



ACT
Government

Pre-Election Budget Update 2020

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

September 2020

THE 2020 PRE-ELECTION BUDGET UPDATE

PURPOSE AND CONTENT OF THE 2020 PRE-ELECTION BUDGET UPDATE

The purpose of the 2020 Pre-Election Budget Update is to:

- allow the assessment of the Government's financial performance with reference to the financial policy objectives and strategies set out in the August 2020 Economic and Fiscal Update; and
- give the electorate an accurate picture of the Territory's financial position before the 2020 ACT Legislative Assembly Election.

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

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Enquiries about this publication should be directed to the Chief Minister, Treasury and Economic Development Directorate, GPO Box 158, Canberra City, 2601

<https://apps.treasury.act.gov.au/budget>

Telephone: Canberra 13ACT1 or 13 22 81

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1. STATEMENT BY THE UNDER TREASURER

Financial Management (Pre-Election Budget Update) 2020 (No 2)

Notifiable Instrument NI2020-612

made under the

Financial Management Act 1996, s20C Pre-Election Budget Update

I, David Nicol, Under Treasurer, do hereby exercise my authority under section 20C of the *Financial Management Act 1996* to present the 2020 Pre-Election Budget Update.

Consistent with section 20D of the *Financial Management Act 1996* and the resolution of the ACT Legislative Assembly of 18 June 2020 to delay the introduction of the 2020-21 Budget, the 2020 Pre-Election Budget Update provides updated fiscal and economic estimates and projections to allow for an assessment of the government's financial performance against stated fiscal strategy and policy objectives.

The information contained in this update:

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

This update is current as at 10 September 2020. This update revokes Notifiable Instrument NI2020-581.



David Nicol
Under Treasurer

16 September 2020

2. FOREWORD

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

Pursuant to section 5 of the FMA, on 18 June 2020 the ACT Legislative Assembly resolved to delay the introduction of the *Appropriation Bill 2020-2021*, the *Appropriation (Office of the Legislative Assembly) Bill 2020-2021* and 2020-21 Budget, until after the 2020 election has been held and the formation of a government. The Assembly noted that this was in line with the National Cabinet decision and actions taken by all other States and Territories.

The ACT Legislative Assembly also acknowledged that as a consequence of the COVID-19 health emergency and requirement to delay the 2020-21 Budget, some amendments would be required to the reporting requirements prescribed by the FMA and accepted that alternative measures would be required until a budget could be presented.

In line with the requirement to put in place alternative reporting requirements and measures, on 27 August 2020 the ACT Government released the *August 2020 Economic and Fiscal Update* (August 2020 EFU). The August 2020 EFU included an update of the Government's financial policy objectives and strategies; updated financial statements and updated budget estimates for the General Government, Public Trading Enterprises and Total Territory sectors; and a statement of the economic assumptions used in preparing these estimates and information on the sensitivity of these estimates to changes in economic and other assumptions.

Sections 20C and 20D of the FMA normally require the PEBU to provide an assessment of the government's financial performance against the most recent budget or budget review. In light of the significant changes in economic and fiscal circumstances since the 2019-20 Budget Review; the comprehensive information contained in the August 2020 EFU; and consistent with the resolution of the ACT Legislative Assembly of 18 June 2020, the comparisons in the 2020 PEBU are against the August 2020 EFU.

This PEBU update incorporates Government decisions and announcements, technical changes and corrections and the impacts of known external factors – where they are certain and quantifiable – since the time of the August 2020 EFU. The flow-on impacts of the 2019-20 interim audited outcome have also been included. Where significant issues have been identified, but are not certain or are unable to be quantified with reasonable certainty, they have been identified as risks in Appendix B: *Statement of Risks*.

Where information remains unchanged from that published in the August 2020 EFU, it has typically not been reproduced in this document.

The PEBU incorporates information up to 10 September 2020.

3. OVERVIEW

This PEBU has been prepared in difficult economic and fiscal circumstances. The uncertainty about the economic impact of COVID-19, including through the restrictions imposed to slow the spread of the virus, mean that economic and fiscal forecasts are more than usually dependant on assumptions about future developments. The risks, both upside and downside, around the baseline forecasts are also higher, and larger, than usual.

Nonetheless, the economy is substantially weaker, revenue collections have contracted markedly, and the fiscal situation has deteriorated significantly since restrictions were introduced on 23 March this year. This environment has affected all jurisdictions in Australia as well as most countries around the world.

Governments have acted to cushion this significant economic shock by allowing automatic stabilisers in their budgets to work as well as undertaking discretionary fiscal stimulus. Spending and tax relief in the short term can sustain jobs and businesses, support vulnerable people, and speed the recovery once the crisis has passed. The current fiscal circumstances have by necessity resulted in a significant increase in debt and this debt will need to be managed in the future, through either spending restraint or increased taxation, or both. This will be a challenge for future governments.

The estimates contained in this PEBU reflect current Government policy, including any policy decisions taken since the August 2020 EFU. For transparency reasons, this document clarifies the effect on the estimates of particular items and provides an analysis of risks that have changed since the August 2020 EFU.

Since the publication of the August 2020 EFU, the June quarter 2020 national accounts have been released by the Australian Bureau of Statistics. Considering the stronger than anticipated State Final Demand, the PEBU reflects an increase in Gross State Product (GSP) by 1¼ percentage points to 2¼ per cent for 2019-20. All other economic growth parameters are unchanged. Additional details may be found in Chapter 4, *Economic Outlook*.

The General Government Sector Headline Net Operating Balance (HNOB) forecasts remain consistent with those released in the August 2020 EFU, with a deficit of \$913.8 million estimated for the 2020-21 financial year, compared to a deficit of \$909.5 million outlined in the August 2020 EFU. The minor variation from the August 2020 EFU relate to the impact of minor technical adjustments. More detail is provided at Chapter 5, *Budget Outlook*.

Table 1 provides updated estimates of the HNOB for 2020-21 and the forward years for the three sectors – General Government, Public Trading Enterprises and Total Territory.

Table 1: Headline Net Operating Balance

2020 Pre-Election Budget Update	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000
General Government Sector	-913,785	-674,387	-455,733	-402,342
Public Trading Enterprises Sector	53,169	33,428	55,465	68,710
Total Territory	-1,046,501	-787,120	-554,862	-503,425

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

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

4. ECONOMIC OUTLOOK

The global pandemic has made it more difficult to forecast economic and revenue outcomes and has increased the level of uncertainty around the baseline forecasts. The path the economy takes will reflect the success in containing the spread of COVID-19 and the measures required to minimise the associated risk to public health.

The economic and financial forecasts included in this document are critically dependent on assumptions regarding the future of health restrictions across Australia. The assumptions underlying the forecasts in the PEBU are the same as those used in the August 2020 EFU and are outlined at the end of this section. These assumptions are subject to future decisions of governments and the course of the pandemic and therefore subject to a significant degree of uncertainty. A Statement of risks is provided in Appendix B and upside and downside scenarios are outlined in Appendix C.

The baseline economic forecasts are largely the same as those outlined in the August 2020 EFU, with one key change as a result of the release of the June quarter 2020 national accounts on 2 September 2020.

GSP is now expected to have expanded by around 2¼ per cent in 2019-20. This is 1¼ percentage points higher than the GSP forecast for 2019-20 in the August 2020 EFU. The upward revision largely reflects stronger public consumption, private investment, and dwelling investment in this quarter than anticipated. This was partially offset by weaker household consumption.

No change has been made to the GSP growth forecasts beyond 2019-20, with GSP in 2020-21 expected to contract by 1½ per cent before expanding over the forward estimates. However, the level of GSP in 2020-21 will be higher than expected at the time of the August 2020 EFU, reflecting the strength of private business investment and dwelling investment in the June quarter 2020.

Employment fell by 0.6 per cent in 2019-20 and is expected to contract by a further ¼ of a percentage point in 2020-21. Employment is expected to recover from 2021-22.

Inflation in consumer prices and wages are expected to remain subdued over the forecast period. The fall in consumer prices in 2019-20 is largely due to the provision of free childcare over most of the June quarter 2020 as part of the Commonwealth Government's stimulus package, and a significant fall in petrol prices. In 2020-21, the Consumer Price Index is forecast to increase by 3 per cent, following the reintroduction of childcare fees from 13 July 2020 and a rebound in petrol prices.

Population growth is also expected to be subdued in both 2019-20 and 2020-21, due to a large decline in net overseas migration as a result of international border restrictions. Population is forecast to steadily increase over 2021-22 to 2023-24 as international borders reopen. Forecasts of the key economic parameters for the PEBU are presented in Table 2.

Table 2: Economic parameters, baseline forecasts, percentage change

	Actual	Estimate	Forecast		Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
ACT						
Gross State Product ¹	3.0	2¼ (+1¼)	-1½	4	3½	3¼
Employment ^{3,4}	1.5	-0.6	-¼	3¼	2½	2
Wage Price Index ^{4,5,6}	2.2	2	1½	1¼	2	2
Consumer Price Index ^{4,5}	1.7	-0.6	3	1¼	1½	1¼
Population ⁵	1.5	¾	1	1¼	1½	1¼
Australia						
Gross Domestic Product ^{1,2,4,7}	2.0	-0.2	-2½	n/a	n/a	n/a

Sources: ABS Cat. No. 5220.0, 5206.0, 6202.0, 6345.0, 6401.0 and 3101.0; Chief Minister, Treasury and Economic Development Directorate; August 2020 EFU; Commonwealth Economic and Fiscal Update July 2020.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point. Projections are based on the technical assumption that growth rates will converge to their 5-year average in 2023-24. Numbers in brackets for ACT parameters represent the change from the August 2020 EFU.

1. Real values.
2. Year average basis.
3. Through the year basis to the month of June.
4. For 2019-20, Employment, Wage Price Index, Consumer Price Index and Gross Domestic Product are actual.
5. Through the year basis to the June quarter.
6. Total hourly rates of pay, excluding bonuses.
7. These are the Commonwealth Economic and Fiscal Update July 2020 forecasts.

Economic indicators released since the August 2020 EFU

The national accounts released on 2 September 2020 highlight how severe the economic impacts of the global pandemic have been for many sectors of the economy. Private Final Demand in the ACT contracted by 8.2 per cent, partially offset by a 3.3 per cent increase in Public Final Demand, in the June quarter. As a result, State Final Demand¹ (SFD) contracted by 2.2 per cent in the June quarter 2020.

This outcome was stronger than anticipated in the August 2020 EFU, and, as noted, has led to an upgrade in ACT's GSP forecasts in 2019-20 in PEBU. The ACT also fared better than other jurisdictions. The 2.2 per cent decline in SFD in the June quarter is the smallest decline of any jurisdiction, and is significantly lower than the 6 per cent decline expected in the August 2020 EFU. The weighted average decline in SFD was 7.5 per cent across other jurisdictions in the June quarter.

Over the year to the June quarter 2020, Private Final Demand declined by 6.1 per cent, while Public Final Demand grew by 9.8 per cent; as a result, ACT's SFD grew by 2.0 per cent. The ACT was the only jurisdiction to record positive growth in SFD in 2019-20. For 2019-20, the weighted average decline in SFD was 7.3 per cent across other jurisdictions.

¹ State Final Demand differs from Gross State Product in that it excludes both international and interstate trade as well as changes in inventories. Gross State Product for 2019-20 is not currently available.

The 2.0 per cent growth in ACT's SFD over the year was driven by growth in public consumption (up 10.9 per cent which contributed 4.9 percentage points to growth in SFD), private investment (up 10.4 per cent which contributed 1.2 percentage points) and public investment (up 1.7 per cent which contributed 0.1 percentage point), partially offset by a decline in private consumption (down 10.9 per cent which detracted 4.1 percentage points).

Other key economic data released since the August 2020 EFU include residential building approvals data for July 2020, retail trade turnover for July 2020 and weekly payroll jobs and wages for the week ending 22 August 2020 all of which are consistent with the baseline estimates in the August 2020 EFU.

The number of residential building approvals increased by 32.1 per cent in July 2020, while the value of residential building approvals in nominal terms increased by 48.8 per cent to \$187 million. This is consistent with the expectation in the August 2020 EFU.

The value of retail trade turnover increased by 5.8 per cent (\$32.4 million) in July 2020, in nominal terms. This is consistent with the expected recovery in household spending outlined in the August 2020 EFU. Nevertheless, private consumption remains volatile.

The deterioration in weekly payroll jobs has continued, albeit at a slower rate, declining by 0.4 per cent between 25 July and 22 August 2020. The number of payroll jobs is now 4.0 per cent below levels in mid-March. This is broadly consistent with the forecast decline in employment in 2020-21 as reflected in the August 2020 EFU.

There remains a high level of uncertainty associated with the ACT's economic outlook. More severe outbreaks domestically and abroad in the months ahead would weigh on household and business confidence and likely defer the easing of restrictions, resulting in a worse-than-anticipated economic outcome for the ACT than envisaged in this PEBU.

By contrast, if the virus can be effectively contained this would strengthen consumer and business confidence and also allow a more rapid path towards the easing of restrictions. This could see a stronger demand response, and take-up of government stimulus and spending associated with income support payments, lifting consumer spending and business investment.

The duration and severity of restrictions in the ACT will be influenced by the spread of the virus both in the ACT and in neighbouring states. International border restrictions will be influenced by the spread of the virus internationally.

Assumptions

The COVID-19 pandemic has had a significant impact on the ACT economy in 2019-20, and our economic prospects over the forward estimates.

The baseline scenario assumptions included in the this PEBU were prepared as the Government moved to ease restrictions to Stage 3.1 of Canberra's Recovery Plan. The key assumptions that underpin the economic forecasts are set out below. Outcomes could be substantially different to the baseline estimates, depending on the extent to which the following assumptions hold:

- Restrictions in the ACT will be lifted in accordance with the three-step process outlined following National Cabinet on 8 May 2020.

- Economic activity gradually resumes from the September quarter 2020 and social distancing rules across the country are significantly relaxed starting in January 2021, with Australia largely operating in a non-restricted (domestic) environment by July 2021.
- The Federal Government starts to lift international border restrictions from the middle of 2021 with international visitors gradually increasing following the lifting of restrictions. A two-week quarantine period is required on arrival to Australia, in line with national requirements. This is a less optimistic scenario than envisaged by the Commonwealth assumption of borders reopening from January 2021 but is consistent with the Reserve Bank of Australia's assumption of borders reopening from mid-2021.
- The baseline economic scenario assumes that the ACT avoids a second wave of COVID-19 transmission.

5. BUDGET OUTLOOK

Headline Net Operating Balance

The Headline Net Operating Balance (HNOB) is forecast to be a deficit of \$913.8 million in 2020-21, an increase of \$4.3 million in the deficit as published in the August 2020 EFU. This variation primarily relates to the flow-on impact of interim audited outcome adjustments.

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

Table 3: General Government Sector Headline Net Operating Balance

2020 PEBU	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
Revenue	5,580.3	5,884.3	6,202.0	6,412.1
Expenses	6,665.8	6,742.5	6,853.8	7,023.5
Superannuation Return Adjustment ¹	171.7	183.7	196.0	209.0
HEADLINE NET OPERATING BALANCE	-913.8	-674.4	-455.7	-402.3
Net Cash from Operating Activities	-660.1	-133.0	262.6	276.8
Net Debt (excluding superannuation)	4,971.9	6,337.3	7,204.3	7,962.4
Net Financial Liabilities	9,819.3	11,166.0	12,259.8	13,141.2

Note: Numbers may not add due to rounding.

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

Summary of movements

The movements from the August 2020 EFU to the PEBU are all technical in nature. These movements primarily relate to flow-on impacts of the 2019-20 interim audited outcome to 2020-21 and outyears and refinements to the presentation of accommodation lease options, consistent with relevant accounting standards (namely *AASB 16 Leases*).

PEBU reflects one new policy decision since the August 2020 EFU which is the extension of the hotel fixed water and sewerage charge rebate to select function and event venues. This policy decision has a cost of \$0.3 million but its cost is expected to be met from existing estimates.

As a result of these movements, the HNOB deficit has increased slightly in each year. Details of the major movements are outlined in Table 4.

Table 4: Summary of movements in the General Government Sector Headline Net Operating Balance since the August 2020 EFU

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
August 2020 EFU	-909,543	-670,218	-451,953	-399,728
Revenue¹				
Policy decisions	0	0	0	0
Technical adjustments	403	-1,653	-1,700	-1,123
Expenses²				
Policy decisions	0	0	0	0
Technical adjustments	-4,645	-2,516	-2,080	-1,491
Superannuation return adjustment	0	0	0	0
2019-20 PEBU	-913,785	-674,387	-455,733	-402,342

Notes: Numbers may not add due to rounding.

1. A positive number represents an increase in revenue.
2. A negative number represents an increase in expenses.

Descriptions of the major movements are outlined below.

Policy decisions

Extension of the hotel fixed water and sewerage charge rebate to select function and event venues

The Government will extend the COVID-19 Economic Survival and Recovery fixed charge water and sewage rebate that is available to accommodation providers to businesses whose primary purpose is to host functions and events.

The estimated cost of providing a fixed water and sewerage charge rebate to these additional businesses for 12 months is up to \$0.3 million (depending on take-up), the cost of which is expected to be met from existing allocations.

Technical adjustments

Flow-on impacts of 2019-20 interim audited outcome

This PEBU includes a range of minor adjustments related to flow-on impacts from the 2019-20 interim audited outcome, such as decreases to interest revenue for the Territory Banking Account and adjustments to depreciation estimates. Many of the adjustments are non-cash impacts.

Accommodation leases

This PEBU includes a change to the presentation of accommodation lease options to reflect 2019-20 interim audited outcome impacts and to ensure consistency with *AASB 16 Leases*. The presentation of the lease for the new Civic office accommodation for statutory office holders has also been refined to incorporate more up-to-date information than that available at the time of preparation of the August 2020 EFU. These changes have minimal effect on the HNOB but increase net debt by \$224 million in 2023-24, as future expected payments under leases are now counted as a financial liability under *AASB 16 Leases*.

Provisions

The Territory's budget includes a number of provisions where funding has not yet been allocated to particular agency forward estimates. These provisions reflect previous Government policy announcements.

The capital works provisions make allowance for some high-value capital works projects for which budgets are yet to be settled, or which are commercially sensitive. The capital works provisions also include the *General capital works provision* which is not yet allocated to any specific project. The profile for all capital provisions remain unchanged from those published in the August 2020 EFU, as set out in Table 4 of that document.

It is standing practice that details of some specific capital projects are not disclosed where the information is commercial-in-confidence. These projects are presented in the *Upgrading road infrastructure* and *Other* lines in the table below.

Projects reflected in the *Upgrading road infrastructure* provision include the duplication of William Hovell Drive, Athllon Drive, and the Bridges Renewal program. This provision includes project management and related project costs.

Projects reflected in the *Other* provision include removing asbestos at Narrabundah College and Campbell Primary School; constructing Common Ground 2 at Dickson; improving water management infrastructure; and upgrading infrastructure at the Canberra Hospital.

The *Building Light Rail to Woden and raising London Circuit* provision outlined in Table 5 below reflects the estimated costs over the forward estimates period of this project. The total cost of the project could be up to \$1.9 billion in total (inclusive of the amounts reflected below). These costs include project management and related project costs. These estimates are based on the assumption of using a competitive tendering process for this project.

Table 5: Capital works provisions

Capital provisions	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000
Better buses	-	-	7,000	13,000
Building Light Rail to Woden and raising London Circuit	-	77,500	66,500	168,300
Canberra Hospital Expansion Project	-	149,200	189,000	229,600
Cladding remediation ¹	3,702	11,102	6,635	-
Growing and renewing more public housing ²	-	20,000	20,000	20,000
John Gorton Drive and Molonglo River Bridge Crossing	-	18,800	76,000	81,200
Monaro Highway Upgrade	-	-	78,000	-
Sustainable Rural Water Use and Infrastructure Program	-	19,600	5,950	5,950
Technology related learning	-	4,652	4,652	4,652
Upgrading road infrastructure	617	21,384	57,568	55,000
General capital works provision	-	67,000	74,000	80,000
Other	3,163	48,403	7,839	1,000
Total capital works provisions	7,482	437,641	593,144	658,702

Notes:

1. Provisioned as an expense to reflect the appropriate accounting treatment of the proposed works.
2. Also includes \$20 million in 2024-25.

The estimates in the PEBU also include various expense and revenue provisions that impact on 2020-21 and the forward years. These provisions are set out in Tables 6 and 7.

Table 6: Expense provisions

Expense provisions	2020-21	2021-22	2022-23	2023-24
	\$'000	\$'000	\$'000	\$'000
ACT Early Childhood Strategy (savings from non-Government schools)	-2,736	-5,023	-10,025	-12,661
ACT Early Childhood Strategy	2,736	5,023	10,025	12,661
ACT participation in the JobTrainer Fund	16,750	-	-	-
Australian Federal Police Wages Agreement	-	3,260	6,262	8,022
Belconnen Service Centre Modernisation	150	-	-	-
Better services in your community – Investing in community transport	-	791	791	791
Better supporting vulnerable witnesses	-	1,543	1,967	2,391
Building a better city – Civic and Dickson office accommodation	-2,982	-2,886	-2,797	-2,727
Conservative bias allowance	-	68,028	87,287	106,961
Cost of capital and future maintenance	-	2,500	5,000	7,500
Creating a Reintegration Centre to support pathways out of the justice system	-	6,000	6,000	6,000
Energy Renewable Certificates Provision (Large-Scale Government Certificates)	63,406	41,726	25,383	25,383
Establishing a Therapeutic Care Court within the ACT Children's Court	-	636	649	665
Health policy provision	-	60,009	105,041	154,655
Improving Building Quality – Public sector building certifiers	-	-	4,185	3,445

Expense provisions	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
More jobs for our growing city – ACT Ice Sports Facility	-	5,000	5,000	-
More jobs for our growing city – Boosting local events	-	1,905	1,905	1,905
More jobs for our growing city – Establishing environmental offsets	-	627	816	-
More jobs for our growing city – More major events	1,750	1,000	1,000	1,000
More support for families and inclusion – More frontline domestic violence and rape crisis services	-	420	420	420
More support for families and inclusion – Strengthening the Reportable Conduct Scheme	575	589	589	589
Reinstatement of savings related to the of Property Group Single Service Model	4,639	4,755	4,874	4,996
Safer Families Levy	-	835	919	919
Strengthening services for Aboriginal and Torres Strait Islander children and young people	-	-	1,357	-
Supporting sustainable Out of Home Care placements	-	-	8,764	8,764
Sustainable Rural Water Use and Infrastructure Program	-	19,600	5,950	5,950
Technology Assisted Learning - depreciation	-	1,551	3,101	4,652
UNSW City Campus – ACT Government related costs	-	29,275	4,845	11,095
Updated indexation parameters	-	-1,721	-6,885	-16,952
Total expense provisions	84,288	245,443	272,423	336,424

Table 7: Revenue provisions

Revenue provisions	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Energy Renewable Certificates Provision (Large-Scale Government Certificates)	60,160	41,726	25,383	25,383
ACT participation in the JobTrainer Fund (Commonwealth revenue)	8,375	-	-	-
Sustainable Rural Water Use and Infrastructure Program (Commonwealth revenue)	-	39,200	11,900	11,900
UNSW City Campus	-	-4,018	1,665	2,246
Total revenue provisions	68,535	76,908	38,948	39,529

Net Operating Cash Balance

Net Operating Cash (Table 8) is the cash counterpart to the accrual Net Operating Balance. It measures all operating cash receipts for a financial 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 Net Operating Cash position for 2020-21 for the General Government Sector is a deficit of \$660.1 million, which compares to the 2020-21 position for the August 2020 EFU at a deficit of \$657 million. This movement is associated with the same factors causing the decline in the HNOB position discussed above.

Table 8: Net Operating Cash Balance

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
August 2020 EFU	-657.0	-139.7	255.8	269.0
2020 PEBU Net Operating Cash	-660.1	-133.0	262.6	276.8

Net Debt

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

As outlined above in the summary of major movements, this PEBU reflects a change to the presentation of accommodation lease options as a result of the 2019-20 interim audited outcome. This change is consistent with *AASB 16 Leases*. The presentation of the lease for the new Civic office accommodation for statutory office holders has also been refined to incorporate more up-to-date information than that available at the time of preparation of the August 2020 EFU. These changes have minimal impact on the HNOB result but increase both assets and liabilities on the balance sheet, including increasing Net Debt (Table 9).

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

Table 9: Net Debt (excluding superannuation related investments)

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
August 2020 EFU	4,730.6	6,068.3	6,942.4	7,709.4
2020 PEBU Net Debt (excluding Superannuation Related Investments)	4,971.9	6,337.3	7,204.3	7,962.4

Net Financial Liabilities

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

The revised forecast for GGS Net Financial Liabilities for 2020-21 is \$9.819 billion, an increase of \$288.5 million compared to the August 2020 EFU forecast. The increase in the Net Financial Liabilities position is largely due to the presentation of accommodation leases outlined previously (Table 10).

Table 10: Net Financial Liabilities

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
August 2020 EFU	9,530.8	10,847.1	11,945.3	12,832.4
2020 PEBU Net Financial Liabilities	9,819.3	11,166.0	12,259.8	13,141.2

Net Worth

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

Table 11 indicates the forecast GGS Net Worth for 2020-21 has been revised to \$16.203 billion, an increase of \$44.8 million compared to the August 2020 EFU forecast of \$16.158 billion. The increase in Net Worth is largely due to the flow on impact to the estimates of asset revaluations undertaken for the 2019-20 interim audited outcome.

Table 11: Net Worth

	2020-21	2021-22	2022-23	2023-24
	\$m	\$m	\$m	\$m
August 2020 EFU	16,158.2	15,449.6	14,881.4	14,382.2
2020 PEBU Net Worth	16,203.0	15,409.2	14,877.8	14,421.3

The Territory's credit rating

International ratings agency Standard & Poor's affirmed the Territory's AAA/A-1+ long and short-term issuer credit ratings on 10 September 2020. The outlook on the long-term rating remains negative following Standard & Poor's decision on 8 April 2020 to adjust it from stable as a result of the significant impacts of the COVID-19 pandemic on the Australian economy. While previously the negative outlook flowed from that on the Australian sovereign, now it also reflects the downside risks to ACT's fiscal recovery if the COVID-19 disruption is more severe or prolonged than Standard & Poor's currently expects.

In affirming the ACT's AAA credit rating, Standard & Poor's indicated that it expected the ACT economy to outperform its peers and recognised that the weakening of the Territory's budgetary performance is temporary, rather than structural, with tax and grant revenues being materially lower and expenses higher than previously estimated as a result of the COVID-19 pandemic. In addition, the Government is delivering health and economic support initiatives and has increased its forward infrastructure program as a stimulus measure. Together, these changes will result in temporary operating deficits and a rising debt burden.

While Standard & Poor's does not consider the weaker fiscal performance is structural and expects the fiscal outcomes to improve during the next two to three years, there is a significant risk that the credit rating could be lowered if the recovery from the COVID-19 downturn is delayed beyond their current expectations, or if there are any signs of significant structural weakening in the current budget estimates.

Items not included in the PEBU estimates

The estimates in this PEBU reflect current government policy, including decisions announced in the August 2020 EFU. The estimates do not pre-empt decisions that may be made by a future government.

There are various plans and strategies across government that set out broad policy directions and intent. In many cases, these documents outline potential actions that would require additional funding. As these actions are a decision for a future government, they are not included in the PEBU estimates. There are also a range of specific projects and service delivery areas which may be the subject of future consideration for additional funding.

In general, funding is included in the PEBU for government decisions where a decision has been published as a new initiative in a previous government budget, budget review or economic and fiscal update. Except where identified in this document (through for example, the use of a provision) no additional funding has been included in the forward estimates in relation to other government policy documents.

Some examples of items not included in the PEBU are set out below.

ACT Climate Change Strategy 2019-25

The ACT Climate Change Strategy 2019-25 includes 83 action items across ten priority areas to meet the target of reducing emissions (from 1990 levels) by 50 to 60 per cent by 2025 and to work towards the target of achieving net zero emissions by 2045. Where specific actions have not been announced as a new initiative in a previous budget document, no additional funding has been included in the forward estimates in the PEBU to meet any costs that may be related to these actions.

ACT Infrastructure Plan

The ACT Infrastructure Plan outlines over \$14 billion of infrastructure projects, including priorities over the short, medium and long term. The PEBU estimates includes projects identified in the ACT Infrastructure Plan where these have been agreed to by government (including provisioned projects detailed in Table 5) but other items are not included as these are subject to future government consideration.

ACT Transport Strategy 2020

The ACT Transport Strategy 2020 includes a range of public transport, walking and cycling, road proposals; and also refers to freight and heavy rail. The PEBU estimates include the costs associated with building light rail to Woden and ongoing funding for Transport Canberra Operations. There are other items outlined in the ACT Transport Strategy, including transitioning to a zero-emissions bus network and future stages of light rail, that are not included in the PEBU estimates as these are subject to future government consideration.

Canberra Theatre Redevelopment

The PEBU estimates include \$400,000 in 2020-21 to continue developing a business case for the proposed Canberra Theatre redevelopment. No provision has been made for detailed design or the potential construction and operation of the project.

Canberra's Living Infrastructure Plan

Canberra's Living Infrastructure Plan includes 15 actions related to enhancing the city. No funding beyond initiatives announced in previous budgets has been included in relation to this plan.

Capital Rollovers

As is the case in most years, there is likely to be some funding rolled over from 2019-20 to 2020-21, largely as a result of delays in capital program delivery. It is likely that the amount of funding rolled over will be smaller than in previous years as the August 2020 EFU included amendments to the 2020-21 Capital Works Program based on 2019-20 interim actual results. While these rollovers will affect spending and investment profiles, they have not been included where they have not yet been considered by government.

Major Health Infrastructure

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

School Enrolment Growth

The Government adjusts the Education Directorate's funding each budget to provide for changes in public school enrolments from the previous year. The forward estimates do not include adjustments to funding associated with potential changes in future public school enrolments or potential additional school infrastructure requirements. As such, the forward estimates are based on the current number of students enrolled in public schools in the ACT.

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APPENDIX A – INITIATIVES WITH TIME LIMITED FUNDING

Initiatives with time limited funding

Table 12 lists initiatives that were funded in either the 2019-20 Budget or Budget Review, or the August 2020 EFU, for which funding ceases in either 2020-21 or 2021-22. Items have not been included where there is a provision for their continuation, or they are finite programs. Future funding, if any, for any of these items would require a decision by government.

This appendix is not an attempt to pre-empt any future government decisions but, instead, is intended to provide an indication of items that may be reconsidered by government at a future point, potentially impacting on the forward estimates. For this reason, short-term stimulus initiatives introduced in response to the COVID-19 pandemic have been included. Funding for some of these initiatives expires at the end of December 2020.

Table 12: Initiatives with time limited funding

	2020-21 \$'000	2021-22 \$'000	Publication reference
Chief Minister, Treasury and Economic Development Directorate			
\$200 Residential utility concession rebate	1,590	-	EFU
\$1,000 additional electricity rebate for cafes, takeaways and restaurants	1,500	-	EFU
ACT Hardship Fund	1,250	-	EFU
ACT Stimulus Digital Voucher Program	623	-	EFU
Additional support for the Vocational Education and Training Sector	1,000	-	EFU
Automatic \$750 Electricity rebates for small businesses	304	-	EFU
Better Government – Flexible payment options	475	-	EFU
Better support when it matters – A Gender Agenda	150	-	EFU
Fairer revenue - Landholder duty compliance	1,247	-	EFU
Fixed water and sewerage charges rebate for accommodation providers and community clubs	2,004	-	EFU
Implementing the UNSW Canberra City Campus proposal	195	-	EFU
Improving processing for Working with Vulnerable People checks	2,116	2,159	2019-20 Budget
Jobs for Canberrans Fund	24,362	-	EFU
JobTrainer Fund (ACT share)	8,425	-	EFU
Modernising Procurement Practices	196	-	EFU
Protecting hospitality employees and businesses	100	-	EFU
Rental relief	3,346	-	EFU
Screen Canberra Operational Funding	377	-	EFU
Strengthening transparent government	395	-	2019-20 Budget
Supporting Community Clubs	2,115	-	EFU
Supporting local community groups to improve social inclusion and equality	148	148	2019-20 Budget
Supporting our Tourism and Events Industries	4,319	150	EFU
Supporting the economic recovery for the Creative Sector	825	-	EFU
Training Support – National Infection Control Fund	770	-	EFU
Youth Support Package	1,322	1,000	EFU
Chief Minister, Treasury and Economic Development Directorate Total	59,154	3,457	

	2020-21 \$'000	2021-22 \$'000	Publication reference
City Renewal Authority			
Building a better city - City Renewal Authority - Operational funding	7,572	-	EFU
City Renewal Authority Total	7,572	-	
Community Services Directorate			
Community Support package ¹	5,350	-	EFU
Delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence	208	46	2019-20 Budget
Delivering support for new parents experiencing domestic violence through Health Justice Partnership	580	-	2019-20 Budget
Growing future skills with more apprenticeship and vocational training places initiative	238	-	2019-20 Budget
Growing the inclusion of Canberra's seniors	81	-	2019-20 Budget
Integrated Service Response Program	640	-	EFU
Maintaining support for disability services in the transition to the full scheme NDIS	375	-	2019-20 Budget
More support for families and inclusion – Child and Youth Protection Quality Assurance and Improvement Committee	179	-	EFU
Community Services Directorate Total	7,651	46	
Cultural Facilities Corporation			
Financial support for the Cultural Facilities Corporation	2,500	-	EFU
More jobs for our growing city – Vocational training for stage and theatre	73	-	EFU
Cultural Facilities Corporation Total	2,573	-	
Education Directorate			
Better Government – Supporting the Freedom of Information Act 2016	156	-	EFU
Ensuring teachers and school staff are safe at work	1,173	-	2019-20 Budget
Supporting Vulnerable Students	2,537	-	EFU
Education Directorate Total	3,866	-	
Environment, Planning and Sustainable Development Directorate			
Volunteer Activation - Getting more people, more active in caring for nature	475	-	EFU
Environment, Planning and Sustainable Development Directorate Total	475	-	
Health Portfolio²			
Better healthcare for a growing community – ACT Mental Health Recovery College Trial	189	-	EFU
Better healthcare for a growing community - More mental health outreach for young Canberrans	1,016	-	EFU
Boosting police for a growing city	277	285	2019-20 Budget
Delivering better care for Canberrans with complex needs through general practice	1,000	1,000	2019-20 Budget
Delivering better mental health care for people in crisis	720	-	2019-20 Budget
Domestic and Family Violence	533	-	EFU
Implementing the Independent Review into the Workplace Culture within ACT Public Health Services	5,411	4,000	2019-20 Budget

	2020-21 \$'000	2021-22 \$'000	Publication reference
Implementing the Nurses and Midwives: Towards a Safer Culture – The First Step strategy	652	144	2019-20 Budget
Investing in medical and health research	1,000	1,000	2019-20 Budget
Mental Health Support Package	3,075	-	EFU
More Support for the healthcare system (ACT share)	29,950	-	EFU
Strengthening capacity for mental health carers	231	-	2019-20 Budget
Supporting growing demand for health services	60,000	-	EFU
Youth Support Package – Mental Health	250	-	EFU
Health Portfolio Total	104,304	6,429	
Housing ACT			
Providing alternatives to jail through the Justice Housing Program	347	353	2019-20 Budget
Housing ACT Total	347	353	
Justice and Community Safety Directorate			
Additional Resources for the Victims of Crime Commissioner	130	-	EFU
Better support when it matters – Integrating the Winnunga Model of Care and Enhancing Health Services in the Alexander Maconochie Centre	874	-	EFU
Charter of rights and additional support for victims of crime	204	-	EFU
Enhanced forensic medical services	729	-	EFU
Increased Magistrates Court Resourcing	310	-	EFU
Increasing opportunities for Aboriginal and Torres Strait Islander people involved with the justice system	584	645	2019-20 Budget Review
Providing alternatives to jail through the Justice Housing Program	2,049	2,242	2019-20 Budget Review
Supporting the Environmental Defender's Office	150	-	2019-20 Budget Review
Justice and Community Safety Directorate Total	5,030	2,887	
Total	190,972	13,172	

Notes:

1. Components of this initiative cross multiple Directorates
2. These initiatives are funded from within the Health Funding Envelope.

Design work and feasibility study initiatives

Tables 13 and 14 list initiatives that have received funding for design work or feasibility studies but no decision has been made to proceed to construction. Of the 19 initiatives listed, 12 have received funding for feasibility studies, while 7 have received funding for design work.

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

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

Table 13: Design works

Design
Chief Minister, Treasury and Economic Development Directorate
New Rectangular Stadium – Site Analysis, Consultation, Feasibility and Design
Stromlo Forest Park District Playing Fields Design
Community Services Directorate
Progressing the Gugan Gulwan Youth Aboriginal Corporation Accommodation
Education Directorate
More schools, better schools – Narrabundah College redevelopment – early planning and design
School Staffing Integrated Management System Design
Environment, Planning and Sustainable Development Directorate
Keeping our growing city moving – Best of Canberra mountain bike experience Design
Transport Canberra and City Services Directorate
More services for our suburbs – Southern Memorial Park Detailed Design

Table 14: Feasibility studies

Feasibility
Chief Minister, Treasury and Economic Development Directorate Building a better city – Indoor sports centres – Early planning More jobs for our growing city – Early planning for an upgraded amphitheatre at the National Arboretum Canberra More jobs for our growing city – New Canberra Theatre Complex – Early planning
Education Directorate Feasibility studies to support additional growth
Environment, Planning and Sustainable Development Directorate Feasibility and infrastructure planning for future Molonglo land releases More jobs for our growing city – Urban renewal in Kenny – early planning
Health Portfolio Co-design and planning: Aboriginal and Torres Strait Islander Alcohol and Drug Residential Rehabilitation Facility City Health Centre Scoping for a potential medically supervised injecting facility
Justice and Community Safety Directorate Strategic Accommodation strategy for Policing
Transport Canberra and City Services Directorate Improving Tharwa Drive and Nudurr Drive More city services depots for better service delivery

APPENDIX B – STATEMENT OF RISKS

Consistent with section 11(d) of the *Financial Management Act 1996* (FMA), each budget update is required to provide a statement describing the risks – quantified if possible – that may affect the budget estimates. Full details of economic and fiscal risks, and contingent liabilities, other commitments and outstanding claims liabilities were provided in Appendix A to the August 2020 EFU.

The risks to the economic outlook remain consistent with the August 2020 EFU. The following risks have been identified at the time of the publication of the 2020 PEBU. Unless identified below, risks identified in the August 2020 EFU are unchanged.

Economic Risks

As noted in the Economic outlook chapter, while there have been some further data releases since the August 2020 EFU, they do not materially change the risks to the economic outlook.

As controlling the virus remains a significant challenge, the key downside risk is a major outbreak similar in scale to what has been seen in Victoria, occurring in other jurisdictions or the ACT. The second outbreak in Victoria led to significant declines in business and consumer confidence in July and August 2020, unwinding more than half of the gains in May and June 2020. While consumer confidence rebounded in September, should the Victorian lockdown be extended or similar lockdowns required in other states, further downward pressure would be placed on economic activity. This would in turn reduce the GST pool and ACT GST receipts.

Uncertainty about the pace at which the Australian, global and the ACT economies will resume more normal levels of activity following the lifting of restrictions also poses downside risks. A prolonged period of heightened uncertainty could dampen investment due to a general unwillingness to undertake the risks associated with beginning a major project or business venture. The longer the economy remains weak, the more households and firms will experience severe financial stress, and the more likely that cash buffers are exhausted. These stresses could slow the recovery further, increasing the chance of labour market scarring for many workers, and increasing the probability that skills mismatches and limited job vacancies discourage workers from participating in the labour market.

The Commonwealth decentralisation agenda outlined in the 2019-20 Commonwealth Budget to relocate more public sector jobs outside the ACT, including some from the Department of the Prime Minister and Cabinet, Indigenous Business Australia and Australian Financial Security Authority, represents a downside risk to the ACT's economic outlook in the medium term.

In addition, any increase in the efficiency dividend for the Australian Public Service as the Commonwealth seeks to repair its fiscal position is a key medium-term downside risk to the ACT economy as 38.4 per cent of the Australian Public Service is employed in the Territory².

² APS Commission, APS Employment Data 31 December 2019 Release.

On the upside, medical treatment and/or containment measures for COVID-19 could be both more effective and developed more quickly than currently anticipated leading to better health outcomes internationally, and in the ACT and Australia. These more positive health outcomes, along with significant government stimulus and income support, would likely strengthen consumer and business confidence, lifting household spending and business investment as well as enabling domestic travel.

Fiscal Risks

The fiscal risks that may affect the Territory's budget estimates remain consistent with those presented in the August 2020 Economic and Fiscal Update.

Revenue Risks

As with the economic parameters, the key risk to the Territory's forecast revenue is the relative success of containing the spread of COVID-19.

Any further tightening of restrictions required in response to further outbreaks would present downside risks to the baseline revenue estimates. Should this occur, the Territory's forecast revenue from payroll and land taxes, residential conveyances and motor vehicle registration could be potentially up to \$250 million lower over four years to 2023-24 than under the baseline scenario.

Under a downside risk scenario, it is also likely that the overall size of the GST pool would shrink. For a 1 per cent reduction in the size of the GST pool over the four-year period from 2020-21 to 2023-24, there is likely to be a corresponding reduction of around \$50 million in the ACT's GST revenue over this period. If the ACT's relativity and our share of the Australian population are also lower than the baseline scenario, this would further exacerbate any reduction in GST revenue. As noted, the extension of stage 4 restrictions in Victoria, will put downward pressure on GST revenue.

Further, the ACT Government has granted deferrals across a range of own-source revenue lines to provide cashflow support to households and businesses during the pandemic. These are currently in the order of \$28 million. There is a risk that once the deferral period ends, some households and businesses will not be able to pay the deferred amounts and they will become debts owed to the Government, some of which might not be recoverable and would have to be written off. The longer a deferral is granted for, the greater the risk that it might not be repaid.

In addition to deferred dividends from previous years of \$154.9 million, the Government has deferred receiving the 2019-20 dividend from the Suburban Land Agency to support the Agency's cash flow during this period. The deferral of the Agency dividends is a low risk as they are expected to be paid at a later date as the economic recovery gathers pace. However, should the economic recovery not be as strong as anticipated, the risk would be greater.

The Government has also supported deferral of the 2019-20 income tax equivalent instalment and dividend for the City Renewal Authority. This will enable the Authority to delay the settlement of land sales to the local tertiary education sector to enable the development timetable to be maintained and contribute to economic recovery. The deferred dividends from the Authority will be paid at a later date as major settlements occur, which is a low risk for sales already made.

Conversely on the upside, success in containing COVID-19 and limiting or preventing community transmission such that restrictions can be eased more quickly, particularly international border restrictions, has the potential to increase revenue beyond the baseline estimates. In this scenario, the forecast revenue from payroll and land taxes, residential conveyances and motor vehicle registration could be nearly \$250 million higher over four years to 2023-24 compared to the baseline scenario. The GST pool is also likely to grow and along with it the ACT's GST revenue. Similarly, if the economic impacts of the restrictions in the ACT are not as severe as expected, own source revenue may be higher than reflected in the baseline scenario.

Financial investment assets and liabilities

The outlook for investment returns continues to be challenging, with increasing economic uncertainty and financial market volatility amid the COVID-19 pandemic. Interest rates are likely to remain lower for longer. The financial assumptions adopted for the superannuation liability valuation, long-term investment return targets and borrowing costs will require ongoing assessment. There remains a risk of deterioration in global and Australian financial markets affecting the value of financial investment assets and on the ability to effectively access funding requirements.

Enterprise Bargaining Negotiations

Employee expenses represent the largest expense incurred by the Territory. The majority of ACT Government directorate enterprise agreements are due to expire on 31 October 2021. Updates for these agreements have the potential to impose increased financial pressure if future outcomes (for example wage increments) exceed the amounts currently factored into the budget forward estimates (generally 1.3 per cent annual increases).

ACT Early Childhood Strategy/ Non-Government school funding

The PEBU estimates currently contain provisions of \$30.4 million representing the reinvestment of savings associated with a reduction in the ACT Government's share of non-government schools funding in accordance with the *National School Reform Agreement*, signed in December 2018, into the ACT Early Childhood Strategy (see Table 6 for further information). Under the revised model, the Commonwealth funding share of the School Resource Standard for non-government schools increases over time and the ACT Government's share reduces. Further Commonwealth changes to private school arrangements may mean that the forecast savings may not be realised to the currently budgeted extent.

Other Fiscal Risks

As noted in Appendix A: *Initiatives with Time Limited Funding*, the Government has funded a range of initiatives for one or two years, as well as design work and feasibility studies for future projects. Such items may be reconsidered by government, potentially impacting on the forward estimates.

Contingent Liabilities

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

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

Other Items

Outstanding claims liability

The value of insurance liabilities is the present value of the future claim for payments that have accrued at the calculation date. This approach is required under AASB 1023 *General Insurance Contracts*.

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

Sensitivity to discount rate

The outstanding claims liability is calculated by reference to expected future payments. These payments are discounted to adjust for the time value of money. AASB 1023 *General Insurance Contracts* requires the outstanding claims liabilities to be valued using a 'risk free' rate of return, which is generally accepted to be the discount rate derived from market yields on Commonwealth Government Bonds. The discount rates adopted match the weighted term to maturity of insurance claims. The long-term nature of the projected cash flows from the liability means that small changes in the discount rate adopted can lead to significant variations in the liability valuations and the claims expense.

The outstanding claims provision as at 30 June 2020 was \$275.5 million net of Reinsurance Recoveries. Variations in the discount rate of +/- one percentage point results in an estimated change to the liability of between a \$11.9 million decrease and a \$6.3 million increase, equivalent to a change of between -4.3 per cent and 2.3 per cent.

Unfunded Default Insurance Fund

The Default Insurance Fund (the Fund) is established under section 166 of the *Workers Compensation Act 1951*. Its purpose is to provide benefits for injured ACT workers whose employer did not hold a compulsory workers' compensation policy or cannot provide the indemnity required under a compulsory workers' compensation insurance policy. Since 1 July 2017, it also provides benefits to all workers making a claim for an imminently fatal asbestos-related disease (IFARD). The monies needed to meet the cost of claims and other relevant Fund expenses are not guaranteed by the ACT Government; however, Part 8.2 of the *Workers Compensation Act 1951* allows the Fund Manager to impose contributions and supplementary contributions on approved insurers and self-insurers to meet these costs.

The Fund's levy is estimated to meet the costs of all claims, including IFARD claims, anticipated to be made in the coming year. The calculation of the outstanding claims liability of the Fund includes a provision for all future estimated IFARD claims, regardless of when the claim may be made. This means that the funding position for IFARD claims is currently in deficit and will continue to be in deficit until the Fund's total assets meets or exceeds the total amount of outstanding claims liabilities.

The funding position for IFARD claims should improve significantly as levies are collected each year, since the cost of all future claims are already included within the liability. Based on the current claims cost, levy and inflation assumptions it is projected that the IFARD liability will be fully funded between 2025 to 2027. If IFARD claims were to emerge at a higher rate than anticipated, or currently experienced, then the Fund would be in deficit for longer.

APPENDIX C – STATEMENT OF SENSITIVITY OF THE PRE-ELECTION BUDGET ESTIMATES

The economic impacts of the COVID-19 pandemic are highly uncertain and the PEBU estimates reflect a baseline scenario derived from a plausible set of assumptions. This section is presented to provide guidance on how the forecasts could evolve if assumptions vary from the baseline assumptions by also considering upside and downside scenarios.

Alternative scenarios

Upside scenario

The upside scenario assumes that medical treatment and/or containment measures for COVID-19 will become more effective relatively quickly. This would allow faster progress in controlling the virus, together with creating a series of positive health outcomes globally, including in Australia and in the ACT.

This assumption, along with significant government stimulus and income support, would strengthen consumer and business confidence, lifting household spending and business investment as well as enabling domestic travel.

As per the assumption in the baseline scenario, it is assumed that international borders will open from July 2021. However, the upside scenario assumes a more pronounced improvement in confidence and migration levels following the border openings. Accordingly, the ACT's population could increase rapidly from foreign nationals seeking study or work opportunities in the ACT.

Under the upside scenario, the expected contraction in the ACT economy in 2020-21 would be halved, with a stronger economic recovery over the projection period, in line with a strong improvement in Private Final Demand. In turn, this would increase labour demand, increasing growth in employment. This would underpin a more rapid rebound in wages growth and a faster pick-up in inflation over the projection period.

Downside scenario

The downside scenario assumes that more severe outbreaks occur in the months ahead, leading to a wider spread of the virus across jurisdictions (potentially similar to the scale of the Victorian outbreak), with tightening of restrictions and lower levels of cross border activity.

It is assumed that this is accompanied by a widespread resurgence in infections across the globe in the near term. Recovery in international tourism and student arrivals would be delayed as Australia's international borders would remain closed until the end of 2021. This would see lower population growth and more cautious consumer behaviour, while more businesses would be forced to close. Remaining businesses would limit spending which pushes the timing of the economic recovery out and reduces growth rates across the forward estimates period.

Under the downside scenario, the ACT economy would contract by more than envisaged in the baseline scenario and an extended period of lockdown would see consumer spending and business investment continue to fall during the second half of 2020. The downside scenario assumes the current level of government stimulus and income support would be insufficient to support spending in the private sector. Businesses would keep employees on reduced hours and delay hiring new staff. As a result, the ACT economy would take longer to recover, economic growth would be well below the long-run average by the end of projection period, and employment growth would not return to its pre-COVID-19 level until around end of 2022-23. Lower employment growth and increased slack in the labour market would place downward pressure on wage growth and inflation.

Economic parameters under different scenarios

Table 15 below presents economic parameters as per the alternative upside and downside scenarios outlined above. Figures 1 and 2 show the trajectory of recovery in the ACT economy under an upside and downside scenario relative to the baseline scenario.

Table 15: Economic parameters under different scenarios, percentage change

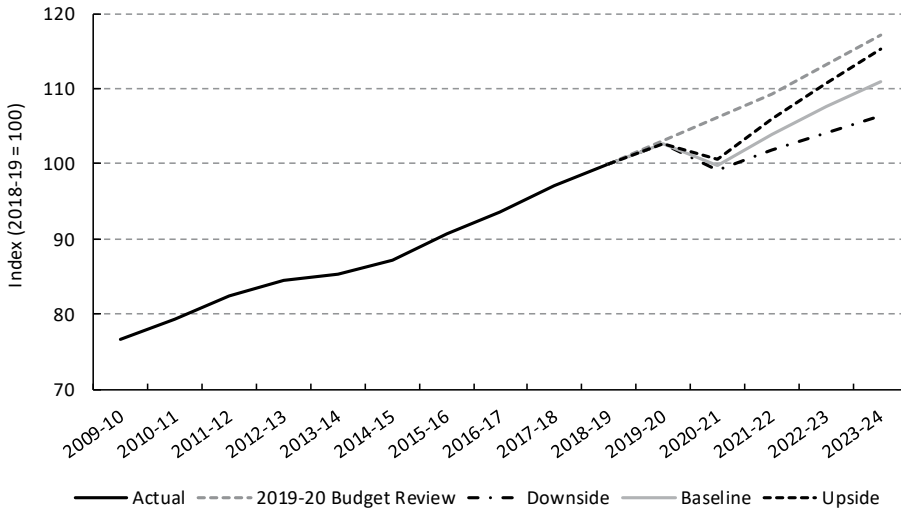
	Actual	Estimate	Forecast		Projections	
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Gross State Product¹						
Downside Scenario	3.0	2%	-2%	2%	2%	2
Baseline Scenario	3.0	2%	-1%	4	3%	3%
Upside Scenario	3.0	2%	-%	5%	4%	4
2019-20 Budget Review²	3.0	3	3	3	3%	3%
Employment³						
Downside Scenario	2.2	-0.6	-%	2	1½	1%
Baseline Scenario	1.5	-0.6	-%	3%	2½	2
Upside Scenario	1.5	-0.6	¼	4	3	2½
2019-20 Budget Review²	0.9	2	1½	1½	1%	1%
Wage Price Index						
Downside Scenario	2.2	2	1%	1½	1%	1%
Baseline Scenario	2.2	2	1%	1%	2	2
Upside Scenario	2.2	2	1%	2	2%	2%
2019-20 Budget Review²	2.2	2½	2%	2%	2%	3
Consumer Price Index						
Downside Scenario	1.7	-0.6	3	1	1%	1½
Baseline Scenario	1.7	-0.6	3	1%	1½	1%
Upside Scenario	1.7	-0.6	3%	1½	1%	2
2019-20 Budget Review²	1.7	2	2	2%	2½	2½
Population⁴						
Downside Scenario	1.5	¾	¾	1	1%	1½
Baseline Scenario	1.5	¾	1	1%	1%	1%
Upside Scenario	1.5	¾	1%	1½	1%	2
2019-20 Budget Review²	1.5	1½	1%	1%	1%	1%

Sources: ABS Cat. No. 5220.0, 5206.0, 6202.0, 6345.0, 6401.0 and 3101.0; Chief Minister, Treasury and Economic Development Directorate.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point.

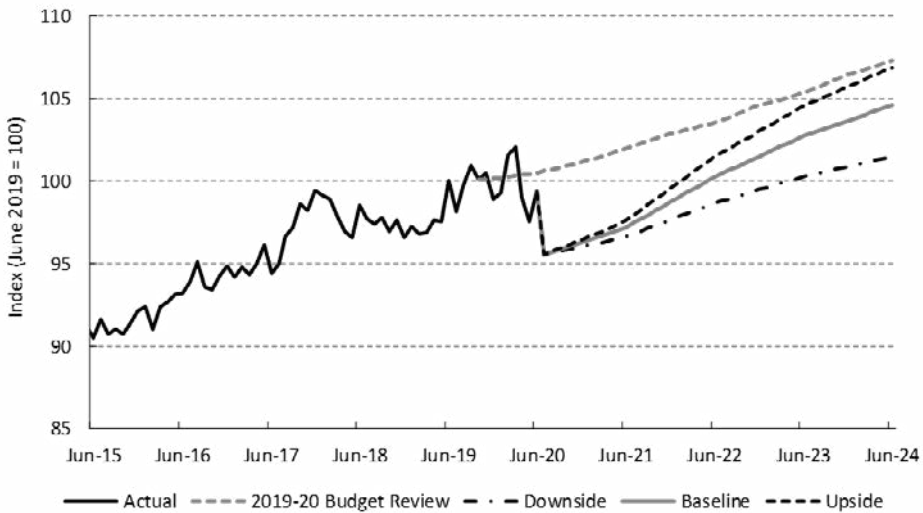
1. Real values.
2. The projection for 2023-24 was not published in the 2019-20 Budget Review.
3. Through the year basis to the month of June and is actual outcome for 2019-20.
4. Through the year basis to the June quarter and is actual outcome for 2019-20, except for population.

Figure 1: Gross State Product (GSP), ACT – forecast scenarios, 2018-19 = 100



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

Figure 2: Employment, ACT – forecast scenarios, June 2019 = 100



Sources: ABS Cat. No. 6202.0 and Chief Minister, Treasury and Economic Development Directorate.

Key revenue lines under different scenarios

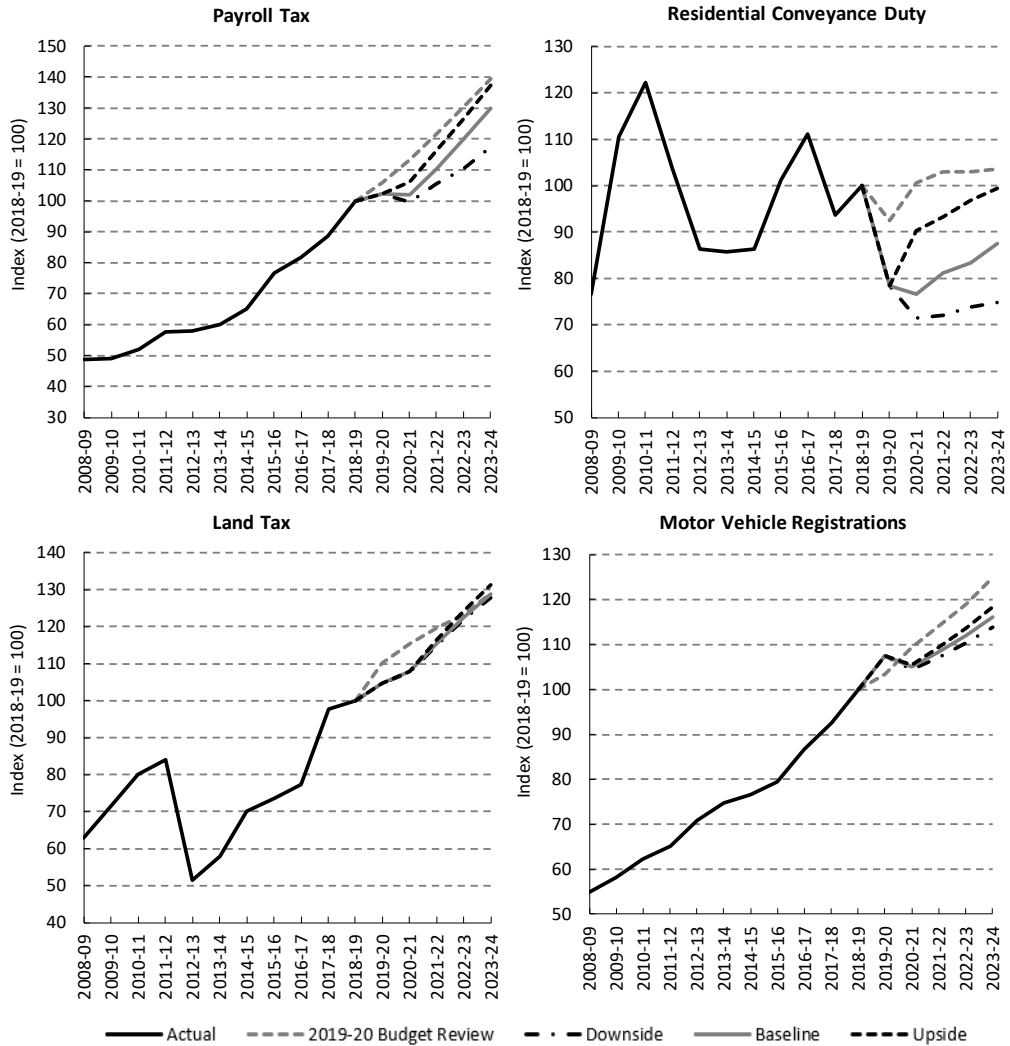
Revenue forecasts and projections are typically based on indexation of key economic parameters. The effects of alternative economic parameter assumptions (as per the upside and downside scenarios) on key revenue lines are outlined in Table 16 and Figure 3.

Table 16: Revenue variance from the baseline due to economic parameters – forecast scenarios

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Total \$'000
Payroll Tax					
Downside	-13,745	-26,158	-52,654	-69,367	-161,925
Upside	23,047	33,561	37,131	39,555	133,294
Land Tax					
Downside	-179	-649	-906	-1,224	-2,958
Upside	137	1,374	2,282	3,418	7,211
Residential conveyances					
Downside	-9,833	-17,314	-17,983	-24,175	-69,305
Upside	26,136	23,312	25,820	22,910	98,179
Motor Vehicle Registration					
Downside	-736	-1,510	-2,333	-3,215	-7,794
Upside	737	1,517	2,356	3,262	7,872
All Four-Revenue Lines					
Downside	-24,493	-45,631	-73,875	-97,982	-241,981
Upside	50,057	59,764	67,590	69,145	246,555

Source: Chief Minister, Treasury and Economic Development Directorate.

Figure 3: Selected own-source taxation revenue – forecast scenarios, 2018-19 = 100



Source: Chief Minister, Treasury and Economic Development Directorate.

Risks to the ACT's GST revenue share and broad estimates of parameter changes

Over the four-year period from 2020-21 to 2023-24, the ACT is expected to receive about 1.9 per cent of the GST pool each year. A 1 per cent change in the GST pool in any year will alter the ACT's GST share by \$11.5 million to \$13.4 million, depending on the year affected. In total, if the forecast for the GST pool over the four-year period changes by 1 per cent or around \$2.6 billion, the ACT's GST share will alter by \$50 million over the same period. This assumes that the ACT's share of the Australian population is the same as in the baseline scenario, and that the ACT's GST relativity remains constant over that period.

If the ACT's share of the Australian population is different from the assumed baseline scenario by 0.01 per cent, our GST revenue share would change by \$6.8 million to \$8 million, depending on the year affected. However, a modification in the ACT's population share is also likely to modify the ACT's GST relativity for that year, further affecting our GST revenue share, assuming the GST pool outcome aligns with the ACT's forecasts.

Sensitivity of Budget Estimates

Tables 18 and 19 set out the sensitivity of economic and other assumptions on the GGS HNOB. This represents a 'rule of thumb' for the magnitude of changes, based on 2020-21 data.

Superannuation Provision Account Investment Earnings

Table 17 outlines the impact on the investment earnings estimates for the Superannuation Provision Account from a 1 per cent decrease in the investment return objective.

Table 17: Impact of a 1 percentage point decrease in the investment return objective

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Investment Earnings	-42,863	-48,344	-54,181	-60,559

Defined Benefit Superannuation Liabilities

Table 18 outlines the impact to the Commonwealth defined benefit superannuation liability valuation and to the superannuation liability expense from a 1 per cent decrease in the discount rate assumption from the long-term budget assumption of 5 per cent.

Table 18: Impact of a 1 percentage point decrease in the discount rate assumption

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Superannuation Liability	1,457,200	1,472,414	1,483,438	1,490,352
Superannuation Expense	19,634	15,473	11,511	7,686

APPENDIX D – FINANCIAL STATEMENTS – GENERAL GOVERNMENT SECTOR

Australian Capital Territory General Government Sector Operating Statement

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Revenue					
Taxation revenue	1,958,486	1,958,486	2,139,335	2,272,434	2,424,061
Grants revenue					
Commonwealth grants	2,257,373	2,257,373	2,367,840	2,472,355	2,564,301
Sales of goods and services	566,647	566,623	594,972	610,482	627,710
Interest income	95,332	97,297	112,871	103,089	99,616
Distributions from financial investments	50,301	49,960	53,850	57,408	61,067
Dividend and income tax equivalents income	320,870	320,398	267,512	277,595	304,961
Other revenue					
Other revenue	191,775	191,050	189,078	198,502	171,600
Gains from contributed assets	139,150	139,150	158,881	210,173	158,798
Total revenue	5,579,934	5,580,337	5,884,339	6,202,038	6,412,114
Expenses					
Employee expenses	2,318,191	2,318,260	2,295,911	2,336,166	2,372,709
Superannuation expenses					
Superannuation interest cost	210,537	210,537	413,132	423,600	433,282
Other superannuation expense	479,589	479,613	349,025	346,820	349,217
Depreciation and amortisation	504,326	509,704	552,888	566,819	573,152
Interest expense	198,641	196,109	249,749	258,420	278,566
Other operating expenses					
Supplies and services	1,201,512	1,204,035	1,248,422	1,327,463	1,385,896
Other operating expenses	288,937	288,211	284,130	291,809	295,177
Grants and purchased services	1,459,400	1,459,309	1,349,204	1,302,654	1,335,503
Total expenses	6,661,133	6,665,778	6,742,461	6,853,751	7,023,502
UPF Net Operating Balance	-1,081,199	-1,085,441	-858,122	-651,713	-611,388
Other economic flows - included in the operating result					
Dividends (market gains on land sales)	22,672	22,672	19,700	3,815	3,455
Net land revenue (undeveloped land value)	22,248	22,248	19,584	11,884	12,826
Net gain/(loss) on sale/(disposal) of non-financial assets	12,263	12,263	11,234	41,973	7,746
Net gain/(loss) on financial assets or liabilities at fair value	184,144	182,878	196,564	209,720	223,016
Doubtful debts	-10,787	-10,787	-10,853	-10,853	-10,853
Operating result	-850,659	-856,167	-621,893	-395,174	-375,198

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Other economic flows - other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Payments to ACT government agencies	-129,763	-129,763	-100,474	-68,569	-31,095
Transfer of assets to the public trading enterprises (PTE) sector	119	119	0	0	0
Superannuation actuarial gain/(loss)	3,942,926	3,942,926	0	0	0
Other movements	21,667	28,801	-20,073	-2,345	-2,542
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	62,711	27,723	-89,605	-69,107	-23,000
Items that may be subsequently reclassified to profit or loss					
Increase/(decrease) in net assets of PTE	877	79,011	38,226	3,809	-24,609
Total comprehensive income/(loss)	3,047,878	3,092,650	-793,819	-531,386	-456,444
Key fiscal aggregates					
UPF net operating balance	-1,081,199	-1,085,441	-858,122	-651,713	-611,388
less Net acquisition of non-financial assets					
Payments for non-financial assets	845,414	845,444	1,080,017	1,024,836	922,098
Sales of non-financial assets	-104,601	-104,601	-91,879	-92,016	-58,933
Change in inventories	-4,419	164	164	164	164
Depreciation and amortisation	-504,326	-509,704	-552,888	-566,819	-573,152
Other movements in non-financial assets	65,156	65,156	103,358	184,114	132,640
<i>Total net acquisition of non-financial assets</i>	<i>297,224</i>	<i>296,459</i>	<i>538,772</i>	<i>550,279</i>	<i>422,817</i>
Net lending/(borrowing)	-1,378,423	-1,381,900	-1,396,894	-1,201,992	-1,034,205
GOVERNMENT FISCAL MEASURE – OPERATING SURPLUS/(DEFICIT)					
UPF Net Operating Balance	-1,081,199	-1,085,441	-858,122	-651,713	-611,388
Superannuation return adjustment	171,656	171,656	183,735	195,980	209,046
HEADLINE NET OPERATING BALANCE	-909,543	-913,785	-674,387	-455,733	-402,342

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

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Financial assets					
Cash and Deposits	724,622	770,533	778,981	787,604	795,607
Advances Paid	1,886,114	1,885,971	1,921,457	1,928,089	1,954,574
Investments and Loans	6,300,810	6,248,290	7,137,457	6,903,130	7,800,480
Receivables	876,683	887,075	936,603	854,769	845,671
Investments in Other Public Sector Enterprises	7,715,959	7,794,093	7,832,319	7,836,128	7,811,519
Total financial assets	17,504,188	17,585,962	18,606,817	18,309,720	19,207,851
Non-Financial assets					
Produced assets					
Property, Plant and Equipment	12,844,603	13,002,247	13,636,374	14,169,086	14,591,059
Investment Properties	7,920	7,920	7,920	7,920	7,920
Intangibles	364,107	295,947	304,827	279,849	226,878
Inventories	17,945	22,528	22,692	22,856	23,020
Assets Held for Sale	47,534	39,886	8,550	8,550	8,550
Capital Works-in-Progress	755,178	839,222	765,734	814,807	893,792
Non-Produced Assets					
Property, Plant and Equipment	3,899,054	3,992,429	3,968,785	3,970,360	3,971,774
Biological Assets	28,798	25,494	25,494	25,494	25,494
Other Non-Financial Assets	7,911	2,485	2,485	2,485	2,485
Total Non-financial assets	17,973,050	18,228,158	18,742,861	19,301,407	19,750,972
Total assets	35,477,238	35,814,120	37,349,678	37,611,127	38,958,823
Liabilities					
Advances Received	54,868	54,868	50,203	45,353	40,863
Borrowings					
Finance Leases	803,254	1,039,977	1,046,745	1,011,906	976,126
Other Borrowings	8,177,713	8,173,932	10,164,644	10,525,970	11,908,088
Superannuation	8,286,596	8,283,873	8,509,643	8,719,510	8,912,660
Employee Benefits	822,939	896,894	934,505	974,255	1,015,550
Other Provisions	815,833	865,393	895,280	925,165	953,115
Payables	340,519	269,991	317,086	512,764	716,718
Other Liabilities	17,311	26,215	22,414	18,432	14,375
Total liabilities	19,319,033	19,611,143	21,940,520	22,733,355	24,537,495
Net Assets	16,158,205	16,202,977	15,409,158	14,877,772	14,421,328
Equity in Public Trading Entities	7,715,959	7,794,093	7,832,319	7,836,128	7,811,519
Accumulated Funds	2,014,602	2,016,228	1,273,788	807,700	398,865
Asset Revaluation Surplus	6,426,414	6,391,426	6,301,821	6,232,714	6,209,714
Other Reserves	1,230	1,230	1,230	1,230	1,230
Net worth	16,158,205	16,202,977	15,409,158	14,877,772	14,421,328

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Net Financial Worth	-1,814,845	-2,025,181	-3,333,703	-4,423,635	-5,329,644
Net Financial Liabilities	9,530,804	9,819,274	11,166,022	12,259,763	13,141,163
Net Debt (Excluding Superannuation Related Investments)	4,730,643	4,971,877	6,337,306	7,204,267	7,962,447

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

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Opening equity					
Opening equity in public trading enterprises (PTE)	7,715,082	7,715,082	7,794,093	7,832,319	7,836,128
Opening accumulated funds	-969,689	-969,689	2,016,228	1,273,788	807,700
Opening asset revaluation surplus	6,363,703	6,363,703	6,391,426	6,301,821	6,232,714
Opening other reserves	1,230	1,230	1,230	1,230	1,230
Opening balance	13,110,326	13,110,326	16,202,977	15,409,158	14,877,772
Comprehensive income					
<i>Included in accumulated funds:</i>					
Operating result for the period	-850,659	-856,167	-621,893	-395,174	-375,198
Payments to ACT government agencies	-129,763	-129,763	-100,474	-68,569	-31,095
Transfer of assets to the PTE sector	119	119	0	0	0
Superannuation actuarial gain/(loss)	3,942,926	3,942,926	0	0	0
Other movements	21,667	28,801	-20,073	-2,345	-2,542
<i>Included in equity in PTE entities:</i>					
Increase/(Decrease) in net assets of PTE	877	79,011	38,226	3,809	-24,609
<i>Included in the asset revaluation surplus:</i>					
Increase/(Decrease) in asset revaluation reserve surpluses due to revaluations	62,711	27,723	-89,605	-69,107	-23,000
Total comprehensive income/(loss)	3,047,878	3,092,650	-793,819	-531,386	-456,444
Closing equity					
Closing equity in PTE	7,715,959	7,794,093	7,832,319	7,836,128	7,811,519
Closing accumulated funds	2,014,602	2,016,228	1,273,788	807,700	398,865
Closing asset revaluation surplus	6,426,414	6,391,426	6,301,821	6,232,714	6,209,714
Closing other reserves	1,230	1,230	1,230	1,230	1,230
Closing balance	16,158,205	16,202,977	15,409,158	14,877,772	14,421,328

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

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Cash flows from operating activities					
Cash receipts					
Taxes received	1,839,180	1,839,180	2,139,445	2,415,921	2,487,341
Receipts from sales of goods and services	546,883	546,859	574,147	588,875	605,260
Grants/subsidies received	2,286,885	2,280,913	2,398,893	2,505,190	2,567,424
Distributions from financial investments	50,301	49,960	53,850	57,408	61,067
Interest receipts	86,437	88,101	94,720	85,339	81,237
Dividends and income tax equivalents	245,331	245,862	187,103	251,058	291,662
Other receipts	426,585	430,807	497,323	588,415	591,446
Total cash received from operating activities	5,481,602	5,481,682	5,945,481	6,492,206	6,685,437
Cash payments					
Payments for employees	-2,832,666	-2,832,822	-2,822,084	-2,886,053	-2,950,451
Payments for goods and services	-1,228,181	-1,227,613	-1,271,791	-1,352,044	-1,410,002
Grants/subsidies paid	-1,394,790	-1,394,699	-1,303,037	-1,285,951	-1,318,921
Interest paid	-197,593	-195,340	-240,656	-250,894	-269,361
Other payments	-485,402	-491,353	-440,936	-454,680	-459,894
Total cash paid from operating activities	-6,138,632	-6,141,827	-6,078,504	-6,229,622	-6,408,629
Net cash flows from operating activities	-657,030	-660,145	-133,023	262,584	276,808
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Sales of non-financial assets	104,601	104,601	91,879	92,016	58,933
Payments for non-financial assets	-845,414	-845,444	-1,080,017	-1,024,836	-922,098
Net cash flows from investments in non-financial assets	-740,813	-740,843	-988,138	-932,820	-863,165
Cash flows from investments in financial assets for policy purposes					
Cash receipts					
Repayment of loans	5,177	5,177	3,677	3,677	3,677
Capital receipts from government agencies	302,314	302,314	0	0	0
Dividends - market gains on land sales	22,672	22,672	19,700	3,815	3,455
Total cash received from investments in financial assets for policy purposes	330,163	330,163	23,377	7,492	7,132
Cash payments					
Capital payments to government agencies	-128,589	-128,589	-100,474	-68,569	-31,095
Total cash paid from investments in financial assets for policy purposes	-128,589	-128,589	-100,474	-68,569	-31,095
Net cash flows from investments in financial assets for policy purposes	201,574	201,574	-77,097	-61,077	-23,963
Cash flows from investments in financial assets for liquidity purposes					
Sales of investments	168,194	30,827	41,095	492,807	58,133
Payments for investments	-28,807	-1,198,310	-726,053	-41,990	-725,050
Net cash flows from investments in financial assets for liquidity purposes	139,387	-1,167,483	-684,958	450,817	-666,917
Net cash flows from investing activities	-399,852	-1,706,752	-1,750,193	-543,080	-1,554,045

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Cash flows from financing activities					
Cash receipts					
Borrowings	1,151,991	1,151,991	1,993,866	362,730	1,483,854
Total cash received from financing activities	1,151,991	1,151,991	1,993,866	362,730	1,483,854
Cash payments					
Borrowings	-96,745	-100,404	-95,946	-67,400	-192,050
Total cash paid from financing activities	-96,745	-100,404	-95,946	-67,400	-192,050
Net cash flows from financing activities	1,055,246	1,051,587	1,897,920	295,330	1,291,804
Net increase/(decrease) in cash and cash equivalents	-1,636	-1,315,310	14,704	14,834	14,567
Cash and cash equivalents at the beginning of reporting period	736,626	2,099,340	784,030	798,734	813,568
Cash and cash equivalents at the end of reporting period	734,990	784,030	798,734	813,568	828,135
Key fiscal aggregates					
Net cash from operating activities	-657,030	-660,145	-133,023	262,584	276,808
Investments in non-financial assets	-740,813	-740,843	-988,138	-932,820	-863,165
Cash surplus (+)/deficit (-)	-1,397,843	-1,400,988	-1,121,161	-670,236	-586,357

APPENDIX E – FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES

Australian Capital Territory Public Trading Enterprises Operating Statement

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Revenue					
Controlled recurrent payments	276,409	276,318	266,379	270,287	272,362
Grants revenue					
Commonwealth grants	877	877	767	767	767
Sales of goods and services revenue					
Revenue from associates and joint ventures	49,576	49,576	60,245	75,453	79,777
Other sales of goods and services	437,584	437,584	455,383	466,507	479,053
Interest income	2,492	2,492	1,828	1,246	1,101
Other revenue					
Land revenue (value add component)	382,230	382,230	316,411	482,893	338,086
Other revenue	11,337	11,337	11,020	11,263	11,564
Gains from contributed assets	25,044	25,044	17,458	18,064	19,780
Total revenue	1,185,549	1,185,458	1,129,491	1,326,480	1,202,490
Expenses					
Employee expenses	211,760	211,760	229,483	233,841	237,985
Superannuation expenses	32,264	32,264	23,652	23,778	23,876
Depreciation and amortisation	136,453	136,453	142,064	145,612	152,039
Interest expense	94,291	94,291	94,490	95,933	93,030
Other property expenses (income tax equivalents)	84,990	84,990	66,690	63,463	70,819
Other operating expenses					
Supplies and services	299,193	299,102	285,808	278,962	281,684
Other operating expenses	218,691	218,691	160,639	268,286	164,401
Grants and purchased services	54,738	54,738	93,237	161,140	109,946
Total expenses	1,132,380	1,132,289	1,096,063	1,271,015	1,133,780
UPF Net Operating Balance	53,169	53,169	33,428	55,465	68,710

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Other economic flows – included in the operating result					
Land revenue (market gains on land sales)	38,918	38,918	28,853	6,053	5,805
Net gain/(loss) on sale/(disposal) of non-financial assets	-2,995	-2,995	-14,433	-13,965	-23,996
Net gain/(loss) on financial assets or liabilities at fair value	100	100	100	100	100
Doubtful debts	-3,936	-3,936	-2,797	-2,869	-2,883
Operating result	85,256	85,256	45,151	44,784	47,736
Other economic flows – other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Other Movements	0	0	0	0	8,650
Increase/(decrease) in asset revaluation reserve surpluses due to revaluation	-20,208	54,920	40,712	31,114	43,407
Items that may be subsequently reclassified to profit or loss					
Increase/(decrease) in other reserves	-3,006	0	0	0	0
Total comprehensive income/(loss)	62,042	140,176	85,863	75,898	99,793
Key fiscal aggregates					
UPF net operating balance less Net acquisition of non-financial assets	53,169	53,169	33,428	55,465	68,710
Payments for non-financial assets	341,821	341,821	315,444	241,307	161,828
Sales of non-financial assets	-168,513	-168,513	-146,842	-141,909	-97,762
Change in inventories	22,950	57,703	86,148	-3,108	30,229
Depreciation and amortisation	-136,453	-136,453	-142,064	-145,612	-152,039
Other movements in non-financial assets	-3,207	-3,207	-49,021	-116,050	-62,860
<i>Total net acquisition of non-financial assets</i>	<i>56,598</i>	<i>91,351</i>	<i>63,665</i>	<i>-165,372</i>	<i>-120,604</i>
Net lending/(borrowing)	-3,429	-38,182	-30,237	220,837	189,314
UPF Net Operating Balance	53,169	53,169	33,428	55,465	68,710
HEADLINE NET OPERATING BALANCE	53,169	53,169	33,428	55,465	68,710

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

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Financial assets					
Cash and deposits	153,016	137,445	98,653	132,349	117,446
Advances paid	25,495	25,492	12,386	0	0
Investments and loans	30,000	63,000	63,000	63,000	63,000
Receivables	96,868	91,961	94,758	102,819	98,996
Investments accounted for using the equity method	1,072,619	1,064,145	1,086,951	1,111,316	1,130,592
Total financial assets	1,377,998	1,382,043	1,355,748	1,409,484	1,410,034
Non-financial assets					
Produced assets					
Property, plant and equipment	4,889,593	5,002,945	5,052,804	5,102,199	5,097,564
Investment properties	6,671	17,978	17,984	17,990	17,996
Intangibles	40,774	46,154	53,080	58,584	57,546
Inventories	539,389	574,142	660,290	657,182	687,411
Assets held for sale	13,129	19,568	17,806	13,827	12,095
Capital works-in-progress	264,141	204,489	221,137	193,533	189,565
Non-produced assets					
Property, plant and equipment	3,990,721	3,995,542	3,999,949	3,975,546	3,952,919
Other non-financial assets					
Deferred tax assets	21,245	21,513	21,513	21,513	21,513
Other non-financial assets	0	385	385	385	385
Total non-financial assets	9,765,663	9,882,716	10,044,948	10,040,759	10,036,994
Total assets	11,143,661	11,264,759	11,400,696	11,450,243	11,447,028
Liabilities					
Advances received	1,871,449	1,871,374	1,906,096	1,912,238	1,938,436
Borrowings – finance leases	311,856	305,582	294,575	282,486	268,807
Employee benefits	72,291	78,719	81,773	84,984	88,364
Other provisions	130,947	161,109	161,793	164,634	165,931
Payables	211,355	186,111	176,901	190,461	191,583
Other liabilities					
Current tax liability	12,550	-905	-2,378	-14,050	-2,487
Deferred tax liability	529,071	559,772	559,772	559,772	559,772
Other liabilities	288,183	308,904	389,845	433,590	425,103
Total liabilities	3,427,702	3,470,666	3,568,377	3,614,115	3,635,509
Net assets	7,715,959	7,794,093	7,832,319	7,836,128	7,811,519
Accumulated funds	3,417,573	3,417,573	3,437,087	3,431,782	3,385,766
Asset revaluation surplus	4,301,392	4,376,520	4,395,232	4,404,346	4,425,753
Other reserves	-3,006	0	0	0	0
Net worth	7,715,959	7,794,093	7,832,319	7,836,128	7,811,519
Net financial worth	-2,049,704	-2,088,623	-2,212,629	-2,204,631	-2,225,475
Net debt	1,974,794	1,951,019	2,026,632	2,000,079	2,027,501

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

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Opening equity					
Opening accumulated funds	3,371,481	3,371,481	3,417,573	3,437,087	3,431,782
Opening asset revaluation surplus	4,343,600	4,343,600	4,376,520	4,395,232	4,404,346
Opening balance	7,715,082	7,715,082	7,794,093	7,832,319	7,836,128
Comprehensive income					
<i>Included in accumulated funds:</i>					
Operating result for the period	85,256	85,256	45,151	44,784	47,736
Other movements	0	0	0	0	8,650
<i>Included in the asset revaluation surplus:</i>					
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	-20,208	54,920	40,712	31,114	43,407
<i>Included in other reserves:</i>					
Increase/(decrease) in other reserves	-3,006	0	0	0	0
Total comprehensive income/(loss)	62,042	140,176	85,863	75,898	99,793
Other					
Transfer to/(from) accumulated funds	22,000	22,000	22,000	22,000	22,000
Transfer to/(from) the asset revaluation surplus	-22,000	-22,000	-22,000	-22,000	-22,000
Total other	0	0	0	0	0
Transactions involving owners affecting accumulated funds					
Capital injections	129,763	129,763	100,474	68,569	31,095
Transfer of assets from the general government sector	-119	-119	0	0	0
Dividends approved	-190,808	-190,808	-148,111	-140,658	-155,497
Total Transactions involving Owners Affecting Accumulated Funds	-61,164	-61,164	-47,637	-72,089	-124,402
Closing equity					
Closing accumulated funds	3,417,573	3,417,573	3,437,087	3,431,782	3,385,766
Closing asset revaluation surplus	4,301,392	4,376,520	4,395,232	4,404,346	4,425,753
Closing other reserves	-3,006	0	0	0	0
Closing balance	7,715,959	7,794,093	7,832,319	7,836,128	7,811,519

**Australian Capital Territory
Public Trading Enterprises
Cash flow statement**

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Cash flows from operating activities					
Cash receipts					
Receipts from sales of goods and services	925,133	925,133	822,278	1,010,313	842,820
Grants/subsidies received	277,286	277,195	267,146	271,054	273,129
Interest receipts	866	866	934	1,034	1,101
Other receipts	28,030	28,030	66,777	78,287	92,306
Total cash received from operating activities	1,231,315	1,231,224	1,157,135	1,360,688	1,209,356
Cash payments					
Payments for employees	-180,423	-180,423	-183,479	-186,189	-189,488
Payments for goods and services	-439,652	-439,561	-438,337	-433,342	-448,816
Grants/subsidies paid	-26,353	-26,353	-26,624	-26,891	-27,170
Interest paid	-72,274	-72,274	-78,676	-80,931	-78,687
Other payments	-287,187	-287,187	-296,020	-388,873	-239,370
Total cash paid from operating activities	-1,005,889	-1,005,798	-1,023,136	-1,116,226	-983,531
Net cash flows from operating activities	225,426	225,426	133,999	244,462	225,825
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Sales of non-financial assets	168,513	168,513	146,842	141,909	97,762
Payments for non-financial assets	-341,821	-341,821	-315,444	-241,307	-161,828
Net cash flows from investments in non-financial assets	-173,308	-173,308	-168,602	-99,398	-64,066
Cash flows from investments in financial assets for policy purposes					
Cash receipts					
Repayment of loans	9,603	9,603	14,000	13,302	0
Capital receipts from government agencies	129,763	129,763	100,474	68,569	31,095
Total cash received from investments in financial assets for policy purposes	139,366	139,366	114,474	81,871	31,095

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Cash payments					
Issue of loans	-3,900	-3,900	0	0	0
Dividends – market gains on land sales	-22,672	-22,672	-19,700	-3,815	-3,455
Distributions to Government	0	0	0	0	0
Total cash paid from investments in financial assets for policy purposes	-26,572	-26,572	-19,700	-3,815	-3,455
Net cash flows from investments in financial assets for policy purposes	112,794	112,794	94,774	78,056	27,640
Cash flows from investments in financial assets for liquidity purposes					
Sales of investments	9,983	9,983	184	184	184
Net cash flows from investments in financial assets for liquidity purposes	9,983	9,983	184	184	184
Net cash flows from investing activities	-50,531	-50,531	-73,644	-21,158	-36,242
Cash flows from financing activities					
Cash receipts					
Advances received	59,092	59,092	47,649	17,952	138,268
Total cash received from financing activities	59,092	59,092	47,649	17,952	138,268
Cash payments					
Advances paid	-39,653	-39,653	-32,099	-33,784	-133,185
Dividends paid	-107,379	-108,382	-46,534	-98,640	-150,311
Other financing	-70,212	-70,212	-68,163	-75,136	-59,257
Total cash paid from financing activities	-217,244	-218,247	-146,796	-207,560	-342,753
Net cash flows from financing activities	-158,152	-159,155	-99,147	-189,608	-204,485
Net increase/(decrease) in cash and cash equivalents	16,743	15,740	-38,792	33,696	-14,902
Cash and cash equivalents at the beginning of reporting period	166,273	184,704	200,444	161,652	195,348
Cash and cash equivalents at the end of reporting period	183,016	200,444	161,652	195,348	180,446
Key fiscal aggregates					
Net cash from operating activities	225,426	225,426	133,999	244,462	225,825
Net cash flows from investment in non-financial assets	-173,308	-173,308	-168,602	-99,398	-64,066
Distributions paid	-177,591	-178,594	-114,697	-173,776	-209,568
Cash surplus (+)/deficit (-)	-125,473	-126,476	-149,300	-28,712	-47,809

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

APPENDIX F – FINANCIAL STATEMENTS – TOTAL TERRITORY

Australian Capital Territory Consolidated Total Territory Operating Statement

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Revenue					
Taxation revenue	1,907,424	1,907,424	2,089,313	2,220,093	2,370,512
Grants revenue					
Commonwealth grants	2,258,250	2,258,250	2,368,607	2,473,122	2,565,068
Sales of goods and services					
Revenue from associates and joint ventures	49,576	49,576	60,245	75,453	79,777
Other sales of goods and services	911,146	911,122	952,099	976,259	1,003,687
Interest income	45,487	47,452	47,196	33,524	30,810
Distributions from financial investments	50,301	49,960	53,850	57,408	61,067
Dividend income	67,740	67,268	72,406	77,283	82,094
Other revenue					
Land revenue (value add component)	357,230	357,230	291,411	457,893	313,086
Other revenue	189,695	188,970	192,438	197,221	170,834
Gains from contributed assets	116,899	116,899	98,402	82,609	84,408
Total revenue	5,953,748	5,954,151	6,225,967	6,650,865	6,761,343
Expenses					
Employee expenses	2,523,607	2,523,676	2,519,050	2,563,663	2,604,143
Superannuation expenses					
Superannuation interest cost	210,537	210,537	413,132	423,600	433,282
Other superannuation expense	501,801	501,825	362,701	360,892	363,663
Depreciation and amortisation	640,779	646,157	694,952	712,431	725,191
Interest expense	240,595	238,063	276,736	283,542	301,689
Other operating expenses					
Supplies and services	1,437,021	1,439,455	1,471,168	1,535,884	1,595,006
Other operating expenses	402,070	401,344	341,014	453,600	351,980
Grants and purchased services	1,211,251	1,211,251	1,118,069	1,068,095	1,098,860
Total expenses	7,167,661	7,172,308	7,196,822	7,401,707	7,473,814
UPF Net Operating Balance	-1,213,913	-1,218,157	-970,855	-750,842	-712,471

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Other economic flows – included in the operating result					
Land revenue (market gains on land sales)	38,918	38,918	28,853	6,053	5,805
Net land revenue (undeveloped land value)	50,755	50,755	38,023	61,838	29,379
Net gain/(loss) on sale/(disposal) of non-financial assets	-9,439	-9,439	-21,638	-21,946	-32,803
Net gain/(loss) on financial assets or liabilities at fair value	184,244	182,978	196,664	209,820	223,116
Doubtful debts	-14,723	-14,723	-13,650	-13,722	-13,736
Operating result	-964,158	-969,668	-742,603	-508,799	-500,710
Other economic flows – other comprehensive income					
Items that will not be subsequently reclassified to profit or loss					
Superannuation actuarial gain/loss	3,942,926	3,942,926	0	0	0
Other movements	21,667	28,801	-20,073	-2,345	6,108
Increase/decrease in asset revaluation reserve surpluses due to revaluations	49,931	60,565	-46,267	-35,550	22,409
Items that may be subsequently reclassified to profit or loss					
Increase/decrease in other reserves	115,984	0	0	0	0
Total comprehensive income/(loss)	3,166,350	3,062,624	-808,943	-546,694	-472,193
Key fiscal aggregates					
UPF net operating balance	-1,213,913	-1,218,157	-970,855	-750,842	-712,471
less Net acquisition of non-financial assets					
Payments for non-financial assets	1,130,235	1,130,265	1,370,461	1,241,143	1,058,926
Sales of non-financial assets	-232,407	-232,407	-220,282	-183,971	-140,142
Change in inventories	18,531	57,867	86,312	-2,944	30,393
Depreciation and amortisation	-640,779	-646,157	-694,952	-712,431	-725,191
Other movements in non-financial assets	50,759	50,759	42,879	56,550	58,250
<i>Total net acquisition of non-financial assets</i>	<i>326,339</i>	<i>360,327</i>	<i>584,418</i>	<i>398,347</i>	<i>282,236</i>
Net lending/(borrowing)	-1,540,252	-1,578,484	-1,555,273	-1,149,189	-994,707
GOVERNMENT FISCAL MEASURE – OPERATING SURPLUS/(DEFICIT)					
UPF Net Operating Balance	-1,213,913	-1,218,157	-970,855	-750,842	-712,471
Superannuation return adjustment	171,656	171,656	183,735	195,980	209,046
HEADLINE NET OPERATING BALANCE	-1,042,257	-1,046,501	-787,120	-554,862	-503,425

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

	2020-21 August EFU \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Financial assets					
Cash and deposits	877,638	907,978	877,634	919,953	913,053
Advances paid	84,726	84,654	68,046	51,378	47,800
Investments and loans	6,330,810	6,311,290	7,200,457	6,966,130	7,863,480
Receivables	660,468	491,766	448,177	324,239	281,893
Investments accounted for using the equity method	1,072,619	1,064,145	1,086,951	1,111,316	1,130,592
Total financial assets	9,026,261	8,859,833	9,681,265	9,373,016	10,236,818
Non-Financial assets					
Produced assets					
Property, plant and equipment	17,734,196	18,005,192	18,689,178	19,271,285	19,688,623
Investment properties	14,591	25,898	25,904	25,910	25,916
Intangibles	404,881	342,101	357,907	338,433	284,424
Inventories	557,334	596,670	682,982	680,038	710,431
Assets held for sale	60,663	59,454	26,356	22,377	20,645
Capital works-in-progress	1,019,319	1,043,711	986,871	1,008,340	1,083,357
Non-produced assets					
Property, plant and equipment	7,889,775	7,987,971	7,968,734	7,945,906	7,924,693
Biological assets	28,798	25,494	25,494	25,494	25,494
Other non-financial assets	7,911	2,870	2,870	2,870	2,870
Total non-financial assets	27,717,468	28,089,361	28,766,296	29,320,653	29,766,453
Total assets	36,743,729	36,949,194	38,447,561	38,693,669	40,003,271
Liabilities					
Advances received	99,434	99,433	90,502	81,584	73,229
Borrowings					
Finance leases	1,115,110	1,345,559	1,341,320	1,294,392	1,244,933
Other borrowings	8,177,713	8,173,932	10,164,644	10,525,970	11,908,088
Superannuation	8,286,723	8,283,883	8,509,653	8,719,520	8,912,670
Employee benefits	895,103	975,603	1,016,268	1,059,229	1,103,904
Other provisions	895,351	954,878	984,765	1,014,650	1,042,600
Payables	486,977	417,159	454,660	663,514	870,369
Other liabilities	26,924	42,079	38,024	33,779	18,640
Total liabilities	19,983,335	20,292,526	22,599,836	23,392,638	25,174,433
Net assets	16,760,394	16,656,668	15,847,725	15,301,031	14,828,838
Accumulated funds	5,426,750	5,428,374	4,687,698	4,198,554	3,725,952
Asset revaluation surplus	11,216,430	11,227,064	11,158,797	11,101,247	11,101,656
Other reserves	117,214	1,230	1,230	1,230	1,230
Net worth	16,760,394	16,656,668	15,847,725	15,301,031	14,828,838
Net financial worth	-10,957,074	-11,432,693	-12,918,571	-14,019,622	-14,937,615
Net financial liabilities	12,029,693	12,496,838	14,005,522	15,130,938	16,068,207
Net debt (excluding superannuation related investments)	6,705,437	6,922,896	8,363,938	9,204,346	9,989,948

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

	2019-20 Interim Outcome \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Opening equity					
Opening accumulated funds	2,404,315	2,404,315	5,428,374	4,687,698	4,198,554
Opening asset revaluation surplus	11,188,499	11,188,499	11,227,064	11,158,797	11,101,247
Opening other reserves	1,230	1,230	1,230	1,230	1,230
Opening balance	13,594,045	13,594,045	16,656,668	15,847,725	15,301,031
Comprehensive income					
<i>Included in accumulated funds:</i>					
Operating result for the period	-964,158	-969,668	-742,603	-508,799	-500,710
Superannuation actuarial gain/(loss)	3,942,926	3,942,926	0	0	0
Other movements	21,667	28,801	-20,073	-2,345	6,108
<i>Included in the asset revaluation surplus:</i>					
Increase/(Decrease) in asset revaluation reserve surpluses due to revaluations	49,931	60,565	-46,267	-35,550	22,409
<i>Included in other reserves:</i>					
Increase/(Decrease) in other reserves	115,984	0	0	0	0
Total comprehensive income/(loss)	3,166,350	3,062,624	-808,943	-546,694	-472,193
Other					
Transfer to/(from) accumulated funds	22,000	22,000	22,000	22,000	22,000
Transfer to/(from) the asset revaluation surplus	-22,000	-22,000	-22,000	-22,000	-22,000
Total other	0	0	0	0	0
Closing equity					
Closing accumulated funds	5,426,750	5,428,374	4,687,698	4,198,554	3,725,952
Closing asset revaluation surplus	11,216,430	11,227,064	11,158,797	11,101,247	11,101,656
Closing other reserves	117,214	1,230	1,230	1,230	1,230
Closing balance	16,760,394	16,656,668	15,847,725	15,301,031	14,828,838

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

	2019-20 Interim Outcome \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Cash flows from operating activities					
<i>Cash receipts</i>					
Taxes received	1,781,418	1,781,418	2,083,636	2,358,579	2,428,570
Receipts from sales of goods and services	1,340,756	1,340,732	1,282,622	1,483,317	1,330,152
Grants/subsidies received	2,286,795	2,280,823	2,398,691	2,504,988	2,567,222
Distributions from financial investments	50,301	49,960	53,850	57,408	61,067
Interest receipts	35,645	37,309	36,782	23,951	20,904
Dividends	67,740	67,268	72,406	77,282	82,094
Other receipts	438,891	443,113	554,036	651,704	668,919
Total cash received from operating activities	6,001,546	6,000,623	6,482,023	7,157,229	7,158,928
<i>Cash payments</i>					
Payments for employees	-3,001,624	-3,001,780	-2,994,344	-3,061,480	-3,129,369
Payments for goods and services	-1,583,017	-1,583,445	-1,627,563	-1,695,988	-1,768,466
Grants/subsidies paid	-1,154,361	-1,154,361	-1,071,768	-1,051,257	-1,082,142
Interest paid	-218,209	-215,956	-260,460	-269,403	-286,614
Other payments	-660,023	-664,887	-648,170	-720,877	-607,720
Total cash paid from operating activities	-6,617,234	-6,620,429	-6,602,305	-6,799,005	-6,874,311
Net cash flows from operating activities	-615,688	-619,806	-120,282	358,224	284,617
Cash flows from investing activities					
Cash flows from investments in non-financial assets					
Sales of non-financial assets	232,407	232,407	220,282	183,971	140,142
Payments for non-financial assets	-1,130,235	-1,130,265	-1,370,461	-1,241,143	-1,058,926
Net cash flows from investments in non-financial assets	-897,828	-897,858	-1,150,179	-1,057,172	-918,784
Cash flows from investments in financial assets for policy purposes					
<i>Cash receipts</i>					
Repayment of loans	14,780	14,780	17,677	16,979	3,677
Capital receipts from government agencies	303,488	303,488	0	0	0
Total cash received from investments in financial assets for policy purposes	318,268	318,268	17,677	16,979	3,677

	2019-20 Interim Outcome \$'000	2020-21 Revised Estimate \$'000	2021-22 Revised Estimate \$'000	2022-23 Revised Estimate \$'000	2023-24 Revised Estimate \$'000
Cash payments					
Issue of loans	-3,900	-3,900	0	0	0
Total cash paid from investments in financial assets for policy purposes	-3,900	-3,900	0	0	0
Net cash flows from investments in financial assets for policy purposes	314,368	314,368	17,677	16,979	3,677
Cash flows from investments in financial assets for liquidity purposes					
Sales of investments	194,873	57,508	57,973	509,685	75,011
Payments for investments	-55,303	-1,224,806	-742,747	-58,684	-741,743
Net cash flows from investments in financial assets for liquidity purposes	139,570	-1,167,298	-684,774	451,001	-666,732
Net cash flows from investing activities	-443,890	-1,750,788	-1,817,276	-589,192	-1,581,839
Cash flows from financing activities					
Cash receipts					
Borrowings	1,141,261	1,141,261	1,989,857	359,855	1,380,939
Total cash received from financing activities	1,141,261	1,141,261	1,989,857	359,855	1,380,939
Cash payments					
Borrowings	-66,576	-70,235	-76,387	-80,357	-84,052
Total cash paid from financing activities	-66,576	-70,235	-76,387	-80,357	-84,052
Net cash flows from financing activities	1,074,685	1,071,026	1,913,470	279,498	1,296,887
Net increase/(decrease) in cash and cash equivalents	15,107	-1,299,568	-24,088	48,530	-335
Cash and cash equivalents at the beginning of reporting period	902,899	2,284,043	984,475	960,387	1,008,917
Cash and cash equivalents at the end of reporting period	918,006	984,475	960,387	1,008,917	1,008,582
Key fiscal aggregates					
Net cash from operating activities	-615,688	-619,806	-120,282	358,224	284,617
Investments in non-financial assets	-897,828	-897,858	-1,150,179	-1,057,172	-918,784
Cash surplus (+)/deficit (-)	-1,513,516	-1,517,664	-1,270,461	-698,948	-634,167