	1,402	Jan-17
Total	**1,319**	**28**	**28**	**28**	**1,402**	
Cultural Facilities Corporation						
Construction						
Canberra Theatre Centre Upgrades – Stage 3	1,931	1,386	792	0	4,109	Jun-18
Lanyon Heritage Precinct – Stormwater systems upgrade	99	0	0	0	99	Jun-16
Total	**2,030**	**1,386**	**792**	**0**	**4,208**	
Education and Training Directorate						
Construction						
Schools for the Future – Caroline Chisholm School – Centre for Innovation and Learning	495	1,980	3,421	0	5,896	Sep-17
Schools for the Future – Modernising Belconnen High	4,950	10,697	1,980	0	17,627	Feb-18
Schools for the Future – North Gungahlin and Molonglo[2]	1,400	9,108	13,161	5,940	29,609	Feb-19
Total	**6,845**	**21,785**	**18,562**	**5,940**	**53,132**	
Health Directorate						
Construction						
Canberra Hospital – More beds	990	990	495	0	2,475	June-16
Sterilising Services – Relocation and upgrade	99	9,900	7,291	0	17,290	Aug-17
Capital Grants						
Calvary Public Hospital – Expanded hospital services	3,079	0	0	0	3,079	Sep-16
Calvary Public Hospital – Operating theatre upgrade	3,242	2,385	0	0	5,627	Feb-17
Calvary Public Hospital – Upgrade of medical imaging equipment	1,839	1,883	0	0	3,722	Oct-16
University of Canberra Public Hospital – Car park	0	0	NFP	NFP	NFP	Mar-18
Total	**9,250**	**15,158**	**7,786**	**NFP**	**32,193**	

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Justice and Community Safety Directorate						
Construction						
ACT Court Facilities Early Works Package	12,712	842	644	0	14,197	Jun-17
Strengthening Emergency Services – Greenway Ambulance Station	1,253	0		0	1,253	Jun-16
Victims of Crime Financial Assistance Scheme Reforms	135	0	0	0	135	Jun-16
Design						
Strengthening Emergency Services – Upgrade of facilities	74	0	0	0	74	Jun-16
Total	**14,174**	**842**	**644**	**0**	**15,659**	
Office of the Legislative Assembly						
Construction						
Accommodation – Expansion of the Assembly	4,214	1,030	0	0	5,244	Nov-16
Accommodation – Staff relocation	1,497	0	0	0	1,497	Dec-15
Total	**5,711**	**1,030**	**0**	**0**	**6,741**	
Territory and Municipal Services Directorate						
Construction						
Better Roads for Tuggeranong – Ashley Drive duplication – Stage 2	4,950	10,890	8,762	0	24,602	Jun-18
Bridge Strengthening on Commercial Routes	700	0	0	0	700	Jun-16
Enhancing the Protection of Endangered Species and Habitat	1,339	3,030	1,721	0	6,090	Jun-18
Essential Waste Management Infrastructure	6,229	14,682		0	20,911	Jun-17
Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1	9,900	21,285	0	0	31,185	Jun-17
Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades	1,500	0		0	1,500	Jun-16
Urban Renewal Program – Barton – Bowen Park cycle path	600	0	0	0	600	Jun-16
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1	80	780	0	0	860	Jun-17
Urban Renewal Program – Kambah Group Centre – Public domain improvements – Stage 1	50	0	0	0	50	Jun-16
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1	50	180	0	0	230	Jun-17

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Urban Renewal Program – Phillip trade service area parking management	419	0	0	0	419	Jun-16
Urban Renewal Program – Playground repairs	200	0	0	0	200	Jun-16
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1	430	0	0	0	430	Jun-16
Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities	250	250	0	0	500	Jun-17
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades	80	780	0	0	860	Jun-17
Urban Renewal Program – Woden – Canberra Hospital connections	532	0	0	0	532	Jun-16
Design						
Urban Renewal Program – Kingston Group Centre – Pedestrian and cycling accessibility improvements – Stage 1	150	0	0	0	150	Jun-16
Urban Renewal Program – Molonglo to the city highway	200	0	0	0	200	Jun-16
Urban Renewal Program – Woden Town Centre cycle and pedestrian network improvements	250	0	0	0	250	Jun-16
Feasibility						
Chifley – Hindmarsh Drive, Launceston Street and Eggleston Crescent intersection	250	0	0	0	250	Jun-16
Dunlop – Lance Hill Avenue and Ginninderra Drive intersection augmentation	100	0	0	0	100	Jun-16
Improved Waste Resource Recovery	1,975	830	0	0	2,805	Jun-17
Pialligo and Airport Road Network	0	900	0	0	900	Jun-17
Spence – Kuringa Drive and Owen Dixon Drive intersection augmentation	100	0	0	0	100	Jun-16
Better Roads for Gungahlin – Horse Park Drive duplication	500	500	0	0	1,000	Jun-17
Urban Renewal Program – Belconnen Town Centre improved cycling connections	100	0	0	0	100	Jun-16
Urban Renewal Program – Tuggeranong Town Centre improved cycling connections	100	0	0	0	100	Jun-16
Urban Renewal Program – West Belconnen to the City improved cycling connections	100	0	0	0	100	Jun-16

	2015-16	2016-17	2017-18	2018-19	Four Year Investment	Physical Completion
	$'000	$'000	$'000	$'000	$'000	Date
Weetangera – Belconnen Way and Springvale Drive intersection augmentation	170	0	0	0	170	Jun-16
Total	**31,305**	**54,107**	**10,482**	**0**	**95,894**	
Total 2015-16 New Capital Works Program	**207,699**	**183,006**	**50,472**	**17,452**	**458,626**	

Notes:

1 Some components may not add to totals due to rounding.

2 The $1.4 million allocation for 2015-16 has been funded by savings in 2014-15 from the Coombs P-6 School Construction project.

APPENDIX E

CAPITAL WORKS – CAPITAL UPGRADES PROGRAM

APPENDIX E: CAPITAL WORKS – CAPITAL UPGRADES PROGRAM

Funding of $55.6 million has been allocated in 2015-16 for capital upgrades that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets. Upgrades are distinct from routine repairs and maintenance that receive separate funding.

The following table lists the 2015-16 Capital Upgrades Program projects by agency.

Table E.1
Summary of 2015-16 Budget Capital Upgrades Program

Project		Financing 2015-16 $'000
Canberra Institute of Technology		
Health and Safety Improvements		
Asbestos removal at Bruce and Reid campuses		100
Bird proofing horticulture buildings at CIT Bruce		50
Upgrade of security system at CIT Reid and Bruce		100
Energy Management/Educational Improvements		
Replacement of chiller No.3 at CIT Bruce		100
Replacement of heating boilers in E, H and J buildings at CIT Reid		180
Retrofitting of LED lights at Reid and Bruce campuses		200
Stage 2 upgrade of heating and ventilation of E block CIT Bruce		250
Building Improvements		
Landscaping at CIT Bruce		100
New signage		200
Refurbishment of B block at CIT Bruce		300
Refurbishment of C block toilets at CIT Fyshwick		100
Refurbishment of classrooms and training bars including K18 and K19		200
Refurbishment of H block at CIT Fyshwick		50
Replacement of chiller in E block at CIT Reid		300
Replacement of lift in H building at Bruce campus		165
Replacement of skylights at Fyshwick campus		50
Upgrade air-conditioning in B block at CIT Reid		70
	Total	**2,515**
Chief Minister, Treasury and Economic Development Directorate		
Major Venues – Facilities Upgrades		
GIO Stadium amenity upgrades		440
Manuka Oval amenity upgrades		513
Stromlo Forest Park amenity upgrades		200
Sports Facilities		
Facilities Improvement Program 2015-16		1,476
Pools Improvement Program 2015-16		764
Water management system upgrades		528
Arts Facilities		
Arts facilities upgrades		315

Project		Financing 2015-16 $'000
Infrastructure and Equipment		
Exhibition Park amenity upgrades		566
Building Upgrades		
Blaxland Centre upgrades		500
Childcare facilities upgrades		457
Community facilities landscaping upgrades		250
Community facilities upgrades, including energy efficiency		704
Community facilities upgrades to public amenity		551
Government buildings fire system upgrades		150
Government building hazardous material removal		343
Government building safety upgrades		500
Heritage buildings upgrades		150
Namadgi Visitors Centre upgrades		175
Upgrades to tenanted facilities		120
Infrastructure Planning and Design		
Upgrading infrastructure for land release		281
	Total	**8,983**
Community Services Directorate		
Building Upgrades		
Upgrades to Bimberi Residential facilities		277
Upgrade of Marlow Cottage		22
Upgrade of Therapy ACT facilities		17
Upgrade to Child and Family Centres		
Gungahlin Child and Family Centre		46
Tuggeranong Child and Family Centre		6
West Belconnen Child and Family Centre		8
	Total	**376**
Cultural Facilities Corporation		
ACT museums and galleries and historic places upgrades		279
Canberra Theatre Centre upgrades		60
Cultural Facilities Corporation - Corporate upgrades		40
	Total	**379**
Education and Training Directorate		
Disability Access Compliance		800
Disabled access program		
Learning support unit		
Environmental Sustainability Upgrades		700
Solar panel program		
Active transport		
Building tuning program		

Project		Financing 2015-16 $'000
External Learning and Playground Upgrades		600
Outdoor learning spaces		
Playground upgrades		
School Administration and Support Area Improvements		2,200
School administration area upgrades		
Toilet upgrade program		
School Infrastructure Program		750
Schools capital upgrades		
School Learning Area Improvements		4,550
Learning teaching areas upgrades		
Science and technology upgrades		
Older school upgrades		
School expansions and upgrades		
School Safety Improvements		1,215
Car park and traffic safety improvements		
School Security Upgrades		400
Security fence program		
School Revitalisation		3,000
Roof replacement program		
Infrastructure master plans		
Total		**14,215**
Environment and Planning Directorate		
Aboriginal Scar Tree relocation to Namadgi National Park		76
Upgrade of heritage signage		67
	Total	**143**
Health Directorate		
ACT Health		
Building upgrades		2,180
Electrical, fire and safety upgrades		938
Mechanical and services infrastructure		923
Calvary Hospital		
Chilled water system upgrade		80
Essential power and body protection compliance upgrade		140
Ward upgrades		463
Xavier Building upgrades		120
	Total	**4,844**
Justice and Community Safety Directorate		
Directorate Projects		
Accommodation, security, safety and energy efficiency upgrades		516
Corrective Services upgrades		505
Courts and tribunal facilities upgrades		90

Project		Financing 2015-16 $'000
Territorial Projects		
ACT Policing facilities and security upgrades		252
Emergency Services Agency (ESA) Projects		
ESA facilities upgrades		320
	Total	**1,683**
Office of the Legislative Assembly		
Internal Projects		
Carpet replacement		320
Painting program		139
Upgrade of electrical switchboards		80
Upgrade of air curtains - members' and public entrance		25
Security upgrades arising from February 2015 review		144
	Total	**708**
Territory and Municipal Services Directorate		
Yarralumla Nursery		
Refurbishment of Yarralumla Nursery		850
National Arboretum Canberra		
Safety and amenity improvements at Arboretum – Pod playground		216
Upgrade of Arboretum demountable buildings to meet Building Code standards		158
Circuit Trail at National Arboretum		100
National Highway Upgrade Program		
Truck lay-bys — Federal initiative		3,200
Public Libraries		
Library interior upgrades		280
Road Safety Measures and Rehabilitation		
Traffic signal control box upgrades		200
Armour cable upgrade		600
Bridge strengthening		200
Public transport infrastructure upgrades (including DDA bus stop upgrades)		2,600
Road barrier improvement upgrades		300
Road safety measures		700
Public car park improvements		200
Water Resources/Stormwater Improvements		
Stormwater improvement program		1,000
Improvement of pollution control measures at gross pollutant traps		250
Sustainable Transport Initiatives		
Federal Highway truck inspection lay-bys		800
Footpath and cycling improvements		2,000
Neighbourhood Improvements		
Traffic management at schools		200
Safety improvements lighting		1,200
Residential street improvements		400

Project	Financing 2015-16 $'000
Open Space Improvement	
Upgrade water facilities at the veterinary laboratory, Athllon depot	52
Upgrade fencing and other infrastructure at Government horse paddocks and agistment lands	279
Birrigai – Hall floor upgrade	87
Isaacs Ridge mountain bike trail network upgrade	185
Fitness equipment upgrade	120
Irrigation upgrade to Black Mountain Peninsula	457
Lower Cotter Catchment	50
Upgrade of open space street furniture	290
Point Hut Flying Fox replacement	300
Public toilet upgrades	300
Shopping centre upgrades – Minor works	300
Bunda Street improvements	200
Bike rack upgrades	50
Drinking fountains	100
ACT NoWaste	
Safety infrastructure upgrades at Mitchell Resource Management Centre (RMC)	300
Upgrade water management systems at West Belconnen RMC	70
Improvements to control contamination and illegal dumping at Recycling Drop Off Centres	200
Upgrades to road infrastructure at RMC	770
Alderson Place Hume roller door upgrade	80
Separation of leachate at Mugga Lane Resource Management Centre (MLRMC)	90
Upgrade oil recycling facilities at MLRMC	130
ACTION	
ACTION – Bus major component overhauls including driver and passenger seat refurbishment	909
ACTION – Tuggeranong and Belconnen depot and workshop site and tool upgrades	750
ACTION – Bike rack upgrades	110
Property Improvements	
OHS and marketing improvements for Macarthur House	75
Total	**21,708**
Total 2015-16 Capital Upgrades Program	**55,554**

APPENDIX F

CAPITAL WORKS – WORKS-IN-PROGRESS

APPENDIX F: CAPITAL WORKS – WORKS-IN-PROGRESS

The Works-in-Progress (WIP) component of the Capital Works Program includes projects from previous years. The value of WIP over the four years to 2018-19 is $513 million, of which $436 million is allocated in 2015-16.

The following table lists the 2015-16 Capital Works-in-Progress by agency.

Table F.1
2015-16 Capital Works – Works-in-Progress

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Chief Minister, Treasury and Economic Development Directorate						
Australia Forum – Investment ready	800	0	0	0	800	Oct-15
Australia Forum – Investment ready documentation	200	0	0	0	200	Dec-15
Belconnen Arts Centre Stage 2 (Feasibility and Forward Design)	25	0	0	0	25	Sep-15
Canberra CBD Upgrade Program	4	0	0	0	4	Completed
Childcare Centre Upgrades – Stage 2	400	0	0	0	400	Sep-15
Childcare Centre Upgrades – Stage 3	664	0	0	0	664	Dec-15
City Action Plan Stage 1 – Edinburgh Avenue Improvements	457	0	0	0	457	Mar-16
City to the Lake – New Canberra Theatre (Feasibility)	100	0	0	0	100	Mar-16
City to the Lake – West Basin Public Waterfront (Design)	300	0	0	0	300	Jun-15
City to the Lake Arterial Roads Concept Design	1,400	500	0	0	1,900	Jun-17
Conservation Management Plans for Heritage Buildings (Feasibility)	20	0	0	0	20	Dec-15
Coombs – Water Quality Control Ponds	212	0	0	0	212	Completed
Cravens Creek Water Quality Control Pond	19,884	0	0	0	19,884	Jun-16
Dickson Group Centre Intersections – Upgrade	2,380	500	0	0	2,880	Dec-15
Facilities Improvement Program 2013-14	400	0	0	0	400	CUP
Franklin – Community Recreation Irrigated Park Enhancement	400	0	0	0	400	Jun-15
Fyshwick Depot – Fuel storage tanks removal and site remediation	1,200	0	0	0	1,200	Jun-16
Gorman House Multi-Arts Hub	300	0	0	0	300	Dec-15
Government Office Accommodation and Relocation Fitout	507	0	0	0	507	Jun-16
Grant for Development of a New Basketball Centre and Player Amenities	1,530	0	0	0	1,530	Jun-16
Greenway Oval Improvements (Design)	4	0	0	0	4	Completed

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Gungahlin Enclosed Oval – Construction of a Grandstand	428	0	0	0	428	Completed
Gungahlin Enclosed Oval (Sports Complex)	155	0	0	0	155	Completed
Gungahlin Leisure Centre (Design)	556	0	0	0	556	Completed
Gungahlin Town Centre Roads (Design)	472	0	0	0	472	Jun-16
Gungahlin Wellbeing Precinct – Infrastructure Works	124	0	0	0	124	Completed
Horse Park Drive Extension from Burrumarra Avenue to Mirrabei Drive	1,942	0	0	0	1,942	Completed
Horse Park Drive Extension from Burrumarra Avenue to Mirrabei Drive (Design)	370	0	0	0	370	Completed
Horse Park Drive Extension to Moncrieff Group Centre	3,444	0	0	0	3,444	Completed
Horse Park Drive Water Quality Control Pond	3,526	0	0	0	3,526	Completed
Infrastructure Planning and Design	260	0	0	0	260	CUP
Isabella Weir Spillway – Upgrades	9,550	0	0	0	9,550	Jun-016
John Gorton Drive Extension to Molonglo 2 and Group Centre	9,357	0	0	0	9,357	Completed
Kenny –Floodways, Road Access and Basins (Design)	340	0	0	0	340	Completed
Kenny Contamination Remediation	281	0	0	0	281	Completed
Kingston Foreshore – Structured Carpark (Feasibility)	34	0	0	0	34	Completed
Kingston Visual Arts Hub (Feasibility)	90	0	0	0	90	Dec-15
Lyneham Precinct Redevelopment Stage 3	773	0	0	0	773	Jun-16
Lyneham Sports Precinct – Central Amenities (Design)	491	0	0	0	491	Jun-16
Lyneham Sports Precinct – Stage 4 tennis facility enhancement	500	0	0	0	500	Oct-15
Lyneham Sports Precinct Development – Stage 1	750	0	0	0	750	Mar-16
Major Venues – Facilities Upgrades at Manuka Oval	80	0	0	0	80	CUP
Majura Parkway to Majura Road – Link road	9,356	0	0	0	9,356	Jun-16
Melrose Synthetic Football Facility (Design)	131	0	0	0	131	Jun-16
Molonglo Valley – Environmental Impact Statement for Deferred Area	200	0	0	0	200	Jun-16
Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)	39	0	0	0	39	Completed
Molonglo 2 – Sewer and Pedestrian Bridge over Molonglo River	9,057	0	0	0	9,057	Apr-16
Molonglo 2 – Trunk Sewer and Stormwater Infrastructure from Holden's Creek	306	0	0	0	306	Completed

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Molonglo 2 – Uriarra Road Upgrade	8,332	0	0	0	8,332	Aug-15
Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)	39	0	0	0	39	Dec-15
Molonglo 2 – Water Supply, Trunk Sewer and Stormwater Infrastructure – Stage 1	2,308	0	0	0	2,308	Completed
Molonglo 3 – Major Electrical Infrastructure Relocation (Feasibility)	83	0	0	0	83	Dec-16
Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)	89	0	0	0	89	Dec-16
Molonglo 3 Hydraulic Services Concept Masterplanning (Feasibility)	25	0	0	0	25	Dec-16
Molonglo Infrastructure Investment	10,500	3,000	0	0	13,500	Jul-16
Molonglo Valley – Implementation of Commitments in the Plan for the Protection of Matters of National Environment Significance	426	0	0	0	426	Dec-16
More Men's Sheds	125	0	0	0	125	Dec-15
Motorsport Fund – Capital Improvements to Fairbairn Park (Design)	32	0	0	0	32	Jun-16
Motorsports Funding	18	0	0	0	18	Jun-16
Narrabundah Ball Park – Stage 2 – Design	400	0	0	0	400	Jun-16
Narrabundah Long Stay Park – Symonston	6	0	0	0	6	Completed
Narrabundah Velodrome Upgrade	189	0	0	0	189	Completed
Netball Infrastructure Upgrades (Design)	200	0	0	0	200	Mar-16
New Stadium Feasibility Study	200	0	0	0	200	Jun-16
Ngunnawal Aged Care Land Release – Gold Creek	322	0	0	0	322	Completed
Office Accommodation	1,212	0	0	0	1,212	Dec-16
Pools Improvement Program 2013-14	406	0	0	0	406	CUP
Public Arts Scheme	410	0	0	0	410	Jun-16
Replacement of Canberra Seniors Centre (Design)	200	0	0	0	200	Dec-15
Revitalisation of Civic and Braddon (Design)	247	0	0	0	247	Completed
Stromlo Forest Park – Enclosed Oval (Feasibility)	200	0	0	0	200	Jun-16
Stromlo Forest Park-Implementation of bushfire management plan	1,050	500	0	0	1,550	May-17
Stromlo Forest Park Planning and Infrastructure	1,432	0	0	0	1,432	Dec-15
Stromlo Forest Park Soil Conservation Works	235	0	0	0	235	Oct-15
Supporting our Local Sporting Clubs – Redevelopment of Kippax District Playing Fields	90	0	0	0	90	Completed
The Valley Avenue Extension to Gundaroo Drive (Design)	159	0	0	0	159	Complete
Throsby – Access Road (Design)	517	0	0	0	517	Sep-15

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Throsby – Access road and western intersection	3,800	1,000	0	0	4,800	Aug-16
Throsby Multisport Complex (Design)	372	0	0	0	372	Jun-16
Tuggeranong Lakeside Leisure Centre – Water play park	300	0	0	0	300	Dec-15
Upgrade of Commonwealth Park (Floriade)	400	0	0	0	400	Completed
Upgrade of Early Childhood Facilities	200	0	0	0	200	Jun-15
West Belconnen – Roads and Traffic (Feasibility)	65	0	0	0	65	Jun-16
Woden Bus Interchange – Early Works	247	0	0	0	247	Completed
Woden Bus Interchange – Redevelopment	22	0	0	0	22	Dec-15
Woden Bus Interchange – Redevelopment (Finalisation of Design)	30	0	0	0	30	Jun-16
Woden Bus Interchange – Redevelopment Stage 1	3,150	0	0	0	3,150	Jun-16
Woden Stormwater Infrastructure (Design)	458	0	0	0	458	Completed
Woden Valley Stormwater Retardation Basins (Design)	297	0	0	0	297	Completed
Woden/Weston Creek Community Hub (Feasibility and Forward Design)	200	0	0	0	200	Dec-15
Wright Outer Asset Protection Zone – Stromlo Forest Park	164	0	0	0	164	Oct-15
Yarralumla – Canberra Brickworks Site Remediation	181	0	0	0	181	Sep-15
Total	**123,137**	**5,500**	**0**	**0**	**128,637**	
Community Services Directorate						
A New Respite Property	1,075	0	0	0	1,075	Dec-15
Disability Housing – Respite and Congregate Living Housing (Design)	73	0	0	0	73	Dec-15
Total	**1,148**	**0**	**0**	**0**	**1,148**	
Cultural Facilities Corporation						
Canberra Theatre Centre Upgrade – Stage 2	800	0	0	0	800	Jun-16
Total	**800**	**0**	**0**	**0**	**800**	
Education and Training Directorate						
Belconnen Regional Trades Skills Centre	726	0	0	0	726	Feb-16
Bonner Primary School	1,900	0	0	0	1,900	Completed
Canberra College Cares – New Building at Phillip Campus	650	0	0	0	650	Completed
Carbon Neutral Schools – Stage 1	1,000	0	0	0	1,000	Jun-16
Coombs P-6 School Construction Funding	24,141	1,000	0	0	25,141	Feb-16
Franklin Early Childhood School	400	0	0	0	400	Completed
Hazardous Material Removal Program – Stage 3	1,750	500	0	0	2,250	Jun-17
Total	**30,566**	**1,500**	**0**	**0**	**32,066**	

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Environment and Planning Directorate						
ACT Light Rail Master Plan (Feasibility)	400	0	0	0	400	Jun-16
City Plan Implementation	150	0	0	0	150	Jun-16
Continuation of Urban Infill Program (Feasibility)	75	0	0	0	75	Jun-16
East Lake – Planning and Design Framework Implementation (Feasibility)	147	0	0	0	147	Jun-16
Greenfields Planning for Affordable Housing (Feasibility)	250	0	0	0	250	Jun-16
Infill Development Infrastructure Studies (Feasibility)	310	0	0	0	310	Jun-16
Inner North Stormwater Reticulation Network	72	0	0	0	72	Jun-15
Molonglo Valley – Finalisation of Stage 2 and Commencement of Stage 3	300	0	0	0	300	Jun-16
Urban Development Sequence for Affordable Housing (Feasibility)	200	0	0	0	200	Jun-16
Total	**1,904**	**0**	**0**	**0**	**1,904**	
Health Directorate						
Aboriginal Torres Strait Islander Residential Alcohol & Other Drug Rehabilitation Facility	6,284	2,950	0	0	9,234	May-17
Calvary Public Hospital – Car park (Grant component)	273	0	0	0	273	Feb-16
Calvary Public Hospital – Car park	11,875	0	0	0	11,875	Feb-16
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	19,601	15,523	0	0	35,124	Sep-16
Clinical Services Redevelopment – Phase 2	834	0	0	0	834	Dec-15
Clinical Services Redevelopment – Phase 3	7,857	0	0	0	7,857	Jun-16
Continuity of Health Services Plan – Essential Infrastructure	10,365	3,524	0	0	13,889	Apr-16
Health Infrastructure Program – Project management continuation	10,560	9,251	0	0	19,811	Jun-17
Provision for Project Definition Planning	950	0	0	0	950	Jun-15
Secure Mental Health Unit	31,404	11,134	0	0	42,538	Sep-16
Staging and Decanting – Moving To Our Future	10,768	0	0	0	10,768	May-16
Staging, Decanting and Continuity of Services	2,191	0	0	0	2,191	Jun-16
The Canberra Hospital – Essential infrastructure and engineering works	3,320	2,186	0	0	5,506	Feb-17
The Canberra Hospital Redevelopment	15,563	6,300	0	0	21,863	Mar-17
University of Canberra Public Hospital (Design)	7,979	0	0	0	7,979	Jun-16
Total	**139,824**	**50,868**	**0**	**0**	**190,692**	

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Housing ACT						
Disability Dual Occupancy Housing	1,817	0	0	0	1,817	Jun-16
Expansion of Public Housing Energy Efficiency	2,000	0	0	0	2,000	Jun-16
Expansion of Social Housing – Stage 2	2,134	0	0	0	2,134	Jun-16
Security Improvement Program for Elderly Public Housing Tenants	500	0	0	0	500	Jun-16
Total	**6,451**	**0**	**0**	**0**	**6,451**	
Justice and Community Safety Directorate						
Alexander Maconochie Centre – Additional facilities	31,107	0	0	0	31,107	Jun-16
Emergency Services Agency Station Upgrade and Relocation – Aranda Station	15,914	131	0	0	16,045	Mar-16
ESA – Station Upgrade and Relocation – Phase 2 Due Diligence	1,130	0	0	0	1,130	Jun-16
Gungahlin Joint Emergency Services Centre – Future Use Study	270	0	0	0	270	Jun-16
New ACT Court Facilities	2,096	168	170	0	2,434	Mar-18
Total	**50,517**	**299**	**170**	**0**	**50,986**	
Territory and Municipal Services Directorate						
ACTION – Replace underground storage tanks	5,736	0	0	0	5,736	Dec-15
Bridge Strengthening on Commercial Routes	900	0	0	0	900	Sep-15
Civic to Gungahlin Corridor Improvements	16,000	0	0	0	16,000	Jun-16
Gungahlin Drive Intersection Upgrades[2]	*5,000*	*0*	*0*	*0*	*5,000*	*Jun-16*
Dickson Bus Interchange Design[2]	*150*	*0*	*0*	*0*	*150*	*Jun-16*
Civic to Gungahlin 3D Digital Survey[2]	*200*	*0*	*0*	*0*	*200*	*Dec-15*
Corridor Active Travel Improvements[2]	*1,400*	*0*	*0*	*0*	*1,400*	*May-16*
Gungahlin Bus Interchange Design[2]	*150*	*0*	*0*	*0*	*150*	*Aug-15*
Other projects[2]	*9,100*	*0*	*0*	*0*	*9,100*	*Jun-16*
Constitution Avenue	16,000	0	0	0	16,000	Jun-16
Environmental Offsets – Gungahlin (EPIC)	211	206	0	0	417	Jun-17
Environmental Offsets – Lawson South	478	216	65	0	759	Jun-18
Jerrabomberra Wetlands Infrastructure Improvements	50	0	0	0	50	Jul-15
Local Shopping Centre Upgrades Program	1,818	0	0	0	1,818	Jun-16
Majura Off Road Shared Path	4,400	0	0	0	4,400	Jun-16
Molonglo Riverside Park – Stage 1	955	0	0	0	955	Jun-16
Molonglo Valley – Implementation of NES Plan – Stage 2	922	897	902	0	2,721	Jun-18
Mugga 2 Quarry – Remediation	2,724	0	0	0	2,724	Jan-16

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Four Year Investment $'000	Physical Completion Date
Mugga Lane – Land Fill Extension – Stage 5	1,508	0	0	0	1,508	Oct-15
Mugga Lane – Rehabilitation of Old Landfill Cells	1,283	0	0	0	1,283	Jun-16
Mugga Lane – Replace asbestos disposal site	1,023	0	0	0	1,023	Nov-15
Mugga Lane – Replace damaged septic system	665	0	0	0	665	May-16
National Arboretum Canberra – Event terrace and precinct facilities	1,141	0	0	0	1,141	Jun-16
National Arboretum Canberra – Water Security	400	0	0	0	400	Jun-16
Playground Safety Program	80	0	0	0	80	Nov-15
Roads to Recovery – Commonwealth funded	3,600	5,600	5,600	5,600	20,400	Jun-19
Red Hill Nature Reserve Remediation (Design)	135	0	0	0	135	Jun-16
Shopping Centre Upgrade Program – Red Hill and Lyons	344	0	0	0	344	Jun-16
Strategic Bushfire Management Plan	1,244	0	0	0	1,244	Jun-16
Transport for Canberra – Majura Parkway	11,500	0	0	0	11,500	Jun-16
Transport for Canberra – Majura Parkway – Commonwealth funded	6,920	0	0	0	6,920	Jun-16
Transport for Canberra – Upgrading Erindale bus station	600	0	0	0	600	Mar-16
Transport for Canberra – Walking and cycling infrastructure – Stage 4	500	0	0	0	500	Jun-16
West Belconnen Resource Management Centre Rehabilitation of Landfill Cells	288	0	0	0	288	Jun-16
Total	**81,425**	**6,919**	**6,567**	**5,600**	**100,511**	
Total 2015-16 Capital Works-in-Progress	**435,772**	**65,086**	**6,737**	**5,600**	**513,195**	

Notes:

1. Some components may not add to totals due to rounding.
2. This project is part of the $16 million allocated for Civic to Gungahlin Corridor Improvements.

APPENDIX G

CAPITAL WORKS – 2014-15 SAVINGS AND PROJECT VARIATIONS

APPENDIX G: CAPITAL WORKS – 2014-15 SAVINGS AND PROJECT VARIATIONS

Over the course of 2014-15, agencies reviewed their infrastructure, upgrades and other projects in light of expenditure to date and identified savings for returning to the Budget, or for transfer to another project as a project variation.

The following table lists the projects for which savings and project variations have been identified.

Table G.1
Summary of 2014-15 Capital Works Savings and Project Variations[1]

	2014-15 $'000	2015-16 $'000
Education and Training Directorate		
Coombs P-6 School Construction Funding	-1,900	-1,940
Holder Early Childhood Centre	-400	0
Total	**-2,300**	**-1,940**
Health Directorate		
Aboriginal Torres Strait Islander Residential Alcohol and Other Drug Rehabilitation Facility[2]	2,798	0
Clinical Services Redevelopment – Phase 3	-900	0
Enhanced Community Centre Back Up Power	-998	0
Mental Health Young Persons Unit	-633	0
New Gungahlin Health Centre	-460	0
Residential Accommodation Refurbishment – Calvary	-162	0
Staging and Decanting – Moving To Our Future	-1,420	0
Staging, Decanting and Continuity of Services	-1,000	0
Women's and Children's Hospital[3]	1,520	0
Total	**-1,255**	**0**
Justice and Community Safety Directorate		
Alexander Maconochie Centre	-1,420	0
Alexander Maconochie Centre Additional Facilities (Design)	-2,304	0
ESA Station Upgrade and Relocation – South Tuggeranong Station	-1,576	-924
Total	**-5,300**	**-924**
Total 2014-15 Savings and Project Variations	**-8,855**	**-2,864**

Notes:

1. Negative values indicate savings and positive values indicate project variations.
2. The project variation of $2.8 million in 2014-15 is funded by savings from three projects: $1.0 million from Enhanced Community Centre Back Up Power, $0.9 million from Clinical Services Redevelopment – Phase 3 and $0.9 million from Staging, Decanting and Continuity of Services.
3. The project variation of $1.5 million in 2014-15 is funded by savings from two projects: $1.0 million from Staging, Decanting and Continuity of Services and $0.5 million from Staging and Decanting – Moving To Our Future.

APPENDIX H

CAPITAL WORKS – 2014-15 RE-PROFILING AND TECHNICAL ADJUSTMENTS

APPENDIX H: CAPITAL WORKS – 2014-15 RE-PROFILING AND TECHNICAL ADJUSTMENTS

2014-15 Re-Profiling

Over the course of 2014-15, agencies reviewed their infrastructure, upgrades and other projects in light of expenditure to date and identified where the re-profiling of their projects was appropriate. This process also included bringing forward planned out-year expenditure to accelerate some existing projects.

A total of $145 million has been re-profiled from 2014-15 to 2015-16 and future years. The following table lists the projects which have been re-profiled.

Table H.1
Summary of 2014-15 Capital Works Re-Profiling

Project	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
Chief Minister, Treasury and Economic Development Directorate					
Australia Forum – Investment ready	-200	200	0	0	0
Australia Forum Investment ready documentation	-800	800	0	0	0
Belconnen Arts Centre Stage 2 (Feasibility and Forward Design)	-25	25	0	0	0
Childcare Centre Upgrades – Stage 2	-400	400	0	0	0
City Action Plan Stage 1 – Edinburgh Avenue improvements	-400	400	0	0	0
City to the Lake - New Canberra Theatre (Feasibility)	-100	100	0	0	0
City to the Lake - West Basin Public Waterfront (Forward Design)	-300	300	0	0	0
Conservation Management Plans for Heritage Buildings (Feasibility)	-20	20	0	0	0
Cravens Creek Water Quality Control Pond	-10,067	10,067	0	0	0
Dickson Group Centre Intersections – Upgrade	-1,000	1,000	0	0	0
Franklin – Community Recreation Irrigated Park enhancement	-400	400	0	0	0
Fyshwick Depot – Fuel storage tanks removal and site remediation	-200	200	0	0	0
Gorman House Multi-Art Hub	-300	300	0	0	0
Grant for Development of a New Basketball Centre and Player Amenities	-1,530	1,530	0	0	0
Gungahlin Town Centre Roads (Design)	-196	196	0	0	0
Horse Park Drive Extension from Burrumarra Avenue to Mirrabei Drive	-942	942	0	0	0
Horse Park Drive Extension to Moncrieff Group Centre	-3,000	3,000	0	0	0
Horse Park Drive Water Quality Control Pond	-500	500	0	0	0
Isabella Weir Spillway Upgrades	-4,500	4,500	0	0	0

Project	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
John Gorton Drive Extension to Molonglo 2 and Group Centre	-457	457	0	0	0
Kenny – Floodways, Road Access and Basins (Design)	-295	295	0	0	0
Kingston Visual Arts Hub (Feasibility)	-90	90	0	0	0
Lyneham Precinct Redevelopment Stage 3	-500	500	0	0	0
Lyneham Sports Precinct – Central amenities (Design)	-400	400	0	0	0
Lyneham Sports Precinct Development – Stage 1	-750	750	0	0	0
Majura Parkway to Majura Road – Link road construction	-2,800	2,800	0	0	0
Melrose Synthetic Football Facility (Design)	-131	131	0	0	0
Molonglo 2 – Uriarra Road Upgrade	-1,500	1,500	0	0	0
Molonglo 2 – Water supply, trunk sewer and stormwater infrastructure – Stage 1	-1,929	1,929	0	0	0
Molonglo 2 Sewer and Pedestrian Bridge over Molonglo River	-3,500	3,500	0	0	0
Molonglo Infrastructure Investment	-2,500	2,500	0	0	0
Molonglo Valley – Implementation of commitments in the NES Plan	-300	300	0	0	0
More Men's Sheds	-125	125	0	0	0
Narrabundah Ball Park – Stage 2	-400	400	0	0	0
Netball Infrastructure Upgrades (Design)	-200	200	0	0	0
Office Accommodation	-400	400	0	0	0
Public Art Scheme	-410	410	0	0	0
Replacement of Canberra Seniors Centre (Design)	-200	200	0	0	0
Revitalisation of Civic and Braddon (Design)	-100	100	0	0	0
Stromlo Forest Park – Enclosed oval (Feasibility)	-200	200	0	0	0
Stromlo Forest Park Implementation of Bushfire Management Plan	-400	400	0	0	0
Stromlo Forest Park Planning and Infrastructure	-1,400	1,400	0	0	0
Stromlo Forest Park Soil Conservation Works	-100	100	0	0	0
Throsby – Access Road	-450	450	0	0	0
Throsby – Access road and western intersection	-1,500	1,500	0	0	0
Throsby Multisport Complex (Design)	-186	186	0	0	0
Tuggeranong Lakeside Leisure Centre – Water play park	200	-200	0	0	0
Upgrade of Early Childhood Facilities	-200	200	0	0	0
Woden Bus Interchange – Early Works	-200	200	0	0	0
Woden Bus Interchange – Redevelopment stage 1	-1,150	1,150	0	0	0
Woden/Weston Creek Community Hub (Feasibility and Forward Design)	-200	200	0	0	0
Wright Outer Asset Protection Zone – Stromlo Forest Park	-150	150	0	0	0
Total	**-47,803**	**47,803**	**0**	**0**	**0**

Project	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
Community Services Directorate					
A New Respite Property	-1,075	1,075	0	0	0
Disability Housing – Respite and congregate living housing (Design)	-73	73	0	0	0
Total	**-1,148**	**1,148**	**0**	**0**	**0**
Education and Training Directorate					
Bonner Primary School	-1,900	1,900	0	0	0
Canberra College Cares – New Building at Phillip Campus	-650	650	0	0	0
Coombs P-6 School Construction	-13,171	12,781	390	0	0
Franklin Early Childhood School	-400	400	0	0	0
Hazardous Material Removal Program – Stage 3	-250	750	-500	0	0
Total	**-16,371**	**16,481**	**-110**	**0**	**0**
Environment and Planning Directorate					
ACT Light Rail Master Plan (Feasibility)	-400	400	0	0	0
City Plan Implementation	-150	150	0	0	0
Continuation of Urban Infill Program (Feasibility)	-75	75	0	0	0
East Lake — Planning and Design Framework implementation (Feasibility)	-147	147	0	0	0
Greenfields Planning for Affordable Housing (Feasibility)	-250	250	0	0	0
Infill Development Infrastructure Studies (Feasibility)	-310	310	0	0	0
Molonglo Stage 2 – Finalisation of Stage 2 and Commencement of Stage 3 Planning (Feasibility)	-300	300	0	0	0
Urban Development Sequence for Affordable Housing (Feasibility)	-200	200	0	0	0
Total	**-1,832**	**1,832**	**0**	**0**	**0**
Health Directorate					
Aboriginal Torres Strait Islander Residential Alcohol and Other Drug Rehabilitation Facility	-3,548	598	2,950	0	0
Calvary Public Hospital – Car park (Grant component)	-273	273	0	0	0
Calvary Public Hospital – Car park	-10,222	10,222	0	0	0
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	-4,182	-11,341	15,523	0	0
Clinical Services Redevelopment – Phase 2	-834	834	0	0	0
Clinical Services Redevelopment – Phase 3	-6,504	6,504	0	0	0
Continuity of Health Services Plan – Essential Infrastructure	-9,640	6,116	3,524	0	0
Health Infrastructure Program – Project management – Stage 2	-5,289	-3,962	9,251	0	0
Provision for Project Definition Planning	-950	950	0	0	0
Secure Mental Health Unit	-2,855	785	2,070	0	0

Project	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
Staging and Decanting – Moving To Our Future	-5,441	5,441	0	0	0
Staging, Decanting and Continuity of Services	-347	347	0	0	0
The Canberra Hospital – Essential infrastructure and engineering works	-3,167	981	2,186	0	0
The Canberra Hospital Redevelopment	-3,674	2,563	1,111	0	0
University of Canberra Public Hospital (Design)	-2,727	2,727	0	0	0
Total	**-59,653**	**23,038**	**36,615**	**0**	**0**
Housing ACT					
Disability Dual Occupancy Housing	-598	598	0	0	0
Expansion of Social Housing – Stage 2	-2,134	2,134	0	0	0
Total	**-2,732**	**2,732**	**0**	**0**	**0**
Justice and Community Safety Directorate					
Alexander Maconochie Centre – Additional facilities	-1,321	1,321	0	0	0
Emergency Services Agency Station Upgrade and Relocation – Aranda station	-5,750	5,750	0	0	0
ESA – Station Relocation and Upgrade – Phase 2 due diligence	-1,130	1,130	0	0	0
Gungahlin Joint Emergency Services Centre – Future use study	-200	200	0	0	0
New ACT Court Facilities	-71	71	0	0	0
Total	**-8,472**	**8,472**	**0**	**0**	**0**
Office of the Legislative Assembly					
Carpet Replacement – CUP[1]	-165	456	-8	-120	-163
Total	**-165**	**456**	**-8**	**-120**	**-163**
Territory and Municipal Services Directorate					
ACTION – Replace Underground Storage Tanks	-200	200	0	0	0
Bridge Strengthening on Commercial Routes	-900	900	0	0	0
Civic to Gungahlin Corridor Improvements	-4,000	4,000	0	0	0
Constitution Avenue	-10,000	10,000	0	0	0
Environmental Offsets – Lawson South	-312	210	82	20	0
Environmental Offsets – Gungahlin (EPIC)	-208	104	104	0	0
Jerrabomberra Wetlands Infrastructure Improvements	-50	50	0	0	0
Local Shopping Centre Upgrades Program	-168	168	0	0	0
Majura Off Road Shared Path	0	2,000	0	0	0
Molonglo Riverside Park – Stage 1	-955	955	0	0	0
Molonglo Valley – Implementation of NES Plan – Stage 2	-237	62	75	100	0

Project	2014-15 $'000	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
Mugga 2 Quarry – Remediation	-1,785	1,785	0	0	0
Mugga Lane – Land Fill Extension – Stage 5	-1,508	1,508	0	0	0
Mugga Lane – Rehabilitation of old landfill cells	-100	100	0	0	0
Mugga Lane – Replace asbestos disposal site	-500	500	0	0	0
Mugga Lane – Replace damaged septic system	-565	565	0	0	0
National Arboretum Canberra – Event terrace and precinct facilities	-300	300	0	0	0
National Arboretum Canberra – Water security	1,097	-99	-998	0	0
Playground Safety Program	-80	80	0	0	0
Roads to Recovery – Commonwealth funded	1,900	-2,325	1,000	-2,400	-175
Red Hill Nature Reserve Remediation (Design)	-135	135	0	0	0
Shopping Centre Upgrade Program – Red Hill and Lyons	-344	344	0	0	0
Strategic Bushfire Management Plan	-500	500	0	0	0
Transport for Canberra – Majura Parkway	13,080	-13,080	0	0	0
Transport for Canberra – Upgrading Erindale bus station	-600	600	0	0	0
Transport for Canberra – Walking and Cycling Infrastructure – Stage 4	750	-750	0	0	0
West Belconnen Resource Management Centre Rehabilitation of Landfill Cells	16	-16	0	0	0
Total	**-6,604**	**8,796**	**263**	**-2,280**	**-175**
Total 2014-15 Project Re-Profiling[2]	**-144,780**	**110,758**	**36,760**	**-2,400**	**-338**

Notes:

1. This is a Capital Upgrades project related to the expansion of the Office of the Legislative Assembly.
2. The Government Payments for Outputs have been included in the table for feasibility studies and grants.

Technical Adjustments

In addition to the re-profiling of projects in Table H.1 above, a number of technical adjustments have been made to funding for the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) in 2015-16. These adjustments reflect changes to the Administrative Arrangements which took effect on 21 January 2015.

The technical adjustments include funding that would have been rolled over from 2013-14 to 2014-15 by the former Economic Development and Commerce and Works Directorates except that these entities were abolished on 7 July 2014 before the rollovers could occur. As a result, these appropriations lapsed. The appropriation is still required to finalise these projects and is now being provided as part of the 2015-16 Budget.

The following table lists the technical adjustments totalling $17 million in 2015-16.

Table H.2
Summary of 2015-16 Capital Works Technical Adjustments

Project	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000	Total Four Years $'000
Chief Minister, Treasury and Economic Development Directorate					
Canberra CBD Upgrade Program	4	0	0	0	4
City Action Plan Stage 1 – Edinburgh Avenue improvements	57	0	0	0	57
Coombs — Water Quality Control Ponds	212	0	0	0	212
Cravens Creek Water Quality Control Pond	67	0	0	0	67
Facilities Improvement Program 2013-14	400	0	0	0	400
Government Office Accommodation and Relocation Fitout	7	0	0	0	7
Greenway Oval Improvements (Design)	4	0	0	0	4
Gungahlin Enclosed Oval — Construction of a Grandstand	428	0	0	0	428
Gungahlin Enclosed Oval (Sports Complex)	155	0	0	0	155
Gungahlin Leisure Centre (Design)	556	0	0	0	556
Gungahlin Town Centre Roads (Design)	276	0	0	0	276
Gungahlin Wellbeing Precinct — Infrastructure Works	124	0	0	0	124
Horse Park Drive Extension from Burrumarra Avenue to Mirrabei Drive (Design)	370	0	0	0	370
Horse Park Drive Extension to Moncrieff Group Centre	444	0	0	0	444
Horse Park Drive Water Quality Control Pond	26	0	0	0	26
Infrastructure Planning and Design	260	0	0	0	260
Kenny – Floodways, Road Access and Basins (Design)	45	0	0	0	45
Kenny Contamination Remediation	281	0	0	0	281
Kingston Foreshore – Structured Carpark (Feasibility)	34	0	0	0	34

Project	2015-16	2016-17	2017-18	2018-19	Total Four Years
	$'000	$'000	$'000	$'000	$'000
Lyneham Precinct Redevelopment Stage 3	23	0	0	0	23
Lyneham Sports Precinct – Central amenities (Design)	91	0	0	0	91
Major Venues – Facilities Upgrades at Manuka Oval	80	0	0	0	80
Molonglo – Environmental Impact Statement for Deferred Area	200	0	0	0	200
Molonglo 2 – East-West Arterial Road and Services Extension to Cravens Creek (Design)	39	0	0	0	39
Molonglo 2 – Sewer and Pedestrian Bridge over Molonglo River	6,557	0	0	0	6,557
Molonglo 2 – Trunk Sewer and Stormwater Infrastructure from Holdens Creek	306	0	0	0	306
Molonglo 2 – Uriarra Road Upgrade	1,332	0	0	0	1,332
Molonglo 2 – Water Quality Control Ponds, Sewers and Cyclepath (Design)	39	0	0	0	39
Molonglo 2 – Water supply, trunk sewer and stormwater infrastructure – Stage 1	379	0	0	0	379
Molonglo 3 – Major Electrical Infrastructure Relocation	83	0	0	0	83
Molonglo 3 – Preliminary Geotechnical Investigation (Feasibility)	89	0	0	0	89
Molonglo 3 Hydraulic Services Concept Masterplanning (Feasibility)	25	0	0	0	25
Molonglo Valley – Implementation of commitments in the NES Plan	126	0	0	0	126
Motorsport Fund – Capital Improvements to Fairbairn Park (Design)	32	0	0	0	32
Motorsport Funding	18	0	0	0	18
Narrabundah Long Stay Park – Symonston	6	0	0	0	6
Narrabundah Velodrome Upgrade	189	0	0	0	189
New Stadium (Feasibility)	200	0	0	0	200
Ngunnawal Aged Care Land Release – Gold Creek	322	0	0	0	322
Office Accommodation	412	0	0	0	412
Pools Improvement Program 2013-14	406	0	0	0	406
Revitalisation of Civic and Braddon (Design)	147	0	0	0	147
Stromlo Forest Park Planning and Infrastructure	32	0	0	0	32
Stromlo Forest Park Soil Conservation Works	135	0	0	0	135
Supporting our Local Sporting Clubs – Redevelopment of the Kippax District Playing Fields	90	0	0	0	90
The Valley Avenue Extension to Gundaroo Drive (Design)	159	0	0	0	159
Throsby – Access road	67	0	0	0	67
Throsby Multisport Complex (Design)	186	0	0	0	186

Project	2015-16	2016-17	2017-18	2018-19	Total Four Years
	$'000	$'000	$'000	$'000	$'000
Upgrade of Commonwealth Park (Floriade)	400	0	0	0	400
West Belconnen – Roads and Traffic (Feasibility)	65	0	0	0	65
Woden Bus Interchange – Early works	47	0	0	0	47
Woden Bus Interchange – Redevelopment	22	0	0	0	22
Woden Bus Interchange – Redevelopment (Finalisation of Design)	30	0	0	0	30
Woden Stormwater Infrastructure (Design)	458	0	0	0	458
Woden Valley Stormwater Retardation Basins (Design)	297	0	0	0	297
Wright Outer Asset Protection Zone – Stromlo Forest Park	14	0	0	0	14
Total 2014-15 Technical Adjustments	**16,853**	**0**	**0**	**0**	**16,853**

APPENDIX I

CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES AND TOTAL TERRITORY

APPENDIX I: CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES AND TOTAL TERRITORY

Table I.1
Australian Capital Territory
Public Trading Enterprises
Operating Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Revenue						
162,050	Government Payment for Outputs	166,736	178,460	7	153,948	150,127	152,307
-	Gains from Contributed Assets	4,188	-	-100	-	-	-
	Sales of Goods and Services Revenue						
90,507	Revenue from Associates and Joint Ventures	91,634	67,032	-27	74,822	76,965	77,048
449,733	Other Sales of Goods and Services	409,130	425,943	4	439,592	449,749	460,404
2,964	Interest Income	3,595	2,224	-38	1,921	1,918	1,947
1,668	Distribution from Investments with the Territory Banking Account	3,589	3,936	10	875	815	755
	Other Revenue						
223,333	Land Revenue (Value Add Component)	273,022	406,530	49	384,559	399,549	347,792
18,580	Other Revenue	22,930	11,369	-50	11,953	12,922	12,432
948,835	**Total Revenue**	**974,824**	**1,095,494**	**12**	**1,067,670**	**1,092,045**	**1,052,685**
	Expenses						
184,698	Employee Expenses	180,199	180,219	..	172,341	176,073	175,417
21,351	Superannuation Expenses	21,942	22,889	4	22,734	23,037	23,370
72,660	Depreciation and Amortisation	69,886	72,287	3	78,993	97,363	77,605
85,372	Interest Expense	75,948	85,516	13	89,650	94,324	98,302
57,212	Other Property Expenses (Income Tax Expense)	66,312	96,854	46	113,133	72,612	101,265
	Other Operating Expenses						
222,016	Supplies and Services	207,530	206,969	..	208,040	216,477	218,139
118,425	Other Operating Expenses	145,307	199,598	37	70,529	127,417	164,334
85,349	Grants and Purchased Services	60,924	83,134	36	139,953	108,127	93,022
847,083	**Total Expenses**	**828,048**	**947,466**	**14**	**895,373**	**915,430**	**951,454**
101,752	**UPF Net Operating Balance**	**146,776**	**148,028**	**1**	**172,297**	**176,615**	**101,231**
	Other Economic Flows – Included in the Operating Result						
14,043	Land Revenue (Market Gains on Land Sales)	6,023	71,107	#	108,921	29,485	126,073
-20,293	Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	23,766	-24,759	-204	-54,326	-93,321	-29,888
318	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	318	314	-1	312	312	312
-2,139	Doubtful Debts	-2,284	-2,247	-2	-2,377	-2,463	-2,467
93,681	**Operating Result**	**174,599**	**192,443**	**10**	**224,827**	**110,628**	**195,261**

Table I.1 (cont.)
Australian Capital Territory
Public Trading Enterprises
Operating Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Items that will not be Subsequently Reclassified to Profit or Loss						
48,239	Increase/(Decrease) in the Asset Revaluation Surplus	9,683	44,323	358	51,340	59,159	52,092
	Items that may be Subsequently Reclassified to Profit or Loss						
-	Increase/(Decrease) in Other Reserves	-3,000	-	-100	-	-	-
141,920	**Total Comprehensive Income**	**181,282**	**236,766**	**31**	**276,167**	**169,787**	**247,353**
101,752	**UPF Net Operating Balance**	**146,776**	**148,028**	**1**	**172,297**	**176,615**	**101,231**
	***less* Net Acquisition of Non-Financial Assets**						
186,666	Payments for Non-Financial Assets	132,020	177,960	35	182,178	152,621	132,945
-49,732	Sales of Non-Financial Assets	-51,899	-35,576	-31	-50,490	-54,590	-64,738
-31,431	Land Revenue (Net Cash Receipts)	-25,418	-53,877	112	-110,572	-25,635	-123,727
-72,660	Depreciation and Amortisation	-69,886	-72,287	3	-78,993	-97,363	-77,605
-59,799	Other Movements in Non-Financial Assets	-37,060	-59,313	60	-115,849	-86,439	-69,938
-26,956	*Total Net Acquisition of Non-Financial Assets*	*-52,243*	*-43,093*	*-18*	*-173,726*	*-111,406*	*-203,063*
128,708	**Net Lending / (Borrowing)**	**199,019**	**191,121**	**-4**	**346,023**	**288,021**	**304,294**
101,752	UPF Net Operating Balance	146,776	148,028	1	172,297	176,615	101,231
101,752	**HEADLINE NET OPERATING BALANCE**	**146,776**	**148,028**	**1**	**172,297**	**176,615**	**101,231**

Table I.2
Australian Capital Territory
Public Trading Enterprises
Balance Sheet

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Financial Assets						
80,151	Cash and Deposits	105,831	112,491	6	30,587	120,933	120,013
72,616	Investments and Loans	89,449	67,438	-25	60,079	51,314	51,885
159,561	Receivables	138,663	168,437	21	164,741	166,497	167,340
665,278	Equity – Investments Accounted for Using the Equity Method	691,716	724,514	5	742,427	756,810	765,313
977,606	**Total Financial Assets**	**1,025,659**	**1,072,880**	**5**	**997,834**	**1,095,554**	**1,104,551**
	Non-Financial Assets						
	Produced Assets						
3,410,391	Property, Plant and Equipment	3,362,075	3,414,922	2	3,414,993	3,378,088	3,289,782
8,992	Investment Properties	8,469	9,452	12	10,433	11,414	12,395
19,221	Intangibles	17,752	17,729	..	17,705	17,682	17,682
215,691	Inventories	272,517	298,180	9	392,383	376,675	310,193
18,866	Assets Held for Sale	2,271	2,540	12	2,809	3,078	3,347
107,849	Capital Works-in-Progress	128,405	128,983	..	145,513	266,641	267,700
	Non-Produced Assets						
3,269,642	Property, Plant and Equipment	3,191,752	3,257,244	2	3,360,592	3,401,891	3,534,754
	Other Non-Financial Assets						
26,772	Deferred Tax Assets	28,163	28,167	..	28,167	28,167	28,167
6	Other Non-Financial Assets	11	11	-	11	11	11
7,077,430	**Total Non-Financial Assets**	**7,011,415**	**7,157,228**	**2**	**7,372,606**	**7,483,647**	**7,464,031**
8,055,036	**Total Assets**	**8,037,074**	**8,230,108**	**2**	**8,370,440**	**8,579,201**	**8,568,582**
	Liabilities						
1,585,907	Advances Received	1,566,713	1,652,518	5	1,743,283	1,815,472	1,853,397
	Borrowings						
906	Finance Leases	826	845	2	864	883	902
59,068	Employee Benefits	65,275	63,407	-3	64,013	64,583	65,151
129,184	Other Provisions	128,162	139,556	9	152,705	177,961	197,397
118,834	Payables	114,873	124,868	9	121,116	118,773	132,089
	Other Liabilities						
15,847	Current Tax Liability	20,042	25,006	25	26,645	19,433	28,266
329,207	Deferred Tax Liability	352,195	347,195	-1	347,195	347,194	347,195
35,910	Other Liabilities	61,919	108,367	75	107,182	160,054	53,771
2,274,863	**Total Liabilities**	**2,310,005**	**2,461,762**	**7**	**2,563,003**	**2,704,353**	**2,678,168**
5,780,173	**Net Assets**	**5,727,069**	**5,768,346**	**1**	**5,807,437**	**5,874,848**	**5,890,414**
2,238,146	Accumulated Funds	2,239,910	2,258,864	1	2,261,637	2,223,481	2,208,955
3,529,187	Asset Revaluation Surplus	3,477,319	3,499,642	1	3,535,960	3,641,527	3,671,619
12,840	Other Reserves	9,840	9,840	-	9,840	9,840	9,840
5,780,173	**Net Worth**	**5,727,069**	**5,768,346**	**1**	**5,807,437**	**5,874,848**	**5,890,414**
-1,297,257	**Net Financial Worth**	-1,284,346	-1,388,882	8	-1,565,169	-1,608,799	-1,573,617
1,434,046	**Net Debt**	1,372,259	1,473,434	7	1,653,481	1,644,108	1,682,401

Table I.3
Australian Capital Territory
Public Trading Enterprises
Statement of Changes in Equity

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Opening Equity						
2,210,152	Opening Accumulated Funds	2,222,024	2,239,910	1	2,258,864	2,261,637	2,223,481
3,502,948	Opening Asset Revaluation Surplus	3,486,549	3,477,319	..	3,499,642	3,535,960	3,641,527
12,840	Opening Other Reserves	12,840	9,840	-23	9,840	9,840	9,840
5,725,940	**Opening Balance**	**5,721,412**	**5,727,069**	**..**	**5,768,346**	**5,807,437**	**5,874,848**
	Comprehensive Income						
	Included in Accumulated Funds:						
93,681	Operating Result for the Period	174,599	192,443	10	224,827	110,628	195,261
	Included in Asset Revaluation Surplus:						
48,239	Increase/(Decrease) in the Asset Revaluation Surplus	9,683	44,323	358	51,340	59,159	52,092
	Included in Other Reserves:						
-	Increase/(Decrease) in Other Reserves	-3,000	-	-100	-	-	-
141,920	**Total Comprehensive Income**	**181,282**	**236,766**	**31**	**276,167**	**169,787**	**247,353**
	Other						
22,000	Transfer to/(from) Accumulated Funds	18,913	22,000	16	15,022	-46,408	22,000
-22,000	Movement in the Asset Revaluation Surplus	-18,913	-22,000	16	-15,022	46,408	-22,000
0	**Total Other**	**0**	**0**	**-**	**0**	**0**	**0**
	Transactions Involving Owners Affecting Accumulated Funds						
43,087	Capital Injections/Distributions	-29,961	31,001	-203	14,283	-51,367	5,000
-	Increase/(Decrease) in Net Assets Received from the General Government Sector	-812	-	-100	13,120	118,920	-
-130,774	Dividends Approved	-144,853	-226,490	56	-264,479	-169,929	-236,787
-87,687	**Total Transactions Involving Owners Affecting Accumulated Funds**	**-175,626**	**-195,489**	**11**	**-237,076**	**-102,376**	**-231,787**
	Closing Equity						
2,238,146	Closing Accumulated Funds	2,239,910	2,258,864	1	2,261,637	2,223,481	2,208,955
3,529,187	Closing Asset Revaluation Surplus	3,477,319	3,499,642	1	3,535,960	3,641,527	3,671,619
12,840	Closing Other Reserves	9,840	9,840	-	9,840	9,840	9,840
5,780,173	**Balance at the End of the Reporting Period**	**5,727,069**	**5,768,346**	**1**	**5,807,437**	**5,874,848**	**5,890,414**

Table I.4
Australian Capital Territory
Public Trading Enterprises
Cash Flow Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Cash Flows from Operating Activities						
	Cash Receipts						
782,492	Receipts from Sales of Goods and Services	779,604	967,837	24	1,008,587	960,602	1,033,678
167,096	Grants/Subsidies Received	166,736	178,460	7	153,948	150,127	152,307
4,157	Interest Receipts	5,189	2,224	-57	1,921	1,918	1,947
1,841	Distribution from Investments with the Territory Banking Account	3,067	3,636	19	1,625	815	755
95,777	Other Receipts	94,340	81,210	-14	99,371	94,868	111,502
1,051,363	***Total Cash Received from Operating Activities***	***1,048,936***	***1,233,367***	***18***	***1,265,452***	***1,208,330***	***1,300,189***
	Cash Payments						
-207,653	Payments for Employees	-204,374	-208,438	2	-198,876	-202,949	-202,627
-216,818	Payments for Goods and Services	-208,121	-213,952	3	-199,623	-208,027	-209,662
-25,732	Grants/Subsidies Paid	-24,171	-23,821	-1	-24,104	-21,688	-23,084
-85,308	Interest Paid	-79,884	-90,140	13	-94,803	-101,232	-103,811
-319,388	Other Payments	-340,988	-405,084	19	-430,626	-314,799	-298,648
-854,899	***Total Cash Paid from Operating Activities***	***-857,538***	***-941,435***	***10***	***-948,032***	***-848,695***	***-837,832***
196,464	**Net Cash Flows from Operating Activities**	**191,398**	**291,932**	**53**	**317,420**	**359,635**	**462,357**
	Cash Flows from Investing Activities						
	Cash Flows from Investments in Non-Financial Assets						
49,732	Sales of Non-Financial Assets	51,899	35,576	-31	50,490	54,590	64,738
-186,666	Payments for Non-Financial Assets	-132,020	-177,960	35	-182,178	-152,621	-132,945
-136,934	**Net Cash Flows from Investments in Non-Financial Assets**	**-80,121**	**-142,384**	**78**	**-131,688**	**-98,031**	**-68,207**
	Cash Flows from Investments in Financial Assets for Policy Purposes						
	Cash Receipts						
40,284	Capital Receipts from Government Agencies	38,145	31,001	-19	19,438	5,000	5,000
40,284	***Total Cash Received from Investment in Financial Assets for Policy Purposes***	***38,145***	***31,001***	***-19***	***19,438***	***5,000***	***5,000***
	Cash Payments						
-9,830	Dividends – Market Gains on Land Sales	-118,574	-49,775	-58	-137,470	-77,006	-88,251
-9,830	***Total Cash Paid from Investment in Financial Assets for Policy Purposes***	***-118,574***	***-49,775***	***-58***	***-137,470***	***-77,006***	***-88,251***
30,454	**Net Cash Flows from Investments in Financial Assets for Policy Purposes**	**-80,429**	**-18,774**	**-77**	**-118,032**	**-72,006**	**-83,251**

Table I.4 (cont.)
Australian Capital Territory
Public Trading Enterprises
Cash Flow Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Cash Flows from Investments in Financial Assets for Liquidity Purposes						
348,787	Sales of Investments	449,280	339,874	-24	490,916	330,916	411,231
-331,305	Payments for Investments	-406,139	-349,036	-14	-402,102	-411,865	-413,246
17,482	**Net Cash Flows from Investments in Financial Assets for Liquidity Purposes**	**43,141**	**-9,162**	**-121**	**88,814**	**-80,949**	**-2,015**
-88,998	**Net Cash Flows from Investing Activities**	**-117,409**	**-170,320**	**45**	**-160,906**	**-250,986**	**-153,473**
	Cash Flows from Financing Activities						
	Cash Receipts						
73,300	Borrowings	61,300	104,300	70	108,300	392,300	61,301
73,300	***Total Cash Received from Financing Activities***	***61,300***	***104,300***	***70***	***108,300***	***392,300***	***61,301***
	Cash Payments						
-14,367	Borrowings	-19,933	-17,160	-14	-18,778	-321,216	-23,772
-124,594	Dividends Paid	-139,316	-132,049	-5	-132,199	-96,535	-253,745
-69,878	Other Financing	-60,209	-96,891	61	-111,493	-79,824	-92,434
-208,839	***Total Cash Paid from Financing Activities***	***-219,458***	***-246,100***	***12***	***-262,470***	***-497,575***	***-369,951***
-135,539	**Net Cash Flows from Financing Activities**	**-158,158**	**-141,800**	**-10**	**-154,170**	**-105,275**	**-308,650**
-28,073	**Net Increase/(Decrease) in Cash Held**	**-84,169**	**-20,188**	**-76**	**2,344**	**3,374**	**234**
153,633	**Cash and Cash Equivalents at the Beginning of Reporting Period**	**166,791**	**82,622**	**-50**	**62,434**	**64,778**	**68,152**
125,560	**Cash and Cash Equivalents at the End of Reporting Period**	**82,622**	**62,434**	**-24**	**64,778**	**68,152**	**68,386**
	Key Fiscal Aggregates						
196,464	Net Cash from Operating Activities	191,398	291,932	53	317,420	359,635	462,357
-136,934	Net Cash Flows from Investments in Non-Financial Assets	-80,121	-142,384	78	-131,688	-98,031	-68,207
-194,472	Distributions Paid	-195,084	-228,940	17	-243,692	-176,359	-346,179
-134,942	**Cash Surplus (+) / Deficit (-)**	**-83,807**	**-79,392**	**-5**	**-57,960**	**85,245**	**47,971**
	A positive number denotes a cash inflow, a negative sign denotes a cash outflow.						
	Derivation of ABS GFS Cash Surplus/(Deficit)						
-134,942	**Cash Surplus (+) / Deficit (-)**	**-83,807**	**-79,392**	**-5**	**-57,960**	**85,245**	**47,971**
-	Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-
-134,942	**ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements**	**-83,807**	**-79,392**	**-5**	**-57,960**	**85,245**	**47,971**

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

Table I.5
Australian Capital Territory
Consolidated Total Territory
Operating Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Revenue						
1,354,738	Taxation Revenue	1,358,350	1,453,547	7	1,544,642	1,655,035	1,771,488
	Grants Revenue						
1,892,580	Commonwealth Grants	1,933,491	1,860,511	-4	2,000,387	2,045,935	2,098,853
50,254	Gains from Contributed Assets	51,407	50,260	-2	50,271	50,280	50,291
	Sales of Goods and Services						
90,507	Revenue from Associates and Joint Ventures	91,634	67,032	-27	74,822	76,965	77,048
839,103	Other Sales of Goods and Services	805,800	829,673	3	855,509	945,451	966,166
42,404	Interest Income	57,789	54,055	-6	37,734	37,615	39,434
55,566	Distributions from Financial Investments	43,102	63,167	47	64,463	55,289	58,868
54,527	Dividend Income	51,100	50,858	..	49,892	53,624	57,640
139,710	Land Revenue (Value Add Component)	213,513	305,556	43	344,068	359,402	315,960
141,408	Other Revenue	132,513	136,667	-3	140,719	143,361	146,565
4,660,797	**Total Revenue**	**4,738,699**	**4,871,326**	**3**	**5,162,507**	**5,422,957**	**5,582,313**
	Expenses						
1,873,190	Employee Expenses	1,896,756	1,985,272	5	2,022,047	2,056,320	2,114,442
	Superannuation Expenses						
334,958	Superannuation Interest Cost	313,820	350,898	12	366,913	382,446	397,490
269,791	Other Superannuation Expenses	343,857	280,384	-18	287,668	287,625	287,015
432,549	Depreciation and Amortisation	421,839	444,545	5	477,925	508,369	493,618
169,383	Interest Expense	157,463	202,105	28	217,018	233,005	231,796
	Other Operating Expenses						
1,167,742	Supplies and Services	1,094,739	1,162,677	6	1,125,869	1,167,777	1,211,854
208,743	Other Operating Expenses	317,028	333,622	5	169,770	222,907	263,161
741,222	Grants and Purchased Services	1,009,121	761,137	-25	764,566	802,151	799,291
5,197,578	**Total Expenses**	**5,554,623**	**5,520,640**	**-1**	**5,431,776**	**5,660,600**	**5,798,667**
-536,781	**UPF Net Operating Balance**	**-815,924**	**-649,314**	**-20**	**-269,269**	**-237,643**	**-216,354**
	Other Economic Flows – Included in the Operating Result						
14,043	Land Revenue (Market Gains on Land Sales)	6,023	71,107	#	108,921	29,485	126,073
76,790	Net Land Revenue (Undeveloped Land Value)	52,068	89,746	72	87,367	107,909	124,547
-20,405	Net Gain/(Loss) on Sale/(Disposal) of Non-Financial Assets	-15,417	-26,491	72	-56,133	-95,159	-31,803
113,977	Net Gain/(Loss) on Financial Assets or Liabilities at Fair Value	226,833	131,754	-42	154,334	179,908	193,972
-6,548	Doubtful Debts	-8,968	-8,051	-10	-8,392	-8,619	-8,846
-358,924	**Operating Result**	**-555,385**	**-391,249**	**-30**	**16,828**	**-24,119**	**187,589**

Table I.5 (cont.)
Australian Capital Territory
Consolidated Total Territory
Operating Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Items that will not be Subsequently Reclassified to Profit or Loss						
-	Superannuation Actuarial Gain/(Loss)	2,010,035	-	-100	-	-	-
729	Other Movements	855	889	4	889	889	889
132,140	Increase/(Decrease) in the Asset Revaluation Surplus	96,596	139,898	45	121,054	123,872	108,226
	Items that may be Subsequently Reclassified to Profit or Loss						
-	Increase/(Decrease) in Other Reserves	-2,850	-	-100	-	-	-
-226,055	**Total Comprehensive Income**	**1,549,251**	**-250,462**	**-116**	**138,771**	**100,642**	**296,704**
-536,781	**UPF Net Operating Balance**	**-815,924**	**-649,314**	**-20**	**-269,269**	**-237,643**	**-216,354**
	***less* Net Acquisition of Non-Financial Assets**						
823,951	Payments for Non-Financial Assets	972,528	1,113,634	15	991,896	907,407	568,554
-52,381	Sales of Non-Financial Assets	-55,361	-91,410	65	-132,689	-189,895	-200,043
-84,402	Land Revenue (Net Cash Receipts)	-56,466	-147,694	162	-177,865	-109,670	-222,176
-432,549	Depreciation and Amortisation	-421,839	-444,545	5	-477,925	-508,369	-493,618
50,000	Other Movements in Non-Financial Assets	48,182	50,000	4	50,000	50,000	50,000
304,619	*Total Net Acquisition of Non-Financial Assets*	*487,044*	*479,985*	*-1*	*253,417*	*149,473*	*-297,283*
-841,400	**Net Lending / (Borrowing)**	**-1,302,968**	**-1,129,299**	**-13**	**-522,686**	**-387,116**	**80,929**

-536,781	UPF Net Operating Balance	-815,924	-649,314	-20	-269,269	-237,643	-216,354
113,659	Superannuation Return Adjustment	128,578	131,440	2	154,022	179,596	193,660
-423,122	**HEADLINE NET OPERATING BALANCE**	**-687,346**	**-517,874**	**-25**	**-115,247**	**-58,047**	**-22,694**

Table I.6
Australian Capital Territory
Consolidated Total Territory
Balance Sheet

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Financial Assets						
383,114	Cash and Deposits	395,551	334,591	-15	332,320	333,288	329,971
140,972	Advances Paid	105,341	103,747	-2	101,734	97,273	92,751
3,900,814	Investments and Loans	4,209,003	4,276,769	2	4,485,527	4,876,239	5,206,645
445,612	Receivables	271,608	318,703	17	328,606	317,125	346,746
665,278	Equity - Investments Accounted for Using the Equity Method	691,716	724,514	5	742,427	756,810	765,313
5,535,790	**Total Financial Assets**	**5,673,219**	**5,758,324**	**2**	**5,990,614**	**6,380,735**	**6,741,426**
	Non-Financial Assets						
	Produced Assets						
14,703,659	Property, Plant and Equipment	14,301,854	14,619,955	2	15,190,598	15,571,898	15,608,802
11,592	Investment Properties	11,069	12,052	9	13,033	14,014	14,995
99,056	Intangibles	82,999	105,430	27	110,263	137,470	149,488
216,504	Inventories	267,599	293,459	10	387,860	372,351	306,069
21,863	Assets Held for Sale	2,950	3,230	9	3,511	3,792	4,073
1,015,377	Capital Works-in-Progress	1,156,694	1,341,620	16	1,237,198	1,160,625	1,039,787
	Non-Produced Assets						
6,328,674	Property, Plant and Equipment	6,505,772	6,834,837	5	7,060,674	7,178,935	7,393,417
26,150	Biological Assets	26,457	26,457	-	26,457	26,457	26,457
-	Other Non-Financial Assets	56	56	-	56	56	56
22,422,875	**Total Non-Financial Assets**	**22,355,450**	**23,237,096**	**4**	**24,029,650**	**24,465,598**	**24,543,144**
27,958,665	**Total Assets**	**28,028,669**	**28,995,420**	**3**	**30,020,264**	**30,846,333**	**31,284,570**
	Liabilities						
15,730	Deposits Held	15,539	15,539	-	15,539	15,539	15,539
151,553	Advances Received	901,552	1,143,143	27	1,134,617	1,075,931	1,017,155
	Borrowings						
22,353	Finance Leases	23,258	23,157	..	23,214	23,286	23,358
3,655,656	Other Borrowings	3,134,843	3,826,776	22	4,372,869	4,800,509	4,645,034
5,725,501	Superannuation	5,818,386	6,098,573	5	6,371,805	6,636,720	6,893,044
636,664	Employee Benefits	686,965	681,454	-1	710,602	738,133	765,722
98,181	Other Provisions	173,452	131,978	-24	153,751	188,399	215,534
575,131	Payables	518,344	569,903	10	595,885	625,761	670,992
16,134	Other Liabilities	16,737	15,766	-6	14,080	13,511	12,942
10,896,903	**Total Liabilities**	**11,289,076**	**12,506,289**	**11**	**13,392,362**	**14,117,789**	**14,259,320**
17,061,762	**Net Assets**	**16,739,593**	**16,489,131**	**-1**	**16,627,902**	**16,728,544**	**17,025,250**
7,682,629	Accumulated Funds	7,601,353	7,232,993	-5	7,265,732	7,196,094	7,406,574
9,366,243	Asset Revaluation Surplus	9,128,050	9,245,948	1	9,351,980	9,522,260	9,608,486
12,890	Other Reserves	10,190	10,190	-	10,190	10,190	10,190
17,061,762	**Net Worth**	**16,739,593**	**16,489,131**	**-1**	**16,627,902**	**16,728,544**	**17,025,250**
-5,361,113	**Net Financial Worth**	-5,615,857	-6,747,965	20	-7,401,748	-7,737,054	-7,517,894
6,026,391	**Net Financial Liabilities**	6,307,573	7,472,479	18	8,144,175	8,493,864	8,283,207
-579,608	**Net Debt (Including Superannuation Related Investments)**	-634,703	293,508	-146	626,658	608,465	71,719
2,661,604	**Net Debt (Excluding Superannuation Related Investments)**	2,720,273	3,899,164	43	4,502,113	4,774,144	4,549,763

Table I.7
Australian Capital Territory
Consolidated Total Territory
Statement of Changes in Equity

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Opening Equity						
8,018,824	Opening Accumulated Funds	6,113,494	7,601,353	24	7,232,993	7,265,732	7,196,094
9,256,103	Opening Asset Revaluation Surplus	9,066,244	9,128,050	1	9,245,948	9,351,980	9,522,260
12,890	Opening Other Reserves	13,040	10,190	-22	10,190	10,190	10,190
17,287,817	**Opening Balance**	**15,192,778**	**16,739,593**	**10**	**16,489,131**	**16,627,902**	**16,728,544**
	Comprehensive Income						
	Included in Accumulated Funds:						
-358,924	Operating Result for the Period	-555,385	-391,249	-30	16,828	-24,119	187,589
-	Superannuation Actuarial Gain/(Loss)	2,010,035	-	-100	-	-	-
729	Other Movements	855	889	4	889	889	889
	Included in Asset Revaluation Surplus:						
132,140	Increase/(Decrease) in Asset Revaluation Surplus	96,596	139,898	45	121,054	123,872	108,226
	Included in Other Reserves:						
-	Increase/(Decrease) in Other Reserves	-2,850	-	-100	-	-	-
-226,055	**Total Comprehensive Income**	**1,549,251**	**-250,462**	**-116**	**138,771**	**100,642**	**296,704**
	Other						
22,000	Transfer to/(from) Accumulated Funds	34,790	22,000	-37	15,022	-46,408	22,000
-22,000	Movement in the Asset Revaluation Surplus	-34,790	-22,000	-37	-15,022	46,408	-22,000
0	**Total Other**	**0**	**0**	**-**	**0**	**0**	**0**
	Transactions Involving Owners Affecting Accumulated Funds						
-	Increase/(Decrease) in Net Assets Transferred to External Parties	-2,435	-	-100	-	-	-
0	**Total Transactions Involving Owners Affecting Accumulated Funds**	**-2,435**	**0**	**-100**	**0**	**0**	**0**
	Closing Equity						
7,682,629	Closing Accumulated Funds	7,601,353	7,232,993	-5	7,265,732	7,196,094	7,406,574
9,366,243	Closing Asset Revaluation Surplus	9,128,050	9,245,948	1	9,351,980	9,522,260	9,608,486
12,890	Closing Other Reserves	10,190	10,190	-	10,190	10,190	10,190
17,061,762	**Balance at the End of the Reporting Period**	**16,739,593**	**16,489,131**	**-1**	**16,627,902**	**16,728,544**	**17,025,250**

Table I.8
Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Cash Flows from Operating Activities						
	Cash Receipts						
1,364,657	Taxes Received	1,335,866	1,455,478	9	1,551,177	1,662,740	1,777,568
1,042,610	Receipts from Sales of Goods and Services	1,055,166	1,254,792	19	1,357,560	1,401,330	1,494,926
1,896,825	Grants/Subsidies Received	1,936,126	1,864,625	-4	2,009,265	2,082,395	2,102,773
43,526	Interest Receipts	70,819	54,009	-24	37,689	37,747	39,568
55,566	Distributions from Financial Investments	43,101	63,166	47	64,463	55,290	58,869
55,698	Dividends	51,953	51,546	-1	50,572	54,354	58,425
441,823	Other Receipts	461,360	447,109	-3	463,322	458,310	476,585
4,900,705	***Total Cash Received from Operating Activities***	***4,954,391***	***5,190,725***	***5***	***5,534,048***	***5,752,166***	***6,008,714***
	Cash Payments						
-2,202,776	Payments for Employees	-2,232,195	-2,368,807	6	-2,405,286	-2,465,303	-2,546,966
-1,060,456	Payments for Goods and Services	-987,555	-1,057,042	7	-1,002,926	-1,057,338	-1,101,607
-757,030	Grants/Subsidies Paid	-951,286	-842,419	-11	-782,137	-820,357	-818,416
-168,223	Interest Paid	-161,057	-206,476	28	-221,939	-239,615	-235,823
-628,423	Other Payments	-788,572	-745,868	-5	-741,485	-605,862	-576,871
-4,816,908	***Total Cash Paid from Operating Activities***	***-5,120,665***	***-5,220,612***	***2***	***-5,153,773***	***-5,188,475***	***-5,279,683***
83,797	**Net Cash Flows from Operating Activities**	**-166,274**	**-29,887**	**-82**	**380,275**	**563,691**	**729,031**
	Cash Flows from Investing Activities						
	Cash Flows from Investments in Non-Financial Assets						
52,381	Sales of Non-Financial Assets	55,361	91,410	65	132,689	189,895	200,043
-823,951	Payments for Non-Financial Assets	-972,528	-1,113,634	15	-991,896	-907,407	-568,554
-771,570	**Net Cash Flows from Investments in Non-Financial Assets**	**-917,167**	**-1,022,224**	**11**	**-859,207**	**-717,512**	**-368,511**
	Cash Flows from Investments in Financial Assets for Policy Purposes						
	Cash Receipts						
610	Repayment of Loans	796	498	-37	416	2,851	2,801
610	***Total Cash Received from Investment in Financial Assets for Policy Purposes***	***796***	***498***	***-37***	***416***	***2,851***	***2,801***
	Cash Payments						
-1,952	Issue of Loans	-1,952	-62	-97	-62	-62	-62
-1,952	***Total Cash Paid from Investment in Financial Assets for Policy Purposes***	***-1,952***	***-62***	***-97***	***-62***	***-62***	***-62***
-1,342	**Net Cash Flows from Investments in Financial Assets for Policy Purposes**	**-1,156**	**436**	**-138**	**354**	**2,789**	**2,739**

Table I.8 (cont.)
Australian Capital Territory
Consolidated Total Territory
Cash Flow Statement

2014-15 Budget $'000		2014-15 Est. Outcome $'000	2015-16 Budget $'000	Var %	2016-17 Estimate $'000	2017-18 Estimate $'000	2018-19 Estimate $'000
	Cash Flows from Investments in Financial Assets for Liquidity Purposes						
796,648	Sales of Investments	1,003,782	983,123	-2	724,759	759,669	766,591
-675,491	Payments for Investments	-805,932	-924,602	15	-781,877	-972,653	-904,316
121,157	**Net Cash Flows from Investments in Financial Assets for Liquidity Purposes**	**197,850**	**58,521**	**-70**	**-57,118**	**-212,984**	**-137,725**
-651,755	**Net Cash Flows from Investing Activities**	**-720,473**	**-963,267**	**34**	**-915,971**	**-927,707**	**-503,497**
	Cash Flows from Financing Activities						
	Cash Receipts						
573,828	Borrowings	849,459	939,767	11	548,138	429,788	2,258
573,828	***Total Cash Received from Financing Activities***	***849,459***	***939,767***	***11***	***548,138***	***429,788***	***2,258***
	Cash Payments						
-14,735	Borrowings	-18,096	-8,839	-51	-15,073	-65,070	-231,039
-	Other Financing	-7,933	-	-100	-	-	-
-14,735	***Total Cash Paid from Financing Activities***	***-26,029***	***-8,839***	***-66***	***-15,073***	***-65,070***	***-231,039***
559,093	**Net Cash Flows from Financing Activities**	**823,430**	**930,928**	**13**	**533,065**	**364,718**	**-228,781**
-8,865	**Net Increase/(Decrease) in Cash Held**	**-63,317**	**-62,226**	**-2**	**-2,631**	**702**	**-3,247**
453,118	**Cash and Cash Equivalents at the Beginning of Reporting Period**	**521,293**	**457,976**	**-12**	**395,750**	**393,119**	**393,821**
444,253	**Cash and Cash Equivalents at the End of Reporting Period**	**457,976**	**395,750**	**-14**	**393,119**	**393,821**	**390,574**
	Key Fiscal Aggregates						
83,797	Net Cash from Operating Activities	-166,274	-29,887	-82	380,275	563,691	729,031
-771,570	Investments in Non-Financial Assets	-917,167	-1,022,224	11	-859,207	-717,512	-368,511
-687,773	**Cash Surplus (+) / Deficit (-)**	**-1,083,441**	**-1,052,111**	**-3**	**-478,932**	**-153,821**	**360,520**
	A positive number denotes a cash inflow, a negative sign denotes a cash outflow.						
	Derivation of ABS GFS Cash Surplus/(Deficit)						
-687,773	**Cash Surplus (+) / Deficit (-)**	**-1,083,441**	**-1,052,111**	**-3**	**-478,932**	**-153,821**	**360,520**
-	Acquisitions Under Finance Leases and Similar Arrangements [(a)]	-	-	-	-	-	-
-687,773	**ABS GFS Cash Surplus (+) / Deficit (-) Including Finance and Similar Arrangements**	**-1,083,441**	**-1,052,111**	**-3**	**-478,932**	**-153,821**	**360,520**

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

APPENDIX J

GENERAL GOVERNMENT SECTOR – KEY AGGREGATES HISTORY

APPENDIX J: GENERAL GOVERNMENT SECTOR – KEY AGGREGATES HISTORY

Year	Headline Net Operating Balance $m	Net Debt $m	Net Financial Liabilities $m	Net Worth $m
2006-07	89.0	-555.9	0	11,181.6
2007-08[1]	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[2]	-597.4	1,348.0	4,641.8	16,478.2
2015-16[2]	-408.6	2,425.7	5,663.9	16,232.7
2016-17[2]	-116.1	2,848.6	6,141.0	16,371.5
2017-18[2]	-51.2	3,130.0	6,432.3	16,472.0
2018-19[2]	50.3	2,867.3	6,247.9	16,768.7

Notes:

1. 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.
2. Reflects current estimates in the 2015-16 Budget.

APPENDIX K

REPORT ON GOVERNMENT SERVICES 2015

APPENDIX K: REPORT ON GOVERNMENT SERVICES 2015

The *Report on Government Services 2015* (the Report), progressively released by the Productivity Commission between 28 January and 6 February 2015, shows that the ACT continues to deliver high quality government services.

The Report provides information on the equity, effectiveness and efficiency of government services across Australia and demonstrates that the ACT continues to deliver services that provide a broad range of benefits to the Territory's population.

Community Safety

When compared to other states and territories, the ACT recorded:

- the highest satisfaction rates in Australia for police professionalism in 2013-14 (89.7 per cent);
- the highest community perceptions of safety when home alone during the night (93.8 per cent) and feelings of safety on public transport during the day (66.1 per cent); and
- the fastest ambulance response time for 90 per cent of its Code 1 cases (Capital City).

Community Services

The ACT reported:

- the highest overall proportion of Aboriginal and Torres Strait Islander potential population aged 0 to 64 years using Territory delivered disability services;
- the highest proportion of Aboriginal and Torres Strait Islanders using community support services for disability in 2012-13 (485.6 per 1000 Indigenous potential population);
- 45.3 per cent of the whole potential population accessing community support services for disability, the highest national result in 2012-13; and
- the greatest stability of placement for child protection in Australia as measured by children on a care and protection order exiting out-of-home care after 12 months or more in continuous care. The proportion of these children who had one or two placements while in out-of-home care was 51.9 per cent in 2013-14.

Education

The ACT recorded the highest levels in Australia for:

- the proportion of children aged 0 to 5 years in the ACT attending an Australian Government approved child care service in 2014 (49.3 per cent);
- the proportion of children aged 3 to 5 years in the ACT who were from non-English speaking backgrounds and enrolled in ACT Government funded and/or provided preschool (27.6 per cent);
- 2014 NAPLAN reading results at all year levels;
- participation rates in Diploma and above level courses for Aboriginal and Torres Strait Islander students aged 15 to 64 years (2.6 per cent), 18 to 24 years (3.4 per cent) and 20 to 64 years (3.0 per cent) in 2013;

- the proportion of vocational education and training students participating in Diploma and above level courses for all students in 2013 (20.4 per cent); and
- the proportion of graduates completing their course at Diploma and above level in 2012 (19.5 per cent of all completions).

Health

The ACT reported the highest percentage of:

- female General Practitioners (GPs) as a proportion of all GPs in 2013-14 (42.6 per cent);
- children aged 12 to 15 months who were fully immunised as at 30 June 2014 (93 per cent); and
- post discharge community care with follow-up for people within the first seven days of discharge reported as 73.9 per cent in 2012-13.

The ACT was also highlighted in the report as an exemplar on managing the use of seclusion during acute episodes of mental health inpatient care.

Housing and Homelessness

For 2013-14, the ACT recorded the highest:

- allocations of public housing made to households in the greatest need (96.9 per cent);
- proportion of low income households in public housing (98.9 per cent);
- allocations of community housing made to households in greatest need (97.0 per cent);
- proportion of assistance to homeless clients to sustain housing (36.7 per cent);
- percentage of young people (aged 12 to 18 years) who needed assistance to obtain or maintain education and/or training that were undertaking formal study or training after this support was provided (82.4 per cent);
- results for young people undertaking secondary education; and
- proportion of people who were employed after support for employment and/or training was provided.

APPENDIX L

STATEMENT OF RISKS

APPENDIX L: STATEMENT OF RISKS

Economic Risks

The ACT economy remains resilient. In the face of the challenges posed by the Commonwealth Government's spending cuts and downsizing of the Australian Public Service, the ACT economy, as measured by State Final Demand (SFD), grew by 1.9 per cent in the 2014 calendar year. This is despite a slight fall in employment and a net interstate migration outflow. Expected improvements in investment and expenditure in the second half of 2014-15 lifts the forecast SFD growth to 2¼ per cent for the full financial year.

Although the Commonwealth job cuts appear to have abated, the ACT economic growth forecasts face the risk of lower-than-expected Commonwealth Government spending. A further risk is Commonwealth Government wage restraint, which will affect income and associated household spending growth in the Territory. Other potential risks to the ACT economic outlook are slower-than-anticipated population, employment and price growth in 2015-16.

Business and consumer confidence is expected to improve with the economy; however, there is a risk that it may not recover as quickly as expected.

Partly offsetting these risks are the Commonwealth's *Jobs and Small Business Package* and *Families Package*, low interest rates and the ACT Government's positive fiscal settings which are expected to help boost the ACT economy.

Fiscal Risks

There are a number of other risks that may impact on the Territory's finances; these are described below:

Loose-fill Asbestos Insulation Eradication Scheme

The Government has commenced a scheme to buy back, demolish and remediate all homes in the ACT affected by loose-fill asbestos insulation. The financial impacts of the Asbestos Eradication Scheme (the Scheme) have been modelled using a range of assumptions together with the best estimates available.

Both the timing and quantum of financial impacts associated with the Scheme are subject to uncertainty. Scheme opt in rates, house purchase prices, industry capacity to undertake demolition and remediation, and the actual complexity of the demolition and remediation required present risks to the Budget.

The timing of land sales following demolition and remediation may also impact on the Land Release Program, and the timing of dividend payments from the Land Development Agency.

The National Disability Insurance Scheme

Under the arrangements agreed with the previous Commonwealth Government, the National Disability Insurance Scheme (NDIS) trial (previously referred to as the NDIS launch) in the ACT commenced on 1 July 2014. The trial will run for three years, before transitioning in 2017-18 and 2018-19, with the full Scheme commencing in 2019-20.

The Commonwealth Government is currently in bilateral discussions with States and Territories regarding the distribution of cash and in-kind services provided during the trial. It is anticipated that these bilateral negotiations will be completed and outcomes announced by the end of August 2015.

The ACT and the Commonwealth continue to monitor client transitions into the NDIS and associated funding transfers. At the end of the trial period, an adjustment will be made if either party has contributed more than their expected share of the funding for the Scheme.

The DisabilityCare Australia Fund is managed by the Commonwealth and has been established to administer the revenue collected through the increased Medicare Levy to support the NDIS. The fund was established to assist States and Territories with their contributions to the NDIS.

The 2015-16 Commonwealth Budget funding profile for the DisabilityCare Australia Fund presents a cash flow risk to the Territory as the bulk of the funding becomes available in 2017-18 after completion of the trial. Early access to a larger proportion of the Territory's share of funding from the DisabilityCare Australia Fund will be pursued through the bilateral negotiations with the Commonwealth to be concluded in August 2015.

Land Release Program

The pace at which the ACT economy recovers from the Commonwealth's fiscal consolidation contributes to risk around the capacity of the ACT residential property market to grow and therefore to purchase all sites released at the prices currently forecast. Lower than expected demand or revenue would, through the ACT Government's Land Release program, reduce the Land Development Agency's dividend and the Government's net operating balance. Other risks to the program include achieving statutory clearances, the capacity of industry to deliver infrastructure and estate works, and the capacity of the market to absorb the additional supply offered through the Asset Recycling Initiative.

Commonwealth Government Funding

Goods and Services Tax

As the Goods and Services Tax (GST) is a broad based consumption tax, GST 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 hence, funding provided to the States.

GST revenue grants to the ACT are also subject to annual revisions of State and Territory GST relativities by the Commonwealth Grants Commission (CGC). The CGC is expected to release its *2016 Update Report on GST Revenue Sharing Relativities* in late February 2016, recommending changes to relativities for 2016-17. There is potential for a change in the ACT's share of the GST pool from the outcomes of the Update Report.

Specific Purpose Payments

The Commonwealth's approach to health and education funding in its 2015-16 Budget continues to undermine the stability and certainty of the Specific Purpose Payments (SPPs) which had previously been assured by the Intergovernmental Agreement on Federal Financial Relations (IGA FFR). This significantly raises the level of risk to State and Territory budgets. The 2015-16 Commonwealth Budget confirmed the Commonwealth Government's decisions to cap SPP funding in health and education, and to apply indexation based on the Consumer Price Index and population growth. There is a major risk that such payments will not keep pace with future increases in cost and demand. As a result, there will be greater pressure on future ACT budgets to implement measures to control costs and to manage demand for these services.

National Partnership Payments

The Commonwealth's decision to allow a number of National Partnership Agreements (NPAs) to expire in its 2015-16 Budget have had a negative impact on the capacity of the ACT to deliver services. There are also a number of NPAs where funding for all or some of the years beyond 2015-16 is to be negotiated, or where the Commonwealth will consider further funding as part of the White Paper on *Reform of the Federation*. The short-term nature of National Partnership Payment funding arrangements, and the uncertainty of the Commonwealth's commitment to ongoing funding, pose ongoing risks for the ACT Budget and services.

Funding and outlays related to expiring agreements have not been included in the ACT Budget past their current expiry dates, except where the Commonwealth has made ongoing provision for funding in the Federal Budget.

Government Investments and Borrowings

Investment Returns and Borrowing Costs

The Budget is susceptible to the performance of global financial markets and changes in interest rates. Investment returns below those estimated will have a negative impact on revenues and, in respect of the Superannuation Provision Account, may impact on the Government's fiscal objective of fully funding the defined benefit superannuation liability by 2030. Higher interest rates will result in higher borrowing costs for new borrowings. Conversely, higher than expected returns would have a positive impact on investment returns and lower than expected interest rates would reduce borrowing costs.

Defined Benefit Employer Superannuation Liabilities

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

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 Australian Capital Territory Consolidated Annual Financial Statements, which are available online.

Outstanding Insurance Claims Liability

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

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

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 AASB1023 *General Insurance Contracts* requires the outstanding claims liabilities to be valued using a 'risk free' rate of return, 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 cashflows from the liability mean 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 31 December 2014 was $259.769 million net of Reinsurance Recoveries. Variations in the discount rate of plus or minus one percentage point results in an estimated change to the liability of between a $12 million decrease and a $12.8 million increase, equivalent to a change of between -4.6 per cent and 4.9 per cent.

APPENDIX M

STATEMENT OF SENSITIVITY OF BUDGET ESTIMATES

APPENDIX M: 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 revised 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 (CPI) will affect the forecast for revenues; CPI changes have not been factored into the sensitivity analysis for conveyance as there is not a direct relationship between it and property turnover or property price.

CPI increases generate cost increases for agencies. If the CPI were to increase by 1 percentage point more than the forecast in each year (e.g. from 2.5 to 3.5 per cent) of the budget period, forecast revenue would increase by the amounts shown in Table M.1.

Table M.1
Impact of a 1 Percentage Point Increase in CPI on General Government Sector Revenues and Expenses

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
Taxation revenue	45	92	142	195
Sales of goods and services, Commonwealth Government grants[1] and other revenue	0	10,128	20,028	29,855
Expenses	0	19,837	41,334	63,655

Note:
1. Refers to Specific Purpose Payments only.

Wage Price Index

Various fees are indexed to the Wage Price Index (WPI) in future years. If WPI increased 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 M.2.

Table M.2
Impact of a 1 Percentage Point Increase in WPI on GGS Revenue

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
Taxation revenue	447	965	1,531	2,149
Sales of goods and services, and other revenue	0	4,788	11,196	17,202

Interest

Interest on cash investment portfolios held by the Territory Banking Account (TBA) and the Superannuation Provision Account (SPA) are affected by interest rate variations. The impact of a 1 percentage point variation in the amounts forecast in the Budget estimates for interest revenue is shown in Table M.3.

Table M.3
Impact of a 1 Percentage Point (+/-) Interest Rate Change on Interest Revenue

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
TBA	15,959	9,844	9,471	10,186
SPA	2,055	2,190	2,335	2,491

The impact of a 1 percentage point variation in the assumptions used to calculate the interest costs on the Territory's variable rate borrowing exposures is shown in Table M.4.

Table M.4
Impact of a 1 Percentage Point (+/-) Interest/CPI Rate Change on Borrowing Costs

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
TBA – Total Borrowings	8,056	10,101	11,153	10,568

Currency

The estimated impact on international asset valuations from a 1 per cent variation in the Australian Dollar against all unhedged international currency holdings, with everything else constant, is shown in Table M.5.

Table M.5
Impact from a 1 Per Cent (+/-) Movement of the Australian Dollar on Valuations

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
SPA	5,504	5,915	6,359	6,835

Equity Valuation

Table M.6 outlines the impact to the SPA equity portfolio valuation from a 1 per cent variation in equity security valuations.

Table M.6
Impact of a 1 Per Cent (+/-) Change in Equity Valuations

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
SPA	16,894	18,176	19,555	21,039

Superannuation Liabilities

Table M.7 outlines the impact to the CSS/PSS defined benefit superannuation liability from a 1 per cent increase in the discount rate from the budgeted discount rate of 6 per cent.

Table M.7
Impact of a 1 Per Cent Increase in the Liability Discount Rate

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
SPA	-831,000	-862,000	-890,000	-917,000

Table M.8 outlines the impact to the CSS/PSS defined benefit superannuation liability from a 1 per cent decrease in the discount rate from the budgeted discount rate of 6 per cent.

Table M.8
Impact of a 1 Per Cent Decrease in the Liability Discount Rate

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
SPA	1,058,000	1,093,000	1,125,000	1,153,000

Table M.9 outlines the impact on CSS/PSS defined benefit superannuation expense from a 1 per cent increase in the discount rate from the budgeted discount rate of 6 per cent.

Superannuation Expenses

Table M.9
Impact of a 1 Per Cent Increase in the Discount Rate on Superannuation Expense

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
SPA	-31,000	-29,000	-27,000	-25,000

Table M.10 outlines the impact on CSS/PSS defined benefit superannuation expense from a 1 per cent decrease in the discount rate from the budgeted discount rate of 6 per cent.

Table M.10
Impact of a 1 Per Cent Decrease in the Discount Rate on Superannuation Expense

	2015-16 $'000	2016-17 $'000	2017-18 $'000	2018-19 $'000
SPA	35,000	32,000	29,000	26,000

APPENDIX N

SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

APPENDIX N: SUMMARY AND TERMS OF DEBT CAPITAL INJECTION

Introduction

The Government may choose to finance a number of agency projects through debt. This decision is based on the nature of the individual project, the degree of commerciality, and the projected returns on the investment.

Where debt is provided to an agency, by way of capital injection, the terms and conditions are disclosed in the Budget Papers under the provisions of the *Financial Management Act 1996*.

Loans provided in the form of repayable capital injections are supported by an appropriation. This does not necessarily have any connection to a corresponding external borrowing.

Summary and Terms of Debt Capital Injection

Details of outstanding issued loans are set out below:

Chief Minister, Treasury and Economic Development Directorate (CMTEDD)

Community Housing Canberra (CHC), 2007-08

Purpose	The loan capital injection provides a finance facility for CHC, as part of the Government's *Affordable Housing Action Plan*. CHC uses the funds to increase the supply of affordable housing properties to eligible ACT residents.
Loan Commencement	2007-08
Loan Limit Amount	$50 million
Maturity Date	31 December 2037
Interest Rate	Interest is calculated on the daily outstanding loan balance at the prevailing three month bank bill swap reference rate as at the beginning of the quarter and is payable quarterly in arrears.
Principal Repayments	Repayment of the loan principal will commence from 1 January 2018 at the earliest unless otherwise agreed.
Repayment Structure	CHC will make loan repayments to CMTEDD and CMTEDD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to CHC.
Estimated Principal Loan Balance at 30 June 2015	$50 million

Community Housing Canberra (CHC), 2011-12

Purpose	This loan capital injection builds on the $50 million financing made available to CHC as part of the Government's *Affordable Housing Action Plan.* It will provide 90 dwellings for affordable rental to ACT residents on low to moderate incomes.
Loan Commencement	2011-12
Loan Limit Amount	$20 million
Maturity Date	31 December 2036
Interest Rate	Interest is calculated on the daily outstanding loan balance at the prevailing three month bank bill swap reference rate as at the beginning of the quarter, and is payable quarterly in arrears.
Principal Repayments	Repayment of the loan principal will commence from 1 July 2021 at the earliest unless otherwise agreed.
Repayment Structure	CHC will make loan repayments to CMTEDD and CMTEDD will make loan repayments to the Territory Banking Account on the same terms and conditions applying to CHC.
Estimated Principal Loan Balance at 30 June 2015	$18.112 million

Exhibition Park

Purpose	The loan represents financial assistance to the former Exhibition Park Corporation (EPC)[1] to enable it to purchase Block 799 Gungahlin, for the purpose of leasing the block to a third party to develop and operate low cost accommodation facilities.
Loan Commencement	2013-14
Loan Limit Amount	$1.5 million
Maturity Date	1 July 2031
Interest Rate	5 per cent, fixed
Repayment Terms	Quarterly instalments of principal and interest are to be repaid on 1 October, 1 January, 1 April and 1 July each year until maturity, commencing 1 October 2016 and thereafter up to and including the final payment being made on or before the Loan expiration date of 1 July 2031.
Repayment Structure	CMTEDD will make loan repayments to the Territory Banking Account.
Estimated Principal Loan Balance at 30 June 2015	$1.5 million

Note:

1. As notified on 3 December 2014, the *Exhibition Park Corporation Repeal Act 2014* resulted in the integration of the functions, staff, assets and liabilities of EPC into CMTEDD.

APPENDIX O

SUMMARY OF OUTPUTS

APPENDIX O: SUMMARY OF OUTPUTS

ACT Gambling and Racing Commission		
Output Class 1: Gambling Regulation and Harm Minimisation	1.1	Gambling Regulation and Harm Minimisation
ACT Local Hospital Network		
Output Class 1: ACT Local Hospital Network	1.1	ACT Local Hospital Network
ACTION		
Output Class 1: Public Transport	1.1	Public Transport
Canberra Institute of Technology		
Output Class 1: Canberra Institute of Technology	1.1	Provision of Vocational Education and Training Services
Capital Metro Agency		
Output Class 1: Capital Metro Project and Governance	1.1	Capital Metro Project and Governance
Chief Minister, Treasury and Economic Development Directorate		
Output Class 1: Government Strategy	1.1	Government Policy and Reform
	1.2	Public Sector Management
	1.3	Industrial Relations Policy
	1.4	Coordinated Communications and Community Engagement
Output Class 2: Financial and Economic Management	2.1	Economic Management
	2.2	Financial Management
Output Class 3: Revenue Management	3.1	Revenue Management
Output Class 4: Shared Services ICT	4.1	Shared Services ICT
Output Class 5: Procurement and Capital Works	5.1	Procurement and Capital Works
Output Class 6: Shared Services Human Resources	6.1	Shared Services Human Resources
Output Class 7: Shared Services Finance	7.1	Shared Services Finance
Output Class 8: Economic Development	8.1	Economic Development Policy, Projects and Legislation
	8.2	Innovation, Trade and Investment
	8.3	VisitCanberra
	8.4	Sports and Recreation
	8.5	Venues
	8.6	Events
	8.7	Property Services
	8.8	Arts Engagement
	8.9	Urban Renewal
Output Class 9: Loose-fill Asbestos Insulation Eradication	9.1	Loose-fill Asbestos Insulation Eradication Scheme
Output Class 10: Access Canberra	10.1	Access Canberra

Community Services Directorate		
Output Class 1: Disability and Therapy Services	1.1	Disability and Therapy Services
Output Class 2: Early Intervention Services	2.1	Early Intervention
Output Class 3: Community Participation	3.1	Community Participation
Output Class 4: Child and Youth Protection Services	4.1	Child and Youth Protection Services
Cultural Facilities Corporation		
Output Class 1: Cultural Facilities Management	1.1	Cultural Facilities Corporation
Education and Training Directorate		
Output Class 1: Public School Education	1.1	Public Primary School Education
	1.2	Public High School Education
	1.3	Public Secondary College Education
	1.4	Disability Education in Public Schools
Output Class 2: Non Government Education	2.1	Non Government School Education
Output Class 3: Vocational Education and Training	3.1	Planning and Coordination of Vocational Education and Training Services
Environment and Planning Directorate		
Output Class 1: Planning	1.1	Construction and Services
	1.2	Planning Delivery
	1.3	Strategic Planning
	1.4	Heritage
Output Class 2: Environment	2.1	Environment
	2.2	Environment Protection
	2.3	Climate Change and Sustainability
Expenses on Behalf of the Territory (EBT) 1: Office of the Commissioner for Sustainability and the Environment	EBT 1	Office of Commissioner for Sustainability and the Environment
Health Directorate		
Output Class 1: Health and Community Care	1.1	Acute Services
	1.2	Mental Health, Justice Health and Alcohol and Drug Services
	1.3	Public Health Services
	1.4	Cancer Services
	1.5	Rehabilitation, Aged and Community Care
	1.6	Early Intervention and Prevention
Housing ACT		
Output Class 1: Social Housing Services	1.1	Social Housing Services

Justice and Community Safety Directorate		
Output Class 1: Justice Services	1.1	Policy, Advice and Justice Programs
	1.2	Legal Services to Government
	1.3	Legislative Drafting and Publishing Services
	1.4	Public Prosecutions
	1.5	Protection of Rights
Output Class 2: Corrective Services	2.1	Corrective Services
Output Class 3: Courts and Tribunal	3.1	Courts and Tribunal
Output Class 4: Emergency Services	4.1	Emergency Services
Expenses on Behalf of the Territory (EBT) 1: ACT Policing	EBT 1	ACT Policing
Legal Aid Commission (ACT)		
Output Class 1: Legal Aid Services	1.1	Legal Aid Services Provided to the Community
Lifetime Care and Support Fund		
Expenses on Behalf of the Territory (EBT) 1: Lifetime Care and Support Fund	EBT 1	Lifetime Care and Support Fund
Superannuation Provision Account		
Expenses on Behalf of the Territory (EBT) 1: Superannuation Provision Account	EBT 1	Superannuation Provision Account
Territory and Municipal Services Directorate		
Output Class 1: Territory and Municipal Services	1.1	Information Services
	1.2	Roads and Sustainable Transport
	1.3	Waste and Recycling
	1.4	Land Management
	1.5	Regulatory Services
	1.6	Capital Linen Service
Territory Banking Account		
Expenses on Behalf of the Territory (EBT) 1: Territory Banking Account	EBT 1	Territory Banking Account

APPENDIX P

SUMMARY OF TRANSFERS

APPENDIX P: SUMMARY OF TRANSFERS

The following table lists the budget neutral transfers of functions/funding/assets between agencies during 2014-15, or expected to occur in 2015-16.

Function/Funding	Transferred from	Transferred to
Sixth Minister Funding	Office of the Legislative Assembly	ACT Executive
Access Canberra	Environment and Planning Directorate	Chief Minister, Treasury and Economic Development Directorate (CMTEDD)
Access Canberra	Health Directorate	CMTEDD
Access Canberra	Territory and Municipal Services Directorate (TAMS)	CMTEDD
Access Canberra	Justice and Community Safety Directorate (JACS)	CMTEDD
Active Living Program	Health Directorate	CMTEDD
artsACT and Community Facilities	Community Services Directorate (CSD)	CMTEDD
Exhibition Park in Canberra	Exhibition Park Corporation	CMTEDD
Childcare Centres	Education and Training Directorate	CMTEDD
Home Loan Portfolio	Home Loan Portfolio	CMTEDD (Territory Banking Account)

Funding	Transferred from	Transferred to
ACT Property Group	TAMS	CMTEDD
Healthy Weight Initiative – Healthy Work	Health Directorate	CMTEDD

Asset	Transferred from	Transferred to
Belconnen Remand Centre Land	JACS	Land Development Agency
Belconnen Police Station Land	JACS	Land Development Agency
Block 8 Section 9, Furzer St, Phillip (Car Park)	TAMS	Land Development Agency
Block 27 and 28 Section 24, Deakin – Charity House Project	CSD	Land Development Agency
Buildings and Land – Public Housing Renewal Program	CMTEDD	Housing ACT
Land – Public Housing Renewal Program	Housing ACT	Land Development Agency
Quamby	CMTEDD – ACT Property Group	Health Directorate

APPENDIX Q

WHOLE OF GOVERNMENT STAFFING

APPENDIX Q: WHOLE OF GOVERNMENT STAFFING

The following table lists the number of full-time employees (FTE), based on the estimated outcome for 2014-15 and the 2015-16 Budget.

	2013-14 Actual	2014-15 Budget	2014-15 Estimated Outcome	2015-16 Budget
Directorate/Agency				
ACT Executive	35	43	47	46
ACT Gambling and Racing Commission	29	33	33	33
ACT Insurance Authority	15	15	13	15
ACT Public Cemeteries Authority	16	17	16	19
ACTION	827	837	837	863
Auditor-General	39	39	42	39
Canberra Institute of Technology	750	742	751	751
Capital Metro Agency	18	42	26	38
Chief Minister, Treasury and Economic Development Directorate[1, 2, 3]	269	276	2,318	2,340
Community Services Directorate[4]	989	921	916	848
Cultural Facilities Corporation	83	80	81	81
Education and Training Directorate[5]	4,946	5,049	5,075	5,113
Electoral Commissioner	n/a	9	9	12
Environment and Planning Directorate[6]	423	419	292	297
Health Directorate	5,873	6,093	6,186	6,334
Home Loan Portfolio[7]	1	1	1	n/a
Housing ACT	228	235	240	242
Independent Competition and Regulatory Commission	9	9	4	4
Justice and Community Safety Directorate	1,805	1,833	1,528	1,577
Land Development Agency	98	95	86	95
Legal Aid Commission (ACT)	59	57	67	67
Lifetime Care and Support Fund[8]	0	0	0	0
Office of the Legislative Assembly	48	46	49	49
Public Trustee for the ACT	40	40	40	41
Superannuation Provision Account	4	4	4	4
Territory and Municipal Services Directorate[9]	1,063	1,064	886	928
Discontinued Agencies				
Commerce and Works Directorate[1]	1,085	1,069	n/a	n/a
Economic Development Directorate[1]	217	205	n/a	n/a
Exhibition Park Corporation[10]	11	14	n/a	n/a
Total Government Agencies	**18,980**	**19,287**	**19,547**	**19,836**
Government Business Enterprises				
CIT Solutions Pty Ltd	91	91	93	93
Icon Water Limited (formerly ACTEW Corporation)	389	398	399	398
Discontinued Agency				
ACN 071257504 Limited (formerly ACTTAB Limited)[11]	68	67	n/a	n/a
Total Government Business Enterprises	**548**	**556**	**492**	**491**
Total Government and Business Enterprises	**19,528**	**19,843**	**20,039**	**20,327**

Notes:

1. The Economic Development Directorate and the Commerce and Works Directorate ceased operating on 7 July 2014 and their functions were transferred to the Chief Minister, Treasury and Economic Development Directorate (CMTEDD).
2. As part of Access Canberra, 551 FTEs are transferring from other directorates to CMTEDD – Justice and Community Safety (315), Environment and Planning (141) and Territory and Municipal Services (95).
3. The Public Housing Renewal Taskforce (13 FTEs) and the ACT Property Group (88 FTEs) transferred to CMTEDD under the *Administrative Arrangements 2015 (No 1)* on 20 January 2015.

4. The reduction in FTEs is due to the transition to the National Disability Insurance Scheme as well as the transfer of the ArtsACT and Community Facilities functions to CMTEDD under the *Administrative Arrangements 2015 (No 1)* on 20 January 2015.
5. In the 2014-15 Budget Papers, this figure was reported as 4,742. The 2014-15 Budget has been restated for comparative purposes to reflect improved FTE data collection.
6. Formerly known as the Environment and Sustainable Development Directorate (ESDD) until 7 July 2014.
7. The Home Loan Portfolio is scheduled to cease operations on 30 June 2015.
8. Functions of the Lifetime Care and Support (LTCS) Fund are performed by officers from CMTEDD and those employees are included in CMTEDD's FTE levels. The LTCS Fund will reimburse CMTEDD for the salary and superannuation expenses associated with the staff allocated to carry out the LTCS Fund's functions.
9. In the 2014-15 Budget Papers, this figure was reported as 1,037. The 2014-15 Budget has been restated for comparative purposes to reflect improved FTE data collection.
10. Exhibition Park Corporation ceased operations on the 31 December 2014, with its functions transferred to CMTEDD.
11. ACTTAB was sold on 14 October 2014 and all employees ceased employment with the company.