



ACT
Government

Australian
Capital Territory

Budget **2020–21**



Driving Canberra's Recovery
Budget Outlook

Structure and Content of the 2020-21 Budget Papers

The 2020-21 Budget is presented in two papers and a series of agency Budget Statements.

Budget Speech

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

Budget Outlook

The Budget Outlook summarises the 2020-21 Budget and forward estimates for the general government sector, the public trading enterprise sector and the total Territory Government.

Details of the projected 2020-21 Budget results are provided, as well as background information on the development of the 2020-21 Budget, including economic conditions and federal financial relations. It also provides an overview of the Territory's infrastructure investment program and details of the 2020-21 expense, infrastructure and capital, and revenue initiatives.

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

Budget Statements

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



We acknowledge the Traditional Custodians of the ACT, the Ngunnawal people. We acknowledge and respect their continuing culture and the contribution they make to the life of this city and this region.

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Produced by the Chief Minister, Treasury and Economic Development Directorate.

Enquiries about this publication should be directed to the Chief Minister,
Treasury and Economic Development Directorate.

GPO Box 158, Canberra City 2601

<http://www.act.gov.au/budget>

Telephone: Access Canberra - 13 22 81



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CHAPTER 1 INTRODUCTION

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1.1 INTRODUCTION

The 2020-21 Budget has been framed in the context of the evolving challenges posed by the COVID-19 pandemic. The pandemic has caused significant illness and loss of life around the world and is the most disruptive event the world economy has seen for some decades.

While the impact of the pandemic in Australia has been very significant, the strong and effective public policy responses put in place by governments of all levels has seen Australia deal with the effects of the pandemic better than most other countries around the world.

While the effects of the pandemic are continuing and the future contains significant uncertainties and risks, our collective response has placed Australia and the ACT in a better position than we first feared. Economic activity in Australia, and particularly in the ACT, did not fall as far as some expected and the recovery has been faster than anticipated in the pessimistic scenarios developed in the middle of 2020.

As a result, the 2020-21 Budget includes improved financial forecasts compared to the August 2020 Economic and Fiscal Update (August 2020 EFU) published on 27 August 2020.

Nonetheless, risks remain. For our good economic performance to continue, we need to continue to ensure an effective public health response to the pandemic, support the general economy and provide additional assistance to those sectors and businesses who are most affected by the pandemic.

The timing of the 2020-21 Budget has been delayed as a result of decisions taken by all Australian governments at the outset of the COVID-19 pandemic. Originally planned for release in June 2020, the ACT Assembly agreed to delay the 2020-21 Budget until later in the 2020-21 financial year. Importantly, this approach allowed the ACT Government to focus on the immediate and pressing priorities of responding to the public health emergency and associated economic shocks.

The delay has resulted in the release of this Budget occurring at the time the 2020-21 Budget Review would have been released under normal circumstances. Due to this, the ACT Government will not release a 2020-21 Budget Review, as the estimates would be unchanged from those outlined in the 2020-21 Budget.

Despite the gap of more than 18 months since the last ACT Budget was released, in 2020 the ACT Government announced significant policy decisions and financial updates. These policy decisions and their financial impacts were outlined in detail, including a detailed Ministerial Statement in June, the August 2020 EFU and the 2020 Pre-election Budget Update in September.

The delay of the 2020-21 Budget also necessitated the enactment of extended supply period funding arrangements for 2020-21. These arrangements have allowed the ACT Government to continue to provide critical services to the community, including the key economic support and public health measures published in the August 2020 EFU. The 2020-21 Budget and accompanying appropriation bills provide funding for these activities, the ongoing operations of government, as well as for a range of new initiatives including funding for the delivery of a vaccine.

Governments at all levels across Australia have made decisions to respond to the health, social, economic and financial impacts of the COVID-19 pandemic. These decisions have led to a significant increase in public spending (and reductions in taxation), which coupled with revenue write-downs, have driven budgets into significant deficit positions.

Our estimate is that for 2020-21, the Headline Net Operating Balance deficit will be \$603 million, while net debt will be \$4.665 billion. The Headline Net Operating Balance deficit is \$432.5 million higher, and net debt is \$884.5 million higher, than forecast at the time of the 2019-20 Budget Review, which was released prior to the pandemic.

This update, and the impact of policy and parameter changes, incorporate activities up to 22 January 2021. The estimates have also been updated to reflect impacts associated with the Commonwealth's 2020-21 Budget, and 2020-21 Mid-Year Economic and Fiscal Outlook, delivered on 6 October and 17 December 2020, respectively.

The financial statements included in this document are consistent with the requirements of the Uniform Presentation Framework. The 2019-20 audited outcome is used in the financial statements for comparison purposes and elsewhere in the document where possible.

Where significant issues have been identified but are not certain, or are unable to be quantified with reasonable certainty, they have been identified as potential risks to the estimates. These risks may have either positive or negative budgetary implications.

1.2 OVERVIEW

Driving Canberra's Recovery

The 2020-21 Budget marks the first budget of the 10th Legislative Assembly of the ACT. This Budget demonstrates the Government's commitment to rebuilding Canberra as the community recovers from the impact of the pandemic, including through actioning key priorities for this assembly. These priorities, outlined in detail in the Parliamentary and Governing Agreement for the 10th Legislative Assembly, include a range of actions to improve the wellbeing of Canberrans and our environment, with a particular focus on addressing climate change, protecting and creating jobs and supporting our most vulnerable.

This Budget provides funding for many of these significant priorities – including \$150 million for the Sustainable Household Scheme, \$100 million for the Big Canberra Battery and \$50 million for the Vulnerable Household Energy Support scheme to encourage the shift to zero-emissions vehicles, and increased funding to strengthen housing and homelessness services. Through this Budget, the ACT Government is also clearly reaffirming the commitment to deliver existing key projects, including those funded in the August 2020 Economic and Fiscal Update (August 2020 EFU). We will continue work to take light rail to Woden, continue to progress the construction of a new Canberra Institute of Technology (CIT) campus in Woden, commence the rollout of the walk-in health centre network, and continue our program to build new and expand existing public schools to meet growing demand for these services.

2020-21 Budget context

The 2020-21 Budget is being delivered in the context of an ongoing global health pandemic, and at a time when the Government would normally be delivering a budget review. As we are all aware, the past year has included many challenges and changes. One of these changes was the decision of National Cabinet in March 2020 that states and territories would delay the delivery of 2020-21 budgets. This resulted in significant amendments to normal ACT Government financial management arrangements, including delay of the 2020-21 Budget until February 2021 in order to allow time for the Territory election to be held in October 2020.

Recognising the need for transparency and detail on the significant changes to economic and fiscal circumstances, and the Government's public health and economic response to the COVID-19 pandemic, the August 2020 EFU was released on 27 August 2020. With the publication of the August 2020 EFU, the ACT became the first government in Australia to present budget forecasts that covered the full four-year forward estimate period since the declaration of public health emergencies across the country. Except where a decision has been made to extend them, initiatives published in the August 2020 EFU have not been re-announced as new 2020-21 Budget policy decisions.

Economic and Fiscal Outlook

The events of the past year have demonstrated how rapidly situations can change. The outlook at the time of publication of this Budget is markedly different to that at the time of the August 2020 EFU. At that time, the resurgence of COVID-19 in Victoria was a key focus and driver of potential impacts on the ACT and national economies. By contrast, while we started 2021 with restricted travel arrangements into the ACT from the greater Sydney region, the outlook is more positive.

The key difference now is that work is underway to commence the roll-out of vaccinations in the ACT and across the country, with vaccination programs also rolling out around the world. The 2020-21 Budget provides funding to support the delivery of the vaccine program to the Canberra community, as well as other essential public health actions.

The ACT economy

Supported by effective health and economic policies locally and nationally, the ACT economy has emerged from the COVID-19 pandemic in a stronger position than previously expected, with economic growth of 2.4 per cent in 2019-20. With vaccines scheduled to roll out shortly, economic growth in the ACT is expected to maintain its positive trajectory with an increasing contribution from the private sector as household consumption and business investment recover on the back of diminishing uncertainties and support from the Territory and Commonwealth Government.

More than 10,000 jobs were lost in the ACT when necessary health restrictions in response to the pandemic were first put in place, with the services sector most affected. As restrictions have eased and private sector economic activity has picked up, employment has now recovered to around pre-COVID levels, although the recovery has been uneven across industries.

The ACT's unemployment rate of 3.7 per cent and our underemployment rate of 6.0 per cent in December 2020 are the lowest in the country, while our participation rate of 72.2 per cent is the second highest. Job vacancies have also grown strongly, supporting the expected 4 per cent increase in employment in 2020-21.

Nonetheless, in the coming years, growth in economic activity and employment is expected to be constrained by a significant reduction in population growth. While the ACT's population grew by 4,800 people, or 1.1 per cent, in 2019-20, restrictions and disruption to international travel are expected to have significant implications for net overseas migration in the short and medium term, slowing our population growth to an average of fewer than 3,000 people per year over the next four years.

The ACT's key economic aggregates are set out in Table 1.2.1 below.

Table 1.2.1 Economic parameters, 2020-21 Budget, baseline forecasts, percentage change

	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Projections	2023-24 Projections
ACT					
Gross State Product ¹	2.4	2 (-1½)	2¾ (4)	2¾ (3½)	3 (3¼)
State Final Demand ^{1,2}	3.1	3¼	2¼	2	2¼
Employment ³	0.5	4 (-¼)	½ (3¼)	1 (2½)	1¼ (2)
Wage Price Index ^{3,4}	2.0	1½ (1½)	1¾ (1¾)	1¾ (2)	2 (2)
Consumer Price Index ³	-0.6	3 (3)	1¼ (1¼)	1½ (1½)	1¾ (1¾)
Population ³	1.1	¼ (1)	¼ (1¼)	¾ (1½)	1 (1¾)
Australia					
Gross Domestic Product ^{1,2,5}	-0.2	¾ (-1½)	3½ (4¾)	2½ (2¾)	2¾ (3)

Sources: ABS Australian National Accounts: National Income, Expenditure and Product; Australian National Accounts: State Account; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; National, State and Territory Populations; CMTEDD estimates; 2020-21 Commonwealth Budget; and 2020-21 MYEFO.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters. Numbers in brackets are the estimates published in the August 2020 EFU.

1. Real values.
2. Year average basis.
3. Through the year growth.
4. Total hourly rates of pay, excluding bonuses.
5. These are the 2020-21 MYEFO forecasts. Comparisons in brackets are to the 2020-21 Commonwealth Budget forecasts.

The 2020-21 Budget position

Economic and financial support to date has helped the ACT community weather the worst impacts of the COVID-19 pandemic, and the current situation and outlook is significantly better than previously contemplated. However, the provision of health and economic support has affected public finances, and, coupled with reduced own-source revenue collections and a weaker market, the return to surplus will be a prolonged process.

The cost of supporting the ACT to continue to recover from the impacts of the COVID-19 pandemic is reflected in the Headline Net Operating Balance (HNOB) deficit, which is anticipated to be \$603 million in 2020-21, reducing to deficits of \$475 million in 2021-22, \$406 million in 2022-23, and \$369 million in 2023-24.

Net debt will reach \$4.665 billion in 2020-21, increasing to \$7.659 billion in 2023-24; however, this represents lower HNOB deficits and net debt across all years relative to the August 2020 EFU, largely reflecting a more positive economic outlook in the ACT and nationally, driven by, for example, strong land sales forecasts and an upward revision to our GST pool.

The General Government Sector Headline Net Operating Balance is detailed in Table 1.2.2 below.

Table 1.2.2: General Government Sector Headline Net Operating Balance

	2019-20 Budget Review \$m	2019-20 Audited Outcome \$m	2020-21 Budget \$m	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
Revenue	5,768.3	5,604.9	5,981.1	6,171.9	6,330.5	6,560.1
Expenses	6,226.6	6,517.6	6,749.7	6,839.1	6,941.8	7,148.2
Superannuation return adjustment	202.8	231.5	165.6	192.4	205.3	219.0
HEADLINE NET OPERATING BALANCE	-255.6	-681.1	-603.1	-474.7	-406.0	-369.1
Net cash from operating activities	108.3	-104.5	-219.8	22.5	295.6	404.2
Net debt (excluding superannuation)	3,075.5	3,296.7	4,665.0	5,960.6	6,926.7	7,658.6
Net financial liabilities	7,654.7	12,003.2	9,301.8	10,559.7	11,744.9	12,670.2

Note: Numbers may not add due to rounding.

CHAPTER 2 ECONOMIC OUTLOOK

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2.1 ECONOMIC OVERVIEW

The recent performance of the ACT economy has been stronger than expected at the time of the August 2020 EFU. This positive outcome reflects the combination of our highly effective public health response to the COVID-19 pandemic, the substantial economic policy actions locally and nationally and our resilient business and community sectors. In addition, our secure public sector base has provided a significant economic buffer, offsetting the significant declines in private sector activity.

As a result, the ACT avoided the recession experienced nationally, and instead our economy grew by 2.4 per cent in 2019-20. Public consumption and public investment contributed 3.9 percentage points to growth, more than offsetting the 1.1 percentage point deduction from growth due to the large fall in household consumption in the June quarter 2020, as necessary public health restrictions were implemented.

Despite the positive growth outcome in 2019-20, employment in the ACT was severely affected by the public health restrictions, with an initial loss of around 10,300 jobs in April and May 2020. Overall employment slowed from 4.3 per cent over the year to the March quarter to 0.5 per cent over the year to the June quarter 2020.

The effects of the pandemic have been felt unevenly across the economy, with those industries directly affected by restrictions and border closures and their employees experiencing the most significant initial impacts.

Consistent with the national economic recovery that is underway, economic growth in the ACT is expected to be increasingly driven by the private sector, initially coming from household consumption and then, as uncertainties diminish, from a return of business investment. However, with continuing international border closures, it will take some time for our key exports of tourism and education to recover and be a strong driver of growth again.

The international border closures, along with expected pandemic-driven behavioural changes in the number of temporary migrants and working holiday makers, and a weaker Australian labour market affecting demand for skilled migrants, are also driving an expected record low rate of population growth of $\frac{1}{4}$ per cent in 2020-21 and 2021-22. Net overseas migration accounts for almost 50 per cent of the ACT's total population growth in a typical year. However, based on the Commonwealth's population forecasts, for the first time on record, net overseas migration is expected to be negative and population growth will mostly reflect natural increases over the years from 2020-21 to 2022-23. Around 19,200 fewer people are expected to call Canberra home over the four years from 2020-21 to 2023-24 than was forecast at the time of the 2019-20 Budget Review.

This forecast reduction in population growth will constrain economic and employment growth over the coming years, with economic growth of 2 per cent forecast in 2020-21, gradually increasing to 3 per cent in 2023-24. As a result, the economy is still expected to be smaller by the end of the forward estimates than was anticipated at the time of the 2019-20 Budget Review prior to the pandemic.

With the gradual easing of restrictions, employment growth has recovered strongly, growing by 4.1 per cent over the year to the December quarter 2020 and returning employment levels back to around the pre-pandemic level in March 2020. The recovery in employment is expected to continue for the remainder of 2020-21, with 4 per cent growth forecast for the year, a significant upgrade from the ¼ per cent decline in employment previously expected. As with economic growth, the decline in population growth is expected to dampen employment growth to ½ per cent in 2021-22, rising slowly to 1¼ per cent by the end of the forward estimates period. The level of employment is also expected to be lower than forecast prior to the pandemic.

Although the health and economic outlooks are encouraging in the ACT and nationally, significant uncertainty remains around the evolution of the pandemic, as demonstrated by recent outbreaks domestically, an escalation in case numbers globally and the emergence of new and more transmissible and potentially more deadly strains of the virus. The development and pace of the roll-out of vaccines both globally and nationally are also encouraging, but again this is not without risks. Nonetheless, as we continue to live with and learn about the virus, our responses in Australia have become more targeted, reducing the economic impacts.

There may also be some longer-lasting effects from the pandemic, including possible damage to the supply potential of some industries. Rising global debt levels may lead to credit tightening and financial instability, particularly if interest rates rise.

As our experience so far during the pandemic shows, the ACT is well placed to respond, should any of the downside risks emerge, and to take advantage of opportunities if outcomes prove more positive.

Assumptions

Box 2.1.1: Key assumptions

Although Australia has done well in containing outbreaks of COVID-19 and the economy is beginning to recover, the emergence of new variants of the virus with higher transmissibility means significant risks and uncertainties remain in the evolution of the pandemic and the pace of economic recovery. The ongoing risks of further outbreaks, along with the possible reimposition of restrictions, continue to have implications for the ACT's economic outlook over the forward estimates.

The success in controlling the spread of the virus in the ACT has enabled the Government to progressively ease restrictions, with Stage 4 of Canberra's Recovery Plan coming into effect on 2 December 2020. Further information on the ACT's COVID-19 restrictions is available on the COVID-19 website: <https://www.covid19.act.gov.au/community/canberra-recovery>.

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:

- COVID-19 vaccines are rolled out from February 2021, reaching population-wide coverage across Australia by the end of 2021 and they are effective in minimising the health impacts of COVID-19;
- there are no additional large-scale outbreaks of COVID-19 in Australia or the ACT over the forecast period and localised outbreaks are quickly contained;
- restrictions in the ACT will be lifted progressively, with the next easing of restrictions considered in February 2021;
- state and territory borders remain largely open;
- international border restrictions will be progressively lifted from July 2021. However, borders will not be fully open until 2022;
- the ACT and national economies continue to respond well to the fiscal and monetary policy stimulus measures. There is a smooth transition from public support to private sector-led growth as stimulus measures are withdrawn over the course of 2021; and
- net overseas migration flows are consistent with current estimates.

2.2 ACT ECONOMIC OUTLOOK

The outlook for the ACT economy has improved since the August 2020 EFU; however, there remain ongoing uncertainties associated with the evolution of the pandemic and significant upside and downside risks. For this reason, the economic parameters presented in this chapter reflect a baseline scenario, derived from a set of plausible key assumptions, outlined in Box 2.1.1. This approach is consistent with that taken for the August 2020 EFU. The *Alternative Scenarios and Risks* section quantifies a range for upside and downside risks to the ACT economic outlook.

The ACT Budget normally adopts a technical assumption for the final year of growth to reflect a return to average growth, with a five-year average used in the August 2020 EFU. This Budget incorporates the impact of historically low population growth rather than adopting the assumption of a return to long-term growth. Low population growth reflects very low estimates for migration flows into Australia over the budget and forward estimates period due to COVID-19, which will constrain economic and employment growth. The Centre for Population, established by the Commonwealth Government late in 2019, outlines the reasons for low migration flows in its December Population Statement¹.

Table 2.2.1 provides updated economic parameters for the ACT under the baseline scenario.

Table 2.2.1 Economic parameters, 2020-21 Budget, baseline forecasts, percentage change

	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Projection	2023-24 Projection
ACT					
Gross State Product ¹	2.4	2 (-1½)	2¾ (4)	2¾ (3½)	3 (3¾)
State Final Demand ^{1,2}	3.1	3¾	2¾	2	2¼
Employment ³	0.5	4 (-¼)	½ (3¾)	1 (2½)	1¼ (2)
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Population ³	1.1	¼ (1)	¼ (1¼)	¾ (1½)	1 (1¾)
Australia					
Gross Domestic Product ^{1,2}	-0.2	¾ (-1½)	3½ (4¾)	2½ (2¾)	2¾ (3)

Sources: ABS Australian National Accounts: National Income, Expenditure and Product; Australian National Accounts: State Account; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; National, state and territory Populations; CMTEDD estimates; 2020-21 Commonwealth Budget; and 2020-21 MYEFO.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters. Numbers in brackets are the estimates published in the August 2020 EFU.

1. Real values.
2. Year average basis.
3. Through the year growth.
4. Total hourly rates of pay, excluding bonuses.

¹ Population Statement, December 2020. Centre for Population. Australian Government.

<https://population.gov.au/publications/publications-population-statement.html>

Gross State Product

The COVID-19 pandemic and the necessary health restrictions had their most significant impact on the ACT economy in the June quarter 2020, with State Final Demand (SFD) falling by 1.7 per cent. This was largely a result of a substantial 11.8 per cent fall in private consumption expenditure, partially offset by a 5.7 per cent increase in public consumption due to increased spending to contain the spread of the virus and to boost frontline services in response to the pandemic.

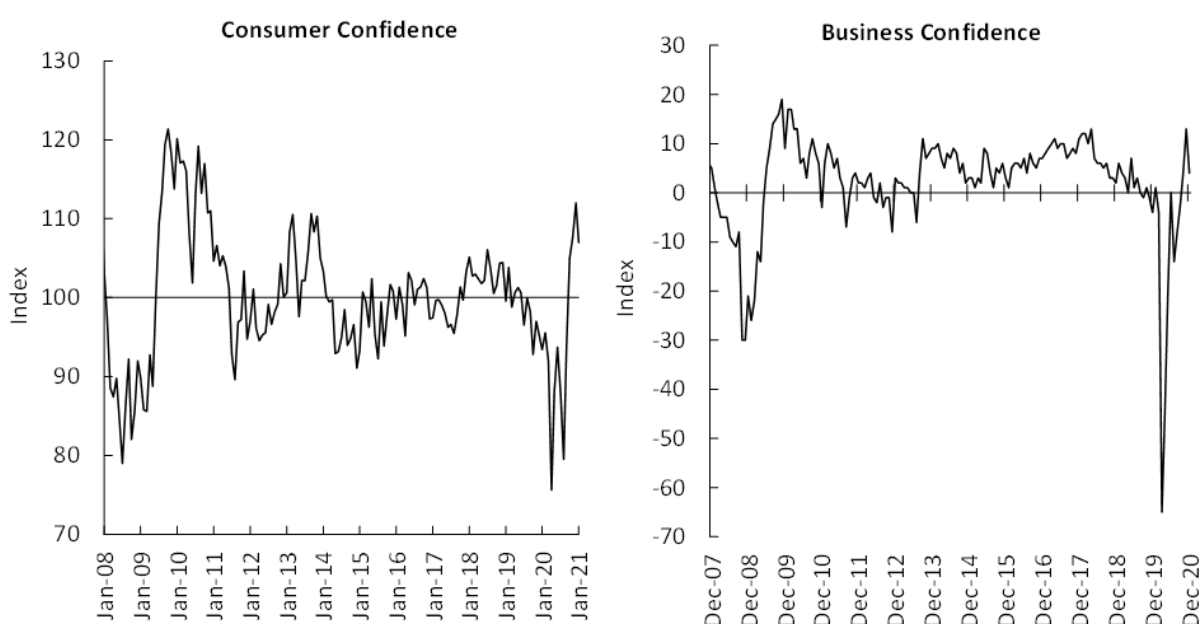
Despite this fall in SFD in the June quarter 2020, Gross State Product (GSP) in the ACT grew by 2.4 per cent in 2019-20, the second highest growth rate of all jurisdictions in Australia. This was higher than the 1½ per cent growth expected at the time of the August 2020 EFU.

With the progressive easing of restrictions and the ongoing fiscal and monetary support, economic activity has since recovered strongly, with SFD growing by 2 per cent in the September quarter 2020. There was a substantial 8.7 per cent pick up in private consumption driven by a recovery in spending on hotels, cafes and restaurants, health, recreation and culture.

While it declined modestly in the December quarter 2020, retail turnover in the ACT, in real terms, remains 8.6 per cent higher than it was a year ago, reflecting a significant 11.5 per cent increase in the September quarter 2020. In addition, although dipping slightly in January, consumer confidence, which is a key driver of household consumption, remains above pre-COVID levels (Figure 2.2.1).

An important driver of business and consumer confidence is the ongoing effective public policy actions taken by all Australian governments to contain the COVID-19 virus. Maintaining success in this area will continue to support these key measures which will drive our economic recovery.

Figure 2.2.1: Consumer and Business Confidence, Australia

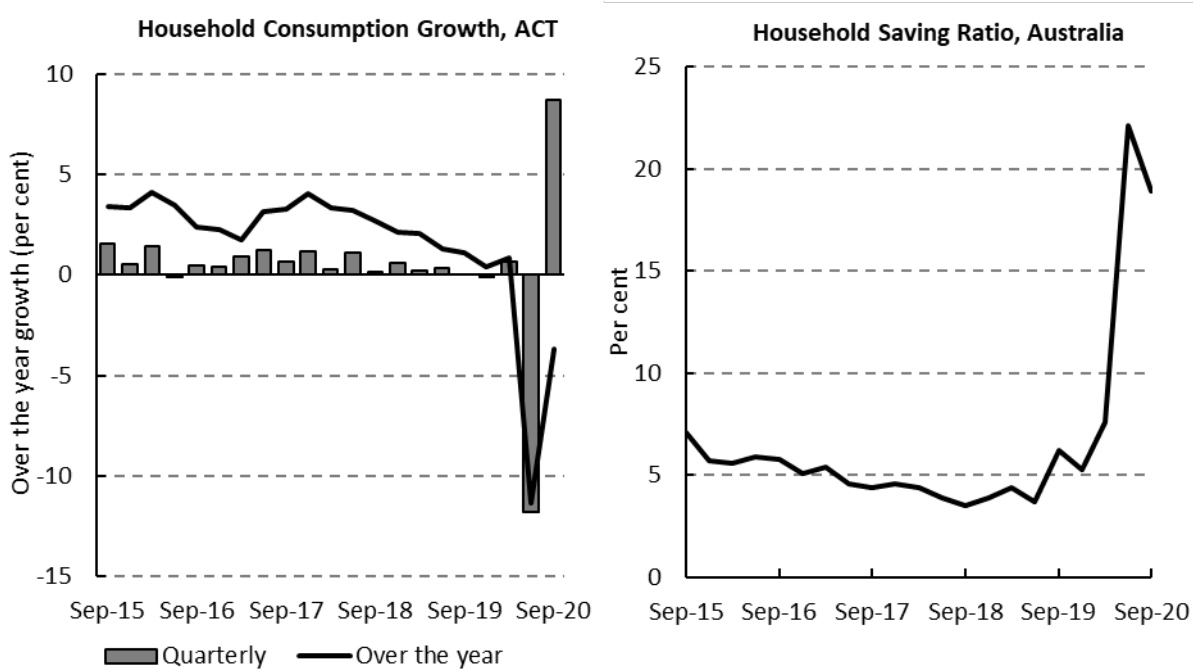


Sources: Westpac-Melbourne Institute Consumer Sentiment, January 2021; and NAB Business Sentiment, December 2020.

The ACT economy is forecast to grow by around 2 per cent in 2020-21. In the near term, household consumption is expected to drive the recovery in the Territory’s private sector economic activity, growing strongly over the year to June 2021, underpinned by the Commonwealth Government’s income support packages. Households are also expected to draw down from the elevated level of precautionary household savings accumulated during the height of the lockdowns amidst the uncertainty caused by the pandemic (Figure 2.2.2). This will support solid growth in consumption over the year to June 2022, with this momentum expected to continue over the remainder of the forward estimates period.

Ongoing market uncertainty stemming from intermittent COVID-19 outbreaks across the country has led to recent volatility in business confidence (Figure 2.2.1). This is likely to see businesses delaying investment decisions until demand has picked up for a sustained period. After increasing solidly in the June quarter 2020, private investment fell sharply in the September quarter 2020, as the pandemic and stimulus accentuated the normal levels of volatility in the sector. Business investment fell by 17.8 per cent in the September quarter, reflecting delays in non-dwelling construction investment as a result of the pandemic which interrupted the pipeline of construction. The level of business investment is expected to remain flat before recovering throughout 2021-22 and 2022-23 to around the pre-pandemic level on the back of an improvement in demand.

Figure 2.2.2: Household Consumption Growth, ACT and Household Saving Ratio, Australia



Source: ABS Australian National Accounts: National Income, Expenditure and Product.

Dwelling investment is also expected to take some time to recover, although the recent solid increase in building approvals in the December quarter 2020 suggests some continuing momentum, particularly for detached and semi-detached houses. The ACT Government's conveyance duty concessions, the Commonwealth Government's HomeBuilder Program, which has been extended at a reduced rate to 31 March 2021, and record low interest rates are supporting dwelling investment. Growth in the high-density market segment was already easing after peaking in 2018-19. Activity is expected to broadly continue at around current levels as the forecast for the lowest population growth in the ACT's history filters into decision-making and demand in that segment. On the positive side, investor finance activity has improved in recent months and this should help sustain activity at around current levels.

Although private consumption is improving, public final demand is expected to be the key driver of GSP growth in 2020-21, supported by a high level of government expenditure on the COVID-19 related health response, social benefits to households, and stimulus programs for households and businesses.

Public investment is expected to improve in the medium term, as the ACT Government continues to invest in Canberra's infrastructure and services, with major investments such as Stage 2 of light rail, the expansion of the Canberra Hospital and the new Woden CIT campus driving growth in public infrastructure.

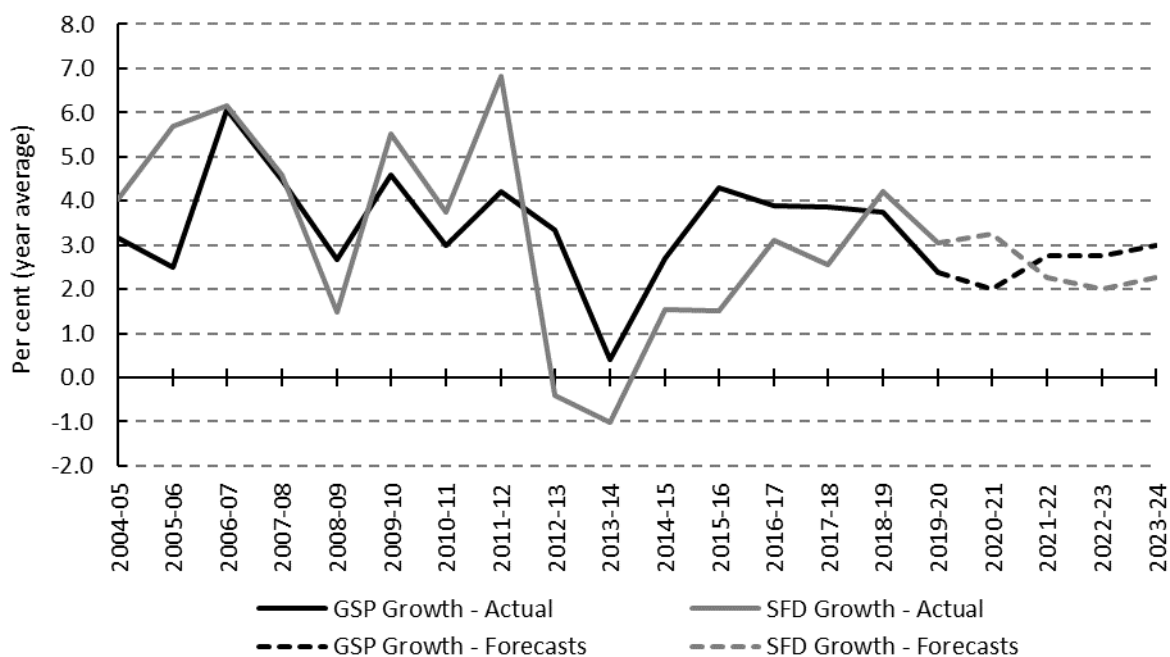
Exports declined by 5.8 per cent in 2019-20, reflecting contractions in education exports, inbound tourism and government goods and services exports due to international travel restrictions. In our baseline scenario, exports are expected to reduce further in 2020-21 and only begin recovering from 2021-22, as international students and visitors are not expected to return until the first half of the calendar year 2022 even if the Australian borders are opened progressively from 1 July 2021.

Imports also declined by 6.3 per cent in 2019-20, driven by large falls in both goods and services imports. Disrupted supply chains and subdued demand for overseas travel services because of social distancing restrictions will see imports fall further in 2020-21. However, imports are anticipated to increase from 2021-22, as COVID-19 vaccines are rolled out gradually and overseas diplomatic missions and outbound tourism resume.

Overall net exports contributed 0.1 of a percentage point to GSP growth in 2019-20, as imports contracted more severely than exports due to the pandemic. However, net exports are expected to detract from GSP growth in 2020-21 due to the ongoing closure of international borders. Recovery in exports is expected to be stronger than imports from 2021-22 as services exports improve, driving net exports to contribute positively to GSP growth in that year.

The anticipated recovery in service exports will drive GSP growth above that of SFD from 2021-22 onwards, demonstrating the importance of services exports to the ACT economy (Figure 2.2.3).

Figure 2.2.3: Real Gross State Product and State Final Demand Growth, ACT

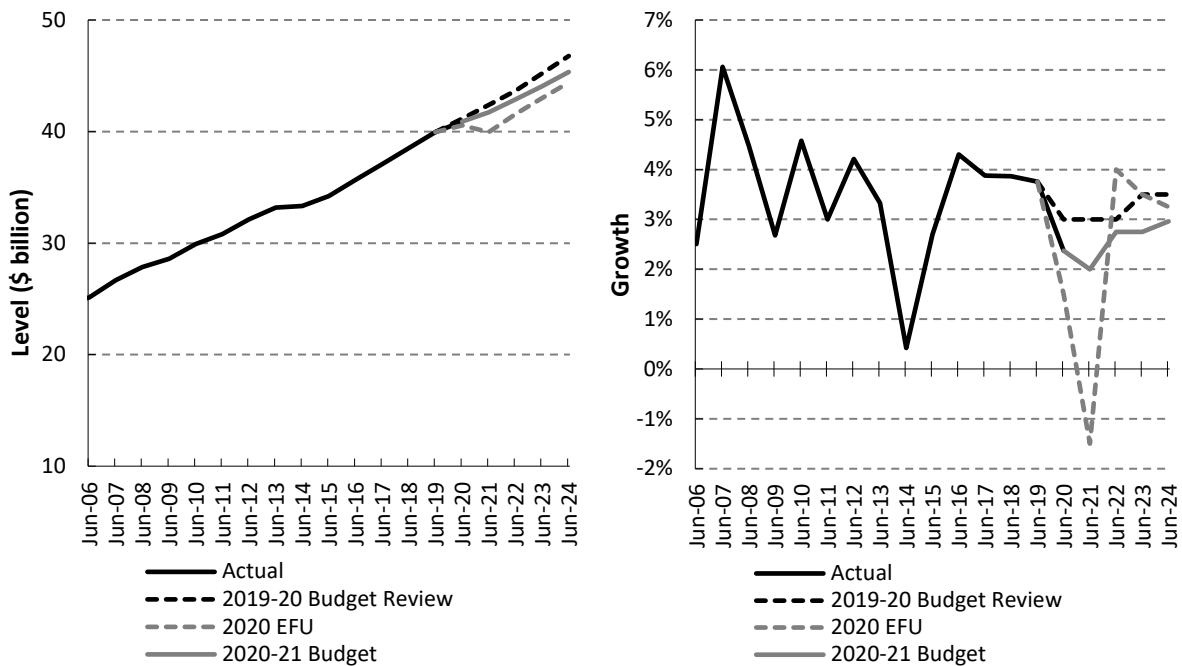


Source: ABS Australian National Accounts: National Income, Expenditure and Product; ABS Australian National Accounts: State Accounts; CMTEDD estimates.

The baseline scenario represents a solid upward revision to GSP from a contraction of 1½ per cent initially anticipated in the August 2020 EFU for 2020-21, reflecting the emerging recovery in household consumption and private investment.

The baseline GSP forecast also incorporates a significant downward revision to population growth across the forecast and projection period, relative to August 2020 EFU estimates. GSP is expected to increase steadily by 2¾ per cent in 2021-22 and 2022-23, before further recovering in 2023-24 to grow by around 3 per cent. As a result, the level of GSP is still expected to be lower by the end of the forward estimates than was anticipated at the time of the 2019-20 Budget Review prior to the pandemic, although higher than expected at the time of the August 2020 EFU (Figure 2.2.4).

Figure 2.2.4: Gross State Product, ACT

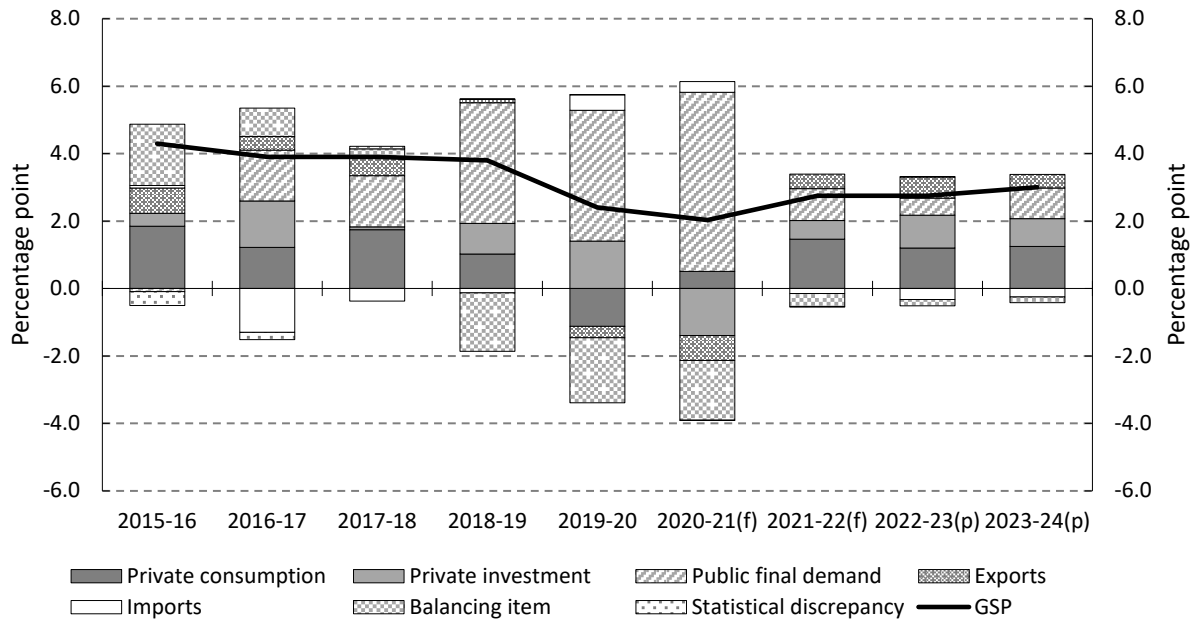


Sources: ABS Australian National Accounts: State Accounts; and CMTEDD.

From 2021-22, GSP growth is expected to be supported by a rebound in private investment and an increasing contribution from exports as international borders reopen and our tourism and international education sectors again become key drivers of growth.

As household consumption and private investment increasingly drive growth in the ACT again, the ongoing need for public sector support will diminish and the contribution of the public sector to growth will decline as supports are progressively wound back (Figure 2.2.5).

Figure 2.2.5: Contribution to GSP growth, ACT

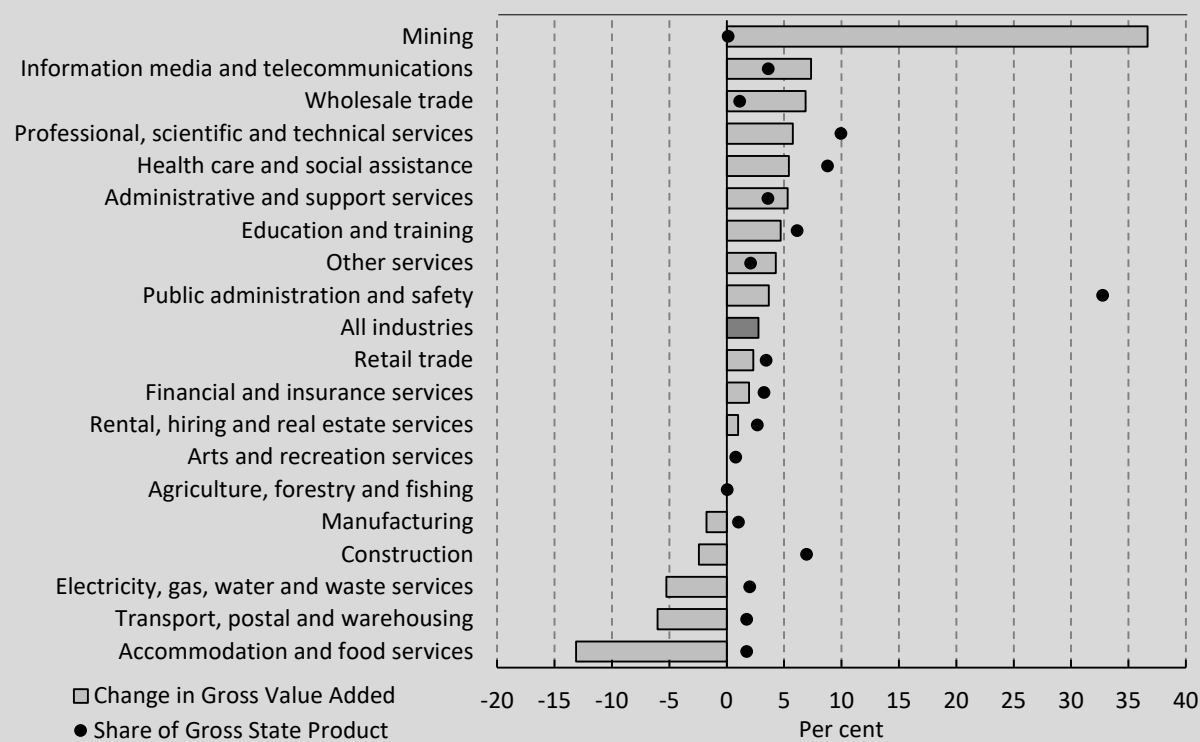


Sources: ABS Australian National Accounts: State Accounts; ABS Australian National Accounts: National Income, Expenditure and Product; and CMTEDD estimates.

Our estimate of 3 per cent growth in GSP in 2023-24 represents a departure from the previous technical assumption of a five-year average rate of growth. This takes into account the anticipated weakness in population growth over the forward estimates although this will be partially offset by stronger workforce participation.

Box 2.2.1: Uneven industry impact of COVID-19

Figure 2.2.6: Percentage share of Gross Value Added to Gross State Product and change in Gross Value Added in 2019-20 by industry, ACT



Source: ABS Australian National Accounts: State Accounts

Despite the overall expansion of the ACT economy in 2019-20, the COVID-19 pandemic and the necessary public health restrictions severely disrupted some industries in the last quarter of the financial year (Figure 2.2.6).

Accommodation and food services and Transport, postal and warehousing experienced the largest contractions in 2019-20, as businesses in those industries were more vulnerable to social distancing restrictions. International travel bans led to a significant decline in demand for air travel, hotel accommodation, and food and beverage services. Venue closures and reductions in venue capacities resulted in a further reduction in demand for food and beverage services.

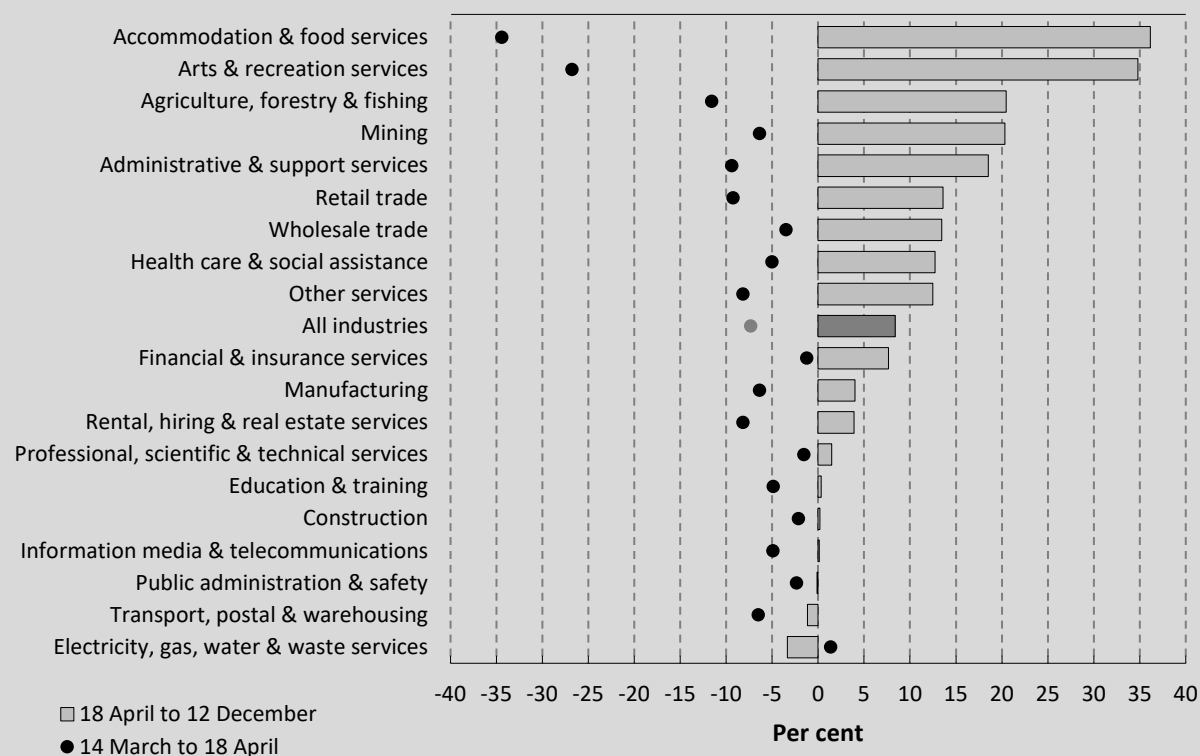
The Construction industry has also been affected by the pandemic, as the supply chain disruption for building materials and widespread restrictions on movement caused delays in some construction projects. Given its share of the ACT economy, Construction was the second largest drag on GSP growth in 2019-20, after Accommodation and food services.

By contrast, some industries grew despite the pandemic. Public administration and safety and Health care and social assistance grew considerably due to increased public spending on the management of frontline government services and on the health response to COVID-19. In addition, the working from home arrangements and the associated technological updates to facilitate these arrangements bolstered demand for IT related consultancy services, driving the growth in the Professional, scientific, and technical services industry in 2019-20.

Box 2.2.1: Uneven industry impact of COVID-19 (continued)

Most industries adversely affected by the pandemic are expected to recover throughout 2020-21, and the number of payroll jobs for all industries recovered to pre-COVID levels in mid-December 2020. However, with continuing international border closures, it will take longer for some industries to recover.

Figure 2.2.7: Change in payroll jobs by industry since week ending 14 March 2020, ACT



Source: ABS Weekly Payroll Jobs and Wages in Australia

Since the low point in mid-April 2020, there has been a strong recovery in the number of payroll jobs in the Accommodation and food services and Arts and recreation industries, driving an increased number of payroll jobs for 15-19 and 20-29 year olds. On the other hand, there have been further jobs lost in Transport, postal and warehousing and Public administration and safety (Figure 2.2.7).

After falling by 6.8 per cent from the week ending 12 December 2020 to the week ending 9 January 2021 due to a combination of public and school holidays and lower business activity in this period, the total payroll jobs in the ACT rose by 1.6 per cent in the week ending 16 January 2021. The number of payroll jobs is expected to return to pre-pandemic levels by March 2021 as normal business activity resumes in line with the seasonal pattern seen nationally over this period.

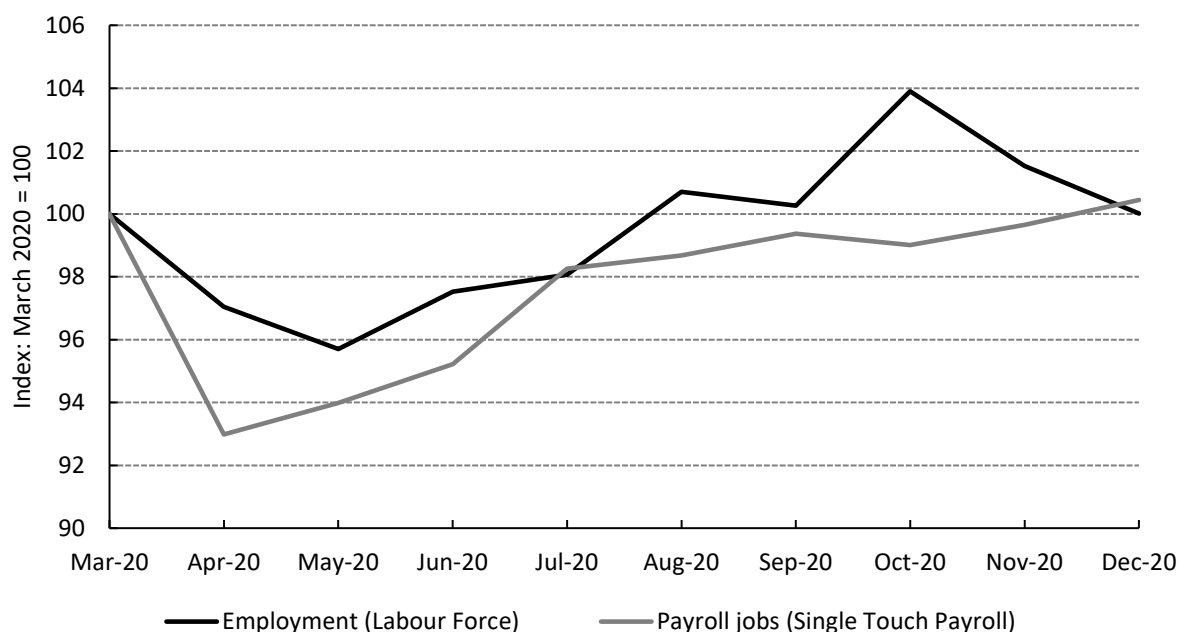
Labour Market

The Australian Bureau of Statistics (ABS) has supplemented traditional labour force survey data with more real time weekly payroll jobs and wages data from the Australian Tax Office's single touch payroll system. While the broad trends have been similar between the two data sources, the timing and magnitude of changes have differed somewhat. There has also been significant volatility in both data sources and large revisions in single touch payroll data. In addition, the ABS has paused publication of labour force data in trend terms as a result of that volatility and changes in labour market activity due to COVID-19. As a result, monthly outcomes should be viewed with caution.

Despite the difficulty in interpreting the data, it is clear that employment in the ACT was severely affected by the pandemic and the necessary public health restrictions, with over 10,300 jobs lost in the period between April and May 2020 and that the labour market recovery has resulted in the best labour market conditions across the nation. Women and young people were disproportionately affected early in the pandemic, although the data indicates that this has since unwound.

The easing of restrictions, underpinned by the success in controlling the spread of the virus, and significant fiscal and monetary policy support have resulted in a strong recovery in the ACT labour market, with employment growth even higher than that expected at the time of the August 2020 EFU.

Figure 2.2.8: Labour force employment and Single touch payroll, ACT



Sources: ABS Labour Force, Australia and ABS Weekly Payroll Jobs and Wages in Australia.

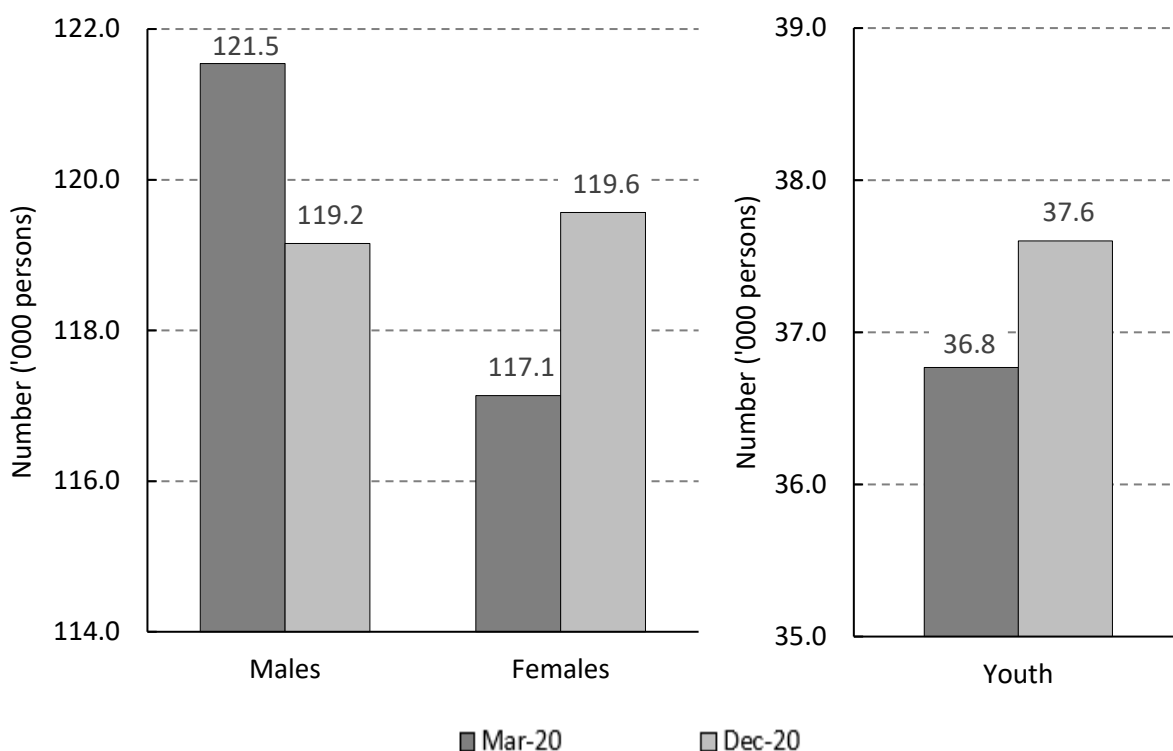
After sharp rises in employment growth in the period between June and October 2020, employment growth declined in November and December 2020. However, even with this apparent volatility, employment has grown by 3.2 per cent over the year to December 2020, with the level now stabilising at around the level reported in March 2020, prior to the pandemic. The strong recovery in employment is also confirmed by the recovery of the total number of payroll jobs to pre-COVID levels in mid-December (Figure 2.2.8).

Total hours worked has also largely recovered and is around 1.1 million hours or 3.4 per cent above the March 2020 level as a result of a strong recovery in full time employment between March and December 2020.

In comparison, employment and total hours worked nationally remain below the levels reported in March 2020, at 87,600 people (0.7 per cent lower) and 24.1 million hours (1.4 per cent lower) respectively.

The ACT's unemployment rate of 3.7 per cent and underemployment rate of 6.0 per cent in December 2020 remain the lowest of all jurisdictions. Our participation rate of 72.2 per cent is the second highest of all jurisdictions.

Figure 2.2.9: Level of employment¹, March and December 2020, ACT



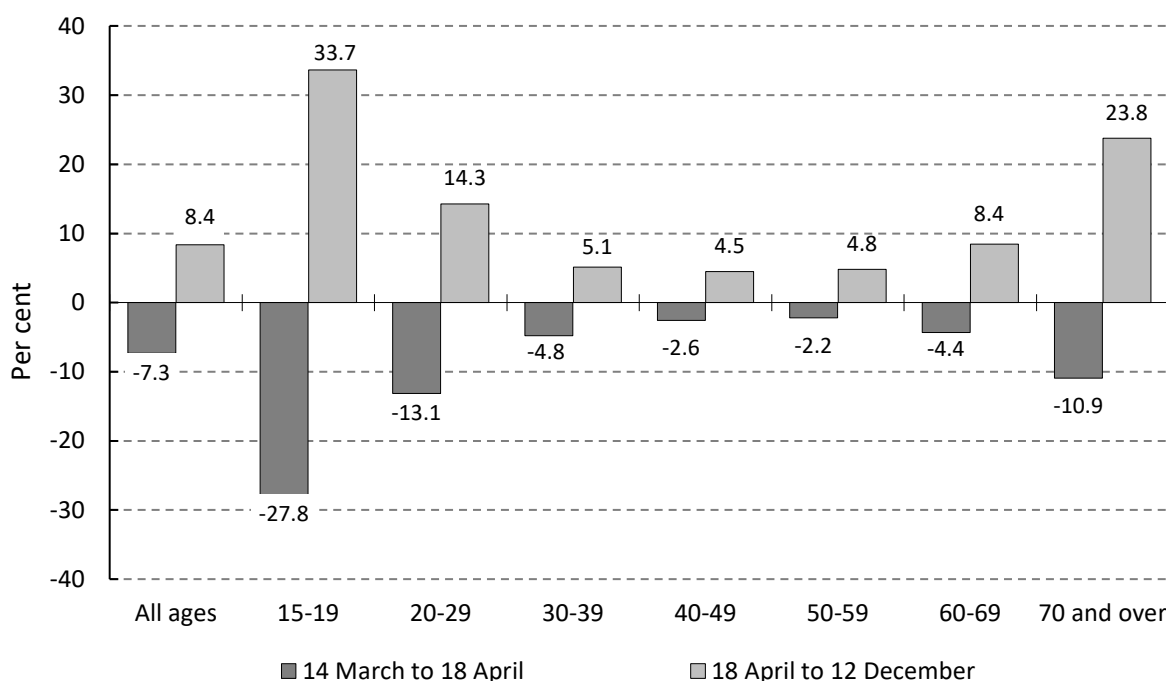
Source: ABS Labour Force, Australia

1. Male employment and female employment are seasonally adjusted, while youth employment is in original terms.

The ABS Labour Force survey indicates that levels of employment for females and youth aged 15-24 are now above the March 2020 levels, with the youth cohort initially most affected by the pandemic showing a particularly strong recovery. Male employment, however, has not yet recovered and is still below the level in March 2020 (Figure 2.2.9). The employment outcomes for males are expected to continue to improve as the recovery unfolds.

The recovery has also been uneven across industries (Box 2.2.1) and age groups (Figure 2.2.10). Although it has increased strongly since the low point in mid-April 2020, the number of payroll jobs worked by 15-19 year olds and 20-29 year olds in the week ending 12 December 2020 remains below the level reported in mid-March 2020 by 3.5 per cent and 0.7 per cent respectively.

Figure 2.2.10: Change in payroll jobs since 14 March 2020 by age group¹, ACT



Source: ABS Weekly Payroll Jobs and Wages in Australia.

Note: ABS Weekly Payroll data is reported on a different basis to the labour force survey data and is not directly comparable.

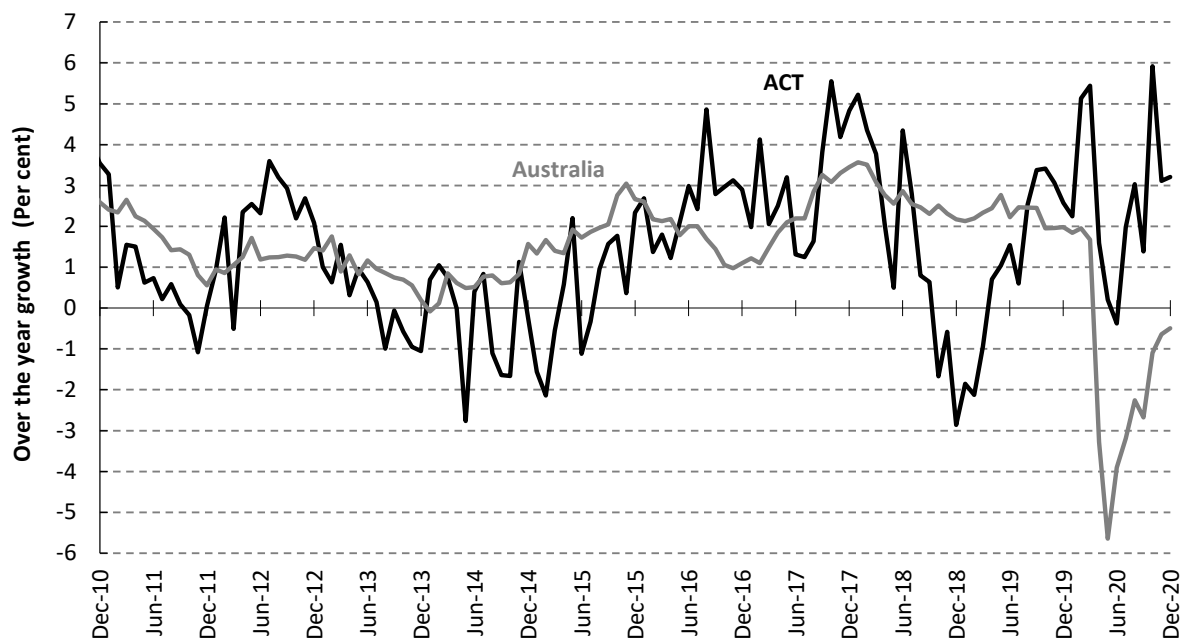
The solid year-to-date employment outcome in the ACT and the increase in job vacancies has supported an upgrade to the forecast for employment growth in 2020-21 to 4 per cent, from a ¼ of a percentage point contraction expected in the August 2020 EFU.

Employment growth is then expected to slow to around ½ of a percentage point in 2021-22 before stabilising at around 1¼ per cent in 2023-24. Relatively subdued employment growth reflects the international border restrictions that have caused a significant disruption to net overseas migration and lowered population growth. As with GSP growth, the projection for employment growth in 2023-24 departs from the previous five-year average technical assumption due to this lower population growth.

A slower trajectory of employment growth in the ACT over the forward estimates period, compared to that expected at the national level, largely reflects a stronger reduction in migration flows in the ACT relative to the impact nationally (Figure 2.2.11).

High labour force participation, along with low unemployment, is expected to continue over the forward estimates period. There is a likelihood of skills shortages emerging until net overseas migration improves.

Figure 2.2.11: Employment growth, ACT and Australia, over the year



Sources: ABS Labour Force, Australia and CMTEDD estimates.

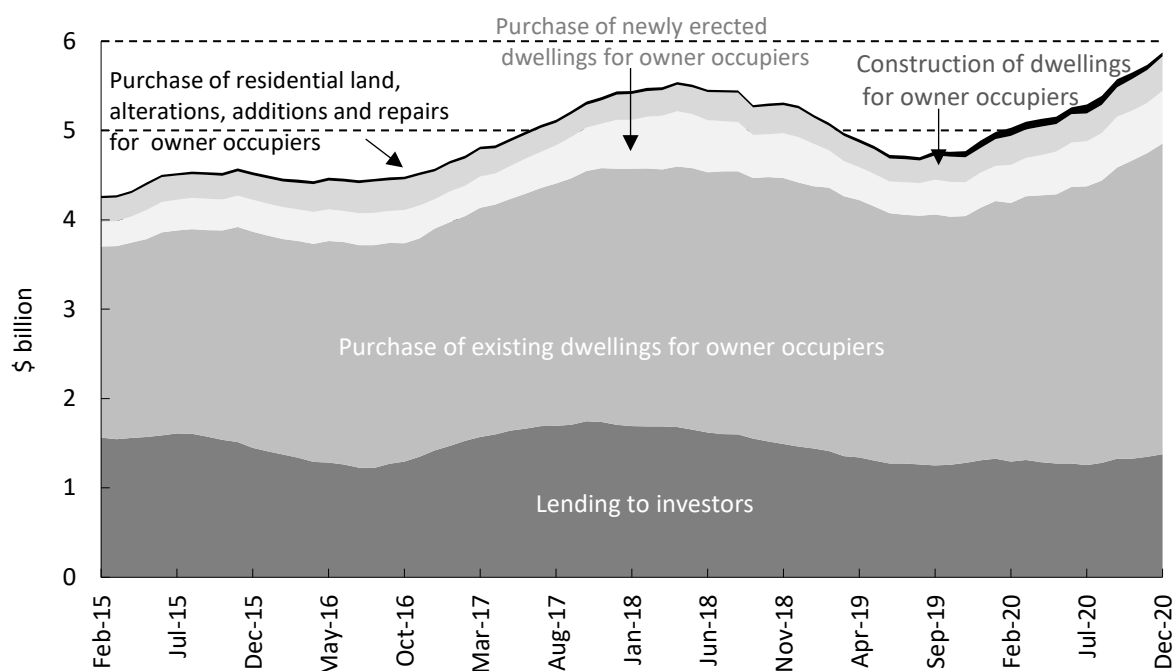
Housing Market

The ACT's property market continues to show resilience, with the take-up of Commonwealth and ACT stimulus measures exceeding initial expectations. Auction clearance rates have also improved further in recent months, although there are signs that limited supply may be bolstering auction clearance rates. ACT property prices have steadily increased since early 2020, rising 1.2 per cent in January 2021 to be 8.5 per cent higher than a year ago.²

The value of new housing loans taken by owner-occupiers and investors has increased by 29.5 per cent over the year to December 2020 to \$644 million, driven by loans to purchase new and existing dwellings as well as for the construction of new dwellings. There was a strong increase in new housing loans by investors in November and December 2020, lifting the number and value of the loans to more than 20 per cent above the levels a year ago. This may indicate a tentative sign of renewed interest in investor demand for housing in the ACT, which had declined significantly earlier in the year.

² CoreLogic Hedonic Home Value Index, January 2021.

Figure 2.2.12: Value of new housing finance commitments (excluding refinancing), original data, 12 month moving total, ACT



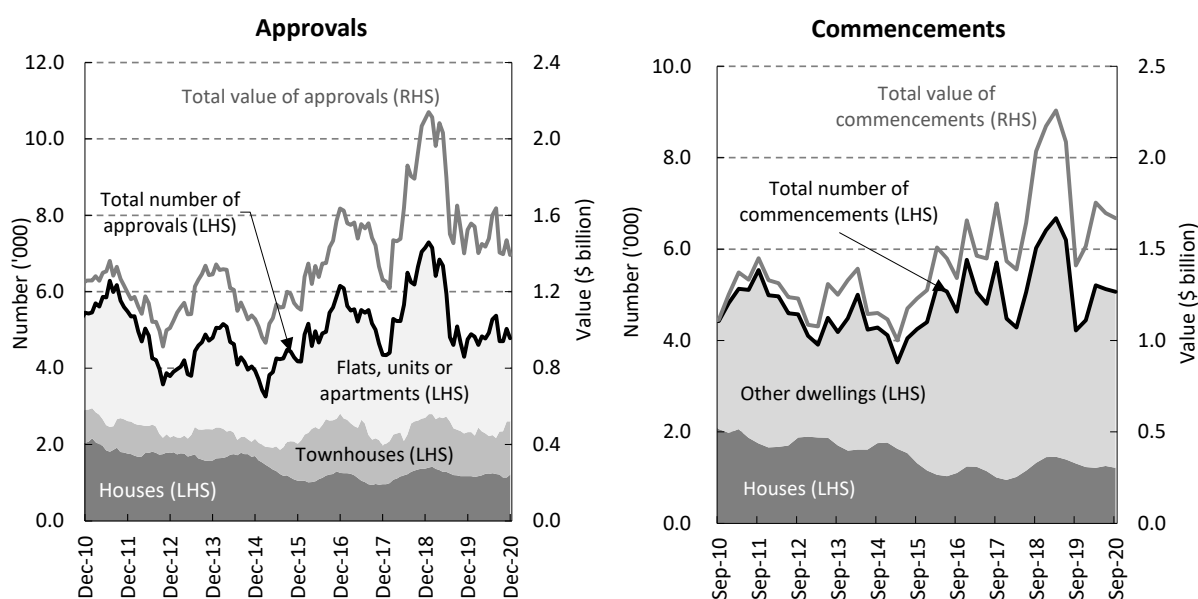
Source: ABS Lending Indicators, Australia.

Building activity in the ACT also remains resilient, with leading indicators suggesting the dwelling investment pipeline for detached and semi-detached houses is sound heading into 2021 (Figure 2.2.13). Construction of around 5,000 dwellings with a total value of around \$1.7 billion commenced over the year to the September quarter 2020, which is around 18 per cent above the total commencements in the previous period.

Residential building approvals are tracking at around 4,800 approvals annually, around the same level as in 2019, with a total value of around \$1.4 billion in 2020, down from the recent peak in 2018.

The land sales program has seen a significant increase in activity supported by the Government’s temporary stamp duty concessions for the purchase of single dwelling blocks and off-the-plan apartments by owner-occupiers from 4 June 2020 to 30 June 2021.

Figure 2.2.13: Value and number of residential building approvals (12 month moving total) and commencements (4 quarters moving total), Original Data, ACT



Source: ABS Building Approvals, Australia and Building Activity, Australia

Further easing of restrictions, supported by low interest rates as well as ACT and Commonwealth government stimulus programs, is expected to continue to stimulate the ACT’s housing market over the forecast period.

The housing stimulus programs in the ACT include the extension of the Home Buyer Concession Scheme, stamp duty concessions for owner-occupiers purchasing land or off-the-plan apartments and the Lease Variation Charge remission. Commonwealth Government programs include the existing First Home Loan Deposit Scheme for first home buyers and the HomeBuilder Program which has been extended to 31 March 2021.

Low population growth, however, will put downward pressure on housing activity over the forward estimates period, particularly in the large-scale apartment sector.

Population

Population growth, one of the key drivers of economic and employment growth and demand in the housing market, has been significantly affected by the COVID-19 pandemic and the necessary public health restrictions.

Through the Centre for Population, which was established in October 2019, the Commonwealth Treasury is taking a much more active role in developing medium-term population projections both at the national and at the state and territory level. The Centre released its first set of projections in December 2020, which incorporated updates for migration flows based on the latest information on the impact of the pandemic.³

³ Population Statement, December 2020. Centre for Population. Australian Government. <https://population.gov.au/publications/publications-population-statement.html>

The drivers of population growth include natural increase and both international and interstate migration. The COVID-19 pandemic has impacted each of these drivers of population growth. State and national border restrictions have lowered migration estimates for the ACT. Some families may also delay having children because of the uncertainty associated with the pandemic.

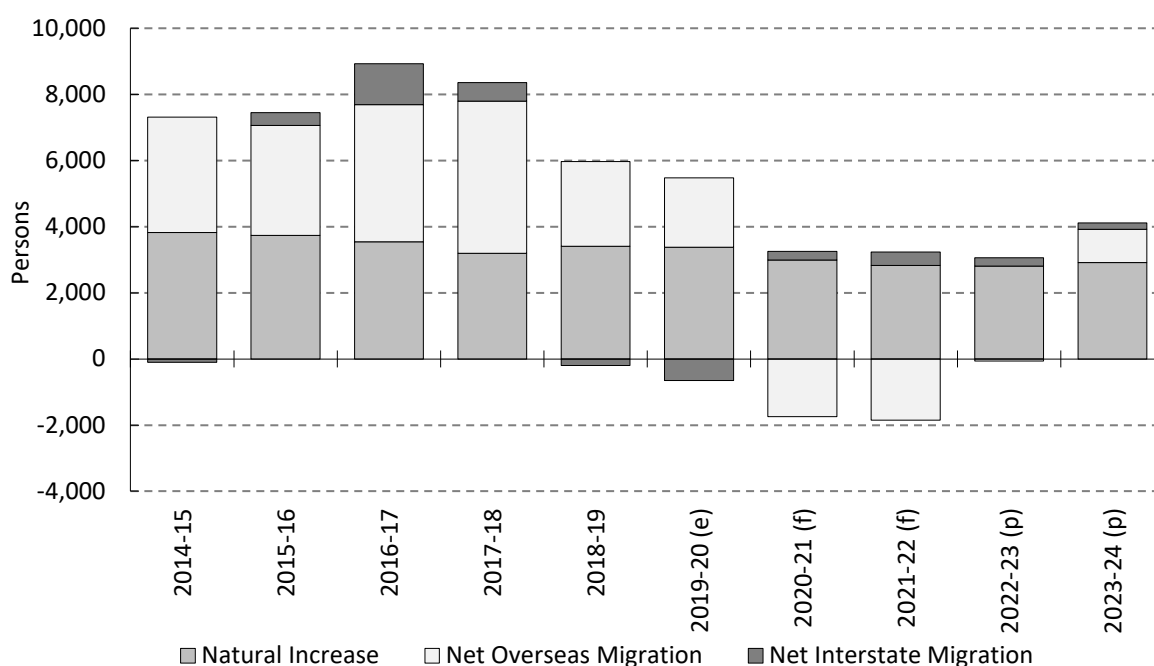
The ACT’s population growth rate is expected to slow to a record low of ¼ of a per cent over 2020-21 and 2021-22 primarily due to a large forecast decline in net overseas migration. This forecast is a result of the combined effects of international border restrictions on account of COVID-19, forecast pandemic-driven behavioural changes in temporary migrants and working holiday makers, and a weaker Australian labour market affecting demand for the intake of skilled migrants.

Net overseas migration accounts for almost 50 per cent of the ACT’s total population growth in a typical year and, as a result, for the first time on record, population growth will mostly reflect natural increase in the Budget year and in 2021-22 and the impact of net migration outflows, as some visa holders return home.

Population growth is expected to steadily increase to around ¾ of a per cent in 2022-23 and to 1 per cent in 2023-24. This is well below the ACT’s long run historical average population growth rate of 1¾ per cent. Figure 2.2.14 shows the contribution of the three components namely, natural increase (i.e. births minus deaths), net overseas migration and net internal migration to the ACT’s population over the ten-year period from 2014-15 to 2023-24.

Growth in the ACT’s resident population over the four years from 2020-21 to 2023-24 is estimated to be around 10,000 people, which is 13,500 fewer people than the estimate at the time of the August 2020 EFU before the Centre’s projections were released. This is also 19,200 people fewer than estimated at the time of the 2019-20 Budget Review prior to the pandemic for the four-year period 2020-21 to 2023-24 (Figure 2.2.14).

Figure 2.2.14: Population growth by component, ACT



Sources: ABS National, State and Territory Populations and CMTEDD estimates.

The population forecasts assume that Australia's international borders remain largely closed until 1 July 2021. The forecasts also assume vaccines for COVID-19 will be administered from February 2021, with most of the Australian population vaccinated by the end of 2021. This would enable international borders to be opened and international students to arrive in the ACT from the semester commencing February 2022.

Given that net overseas migration numbers are the key cause of the low population growth in the ACT and migration policy rests with the Commonwealth Government, any change in migration policy settings will have the potential to substantially affect the population forecasts, which would also have flow on impacts for GSP and employment.

Wage Price Index

Wage Price Index (WPI) growth is forecast to remain subdued, growing at around 1½ per cent in 2020-21, unchanged from the August 2020 EFU estimate, with growth already having moderated to 1.4 per cent over the year to the September quarter 2020. A major contributor to this outcome is the six-month deferral of wage increases in the Australian Public Service and the wage restraint of businesses in part to cushion the impact of the COVID-19 pandemic on operations and cash flow.

The 2020-21 outlook for WPI growth of around 1½ per cent is stronger than the Australian WPI of 1¼ per cent forecast in the 2020-21 MYEFO. This is underpinned by a relatively tight labour market in the ACT, as indicated by the low unemployment rate. In addition, wages paid by employers in the ACT continue to be less volatile than national wage outcomes during the pandemic period.⁴

Wage growth is expected to strengthen to 1¾ per cent in 2021-22 under the baseline scenario, which assumes continued low unemployment, and a moderate tightening in the labour market.

Wage growth is expected to remain moderate in 2022-23, with the WPI projected to stabilise at around 1¾ per cent, a downward revision of ¼ per cent compared to the August 2020 EFU. This reflects the new wage policy announced by the Commonwealth on 13 November 2020, which replaces the previous 2 per cent cap for APS wage increases with a floating wage rate tied to the private sector WPI for Australia. Given the widespread imposition of wage freezes and ongoing excess capacity in the labour market nationwide, wage growth in the private sector for Australia is anticipated to remain modest for some time.

WPI growth is estimated to increase to 2 per cent in 2023-24, as the labour market continues to strengthen.

⁴ ABS Weekly Payroll Jobs and Wages in Australia, Week ending 16 January 2021.

Consumer Price Index (CPI)

The Consumer Price Index (CPI) is forecast to grow by 3 per cent in 2020-21, unchanged from the August 2020 EFU estimate. The CPI increased strongly by 2.3 per cent in the September quarter 2020, and 0.8 per cent in the December quarter 2020. These strong outcomes largely reflect one-off effects following policy changes in the pandemic, for example, the reintroduction of childcare fees. However, more subdued inflation is expected going forward as the one-off price impacts of the pandemic ease.

As the spare capacity in the labour market and the broader economy will only gradually decline, underlying inflationary pressures are expected to remain subdued over the forward estimates period. Therefore, CPI growth is expected to pick up only gradually to be around 1¾ per cent in 2023-24.

There may be more long-lasting changes in consumption patterns that emerge as a result of the pandemic that could lead to price pressures in specific sectors. The significant price increases in non-tradable goods and services such as domestic holiday travel and accommodation is potentially an early sign of this. If rapid changes in consumer preferences for particular goods or services are sustained, then CPI growth could be stronger than expected.

For indexation purposes, a rate of 1½ per cent for 2020-21 is being used, which looks through the significant fall (-2.3 per cent) in Canberra's CPI in the June quarter 2020, predominantly due to free childcare for most of the quarter.

Alternative Scenarios and Risks

As the economic impacts of the COVID-19 pandemic remain uncertain, the estimates presented in this Budget reflect a baseline scenario derived from a plausible set of assumptions. Uncertainty regarding the evolution of the pandemic makes it difficult to provide a definitive quantitative assessment of the balance of risks around the baseline forecast described above. However, consistent with the approach taken for the August 2020 EFU, a range within which possible scenarios may fall on the upside and downside are presented in Table 2.2.2.

The shaded areas in Figures 2.2.15, 2.2.16 and 2.2.17 show the range of possible outcomes under the upside and downside scenarios for GSP, employment, and population, relative to the baseline scenario. The actual outcome will depend on how risks evolve and how our assumptions match up with actual outcomes for the key drivers of growth; in particular, assumptions for: migration; population growth; how successful the vaccine rollout is; the success of possible treatments; and, the ongoing success of containing the virus. This range does not represent the full possibility of outcomes; however, it does demonstrate the impact of changes in key assumptions on three important economic metrics, providing further information in a time of heightened uncertainty.

Table 2.2.2: Gross State Product (GSP) and employment scenarios, percentage change

	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Projection	2023-24 Projection
Gross State Product					
Downside Scenario	2.4	1¼	1¼	1½	1¾
Baseline Scenario	2.4	2	2¾	2¾	3
Upside Scenario	2.4	2½	3¾	3¾	4
August 2020 EFU	2¾	-1½	4	3½	3¾
2019-20 Budget Review	3	3	3	3½	3½
Employment					
Downside Scenario	0.5	3½	¼	½	¾
Baseline Scenario	0.5	4	½	1	1¼
Upside Scenario	0.5	4¼	¾	1½	2
August 2020 EFU	0.2	-¼	3¼	2½	2
2019-20 Budget Review	2	1½	1½	1¾	1¾
Population					
Downside Scenario	1.1	¼	¼	¼	¾
Baseline Scenario	1.1	¼	¼	¾	1
Upside Scenario	1.1	½	¾	1¼	1½
August 2020 EFU	¾	1	1¼	1½	1¾
2019-20 Budget Review	1½	1¾	1¾	1¾	1¾

Sources: ABS Australian National Accounts; Australian National Accounts: State Account; Labour Force, Australia; national, state and territory populations and CMTEDD estimates.

Notes: Forecasts and projections are rounded to a ¼ of a percentage point. GSP is real, employment and population is growth over the year.

Upside scenario

The upside scenario assumes that additional progress in medical treatment is achieved in the near term, enabling governments to control the pandemic more quickly than expected. This would also be accompanied by an effective roll-out of COVID-19 vaccines with wider distribution globally, including in Australia and the ACT.

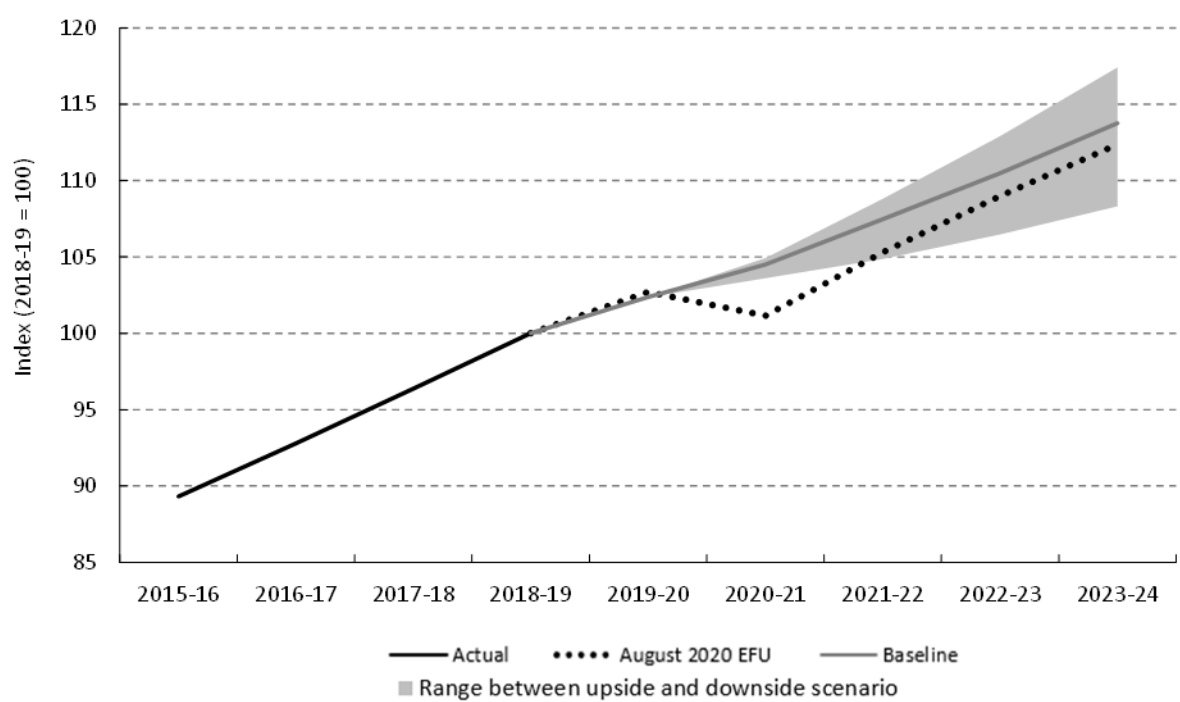
The sustained improvement in health outcomes would provide greater certainty, boosting consumer and business confidence. In turn, this would sustain private consumption and support private investment as well as stronger services exports. This could also see a stronger net inflow of overseas migration to the ACT following the reopening of Australia's border from July 2021, lifting population growth over the forward years to reach 1½ per cent in 2023-24. As a result, the ACT economy could expand at a faster rate than assumed under the baseline scenario, with GSP growth to stabilise at a strong 4 per cent in 2023-24. Employment growth would also improve to average around 2 per cent by the end of the forward estimates period.

Downside scenario

The downside scenario assumes significant spread of COVID-19 across jurisdictions, requiring reimposition of restrictions and limits to cross border activity, slowing the current economic momentum. This would be accompanied by prolonged outbreaks globally, along with greater challenges in deploying effective vaccines widely.

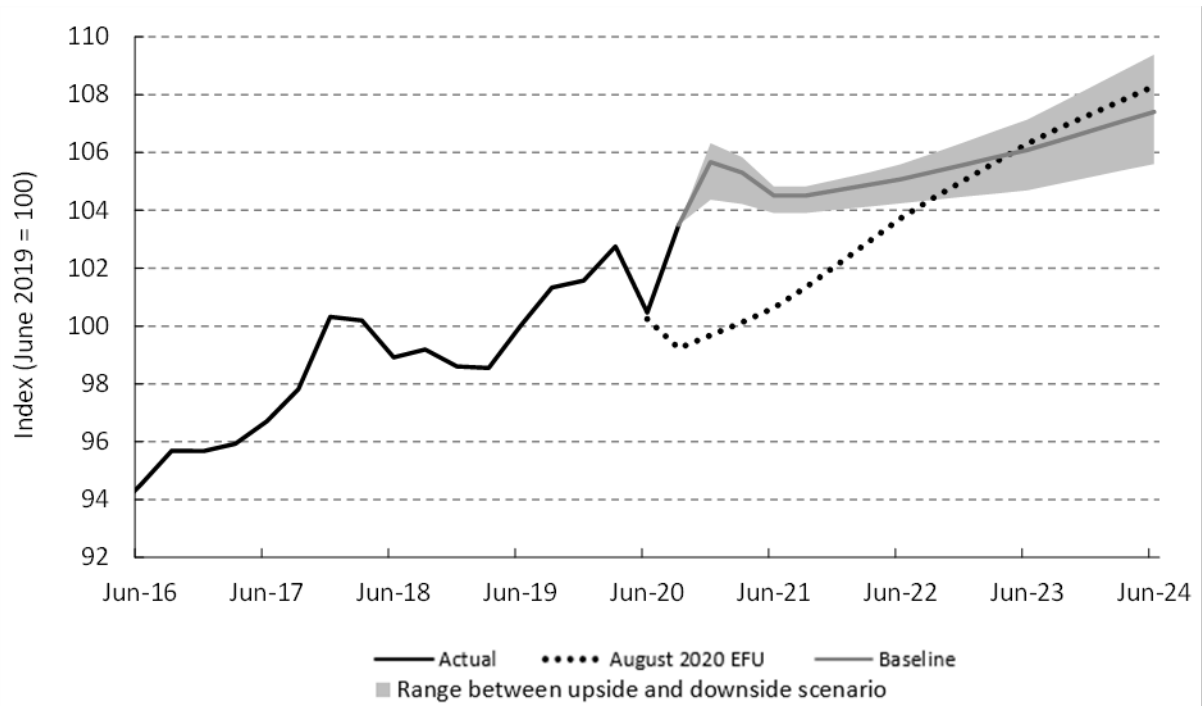
This assumption would see heightened uncertainty on both the health and economic fronts, unwinding the strong recovery in consumer and business confidence seen in recent months. This downside scenario would see an extension of the Australia's international border restrictions, leading to more overseas migrants departing than arriving and a delay in the return of international students to the ACT. This could see population growth remaining around historic lows over the forward estimates period. As a result, private final demand would remain subdued and government macroeconomic supports may not be sufficient to offset weakness in the private sector. This would hamper the recovery of the ACT economy, with economic growth and employment becoming sluggish and remaining well below long run growth rates over the entire forecast period.

Figure 2.2.15: Gross State Product (GSP), ACT – forecast scenarios, 2018-19 = 100



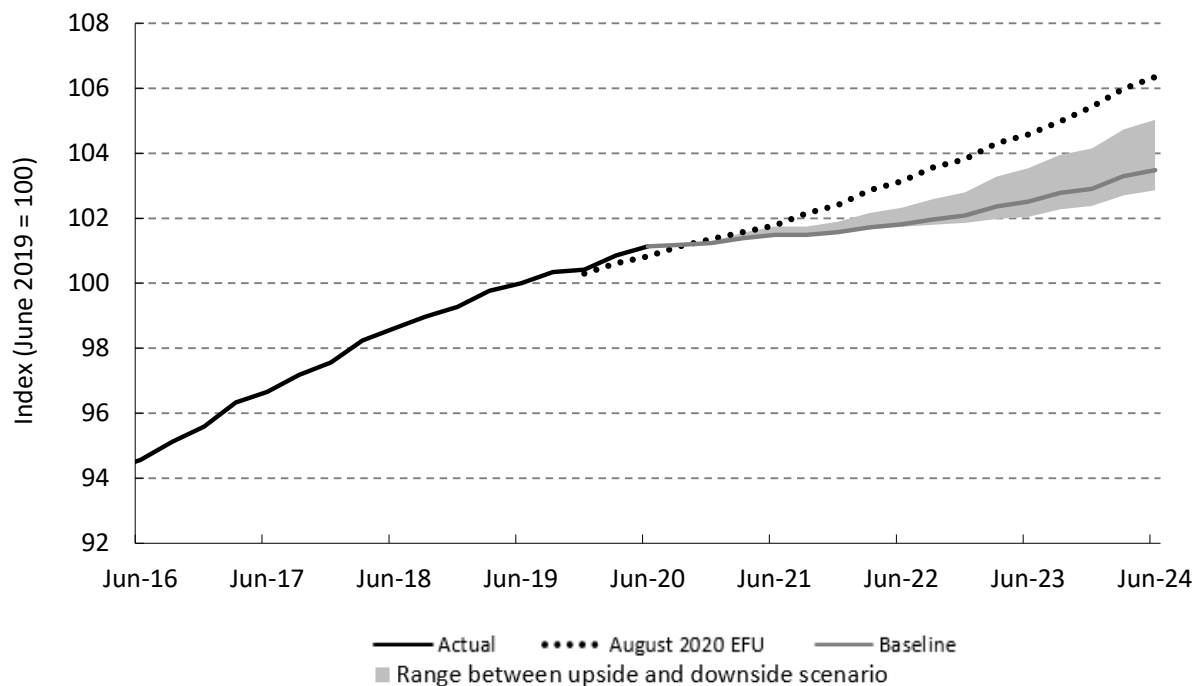
Sources: ABS Australian National Accounts: National Income, Expenditure and Product; Australian National Accounts: State Account and CMTEDD estimates.

Figure 2.2.16: Employment, ACT – forecast scenarios, June 2019 = 100



Sources: ABS Labour Force, Australia and CMTEDD estimates.

Figure 2.2.17: Population, ACT – forecast scenarios, June 2019 = 100



Sources: ABS National, State and Territory Populations and CMTEDD estimates.

Other risks and uncertainties

Economic developments continue to be driven by the COVID-19 pandemic and the responses to it. As a result, there remains significant uncertainty surrounding the ACT economic outlook, the national economy, and other economies across the globe. The nature and extent of any longer lasting effects from the pandemic, including possible damage to the supply potential of some industries, is also not clear.

The baseline economic outlook assumes that the scale of government stimulus and income support, as well as monetary policy measures, are effective in sustaining the emerging private sector recovery in the ACT and across Australia. The assumption is the economic recovery will have progressed sufficiently to allow for a smooth transition from public support to private sector led growth as stimulus measures are withdrawn progressively throughout 2021.

The recent success across Australian jurisdictions in quickly containing community transmission of the virus when outbreaks have occurred indicates the level of risk has eased relative to the possibility of large-scale lockdown scenarios described in the August 2020 EFU.

However, ongoing uncertainty including from elevated unemployment could see households retain high levels of saving and this would exert downward pressure on consumption growth. Rising global debt levels may lead to credit tightening and this could generate financial instability, particularly if interest rates rise. Australian households are carrying significant debt and any rise in interest rates could see households decide to consolidate their balance sheets.

A prolonged period of heightened uncertainty and low demand could dampen scope for investment to recover due to delaying capital replacement, or general unwillingness to undertake the risks associated with beginning a major project or business venture.

If the economy does not recover as expected, or if there are significant delays or issues rolling out the vaccine and/or containing any community transmission events, then more households and firms would be likely to experience severe financial stress, increasing the likelihood that cash buffers are exhausted. This would also increase the possibility of higher unemployment rates and more long-term impacts 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 37.7 per cent of the Australian Public Service is in the Territory.⁵

⁵ APS Commission, *APS Employment Data, 30 June 2020 Release*.

2.3 AUSTRALIAN ECONOMIC OUTLOOK

Nationally, economic developments continue to be driven by the COVID-19 pandemic and necessary health responses in each jurisdiction. The main source of economic uncertainty relates to the evolution of the pandemic, and the policy and behavioural responses to it.

Australia's current economic and health outcomes compare favourably to other countries. The Australian economy is forecast to outperform all major advanced economies in 2020. The substantial policy stimulus implemented by the Australian and State and Territory governments and the Reserve Bank of Australia has played an important role in supporting the economy and will continue to do so.

The 7.0 per cent contraction in GDP in the June quarter 2020 was the largest peacetime contraction in Australia since at least the 1930s. A recovery in economic activity is now well underway, in part driven by Victoria's emergence from a second lockdown. GDP grew by 3.3 per cent in the September quarter 2020, and most partial indicators suggest this momentum continued into the December quarter 2020. Growth in the September quarter 2020 was driven by a strong recovery in household consumption and growth in public spending.

The Mid-Year Economic and Fiscal Outlook 2020-21 (2020-21 MYEFO) forecasts real GDP to fall by 2½ per cent in 2020, compared with a fall of 3¾ per cent forecast in the Commonwealth 2020-21 Budget. Real GDP is then forecast to grow by 4½ per cent in 2021. An ongoing recovery in consumption and investment is expected to be underpinned by continued improvements in confidence and a further easing of social distancing restrictions.

Labour market conditions across the country have improved quickly as the recovery in economic activity has gathered momentum, and an easing of social distancing requirements has supported the re-opening of the retail and hospitality industries. Labour force participation increased to 66.2 per cent in October 2020, close to its pre-COVID level. The unemployment rate, which was 6.6 per cent in October 2020 and is forecast in the 2020-21 MYEFO to peak at 7½ per cent in the March quarter 2021, below the peak of 8 per cent forecast in the Commonwealth 2020-21 Budget. It is then forecast to fall to 6¼ per cent in the June quarter 2022. Wage and price growth are expected to remain subdued across the forecast period, reflecting spare capacity in the labour market.

There is substantial uncertainty around the economic outlook, as well as the extent of any longer-lasting economic effects from the pandemic. In Australia, despite a strong economic rebound in late 2020 underpinned by the success of jurisdictions in controlling the spread of the virus, risks remain elevated. In 2021, risks will reflect our ability to contain the virus, and the speed and efficacy of the vaccine rollout. However, recent success in containing the spread of the virus through quick responses across jurisdictions, combined with the imminent and earlier than expected rollout of vaccines, indicates that risks have eased relative to the downside scenarios presented earlier in 2020.

2.4 INTERNATIONAL ECONOMIC OUTLOOK

Globally, the scale and depth of the pandemic continued to spread in 2020 and early 2021. Many countries have reinstated stricter lockdown measures or slowed their re-openings as the pandemic has continued to spread, including as a result of the emergence of more transmissible strains of the virus.

In its January 2021 World Economic Outlook Update, the International Monetary Fund (IMF) revised up its 2021 global economic growth forecast to 5.5 per cent (from 5.2 per cent forecast in October 2020), reflecting a vaccine-powered boost to activity and increased stimulus in some major economies. The 2022 growth projection remains unchanged at 4.2 per cent.

This growth follows the sharp contraction in 2020 estimated at -3.5 per cent, up from a forecast contraction of -4.4 per cent in October, reflecting strong rebounds in consumption and investment across many economies in the September quarter of 2020.

The Organisation for Economic Co-operation and Development (OECD) in its December 2020 update was slightly more pessimistic than the IMF update in January. The OECD, however, notes that prospects for an eventual path out of the crisis have improved reflecting the recent positive news on vaccines. The OECD forecasts world GDP to fall by 4.2 per cent in 2020, followed by a recovery of 4.2 per cent in 2021, and 3.7 per cent in 2022.

Both the IMF and the OECD emphasise the significant uncertainty surrounding their baseline projections as they are based on public health and economic factors that are inherently difficult to predict. The IMF notes that although new restrictions following the surge in infections (particularly in Europe) suggest growth could be weaker than projected in early 2021, other factors would support a more positive outlook.

In terms of downside risks, the path of the pandemic may intensify along with necessary public health responses and associated disruptions to economic activity. Challenges in the deployment of vaccines, possible global spillovers from soft demand, weaker tourism, and lower remittances could see shifts in financial market sentiment that affect global capital flows and interest rates. There remains uncertainty around the damage to supply potential and the international movement of labour.

However, there are also some potential upside risks relating to further favourable progress with vaccines and treatments, which may increase expectations of a faster end to the pandemic, boosting confidence. This could generate stronger consumption, investment and employment recoveries. An extension of fiscal support into 2021 could also lift growth.

Table 2.4.1: Forecasts of global economic growth, percentage change

	2019 Actual	2020 Projection	2021 Projection	2022 Projection
IMF	2.8	-3.5 (-4.4)	5.5 (5.2)	4.2 (4.2)
OECD	2.8	-4.2 (-6.0)	4.2 (5.2)	3.7 (n/a)

Sources: World Economic Outlook Update, IMF, January 2021 and the OECD Economic Outlook, OECD, December 2020.

Note: Numbers in brackets were published in the previous release, OECD forecasts reference the single hit scenario.

CHAPTER 3 BUDGET OUTLOOK

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3.1 BUDGET OUTLOOK

Since the onset of COVID-19 public health restrictions almost twelve months ago, the ACT Government has funded a comprehensive package of health and economic support measures, including a range of new or extended initiatives announced as part of this Budget.

Over that time, and including funding provided in this Budget, we have invested more than \$100 million to strengthen the health system to respond to the pandemic, provide COVID-19 testing sites, increase the availability of mental health services and support the roll-out of COVID-19 vaccinations.

We have also supported vulnerable members of our community by increasing funding for food relief; providing personal protective equipment for people with a disability and community sector providers; supporting rent relief and providing funding for critical ICT needs.

Initiatives, such as Jobs for Canberrans and the Fast-track Infrastructure Program, have created hundreds of essential jobs and provided varied opportunities to local companies. And we have supported businesses through payroll tax waivers and deferrals, waivers of licence fees, residential and commercial rates rebates, and utilities bill rebates.

The provision of these wide-ranging support measures, coupled with reduced own-source revenue collections, has significantly affected our public finances. Running deficits to protect jobs and the community is the appropriate course of action and while it is important to restore the sustainability of the public finances, the return to balance will take some time. Importantly though, economic and financial support to date has helped the ACT community weather the worst impacts of the COVID-19 pandemic, and the current situation and outlook is significantly better than previously anticipated.

Building on this success, the focus of the 2020-21 Budget is firmly on the actions we need to take to rebuild a strong community and local economy. We will do this by providing support for key industries significantly affected by recent events, such as our tourism and higher education sectors; by proceeding with transformative infrastructure and climate change projects that will support jobs today and help create a better future; and by continuing economic and social support for those most in need.

Headline Net Operating Balance

The General Government Sector (GGS) Headline Net Operating Balance (HNOB) is forecast to be in deficit by \$603.1 million in 2020-21. This deficit is \$306.4 million lower than the forecast published in the August 2020 EFU, primarily as a result of higher GST revenue and a stronger than expected housing market resulting in higher dividends and income tax equivalents from the Suburban Land Agency.

Further details are provided in the Revenue chapter (Chapter 3.5) and the Revenue and Expenses section of this Chapter.

Table 3.1.1 provides a summary of total revenue and expenses across the budget and forward estimates, as well as the HNOB.

Table 3.1.1: General Government Sector Headline Net Operating Balance

	2019-20 Budget Review \$m	2019-20 Audited Outcome \$m	2020-21 Budget \$m	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
Revenue	5,768.3	5,604.9	5,981.1	6,171.9	6,330.5	6,560.1
Expenses	6,226.6	6,517.6	6,749.7	6,839.1	6,941.8	7,148.2
Superannuation return adjustment	202.8	231.5	165.6	192.4	205.3	219.0
HEADLINE NET OPERATING BALANCE	-255.6	-681.1	-603.1	-474.7	-406.0	-369.1
Net cash from operating activities	108.3	-104.5	-219.8	22.5	295.6	404.2
Net debt (excluding superannuation)	3,075.5	3,296.7	4,665.0	5,960.6	6,926.7	7,658.6
Net financial liabilities	7,654.7	12,003.2	9,301.8	10,559.7	11,744.9	12,670.2

Note: Numbers may not add due to rounding.

Summary of Movements

Table 3.1.2 shows the variation in the GGS HNOB between the August 2020 EFU and the 2020-21 Budget. Further details of the major technical adjustments are shown in Table 3.1.3.

Table 3.1.2: Summary of movements in the General Government Sector Headline Net Operating Balance

	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
August 2020 Economic and Fiscal Update	-909,543	-670,218	-451,953	-399,728
Revenue¹				
Policy decisions	-4,912	5,497	7,690	3,951
Technical adjustments	406,054	280,385	119,081	142,946
Expenses²				
Policy decisions	-96,218	-62,211	-27,023	-25,534
Technical adjustments	7,607	-36,896	-63,087	-100,661
Superannuation return adjustment	-6,068	8,697	9,287	9,918
2020-21 Budget	-603,080	-474,746	-406,005	-369,108

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.

Table 3.1.3: Summary of Major Technical Adjustments since the August 2020 EFU

	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Revenue¹				
Suburban Land Agency, City Renewal Authority and ICON Water dividends and income tax equivalent	234,394	58,189	-57,966	-34,018
GST revenue	76,857	78,747	94,906	87,527
Other Commonwealth grants	45,502	98,923	53,632	92,977
Taxation revenue	42,964	41,123	24,247	-3,164
Investment income	12,329	19,252	19,148	20,193
Other parameter and technical adjustments	-5,992	-15,849	-14,886	-20,569
Total Revenue – Technical Adjustments	406,054	280,385	119,081	142,946
Expenses²				
Provisions	65,270	-15,588	-56,764	-62,200
Revised funding profiles and rollovers	9,143	-8,236	761	-4,134
Interest expense	-7,510	1,122	7,046	8,751
Commonwealth grants	-31,060	-25,497	-6,960	-26,423
Other parameter and technical adjustments	-28,236	11,303	-7,170	-16,655
Total Expenses – Technical Adjustments	7,607	-36,896	-63,087	-100,661

Notes: Numbers may not add due to rounding.

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

Revenue and Expense

Total revenue in 2020-21 is expected to be \$401.1 million higher than forecast in the August 2020 EFU and \$960.7 million higher over the four years to 2023-24. Significant movements in forecast revenue in 2020-21 and over forward estimates include:

- an increase in dividends and income tax equivalents of \$234.4 million (\$200.6 million over four years) largely due to higher returns expected to be received from the Suburban Land Agency reflecting strong sales activity and forecasts for 2020-21;
- an increase in GST revenue of \$76.9 million (\$338 million over four years) due to an upward revision to the GST pool driven by a sharp rebound in household consumption nationally;
- an increase in taxation revenue of \$49.1 million in 2020-21 largely due to stronger residential conveyance duty and payroll tax as a result of more positive economic activity and employment, and a less significant impact than previously expected on gambling taxes from social distancing measures. An additional \$105.8 million own-source taxation revenue is expected over four years reflecting upward revisions to all major revenue lines other than payroll tax and general rates;

- higher other Commonwealth grants revenue of \$45.5 million (\$291 million over four years), partially offset by higher expenses of \$89.9 million due to the impact of on-passing National Partnership and Specific Purpose Payments to agencies. An additional \$97.1 million is forecast to be received as capital funding for roads; and
- additional investment returns for the Superannuation and Territory Banking Accounts of \$70.9 million over four years largely due to a stronger than expected investment market.

Total expenses in 2020-21 are expected to be \$88.6 million higher than forecast in the August 2020 EFU and \$404.1 million over the four years to 2023-24. Significant movements in expenses in 2020-21 and over the forward estimates include:

- additional funding for initiatives of \$96.2 million in 2020-21 (\$211.0 million over four years). Further information on these initiatives can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2);
- an increase in expenses associated with Commonwealth grants of \$31.1 million (\$89.9 million over four years); and
- revised funding profiles and rollovers of prior year funding for initiatives of \$9.1 million in 2020-21.

These increases are partially offset by a decrease in expenses for the Territory Banking Account largely due to lower interest costs on outstanding borrowings.

Infrastructure

Altogether, the Infrastructure Investment Program amounts to \$914 million in 2020-21 and \$4.3 billion over the four years to 2023-24, the largest ever Infrastructure Investment Program undertaken by the ACT Government.

Significant infrastructure projects include Building Light Rail to Woden and raising London Circuit; the Canberra Hospital Expansion; and the extension of John Gorton Drive and Molonglo River Bridge project; building a new Woden CIT Campus and Interchange; new or expanded public schools including two new high schools and a new primary school in the city's north; and growing and renewing more public housing. Further information on these initiatives can be found in Infrastructure and Capital (Chapter 3.7).

Net Operating Cash balance

Net Operating Cash (Table 3.1.4) 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 revised net operating cash position for the General Government Sector in the 2020-21 Budget is a deficit of \$219.8 million. This compares to the forecast deficit position of \$657.0 million at the time of the August 2020 EFU. This decrease is associated with the improvement in the HNOB position discussed above.

Table 3.1.4: Net Operating Cash

General Government Sector	2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
August 2020 EFU	-104.5	-657.0	-139.7	255.9	269.0
2020-21 Budget	-104.5	-219.8	22.5	295.6	404.2

The Territory's credit rating

On 10 September 2020, our AAA long-term and A1+ short-term local currency credit ratings were reaffirmed by S&P Global Ratings. S&P Global Ratings also maintained the negative long-term rating outlook for the Territory.

The negative outlook reflects that on the Australian sovereign, S&P Global Rating's view is that there are downside risks to the Territory's fiscal recovery if the COVID-19 disruption is more severe or prolonged than S&P Global Ratings, current expectations.

In affirming the AAA credit rating, S&P Global Ratings recognised the negative impact on tax and grant revenues associated with the COVID-19 downturn, and that the ACT Government is providing necessary support to the economy through a significant stimulus program and high levels of infrastructure investment.

S&P Global Ratings has stated that it could lower the Territory's long-term rating during the next two years if the Territory's fiscal and economic recovery underperforms S&P Global Rating's forecasts.

The ACT and the Commonwealth Government remain the only Australian jurisdictions to hold S&P Global Ratings AAA credit ratings. In early December 2020, S&P Global Ratings downgraded New South Wales' long-term rating from AAA to AA plus, while Victoria's was adjusted from AAA to AA.

A strong balance sheet

The strength of the ACT's balance sheet has allowed the Government to respond to COVID-19 in a timely and decisive manner. The Government is focusing on continuing to support the ACT community with investment in hospital facilities and services, schools, transport, and social infrastructure for the future.

The Government will continue to take the opportunity of historically low interest rates to build sustainable, productivity-improving and growth-enabling infrastructure to prepare our city for the future.

Net debt

Net debt is a key balance sheet measure in the Government Finance Statistics. It takes into account gross debt liabilities as well as financial assets such as cash reserves and investments. Compared to the August 2020 EFU estimate of 11.1 per cent, General Government Sector net debt as a percentage of Gross State Product is expected to be 10.9 per cent at 30 June 2021.

Further details can be found at Key Balance Sheet Metrics (Chapter 3.8).

Net financial liabilities

Net financial liabilities are a broad measure of General Government Sector liabilities, including net debt and superannuation liabilities. Net financial liabilities in 2020-21 and the forward estimates have decreased compared to the Economic and Fiscal Update forecast for each year.

Compared to the Economic and Fiscal Update estimate of 22.3 per cent in 2020-21, General Government Sector net financial liabilities as a percentage of Gross State Product are now expected to be 21.7 per cent. This decrease is largely driven by higher dividend payments from the Suburban Land Agency and an upward revision to the GST pool.

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

Net worth

The broadest measure of a jurisdiction's balance sheet is net worth, which measures the total value of all assets less all liabilities. The ACT has positive net worth in 2020-21 equivalent to 38.7 per cent of Gross State Product.

3.2 FISCAL STRATEGY AND POLICY DECISIONS

Fiscal and budget strategy

Throughout the COVID-19 pandemic, the ACT Government has focussed on protecting the health of Canberrans and supporting those businesses and individuals most adversely impacted by COVID-19 and the public health restrictions. A diverse and significant package of initiatives underpinned this response, with the August 2020 EFU outlining the various programs and policies in place across the full spectrum of government services.

The ACT Government remains committed to the health, safety, and prosperity of the community. The 2020-21 Budget provides funding for the continuation of a range of support measures where ongoing assistance is needed. The ACT Government will continue to work with State and Commonwealth counterparts to monitor events and developments and will adjust policy settings as necessary to reflect changes in circumstances.

Our success to date in managing the public health emergency allows us to look forward with confidence; and with the roll-out of the COVID-19 vaccine commencing shortly, our efforts will centre on rebuilding and strengthening our community and economy.

Economic and financial support to date has helped the ACT community weather the worst impacts of the COVID-19 pandemic, and the current situation and outlook is significantly better than previously contemplated. The provision of health and economic support, coupled with reduced own-source revenue collections, has affected public finances and the return to surplus will be a prolonged process. There also remains significant uncertainty, particularly with regards to international borders, and the ongoing role of the public sector to invest.

The financial effects of the economic and social support measures are reflected in the Headline Net Operating Balance (HNOB) deficit, which is anticipated to be \$603 million in 2020-21. Net debt is also expected to rise to \$4.665 billion by June 2021. However, had the Government not taken action, the cost would have been even higher through a more prolonged and severe negative impact to our economy as well as the health and wellbeing of those in our community.

The 2020-21 Budget reinforces the Government's focus on facing the challenges required to restore a strong local economy and to improve our fiscal position. This will be achieved through the roll-out of the COVID-19 vaccine while the Government continues to deliver essential services, protect local jobs, invest in sustainable climate change action measures, drive infrastructure investment and growth, improve housing affordability and enhance transport options through the building of Light Rail Stage 2.

The Government will continue to invest to meet the changing needs of the community and to support those industries disproportionately affected by COVID-19 such as the tourism, hospitality, and the tertiary education sectors.

The Government is committed to:

- supporting the ACT economy to survive and recover from the COVID-19 pandemic;

- restoring public finances, after the impact of COVID-19 has passed, by systematically reducing debt over the long term; and
- strategically investing in infrastructure that improves wellbeing and supports economic growth in the longer term.

The Government remains committed to the principles of good fiscal management:

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

This strategy and set of principles reaffirm the Government's commitment to prioritise support for the ACT economy to weather the effects of COVID-19, while recognising the need for prudent financial management to support intergenerational equity and ensure the wellbeing of Canberrans in the medium to longer term.

Supporting sustainable economic recovery and growth

During the initial stages of the COVID-19 pandemic, the Government's economic and fiscal strategy was to provide significant and immediate financial support to businesses and individuals, to address the public health emergency and manage the significant negative impact on the ACT economy.

The Government continued this strategy in the August 2020 EFU where we invested in health, supporting and protecting employment in the Territory, supporting vulnerable people and providing relief through targeted tax waivers and deferrals for businesses hardest hit by the pandemic. As the Territory shifts its focus to the challenges ahead, the nature of Government support reflects a more positive economic outlook. Accordingly, and as flagged in the August 2020 EFU, the Government's efforts are shifting towards helping business and the community recover and grow rather than survive the pandemic. Nonetheless, continuing Government support will be targeted to those sectors of the economy which are still significantly impacted by the COVID-19 pandemic. This shift is also important in supporting the Government's long-term objective of restoring the Territory to a balanced budget position.

Should the current situation with the COVID-19 pandemic worsen, the Government will act accordingly to fund the appropriate health response and provide additional assistance as required to mitigate the economic impact on the community.

The Government is also supporting economic growth by delivering on a number of its 2020 Election commitments and priorities outlined in the Parliamentary and Governing Agreement for the 10th ACT Legislative Assembly.

Sound public finances

Through increased and efficient expenditure, regulatory and tax reforms, and continued support for local jobs and vulnerable Canberrans, the ACT Government has placed the Territory in a position from which it can grow strongly again.

The COVID-19 pandemic significantly affected the Government's ability to generate own-source revenue, and as such, the Territory's return to a net operating balance will be managed over the longer term. The Government expects the budget will remain in deficit over the forward estimates period and that gross debt is expected to increase over the next four years.

The Government recognises the importance of budget repair and its fiscal and budget strategy for the medium to long term remains focused on restoring public finances and reducing net debt.

The Government also recognises the importance of continuing to enhance and improve our Territory. For these reasons, the Government will continue to make sound policy decisions to support our progressive and expanding city. In the short term, the need to continue supporting targeted industries is paramount to ensure they continue to prosper. This Government has demonstrated agility by responding to emerging needs and the community has benefited from flexibility in investment choices.

In addition, the Government is aware of the disproportionate intergenerational impact that downturns have on the prospects of young people. Therefore, while reducing debt over the medium to long term remains important, investment in skills development and ensuring economic opportunities for young people is just as important for ensuring intergenerational equity.

Strategic investment

Good fiscal management also needs to align with addressing immediate and future challenges, which is why the ACT Government has committed to leading by example and addressing climate change and will continue to build on our achievement of 100 per cent renewable electricity as we transition to net zero emissions by 2045. Support to Canberra households during the transition include zero-interest loans through the Sustainable Household Scheme and two years free vehicle registration for zero emission vehicles.

With an international travel ban still in place for most travel, the local tourism industry continues to be impacted by the COVID-19 pandemic. Therefore, the Government has strengthened its investment in promoting Canberra as a prime domestic travel destination with the marketing campaign *More Than*, which signals to the rest of Australia that Canberra is a safe place to visit where you always get more than what you came for.

Canberrans need to feel safe, deserve to be treated with dignity, housed in suitable places to live, and provided access to employment opportunities. This is why the Government will invest in social housing by renewing existing, as well as building new public housing. The Government will also provide further funding to support homelessness services for people sleeping rough and those experiencing domestic violence at home.

Infrastructure investment has been crucial to the local economy during the pandemic, the Government has kept people employed and ensured the needs of the Territory are delivered. Historically low interest rates have provided a rare opportunity to invest in productive infrastructure, which is also a key element of supporting economic development.

Priority projects for the Government include progressing Light Rail Stage 2, the Canberra Hospital Expansion, the new CIT Woden Campus, additional walk-in centres, and building new and expanding schools in Gungahlin for current and future generations.

Within this infrastructure investment, the priority will be projects that improve wellbeing in the longer term – the choice of projects will therefore be informed by rigorous analysis, including use of the Government’s Wellbeing Framework to identify priority areas for investment.

Tax reform

The ACT Government is continuing to implement our nation-leading tax reform program that commenced in 2012.

While the impact of the COVID-19 pandemic on own-source revenues has not been as severe as previously expected, there remains ongoing weakness in some of our revenue bases. The pandemic has also emphasised the need to continually improve the efficiency and productivity of the economy to support economic growth. In this environment, it is vital we continue to raise revenue in the most efficient, fair, simple, and sustainable way and provide a stable source of funding to deliver services to the community.

Other jurisdictions are also looking to improve the equity and efficiency of their tax systems, including through property tax reforms similar to those in the ACT, by phasing out inefficient and inequitable transaction taxes, such as conveyance (stamp) duty and insurance duty and replacing them with more equitable and efficient revenue levied through a broad-based land tax (general rates in the ACT).

Tax reform to date

Every year since 2012-13, the proportion of insurance and stamp duty removed and replaced by general rates has grown. Insurance duty was fully abolished by 2017, while stamp duty is being phased out gradually over time to minimise transitional impacts. By 2019-20, 51 per cent of insurance and stamp duty previously collected had been replaced with general rates.

To date tax reform has delivered stamp duty charges that are significantly lower than the national average for most residential properties in the ACT, and the lowest of all jurisdictions except Queensland’s rate for owner-occupied properties.

In addition to across the board reductions in stamp duty, the Government is also reducing or eliminating stamp duty for cohorts of homeowners:

- First home buyers with a household income under \$160,000 pay no duty on the purchase of their home, whether the home is new or existing, and regardless of the purchase price.
- Eligible pensioners pay no or reduced stamp duty enabling them to move to accommodation more suited to their needs – for example, moving from a house to a townhouse.
- Owner-occupiers are benefitting from temporary stamp duty concessions for new land and off-the-plan unit purchases as part of our COVID-19 pandemic economic recovery initiatives to support the residential construction and housing sector.

Last year, as part of the August 2020 EFU, the Government published a detailed analysis of the impacts of tax reform on Canberra's economy, our revenue base and Canberrans across the income distribution. This work confirmed the reform program was delivering the expected benefits of a more efficient, fair, stable, and sustainable tax system without collecting any more revenue than would otherwise have been the case.

Increasing economic efficiency

The tax reform program has improved the efficiency of the ACT's tax system by reducing the impact of stamp duty on people's willingness to purchase properties. More residential housing transactions have occurred over the reform period than would otherwise have been the case.¹

The tax reform program has also increased real Gross State Product, household consumption and investment in every year, with the increases growing over time. In addition, employment and real wages have increased over the reform period.²

Fairness

Through tax reform, all taxpayers, not just the small proportion of households that move each year, are contributing to the funding of services for the community.

The shift to general rates also ensures that all households are contributing to the cost of services as fairly as possible as it is based on the current value of the land they own – the best proxy we have to estimate the wealth of a household. In addition, the general rates system is now more progressive with lower income and wealth households paying a lower proportion of total residential general rates revenue.

A significant barrier for those who want to enter the property market and transition from renting to owning is also being progressively removed. The increased purchasing power due to lower stamp duty is helping home buyers to purchase properties better suited to their needs that may have otherwise been out of reach. In particular, tax reform has made home ownership more accessible for lower wealth households and first home buyers.³

Residential stamp duty is also more progressive as a result of tax reform, with lower income households paying a lower proportion of total stamp duty revenue.⁴

Stable and sustainable

Prior to tax reform there was significant volatility in the ACT's revenue base, with conveyance duty revenues, which made up a significant proportion of revenue, frequently falling from the previous year's level.

¹ National Centre for Social and Economic Modelling and the Tax and Transfer Policy Institute, 2020, Analysis of the Impacts and Outcomes of the ACT Tax Reform Program.

² Centre of Policy Studies, 2020, The Economic and Efficiency Impacts of Altering Elements of the ACT's Tax Mix.

³ National Centre for Social and Economic Modelling and the Tax and Transfer Policy Institute, 2020, Analysis of the Impacts and Outcomes of the ACT Tax Reform Program.

⁴ Ibid.

By contrast, general rates are a stable and predictable source of revenue for the Government to sustainably fund essential services for the community and cushion the impact of economic shocks on revenue – allowing the Government to respond to crises, as we have through the additional concessions and other support measures we have provided to households and local businesses during the COVID-19 pandemic.

It is also a more stable and predictable tax contribution for taxpayers enabling them to plan around their tax liability with confidence.

Changing the tax mix, not the amount of revenue raised

Through tax reform we are distributing tax fairly and minimising economic costs; we are not changing how much tax revenue is collected to fund government services. Settings are designed to be revenue neutral.

Over the first eight years of tax reform, combined tax revenue from stamp duty, insurance duty, commercial land tax and general rates has been broadly revenue neutral, being slightly more (0.8 per cent) than it would have been without tax reform.⁵

Wellbeing Framework

Canberrans know that we reside in a liveable city and as a community we have shown strong resilience in the face of the COVID-19 pandemic. Our Wellbeing Framework will measure our progress over time in building those aspects of life that Canberrans told us most matter to them.

The Government of the 10th Legislative Assembly is focussed on improving wellbeing for all Canberrans by ensuring that the way we go about forming government budgets, taking key decisions and reporting on outcomes, will all have regard to the factors that add to the quality of life of Canberrans.

As we move forward to the 2021-22 and future budgets, the Wellbeing Framework will be the guiding platform by which new policy development, new programs and initiatives and future budget decisions will be considered and assessed. We will explicitly consider the wellbeing attributes of proposals brought before the Government for decision. More broadly, generating a culture that focuses on what matters to people, having a good quality of life, and questioning how people may be impacted will be at forefront of the Government's future decision making.

The aim of embedding wellbeing into government processes and the processes of community organisations is to make sure Canberrans have access to the policy settings, supports and services that will enable them to live their best lives. Our Wellbeing Framework was developed with the community and so community engagement is paramount in determining how we identify and address areas of need.

⁵ Over the first seven years, actual revenue was slightly less (1.3 per cent) with tax reform than without tax reform, ACT Government, 2020, Revenue Neutrality of Tax Reform.

New policy decisions

Alongside the ongoing COVID-19 support measures and funding for the roll-out of vaccinations, the 2020-21 Budget includes funding for many of the significant priorities outlined in the Parliamentary and Governing Agreement for the 10th ACT Legislative Assembly. These items are both important to the rebuilding of our economy in the short-term, and investments in Canberra's longer-term future.

Significant initiatives announced in the 2020-21 Budget include:

- funding to support the ongoing public health response to COVID-19, deliver vaccinations, and continue a range of economic support measures;
- the Big Canberra Battery, Vulnerable Household Energy Support and Sustainable Household Scheme which will assist the transition of Canberra households to clean energy, while at the same time providing sustained economic stimulus to local businesses;
- the allocation of \$176 million, jointly funded by the Commonwealth Government, to extend John Gorton Drive, including constructing a bridge across the Molonglo River;
- a new high school in Taylor and the expansion of the Margaret Hendry primary school in Taylor;
- assistance for the higher education and tourism sectors to ensure that these industries, which have been integral to the diversification of the ACT economy and have been heavily impacted by COVID-19, continue to prosper into the future; and
- additional funding for housing and homelessness services and a range of Aboriginal and Torres Strait Islander programs, including commencing work on the Healing and Reconciliation Fund, to make our community fairer and more caring.

In total, new policy decisions total \$298.7 million in expenses and \$447.0 million in capital across the budget and forward estimates, including \$132.7 million in expenses and \$42.9 million in capital in 2020-21. These amounts are partially offset by existing provisions, offsets, savings, and revenue.

Table 3.2.1 Financial impacts of new policy decisions

	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Expenses					
Expenses	125,889	61,748	35,851	32,472	255,960
Expense provisions	0	19,336	1,043	744	21,123
Revenue forgone	6,794	2,411	1,261	2,838	13,304
Depreciation	0	1,154	2,830	4,348	8,332
Total Expenses	132,683	84,649	40,985	40,402	298,719
<i>Offset by</i>					
Health Funding Envelope	0	5,915	5,432	5,560	16,907
Expense offsets	22,753	8,776	7,269	6,470	45,268
Savings	6,918	5,336	0	0	12,254
Revenue	1,882	7,908	8,951	6,789	25,530
Total offsets	31,553	27,935	21,652	18,819	99,959
Net cost of services	101,130	56,714	19,333	21,583	198,760
Capital works					
Capital	42,911	137,175	116,379	82,650	379,115
Capital provisions	0	21,969	22,969	22,968	67,906
Total capital	42,911	159,144	139,348	105,618	447,021
<i>Offset by</i>					
Capital offsets	129	3,745	6,719	9,692	20,285
Capital offset provisions	763	30,602	82,172	81,200	194,737
Total capital offsets	892	34,347	88,891	90,892	215,022
Net capital	42,019	124,797	50,457	14,726	231,999

Table 3.2.2 below details the headline figures for each new policy initiative, and for ease of reading the table is grouped by the lead agency responsible for program delivery. Further financial details and descriptions of each initiative's intended outcomes are found later in the chapter.

Table 3.2.2 Detailed initiatives by lead agency

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Chief Minister, Treasury and Economic Development Directorate						
ACT Hardship Fund	Net cost	-500	0	0	0	-500
Affordable Rental Incentive for private landlords	Net cost	0	0	0	0	0
Better Regulation Taskforce	Net cost	124	143	62	0	329
Big Canberra Battery ²	Net capital	NFP	NFP	NFP	NFP	NFP
Big Canberra Battery ²	Net cost	250	1,539	NFP	NFP	1,789
Choose CBR program	Net cost	2,000	0	0	0	2,000
Climate Action – Office of the Co-ordinator General	Net cost	300	615	0	0	915
Commercial rates – rental relief and owner-occupier rebate scheme – extension	Net cost	1,400	0	0	0	1,400
Concessional loans framework	Net cost	162	328	335	0	825

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Continuing Government Services – Compensating for loss of own-source revenue due to COVID-19 ¹	Net cost	22,090	0	0	0	22,090
Expanded Cabinet – 10 th Legislative Assembly ¹	Net cost	906	1,401	1,436	1,472	5,215
Fee reduction – 15 month waiver for food business registration and outdoor dining fees; and reducing liquor licensing fees by 50 per cent for an additional 12 months	Net cost	474	1,776	0	0	2,250
Gungahlin District Tennis Centre – Design	Net capital	300	200	0	0	500
Jobs for Canberra Fund – expansion	Net cost	1,000	0	0	0	1,000
JobTrainer Program	Net cost	0	0	0	0	0
Knowledge Capital – future jobs fund	Net capital	0	5,000	0	0	5,000
Knowledge Capital – future jobs fund	Net cost	2,164	2,000	0	0	4,164
Knowledge Capital – Payroll Tax Deferrals for Universities	Net cost	11	67	75	75	228
Knowledge Capital – Vocational Education and Training Programs	Net cost	1,313	674	0	0	1,987
Lease Variation Charge remission – extension	Net cost	1,750	0	0	0	1,750
Marketing Canberra as a COVID-safe destination for domestic travellers	Net cost	750	1,750	1,000	0	3,500
Modernising birth registrations ¹	Net cost	856	507	0	0	1,363
Office of the Co-ordinator General for the Whole of Government (Non-Health Response to COVID-19) ¹	Net cost	0	0	0	0	0
Payroll tax exemptions for new apprentices and trainees – extension	Net cost	0	0	0	0	0
Payroll tax – interest-free deferrals for businesses with payroll under \$10 million	Net cost	0	0	0	0	0
Payroll tax – waiver of payroll tax for severely impacted business operations - extension	Net cost	~	~	~	~	0
Phase 3 – Expansion of minor capital works projects	Net capital	7,900	0	0	0	7,900
Phase 3 – Expansion of minor capital works projects	Net cost	2,100	0	0	0	2,100
Planning for a permanent home for Dragon Boating	Net capital	250	150	0	0	400
Rental relief – ACT Government properties – extension	Net cost	2,647	0	0	0	2,647

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Repairing Gungahlin Leisure Centre	Net cost	NFP	NFP	0	0	NFP
Reportable Conduct Scheme	Net cost	0	0	15	30	45
Residential tenancy relief – extension	Net cost	900	300	0	0	1,200
Supporting high intensity club users of non-potable water	Net cost	330	0	0	0	330
Supporting public pool operators	Net cost	NFP	0	0	0	NFP
Sustainable Household Scheme ²	Net capital	7,996	27,555	24,581	21,608	81,740
Sustainable Household Scheme ²	Net cost	2,329	7,850	6,556	5,770	22,505
Upgrading cyber security responses	Net capital	0	273	0	0	273
Upgrading cyber security responses	Net cost	477	706	743	753	2,679
Community Services Directorate						
Building facilities for Gugan Gulwan Youth Aboriginal Corporation	Net capital	175	250	0	0	425
Canberra Relief Network (CRN) extension	Net cost	52	0	0	0	52
Healing and Reconciliation Fund – Establishment	Net cost	144	173	0	0	317
Implementation of Our Booris, Our Way recommendations	Net cost	472	1,477	1,445	1,463	4,857
More frontline domestic violence and rape crisis services	Net cost	105	0	0	0	105
Refugee, Asylum Seeker and Humanitarian program – extension	Net cost	100	0	0	0	100
Supporting new parents experiencing domestic and family violence	Net cost	159	0	0	0	159
Technology Upgrade Fund for the Community Sector	Net cost	350	350	350	350	1,400
Cultural Facilities Corporation						
Cultural Facilities Corporation – extension of financial support	Net cost	1,000	0	0	0	1,000
Education Directorate						
ACT Early Childhood Strategy – Building on the 2019-20 Foundation	Net cost	0	0	0	0	0
Schools for our growing city – Kenny High School ¹	Net capital	1,000	5,000	18,410	0	24,410
Schools for our growing city – Kenny High School ¹	Net cost	0	195	1,344	2,718	4,257
Schools for our growing city – North Gungahlin High School	Net capital	0	NFP	NFP	NFP	NFP
Schools for our growing city – North Gungahlin High School	Net cost	2,000	0	0	0	2,000

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Schools for our growing city – North Gungahlin primary school capacity	Net capital	0	NFP	NFP	NFP	NFP
Schools for our growing city – North Gungahlin primary school capacity	Net cost	1,000	0	0	0	1,000
Teacher Librarian Scholarships ²	Net cost	222	222	222	222	888
Environment, Planning and Sustainable Development Directorate						
Biosecurity response to the La Nina weather pattern in 2020-21	Net cost	626	0	0	0	626
Clean Catchments, Clean Waterways	Net capital	1,217	0	0	0	1,217
Clean Catchments, Clean Waterways	Net cost	321	0	0	0	321
Community Club Building Energy Efficiency Upgrade Fund ²	Net capital	0	632	632	631	1,895
Community Club Building Energy Efficiency Upgrade Fund ²	Net cost	0	618	618	619	1,855
Delivering Environmental Offsets	Net cost	199	0	0	0	199
Lathlain Street Precinct – Planning	Net cost	175	0	0	0	175
Ngunnawal Rangers Program	Net cost	292	701	719	736	2,448
Phasing out fossil fuel gas in the ACT and supporting energy grid stability	Net cost	213	379	131	132	855
Replacing ACT Parks and Conservation Services radios	Net capital	800	0	0	0	800
Replacing ACT Parks and Conservation Services radios	Net cost	0	114	114	114	342
Supporting our heritage – Funding for the National Trust and upgrading the Heritage Council database and website	Net capital	60	193	247	0	500
Supporting our heritage – Funding for the National Trust and upgrading the Heritage Council database and website	Net cost	75	150	150	250	625
Vulnerable Household Energy Support ²	Net capital	0	12,337	12,337	12,337	37,011
Vulnerable Household Energy Support ²	Net cost	219	125	125	125	594
Zero Emissions Vehicles – Two years free registration	Net cost	120	535	1,461	3,038	5,154
Zero Emissions Vehicles – Supporting Infrastructure and Industry Development	Net cost	151	1,879	315	319	2,664
Health Portfolio Agencies						
Adolescent Mobile Outreach Service Continuation	Net cost	0	0	0	0	0

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Calvary Public Hospital additional services	Net cost	6,534	0	0	0	6,534
COVID-19 Public Health Response ¹	Net cost	15,697	10,820	0	0	26,517
COVID-19 Public Health Response – Vaccination Program	Net capital	4,485	0	0	0	4,485
COVID-19 Public Health Response – Vaccination Program	Net cost	8,262	10,858	668	673	20,461
Expanding mental health support and services	Net cost	1,949	0	0	0	1,949
Expanding the Police, Ambulance and Clinician Early Response (PACER) service	Net cost	1,934	0	0	0	1,934
Imaging services at the Weston Creek Walk-in Centre	Net capital	660	5,010	0	0	5,670
Imaging services at the Weston Creek Walk-in Centre	Net cost	0	745	2,592	2,636	5,973
Investigating insourcing options	Net cost	145	0	0	0	145
Palliative Care ACT Respite Hub pilot	Net cost	300	0	0	0	300
Upgrade and refurbishment of buildings at Canberra Hospital	Net capital	0	0	0	0	0
Upgrade and refurbishment of buildings at Canberra Hospital	Net cost	0	0	0	441	441
Walk-in health centre – Coombs pilot	Net capital	250	0	0	0	250
Walk-in health centre – Coombs pilot	Net cost	0	25	25	25	75
Walk-in health centres – Planning and feasibility	Net cost	542	1,458	0	0	2,000
Housing ACT						
Aboriginal and Torres Strait Islander housing	Net cost	375	382	394	406	1,557
Early Morning Centre – Services seven days a week	Net cost	50	250	0	0	300
Expanding specialist homelessness services capacity	Net cost	377	821	0	0	1,198
Funding advocacy for the community and social housing sector	Net cost	50	250	200	200	700
Increased support for emergency accommodation	Net cost	150	300	0	0	450
Independent Competition and Regulatory Commission						
Better energy deals for consumers	Net cost	0	0	0	0	0

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Justice and Community Safety Directorate						
AMC Reintegration Centre – Soil rectification contingency	Net capital	1,754	3,870	0	0	5,624
AMC Reintegration Centre – Soil rectification contingency	Net cost	0	82	141	141	364
Community Clubs Ministerial Advisory Council	Net cost	249	489	502	515	1,755
Enhancing administration of the Victims of Crime Financial Assistance Scheme	Net cost	130	399	0	0	529
Gaming Machine Authorisation Surrender Incentive – extension	Net cost	0	0	0	0	0
Increased Magistrates Court resourcing	Net cost	0	0	0	0	0
Management and remediation of firefighting substances at Fire Stations	Net cost	1,452	797	0	0	2,249
Relocating ACT Policing’s Traffic Operations Centre	Net capital	NFP	NFP	NFP	NFP	NFP
Relocating ACT Policing’s Traffic Operations Centre	Net cost	NFP	NFP	NFP	NFP	NFP
Major Projects Canberra						
Cladding rectification – ACT Government Owned Buildings	Net cost	-300	0	300	0	0
Light Rail Stage 2 – Assessment of Mawson Viability	Net cost	1,269	0	0	0	1,269
Light Rail Stage 2 – Commonwealth Avenue and London Circuit Intersection	Net capital	1,472	-2,103	0	0	-631
Light Rail Stage 2 – Commonwealth Avenue and London Circuit Intersection	Net cost	631	0	0	0	631
Public Trustee and Guardian						
More support for the Public Trustee and Guardian	Net cost	-94	-96	-99	-101	-390
Transport Canberra and City Services Directorate						
Ensuring uninterrupted power supply to traffic lights	Net capital	250	250	250	150	900
Ensuring uninterrupted power supply to traffic lights	Net cost	0	8	20	32	60
Fast tracking bulky waste collection services	Net cost	-456	240	-53	-356	-625
Feasibility and design studies for community infrastructure and upgrades	Net cost	2,520	0	0	0	2,520

Initiative title (by agency)	Net Cost of Services/Net Capital	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000	Total Estimate \$'000
Improving road safety through Mobile Device Detection Cameras ¹	Net cost	936	-3,332	-4,779	-2,514	-9,689
John Gorton Drive and Molonglo River Bridge Crossing ²	Net capital	3,000	41,200	-16,000	-30,000	-1,800
Monaro Highway upgrades ²	Net capital	0	0	0	0	0
Parkes Way Early works	Net cost	1,000	2,700	1,300	0	5,000
Planning and design for a zero emissions bus network	Net capital	500	300	NFP	0	800
Road and community infrastructure ¹	Net capital	1,750	6,680	0	0	8,430
Road and community infrastructure ¹	Net cost	5,370	2,787	311	388	8,856
Road improvements for Canberra's south-west	Net capital	0	4,000	10,000	10,000	24,000
Road safety improvements	Net capital	6,000	6,000	0	0	12,000
Road safety improvements	Net cost	0	150	360	480	990
Upgrading an intersection on Owen Dixon Drive	Net capital	2,000	8,000	0	0	10,000
Upgrading an intersection on Owen Dixon Drive	Net cost	0	0	233	433	666
WorkSafe ACT						
Implementing the Labour Hire Licensing Scheme	Net capital	200	0	0	0	200
Implementing the Labour Hire Licensing Scheme	Net cost	230	7	2	-3	236

Notes:

1. This initiative is delivered by multiple agencies.
2. This initiative has funding beyond the forward estimates.

New initiatives explained

The following section contains detailed descriptions for each initiative funded through the 2020-21 Budget, grouped by agency or agency group in the case of health initiatives. If an initiative has financial impacts across multiple agencies, the description is included in the lead agency section but outlines the financial impacts for supporting agencies.

The tables demonstrate the financial impacts to government of providing the services. The following information explains the treatment of each category within the tables:

- Items that represent financial outflows/investments from government include capital, expenses, expense provisions, revenue forgone and depreciation impacts. Increases in these items are presented as positive numbers, representing a cost to government of providing these services.
- Offsets, which represent a positive impact to government, are displayed as negative numbers as offsets reduce the cost to government of providing services.
- Savings and revenue items provide a positive impact to government. For ease of reading, increases in these items are presented as positive numbers.

The net cost of services line is calculated by adding all the expenses, expense provisions, revenue forgone, and depreciation components, less any expense offsets, savings or revenue. Where this number is a positive it reflects an overall cost to government of providing the service, and where it is a negative it represents an overall financial benefit to government. The net cost of services line is only included where there are multiple expense impacts.

Capital, capital provisions and capital offsets are not summed into the *net cost of services* line.

Not for Publication (NFP) is used where the publication of detailed financial information could impact on the government's ability to achieve value for money in the market, or where annual funding profiles are yet to be determined.

CHIEF MINISTER, TREASURY AND ECONOMIC DEVELOPMENT DIRECTORATE

ACT Hardship Fund

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Savings	500	0	0	0	500

The Government will extend the ACT Hardship Fund program to 30 June 2021, with total funding reducing from \$1.250 million to \$750,000 which is sufficient to address applications to 30 June 2021, including if COVID-19 cases surge.

The ACT Hardship Fund was established to provide financial assistance to individuals who are unable to work as a result of being tested for, or contracting, COVID-19 and are ineligible for other forms of support. Payments of up to \$1,500 are available on application for those experiencing financial hardship to help protect our community and most vulnerable Canberrans.

Affordable Rental Incentive for private landlords

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	0	0	0	0	0

The Government will increase the cap on the number of properties that can access assistance under the Affordable Community Housing Land Tax Exemption – Pilot, from 125 to 250 properties. The scheme offers landlords a land tax exemption if they rent their properties at below 75 per cent of the market rate through an eligible Community Housing provider. Extending the pilot scheme will support Canberrans looking for affordable rental opportunities.

The increase in the cap on the number of properties is expected to be covered from existing funding allocated to the scheme.

Better Regulation Taskforce

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	514	936	863	0	2,313
Offset – Expenses	-390	-793	-801	0	-1,984
Net cost of services	124	143	62	0	329

The Government will establish a Better Regulation Taskforce to review the current business environment in the ACT and begin pursuing reforms to support Canberra's recovery from the COVID-19 pandemic and long-term economic growth. The Taskforce will also lead the ACT's contribution to nation-wide regulatory reforms.

Resources from the existing Regulatory Reform Team will be reprioritised to support the Better Regulation Taskforce.

Big Canberra Battery

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	NFP	NFP	NFP	NFP	NFP
Expenses	250	1,539	0	0	1,789
Expenses – Provision	NFP	NFP	NFP	NFP	NFP

The Government will invest \$100 million over the next five years to deliver at least 250 megawatts of new 'large-scale' battery storage system capacity across the ACT, to increase energy security and reliability for Canberrans.

The Government is providing \$1.8 million in 2020-21 and 2021-22 to undertake detailed design work for the project, with construction expected to commence in 2022-23.

Choose CBR program

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,000	0	0	0	2,000

The Government will deliver a second round of the *Choose CBR* digital voucher program. The program provides customers with online unique daily discount codes for use at eligible Canberra businesses.

Climate Action – Office of the Co-ordinator General

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	394	808	0	0	1,202
Offset – Expenses	-94	-193	0	0	-287
Net cost of services	300	615	0	0	915

The Government will establish the Office of the Co-ordinator General for Climate Action within the Chief Minister, Treasury and Economic Development Directorate (CMTEDD). Establishing this Office will support the coordination and successful delivery of the Government's climate action agenda. This will be partially offset by a reprioritisation of existing resources within CMTEDD.

Commercial rates – rental relief and owner-occupier rebate scheme – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue forgone	1,400	0	0	0	1,400

The Government will extend rates relief to commercial landlords who, consistent with the National Cabinet Mandatory Code of Conduct, negotiate in good faith to reduce rent for tenants affected by COVID-19, until 31 January 2021. Commercial property owners who operate businesses from premises they own will also be eligible for assistance if they have been negatively affected by COVID-19, until 31 January 2021.

Extending this measure to align with the end date of the Code will ensure that the Government shares some of the burden with businesses that continue to provide rent reductions in good faith in accordance with the Code or that have suffered reductions in businesses income.

Assistance for owners of properties with an AUV of \$2 million or below is based on the significance of the impact on their tenants using a tiered category system. Relief for owners of properties with an AUV above \$2 million are considered on a case-by-case basis.

Eligible business can apply via the [ACT Revenue Office Website](#) (under the *Commercial Property Owners* section). The Government will accept applications until 31 March 2021.

Concessional loans framework

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	162	328	335	0	825

The Government will provide resourcing to develop and implement the concessional loans framework, including for the Sustainable Household Scheme. The framework will guide the establishment, structure, and management of all government concessional loan schemes.

Continuing Government Services – Compensating for loss of own-source revenue due to COVID-19

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	22,090	0	0	0	22,090

The Government will continue to support delivery of services to the community in 2020-21, by assisting agencies experiencing cost pressures and reductions to own-source revenue as a result of COVID-19, through measures including:

- supporting Events ACT with the continued delivery of events which include COVID-safe measures;
- providing Transport Canberra and City Services Directorate (TCCS) and Transport Canberra Operations additional support for reduced fares and fee revenue;
- providing CMTEDD additional support for Government shopfronts to provide a safe environment for ACT Government staff and the community;
- supporting Venues Canberra amidst ongoing cancellations and limited venue capacity; and
- offsetting lost revenues for the Canberra and Region Visitors Centre, due to the impact of COVID-19 on local tourism.

Expanded Cabinet – 10th Legislative Assembly

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – ACT Executive	1,199	1,794	1,826	1,859	6,678
Expenses – CMTEDD	123	252	255	259	889
Offset – Expenses	-416	-645	-645	-646	-2,352
Net cost of services	906	1,401	1,436	1,472	5,215

The Government will provide resourcing to CMTEDD and the ACT Executive for the appointment of an additional Minister for the 10th Legislative Assembly and associated support staff. The costs of this initiative will be partly offset through the transfer of \$2.352 million from the Office of the Legislative Assembly.

Fee reduction – 15 month waiver for food business registration and outdoor dining fees; and reducing liquor licencing fees by 50 per cent for an additional 12 months

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue forgone	474	1,776	0	0	2,250

The Government will extend the food business registration fee waiver provided as part of the COVID-19 Economic Survival Package for a further year until 31 March 2022. The outdoor dining permit fee waiver will also be extended for a further year until 30 June 2022.

The Government will also reduce liquor licencing fees by 50 per cent for one year from 1 April 2021 for “on liquor” and “general liquor” licensed venues.

Gungahlin District Tennis Centre – Design

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	300	200	0	0	500

The Government will complete detailed planning and design work for a new district tennis centre in Gungahlin.

Jobs for Canberra Fund – expansion

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,000	0	0	0	1,000

The Government will extend short-term contracts for critical positions currently supported through the Jobs for Canberrans Fund.

The Government established the Jobs for Canberrans Fund to allow the ACT Public Service to employ additional workers on short-term contracts to help deliver projects and programs of benefit to the Canberra community during the COVID-19 pandemic.

JobTrainer Program

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	13,869	2,285	559	36	16,750
Offset – Expenses – Provision	-13,869	-2,285	-559	-36	-16,750
Net cost of services	0	0	0	0	0

The Government will implement the JobTrainer Fund, which will fund free training places for job seekers, school leavers and young people in areas of skills need or employment growth. The JobTrainer Fund is part of a \$1 billion national initiative between the Commonwealth, states and territories to support individuals into employment as Australia emerges from the COVID-19 pandemic.

The costs of this proposal are offset through a provision created in the August 2020 EFU. The provision includes a Commonwealth contribution to the costs of the initiative in the ACT.

Knowledge Capital – future jobs fund

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	5,000	0	0	5,000
Expenses	2,164	0	0	0	2,164
Expenses – Provision	0	2,000	0	0	2,000
Net cost of services	2,164	2,000	0	0	4,164

The Government will establish a Future Jobs Fund, providing grants to support economic recovery in the ACT. The focus of the grants will be on saving and creating jobs in the tertiary education, research and growth industry sectors. Funding will be provisioned in 2021-22 to expand the program, informed by the evaluation of existing programs and the outcomes of the first phase of grants provided in 2020-21.

The provisioned funding in 2021-22 will be used to provide a combination of grants, repayable grants, guarantees, convertible notes or equity injections to projects or proposals that protect or create new jobs in universities and the private sector.

Knowledge Capital – Payroll Tax Deferrals for Universities

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	11	67	75	75	228

The Government will provide universities liable for payroll tax in the ACT an opportunity to defer up to 18 months of payroll tax from 1 January 2021, with an option to extend to 24 months, capped at \$10 million per university. These deferrals will be subject to a concessional interest rate and are expected to be repaid by 30 June 2027 at the latest. The deferrals will be provided on a case-by-case basis where there is a demonstrated need for support.

The expense component of this item relates to financing costs.

Information on the application process can be found at the [ACT Revenue Office website](#).

Knowledge Capital – Vocational Education and Training Programs

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,313	674	0	0	1,987

The Government will support Skills Canberra to deliver the new national partnership agreements on JobTrainer, Infection Control Training, and the Australian Apprenticeships and Skilled Capital programs. This funding will support the Government's intention to provide job security during the ongoing COVID-19 health emergency and assist in the ACT's economic recovery.

Lease Variation Charge remission – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue forgone	1,750	0	0	0	1,750

The Government will extend the COVID-19 Construction and Jobs Growth Lease Variation Charge (LVC) Remission, at a lower rate, until 30 June 2021. The remission of 25 per cent of LVC payable on eligible developments will apply where an application to enter the LVC deferred payment scheme is made between 23 December 2020 and 30 June 2021, and construction commences by 30 September 2021.

The revised cost of this measure is estimated to be \$5.25 million, which increases revenue forgone by \$1.75 million.

Marketing Canberra as a COVID-safe destination for domestic travellers

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	750	1,750	1,000	0	3,500

The Government will expand its marketing of Canberra as a tourism destination. The additional investment will supplement Visit Canberra's existing marketing activities and focus on an extending domestic market reach within New South Wales, Queensland and Victoria, to help the ACT's tourism sector recover from the bushfires, hailstorm and the COVID-19 pandemic.

In addition, the Government will provide direct finance to businesses to help develop COVID-safe tourism in the ACT. Matched funding will be provided to applicants who can demonstrate they will undertake new investments that will result in a positive return to the Territory.

Modernising birth registrations

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – CMTEDD	303	187	0	0	490
Expenses – ACT Health Directorate	553	320	0	0	873
Net cost of services	856	507	0	0	1,363

The Government will provide support for the ACT to work with the Commonwealth and lead the Birth of a Child pilot, under which newborn enrolment and birth registration processes will be made easier for parents by automating the provision of information between hospitals and government.

The Birth of a Child pilot will connect systems within Access Canberra and ACT Health to systems within Services Australia.

Office of the Co-ordinator General for the Whole of Government (Non-Health Response to COVID-19)

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	681	0	0	0	681
Offset – Expenses	-681	0	0	0	-681
Net cost of services	0	0	0	0	0

The Government has established the Office of the Co-ordinator General for the Whole of Government (Non-Health) Response to COVID-19 to assist in coordinating non-health related processes and actions in response to the COVID-19 emergency. The cost of this initiative will be met by all directorates.

Payroll tax exemptions for new apprentices and trainees – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	0	0	0	0	0

The Government will extend the COVID-19 payroll tax exemption for wages paid to new apprentices or trainees employed after 1 August 2020 from the start of employment until 30 June 2021.

Businesses are expected to self-assess their eligibility for this exemption and lodge their payroll tax returns accordingly.

The extension of the measure is expected to be covered through existing funding outlined in the August 2020 EFU.

Payroll tax – interest-free deferrals for businesses with payroll under \$10 million

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	0	0	0	0	0

The Government is providing all ACT businesses with group Australia-wide wages of up to \$10 million the option to defer their 2020-21 payroll tax, interest free, until 1 July 2022. Businesses need to complete a simple online application form to confirm their eligibility.

Eligible businesses can apply via the [ACT Revenue Office website](#).

The financing costs and details of this measure remain unchanged from those outlined in the August 2020 EFU.

Payroll tax – waiver of payroll tax for severely impacted business operations - extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	~	~	~	~	~

The Government will extend payroll tax waivers/exemptions for businesses unable to trade or only operate on a very limited basis, with month-to-month assistance for payroll tax payable in January to June 2021.

Businesses unable to trade are expected to self-assess their eligibility for the exemption and are still required to lodge their payroll tax returns for the specified period accordingly.

Businesses that can only operate on a very limited basis will be assessed on a case-by-case basis. Information on the waiver application process can be found at the [ACT Revenue Office website](#).

The cost of this measure is highly dependent on the status of public health restrictions. At the current level of restrictions costs are expected to be negligible, but if restrictions are required to be reimposed, demand and hence cost would be higher.

Phase 3 – Expansion of minor capital works projects

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	7,900	0	0	0	7,900
Expenses	2,100	0	0	0	2,100

The Government will continue its Fast Track Program, which has supported investment in minor works projects across the Territory during the COVID-19 health emergency and resulting economic downturn. The minor works projects funded through an extension of the Fast Track Program will support employment in the ACT during COVID-19 and provide an immediate benefit to the community.

Planning for a permanent home for Dragon Boating

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	250	150	0	0	400

The Government will provide funding for detailed planning and design work for a new home for Dragon Boat ACT at Grevillea Park. The design will incorporate facilities for administrative and operational activities, as well as boat storage.

Rental relief – ACT Government properties – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	397	0	0	0	397
Revenue forgone	2,250	0	0	0	2,250
Net cost of services	2,647	0	0	0	2,647

The Government will extend rent relief for ACT Government owned properties until 30 June 2021 for tenants who can demonstrate that they remain severely affected by COVID-19.

Since 1 April 2020, the Government has not charged rent to community groups occupying ACT Government owned properties, including head-leased Housing Asset Assistance Program properties and school facilities that are rented to the community. Support was also available for commercial tenants of ACT Government owned properties where loss of revenue resulted from COVID-19.

Tenants will have to provide evidence of ongoing impacts such as the inability to operate or a significant reduction in funding. The Government will also provide funding to ACT Property Group to assist in the implementation of the initiative.

Repairing Gungahlin Leisure Centre

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	NFP	NFP	0	0	NFP

The Government will provide support to the Gungahlin Leisure Centre to repair the 50 metre swimming pool which will include re-tiling and membrane repairs. The cost of the repairs are subject to commercial negotiations.

Reportable Conduct Scheme

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	575	589	604	619	2,387
Offset – Expenses – Provision	-575	-589	-589	-589	-2,342
Net cost of services	0	0	15	30	45

The Government will support the ACT Reportable Conduct Scheme to better meet existing demand. The Scheme is a child protection measure designed to ensure allegations of abuse and misconduct by employees of institutions are identified, reported and acted on appropriately by their organisation. Ongoing support of the scheme will be substantially offset against funding already provisioned.

Residential tenancy relief – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue forgone	900	300	0	0	1,200

The Government will extend COVID-19 residential tenancy relief until 30 June 2021 for residential landlords who reduce rents by at least 25 per cent for tenants who have been impacted by COVID-19.

A land tax and rates rebate of 50 per cent of the rent reduction, up to \$1,300 per quarter (around \$100 per week) will continue to be provided to landlords under the measure. This will provide rent relief to impacted tenants of up to \$200 per week.

Applications can be made until 31 August 2021 and the form is available on the [ACT Revenue Office Website](#).

Supporting high intensity club users of non-potable water

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	330	0	0	0	330

The Government will provide a full rebate to high-intensity club users of non-potable water for charges incurred in the 2020-21 financial year relating to the use of surface water, ground water, recycled water and water from the Inner North Reticulation Network. The rebates will be applied directly to the relevant non-potable water bills payable by the clubs.

The Government will also conduct a review into water costs for high-intensity club users of non-potable water in 2021, to assist these clubs to maintain operations while not requiring cross-subsidisation by other ACT water users. The review will be led by Treasury, supported by specialist advice from the Independent Competition and Regulatory Commission and is expected to be completed by mid-2021.

Supporting public pool operators

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	NFP	0	0	0	NFP

The Government will provide financial support to local operators of ACT Government owned pools for operational losses in 2020-21 directly incurred from the COVID-19 pandemic. The amount is not published as it is subject to negotiations and the extent of the effect of any health restrictions that may apply to public pools over the summer season.

Sustainable Household Scheme

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	8,125	31,300	31,300	31,300	102,025
Offset – Capital	-129	-3,745	-6,719	-9,692	-20,285
Net capital	7,996	27,555	24,581	21,608	81,740
Expenses – Cash	645	2,045	1,679	1,718	6,087
Expenses – Non-cash	1,684	5,805	4,877	4,052	16,418
Net cost of services	2,329	7,850	6,556	5,770	22,505

The Government will implement a program of zero interest loans of up to \$15,000 for households and not-for-profit community organisations to assist with the upfront costs of investing in: rooftop solar panels; household battery storage; zero emission vehicles; and efficient electric appliances.

The program will also include an education and communications program focused on energy efficiency and the shift from gas to electric energy.

Detailed design work will be undertaken in early 2021 ahead of the loans being progressively made available to the ACT community from mid-2021.

Upgrading cyber security responses

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	0	273	0	0	273
Depreciation	0	28	55	55	138
Expenses	573	774	784	794	2,925
Offset – Expenses	-96	-96	-96	-96	-384
Net cost of services	477	706	743	753	2,679

The Government will upgrade the existing Security Information and Event Management System (SIEM). The new SIEM system will increase the Government's ability to respond to cyber incidents.

This initiative is partially offset by funding redirected from the 2015-16 Budget initiative *Enhancing Security for Email and Internet Usage*.

COMMUNITY SERVICES DIRECTORATE

Building facilities for Gugan Gulwan Youth Aboriginal Corporation

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	175	250	0	0	425

The Government will support detailed design work for the new accommodation for Gugan Gulwan Youth Aboriginal Corporation, as part of its commitment to ensuring that Aboriginal and Torres Strait Islander families have access to quality services and support to meet their cultural needs.

Canberra Relief Network (CRN) extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	52	0	0	0	52

The Government will provide funding of \$52,000 for the Canberra Relief Network to allow it to continue to operate until the end of 2020-21 at Exhibition Park in Canberra.

Healing and Reconciliation Fund – Establishment

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	144	173	0	0	317

As part of the ACT's commitment to Closing the Gap, the Government will provide funding to the Office for Aboriginal and Torres Strait Islander Affairs to develop a governance structure for a Healing and Reconciliation Fund. This initiative will also support facilitation of community conversations about the opportunity for and implications of a Treaty process for the ACT, an early project to be supported by the Healing and Reconciliation Fund.

Implementation of *Our Booris, Our Way* recommendations

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	472	1,477	1,445	1,463	4,857

The Government will continue to implement the recommendations of the *Our Booris, Our Way* review. This initiative will support the operation of an independent Implementation Oversight Committee, which will monitor progress against the recommendations. The Government will continue foundational work to grow the Aboriginal and Torres Strait Islander community-controlled sector focussing on children, young people and families. The initiative also provides ongoing funding for improved frontline services, including Family Group Conferencing, Family Finding, embedding the Aboriginal and Torres Strait Islander Child Placement Principle and cultural expertise within Child and Youth Protection Services.

More frontline domestic violence and rape crisis services

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	105	0	0	0	105

The Government will extend the funding to the Canberra Rape Crisis Centre and Domestic Violence Crisis Service to provide critical supports in responding to cases of domestic and family violence.

Refugee, Asylum Seeker and Humanitarian program – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	100	0	0	0	100

The Government will fund an extension of the Refugee, Asylum Seeker and Humanitarian (RASH) program to the end of 2020-21 to support ACT Services Access Card holders (asylum seekers) through the RASH Coordination Committee. The additional funding will meet the increased need for support that has arisen as a result of the COVID-19 pandemic.

Supporting new parents experiencing domestic and family violence

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	159	0	0	0	159

The Government will continue the Health Justice Partnerships program, which places legal help in maternity and early childhood services across the ACT to offer early intervention and support in domestic and family violence cases, primarily to pregnant women and new families.

Technology Upgrade Fund for the Community Sector

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	350	350	350	350	1,400

The Government will establish a Technology Upgrade Fund for the community sector. The fund will provide community sector organisations with information technology, equipment and services to support service provision for people on low levels of income.

CULTURAL FACILITIES CORPORATION

Cultural Facilities Corporation – extension of financial support

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,000	0	0	0	1,000

The Government will provide additional financial support to the Cultural Facilities Corporation to assist it in addressing the continuing impacts of COVID-19 on performance venues, which have adversely impacted the Corporation's theatre revenues. This funding is in addition to the \$2.5 million provided as part of the August 2020 EFU.

EDUCATION DIRECTORATE

ACT Early Childhood Strategy – Building on the 2019-20 Foundation

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	402	817	842	867	2,928
Offset – Expenses – Provision	-402	-817	-842	-867	-2,928
Net cost of services	0	0	0	0	0

The Government will increase the number of weeks offered to priority families accessing early childhood learning for three-year olds, from 40 to 48 weeks per year. This increase will align with the annual operating period of most ACT early childhood education and care providers.

Schools for our growing city – Kenny High School

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Education Directorate	0	0	13,410	0	13,410
Capital – TCCS	1,000	5,000	5,000	0	11,000
Total Capital	1,000	5,000	18,410	0	24,410
Depreciation – Education Directorate	0	0	859	1,718	2,577
Depreciation – TCCS	0	0	110	220	330
Expenses – Education Directorate	0	195	375	780	1,350
Net cost of services	0	195	1,344	2,718	4,257

The Government will provide additional funding to meet the full construction cost of the new 800 permanent places for the Year 7 to Year 10 high school in East Gungahlin (Kenny), with the ability to expand to 1,000 students. The capital funding will address site topology, drainage, additional road works, and parking associated with the site. The Government will also design and construct supporting infrastructure including roads, paths, and bus bays to enable access to the new school.

The expense funding will support the final costs of employing school operating staff and ongoing repairs and maintenance. The school is scheduled to open for the 2023 school year.

Schools for our growing city – North Gungahlin High School

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	NFP	NFP	NFP	NFP
Expenses	2,000	0	0	0	2,000

The Government will commence works in preparation for a new high school in Taylor. The initial funding provides for site investigations, master planning and tender-ready design works to be undertaken in 2021 to deliver the high school for the 2024 school year.

The new high school will provide 800 permanent places (and potential for up to 1,000 places) for Year 7 to Year 10 and provide additional enrolment capacity in the North Gungahlin region.

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

Schools for our growing city – North Gungahlin primary school capacity

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	NFP	NFP	NFP	NFP
Expenses	1,000	0	0	0	1,000

The Government will expand the Margaret Hendry School to accommodate expected future enrolment growth in the North Gungahlin area.

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

The associated expenses will provide for master planning and tender-ready design work for the site including due diligence. The work will commence in 2021, for scheduled completion and delivery by the 2023 school year.

Teacher Librarian Scholarships

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	222	222	222	222	888

The Government will provide funding for ten Master of Education (teacher librarian) scholarships each year for the next five years. This initiative will support 50 full-time scholarships until 2025. The scholarships will help ensure students are supported by qualified teacher librarians.

ENVIRONMENT, PLANNING AND SUSTAINABLE DEVELOPMENT DIRECTORATE

Biosecurity response to the La Nina weather pattern in 2020-21

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	626	0	0	0	626

The Government will manage significant invasive species growth resulting from the La Nina weather pattern currently being experienced in the ACT. This initiative includes the management of established invasive species, as well as the collaborative development and application of innovative techniques in detection, prevention, control, and ongoing surveillance of new incursions.

Clean Catchments, Clean Waterways

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,217	0	0	0	1,217
Expenses	321	0	0	0	321

The Government will build on its Healthy Waterways Project by continuing to restore and improve the amenity, recreational, ecological, and commercial benefits provided by Canberra's waterways. The Government will work to improve water quality by reducing the incidence of algal blooms in urban lakes and enhancing the condition of rivers and creeks.

Community Club Building Energy Efficiency Upgrade Fund

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	632	632	631	1,895
Expenses – Provision	0	618	618	619	1,855

The Government will establish a Building Energy Efficiency Upgrade Fund, to deliver grants and no-interest loans for energy and water efficiency upgrades, rooftop solar and batteries for community clubs. This will support clubs to reduce utility bills as well as improve environmental outcomes and comfort for patrons. Further policy design work will be undertaken in 2020-21, with provisioned funding being subject to adjustment following that design work.

Delivering Environmental Offsets

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	199	0	0	0	199

The Government will continue to protect native species and their habitats as part of the Matters of National Environmental Significance within the West Belconnen Strategic Assessment and Gungahlin Strategic Assessment sites, including the establishment of Nadjung Mada Nature Reserve. These works will support the delivery of Government's Indicative Land Release Program.

Lathlain Street Precinct – Planning

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	175	0	0	0	175

The Government will undertake early planning works to support the release of a new urban renewal site in Belconnen to enable the government to deliver its land release program.

Ngunnawal Rangers Program

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	292	701	719	736	2,448

The Government will provide ongoing employment for six Ngunnawal Ranger positions to focus on natural resource management, land, fire, water, wildlife and ecological management. The Rangers will undertake field programs, research, policy development and visitor interpretation in a range of disciplines, providing the opportunity for Ngunnawal engagement and self-determination.

Phasing out fossil fuel gas in the ACT and supporting energy grid stability

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	213	379	131	132	855

The Government will support the development of a long-term plan for the phase out of gas use in the ACT. This includes funding to develop legislative amendments to prevent future gas connections in residential greenfield and urban infill developments. It also covers projects that will advance all-electric infill developments.

Replacing ACT Parks and Conservation Services radios

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	800	0	0	0	800
Depreciation	0	114	114	114	342

The Government will replace the ACT Parks and Conservation Service vehicle and depot radios, which are at the end of their life.

Supporting our heritage – Funding for the National Trust and upgrading the Heritage Council database and website

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	60	193	247	0	500
Depreciation	0	0	0	100	100
Expenses	75	150	150	150	525
Net cost of services	75	150	150	250	625

The Government will upgrade its Heritage Register database and website to enhance the experience for planners, property owners, development proponents, researchers and the general community in sourcing heritage information. The Government will also provide ongoing funding for the National Trust to promote the conservation of, and foster public knowledge about, places, objects and issues that are significant to the heritage of the ACT.

Vulnerable Household Energy Support

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	12,337	12,337	12,337	37,011
Expenses	219	0	0	0	219
Expenses – Provision	0	125	125	125	375
Net cost of services	219	125	125	125	594

The Government is providing funding to undertake policy design work for a \$50 million fund to improve building efficiency and sustainability for social and public housing, low income owner-occupiers and rental properties. A provision has also been established for the balance of the \$50 million fund (including \$12.462 million in 2024-25).

Zero Emissions Vehicles – Two years free registration

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	100	200	200	200	700
Revenue forgone	20	335	1,261	2,838	4,454
Net cost of services	120	535	1,461	3,038	5,154

The Government will continue delivering on its commitment to increase the number of zero emission vehicles in the ACT by waiving registration fees on newly purchased new or second hand zero emission vehicles registered during May 2021 to June 2024 for the first two years of their registration. The Government will also establish a fleet advisory service to support Canberra businesses and community organisations transitioning their fleets to zero emission vehicles.

Zero Emissions Vehicles – Supporting Infrastructure and Industry Development

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	151	1,879	315	319	2,664

The Government will deliver on its commitment to expand the number of zero emission vehicles in the ACT by supporting installation of 50 publicly accessible charging stations. The Government will also undertake market sounding to attract a more robust zero emission vehicle ecosystem in the ACT and adopt a target for 2030 for new ACT zero emissions vehicle sales.

HEALTH PORTFOLIO AGENCIES

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

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

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

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

Adolescent Mobile Outreach Service Continuation

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	0	1,031	1,052	1,073	3,156
Offset – Health Funding Envelope	0	-1,031	-1,052	-1,073	-3,156
Net cost of services	0	0	0	0	0

The Government will provide funding to continue to deliver the successful Adolescent Mobile Outreach Service (AMOS). AMOS is a community-based mental health outreach service that provides assessment treatment seven days a week for adolescents aged 12 to 18 years.

Calvary Public Hospital additional services

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	6,534	0	0	0	6,534

The Government will provide additional funding for acute medical, birthing, and non-elective surgery services at Calvary Public Hospital this financial year.

COVID-19 Public Health Response

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – ACT Health Directorate	9,839	0	0	0	9,839
Expenses – Education Directorate	4,163	0	0	0	4,163
Expenses – CMTEDD	3,539	0	0	0	3,539
Expenses – Justice and Community Safety Directorate	2,434	0	0	0	2,434
Expenses – TCCS	2,450	0	0	0	2,450
Expenses – ACT Local Hospital Network	500	0	0	0	500
Expenses – Community Services Directorate	328	0	0	0	328
Expenses – Provision	0	16,593	0	0	16,593
Offset – Savings	-6,418	0	0	0	-6,418
Offset – Savings Provision	0	-5,336	0	0	-5,336
Hotel quarantine fees	1,138	437	0	0	1,575
Net cost of services	15,697	10,820	0	0	26,517

The Government will continue the COVID-19 response through the next phase of the pandemic in the coming 12 months. This initiative will continue to support the whole of government response to the health emergency. This initiative will be funded through a cost sharing arrangement between the Commonwealth and the Territory.

COVID-19 Public Health Response – Vaccination Program

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	4,485	0	0	0	4,485
Depreciation	0	449	449	449	1,347
Expenses	8,262	10,409	219	224	19,114
Net cost of services	8,262	10,858	668	673	20,461

The Government will deliver a COVID-19 vaccine program in line with the national strategy and timeline. It is anticipated that the costs associated with operating the vaccination clinics will be funded through a cost sharing arrangement between the Commonwealth and the Territory.

Expanding mental health support and services

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,949	145	147	149	2,390
Offset – Health Funding Envelope	0	-145	-147	-149	-441
Net cost of services	1,949	0	0	0	1,949

The Government will extend the delivery of the COVID-19 Mental Health Support Package until 30 June 2021. The Government will also deliver ongoing increased mental health support for young Canberrans with highly complex needs who are at risk of mental illness, criminalised behaviour and substance misuse.

Expanding the Police, Ambulance and Clinician Early Response (PACER) service

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,934	3,965	4,064	4,166	14,129
Offset – Health Funding Envelope	0	-3,965	-4,064	-4,166	-12,195
Net cost of services	1,934	0	0	0	1,934

The Police, Ambulance and Clinician Early Response (PACER) service brings together a team of experts to better respond to Canberrans in mental health crisis. Police, paramedics and mental health clinicians provide in-community assessment and treatment of people, significantly reducing demand on the Emergency Department. The Government will continue to provide ongoing funding for the PACER service, with services expanded to operate seven days per week.

Imaging services at the Weston Creek Walk-in Centre

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	660	5,010	0	0	5,670
Depreciation	0	201	293	293	787
Expenses	0	544	2,299	2,343	5,186
Net cost of services	0	745	2,592	2,636	5,973

The Government will establish an outpatient imaging service at the Weston Creek Walk-in Centre. The service will provide greater access to commonly required diagnostic medical imaging services including ultrasound, X-ray and computed tomography (CT), reducing demand for this outpatient imaging activity from the busy Canberra Hospital campus.

Investigating insourcing options

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	145	0	0	0	145

The Government will establish a taskforce to conduct a feasibility study into insourcing work currently sub-contracted to external parties.

Palliative Care ACT Respite Hub pilot

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	300	608	0	0	908
Offset – Health Funding Envelope	0	-608	0	0	-608
Net cost of services	300	0	0	0	300

The Government will provide funding to Palliative Care ACT to operate a proof-of-concept respite hub for people with life-limiting illness who wish to spend the end of their life in a home-like environment with the support of their families and loved ones.

Upgrade and refurbishment of buildings at Canberra Hospital

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	763	9,699	6,172	0	16,634
Offset – Capital – Provision	-763	-9,699	-6,172	0	-16,634
Net Capital	0	0	0	0	0
Depreciation	0	0	0	441	441

The Government will continue electrical infrastructure upgrade works in Building 10 at the Canberra Hospital. These works will support critical pathology and clinical research services.

Walk-in health centre – Coombs pilot

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	250	0	0	0	250
Depreciation	0	25	25	25	75
Expenses	0	166	169	172	507
Offset – Health Funding Envelope	0	-166	-169	-172	-507
Net cost of services	0	25	25	25	75

The Government will establish a new walk-in health centre in Coombs. The Coombs Walk-in Health Centre will pilot an alternative model of care, integrating services with general practice and focusing on maternal, child and family health. This program will be delivered in partnership with the National Health Co-op.

Walk-in health centres – Planning and feasibility

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	542	1,458	0	0	2,000

The Government will undertake a feasibility study into the establishment of four new Walk-in Health Centres across Canberra's suburbs offering a combination of walk-in and appointment-based services. The feasibility study will include site assessment, consideration of new models of care, and community consultation. The locations of the four walk-in health centres, in addition to the Coombs walk-in health centre, will be South Tuggeranong, West Belconnen, the Inner South, and North Gungahlin.

HOUSING ACT

Aboriginal and Torres Strait Islander housing

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	375	382	394	406	1,557

The Government will establish two identified positions for Aboriginal and Torres Strait Islander staff within Housing ACT. These staff will be dedicated to the establishment, in close partnership with the Aboriginal and Torres Strait Islander Elected Body, of an Aboriginal and Torres Strait Islander Community Controlled housing organisation to support housing access for Aboriginal and Torres Strait Islander peoples.

Early Morning Centre – Services seven days a week

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	50	250	0	0	300

The Government will expand the Early Morning Centre to a seven day a week service. This will allow the Early Morning Centre to open on Saturday and Sunday mornings for a combined total of eight hours to provide essential homelessness services including food, shelter, health and social services.

Expanding specialist homelessness services capacity

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	377	821	0	0	1,198

The Government will continue to fund three homelessness services that have been operating in response to the COVID-19 pandemic. The Winter Lodge for men, Mackillop House for women and the Axial Housing First program will receive additional grant funding to ensure continued support for people, experiencing or at risk of homelessness.

Funding advocacy for the community and social housing sector

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	50	250	200	200	700

The Government will provide additional funding for systemic advocacy through ACT Shelter to increase its capacity as the peak body advocating for the interests of people living in and looking for affordable and social housing. This includes funding to undertake research into the effectiveness of different housing policy initiatives.

Increased support for emergency accommodation

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense	150	300	0	0	450

The Government will provide additional funding to OneLink to increase its capacity to manage emergency accommodation as well as assisting Canberrans who are experiencing, or are at risk of homelessness due to the COVID-19 pandemic.

INDEPENDENT COMPETITION AND REGULATORY COMMISSION

Better energy deals for consumers

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	250	0	0	0	250
Revenue	250	0	0	0	250
Net cost of services	0	0	0	0	0

The Government is implementing the recommendations of the Independent Competition and Regulatory Commission to make it easier for ACT consumers to get better electricity deals by improving the transparency and comparability of retail electricity offers.

The Government will engage the Independent Competition and Regulatory Commission to develop a reference bill, which will provide ACT consumers with a common point of comparison for assessing electricity offers. The Government will also introduce a regulatory obligation on electricity retailers to regularly notify customers if they may have a better offer to suit individual consumers' circumstances.

JUSTICE AND COMMUNITY SAFETY DIRECTORATE

AMC Reintegration Centre – Soil rectification contingency

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,754	3,870	0	0	5,624
Depreciation	0	82	141	141	364

The Government will increase the contingency for the Alexander Maconochie Centre Reintegration Centre project to address soil rectification issues subject to further investigation. The Centre will accommodate up to 60 low-risk detainees and an Industries Building to enhance opportunities for employment for detainees when they are released.

Community Clubs Ministerial Advisory Council

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	249	489	502	515	1,755

The Government will establish a Community Clubs Ministerial Advisory Council to support more sustainable clubs. Funding will also provide for the development of policy and legislation to support the introduction of \$5 bet limits and \$100 load-up limits on electronic gaming machines. The Government intends for a staged rollout of the new limits to commence by the end of 2022.

Enhancing administration of the Victims of Crime Financial Assistance Scheme

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	130	399	0	0	529

The Government will provide additional staff to administer the Victims of Crime Financial Assistance Scheme. These additional resources will help ensure the scheme continues to provide critical support to the victims of crime in a timely manner while a review of the administration of the scheme is finalised.

Gaming Machine Authorisation Surrender Incentive – extension

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	0	0	0	0	0

The Government will extend the gaming machine authorisation surrender incentive for an additional six months to June 2021. The extension will utilise the remaining funding available from the \$3.75 million originally provided for the measure.

Increased Magistrates Court resourcing

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	310	0	0	0	310
Offset – Expenses	-310	0	0	0	-310
Net cost of services	0	0	0	0	0

The Government will provide additional capacity in the Magistrates Court from the Confiscated Assets Trust to manage the backlog of court activities resulting from COVID-19.

Management and remediation of firefighting substances at Fire Stations

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,452	797	0	0	2,249

The Government will undertake further investigations into the existence of poly-fluoroalkyl substances at eight current Emergency Service Agency sites and the site of the former Charnwood Fire Station. This critical work is required to ensure the safety of Government sites and workplaces.

Relocating ACT Policing's Traffic Operations Centre

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	NFP	NFP	NFP	NFP	NFP
Depreciation	NFP	NFP	NFP	NFP	NFP
Expenses	NFP	NFP	NFP	NFP	NFP
Net cost of services	NFP	NFP	NFP	NFP	NFP

The Government will relocate ACT Policing's Traffic Operations Centre from its current site at Belconnen to a fit for purpose facility which will better meet the business and operational needs of ACT Policing. The cost of this initiative has been withheld to secure value for money when the Government approaches the market.

MAJOR PROJECTS CANBERRA

Cladding rectification – ACT Government Owned Buildings

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,700	0	0	0	2,700
Expenses – Provision	0	0	300	0	300
Offset – Expenses – Provision	-3,000	0	0	0	-3,000
Net cost of services	-300	0	300	0	0

The Government will undertake works to replace potentially combustible cladding on ACT Government owned buildings. Initial planning and design work will be followed by a pilot program of early remediation works.

The costs of this initiative are offset through a provision created in the August 2020 EFU. To reflect the expected expenditure of the initiative, \$300,000 of this existing provision has been reprofiled from 2020-21 to 2022-23 to account for higher anticipated costs of the scheme as it is rolled out.

Light Rail Stage 2 – Assessment of Mawson Viability

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,269	0	0	0	1,269

The Government will undertake a feasibility study to assess the viability of extending light rail to Mawson as part of current planning and works towards Light Rail Stage 2.

Light Rail Stage 2 – Commonwealth Avenue and London Circuit Intersection

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	1,472	0	0	0	1,472
Offset – Capital – Provision	0	-2,103	0	0	-2,103
Net Capital	1,472	-2,103	0	0	-631
Expenses	631	0	0	0	631

This funding will support the early design work and planning approvals for the raising of London Circuit to form a level intersection with Commonwealth Avenue. This work is a crucial enabling project supporting the transition of light rail from London Circuit into Commonwealth Avenue.

The costs of this initiative are offset from an existing capital provision. The Government has provisioned the capital funding to raise London Circuit, with the main construction contract to be entered into following Government consideration of final design.

PUBLIC TRUSTEE AND GUARDIAN

More support for the Public Trustee and Guardian

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	400	410	420	431	1,661
Revenue	494	506	519	532	2,051
Net cost of services	-94	-96	-99	-101	-390

The Government will increase Community Service Obligation funding to the Public Trustee and Guardian (PTG) to reflect the increased cost and complexity in managing the affairs of clients. The PTG will also increase its own-source revenue to reflect the cost of managing its clients' accounts.

TRANSPORT CANBERRA AND CITY SERVICES DIRECTORATE

Ensuring uninterrupted power supply to traffic lights

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	250	250	250	150	900
Depreciation	0	8	17	25	50
Expenses	0	0	3	7	10
Net cost of services	0	8	20	32	60

The Government will continue to enhance the resilience and safety of traffic operations and traffic management across the ACT by installing uninterrupted power supply units at thirty-five traffic signal sites. The installation will support continued and safe operation of major signalised intersections in the event of a power outage. This is being facilitated by a Commonwealth grant through the *National Partnership Agreement on Disaster Risk Reduction*.

Fast tracking bulky waste collection services

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,464	3,598	3,684	3,880	13,626
Offset – Expenses	-2,920	-3,358	-3,737	-4,236	-14,251
Net cost of services	-456	240	-53	-356	-625

The Government will accelerate the roll-out of the bulky waste collection service to all Canberra households in 2021.

The offset arises from a difference between the anticipated and actual take-up rate for the project and the cessation of an extension service.

Feasibility and design studies for community infrastructure and upgrades

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	2,520	0	0	0	2,520

The Government will fast track a range of feasibility and design work on projects across Canberra in the next four months to develop a pipeline of shovel-ready proposals for future consideration.

Improving road safety through Mobile Device Detection Cameras

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses – TCCS	726	2,073	1,922	1,973	6,694
Expenses – CMTEDD	210	762	911	929	2,812
Expenses – Justice and Community Safety Directorate	0	144	150	154	448
Revenue	0	6,311	7,762	5,570	19,643
Net cost of services	936	-3,332	-4,779	-2,514	-9,689

The Government will introduce mobile device detection cameras, as part of the ACT's road safety camera program, to support law enforcement activities and to increase road safety.

John Gorton Drive and Molonglo River Bridge Crossing

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	3,000	60,000	60,000	51,200	174,200
Offset – Capital – Provision	0	-18,800	-76,000	-81,200	-176,000
Net capital	3,000	41,200	-16,000	-30,000	-1,800

The Government will progress the detailed design and construction of the John Gorton Drive 3C extension, including constructing a bridge across the Molonglo River. The project includes a signalised intersection to provide access to the Molonglo Group Centre, on-road cycle lanes, and an off-road shared use path.

Monaro Highway upgrades

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	0	0	0	0

The Government will continue to progress design and construction for upgrading further sections of the Monaro Highway and will establish a further \$30.5 million capital provision for this project in 2024-25. This project is being facilitated by a Commonwealth grant through the *National Partnership Agreement on Land Transport Infrastructure*, which will also see the Commonwealth contribute 50 per cent of the additional expenditure.

Parkes Way Early works

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenses	1,000	2,700	1,300	0	5,000

The Government will undertake a feasibility study and develop preliminary sketch plans for options to improve capacity and safety along Parkes Way. This study is being facilitated by a Commonwealth grant through the *National Partnership Agreement for Land and Transport Infrastructure Projects* which will cover 50 per cent of the cost.

Planning and design for a zero emissions bus network

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	500	300	0	0	800
Capital – Provision	0	NFP	NFP	0	NFP

The Government will implement a pathway for the ACT to use zero emissions public transport, consistent with the *Zero Emission Transition Plan for Transport Canberra*, by electrifying Woden Bus Depot to enable the charging of electric buses.

The capital provision amount has been withheld in order to secure value for money.

Road and community infrastructure

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – TCCS	715	2,660	0	0	3,375
Capital – CMTEDD	1,035	4,020	0	0	5,055
Total Capital	1,750	6,680	0	0	8,430
Depreciation	0	57	294	294	645
Expenses – TCCS	5,170	2,730	7	33	7,940
Expenses – CMTEDD	0	0	10	61	71
Expenses – Environment, Planning and Sustainable Development Directorate	200	0	0	0	200
Net cost of services	5,370	2,787	311	388	8,856

This initiative is funded by a Commonwealth *Local Roads and Community Infrastructure* grant to deliver local projects to support jobs and the resilience of the economy while recovering from the COVID-19 pandemic.

This initiative will provide improvements to road and cycling infrastructure, playground and recreational infrastructure as well as waste, public toilet and library facilities.

Road improvements for Canberra's south-west

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital – Provision	0	4,000	10,000	10,000	24,000

The Government will consider road upgrades to improve public transport, active travel, freight and safety along Canberra's South-Western road corridor. The entire transport corridor will be studied to identify the feasibility, transport benefits and the priority of potential upgrades. Subject to agreement on the project/s, the Commonwealth will fund half of the \$100 million project under the *National Partnership Agreement for Land and Transport Infrastructure Projects*.

Road safety improvements

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	6,000	6,000	0	0	12,000
Depreciation	0	150	300	300	750
Expenses	0	0	60	180	240
Net cost of services	0	150	360	480	990

The Government will improve road safety across Canberra. This is being facilitated by a Commonwealth grant as part of its *Targeted Road Safety Works* program, which will fund 50 per cent of the capital costs.

Upgrading an intersection on Owen Dixon Drive

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	2,000	8,000	0	0	10,000
Depreciation	0	0	133	133	266
Expenses	0	0	100	300	400
Net cost of services	0	0	233	433	666

The Government will further improve the north-south arterial road, between the Barton Highway and Ginninderra Drive by including a signalised intersection at Owen Dixon Drive.

WORKSAFE ACT

Implementing the Labour Hire Licensing Scheme

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Capital	200	0	0	0	200
Expenses	230	621	632	644	2,127
Depreciation	0	40	40	40	120
Revenue	0	654	670	687	2,011
Net cost of services	230	7	2	-3	236

The Government will establish and implement a licensing scheme to regulate the labour-hire industry in the ACT. The scheme will provide the Labour Hire Commissioner with the authority to audit labour-hire companies to ensure compliance with industry standards and workplace legislation.

The scheme will be offset by the introduction of an annual indexed labour hire licensing fee of \$2,900 placed on labour-hire providers in the ACT and will commence on 27 May 2021.

3.3 COST OF LIVING STATEMENT

Most Canberrans enjoy a high standard of living. However, the ACT Government recognises that there are some in our community who need support to meet cost of living pressures and accordingly provides direct support to those households through our Concessions Program.

In the recent unprecedented times, with the Orroral Valley bushfire, smoke haze, a severe hailstorm, and a once in a century pandemic, more Canberrans have needed greater assistance. To support households and our most vulnerable through this challenging year and as the recovery continues, the Government has also offered a range of temporary household support initiatives and one-off concessions to provide additional assistance.

The ACT Government provides a wide range of concessions to households and individuals to assist with living expenses such as general rates, stamp duty, utility bills, driver licence fees, motor vehicle registration fees, and public transport fares. Table 3.3.1 below shows a summary of some of the assistance available and the estimated annual costs. This is expected to increase in 2020-21 primarily due to increased take-up of the Home Buyer Concession Scheme.

Table 3.3.1: Summary of assistance available and estimated costs of annual take up in 2019-20 and 2020-21

Assistance	Description	Estimated annual take up ¹	2019-20 \$'000	2020-21 \$'000
Ongoing support				
General rates and Fire and Emergency Services Levy rebate	50 per cent rebate of annual rates bill up to \$700, \$98 rebate on FESL.	14,800 households	10,300	11,100
Spectacles scheme	Subsidy up to \$200 once every two years.	10,500 spectacles	2,000	2,100
Taxi Subsidy scheme	Assistance for people with a disability or significant mobility restriction.	90,900 trips	2,100	1,900
Motor Vehicle Registrations	Discounts on motor vehicle registration.	44,500 vehicles	5,500	4,700
Driver Licence concessions	Up to a 100 per cent fee discount on driver licences.	39,500 licences	870	750
Public Transport concessions	Reduced or free fares on Transport Canberra bus and light rail services.	3.2 million trips	7,150	5,200
Utilities concessions	\$700 per year towards utility bill.	31,100 households	20,900	21,800
Conveyance duty concessions	Up to 100 per cent discount on conveyance duty payable.	4,700 households	45,300	60,100
Temporary support				
Residential rates 2020-21 setting	Zero per cent increase in average residential rates for 2020-21 after \$150 rebate.	170,000 households	0	32,941
Residential tenancy relief	Land tax and rates rebates for landlords who reduced rents for affected tenants.	1,000 households	458	1,100

Assistance	Description	Estimated annual take up ¹	2019-20 \$'000	2020-21 \$'000
Stamp duty concessions for owner-occupiers	Duty concessions for owner-occupiers purchasing single dwelling blocks and lower value off-the-plan apartments.	900 home buyers	0	11,300
Household utilities concession	Additional \$200 rebate for households receiving the Utilities Concession.	31,100 households	7,000	0
Utilities concession for asylum seekers	\$900 rebate for eligible asylum seekers.	80 households	0	72
Frozen taxes and charges at 2019-20 levels	Freeze, Fire and Emergency Services Levy Utilities Network Facilities Tax Vehicle registration fees Parking fees Public transport fees	170,000 households 271,000 car registrations Over 1 million parking fees 9.9 million journeys	2,052	8,868
Hailstorm assistance	Stamp duty rebate of up to \$100, refunds and rebates for some fees for eligible vehicles. ²	7,600 refunds and rebates provided under the scheme	282	225
Total ongoing			94,120	107,650
Total temporary			9,792	54,506

Notes:

1. Around 9 per cent of homeowners receive a general rates and Fire and Emergency Services Levy rebate; 16 per cent of passenger vehicles and 12 per cent of driver licences receive a concession; 18 per cent of households receive the Utilities Concession; and 31 per cent of transactions benefit from an ongoing conveyance duty concession (due to different eligibility criteria). Estimated take up is based on year-to-date 2020-21 data and historic trends, or where appropriate 2019-20 data.
2. Refunds for registration cancellation and vehicle establishment fees, and rebates for road worthy inspection fees and basic identity inspection.

Further information about available assistance, additional assistance provided through one-off initiatives and eligibility criteria is at www.assistance.act.gov.au and www.covid19.act.gov.au.

This Cost of Living Statement provides six case studies of Canberra households. It provides a snapshot of the effect of the ACT Government's taxes and charges, and the various concessions available in 2019-20 and 2020-21 to support those most in need of assistance, including the temporary assistance provided to support households during COVID-19.¹

In addition to ACT Government concessions, Commonwealth concessions and assistance programs are also available to assist with the cost of living for eligible households. During the COVID-19 pandemic, the Commonwealth has also provided significant additional support to households including free childcare, the JobKeeper and Coronavirus JobSeeker Supplement payments, early access to superannuation, and economic support payments to income support recipients and eligible concession card holders. However, Commonwealth assistance has not been included in the tables that follow.

¹ As required under Section 11(1)(f) of the *Financial Management Act 1996*.

Lower interest rates and other measures implemented by banks in response to COVID-19, including repayment deferrals for mortgages, and reductions in minimum repayment amounts on credit cards and personal loans, have assisted with cost of living pressures for households. Further, the Government recognises that its own policies can impact on the cost of living and carefully considers the impact of all policy changes on low and fixed-income households.

In providing cost of living assistance to Canberrans, the ACT Government primarily targets recipients of Commonwealth concession card holders.² The ACT is unable to undertake our own income and asset-based means testing because we do not have access to the individual income data needed to determine eligibility.

We understand that some Canberrans who do not qualify for Commonwealth concession cards also face challenges with their cost of living, particularly people with insufficient or insecure work.

We support these Canberrans by providing high quality health, education and public transport services at low or no cost to reduce the need for private spending on these essential services, and by keeping government fees and charges as low as possible.

In 2020-21, to support households during the COVID-19 pandemic, a wide range of fees and charges were frozen, including vehicle registration, parking and public transport fees. In addition, the introduction of the Motor Accident Injury (MAI) Scheme to replace the Compulsory Third Party (CTP) Insurance Scheme in February 2020 has led to reductions in premiums both before and after commencement of the new scheme. Average premiums for passenger vehicles were 14.7 per cent (\$78.37) lower on 1 July 2020 than they were the year before, and were reduced a further 3 per cent (\$13.38) to 1 February 2021.³

While the Government is committed to supporting those most in need of a helping hand through targeted assistance and concessions, there are a range of cost of living pressures we do not control. Examples include interest rates, petrol prices, and decisions of independent pricing authorities on the price of utilities such as electricity, water and sewerage. Also, while the Government imposes some limitations on increases in rents in the private rental market, it does not directly control the level of private rents.

ACT households

The ACT's population is younger on average than across Australia, with 57 per cent of our residents aged under 40 in 2016, compared with 53 per cent nationally. In the same census year, of all Territory households, 70 per cent were family households, 25 per cent were single person households, with the remaining 5 per cent being group (share) households. Of the family households, 47 per cent were couples with children and 14 per cent were one parent families, with an average of 1.8 children per family, and 38 per cent of families were couples without children.^{4 5}

² Holders are the recipients of particular income support payments from Centrelink such as the Age Pension or meet the Commonwealth Government's income test.

³ CTP and MAI premiums sourced from <https://apps.treasury.act.gov.au/motor-accident-injuries-commission/compulsorytpi/premiums> and <https://apps.treasury.act.gov.au/maic/for-road-users>.

⁴ 2016 Census Australian Capital Territory STE QuickStats.

⁵ The remaining one per cent of families is classified as other.

Canberrans' participation and engagement with the labour market is higher than the Australian average, with our workforce participation rate being 73.1 per cent in December 2020 compared with 66.6 per cent nationally. The ACT's unemployment rate is also lower at 3.6 per cent in December 2020 in comparison to the Australian average of 6.3 per cent. Of those who are employed, 74.5 per cent work full-time and 25.5 per cent work part-time, with the underemployment rate being 6.3 per cent in comparison to the Australian average of 9 per cent.⁶

On average, the ACT is also one of the highest income communities in the country with a median weekly gross household income of \$2,070 for all households and \$2,445 for families in 2016, compared with the Australia-wide medians of \$1,438 and \$1,734 respectively.⁷ In 2017-18, the majority of Canberra households, 64 per cent own their own home, 25 per cent without a mortgage and 40 per cent with a mortgage, with the remaining 26 per cent of households renting in the private rental market and 7 per cent from the Territory housing authority.⁸

ACT Government public services

The ACT Government is committed to continually provide high quality public services across the Territory. Government expenditure on health services has increased by 6.8 per cent on average per year over the decade to 2019-20, and spending on education grew by 5.9 per cent on average per year over the same period.⁹ ¹⁰ This means our investment in these essential services has grown more than 3.3 times as fast as our average population growth over this period, as we respond to the community's changing composition and needs, and the increased complexity of service delivery.¹¹ ¹²

⁶ Labour Force December 2020, Australian Bureau of Statistics Cat. No. 6202.0 Table 12 and 23. Original numbers are used instead of seasonally adjusted since the ABS methodology states that due to COVID-19 "caution should be exercised in the interpretation of seasonally adjusted estimates for the two Territories".

⁷ 2016 Census Australian Capital Territory STE QuickStats.

⁸ Housing occupancy and costs 2017-18, Australian Bureau of Statistics Cat No. 41300 Table 20.

⁹ Government Finance Statistics Annual 2018-19, Australian Bureau of Statistics Cat. No. 5512.0 Table 238 and ACT 2019-20 Consolidated Annual Financial Statements.

¹⁰ Compound growth rate.

¹¹ National, state and territory population June 2020, Australia Bureau of Statistics Cat. No. 3101.0 Table 4.

¹² The estimated resident population in the ACT has increased by 1.77 per cent on average per year over this period (compound growth rate).

Table 3.3.2: What your money delivers

Area of expenditure 2020-21	\$ million	% of total	\$ per household
Health	2,004	31%	11,788
Education	1,489	23%	8,759
City services	503	8%	2,959
Community services	437	7%	2,571
Access Canberra and government services	395	6%	2,324
Emergency services and policing	383	6%	2,253
Justice	285	4%	1,676
Transport	277	4%	1,629
Environment, sustainable development and climate change	274	4%	1,612
Housing	225	4%	1,324
Tourism, sport, events and arts	138	2%	812
Total	6,409	100%	37,700

Source: CMTEDD estimates.

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

ACT Government taxes and fees

The ACT Government collects revenue from the community and businesses through taxes and fees to fund the high-quality services and infrastructure it provides. The Government seeks to raise this revenue as fairly, simply and efficiently as possible.

In 2020-21, about 33 per cent of ACT Government revenue is derived from own-source taxation, about 20 per cent is the ACT's share of the GST and another 19 per cent is provided by the Commonwealth Government such as through payments for specific purposes, ACT municipal services and National Partnership Payments.

Utilities

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

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

While the ICRC approved an overall price increase for water and sewerage from 1 July 2020, Icon Water froze the standard water consumption charges and the combined water and sewerage supply charge in 2020-21 at 2019-20 levels in response to COVID-19. Therefore, for fixed water consumption, the combined water and sewerage bill for households will not increase in 2020-21. The cost of this decision will be effectively met by the ACT Budget through a lower dividend from ICON Water.

In 2020-21, the ICRC expects that a typical consumer of ActewAGL's standing offer contracts will see a 2.56 per cent reduction (4.31 per cent reduction when adjusted for inflation) in their electricity bill. An average residential household consuming about 6,500 kilowatt-hours (kWh) per year would see a \$43 reduction in their annual bill. The price reduction is primarily driven by reductions in wholesale costs and national green scheme costs. These have in turn been driven by an increase in generation capacity mainly from renewable sources and a fall in price of large-scale generation certificates respectively. A decline in ACT Government scheme costs because of a fall in feed in tariff (FiT) support payments also contributed to the price fall.^{13,14}

This decline means that ACT consumers will continue to have access to some of the lowest electricity prices in Australia. For example, the estimated average annual electricity bill for a Canberra household using 6,500 kWh of energy on a single rate standing offer is \$1,912 to \$1,969, compared with average annual bills of \$1,816 to \$2,239 in Sydney and \$2,775 to \$2,845 in Adelaide and \$1,805 in Melbourne.¹⁵

Households already receiving the Utilities Concession automatically received a further one-off \$200 rebate (in addition to the \$700 annual rebate) on their electricity bill during 2019-20. In addition, the Utilities Concession, including the \$700 annual rebate and the additional one-off \$200 rebate, has been extended to eligible asylum seekers for the 2020-21 financial year.

Cost of living statement

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

The Government is mindful that, in calculating the impact of taxes, fees and utility charges on a hypothetical household, it is not possible to capture the full range of household types, financial circumstances or specific usage patterns of government services. Six household scenarios are presented as a basis for highlighting the different impacts for various household types and circumstances.

ACT household scenarios

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

¹³ ICRC, June 2020, Retail electricity price investigation 2020-24.

¹⁴ Changes to the Commission's pricing model that were made as part of the methodology review have also contributed to the price fall.

¹⁵ The average bill for Melbourne is calculated based on the Victorian Default Offer regulated by the Essential Services Commission and the average bills for Sydney and Adelaide are based on standing offers for single rate meter properties as at 18 January 2021.

Jen and Scott

Jen and Scott are a single income family renting in Gordon. They have a household income of \$52,000 a year and access to Low Income Centrelink Health Care cards. Their son, Bryce, has a disability and the family currently receives support through the Community Services Directorate, their local school and other community organisations. Bryce also receives support through the National Disability Insurance Scheme, which funds reasonable and necessary supports, including therapies, equipment and home modifications, through a tailored plan of support.

Jen and Scott's income in April to September 2020 has been affected by COVID-19. Their landlord provides them with a 25 per cent rent reduction during this period reducing their weekly rent from \$480 to \$360, and as a result their landlord is eligible for the Government's land tax credit for the fourth quarter of 2019-20 and the first quarter of 2020-21, which is 50 per cent of the rent reduction at \$60 per week.

Table 3.3.3 below shows the costs of taxes, fees and charges, net of ongoing and one-off concessions, and the change from 2019-20 to 2020-21 for Jen and Scott. The one-off COVID-19 concessions provided an additional \$200 rebate in 2019-20 for households already receiving the ongoing \$700 utilities concession. This is why Jen and Scott's utility costs were lower in 2019-20. Furthermore, freezes in transportation fees and charges in 2020-21 at 2019-20 levels have been incorporated into the gross 2020-21 transportation cost.

Table 3.3.3: Estimated impact of territory taxes and fees, and utility charges in 2020-21 on Jen and Scott

Government Taxes, Fees and Utility Charges	Cost net of concessions		Savings	Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21 change	Savings
	2019-20	2019-20						
	\$	\$		\$	\$	\$	\$	\$
Transport								
<i>Fees</i>								
Driver licence fee, vehicle registration, road rescue fee, road safety contribution, MAI insurance, motor accident levy, lifetime care and support levy and Transport Canberra fares	1,775			2,447		1,713	-62	
<i>Concessions</i>								
Transport Canberra fares					734			
<i>Savings</i>								
Reduction from Rewards for Safe Driving		12						12
Utilities								
<i>Fees</i>								
Electricity, natural gas	3,435			4,264		3,564	129	
<i>Concessions</i>								
Utilities Concession					700			

Abby and Farah

Abby and Farah have an annual household income of \$130,000. They are currently renting in Belconnen and will buy a townhouse in Lawson together for their first home in 2020-21. The cost of the townhouse is approximately \$530,000.¹⁶ They will become liable for general rates and other property taxes when they purchase the townhouse, as shown in Table 3.3.4 below. Abby and Farah are eligible for the Home Buyer Concession Scheme, since they are first home buyers and their household income does not exceed the thresholds for households with no dependent children (\$160,000). Therefore, Abby and Farah will not be liable for stamp duty on their property purchase. Abby works full-time as a dental hygienist and Farah works part-time as a university tutor while studying. Abby catches the bus to work to save on parking costs and Farah cycles to university on most days.

Table 3.3.4 below shows the costs of taxes, fees and charges, net of ongoing and one-off concessions, and the change from 2019-20 to 2020-21 for Abby and Farah. For comparison purposes, general rates for the home they will buy are included for 2019-20. For 2020-21 the general rates for the home excludes the one-off \$150 rebate provided to residential property owners in 2020-21, and this one-off \$150 rebate is included in 2020-21 concessions. As above, freezes in transportation fees and charges in 2020-21 at 2019-20 levels have been incorporated into the gross 2020-21 transportation cost.

Table 3.3.4: Estimated impact of territory taxes and fees, and utility charges in 2020-21 on Abby and Farah

Government Taxes, Fees and Utility Charges	Cost net of concessions		Savings		Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21 change	Savings 2020-21
	2019-20	2019-20	2019-20	2019-20					
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property									
<i>Taxes</i>									
General Rates	1,455		1,581	150	1,431			-24	
Fire and Emergency Services Levy	344		344		344			0	
Safer Families Levy	30		30		30			0	
Conveyance duty			12,696	12,696	0				
Transport									
<i>Fees</i>									
Driver licence fee, vehicle registration, road rescue fee, road safety contribution, MAI insurance, motor accident levy, lifetime care and support levy and Transport Canberra fares	2,548		2,488		2,488			-60	
<i>Savings</i>									
Reduction from Rewards for Safe Driving				24					24

¹⁶ Approximate median unit price in Lawson from <https://www.realestate.com.au/neighbourhoods> accessed on 14 January 2021.

Government Taxes, Fees and Utility Charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21	Savings
	2019-20 \$	2019-20 \$	2020-21 \$	2020-21 \$	2020-21 \$	change \$	2020-21 \$
Utilities							
<i>Fees</i>							
Electricity, natural gas, water and sewerage	4,714		4,650		4,650	-64	

Daniel and Jung

Daniel and Jung live in their own home in Macgregor and both receive a full Age Pension. Both are over 70 years old and are eligible for free travel on Transport Canberra bus and light rail services. Daniel catches the bus to Woden most weekdays to volunteer, and twice a week they drive to local community run seniors' groups.

In 2020-21, Daniel and Jung will be downsizing their home to an apartment in Bruce, which will better suit their needs and is closer to amenities. The cost of the apartment is approximately \$380,000.¹⁷ Daniel and Jung are eligible for a full duty concession on the apartment under the Pensioner Duty Concession Scheme, since they are eligible pensioners and the property's value does not exceed the property value thresholds for the scheme (\$440,000 for properties for a full concession).

Daniel and Jung will continue to receive the pensioner general rates and Fire and Emergency Services Levy (FESL) rebate on their new home. In addition to the rebate, Daniel and Jung will be able to defer the payment of the balance of their rates charges under the rates deferral scheme.

Table 3.3.5 shows the costs of taxes, fees and charges net of ongoing and one-off concessions and the change from 2019-20 to 2020-21 for Daniel and Jung. For comparison purposes, general rates for the home they will buy are included for 2019-20, as opposed to general rates for their current home. As above, for 2020-21 the general rates for the home excludes the one-off \$150 rebate provided to residential property owners in 2020-21, and this one-off \$150 rebate is included in 2020-21 concessions. Therefore, the total general rates and FESL concessions for this household in 2020-21 are \$948, and include the ongoing pensioner \$700 rates and \$98 FESL rebates, and the one-off \$150 rebate. Again, freezes in transportation fees and charges in 2020-21 at 2019-20 levels have been incorporated into the gross 2020-21 transportation cost.

¹⁷ Approximate median unit price in Bruce from <https://www.realestate.com.au/neighbourhoods> accessed on 14 January 2021.

Table 3.3.5: Estimated impact of territory taxes and fees, and utility charges in 2020-21 on Daniel and Jung

Government Taxes, Fees and Utility Charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21	Savings
	2019-20 \$	2019-20 \$	2020-21 \$	2020-21 \$	2020-21 \$	change \$	2020-21 \$
Property							
<i>Taxes</i>							
General Rates	866		1,731		881	15	
Fire and Emergency Services Levy	246		344		246	0	
Safer Families Levy	30		30		30	0	
<i>Concessions</i>							
General Rates, Fire and Emergency Services Levy				948			
Pensioner duty concession scheme			7,320	7,320	0		
Transport							
<i>Fees</i>							
Driver licence fee, vehicle registration, road rescue fee, road safety contribution, MAI insurance, motor accident levy, lifetime care and support levy and Transport Canberra fares	599		2,447		537	-62	
<i>Concessions</i>							
Driver licence fees, vehicle registration and Transport Canberra fares				1,910			
Utilities							
<i>Fees</i>							
Electricity, water and sewerage	2,373		3,203		2,503	130	
<i>Concessions</i>							
Utilities Concession				700			
Other concessions potentially available							
Spectacles Subsidy Scheme		200					200

Madi and Michael

Madi and Michael live in Hawker. They have an annual household income of \$190,000, own their own home and both work full-time. They have two children: James in primary school and Angela in high school. They share school drop offs for James, and Angela catches the bus to school. Most days, one of them catches the bus to work and the other drives their family sedan.

Madi and Michael have been planning on purchasing a new house. Based on a purchase price of \$770,000, they would pay \$23,380 in conveyance duty in 2020-21, \$12,645 less than if they purchased a house at the same price in 2011-12 at pre-tax reform rates.

If Madi and Michael instead choose to purchase a single residential block in 2020-21 on which to build their new home, they would pay no conveyance duty. Based on a block price of \$365,000, they would save \$6,810 by accessing the current full stamp duty concession for owner-occupier purchases of single residential dwelling blocks.

Unfortunately, the family sedan was written-off after being damaged by the hailstorm that hit parts of Canberra on 20 January 2020. Madi and Michael purchased a replacement sedan for \$10,000 in July 2020. Madi and Michael were eligible to receive rebates and refunds of fees and charges associated with the replacement vehicle, including stamp duty, registration cancellation and vehicle establishment fees, and road worthy and identity inspection fees totalling \$376.

Table 3.3.6 below shows the costs of taxes, fees and charges net of ongoing and one-off concessions, and the change from 2019-20 to 2020-21 for Madi, Michael and their family. For comparison purposes, general rates for their current home are included for 2019-20 and 2020-21. For 2020-21 the general rates for the home is exclusive of the \$150 one-off rebate, which is captured in the 2020-21 concessions column. As above, freezes in transportation fees and charges in 2020-21 at 2019-20 levels have been incorporated into the gross 2020-21 transportation cost.

Table 3.3.6: Estimated impact of territory taxes and fees, and utility charges in 2020-21 on Madi and Michael

Government Taxes, Fees and Utility Charges	Cost net of concessions		Savings		Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21 change	Savings 2020-21
	2019-20	2019-20	2020-21	2020-21					
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property									
<i>Taxes</i>									
General Rates	3,178		3,320	150	3,170		-8		
Fire and Emergency Services Levy	344		344		344				
Safer Families Levy	30		30		30				
Conveyance duty if purchase new house			23,380		23,380				
Conveyance duty if purchase single residential block			6,810	6,810	0				

Government Taxes, Fees and Utility Charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21	Savings
	2019-20 \$	2019-20 \$	2020-21 \$	2020-21 \$	2020-21 \$	change \$	2020-21 \$
Transport							
<i>Fees</i>							
Driver licence fee, vehicle registration, road rescue fee, road safety contribution, CTP insurance, CTP regulator levy, lifetime care and support levy and Transport Canberra fares and parking	5,703		5,643		5,643	-60	
Stamp duty, registration cancellation fee, vehicle establishment fee, road worthy inspection fee, identity inspection fee			576	376	200	200	
<i>Savings</i>							
Reduction from Rewards for Safe Driving		24					24
Utilities							
<i>Fees</i>							
Electricity, natural gas, water and sewerage	6,325		6,247		6,247	-78	

Katie

Katie is an aged pensioner living in public housing in Greenway, who pays 25 per cent of her income in rent. The indicative market rent for a one-bedroom unit in this area is around \$385 a week (\$20,020 a year).

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

Table 3.3.7 below shows the costs of taxes, fees and charges net of ongoing and one-off concessions and the change from 2019-20 to 2020-21 for Katie. As above, freezes in transportation fees and charges in 2020-21 at 2019-20 levels have been incorporated into the gross 2020-21 transportation cost.

Table 3.3.7: Estimated impact of territory taxes and fees, and utility charges in 2020-21 on Katie

Government Taxes, Fees and Utility Charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21	Savings
	2019-20 \$	2019-20 \$	2020-21 \$	2020-21 \$	2020-21 \$	change \$	2020-21 \$
Property							
<i>Rent</i>							
25% of pension	6,020		6,138		6,138	118	
<i>Savings</i>							
Difference to market rent		13,220					13,882
Transport							
<i>Fees</i>							
Transport Canberra fares	0		1,468		0	0	
<i>Concessions</i>							
Transport Canberra fares				1,468			
Utilities							
<i>Fees</i>							
Electricity	555		1,400		700	145	
<i>Concessions</i>							
Utilities Concession				700			

Alex

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

Alex has chronic obstructive pulmonary disease and needs to use an oxygen concentrator to help him breathe. Alex receives the Life Support Rebate, which will provide an annual rebate amount of \$128 in 2020-21 on his electricity bills.

Table 3.3.8 shows the costs of taxes, fees and charges net of ongoing and one-off concessions and the change from 2019-20 to 2020-21 for Alex. For 2020-21 the general rates for the home is exclusive of the \$150 one-off rebate. As above, freezes in transportation fees and charges in 2020-21 at 2019-20 levels have been incorporated into the gross 2020-21 transportation cost.

Table 3.3.8: Estimated impact of territory taxes and fees, and utility charges in 2020-21 on Alex

Government Taxes, Fees and Utility Charges	Cost net of concessions	Savings	Cost	Value of concessions	Cost net of concessions	2019-20 to 2020-21	Savings
	2019-20 \$	2019-20 \$	2020-21 \$	2020-21 \$	2020-21 \$	change \$	2020-21 \$
Property							
<i>Taxes</i>							
General Rates	1,926		2,110	2,110 ¹	N/A ²		
Fire and Emergency Services Levy	344		344	344	N/A ²		
Safer Families Levy	30		30	30	N/A ²		
Transport							
<i>Fees</i>							
Driver licence fee, vehicle registration, road rescue fee, road safety contribution, MAI insurance, motor accident levy, and lifetime care and support levy	1,040		979		979	-61	
<i>Savings</i>							
Reduction from Rewards for Safe Driving		12					12
Utilities							
<i>Fees</i>							
Electricity, water and sewerage	2,430				2,374	-56	
Life Support Rebate		128					128

Notes:

1. The concession amount is inclusive of the \$150 rebate provided as part of the COVID-19 Economic Survival Package
2. Alex pays no general rates in 2020-21, as he chooses to defer them. Rates owing are charged a very low interest rate (0.1 per cent per year as at 18 January 2021), which is lower than the market interest rate available for households, resulting in annual savings for households who choose to defer.

Table notes

ACT household scenarios

Figures in the household scenario tables (including the totals) and in the notes below are rounded to the nearest dollar, except for the Road Rescue Fee, Road Safety Contribution, and the Lifetime Care and Support Levy.

Data for 2019-20 has been revised from the 2019-20 Budget, replacing estimates with actual prices and average taxes.

Property

Consistent with the 2019-20 Budget, general rates have been calculated as the average general rates bill for the relevant suburb and property type (house or unit) for each household, rather than based on a fixed Average Unimproved Value (AUV).

Transport

Driver licence fees have been calculated by dividing the cost of a five-year driver licence by five to determine the annual cost. For 2020-21, drivers are assumed to receive the 30 per cent Rewards for Safe Driving discount. This discount is available to drivers who have no relevant traffic offences recorded for the previous five years.

For Motor Accident Injuries (MAI) Insurance (which replaced the previous Compulsory Third-party Insurance Scheme from 1 February 2020), an average of the premiums for passenger vehicles for the four licensed providers in the market (NRMA, APIA, GIO and AAMI) as at 1 January 2021 has been used (\$453.35).¹⁸

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

Changes to 2019-20 cost net of concessions for the transport category

Some of the figures in the tables for the 2019-20 cost net of concessions for the transport category do not match the corresponding figure in the Cost of Living Statement in the 2019-20 Budget. This is because the 2019-20 Budget assumed that Transport Canberra fares would be indexed from 1 January 2020. However, indexation did not occur, and therefore to not overstate the reduction in cost net of concessions between 2019-20 and 2020-21, the indexation of fares has been removed from the 2019-20 cost net of concessions.

Utilities

For water and sewerage prices, while the ICRC approved an overall price increase from 1 July 2020, Icon Water froze the standard water consumption charges and the combined water and sewerage supply charge in 2020-21 at 2019-20 levels in response to COVID-19. The scenarios above use Icon Water 2020-21 water and sewerage prices to determine water and sewerage bills.

Under the ICRC price direction, the average price of ActewAGL's regulated tariffs will fall by around 2.56 per cent in 2020-21. The scenarios use the prices from ActewAGL's ACT Home plan from 1 July 2020, which is one of ActewAGL's standard electricity plans that is regulated by the ACT Government.

¹⁸ The average of the premiums for passenger vehicles for the four licensed providers in the market (NRMA, APIA, GIO and AAMI) from 1 February 2021 will reduce to \$439.98. This is a decrease in the average premium of \$13.37.

Retail gas prices are not regulated in the Territory. According to information from gas retailers in the ACT, 2020-21 gas prices in the ACT have either been frozen or decreased for most customers, resulting in an average annual saving of \$16 for an average ACT household.¹⁹ The scenarios above use the prices from ActewAGL's ACT Home Plan from 1 July 2020.

Change to assumptions about electricity consumption

Assumptions about electricity consumption for properties that are not all electric have been revised down by 1,500 kWh, in line with the ICRC's latest electricity price investigation. To not overstate the reduction in cost net of concessions between 2019-20 and 2020-21, the revised assumption has been applied to 2019-20 for properties that are not all electric.

Jen and Scott

Property

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

Transport

For 2020-21, transport fees comprise: one driver licence fee (\$40); vehicle registration (\$402); Road Rescue Fee (\$28); Road Safety Contribution (\$2.50); MAI insurance (\$453); the Motor Accident Levy (\$16); the Lifetime Care and Support Levy (\$37); and Transport Canberra Operations fares (\$1,468).

For 2020-21, concessions comprise: Transport Canberra Operations' concession fare (\$734). The driver is eligible for the rewards for Safe Driving Discount on licence fees (\$12).

Assumptions

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

Utilities

For 2020-21, utility charges comprise: electricity (\$2,142) and natural gas (\$2,123). Concessions comprises the ongoing Utilities Concession (\$700).

Assumptions

Consumption per year: electricity (7,200 kWh) and natural gas (51 GJ). No water or sewerage charges have been included as the family is renting and it is assumed that these charges are incorporated into weekly rent payments.

¹⁹ Information from the three gas retailers in the ACT found at: <https://www.actewagl.com.au/plans-and-connections/pricing-information/price-change>, <https://www.originenergy.com.au/for-home/electricity-and-gas/pricing/act-price-change.html>, <https://www.energyaustralia.com.au/home/help-and-support/faqs/rate-changes>.

Abby and Farah

Property

For 2020-21, property fees comprise: general rates excluding the one-off \$150 rebate (\$1,581); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30). They will not pay any conveyance duty on their purchase of a \$530,000 townhouse in 2020-21. The Home Buyer Concession scheme provides a full duty concession to eligible first home buyers below certain income thresholds.

Transport

For 2020-21, transport fees comprise: two driver licence fees (\$81); vehicle registration (\$402); Road Rescue Fee (\$28); Road Safety Contribution (\$2.50); MAI insurance (\$453); the Motor Accident Levy (\$16); the Lifetime Care and Support Levy (\$37); and Transport Canberra Operations fares (\$1,468).

For 2020-21, both drivers are eligible for a discount on the cost of their driver licences under the Rewards for Safe Driving Program (\$24).

Assumptions

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

Utilities

For 2020-21, utility charges comprise: electricity (\$1,771); natural gas (\$1,819); and water and sewerage (\$1,061).

Assumptions

Consumption per year: electricity (5,700 kWh); natural gas (42 GJ); and water (160 kL).

Daniel and Jung

Property

For 2020-21, property fees comprise: general rates excluding the one-off \$150 rebate in 2020-21 (\$1,731); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30). Concessions consist of the ongoing pensioner general rates rebate (\$700), the one-off \$150 rebate to all residential property owners, and the Fire and Emergency Services Levy rebate (\$98).

Transport

For 2020-21, transport fees comprise: one driver licence fee (\$40); vehicle registration (\$402); Road Rescue Fee (\$28); Road Safety Contribution (\$2.50); MAI insurance (\$453); Motor Accident Levy (\$16); the Lifetime Care and Support Levy (\$37); and Transport Canberra Operations fares (\$1,468).

For 2020-21, concessions comprise: driver licence (\$40); vehicle registration (\$402); and Transport Canberra Operations fares (\$1,468).

Assumptions

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

Utilities

For 2020-21, utility charges comprise: electricity (\$2,142) and water and sewerage (\$1,061). Concessions comprises the ongoing Utilities Concession (\$700).

Assumptions

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

Other Concessions

They are both eligible to access the Spectacles Subsidy Scheme, which provides a \$200 rebate for each eligible person every two years on the purchase of glasses.²⁰

Madi and Michael

Property

For 2020-21, property fees comprise: general rates excluding the \$150 one-off rebate (\$3,320); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30).

Transport

For 2020-21, transport fees comprise: two driver licence fees (\$81); vehicle registration (\$402); Road Rescue Fee (\$28); Road Safety Contribution (\$2.50); MAI insurance (\$453); the Motor Accident Levy (\$16); the Lifetime Care and Support Levy (\$37); school student Transport Canberra Operations fare (\$383); adult Transport Canberra Operations fare (\$1,468) and parking (\$2,772).

For 2020-21, both drivers are eligible for a discount on the cost of their driver licences under the Rewards for Safe Driving Program (\$24).

²⁰ This translates to a potential total benefit of \$400 for the household every two years, or an average yearly benefit of \$200 for the household.

Assumptions

Fees are calculated based on two drivers and one car with a vehicle tare weight of 1,155 kg to 1,504 kg. A 30-ride paid cap for students is reached taking rides to and from school. The monthly travelling cap of 40 trips applies to the adult fare calculation. Once the monthly cap is reached, passengers' remaining travel will be free of charge provided they continue to tag on and off with each journey. Parking fees have been calculated using the non-premium, all day City car park rate, which has been frozen in 2020-21 at 2019-20 levels.

Utilities

For 2020-21, utility charges comprise: electricity (\$2,513); natural gas (\$2,427); water and sewerage (\$1,307).

Assumptions

Consumption per year: electricity (8,700 kWh); natural gas (60 GJ); and water (230 kL).

Katie

Property

For 2020-21, rent comprises 25 per cent of the full annual age pension of \$24,552, with rent payable of \$6,138. The market rent for a one-bedroom unit in the area is around \$20,020 per year in 2020-21 based on data from the Real Estate Institute of Australia for the lower quartile for the Outer South.

Transport

For 2020-21, transport fees comprise the adult five days a week Transport Canberra Operations fare (\$1,468). Concessions comprise Transport Canberra Operations' concession fare (\$1,468).

Assumptions

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

Utilities

For 2020-21, utility charges comprise: electricity (\$1,400). Concessions comprise the Utilities Concession (\$700).

Assumptions

Consumption per year: electricity (4,200 kWh); and water (125 kL). Water and sewerage charges of \$975 are paid by the Community Services Directorate.

Alex

Property

For 2020-21, property fees comprise: general rates (\$2,110) minus the \$150 one-off rebate with the remainder deferred (based on the average general rates for a townhouse in Farrer); the Fire and Emergency Services Levy (\$344); and the Safer Families Levy (\$30).

Transport

For 2020-21, transport fees comprise: one driver licence fee (\$40); vehicle registration (\$402); Road Rescue Fee (\$28); Road Safety Contribution (\$2.50); MAI insurance (\$453); the Motor Accident Levy (\$16); and the Lifetime Care and Support Levy (\$37).

For 2020-21, he is eligible for a discount on the cost of his driver licence under the Rewards for Safe Driving Program (\$12).

Utilities

For 2020-21, utility charges comprise: electricity (\$1,400); water and sewerage (\$975). Alex receives the Life Support Rebate which provides an annual rebate amount of \$128 in 2020-21 on his electricity bills.

Assumptions

Consumption per year: electricity (4,200 kWh); and water (125 kL).

3.4 EXPENSES

Throughout the economic and fiscal shocks brought on by the pandemic, our focus has remained the same – to protect the health of Canberrans, support the most vulnerable in our community, and support our economy by protecting local jobs.

The Government closely monitored the evolving risks of COVID-19 and followed the advice of our Chief Health Officer. We reassessed the way we live and work, and effectively implemented safety measures to protect Canberrans. The manner in which we supported each other during these trying times is a testament to the resilient and compassionate nature of our community.

Notwithstanding the absence of a Territory Budget in 2020, we invested significantly in our health system, infrastructure and services. We provided hundreds of millions of dollars to assist people and businesses most adversely affected by the pandemic.

The 2020-21 Budget has been developed in the context of the pandemic and includes continued funding to address the health and economic challenges, including the roll-out of the COVID-19 vaccine. But it also reflects our commitment to building a sustainable Canberra. The pathway to recovery will not be smooth and it will not be easy. We have focused on addressing climate change, expediting the delivery of significant infrastructure programs, the growth of the employment base, and the active recovery of local business.

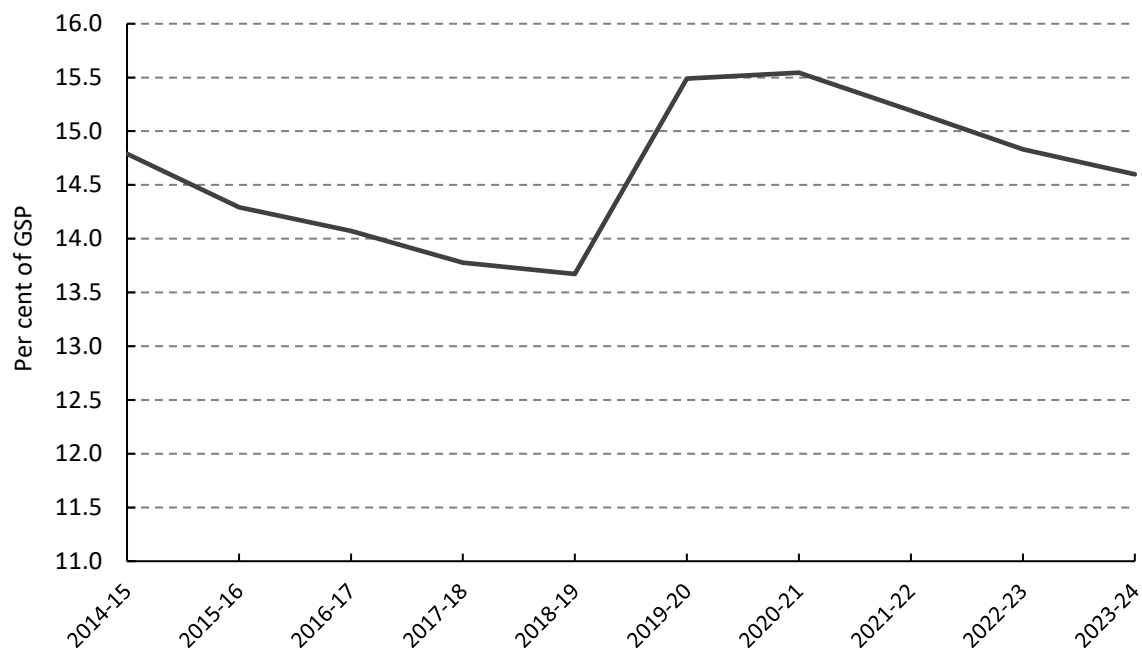
The 2020-21 Budget demonstrates our continued commitment to investing in Canberra, to support families and households and to keep businesses employing and thriving. We have prioritised investing in policies and programs today to ensure a healthy and sustainable tomorrow. The Government will continue to ensure Canberra is the most liveable city in Australia.

Our General Government Sector expenses are forecast to be \$6.7 billion in 2020-21, representing 15.5 per cent of Gross State Product. Expenses are forecast to grow by an average of 3.1 per cent a year over the next four years, corresponding primarily to increased funding in health, general public services and education.

Expenses and forward estimates

Figure 3.4.1 shows General Government Sector expenses as a percentage of Gross State Product over a 10-year period. 2014-15 reflects the costs associated with the Loose-fill Asbestos Insulation Eradication Scheme, and the peak in 2019-20 and 2020-21 is associated with additional support provided to the ACT community during the COVID-19 pandemic.

Figure 3.4.1: General Government Sector total expenses as a percentage of Gross State Product



Note:

1. Total expenses for the General Government Sector exclude the impact of Large-scale Generation Certificates.

Estimated expenses by function

When categorised in accordance with the *Classification of the Functions of Government Australia* methodology, health, education and general public services are the most significant areas of General Government Sector spending. These functions jointly account for around 67 per cent of all government expenses in 2020-21.

The categorisation of expenses under this methodology facilitates meaningful comparisons of the proportion of government resources spent on functions over time and between jurisdictions. However, as the methodology uses specific definitions, the classifications can differ from the thematic or structural presentation of government spending included elsewhere in the budget papers.

Table 3.4.1 sets out the estimates of General Government Sector expenses by function under the *Classification of the Functions of Government Australia* methodology over the period 2019-20 to 2023-24.

Table 3.4.1: General Government Sector expenses by function

	2019-20 Audited Outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Health	1,847,755	1,962,698	1,861,920	1,909,187	1,957,723
Education	1,495,424	1,538,574	1,567,369	1,621,777	1,685,369
General public services	1,030,195	1,018,577	1,274,196	1,302,351	1,343,264
Social protection	551,707	526,246	487,086	482,428	498,218
Public order and safety	522,658	561,155	559,079	569,897	582,825
Transport	474,658	510,594	504,982	513,446	525,554
Environmental protection	216,330	221,444	214,998	175,835	180,836
Recreation, culture and religion	207,324	213,997	196,046	193,393	196,584
Economic affairs	132,863	134,577	116,756	117,671	121,307
Housing and community amenities	38,655	61,882	56,620	55,794	56,526
Total expenses	6,517,568	6,749,744	6,839,052	6,941,781	7,148,206

Note: Numbers may not add due to rounding.

Significant areas of growth across the forward estimate period include health, education, public order and safety, and general public service functions. The growth in these areas largely reflects support for the community in response to the COVID-19 pandemic in health, hospital and medical services, as well as underlying increases in wages and superannuation expenses for the ACT Government's 22,626 strong workforce.

Decreases between years generally reflect the planned completion of programs, for example, the Asbestos Response Taskforce, or one-off impacts. As the expense data refers to the General Government Sector, government expenditure in the Public Trading Enterprises Sector, such as the provision of social housing services through Housing ACT, is largely excluded.

Where will Government spending go in 2020-21?

Approximately half of the Government's total spending relates to healthcare and education, demonstrating the strong priority we place upon these essential public services.

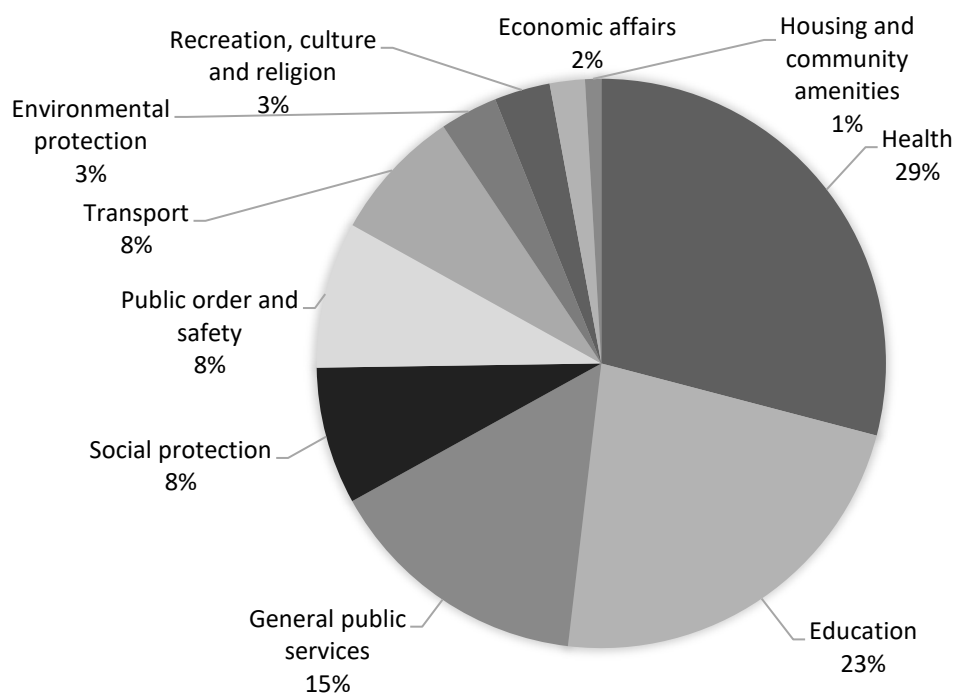
General public services account for 15 per cent of expenses. This category refers to expenses relating to the organisation and operation of government, including enabling services for other functions, such as whole of government insurance costs and financial and fiscal affairs including interest on borrowings and superannuation. It also includes the delivery of Access Canberra as an efficient and accessible point of contact for Canberrans to do business with government both digitally and physically.

As shown in Figure 3.4.2, the remaining government expenses are mainly for public order and safety, social protection, and transport.

The share of spending allocated to any individual area of government necessarily affects the shares of all other areas. For example, the 2020-21 Budget makes a significant investment in support for Canberrans impacted by the pandemic with particular initiatives such as the COVID-19 public health response and continuing rental relief for ACT Government properties. Support for the environment in the 2020-21 Budget includes the Sustainable Household Scheme, Vulnerable Household Energy Support and the Ngunnawal Rangers program. As a result of these large investments, other areas of government may represent a smaller share of total spending than in previous years. However, this does not mean the Government's investment in these areas is falling in dollar terms.

Over time, we invest the ACT's Budget in relatively stable proportions with health representing approximately one third of total spending and education representing about one quarter.

Figure 3.4.2: Components of 2020-21 General Government Sector expenses



Consolidated General Government Sector expenses

Total expenses for the General Government Sector were \$6.5 billion in 2019-20, forecast to grow to \$6.7 billion in 2020-21. As in prior years, almost half of the expenses in 2020-21 relate to employee wages and superannuation.

Expenses in 2020-21 are \$88.6 million higher than forecast in the August 2020 EFU, primarily due to the net effect of impacts considered further below.

Table 3.4.2: General Government Sector expenses

	2019-20 Budget Review \$'000	2019-20 Audited Outcome \$'000	2020-21 Budget \$'000	Var. %	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Expenses							
Employee expenses	2,189,794	2,325,368	2,369,825	2	2,333,049	2,366,491	2,418,294
Superannuation expenses							
Superannuation interest cost	228,635	228,635	210,537	-8	413,132	423,600	433,282
Other superannuation expense	460,389	473,542	484,230	2	351,586	347,532	350,448
Depreciation and amortisation	473,510	465,827	498,236	7	555,526	563,526	568,966
Interest expense	214,690	206,461	201,989	-2	253,817	258,579	275,708
Other operating expenses							
Supplies and services	1,124,258	1,041,026	1,190,416	14	1,277,758	1,357,252	1,430,991
Other operating expenses	263,630	357,087	279,076	-22	280,166	289,191	293,333
Grants and purchased services	1,271,734	1,419,622	1,515,435	7	1,374,018	1,335,610	1,377,184
Total expenses	6,226,640	6,517,568	6,749,744	4	6,839,052	6,941,781	7,148,206

Factors affecting expense levels

Employee expenses

Employee expenses are forecast to grow by \$44.5 million, or two per cent, in 2020-21 compared to the 2019-20 audited outcome. This increase is largely due to the impact of new and continuing initiatives and growth in Education enrolments.

Superannuation interest costs and other superannuation expenses

Superannuation interest costs and other superannuation expenses represent expenses in relation to the defined benefit Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme superannuation liabilities. Other superannuation expenses also capture defined contribution superannuation arrangements, including the Public Sector Superannuation accumulation plan and choice of fund arrangements for existing staff.

The decrease in superannuation expense in the 2020-21 Budget from the 2019-20 audited outcome is mainly due to the adoption of lower financial assumptions for the 30 June 2020 financial year end defined benefit superannuation liability valuation.

Depreciation and amortisation

Depreciation and amortisation expenses are estimated to increase in 2020-21 by \$32.4 million, or seven per cent compared to the 2019-20 audited outcome. This increase mainly reflects the completion of fit-out and commencement of leases for the Civic and Allara House government office blocks; and new and continuing initiatives including ACT Healthy Waterways and the Technology Enabled Learning Program.

Interest expenses

Interest expenses represent the cost of borrowing to fund infrastructure investments and finance charges on leases and public private partnerships.

Interest expenses are forecast to decrease by \$4.5 million, or two per cent in 2020-21 from the 2019-20 audited outcome mainly due to lower interest costs on outstanding borrowings.

Supplies and services

Supplies and services expenses comprise supplies, repairs and maintenance, consultant and contractor expenses, as well as payments for ACT Policing.

Supplies and services are forecast to increase in 2020-21 by \$149.4 million, or 14 per cent compared to the 2019-20 audited outcome. This increase is largely due to the health response to the COVID-19 pandemic, new and continuing initiatives, and the impact of reprofiling of initiatives.

Other operating expenses

Other operating expenses consist of cost of goods sold, insurance related costs, concessions, school account expenses, and other miscellaneous expenses.

Other operating expenses are forecast to decrease in 2020-21 by \$78.0 million, or 22 per cent compared to the 2019-20 audited outcome. This decrease is attributable to the write off of assets in 2019-20 that did not meet the criteria to be capitalised under Australian Accounting Standards, and a lower number of new participants entering the Lifetime Care and Support Scheme in 2020-21 compared to the record number of new participants that entered the Scheme in 2019-20.

Grants and purchased services

Grant expenses are expected to increase in 2020-21 by \$95.8 million, or seven per cent compared to the 2019-20 audited outcome. This is also attributable to Commonwealth funding for the health response to the COVID-19 pandemic and increased funding under the Commonwealth Community, health and hospitals program leading to increased expenditure.

Community Service Obligations

Community Service Obligations primarily relate to Public Trading Enterprises. The definition adopted by the ACT Government is the one used by the Steering Committee on National Performance Monitoring of Government Trading Enterprises, established through the Special Premiers' Conference in 1991. This states:

'A Community Service Obligation arises when a government specifically requires a public enterprise to carry out activities relating to outputs or inputs, with identified public benefit objectives, which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sector to undertake, or which it would only do commercially at higher prices.'

The Government extends the policy to other business units, regardless of whether the unit is formally a Territory-owned corporation or a statutory authority, and irrespective of its organisational structure.

The separate identification of Community Service Obligations provides transparency in relation to the full cost of services as well as the financial implications of Government decisions in the provision of services to specifically targeted groups in the community.

Table 3.4.3: Community Service Obligations funded in the 2020-21 Budget

CSO provided by:	2020-21 Budget \$'000	Description
Chief Minister, Treasury and Economic Development Directorate		
Exhibition Park	496	Compensation for charging below market rates, as a result of Ministerial direction, or agreements entered into by the Government.
Icon Water Limited	11,367	Rebates on water and sewerage charges for concession card holders, schools, churches, hospitals, benevolent and charitable institutions, and remissions provided by the ACT Civil and Administrative Tribunal.
ActewAGL/ Origin Energy/ Energy Australia	33,518	Rebates on energy bills for concession card holders and community groups, and remissions provided by the ACT Civil and Administrative Tribunal.
Several Funeral Directors	350	Support provided to Canberrans through the Funerals Assistance Program.
Transport Canberra Operations	5,739	Rebates on public transport for adult and student concession card holders.
Public Trustee and Guardian	940	Financial Management under ACT Civil and Administrative Tribunal orders, Enduring Power of Attorney, welfare funerals, Australian Federal Police callouts, estates and trusts administered valued at less than \$100,000, the examination of external ACT Civil and Administrative Tribunal orders and will preparation.
Transport Canberra and City Services Directorate		
Yarralumla Nursery	313	Free plant issue.
Transport Canberra Operations	198,936	Funding provided to Transport Canberra Operations to operate network (bus and light rail) services.
Environment, Planning and Sustainable Development Directorate		
ACT Forests	2,297	Provision and upkeep of public use areas within ACT Forests.
Total Community Service Obligations	253,956	

Community Sector Funding

The Government provides funding for not-for-profit non-government community organisations that deliver human services through multi-year Service Funding Agreements to meet increasing wage-related and administrative costs.

Annual funding increases are calculated using the following formula:

$$\text{Community Sector Funding Rate} = (\text{Wage Price Index} \times 0.8) + (\text{Consumer Price Index} \times 0.2).$$

Table 3.4.4 sets out the rates that have been applied to eligible community sector funding for the 2020-21 Budget.

Table 3.4.4: Community Sector Funding Rate

	2020-21 Budget %
Wage Price Index	1.5
Consumer Price Index	1.5
Community Sector Funding Rate	1.5

3.5 REVENUE

Revenue overview

The economic and employment effects of the pandemic, along with Government revenue initiatives to support the community and business, have had a significant impact on both own-source and GST revenue, with total General Government Sector revenue being \$867.9 million lower over the three years to 2022-23¹ than was expected at the time of the 2019-20 Budget Review prior to the pandemic. However, the economic and employment effects are now expected to be less severe than previously anticipated, both in the ACT and nationally. As such, total ACT General Government Sector revenue is now expected to be \$813.8 million higher over the three years to 2022-23 and a further \$146.9 million higher in 2023-24 than estimated in the August 2020 EFU.

Own-source taxation revenue is expected to be \$105.8 million higher over the four years to 2023-24 than estimated in the August 2020 EFU, reflecting upward revisions to all major revenue lines, other than payroll tax and general rates. Stronger than previously forecast economic activity has driven higher revenue collections and has also led to lower revenue forgone from COVID-19 related measures as a result of lower take up of some of those measures. The expected reductions in population growth, however, will constrain revenue growth over the coming years. As a result, despite the upgrades, own-source tax revenue is still expected to be \$512.7 million lower than estimated in the 2019-20 Budget Review prior to the pandemic.

The ACT government has provided significant support to the community and business through revenue related initiatives and this has contributed to the stronger than expected economic and employment outcomes. That support has included significant deferrals, freezing of indexation and reductions in tax liabilities across most of the ACT's own-source revenue lines. In recognition of the continuing impact of the pandemic in some sectors of the economy, the Government has extended a number of these initiatives in this Budget. Details are available in Chapter 3.2 Fiscal Strategy and Policy Decisions.

To date, the Government has granted 790 deferrals for either general rates and payroll tax, totalling \$25.3 million, to provide cashflow support to households and businesses.

Overall, revenue initiatives reduced own-source revenue by \$23.8 million in 2019-20 and are expected to result in further revenue forgone of \$70.6 million in 2020-21. There will also be some ongoing reductions in revenue as a result of these initiatives due to the impact they have on each tax base.

¹ For Commonwealth payments it is only possible to compare the three years to 2022-23 from the 2019-20 Budget Review as projections for 2023-24 were not available at that time.

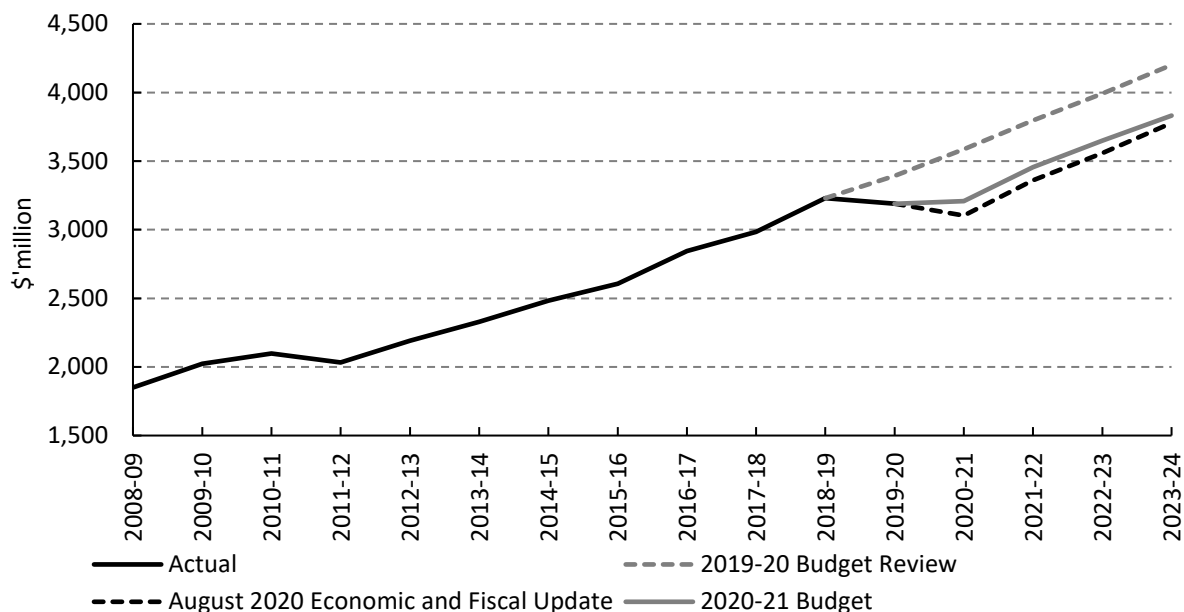
The ACT Government is continuing to implement our nation-leading tax reform program that commenced in 2012, with Stage 3 to commence in 2021-22, a year earlier than previously scheduled. The impact of the COVID-19 pandemic on own-source revenues and the need to improve the efficiency and productivity of the economy as we move into the recovery phase has sharpened the focus of Australian governments on our tax systems. In this environment, it is vital that we continue to raise revenue in the most efficient, fair, simple and sustainable way and provide a stable source of funding to deliver services to our communities.

Land sales revenue from the Suburban Land Agency, which flows through to General Government Sector revenue as dividends and income tax equivalents, has also made a significant contribution to the more positive revenue outlook in 2020-21 and 2021-22. Dividends and income tax equivalents are \$251 million higher in those years than expected in the August 2020 EFU. However, as this is largely the result of a significant bring forward of land sales under the current Indicative Land Release Program, which has reduced inventory and largely exhausted current releases, dividends and income tax equivalents are \$76.3 million lower in 2022-23 and 2023-24. These estimates will be adjusted following the release of the 2021-2025 land release program before the start of the 2021-22 financial year.

GST revenue is expected to be \$338 million higher over the four years to 2023-24 than estimated in the August 2020 EFU. This upgrade is largely due to an upward revision of \$18 billion to the GST pool over that period driven by a sharp rebound in household consumption nationally, which rose by 7.9 per cent in the September quarter 2020. Retail trade data and improved consumer confidence and sentiment suggests the recovery continued into the December quarter, supported by the easing of restrictions in Victoria, the Commonwealth's income support payments, and a faster recovery in the labour market than previously anticipated.

While total own-source taxation revenue and GST revenue are now estimated to be \$443.8 million higher over the four-year budget period than expected at the time of the August 2020 EFU, revenue remains \$1.3 billion lower than forecast in the 2019-20 Budget Review prior to the pandemic (see Figure 3.5.1).

Figure 3.5.1: Changes in the total of own-source taxation and GST revenue



Source: CMTEDD

Commonwealth grants to the ACT, excluding GST, are also \$291 million higher over the four years to 2023-24 than estimated in the August 2020 EFU. This is primarily due to the Commonwealth’s contribution to the costs of the COVID-19 public health response and to infrastructure investment to support the economic recovery from the pandemic. In addition, the Commonwealth has provided increased funding for health infrastructure and programs, non-Government schools, and a one-year extension of the Universal Access to Early Childhood Education agreement. Further information on the Commonwealth Government’s contribution to the ACT can be found in Chapter 3.6 Federal Financial Relations.

The revenue estimates presented in this section reflect the baseline scenario and are dependent on the key assumptions outlined in Chapter 2. As with the economic forecasts in Chapter 2, there are a range of alternative scenarios that may eventuate that would result in higher or lower revenue estimates than presented in the baseline. Stronger outcomes from health treatments and more effective responses to virus outbreaks, including the rapid and effective roll-out of vaccines, would present upside risks to the baseline revenue estimates. Conversely, any further need to reintroduce or tighten existing restrictions in response to further widespread outbreaks in Australia or internationally would present downside risks to the baseline revenue estimates.

Table 3.5.1: General Government Sector revenue

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Own-source taxation	2,035,837	1,949,207	1,987,230	2,156,238	2,269,753	2,390,173
Goods and Services Tax ¹	1,356,410	1,239,910	1,221,537	1,300,627	1,380,095	1,441,559
Commonwealth grants	1,031,471	1,123,497	1,158,195	1,244,883	1,240,798	1,273,534
Sales of goods and services	583,552	546,992	561,693	602,108	621,838	636,926
Investment revenue	209,597	234,986	218,819	235,565	243,930	252,194
Dividend and income tax equivalents	224,454	157,661	486,739	216,301	127,083	206,342
Gains from contributed assets	136,480	182,098	156,997	220,470	242,834	156,091
Other revenue	190,508	170,596	189,866	195,682	204,178	203,315
Total	5,768,309	5,604,947	5,981,076	6,171,874	6,330,509	6,560,134

Note:

1. The Commonwealth Government's Final Budget Outcome released on 25 September 2020 (after the 2019-20 audited outcome was finalised) records GST for 2019-20 (in thousands) at \$1,239,024.
2. Numbers may not add due to rounding.

Own-source taxation revenue

Total own-source taxation revenue is estimated to be \$105.8 million higher than the estimates published in the August 2020 EFU over the four years to 2023-24². Despite this improvement, own-source taxation revenue is still expected to be \$512.7 million lower over this period than expected in the 2019-20 Budget Review prior to the pandemic.

Own-source taxation revenue is estimated to be \$2.0 billion in 2020-21. This is \$49.1 million (2.5 per cent) higher than the level expected at the time of the August 2020 EFU, reflecting stronger residential conveyance duty and payroll tax as a result of more positive economic activity and stronger employment growth than expected. In addition, there was a less significant impact on gambling taxes from social distancing measures, and as restrictions were eased earlier than anticipated venues began trading sooner than expected.

Nonetheless, the forecasts for low population growth over the forward estimates period are expected to lead to more moderate growth in own-source taxation revenue across a number of revenue lines where population is an important driver of growth. Annual average growth is expected to reduce to around 6.3 per cent, compared to 7.3 per cent estimated in the August 2020 EFU over the budget and forward estimates period. Despite higher revenue in the 2020-21, lower growth rates on average over the forward estimates period mean that own-source taxation revenue remains slightly below the level estimated at the August 2020 EFU by 2023-24.

² Note that Motor Accident Injuries Levy, which formed part of the Motor Vehicle Registration fees in the August 2020 EFU, and Lifetime Care and Support Levy have been re-categorised such that they are no longer reported under own-source taxation revenue from 2020-21. To ensure consistency, any comparison with the own-source taxation revenue estimates in the August 2020 EFU has been adjusted to exclude those revenue lines.

Table 3.5.2: Own-source taxation revenue

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
General tax						
Payroll Tax	582,476	561,775	563,507	606,910	653,035	702,666
Tax waivers	2,317	-	9,636	4,497	2,337	2,384
Commercial general rates	211,013	210,422	219,019	241,320	255,794	270,980
Residential (unit titled) general rates	82,113	87,358	91,314	108,267	117,294	126,825
Residential (non-unit titled) and rural general rates	305,945	299,498	304,210	335,980	351,734	368,139
Land tax	150,945	143,378	147,404	158,720	168,945	177,331
Total general tax	1,334,809	1,302,430	1,335,090	1,455,694	1,549,139	1,648,325
Duties						
Commercial conveyances	73,538	47,664	55,687	61,258	66,386	70,906
Residential conveyances	176,366	149,694	160,921	186,853	190,806	196,099
Motor vehicle registrations and transfers	33,464	36,427	31,500	32,603	32,961	33,653
Total duties	283,368	233,785	248,108	280,714	290,153	300,658
Gambling taxes						
Tabcorp licence fee	1,101	1,087	1,129	1,159	1,186	1,216
Gaming tax	34,993	27,135	35,823	40,576	40,715	40,859
Casino tax	2,710	2,012	2,750	2,840	2,911	2,984
Interstate lotteries	15,874	14,828	13,342	15,010	17,095	17,522
Betting Operations Tax	8,980	11,458	14,370	15,232	16,146	17,115
Total gambling taxes	63,658	56,521	67,414	74,817	78,053	79,696
Other taxes						
Motor Vehicle Registration ¹	149,600	155,739	150,688	153,408	156,164	159,066
Ambulance Levy	25,603	23,937	24,117	24,418	24,723	25,094
Lease Variation Charge	23,207	23,208	22,044	23,736	24,948	27,220
Utilities (Network Facilities) Tax	42,368	41,342	42,160	43,088	44,081	45,205
Fire and Emergency Service Levy	87,374	86,679	87,770	89,720	91,690	93,940
City Centre Marketing and Improvements Levy	2,340	2,150	1,085	2,170	2,170	2,170
Energy Industry Levy	3,530	3,392	3,754	3,373	3,432	3,499
Lifetime Care and Support Levy ²	15,080	15,145	-	-	-	-
Safer Families Levy	4,900	4,879	5,000	5,100	5,200	5,300
Total other taxes	354,002	356,471	336,618	345,013	352,408	361,494
Total taxation	2,035,837	1,949,207	1,987,230	2,156,238	2,269,753	2,390,173

Notes: Numbers may not add due to rounding.

1. From 2020-21, Motor Vehicle Registration fees will no longer include revenue from the 'ACT Compulsory Third-Party Insurance Regulator Levy' as this levy was replaced by a new levy called 'Motor Accident Injuries Levy' on 1 February 2020. The new levy will be reported under 'Sales of goods and services'.
2. From 2020-21, the Lifetime Care and Support Levy will be reported under 'Other current revenue'.

Payroll tax

While payroll tax revenue for 2020-21 has been revised up by \$7.3 million (1.3 per cent) to \$563.5 million, over the four years to 2023-24 it is \$14.8 million lower than estimated in the August 2020 EFU, reflecting the changes to the employment and population forecasts outlined in Chapter 2. From 2021-22 to the end of the forward estimates, payroll tax revenue is expected to increase by around the pre-pandemic growth rate of 7.6 per cent per annum on average.

Despite the upward revision to the 2020-21 forecast, payroll tax revenue is only slightly higher compared to the audited outcome in 2019-20 of \$561.8 million, reflecting the effect of COVID-19 on economic activity, payroll tax waivers, and revenue forgone from the JobKeeper payroll tax exemption.

The Government has provided payroll tax waivers and exemptions to eligible businesses directly impacted by health-related restrictions implemented by National Cabinet and the ACT Government, to provide vital support to those most affected by decisions taken to keep the community safe during the COVID-19 pandemic. At its peak in July 2020, around 11,000 ACT businesses received the JobKeeper payment. By the first week of December, the number of businesses supported by the JobKeeper program in the ACT had fallen to around 5,000, with this trend expected to continue as the recovery progresses.

General rates

The audited outcome for general rates revenue in 2019-20 was \$597.3 million. Over the four years to 2023-24, general rates revenue is unchanged from the August 2020 EFU estimates, and the forecast remains for it to rise modestly over the forward estimates period.

Rates revenue, however, will remain \$92.8 million below the 2019-20 Budget Review estimates due to the Government's COVID-19 support measures and the settings for Stage 3 of tax reform.

That general rates revenue estimates are lower only due to policy decisions, illustrates how this revenue source is less affected by economic shocks compared to other transaction-based taxes. The shift from transaction-based taxes to land-based taxes through the ACT's tax reform program will progressively improve the stability and predictability of the ACT's revenue base into the future.

Year-on-year increases in general rates revenue reflects the ACT tax reform program, as well as growth in the value and number of new properties. Under the Government's tax reform program, increases in general rates above the growth in the Wage Price Index are used to fund reductions in own-source revenue from the abolition of inefficient taxes such as insurance and conveyance duties. General rates settings for 2021-22 will be finalised and announced prior to the start of the 2021-22 tax year.

The increase in average general rates for residential and commercial properties during the five years of Stage 3 of tax reform (2021-22 to 2025-26) will be 3.75 per cent per year. This is lower than the increase applied in Stage 2 (prior to COVID-19 household support measures) in light of the need to moderate the pace of general rates increases in response to expectations of lower wage growth and lower business income.

General rates consist of a fixed charge and a variable charge based on the underlying land value of a property, as measured by the Average Unimproved Value (AUV). For each property type (rural, commercial, unit titled residential and non-unit titled residential), rating factors are set to spread the target increase in average rates fairly based on underlying land values. The revenue estimates also factor in an estimated impact for new properties entering the general rates base in the coming year.

The Government is improving the stability and predictability of general rates for taxpayers by transitioning the basis on which they are calculated from a three-year to a five-year average of unimproved land value by 2021-22. This change will not affect the total general rates revenue collected each year.

Commercial general rates

Over the four years to 2023-24, commercial general rates revenue is unchanged from the forecasts in the August 2020 EFU. However, it is \$8.1 million lower relative to the projections over the four years to 2022-23 in the 2019-20 Budget Review prior to the pandemic.

As part of the Government's COVID-19 response, commercial property owners who reduce rents for tenants directly impacted by COVID-19 can receive commercial rates relief for the period 1 April 2020 to 31 January 2021. Rates relief has also been provided to affected owner-operators.

A total of \$210.4 million in commercial general rates revenue was collected in 2019-20. Commercial general rates revenue is forecast to increase to \$219 million in 2020-21. In recognition of the effects of COVID-19 on small businesses, 2020-21 average commercial general rates for commercial properties with an AUV of \$2 million or less (more than 90 per cent of commercial properties) did not increase. As rates charges are linked to AUVs, around 4,600 commercial property owners saw a reduction in their rates bills. However, general rates for some properties with an AUV of \$2 million or less increased due to relatively higher changes in the unimproved land values for those properties.

Average general rates for commercial properties with an AUV above \$2 million increased as scheduled by 5.8 per cent.

In setting the rating factors for 2020-21, the fixed charge for commercial properties with an AUV of \$2 million or less was set to be the same as in 2019-20, and the marginal rating factors for the valuation-based charge were adjusted to ensure that, on-average, there was no increase for these properties. The scheduled increase to average rates for commercial properties with an AUV above \$2 million was applied proportionately through the fixed charge and the valuation-based charge.

The rating system for commercial general rates in 2020-21 has the following elements:

- a fixed charge of:
 - \$2,622 for properties with an AUV of \$2 million or less
 - \$2,791 for properties with an AUV above \$2 million
- a valuation-based charge on the AUV for 2020 (which is the average of 2017, 2018, 2019 and 2020 unimproved land values), and
- marginal rating factors applied to the AUV of commercial properties – see Tables 3.5.3 and 3.5.4 for details.

Table 3.5.3: Commercial general rates (AUV \$2 million or less) – marginal rates

AUV threshold	Marginal rates %
0 to \$150,000	3.1376
\$150,001 to \$275,000	3.6737
\$275,001 to \$600,000	5.1650
\$600,001 and above	5.2251

Table 3.5.4: Commercial general rates (AUV above \$2 million) – marginal rates

AUV threshold	Marginal rates %
0 to \$150,000	3.4533
\$150,001 to \$275,000	3.9894
\$275,001 to \$600,000	5.4807
\$600,001 and above	5.5408

The Government will finalise and announce marginal rating factors for 2021-22 prior to the start of the 2021-22 tax year.

Residential general rates

Residential general rates revenue in 2019-20 was \$386.9 million. In 2020-21, residential general rates revenue is forecast to increase only moderately to \$395.5 million. This small increase reflects growth in the number of properties, offset by the residential rates relief provided by the ACT Government to support households in the ACT.

Over the four years to 2023-24, while residential general rates revenue is broadly unchanged from forecasts in the August 2020 EFU, it remains \$62.5 million lower relative to the projections in the 2019-20 Budget Review prior to the pandemic.

In 2020-21, average general rates for residential properties did not increase following the application of a \$150 rebate to the fixed charge component of residential general rates bills. As a result, more than 110,000 households saw a reduction in their 2020-21 rates bills. However, general rates for some properties increased due to relatively higher changes in the unimproved land values for those properties, or because they are high-value properties.

In setting the rating factors for 2020-21, the Government applied the scheduled (pre-rebate) increase to average rates for non-unit titled and for unit-titled properties proportionately through the fixed charge and the valuation-based charge. The fixed charge was then reduced by \$150 to implement the rebate.

The rating system in 2020-21 for residential (non-unit titled and unit titled) general rates has the following elements:

- a fixed charge, after the \$150 rebate, of:
 - \$773 for non-unit titled properties
 - \$808 for unit-titled properties
- a valuation-based charge on the AUV of the block for 2020 (which is the average of 2017, 2018, 2019 and 2020 unimproved land values)
- marginal rating factors applied to the AUV of the block of residential properties – for standalone blocks refer to Table 3.5.5 and for units refer to Table 3.5.6.

Table 3.5.5: Residential (non-unit titled) general rates – marginal rates

Block AUV threshold	Marginal rates %
0 to \$150,000	0.3338
\$150,001 to \$300,000	0.4296
\$300,001 to \$450,000	0.5338
\$450,001 to \$600,000	0.5811
\$600,001 to \$750,000	0.5908
\$750,001 and above	0.5958

Table 3.5.6: Residential (unit titled) general rates – marginal rates

Block AUV threshold ¹	Marginal rates %
0 to \$600,000	0.5202
\$600,001 to \$2,000,000	0.6330
\$2,000,001 to \$3,650,000	0.7372
\$3,650,001 to \$4,850,000	0.7845
\$4,850,001 and above	0.8255

Note:

1. For units, marginal rates are applied to the AUV of the block proportionate to its total residential unit entitlement. The overall rates for the block are then multiplied by the unit entitlement, proportionate to the total residential unit entitlement of the block.

The rating system in 2020-21 for rural general rates has a fixed charge of \$170 and a rating factor of 0.1517 per cent applied to the AUV of rural properties.

In 2020-21 the Government will continue to provide a general rates concession for all eligible pensioners. This rebate is capped at \$700 per household for people who entered the concession program after 1 July 1997.

The Government will finalise and announce marginal rating factors for 2021-22 residential rates prior to the start of the 2021-22 tax year.

Land tax

Over the four-year period to 2023-24, land tax revenue is forecast to be modestly higher than the estimates in the August 2020 EFU, by \$4.4 million (0.7 per cent). However, land tax revenue remains \$15.5 million lower relative to the projections in the 2019-20 Budget Review prior to the pandemic for the same period.

Land tax revenue is estimated to be \$147.4 million in 2020-21, which is \$2.1 million higher than the August 2020 EFU estimate. This reflects stronger than expected activity and prices in the Territory’s residential property market and lower than anticipated take-up of the residential tenancy relief program. The residential tenancy relief program is part of the Government’s COVID-19 response, providing land tax rebates to residential property owners who reduce rents for tenants directly impacted by COVID-19.

Despite the upward revision, the 2020-21 forecast for land tax revenue is only 2.8 per cent higher than the 2019-20 audited outcome of \$143.4 million. This rate is well below the 10-year historical average growth rate of 6.4 per cent preceding the COVID-19 pandemic, reflecting the current market uncertainties faced by property investors.

Property investment is expected to pick up strongly from 2021-22, as international students and visitors return and demand for rental property improves. This is consistent with the baseline scenario assumptions where international travel resumes in the first half of the 2022 calendar year. Over the period 2021-22 to 2023-24, land tax revenue is expected to grow at an average growth rate of 6.4 per cent.

Land tax assessments in 2020-21 are calculated on a valuation-based charge using the AUV for 2020 (which is the average of 2017, 2018, 2019 and 2020 unimproved land values), and a fixed charge of \$1,326. Foreign investors who own residential property in the ACT are also liable for a surcharge of 0.75 per cent of the property’s AUV.

Table 3.5.7 shows the land tax marginal rates that apply to residential properties in 2020-21.

Table 3.5.7: Land tax – marginal rates

AUV threshold	Marginal rates %
\$0 to \$150,000	0.52
\$150,001 to \$275,000	0.62
\$275,001 to \$2,000,000	1.10
\$2,000,001+	1.12

Duty on conveyances

The established property market in the ACT has been resilient, led by strength in the single dwelling sector. Over the four-year period to 2023-24, total conveyance duty revenue is forecast to be \$67.8 million higher than the estimates in the August 2020 EFU, reflecting higher prices and transaction volumes than anticipated. However, conveyance duty revenue remains \$87 million lower relative to the projections in the 2019-20 Budget Review prior to the pandemic over the same period.

Through the tax reform program, the Government remains committed to reducing conveyance duty in every Territory Budget.

Residential conveyance duty

Over the four-year period to 2023-24, residential conveyance duty revenue is forecast to be \$65.5 million higher than the estimates in the August 2020 EFU, reflecting higher prices and transaction volumes than anticipated. However, residential conveyance duty revenue remains \$48 million lower relative to the projections in the 2019-20 Budget Review prior to the pandemic over the same period.

Residential conveyance duty revenue is estimated to be \$160.9 million in 2020-21, \$22.6 million (16.3 per cent) higher than estimated in the August 2020 EFU. This reflects a stronger than expected performance of the ACT housing market. The progressive easing of restrictions, supported by record low interest rates and housing stimulus programs, has seen stronger activity than anticipated with prices having risen by 8.5 per cent over the year to January 2021³, on the back of high auction clearance rates and low levels of stock on the market over this period.

Over the forward estimates period, residential conveyance duty revenue is expected to grow at an average rate of around 6.8 per cent per annum, in line with average increases in property prices and turnover, partially offset by tax reform.

Policy settings as part of Stage 3 of tax reform will moderate the pace of conveyance duty rate reductions. Residential conveyance duty rates during Stage 3 of tax reform (2021-22 to 2025-26) will be set so that estimated revenue from residential general rates above the increase in the Wage Price Index is used to reduce forecast residential conveyance duty revenue by an equivalent amount.

The benefits of residential conveyance duty reductions during Stage 3 of tax reform will be targeted to provide the largest benefit to Canberrans accessing affordable housing. Duty reductions will be greatest for those purchasing lower value new land, off-the-plan units or lower value homes to live in and will also be aimed at stimulating new affordable housing construction.

There are two potential upside risks to the baseline revenue estimates for residential conveyance duty in 2020-21: activity and house prices may be higher than expected; and if take up of temporary Commonwealth and ACT stimulus programs moderates and/or if there is a slowdown in first home buyer activity, revenue forgone from these programs would reduce.

In 2020-21, the Government targeted residential conveyance duty reductions through significant concessions for land and off-the-plan units as part of our COVID-19 response to stimulate housing construction. The Government has also extended the Pensioner Duty Concession Scheme, helping ACT pensioners downsize to properties that better suit their needs.

Table 3.5.8 outlines residential conveyance duty thresholds and marginal tax rates for 2020-21.

Table 3.5.8: Residential conveyance duty rates

Value threshold	2020-21 %
Up to \$200,000	1.2
\$200,001 to \$300,000	2.2
\$300,001 to \$500,000	3.4
\$500,001 to \$750,000	4.32
\$750,001 to \$1,000,000	5.9
\$1,000,001 to \$1,455,000	6.4
More than \$1,455,000 ¹	4.54

Note:

1. The more than \$1,455,000 rate is a flat rate on the entire value of the transaction.

³ CoreLogic Hedonic Home Value Index, January 2021.

Residential conveyance duty rates for 2021-22 will be finalised and announced prior to the start of the 2021-22 tax year.

Commercial conveyance duty

Over the four-year period to 2023-24, a total of \$2.3 million more commercial conveyance duty is expected to be collected than was estimated at the time of the August 2020 EFU. However, commercial conveyance duty revenue remains \$39.0 million lower relative to the projections in the 2019-20 Budget Review prior to the pandemic over the same period.

Commercial conveyance duty revenue is estimated to be \$55.7 million in 2020-21. This is \$6.9 million (11 per cent) lower than the August 2020 EFU estimate, largely reflecting a fall in expected revenue from high value sales (properties valued at over \$200 million), partially offset by higher than expected revenue from transactions for properties valued between \$1.5 million and \$20 million.

During Stage 2 of tax reform, conveyance duty was reduced to zero for commercial property purchases up to \$1.5 million. As a result, no conveyance duty is paid on around 80 per cent of commercial property purchases. In 2020-21, a flat 5 per cent rate applies to the total value of a commercial property transaction where its value is greater than \$1.5 million.

Moving forward, more purchasers will benefit from paying no conveyance duty. During Stage 3 of tax reform, the commercial stamp duty tax-free threshold will increase, to reach \$2 million in 2025-26.

Commercial conveyance duty revenue is forecast to increase to \$61.3 million in 2021-22, based on the expected number of commercial property transactions, partially offset by tax reform, and is expected to average 8.4 per cent growth over the budget and forward estimates period.

Gambling tax⁴

Over the four-year period to 2023-24, gambling tax revenue is forecast to be \$50.7 million higher than the estimates in the August 2020 EFU and \$31.9 million higher relative to the projections in the 2019-20 Budget Review prior to the pandemic. Venues were able to open sooner than anticipated as restrictions were eased earlier than expected, and social distancing restrictions had less of an impact than anticipated once venues opened. At the same time, demand for online gambling continues to grow strongly, leading to significant increases in revenue across these products.

The audited outcome for gambling tax revenue was \$56.5 million in 2019-20. This is \$7.1 million lower than the 2019-20 Budget Review estimate, largely reflecting COVID-19 restrictions for on-premise gambling activity, partially offset by an increase in revenue from online gambling.

⁴ Gambling taxes include Tabcorp licence fee, gaming tax, casino tax, interstate lotteries and Betting Operations Tax.

The Government has provided significant support to community clubs and Casino Canberra during the pandemic. A total of \$3.3 million was distributed to clubs from the Diversification and Sustainability Support Fund to keep staff employed. The Government also supported community clubs and Casino Canberra to enable them to keep staff employed. Specific measures include:

- providing gaming machine licensees with the opportunity to access a payment of \$15,000 per authorisation for voluntary surrender of gaming machine authorisations. The payment must be used towards staff employment, diversification activities and initiatives, or energy and water efficiency measures. To 31 January 2021, a total of 129 gaming machine authorisations were surrendered by clubs for payments totalling \$1.9 million. This measure has been extended until 30 June 2021;
- a waiver/refund of gaming machine tax liabilities for clubs, gaming activity (for clubs that pay tax monthly) in March 2020 or for gaming activity in the first quarter of 2020 (for clubs eligible to pay tax quarterly);
- providing clubs with a rebate of fixed water and sewerage charges on their Icon Water bills for the next two quarters; and
- a waiver/refund of the annual licence fee and gaming tax liabilities for March 2020 activity for Casino Canberra.

Gambling tax revenue is forecast to increase to \$67.4 million in 2020-21, primarily due to gaming activities in clubs returning to pre COVID-19 levels, in line with the easing of restrictions.

In the 2018-19 Budget, the Government introduced a point of consumption wagering tax, called the Betting Operations Tax. This relates to bets placed in the ACT, or online bets made by ACT residents. Betting operations tax revenue was not adversely affected by the pandemic, with revenues received expected to be higher than forecast in both the 2019-20 Budget Review and the August 2020 EFU.

Over the forward estimates period, gambling tax revenue is expected to increase at a slower rate than previous years, primarily due to implementation of the Government's harm minimisation initiatives.

Other own-source taxation revenue⁵

Over the four-year period to 2023-24, other own-source taxation revenue is expected to be \$3.0 million (0.2 per cent) lower than estimated at the time of the August 2020 EFU and \$91.9 million lower than the projections in the 2019-20 Budget Review prior to the pandemic.

⁵ Other own-source taxation revenue includes Motor Vehicle Registration fees, Ambulance Levy, Lease Variation Charge, Utilities (Network Facilities) Tax, Fire and Emergency Service Levy, City Centre Marketing and Improvements Levy, Energy Industry Levy, and Safer Families Levy. Note that Motor Accident Injuries Levy, which previously formed part of Motor Vehicle Registration fees, and Lifetime Care and Support Levy have been re-classified and are no longer reported as part of the own-source taxation revenue.

While other own-source taxation revenue is estimated to be higher in 2020-21 and largely unchanged for 2021-22 when compared to the August 2020 EFU estimates, it is projected to be lower than the level anticipated in the August 2020 EFU from 2022-23.

Other own-source taxation revenue is estimated to be \$336.6 million in 2020-21. This is \$5.4 million higher than the August 2020 EFU estimate, largely reflecting higher than expected revenue from motor vehicle registration fees and from the Lease Variation Charge (LVC).

However, other own-source taxation revenue is forecast to be around \$8.6 million lower when compared to the August 2020 EFU estimates for 2022-23 and 2023-24, due to lower than anticipated revenue from motor vehicle registration fees, as a result of lower population projections in these years.

Motor vehicle registration fees

Over the four-year period to 2023-24, motor vehicle registration fees are forecast to be \$1.1 million higher than the estimates in the August 2020 EFU, while they remain \$36.5 million below the projections in the 2019-20 Budget Review.

Motor vehicle registration fees are forecast to be \$150.7 million in 2020-21, \$3.6 million (2.5 per cent) higher than estimated in the August 2020 EFU, as more vehicles were registered in the ACT than expected at the time of the August 2020 EFU.

However, revenue from motor vehicle registrations is forecast to be lower than the August 2020 EFU estimates in the latter half of the forecast period, largely due to the forecast lower growth in population, as well as revenue forgone from the Government's new initiative that exempts Zero Emission Vehicles purchased in the ACT from motor vehicle registration fees for the first two years of registration. Further explanation can be found in Fiscal Strategy and Policy Decisions (Chapter 3.2).

Ambulance Levy

The Ambulance Levy is payable each month by private health insurance companies to offset the cost of providing ambulance services in the Territory. The levy is calculated on the number and type of private health insurance contributions.

The audited outcome for 2019-20 is \$23.9 million and the forecast for 2020-21 is \$24.1 million.

Over the four-year period to 2023-24, the Ambulance Levy is unchanged from the August 2020 EFU and remains \$12.8 million lower relative to the projections in the 2019-20 Budget Review prior to COVID-19, primarily due to expected lower population growth over the budget and forward estimates.

Lease Variation Charge

The audited outcome for 2019-20 is \$23.2 million and the forecast for 2020-21 is \$22 million.

Over the four-year period to 2023-24, revenue from the LVC is forecast to be overall unchanged from the estimates in the August 2020 EFU. However, it remains \$8.0 million lower relative to the projections in the 2019-20 Budget Review prior to the pandemic.

To support the construction industry during the pandemic, the Government provided a 50 per cent remission of the LVC where an application to enter the LVC deferral scheme was made between 25 June and 23 December 2020, and construction commences by 31 March 2021 (capped at \$250,000). The Government has extended this remission by six months to the end of 2020-21. The remission will be provided at a lower rate of 25 per cent to the LVC payable on eligible development where an application to enter the LVC deferral scheme is made between 23 December 2020 and 30 June 2021, and construction commences by 30 September 2021. This decision is expected to bring forward some of the construction activity planned for multi-unit developments from the coming years.

Therefore, the LVC revenue is expected to be \$2 million higher than the August 2020 EFU estimate in 2020-21, although this is fully offset by the lower revenue expected to be collected in 2021-22 and 2022-23.

Utilities (Network Facilities) Tax

The Utilities (Network Facilities) Tax applies to the owner of a utility network facility that is installed on or under land in the ACT.

The audited outcome for the revenue is \$41.3 million in 2019-20 and the forecast in 2020-21 is \$42.2 million. As part of the Government's COVID-19 response, the Utilities (Network Facilities) Tax was frozen at its 2019-20 level in 2020-21, to enable utility providers to pass on savings to customers.

Over the four-year period to 2023-24, the Utilities (Network Facilities) Tax is forecast to be \$3.7 million lower than the estimates in the August 2020 EFU, largely reflecting the lower population growth expected over forward estimates. Over the same period, the Utilities (Network Facilities) Tax is now \$13.9 million below the 2019-20 Budget Review estimates.

Fire and Emergency Services Levy

The Fire and Emergency Services Levy (FESL) is charged on all rateable properties in the ACT. The revenue raised from the levy is used to fund emergency services activities.

As part of the COVID-19 response, the Government did not increase the FESL for residential and rural properties in 2020-21.

The audited outcome for the levy revenue is \$86.7 million in 2019-20 and the forecast in 2020-21 is \$87.8 million.

The FESL for residential and rural properties in 2020-21 has the following elements:

- a fixed charge of \$344; and
- a pensioner rebate of \$98.

The FESL for previously rateable commercial properties in 2020-21 has been capped at the 2019-20 charge.

The FESL for newly rateable commercial properties in 2020-21 is a valuation-based charge with marginal rating factors applied to the AUV for 2020 (which is the average of 2017, 2018, 2019 and 2020 unimproved land values).

Table 3.5.9 outlines the marginal rating factors for newly rateable commercial properties.

Table 3.5.9: Fire and Emergency Services Levy (commercial properties) – marginal rates

AUV threshold	Marginal rates %
\$1 to \$300,000	0.6815
\$300,001 to \$2,000,000	0.8029
\$2,000,001 and above	0.8342

City Centre Marketing and Improvements Levy

The City Centre Marketing and Improvements Levy applies to all rateable commercial properties in the City and some selected areas in Braddon. The revenue is provided to the City Renewal Authority to fund events, activities and capital improvements, as well as to provide cleaning and security services across the City and Braddon. The collection area is divided into two zones and the levy is applied on the AUV of each property.

As part of our COVID-19 response, the levy charged has been halved in 2020-21. The levy applies at the rate of 0.1496 per cent for the retail core, and 0.1080 per cent for the non-retail core.

The audited outcome for 2019-20 is \$2.2 million and the forecast for 2020-21 is \$1.1 million reflecting this measure.

Energy Industry Levy

The Energy Industry Levy funds:

- the Territory's national regulatory obligations and costs for the Australian Energy Market Commission and the Ministerial Council on Energy's responsibilities under the Australian Energy Market Agreement; and
- local regulatory costs incurred by the Territory in relation to energy utility services.

The levy applies to the electricity supply, gas supply and distribution sectors. The levy is charged on a cost recovery basis and reflects the cost of regulatory activities.

The audited outcome for 2019-20 is \$3.4 million and the actual revenue collected for 2020-21 is \$3.8 million.

Over the four-year period, the Energy Industry Levy is forecast to be marginally higher than the August 2020 EFU estimate, reflecting actual revenue collected in 2020-21. However, the Energy Industry Levy remains \$500,000 lower relative to projections in the 2019-20 Budget Review over the same period.

Safer Families Levy

The Government introduced the Safer Families Levy on 1 July 2016 to support a range of measures to prevent and respond to family violence. The levy remains at \$30 per year and is applied to all residential and rural properties. Refer to Appendix H for a list of funding and expenditure initiatives for the Safer Families Levy in 2019-20 together with priorities in 2020-21.

The audited outcome for 2019-20 is \$4.9 million and the forecast for 2020-21 is \$5 million.

Alternative Scenarios and Risks to selected own-source taxation revenue

As noted, in the alternative scenarios and risks section in Economic Outlook (Chapter 2.2), the impacts from the COVID-19 pandemic remain highly uncertain, particularly with the emergence of new variants of COVID-19, which have higher transmissibility, now being reported in Australian quarantine facilities. The estimates presented in this Budget reflect a baseline scenario derived from a plausible set of assumptions described in Economic Outlook (Chapter 2.2). Given the elevated level of uncertainty, a range within which upside and downside scenarios may fall is presented below for key revenue lines, consistent with the approach taken for the August 2020 EFU. Revenue impacts are quantified reflecting changes in key economic parameters broadly in line with the upside and downside ranges described in Economic Outlook (Chapter 2.2).

Revenue forecasts and projections are typically based on indexation of key economic parameters. The parameter estimates and upside and downside ranges are outlined in Table 3.5.10 below.

The analysis compares the baseline scenario as presented in Table 3.5.2 and an alternative upside range and a downside range, for the largest own-source taxation revenue lines, which are payroll tax, residential conveyance, land tax and motor vehicle registrations.

Figure 3.5.2 shows the range depicted in the shaded area within which revenue may fall in the upside and downside scenarios, with the estimates presented in Table 3.5.11 relative to the baseline scenario earlier.

Table 3.5.10: Economic parameter forecasts under different scenarios, percentage change

	2019-20 Actual	2020-21 Forecast	2021-22 Forecast	2022-23 Projection	2023-24 Projection
Gross State Product¹					
Downside Scenario	2.4	1½	1½	1½	1½
Baseline Scenario	2.4	2	2¾	2¾	3
Upside Scenario	2.4	2½	3¾	3¾	4
August 2020 Economic and Fiscal Update¹	2¾	-1½	4	3½	3¾
2019-20 Budget Review	3	3	3	3½	3½
Employment					
Downside Scenario	0.5	3½	¼	½	¾
Baseline Scenario	0.5	4	½	1	1½
Upside Scenario	0.5	4¼	¾	1½	2
August 2020 Economic and Fiscal Update¹	0.2	-¾	3¾	2½	2
2019-20 Budget Review	2	1½	1½	1¾	1¾
Wage Price Index					
Downside Scenario	2	1¼	1½	1½	1¾
Baseline Scenario	2	1½	1¾	1¾	2
Upside Scenario	2	1¾	2	2	2¼
August 2020 Economic and Fiscal Update¹	2	1½	1¾	2	2
2019-20 Budget Review	2½	2½	2½	2¾	3
Consumer Price Index²					
Downside Scenario	-0.6	1½	1	1¼	1½

	2019-20	2020-21	2021-22	2022-23	2023-24
	Actual	Forecast	Forecast	Projection	Projection
Baseline Scenario	-0.6	1½	1¼	1½	1¾
Upside Scenario	-0.6	1¾	1½	1¾	2
August 2020 Economic and Fiscal Update¹	-0.6	3	1¼	1½	1¾
2019-20 Budget Review	2	2	2¼	2½	2½
Population					
Downside Scenario	1.1	¼	¼	¼	¾
Baseline Scenario	1.1	¼	¼	¾	1
Upside Scenario	1.1	½	¾	1¼	1½
August 2020 Economic and Fiscal Update¹	¾	1	1¼	1½	1¾
2019-20 Budget Review	1½	1¾	1¾	1¾	1¾

Sources: ABS Australian National Accounts; Australian National Accounts: State Account; Labour Force, Australia; Wage Price Index, Australia; Consumer Price Index, Australia; and CMTEDD estimates.

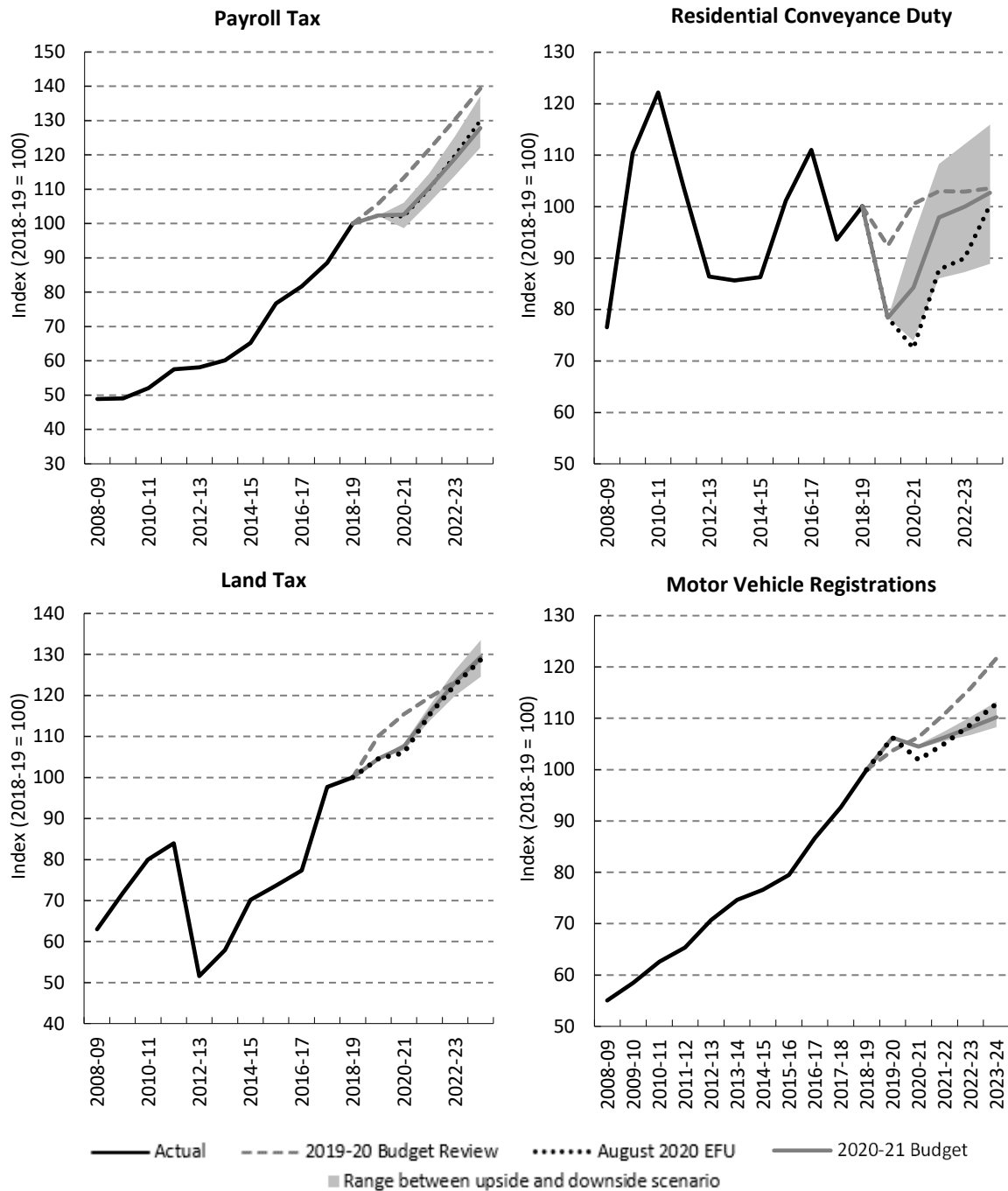
Notes: Forecasts and projections are rounded to a ¼ of a percentage point, reflecting an appropriate level of accuracy in forecasting economic parameters.

1. Baseline forecasts.
2. The underlying Consumer Price Index has been used here as the baseline forecast for 2020-21.

Impact of upside and downside parameter change on baseline revenue projections

The effects of parameter changes in the upside and downside scenarios on key revenue lines are illustrated below.

Figure 3.5.2: Selected own-source taxation revenue – forecast scenarios, 2018-19 = 100



Source: CMTEDD estimates.

Table 3.5.11: Revenue variance from the baseline due to economic parameters – forecast scenarios

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Payroll Tax					
Downside	-21,534	-24,120	-27,301	-31,882	-104,838
Upside	19,265	23,214	35,965	51,003	129,447
Land Tax					
Downside	-1,313	-2,766	-4,570	-6,579	-15,229
Upside	1,178	2,297	3,946	5,645	13,066
Residential conveyances					
Downside	-19,767	-22,551	-24,251	-26,384	-92,953
Upside	19,022	19,876	23,214	25,255	87,367
Motor Vehicle Registration					
Downside	-528	-999	-2,101	-2,820	-6,448
Upside	576	1,654	2,944	4,373	9,548
All Four Revenue Lines					
Downside	-43,142	-50,437	-58,224	-67,666	-219,468
Upside	40,040	47,042	66,069	86,276	239,427

Source: Chief Minister, Treasury and Economic Development Directorate.

Note: Numbers may not add due to rounding.

Commonwealth Government grants

Total revenue received from Commonwealth Government grants in 2020-21 is estimated to be \$2.4 billion and is forecast to increase to \$2.5 billion in 2021-22. Details of these grants are available in Table 3.5.12.

Further information on the Commonwealth Government's contributions to the ACT can be found in Chapter 3.6 on Federal Financial Relations.

Table 3.5.12: Commonwealth Government grants

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Current grants						
GST Revenue Grant ¹	1,356,410	1,239,910	1,221,537	1,300,627	1,380,095	1,441,559
ACT Municipal Services	40,677	40,677	41,247	41,618	42,076	42,665
National Specific Purpose Payments (SPPs)	818,995	914,772	931,261	944,345	992,377	1,046,715
Financial Assistance Grants to Local Government ²	27,136	55,108	26,622	55,981	57,041	58,485
National Partnership Payments (NPPs) – Current	67,714	82,206	56,752	30,097	11,692	11,890
Other Commonwealth Government payments – current	16,966	18,157	22,077	21,019	19,784	20,022
Total current grants	2,327,898	2,350,830	2,299,496	2,393,687	2,503,065	2,621,336
Capital grants						
National Partnership Payments (NPPs) – Capital	59,983	12,577	80,236	151,823	117,828	93,757
Total capital grants	59,983	12,577	80,236	151,823	117,828	93,757
Total Commonwealth Government funding	2,387,881	2,363,407	2,379,732	2,545,510	2,620,893	2,715,093

Notes:

1. The Commonwealth Government's Final Budget Outcome released on 25 September 2020 (after the 2019-20 audited outcome was finalised) records GST for 2019-20 (in thousands) at \$1,239,024.
2. The Commonwealth Government's Final Budget Outcome released on 25 September 2020 (after the 2019-20 audited outcome was finalised) records Finance Assistance Grants revenue for 2019-20 (in thousands) at \$55,383.

Sales of goods and services

Sales of goods and services revenue in 2020-21 is estimated at \$561.7 million and is forecast to increase to \$602.1 million in 2021-22. No taxi licence revenue is expected to be received in 2020-21 reflecting the one-year waiver of taxi licence fees as part of the economic response to COVID-19.

From 2020-21, the Motor Accident Levy has been re-classified as sales of goods and services revenue to better reflect that this is a direct benefit to the consumer from the services provided by the Motor Accident Injuries Commission. This levy was previously reported under own-source taxation revenue.

Table 3.5.13: Sales of goods and services

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Regulatory fees						
Casino Licence Fees	984	972	1,008	1,021	1,036	1,054
Drivers' licences	13,610	13,018	13,951	14,334	12,447	12,820
Taxi licences	858	778	0	903	931	960
Fees for regulatory services	117,219	120,953	120,454	134,899	139,192	140,655
Water Abstraction Charge	32,697	34,867	31,121	32,987	34,309	35,549
Motor Accident levy	-	-	4,933	4,946	4,982	5,028
Total regulatory fees	165,368	170,588	171,467	189,090	192,897	196,066
Other						
Parking fees	19,962	18,036	18,071	20,749	23,640	24,645
Inpatient fees	51,596	35,629	37,298	37,380	38,336	39,294
Outpatient fees	7,142	7,438	7,756	7,716	10,336	10,624
Meals and accommodation	3,820	4,042	3,826	4,014	4,114	4,217
Cross Border Health Receipts	110,619	116,596	113,385	116,219	119,124	122,102
Sales	37,108	26,234	33,002	33,423	34,076	34,878
Service receipts	137,975	109,974	128,163	142,301	146,022	150,340
Miscellaneous	26,284	32,458	23,763	25,205	26,452	27,108
User charges – ACT Government	23,678	25,997	24,962	26,011	26,841	27,652
Total Other	418,184	376,404	390,226	413,018	428,941	440,860
Total Sales of Goods and Services	583,552	546,992	561,693	602,108	621,838	636,926

Investment revenue

Investment revenue in 2020-21 is estimated at \$218.8 million and is forecast to increase to \$235.6 million in 2021-22.

Total interest revenue is estimated to be lower in 2020-21 than the 2019-20 audited outcome mainly due to lower interest income on outstanding loans to Icon Water as a result of lower interest costs for the inflation linked loans. In 2021-22 total interest revenue is estimated to be higher than 2020-21 due to higher cash and investment balances and Icon Water loan interest.

Table 3.5.14: Investment revenue¹

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Interest received						
Interest received from financial investments and banks	25,337	40,423	27,976	30,396	28,873	25,178
Interest received on advances and loans to agencies	74,810	74,339	57,740	67,964	68,544	69,543
Interest received on advances from the private sector – non banks	1,264	579	97	93	87	82
Interest received – other	1,033	4,255	1,168	2,750	3,329	4,971
Total interest received	102,444	119,596	86,981	101,203	100,833	99,774
Other						
Distributions and Dividends	30,393	52,716	72,205	57,163	60,880	64,847
Distributions from Financial Investments	76,760	62,674	59,633	77,199	82,217	87,573
Total Dividends and Distributions	107,153	115,390	131,838	134,362	143,097	152,420
Total Investment Revenue	209,597	234,986	218,819	235,565	243,930	252,194

Note:

1. In 2019-20 interest revenue, distributions from financial investments and dividends from financial investments were reclassified to investment revenue. This change has been retrospectively applied to the 2019-20 Budget Review for consistency of presentation.

Dividends and tax equivalents

Dividends and tax equivalents revenue are estimated to increase to be \$486.7 million in 2020-21 before decreasing to \$216.3 million in 2021-22, with both movements primarily due to the Suburban Land Agency's dividends and tax equivalents revenue.

The Suburban Land Agency's dividends and tax equivalents revenue was \$99.3 million in 2019-20 and is forecast to increase significantly to \$438.5 million in 2020-21, as a result of increase land sales driven by stimulus measures and record low interest rates. The 2019-20 outcome is higher than the August 2020 EFU estimate,

but lower than the 2019-20 Budget Review estimate, while the forecast for 2020-21 is around \$200 million higher than the estimates at the time of both publications.

Forecasts for the Suburban Land Agency's dividends and tax equivalents revenue are substantially lower in 2022-23 and 2023-24, as land sales have been brought forward under the current Indicative Land Release Program. Forecasts for 2022-23 and 2023-24 will be adjusted following the release of the next Indicative Land Release Program ahead of the 2021-22 financial year.

Icon Water dividends and tax equivalents revenue are forecast to decrease in 2020-21 compared to 2019-20 mainly due to cooler weather conditions and higher seasonal rainfall experienced in 2020-21 to date. This has resulted in lower than normal water consumption and revenue, and lower ActewAGL Joint Venture distributions due to reduced electricity margins resulting from increased discounts and Feed-in-Tariff pricing volatility.

Table 3.5.15: Dividends and tax equivalents¹

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Dividends						
Dividends – Icon Water	60,388	51,278	42,390	49,957	64,170	70,650
Dividends – CIT Solutions	500	-	500	500	500	500
Dividends – Suburban Land Agency and City Renewal Authority	89,795	65,183	289,140	98,746	14,377	64,411
Total dividends	150,683	116,461	332,030	149,203	79,047	135,561
Tax equivalents						
Income Tax Equivalent	73,771	41,200	154,709	67,098	48,036	70,781
Total tax equivalents	73,771	41,200	154,709	67,098	48,036	70,781
Total dividends and tax equivalents	224,454	157,661	486,739	216,301	127,083	206,342

Note:

1. In 2019-20 interest revenue, distributions from financial investments and dividends from financial investments were reclassified to investment revenue. This change has been retrospectively applied to the 2019-20 Budget Review for consistency of presentation.

Contributed Assets

Contributed Assets are estimated to be \$157.0 million in 2020-21 and are forecast to increase to \$220.5 million in 2021-22. Gains from contributed assets are expected to increase markedly in 2021-22 to reflect the transfer of infrastructure assets, such as roads and sewerage, associated with increased land sales in 2020-21. Revenue from large-scale generation certificates is forecast to decrease from \$70.2 million in 2020-21 to \$56.2 million in 2021-22, due to a lower forward price estimate for certificates generated in 2020-21, which is attributed in the 2021-22 budget year.

Table 3.5.16: Contributed assets

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Contributed assets						
Gains from contributed assets	83,186	103,539	84,054	161,551	199,712	112,835
Large-scale generation certificates	52,001	70,906	70,158	56,159	40,327	40,327
Other	1,293	5,945	1,700	1,734	1,769	1,804
Resources received free of charge	-	1,708	1,085	1,026	1,026	1,125
Total contributed assets	136,480	182,098	156,997	220,470	242,834	156,091

Other revenue

Other revenue is estimated to be \$189.9 million in 2020-21 and is forecast to increase to \$195.7 million in 2021-22.

From 2020-21, the Lifetime Care and Support Levy has been re-classified as other revenue to better reflect that it is an insurance premium paid to the ACT Government by motorists. This levy was previously reported under own-source taxation revenue.

Table 3.5.17: Other revenue

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Fines						
Traffic Infringement Fines	32,453	26,108	32,881	33,778	34,823	35,954
Court Fines	250	294	630	630	450	450
Parking Fines	18,612	14,125	16,919	19,248	19,970	20,819
Other Fines	1,115	956	1,523	1,540	1,560	1,594
Total Fines	52,430	41,483	51,953	55,196	56,803	58,817
Other						
Superannuation Contribution	18,579	13,151	10,447	10,236	9,971	9,701
Rents and Commutation Contributions	12,262	10,579	12,431	13,012	13,104	13,190
Lifetime Care and Support Levy	-	-	15,308	17,967	19,839	21,782
Other Miscellaneous Revenue	88,414	88,935	76,432	75,211	80,040	75,038
Total Other	138,078	129,112	137,913	140,486	147,375	144,498
Total Other Revenue	190,508	170,596	189,866	195,682	204,178	203,315

Other miscellaneous revenue

Other miscellaneous revenue is estimated to be \$76.4 million in 2020-21 and is forecast to decrease to \$75.2 million in 2021-22. The estimate of other miscellaneous revenue decreased in 2020-21 compared to the 2019-20 audited outcome by \$12.5 million. This decrease in 2020-21 was attributed to a lower level of directly received health related grants and a forecast lower level of revenue related to highly specialised health drugs.

Table 3.5.18: Other miscellaneous revenue

	2019-20 Budget Review \$'000	2019-20 Audited Outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Revenue from Financial Investments	6,159	3,846	7,618	7,198	7,528	7,879
Donations ¹	1,129	-2,181	1,162	1,161	1,190	1,220
Other Grants	48,817	44,421	27,948	28,385	31,534	32,165
Recoveries	18,985	26,301	22,299	19,194	19,520	19,793
Perpetual Care Trust	1,552	1,298	109	0	0	0
Problem Gambling Assistance Fund	1,996	2,273	1,841	2,091	2,090	2,090
Regulatory Fees	1,804	1,045	1,840	1,854	1,854	1,922
Miscellaneous	7,972	11,931	13,615	15,328	16,324	9,969
Total Other Miscellaneous Revenue	88,414	88,935	76,432	75,211	80,040	75,038

Notes:

1. Following the establishment of the Canberra Hospital Foundation as a separate entity in February 2020, funds that were previously non-allocated or allocated to projects by the Canberra Hospital Foundation, but had not yet been acquitted, were transferred to the new entity. This resulted in a negative value for donations.
2. Numbers may not add due to rounding.

3.6 FEDERAL FINANCIAL RELATIONS

Federal financial relations overview

The unprecedented events of the past year had a significant impact on the economic and fiscal positions of all Australian Governments, but have also emphasised the importance of a strong and cooperative relationship between the Commonwealth and the states and territories and among the states and territories themselves.

Both the response to the bushfires and the COVID-19 pandemic have seen the Commonwealth and the states and territories coming together in a much more dynamic way to respond rapidly to changing circumstances. These responses have included the creation of the National Cabinet, supported by the Council on Federal Financial Relations (CFFR) on financial matters, to ensure a more collaborative approach to decision making on matters that affect all Australians in all jurisdictions.

With its greater fiscal capacity, the Commonwealth has also provided increased funding support to the states and territories, both in the immediate response to the bushfires and the health crisis, but also to stimulate the economy, particularly through contributions to infrastructure investment by the states and territories. Since the 2019-20 Budget Review, estimated payments that the Commonwealth will make to the ACT over the three years to 2022-23³⁶ for specific purposes and national partnership agreements have increased by \$311 million.

However, the other key source of funding the states and territories receive from the Commonwealth, GST revenue, has been significantly affected by the economic impacts of the bushfires and the COVID-19 pandemic. At the time of the August 2020 EFU, the ACT was expecting to receive \$858 million less in GST revenue over the three years to 2022-23 than estimated at the time of the 2019-20 Budget Review.

With the economic impacts of the pandemic now expected to be less severe, the reduction in our GST revenue over those years is now expected to be \$607 million. Although this is an improvement on previous estimates, this remains a significant reduction in revenue and will have a major impact on the ACT's fiscal position.

Overall, over the three years to 2022-23 Commonwealth funding received by the ACT is expected to be \$335 million lower than expected at the time of the 2019-20 Budget Review and \$449 million higher than expected at the time of the August 2020 EFU.

³⁶ For Commonwealth payments it is only possible to compare the three years to 2022-23 from the 2019-20 Budget Review as projections for 2023-24 were not available at that time.

Key features of federal financial relations

The states and territories are responsible for the delivery of most essential services; however, the Commonwealth is responsible for collecting the majority of tax revenue in Australia. This disparity between revenue and expenditure, known as a vertical fiscal imbalance, is addressed by significant transfers of funds to the states and territories from the Commonwealth. Consequently, the states and territories rely on the Commonwealth for a significant proportion of their total revenue, although the proportion varies from jurisdiction to jurisdiction. In the ACT's case, on average over the budget and forward estimates, we expect to receive around 41 per cent of our general government sector revenue from the Commonwealth.

One of the key reasons for the differences between states and territories in their reliance on payments from the Commonwealth is that each of the states and territories has a different capacity to generate own-source revenue and may also face different costs in delivering services. These differences affect the fiscal capacity of a jurisdiction to provide services and are referred to as horizontal fiscal imbalances. Revenue from the GST is distributed between the states and territories to address these imbalances in a process called horizontal fiscal equalisation.

The *Intergovernmental Agreement on Federal Financial Relations* provides the overarching framework for the financial relationship between the Commonwealth and the states and territories and is overseen by the CFFR. The funding the ACT receives from the Commonwealth under this agreement recognises our unique circumstances as a city-state in a national capital setting and as a major regional centre. This means the ACT receives funding as both a territory government and as a local government.

Sources of Commonwealth funding to the states and territories

Under the *Intergovernmental Agreement on Federal Financial Relations* the states and territories receive the following types of funding from the Commonwealth:

- General Revenue Assistance
- Payments for specific purposes
- National Partnership Payments
- Financial Assistance Grants to Local Government.

Total revenue expected to be received from Commonwealth Government grants in 2020-21 is \$2.4 billion, increasing to \$2.5 billion in 2021-22. This compares to \$2.5 billion in 2020-21 and \$2.6 billion in 2021-22 expected at the time of the 2019-20 Budget Review, reductions of approximately \$136 million and \$59 million, respectively.

The decreases are primarily due to a reduction in the ACT's GST revenue share over the budget and the forward estimates period, partially offset by increases in the other Commonwealth grants.

General Revenue Assistance

General Revenue Assistance transfers are a major source of funding that supports the delivery of services in the ACT. These transfers are untied, with no specific requirement that the funding is spent in any particular area of service delivery, providing the greatest level of flexibility to states and territories.

General revenue assistance grants will account for around 21 per cent of the ACT's General Government Sector revenue in 2020-21. Table 3.6.1 summarises expected General Revenue Assistance funding to the ACT across the budget and forward estimates period.

Table 3.6.1: Commonwealth Government General Revenue Assistance funding to the ACT

	2019-20 Actual \$m	2020-21 Budget \$m	Variance \$m	Variance %	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
GST Revenue	1,239.0 ¹	1,221.5	-17.5	-1.4	1,300.6	1,380.1	1,441.6
ACT Municipal Services	40.7	41.2	0.6	1.4	41.6	42.1	42.7
Total General Revenue Assistance	1,279.7	1,262.8	-16.9	-1.3	1,342.2	1,422.2	1,484.2

Sources: 2019-20 Commonwealth Final Budget Outcome and 2020-21 MYEFO.

Note:

1. The 2019-20 amount includes a balancing adjustment of -\$11.6 million in 2019-20 to correct for a GST overpayment in 2018-19.

Goods and Services Tax (GST)

The GST is a major source of funding for the ACT, making up around 20 per cent of the ACT's general government sector revenue in 2020-21.

The ACT's GST revenue is affected by the size of the GST pool (GST collections less administration costs), our share of the national population and our GST relativity as determined by the Commonwealth Grants Commission (CGC).

The bushfires in late 2019 and early 2020 and the public health restrictions in response to COVID-19 had a significant effect on household consumption and dwelling investment, reducing the GST pool. Along with a modest reduction in our population share, this resulted in a \$117 million reduction in the ACT's GST revenue in 2019-20 in comparison to the estimate in the 2019-20 Budget Review.

At the time of the August 2020 EFU, the continuing effect of COVID-19 was expected to reduce the ACT's GST revenue by \$858 million over the three years to 2022-23, compared to the 2019-20 Budget Review prior to the pandemic.

GST pool

In light of the improved economic outlook, the Commonwealth Government increased its GST pool forecasts in the 2020-21 Budget and again in the 2020-21 MYEFO by almost \$18 billion over the period from 2020-21 to 2023-24 in comparison to the forecasts at the time of the August 2020 EFU. These stronger GST pool forecasts have increased the ACT's GST share by \$338 million across the budget and forward estimates period, relative to expectations at the time of the August 2020 EFU.

The ACT's GST revenue will be around \$1.2 billion in 2020-21, \$77 million higher than estimated in the August 2020 EFU, but around \$197 million lower than estimated in the 2019-20 Budget Review.

As noted in Chapter 2, household consumption and dwelling investment, key determinants of GST collections, have rebounded more quickly than expected. Retail trade data for October and November 2020 also suggests that consumption subject to GST is growing at a faster rate than total household consumption, although it is too early to predict how long this may last. This growth in consumption may be driven by behavioural changes in response to the pandemic, with a significant increase in online sales, which are more likely to be products subject to GST, than in the pre-COVID period. Coupled with the high savings rate in Australia and overseas travel being largely prohibited (with some exemptions) in the short term, there may also be an increase in purchases of domestic good and services that are subject to GST.

Population

Compared to the ACT population shares expected at the time of the 2019-20 Budget Review, the ACT's population shares have reduced by between 0.02 and 0.03 per cent over the three years to 2022-23 (see Chapter 2.2 for details). This has reduced the ACT's GST share by about \$48 million over the three-year period.

GST relativity

As table 3.6.1 shows, the ACT's GST revenue share in 2020-21 is expected to fall by \$17.5 million compared to 2019-20. This is largely due to the ACT's GST relativity falling from 1.23759 in 2019-20 to 1.15112 in 2020-21 as a result of the CGC's review of its methodology for distributing the GST published in 2020 (2020 Review)³⁷. For the purposes of estimates of GST revenue, this relativity is held constant over the forward estimates, although it is updated annually by the CGC.

The CGC considers that the ACT's fiscal capacity has improved based on methodological changes implemented in the 2020 Review. Most notably, the CGC considered that the ACT's assessed expenses for providing services have reduced relative to other jurisdictions. This is due to greater recognition of costs associated with servicing remote and very remote areas and providing transport services and associated infrastructure in relatively congested cities like Sydney and Melbourne. These changes in relative cost of providing services reduced the ACT's GST entitlement.

Table 3.6.2 shows the per capita relativities to be used for distributing GST revenue among the states and territories in 2020-21. It also shows state and territory shares of GST revenue for 2020-21 and the amounts per jurisdiction in dollar terms at the time of release of the 2020 Review by the CGC. Comparisons are shown with the relativities, shares and amounts for 2019-20.

³⁷ Commonwealth Grants Commission, *Report on GST Revenue Sharing Relativities 2020 Review*, February 2020.

Table 3.6.2: GST relativities, shares and distribution in 2019-20 and 2020-21¹

	2019-20 Relativities	2020-21 Relativities	2019-20 GST shares %	2020-21 GST shares %	2019-20 GST distributions \$m	2020-21 GST distributions \$m
New South Wales	0.87013	0.91808	27.8	29.3	18,192	19,832
Victoria	0.98273	0.95992	25.7	25.2	16,798	17,068
Queensland	1.05370	1.04907	21.2	21.1	13,868	14,286
Western Australia	0.51842	0.44970	5.3	4.6	3,489	3,105
South Australia	1.46552	1.35765	10.1	9.3	6,592	6,259
Tasmania	1.75576	1.89742	3.7	4.0	2,417	2,688
Australian Capital Territory	1.23759	1.15112	2.1	2.0	1,368	1,319
Northern Territory	4.26735	4.76893	4.1	4.5	2,685	3,053
Total	1.00000	1.00000	100.0	100.0	65,410	67,610

Source: CGC calculation.

Note: Numbers may not add due to rounding.

Numbers are exclusive of adjustment for overpayments in 2018-19.

1. As at the release of the 2020 Review in February 2020.

Overall, New South Wales, Tasmania and the Northern Territory received an increase in their GST shares, while Victoria, Queensland, Western Australia, South Australia and the ACT saw a reduction in their share from the 2020 Review.

Table 3.6.3 below shows the change in the ACT's GST revenue share since the 2019-20 Budget Review.

Table 3.6.3: GST Revenue: 2020-21 ACT Budget compared to the 2019-20 Budget Review

		2019-20 \$m	2020-21 \$m	2021-22 \$m	2022-23 \$m	2023-24 \$m
2019-20 MYEFO/2019-20 ACT Budget Review	Dec-19	1,356.4	1,418.9	1,504.2	1,586.4	1,668.0
2020 Review	Mar-20	1,356.4	1,319.4	1,398.8	1,475.3	1,551.4
	<i>Variation</i>	<i>0.0</i>	<i>-99.5</i>	<i>-105.4</i>	<i>-111.2</i>	<i>-116.5</i>
August 2020 Economic and Fiscal Update¹	Aug-20	1,239.9	1,144.7	1,221.9	1,285.2	1,354.0
	<i>Variation</i>	<i>-116.5</i>	<i>-174.7</i>	<i>-176.9</i>	<i>-190.1</i>	<i>-197.4</i>
2020-21 MYEFO/2020-21 ACT Budget	Feb-21	1,239.0	1,221.5	1,300.6	1,380.1	1,441.6
	<i>Variation</i>	<i>-0.9</i>	<i>76.9</i>	<i>78.7</i>	<i>94.9</i>	<i>87.5</i>
Total Variation since 2019-20 ACT Budget Review		-117.4	-197.4	-203.6	-206.3	-226.4

Notes: Numbers may not add due to rounding. The 2019-20 amount includes a balancing adjustment of -\$11.6 million in 2019-20 to correct for a GST overpayment in 2018-19.

1. All estimates and projections in the August 2020 EFU are ACT Treasury internal estimates using the Commonwealth's Economic and Fiscal Update, July 2020 and the RBA's Statement on Monetary Policy, August 2020.

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

As noted, the ACT's share of GST revenue is affected by the size of the GST pool, the share of the national population and the GST relativity. We do not forecast our relativity; we use a technical assumption and hold it constant in the forward estimates period. However, we have estimated the effect of changes to the GST pool and the ACT's share of the national population on the GST revenue the ACT receives.

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 reduction in the GST pool in any year would reduce the ACT's GST share by \$12.2 to \$14.4 million, depending on the year affected. In total, if the forecast for the GST pool over the four-year period reduces by 1 per cent or around \$2.8 billion, the ACT's GST share will reduce by \$53 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 was lower than assumed in the baseline scenario, our GST revenue share would reduce by \$7.3 to \$8.6 million per 0.01 per cent reduction in the ACT's population share, depending on the year affected. However, a reduction in the ACT's population share is also likely to reduce the ACT's GST relativity for that year, increasing the losses in our GST revenue.

ACT municipal services

The Commonwealth also provides General Revenue Assistance to the ACT to assist in meeting the additional municipal costs that arise from Canberra's role as the national capital. These costs arise from a range of factors, including additional costs incurred from the design of Canberra and our inability to levy rates on the Commonwealth. This funding also compensates the ACT for additional costs resulting from national capital planning influences on the provision of water and sewerage services.

The level of funding was agreed at the time the ACT was granted self-government and is indexed annually by a growth factor comprising indicators for wage growth and inflation.

In 2020-21, the ACT is expected to receive \$41.2 million from the municipal services grant. The ACT's municipal services grant funding across the forward estimates is shown in Table 3.6.4 below.

Table 3.6.4: ACT municipal services grant funding to the ACT

	2019-20 Actual \$m	2020-21 Budget \$m	Variance \$m	Variance %	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
ACT municipal services grant	40.7	41.2	0.6	1.4	41.6	42.1	42.7

Sources: 2019-20 Commonwealth Final Budget Outcome and 2020-21 MYEFO.

Payments for specific purposes

The Commonwealth provides grants to the ACT for specific purposes to support services in health, education, skills and workforce development, and housing.

These grants include funding under *the National Health Reform Agreement, Quality Schools, National Housing and Homelessness Agreement* and the *National Agreement for Skills and Workforce Development*.

In 2020, work commenced between the Commonwealth and states and territories on the development of a new *National Agreement on Skills*, with the intention to replace the existing *National Agreement for Skills and Workforce Development*. This came after the signing of the *Heads of Agreement for Skills Reform* by the Prime Minister, Premiers and Chief Ministers. The new agreement is due to be finalised by August 2021 with a transitional period commencing from 1 January 2022 and will be active until 2026-27. Under the new *National Agreement on Skills*, the Commonwealth and the states and territories have committed to the development of a new funding model for vocational education, rationalising its qualifications and strengthening quality standards.

Current funding levels

Commonwealth grants to the ACT for specific purposes are projected to be \$3.9 billion over the budget and forward estimate period. The relative distribution of these payments across sectors is outlined in Table 3.6.5.

Due to the COVID-19 pandemic, payments under the *National Health Reform Agreement* increased significantly in both 2019-20 and 2020-21 through the *National Partnership on COVID-19 Response*. In total, the ACT received around \$42 million of additional funding from the Commonwealth to support the COVID-19 public health response in 2019-20 and is expected to receive a similar amount in 2020-21.

Table 3.6.5: Commonwealth payments for specific purposes to the ACT

	2019-20 Actual \$m	2020-21 Budget \$m	Variance \$m	Variance %	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
National Health Reform ¹	475.7	493.1	17.4	3.7	492.2	511.9	545.2
Quality Schools Funding	390.8	380.7	-10.1	-2.6	405.3	428.1	448.5
National Agreement for Skills and Workforce Development	25.9	26.2	0.3	1.0	26.4	26.7	27.0
National Housing and Homelessness Agreement	26.8	27.1	0.3	1.1	25.6	25.9	26.2
Total Specific Purpose Payments	919.3	927.1	7.8	0.9	949.5	992.5	1,046.8

Source: The 2020-21 MYEFO and CMTEDD calculations.

Note: Numbers may not add due to rounding. See Table 3.6.8 for detailed information on payments and explanatory information.

1. National Health Reform funding includes the funding for the COVID-19 public health response.

National Partnership Payments

The Commonwealth provides National Partnership Payments (NPPs) to the states and territories to support the delivery of specified projects, facilitate reforms, or reward those jurisdictions that deliver on national reforms or achieve service delivery improvements.

National Partnership Agreements (NPAs) are typically entered into for a fixed period, reflecting the nature of the project or reform involved. Payments are generally aligned with the achievement of milestones and are made after specific outcomes or outputs have been achieved.

New arrangements governing the administration of NPPs were introduced by the CFFR with the endorsement of National Cabinet in 2020. Further details on these new arrangements can be found in Box 3.6.1.

NPPs relating to Health Services, Skills and Workforce Development, Infrastructure and Environment increased by around \$87 million in 2020-21 compared to 2019-20. A number of these increases relate to additional funding from NPAs in response to the COVID-19 pandemic, such as the *JobTrainer Program* and the *Local Roads and Community Infrastructure Program*. The major increases in Health funding relate to funding under the *Project Agreement for the Community Health and Hospitals Program* and *Stage 2 of the Health Innovation Fund*. Other major agreements commencing in 2020-21 include the *Project Agreement on Revitalising TAFE*, and the *National Partnership on Recycling Infrastructure*.

Funding is also anticipated in 2020-21 and 2021-22 for the implementation of Australia's COVID-19 vaccination program. The Commonwealth and the state and territory governments are finalising the approach for funding the COVID-19 vaccination program.

Anticipated funding from the Commonwealth for infrastructure has also increased significantly in 2020-21 compared to the actual funding received in 2019-20. This is mainly a result of additional Commonwealth funding for COVID-19 stimulus projects under the *NPA on Land Transport* (\$15.550 million in 2020-21 and \$2.050 million in 2021-22) and for the two tranches of the *Local Roads and Community Infrastructure Program* (\$15.021 million in 2020-21 and \$9.443 million in 2021-22). It also reflects the commencement of Monaro Highway Upgrade works funding as part of the *NPA on Land Transport*.

The 2020-21 Commonwealth Budget also provided significant additional infrastructure funding for the Territory including: construction of the John Gorton Drive Bridge (\$87.5 million from 2020-21 to 2023-24); upgrade of Canberra's south west road corridor (\$50 million from 2021-22 to 2024-25); an additional \$15.250 million in 2024-25 for the existing Monaro Highway upgrade project; and \$2.5 million in 2020-21 for planning and design upgrades to Parkes Way.

Table 3.6.6 shows the sectors in which these payments are made to the ACT.

Table 3.6.6: Commonwealth National Partnership Payments to the ACT

	2019-20 Actual \$m	2020-21 Budget \$m	Variance \$m	Variance %	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
Health Services	9.5	34.2	24.7	261.0	8.0	10.1	5.0
Education and Early Childhood	12.1	10.7	-1.4	-11.7	7.7	1.0	1.0
Skills and Workforce Development	6.2	14.4	8.2	133.3	4.7	0.0	0.0
Community Services	48.6	18.5	-30.1	-62.0	17.4	18.0	18.7
Affordable Housing Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infrastructure	11.8	61.5	49.7	421.1	100.5	92.1	72.9
Environment	2.8	6.9	4.1	147.0	44.6	14.0	13.9
Contingent Payments	0.0	1.9	1.9	#	0.0	0.0	0.0
Other	13.3	15.2	1.9	14.5	14.9	14.0	14.1
Total National Partnership Payments	104.2	163.2	59.0	56.6	197.8	149.2	125.6

Source: ACT Government expected payments derived from 2020-21 MYEFO and CMTEDD calculations.

Note: Numbers may not add due to rounding. See Table 3.6.8 for detailed information on payments and explanatory information.

Box 3.6.1: New arrangements in Commonwealth funding agreements

The unprecedented events of the past year have led to fundamental changes in intergovernmental governance arrangements with the Council of Australian Governments being replaced by National Cabinet. This has enabled the Commonwealth, states and territories to work together to dynamically respond to the quickly evolving circumstances throughout the year. There have also been changes to the role of the CFFR in supporting National Cabinet on intergovernmental funding matters. CFFR now has full responsibility for all intergovernmental funding agreements between the Commonwealth and the states and territories, and over the course of 2020 developed a streamlined framework for the delivery of such agreements, including the consolidation of existing agreements into five sectoral Federation Funding Agreements for Health, Education and Skills, Infrastructure, Environment, and Affordable Housing, Community Services and Other.

The Federation Funding Agreements include common clauses for reporting and other administrative requirements, helping to reduce the costs to the Commonwealth and the states and territories of delivering outcomes under its schedules.

Under this new framework, all future National Partnership Agreements and Project Agreements, along with their associated National Partnership Payments, will be delivered as schedules to one of the five Federation Funding Agreements. The development of the Federation Funding Agreements also involved the consolidation of 82 existing National Partnership Agreements and Project Agreements.

The Federation Funding Agreements are administered using newly developed Federation Funding Agreement Process Operational Rules – guidelines on the development of funding agreements which address the aims of limiting the proliferation of agreements, ensuring the negotiation and administration of agreements is as efficient as possible, and seeking to avoid short-term extensions to existing agreements. First Ministers, Treasurers, and portfolio ministers have joint responsibility to ensure that the rules are adhered to.

Under the new framework, the CFFR is the gatekeeper for all funding agreements and has oversight over all agreements in the development pipeline.

To ensure that the new arrangements and structures deliver enduring benefits, the Council on Federal Financial Relations will review the operation of the new framework by July 2021.

Financial Assistance Grants to Local Government

Financial Assistance Grants are paid to state governments for provision to local governments according to distributions recommended by states' local government grants commissions. Financial Assistance Grants to local governments are untied and can be spent according to local government priorities.

As the ACT Government has responsibility for both state and municipal functions, Financial Assistance Grants are paid directly to the ACT to be spent according to our budget priorities. The ACT receives approximately two per cent of the Financial Assistance Grants' pool.

The ACT's Financial Assistance Grants funding is shown in Table 3.6.7 below.

Table 3.6.7: Commonwealth Government Financial Assistance Grants funding to the ACT

	2019-20 Actual \$m	2020-21 Budget \$m	Variance \$m	Variance %	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
Financial Assistance Grants	55.4	26.6	-28.8	-51.9	56.0	57.0	58.5

Sources: 2019-20 Commonwealth Final Budget Outcome and 2020-21 MYEFO.

The reduction in Financial Assistance Grants in 2020-21 compared to 2019-20 is primarily due to a Commonwealth decision in May 2020 to bring forward half of its funding to the ACT for 2020-21 into 2019-20. This increased our Financial Assistance Grant in 2019-20 by \$28.4 million while reducing our grant for 2020-21 by the same amount. The Commonwealth has made an equivalent adjustment of this kind in every Commonwealth Budget since 2015-16.

Total Commonwealth funding to the ACT

The ACT Government's expected revenue transfers from the Commonwealth Government during 2020-21 and across the forward estimates are detailed in Table 3.6.8. The funding amounts and timing may not match those published in the 2020-21 MYEFO as the ACT includes in our budget estimates amounts that are considered likely to be received, based on details known about each payment.

Table 3.6.8: Total Commonwealth funding to the ACT

FUNDING CATEGORIES	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
General Revenue Assistance					
ACT Municipal Services	40,677	41,247	41,618	42,076	42,665
GST Revenue	1,239,024	1,221,537	1,300,627	1,380,095	1,441,559
Total General Revenue Assistance	1,279,701	1,262,784	1,342,245	1,422,171	1,484,224
Health Services					
National Health Reform Funding – Hospital Services ¹	426,853	443,726	478,989	503,285	535,999
National Health Reform Funding – Public Health ¹	7,182	7,567	7,976	8,494	9,046
COVID-19 public health response ¹	41,669	41,803	5,205	110	112
Total National Health Reform Funding	475,704	493,096	492,170	511,889	545,157
Health Services NPPs					
Additional Assistance for Public Hospitals	4,057	0	0	0	0
Comprehensive palliative care across the life course ²	167	276	185	194	203
Expansion of the Breastscreen Australia Programme	248	252	0	0	0
Mums, Dads and bubs check	0	~	~	~	0
National Bowel Cancer Screening Programme – Participant Follow-Up Function	191	195	195	0	0
OzFoodNet	147	150	152	155	157
Reducing Stillbirths	0	~	0	0	0
Specialist Dementia Care Program	120	217	264	268	~
Vaccine-Preventable Diseases Surveillance	38	44	45	45	46
Other Health NPPs					
Community Health, Hospitals and Infrastructure Projects	2,250	14,960	6,480	8,800	4,000
Encourage more clinical trials in Australia	153	153	0	0	0
Essential Vaccines	473	580	627	636	581
Health Innovation Fund	0	16,338	0	0	0
Lymphoedema Compressions Garment Scheme	0	34	34	34	34
Public Dental Services for Adults	1,446	989	0	0	0
Suicide Prevention	180	0	0	0	0
Total Health Services NPPs	9,470	34,188	7,982	10,132	5,021
Total Health Services	485,174	527,284	500,152	522,021	550,178
Education and Early Childhood					
Quality Schools funding – Government	118,017	130,124	142,586	155,611	166,486

FUNDING CATEGORIES	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Quality Schools funding – Non-Government	247,987	227,815	238,819	247,706	256,413
Quality Schools funding – Non-Government – GST component	24,799	22,782	23,882	24,771	25,641
Total Quality Schools Funding	390,803	380,721	405,287	428,088	448,540
Education and Early Childhood NPPs					
Local Schools Community Fund	618	0	0	0	0
MoneySmart Teaching	140	140	0	0	0
National School Chaplaincy Programme ⁴	856	977	977	977	977
School Hygiene Assistance Fund – Non-Government	195	0	0	0	0
Universal Access to Early Childhood Education	10,323	9,600	6,758	0	0
Total Education and Early Childhood NPPs	12,132	10,717	7,735	977	977
Total Education and Early Childhood	402,935	391,438	413,022	429,065	449,517
Skills and Workforce Development					
National Agreement for Skills and Workforce Development	25,919	26,170	26,400	26,654	26,971
Skills and Workforce Development NPPs					
JobTrainer	0	8,284	91	0	0
National Infection Control Training Fund	670	0	0	0	0
Revitalising TAFE campuses across Australia	0	2,000	608	0	0
Skilling Australians Fund	5,490	4,087	3,999	0	0
Total Skills and Workforce Development NPPs	6,160	14,371	4,698	0	0
Total Skills and Workforce Development	32,079	40,541	31,098	26,654	26,971
Community Services					
Community Services NPPs					
COVID-19 Domestic Violence Support	1,391	1,633	0	0	0
Payments from the DisabilityCare Australia Fund	47,204	16,835	17,424	18,034	18,665
Total Community Services NPPs	48,595	18,468	17,424	18,034	18,665
Total Community Services	48,595	18,468	17,424	18,034	18,665
Affordable Housing Services					
National Housing and Homelessness Agreement	26,837	27,121	25,602	25,856	26,159
Affordable Housing Services NPPs					
HomeBuilder	0	~	~	~	0

FUNDING CATEGORIES	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Social Impact Investments					
Vulnerable priority groups	0	~	~	~	~
Youth at risk of homelessness	0	~	~	~	~
Total Affordable Housing Services NPPs	0	0	0	0	0
Total Affordable Housing Services	26,837	27,121	25,602	25,856	26,159
Infrastructure					
Infrastructure Investment Program					
Black Spot Projects	1,552	2,244	2,244	1,693	1,847
Bridges Renewal Programme	1,342	786	1,852	1,559	1,530
Heavy Vehicle Safety and Productivity	0	425	582	1,187	1,164
Major Projects Business Case Fund ⁵	0	0	0	0	0
Road Investment Component	2,211	33,753	78,066	79,341	60,997
Roads to Recovery	6,693	9,245	8,288	8,288	7,331
Urban Congestion Fund	0	0	0	0	0
Total Infrastructure Investment Program	11,798	46,453	91,032	92,068	72,869
Other Infrastructure Payments					
Local Roads and Community Infrastructure	0	15,021	9,443	0	0
Total Infrastructure	11,798	61,474	100,475	92,068	72,869
Environment					
Environment NPPs					
Bushfire Wildlife and Habitat Recovery	500	0	0	0	0
Development of business cases for constraints measures and implementation	0	~	~	~	~
Disaster Risk Reduction	1,044	1,044	1,044	1,044	1,044
Emergency Response Fund	0	~	0	0	0
Environment Assessment Systems Upgrade	0	0	300	0	0
Fishing and Camping Facilities Program	0	141	71	71	0
Future Drought Fund	0	~	0	0	0
Implementing Water Reform in the Murray Darling Basin	327	82	~	~	~
Management of established pests and weeds	0	~	~	~	0
National forestry industry plan	0	~	~	0	0
National Water Infrastructure Development Fund	0	~	~	~	~
On-farm Emergency Water Infrastructure Rebate ⁶	87	46	0	0	0
Recycling Infrastructure NP	0	4,500	4,000	1,000	1,000
Securing Forestry Resources for Economic Security	0	~	0	0	0

FUNDING CATEGORIES	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Sustainable Rural Water Use and Infrastructure Programme ⁷	600	669	39,200	11,900	11,900
Water Efficiency Program ^{6, 8}	244	440	0	0	0
Total Environment	2,802	6,922	44,615	14,015	13,944
Contingent Payments					
Disaster Recovery Arrangements	19	1,900	0	0	0
Hepatitis C settlement fund	0	~	~	~	~
Total Contingent Payments	19	1,900	0	0	0
Other					
Other NPPs					
COVID-19 Legal Assistance Funding	795	596	0	0	0
Family Advocacy and Support Services	730	742	753	0	0
Family Law Information Sharing	273	277	282	0	0
Legal Assistance Services ⁹	6,120	0	0	0	0
Provision of Fire Services ¹⁰	5,337	5,523	5,717	5,717	5,717
Small Business Regulatory Reform ¹¹	0	0	0	0	0
National Legal Assistance Partnership					
Aboriginal and Torres Strait Islander Legal Services	0	766	782	799	815
Community legal centres	0	1,084	1,280	1,294	1,310
Domestic violence units and health justice partnerships	0	458	465	472	480
Legal aid commissions	0	5,199	5,260	5,323	5,391
Social and Community Services Sector supplementation	0	181	0	0	0
State and territory legal assistance administration	0	352	357	363	368
Total Other NPPs	13,255	15,178	14,896	13,968	14,081
Financial assistance to local governments – Financial Assistance Grant program	55,383	26,622	55,981	57,041	58,485
Total Other Payments	68,638	41,800	70,877	71,009	72,566
Total Commonwealth Government Funding	2,358,578	2,379,732	2,545,510	2,620,893	2,715,093

Sources: The 2020-21 MYEFO and CMTEDD calculations.

Notes: The symbol ~ indicates that the allocation has not yet been determined by the Commonwealth.

1. The National Health Reform funding in the 2020-21 ACT Budget does not match the 2020-21 MYEFO estimates as the Commonwealth's estimates are based on different activity levels than those currently forecast by ACT Health.
2. The 2020-21 MYEFO did not include state and territory allocations for this agreement. The ACT estimates for this agreement are based on 2020-21 Commonwealth Budget data.
3. The GST component of non-government school funding was not reported in the 2019-20 Budget.
4. The 2020-21 MYEFO has NFP for 2022-23 and 2023-24 for this agreement as state and territory allocations for these years have not yet been determined. The estimates included in the 2020-21 ACT Budget assume that funding for this agreement in 2022-23 and 2023-24 will remain at the same level as for 2021-22.
5. The 2020-21 MYEFO included a notional allocation of \$13,000 for this agreement in 2023-24. However, this amount has not been included in the 2020-21 ACT Budget estimates, as it is unlikely that the ACT will receive this funding.

6. The 2020-21 MYEFO did not allocate funding for these agreements in 2020-21. The estimates included in the table reflect actual Commonwealth payments made to the ACT as at 31 December 2020.
7. The 2020-21 MYEFO did not include the ACT funding allocation for this agreement for 2020-21 and the outyears. The estimates included in the 2020-21 Budget are based on advice provided by the Environment, Planning and Sustainable Development Directorate and CMTEDD estimates.
8. The *Water Efficiency Program* was previously called the *Murray-Darling Basin Water Infrastructure Program*.
9. Funding for this agreement ceased in 2019-20; however, ongoing funding for the services under this agreement are provided through the *National Legal Assistance Partnership*.
10. The 2020-21 MYEFO has NFP for 2022-23 and 2023-24 for this agreement, as the current agreement expires in 2021-22 and a new agreement is currently under negotiation. The estimates included in the 2020-21 ACT Budget assume that the funding for 2022-23 and 2023-24 will remain at the same level as for 2021-22.
11. The 2020-21 MYEFO included \$5.1 million for the ACT for this agreement in 2020-21. However, the ACT has not agreed any projects with the Commonwealth for funding under this agreement, and as such considers it unlikely the ACT would receive the allocated funding.

3.7 INFRASTRUCTURE AND CAPITAL

The Government will invest \$914 million in infrastructure and capital projects in 2020-21 and \$4.3 billion from 2020-21 to 2023-24. This represents our largest-ever Infrastructure Investment Program.

Interest rates are the lowest since Federation, providing a once in a century opportunity for the Government to build sustainable, productivity-improving and growth-enabling infrastructure to prepare our city for the future.

Strategically investing in infrastructure that improves wellbeing and supports economic growth in the longer term is a key element of the Government's fiscal strategy, as outlined in *Chapter 3.2 – Fiscal strategy and policy decisions*.

Consistent with the [ACT Infrastructure Plan](#),¹ our capital investment priorities continue to be health, education, public transport, public housing, sustainable energy and urban renewal. These priorities are mutually re-enforcing: quality health and education services are the foundation for a vibrant, inclusive, and innovative society. Our significant urban renewal program incorporates a well-integrated public transport system that connects people with places, public housing facilities that meet the needs of residents, and modern health, education and community facilities with easy access.

As demonstrated by the Government's response to the COVID-19 pandemic, infrastructure investment is also an important and effective tool to provide immediate support to our community and businesses in times of need. The 2020-21 Budget builds on actions taken over the past year, including fast-tracking numerous small to medium projects that support local employment outcomes, while also proceeding with significant, transformative projects.

Key projects in the 2020-21 Infrastructure Investment Program include the Big Canberra Battery; new high schools in Kenny and Taylor; a new primary school in Throsby and expanding the Margaret Hendry primary school in Taylor; the extension of John Gorton Drive and Molonglo River Bridge project; building light rail to Woden and raising London Circuit; building a new Woden CIT Campus and Bus Interchange, expanding the Canberra Hospital; and growing and renewing more public housing.

The Government will continue to be flexible in adjusting and implementing our policies and programs in response to developments. We will also continue to work with industry to optimise the available pipeline of work, support the on-time delivery of projects, and facilitate industry planning and capacity expansion.

By taking this approach, we will promote job growth in our region, while ensuring that critical infrastructure is in place to meet our future needs.

¹ https://apps.treasury.act.gov.au/data/assets/pdf_file/0009/1432449/act-infrastructure-plan.pdf

Elements of the Infrastructure Investment Program

The Infrastructure Investment Program has three main components which are summarised below. More detailed information on each component is provided in subsequent sections in this chapter.

- **Allocated capital works:** \$912 million in 2020-21 and \$2.6 billion over the four years to 2023-24. The program includes all projects undertaken by the ACT Government for physical infrastructure and Information and Communications Technology (ICT). Physical infrastructure and ICT works include:
 - new projects in the 2020-21 budget year, including those announced in the August 2020 EFU;
 - works-in-progress on projects commenced in previous years; and
 - improvements to existing infrastructure which extend the useful life, or improve the delivery capacity of existing physical assets, through the Better Infrastructure Fund.
- **Infrastructure investment provisions:** \$1.7 billion over four years. These provisions set aside funding for significant capital works projects for which budgets or other details are yet to be settled, or which are commercially sensitive. Provisioned funding is allocated once conditions are met, generally as a result of the approval of business cases, provision of other information, or following conclusion of tender processes in the case of commercial sensitivities.
- **The capital works reserve:** the reserve allows agencies with multi-year budget allocations for capital works to draw on future funding if capital expenditure in a budget year exceeds the agency's allocation for that year. For example, if projects are delivered faster than scheduled, directorates can access future years' funding through the reserve to maintain the pace of progress, while staying within the overall project cost envelope. The amount available in the capital works reserve in 2020-21 is \$150 million.

Projects funded under the Infrastructure Investment Program are identified, assessed and developed in accordance with [The Capital Framework](#).²

New capital initiatives which have been introduced since the August 2020 EFU are outlined in Chapter 3.2. Information on new initiatives which were introduced in the August 2020 EFU can be accessed [here](#).³

Appendices D and E provide information on projects in the 2020-21 Better Infrastructure Fund and works-in-progress respectively.

More detailed information on the Infrastructure Investment Program can be found at <https://apps.treasury.act.gov.au/budget/budget-2020-21/budget-papers/capital-works-program>

² <https://apps.treasury.act.gov.au/infrastructure-finance-and-reform/the-capital-framework>

³ <https://apps.treasury.act.gov.au/budget/economic-and-fiscal-update-2020>

Table 3.7.1: Summary of the 2020-21 Infrastructure Investment Program¹

	2020-21 Allocation \$'000	2021-22 Allocation \$'000	2022-23 Allocation \$'000	2023-24 Allocation \$'000	Total investment \$'000
New capital works					
Early planning and forward design	2,884	600	0	0	3,484
Construction	87,199	244,105	217,131	154,977	703,412
Information and Communications Technology	8,959	1,327	247	0	10,533
Plant and equipment	54,800	6,900	0	0	61,700
Capital grants	2,074	0	0	0	2,074
Total new works	155,916	252,932	217,378	154,977	781,203
Better Infrastructure Fund²	87,713	60,422	63,480	65,066	276,681
Works-in-progress					
Early Planning and forward design	15,761	5,609	1,530	0	22,900
Construction	451,333	367,249	166,358	41,346	1,026,286
ICT	91,313	75,505	60,889	28,801	256,508
Plant and equipment	105,237	72,666	26,511	4,392	208,806
Capital grants	4,970	17,771	8,299	75	31,115
Total Works-In-Progress	668,614	538,800	263,587	74,614	1,545,615
Infrastructure investment provisions	1,278	434,953	569,052	694,850	1,700,133
Total Infrastructure Investment Program	913,521	1,287,107	1,113,497	989,507	4,303,632
Capital works reserve and offsetting provision	150,000	-150,000	0	0	0

Notes:

- For the purposes of section 30F and 18E of the *Financial Management Act 1996*, this table is the Government's capital works program.
- The 2020-21 Better Infrastructure Fund is valued at \$57.65 million. The 2020-21 figure also includes stimulus funding for the Government's 2020-21 Fast-track program, a total of \$22.07 million. A further \$8.05 million relates to both the unfunded components of 2019-20 Fast-track program (delivered by 30 June 2020), along with the rollover of unspent funding from the 2019-20 Better Infrastructure Fund. Agencies who had not received funding via a Treasurer's Advance for the 2019-20 Fast-track program obtained the funding through the 2020-21 Budget.

The 2020-21 Infrastructure Investment Program

The ACT boasts world-class infrastructure that supports the delivery of high-quality essential services, resulting in Canberra consistently being named one of the most liveable cities in the world.

As outlined in Table 3.7.1, the Government will invest \$914 million in infrastructure and capital projects in 2020-21 and \$4.3 billion from 2020-21 to 2023-24. Our investment in infrastructure will continue to prioritise health, education, transport infrastructure, public housing, urban renewal and sustainable energy. Together, these elements form the core of our community's wellbeing, connectedness, and prosperity. Our investment in these areas will ensure the ongoing provision of:

- quality health care that serves the needs of our city and surrounding areas;
- a modern and flexible education system that underpins our skilled workforce;
- a multi-modal transport system that connects people with places and jobs;
- public housing that meet the needs of residents; and
- the protection of our environment through effective and timely actions to combat climate change.

Health Infrastructure

More than ever, the health and associated economic and social impacts of COVID-19 have highlighted the need for high quality and flexible health care services which can respond quickly to unanticipated demand.

The 2020-21 Budget provides \$152 million in 2020-21 and \$347 million over four years in health infrastructure investment, including projects announced in the August 2020 EFU. Some of the key projects include:

- the expansion, upgrade and refurbishment of the Canberra Hospital – to be completed by 2023-24;
- the expansion of the Centenary Hospital for Women and Children to significantly enhance gynaecology, pre- and post-natal, and adolescent mental health services;
- a COVID-19 and disease response management system to ensure our health officials have upgraded ICT systems to respond in times of crisis;
- a pop-up COVID-19 emergency clinic, which was a critical investment for the ACT Government to undertake as part of our COVID-19 response;
- storage facilities and ICT infrastructure to support implementation of the COVID-19 vaccine program for the ACT;
- a pilot Walk-in health centre in Coombs; and
- imaging services at the Weston Creek Walk-in centre.

Education Infrastructure

ACT students enjoy high quality schooling with modern facilities and technology. With Gungahlin and the Molonglo Valley experiencing significant residential growth in recent years, our education infrastructure investment is focused on building and expanding schools in these areas, along with broader upgrades to schools in established areas of Canberra.

Investment to support our education system includes \$159 million in 2020-21 and \$615 million over four years. Some of the key projects include:

- development of a new East Gungahlin high school in Kenny;
- development of a new North Gungahlin high school in Taylor;
- delivering a new primary school at Throsby;
- building a P-6 and 7-10 school campus in Molonglo;
- expanding the Margaret Hendry Primary School;
- expanding the Amaroo School Senior campus;
- modernising Campbell Primary School;
- improving ICT to support our School System;
- expanding Franklin Early Childhood School; and
- delivering energy-efficient heating upgrades for ACT public schools.

These projects complement the significant investment made in education facilities in recent years, including the recently completed \$85 million Better schools for our kids – Public school infrastructure upgrades project.

As part of the \$615 million education infrastructure investment, the Government has allocated \$240 million over the four years to 2023-24 for the combined project to construct the Woden CIT campus and a new Woden Interchange. The total investment for this project is \$278 million.

Transport Infrastructure

Transport infrastructure is a key component of the [ACT Infrastructure Plan](#). Canberra is well served by a network of arterial roads connecting urban centres and the Monaro Highway linking North and South Canberra. The Light Rail Master Plan provides for a complete light rail system with two axes running north-south and east-west along major commercial and residential precincts. Express intertown buses and connecting nodes with local bus routes allow seamless travel to and from suburbs.

With the completion of Light Rail Stage 1 from Gungahlin to Civic in 2019-20, works are underway on Stage 2 from Civic to Woden. We will also enhance our road networks and active travel infrastructure, to provide access for new suburbs, facilitate integration with the light rail network, and improve access and traffic flows.

The 2020-21 Budget provides \$172 million in 2020-21 and \$558 million over four years to 2023-24 for transport infrastructure, such as road duplication, road safety and infrastructure relating to key public transport projects including:

- progressing Light Rail Stage 2, including the design and approvals for raising London Circuit to allow connection with light rail;
- upgrading Monaro Highway;
- duplication of Athllon Drive and William Hovell Drive; and
- constructing the last portion of John Gorton Drive, including a bridge across the Molonglo River.

Further, under the broader Infrastructure Investment Program, additional provisions have been made for the development of transport infrastructure over the next four years. This includes funding to progress construction for the raising of London Circuit.

The total cost for Building Light Rail to Woden and raising London Circuit, including design, construction, purchase of additional light rail vehicles, an additional depot, and project management is estimated to be in the range of \$1.5 billion to \$1.9 billion. This will be influenced by prevailing infrastructure market conditions at the time of project procurement, National Capital Authority and Australian Parliament determined planning and heritage requirements through the parliamentary triangle, and final detailed design of the project.

Public Housing

Public housing is an important element of our infrastructure investment and an integral component of the Government's urban renewal program.

The 2020-21 Budget allocates \$105 million over the four years to 2023-24 to further boost public housing infrastructure, including:

- \$52 million to continue the public housing growth and renewal;
- \$11.6 million in funding to commence the construction of a second Common Ground in Dickson; and
- \$11.4 million over the four years to 2023-24 for general property and energy efficiency upgrades.

Together with an investment of more than \$500 million over six years by Housing ACT, the ACT Government will have invested more than \$1 billion in building new public housing right across Canberra over the ten years to 2025, so that more Canberrans can find the right place to call home.

Environmental Sustainability

To advance our commitment to take action on climate change, the 2020-21 Budget provides \$87 million for a package of environmental measures to enhance infrastructure that supports management of our waste, lakes and waterways, urban forests and our natural space.

In addition, the Government has made investment commitments of more than \$100 million to:

- deliver at least 250 megawatts of new 'large-scale' battery storage system capacity across the ACT, to increase energy security and reliability for Canberrans; and

- deliver grants and no-interest loans for energy and water efficiency upgrades, rooftop solar and batteries, for households and not-for-profit community organisations.

Environmental sustainability is a priority consideration for the Government when developing or upgrading other strategic assets, for example the new East Gungahlin High School's buildings will be carbon neutral and include approximately 100kW of solar power generation.

Better Infrastructure Fund

The Better Infrastructure Fund (BIF) provides annual funding for improving existing Territory physical infrastructure assets, in order to extend the useful life of those assets or enhance existing service delivery capacity. Improvements to existing infrastructure are distinct from routine repairs and maintenance, which are funded separately.

Due to its smaller scale and greater ability to focus on local employment which larger projects are sometimes not able to do, the BIF program has been very effective in supporting Canberra's businesses through the economic disruptions caused by COVID-19. This support has been further enhanced by the addition of the Fast-track program (see below for further information), which is largely responsible for the higher BIF spending in 2020-21 as reflected in Table 3.7.1.

The 2020-21 BIF program includes a broad range of projects in the areas of city and urban infrastructure, roads, health, education, community services, justice and community safety, and caring for the environment.

The Better Infrastructure Fund amounts to \$57.650 million in 2020-21. Summary information on the 2020-21 BIF projects is provided in Appendix B.

Fast-track program

The Fast-track program provides additional funding for small-scale projects, with high local employment content, which can start immediately. An amount of \$23 million was spent in 2019-20 for Phase 1 of the program, which was completed in June 2020. Phase 2 of the program ran from July to December 2020 and included further projects valued at \$12 million. In view of its success, Phase 3 of the program has been funded as part of the 2020-21 Budget, with Phase 3 including a further \$7.9 million in capital works investment and \$2.1 million for additional lawn mowing across Canberra, bringing total Fast-track funding to-date to \$45 million.

Infrastructure Investment Provisions

In addition, the 2020-21 Budget includes Infrastructure Investment Provisions of \$1.7 billion over the four years to 2023-24. These provisions provide for significant capital works projects for which budgets or other details are yet to be settled, or which are commercially sensitive.

The more significant of these projects include:

- Building Light Rail to Woden and raising London Circuit;
- The Canberra Hospital Expansion Project;
- Growing and renewing more public housing;
- Monaro Highway upgrades;
- Funding for the expansion of Margaret Hendry primary school and the construction of a high school in North Gungahlin; and
- The Big Canberra Battery.

As planning or procurement progresses, future budgets will contain further specific financial details for these projects.

The \$1.7 billion Infrastructure Investment Provision includes a future works provision of \$67 million in 2021-22, \$74 million in 2022-23 and \$80 million in 2023-24. This is a general provision for new initiatives in the forward years and is not allocated to any specific project.

Table 3.7.2: Summary of infrastructure investment allocations

Agency	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Financing 2022-23 \$'000	Financing 2023-24 \$'000	Total investment \$'000
ACT Health Directorate					
New capital works	9,589	0	0	0	9,589
Better Infrastructure Fund	757	466	478	490	2,191
Works-in-progress	22,258	65,860	35,626	5,009	128,753
Total	32,604	66,326	36,104	5,499	140,533
Canberra Health Services					
New capital works	1,763	9,699	6,172	0	17,634
Better Infrastructure Fund	5,177	4,220	4,325	4,434	18,156
Works-in-progress	76,791	48,562	24,362	0	149,715
Total	83,731	62,481	34,859	4,434	185,505
Canberra Institute of Technology					
New capital works	0	0	0	0	0
Better Infrastructure Fund	3,041	2,917	2,990	3,064	12,012
Works-in-progress	8,191	2,965	1,257	1,257	13,670
Total	11,232	5,882	4,247	4,321	25,682
Chief Minister, Treasury and Economic Development Directorate					
New capital works	1,880	350	0	0	2,230
Better Infrastructure Fund	17,600	8,188	8,393	8,603	42,784
Works-in-progress	132,260	37,420	10,850	1,500	182,030
Total	151,740	45,958	19,243	10,103	227,044
City Renewal Authority					
New capital works	0	0	0	0	0
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	22,310	22,525	10,930	3,396	59,161
Total	22,310	22,525	10,930	3,396	59,161
Community Services Directorate					
New capital works	936	980	0	0	1,916
Better Infrastructure Fund	1,452	436	448	459	2,795
Works-in-progress	3,806	1,050	0	0	4,856
Total	6,194	2,466	448	459	9,567
Cultural Facilities Corporation					
New capital works	0	0	0	0	0
Better Infrastructure Fund	428	439	450	461	1,778
Works-in-progress	2,488	1,271	300	0	4,059
Total	2,916	1,710	750	461	5,837
Education Directorate					
New capital works	20,582	44,404	46,726	4,000	115,712
Better Infrastructure Fund	10,588	16,486	16,898	17,320	61,292
Works-in-progress	116,431	82,446	26,948	6,697	232,522
Total	147,601	143,336	90,572	28,017	409,526
Electoral Commissioner					
New capital works	120	0	0	0	120
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	581	0	0	0	581
Total	701	0	0	0	701

Agency	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Financing 2022-23 \$'000	Financing 2023-24 \$'000	Total investment \$'000
Environment, Planning and Sustainable Development Directorate					
New capital works	2,382	193	247	0	2,822
Better Infrastructure Fund	1,572	1,051	1,104	1,132	4,859
Works-in-progress	14,243	5,312	1,294	149	20,998
Total	18,197	6,556	2,645	1,281	28,679
Housing ACT¹					
New capital works	54,000	6,900	0	0	60,900
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	29,133	5,000	5,000	5,000	44,133
Total	83,133	11,900	5,000	5,000	105,033
Justice and Community Safety Directorate					
New capital works	11,480	36,697	7,983	1,127	57,287
Better Infrastructure Fund	4,197	1,954	2,052	2,102	10,305
Works-in-progress	21,397	55,926	1,567	1,093	79,983
Total	37,074	94,577	11,602	4,322	147,575
Major Projects Canberra					
New capital works	12,732	53,040	84,000	92,000	241,772
Better Infrastructure Fund	0	0	0	0	0
Works-in-progress	80,064	3,312	0	0	83,376
Total	92,796	56,352	84,000	92,000	325,148
Office of the Legislative Assembly					
New capital works	0	0	0	0	0
Better Infrastructure Fund	285	292	299	307	1,183
Works-in-progress	1,240	35	35	35	1,345
Total	1,525	327	334	342	2,528
Transport Canberra and City Services Directorate					
New capital works	40,452	100,669	72,250	57,850	271,221
Better Infrastructure Fund	42,616	23,973	26,043	26,694	119,326
Works-in-progress	137,421	207,116	145,418	50,478	540,433
Total	220,489	331,758	243,711	135,022	930,980
Total allocations to agencies					
New capital works	155,916	252,932	217,378	154,977	781,203
Better Infrastructure Fund	87,713	60,422	63,480	65,066	276,681
Works-in-progress	668,614	538,800	263,587	74,614	1,545,615
Total agency allocated program	912,243	852,154	544,445	294,657	2,603,499
Infrastructure investment provisions	1,278	434,953	569,052	694,850	1,700,133
Total Infrastructure Investment Program	913,521	1,287,107	1,113,497	989,507	4,303,632

Notes: Numbers may not add due to rounding.

1. The Government will continue to grow public housing by investing \$160 million over six years, with \$80 million held in provision.

Public Trading Enterprises Infrastructure Programs

In 2020-21, Public Trading Enterprises (PTEs) with their own infrastructure programs are expected to undertake new works totalling \$312 million. These works are funded through each entity's own-source revenue or borrowing, as detailed in Table 3.7.3.

Table 3.7.3: Summary of Public Trading Enterprises' infrastructure program

Agency	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Financing 2022-23 \$'000	Financing 2023-24 \$'000	Total \$'000
Cemeteries and Crematoria Authority	2,212	265	265	265	3,007
City Renewal Authority	1,733	360	0	0	2,093
Housing ACT	89,449	145,130	120,279	105,846	460,704
Icon Water	98,112	85,506	59,914	82,082	325,614
Suburban Land Agency	120,508	125,249	167,562	108,574	521,893
Total PTEs	312,014	356,510	348,020	296,767	1,313,311

Cemeteries and Crematoria Authority

The Cemeteries and Crematoria Authority manages three cemeteries and a crematorium in the ACT. The Authority is responsible for ensuring that there are suitable interment options and adequate burial capacity for the ACT community.

Works during the period include completing construction of the Gungahlin crematorium and upgrading and enhancing the ACT public cemeteries at Gungahlin, Hall and Woden. This includes maintaining existing facilities and replacing plant and equipment when items have reached end of life.

City Renewal Authority

The City Renewal Authority is charged with managing the successful revitalisation of central Canberra to make it a great place to live, work, explore and enjoy. The City Renewal Authority is doing this by leading the transformation of the City Renewal Precinct, which spans Dickson, Northbourne Avenue, Haig Park, Braddon, the city centre and Acton Waterfront.

In partnership with the community, private sector, and other government agencies, the City Renewal Authority will create a vital and prosperous city heart through the delivery of a people-centred, design-led and sustainable urban renewal program.

In addition to leading urban renewal within the precinct, the City Renewal Authority sells Government owned leases in the precinct on behalf of the Territory – the Authority is actively undertaking design and development planning activities for future land releases within the city centre.

Housing ACT

Housing ACT undertakes an annual program of building and purchasing properties, as well as upgrading and refurbishing homes to ensure they continue to meet the needs of tenants. In 2019-20, Housing ACT commenced a \$660 million program to deliver 400 more public housing properties and renew another 1,000 over six years. Within this program, \$160 million will be contributed directly by the ACT Government and a further \$500 million will be funded through the sale of Housing ACT properties that are nearing end of life.

The growth and renewal of ACT's public housing portfolio is essential to meet the needs of our current and future tenants, including applicants on the Social Housing Register.

Housing ACT focuses on building properties which deliver a range of housing options for tenants. Types of properties to be constructed or purchased are generally proportionate to the demand expressed on Social Housing and transfer registers, including larger homes with four or more bedrooms, and smaller scale two- and three-bedroom developments. The structured and consistent approach to long-term management of the portfolio improves the quality, comfort and suitability of homes provided to tenants.

Icon Water Limited

Icon Water Limited is an unlisted public company owned by the ACT Government. Icon Water owns and manages the assets used to provide water and sewerage services to the ACT and deliver bulk water to Queanbeyan. Icon Water also has an investment in the ACT's energy distributor and retailer Evoenergy, through a joint venture of two partnerships with Jemena Limited and AGL Energy Limited. Key capital works projects for Icon Water in 2020-21 will include:

- increasing the capacity of the Belconnen trunk sewer system to accommodate population growth, and provide additional ventilation and odour control units;
- ongoing upgrades to the Lower Molonglo Water Quality Control Centre, which was constructed in the 1970s and requires substantial upgrades. The two major upgrade projects in 2020-21 will be continuation of the tertiary filter upgrade and renewal of the ageing high voltage electrical assets;
- replacement of the old Mugga reservoir roof and also leak repairs to ensure continued provision of high-quality water to the community from this 60 year old asset;
- upgrading the Googong water treatment plant clarifier systems, which provide critical alternative water supply for the ACT and Queanbeyan;
- construction of the new One Tree Hill Reservoirs to provide high quality water to the "super high zone" of the new Taylor subdivision; and

- ongoing rehabilitation of both water and sewer networks to replace old and damaged pipes, ensuring a more reliable water supply and wastewater services to the community. This is part of a rolling program to maintain over 6,600 kilometres of water mains and sewer networks. In 2020-21, Icon Water plans to replace 6.9 kilometres of water mains, 16.3 kilometres of sewer mains and approximately 9,500 water meters.

Suburban Land Agency

The Suburban Land Agency develops and releases residential, commercial, industrial and community land in new suburban estates and through urban renewal projects.

The Suburban Land Agency buys and sells land leases on behalf of the Territory to deliver a mixture of public and private housing in new suburbs. The agency aims to increase the supply of affordable and community housing and carries out development of land in an environmentally sustainable way.

Major estate developments over the next four years include the suburbs of Jacka and Taylor in Gungahlin; Whitlam in the Molonglo Valley; Ginninderry in Belconnen; Kingston Foreshore and East Lake in Central Canberra. The Suburban Land Agency will also undertake infrastructure works in the Molonglo Valley region.

Indicative Land Release Program

The August 2020 EFU contained a detailed program of land release for the 2020-21 financial year as well as a brief outline of the updated four year program at that time, including 13,290 residential dwelling sites; 189,206 square metres of mixed-use land; 126,068 square metres of commercial land; 69,037 square metres of industrial land; and 259,475 square metres of community land.

At that time, there was significant uncertainty as to what impacts the COVID-19 pandemic would have on the property market. While lower demand was expected as a result of lower migration and therefore lower forecast population growth – as well as depressed economic conditions, Commonwealth and ACT Government stimulus programs such as Homebuilder, the extension of the Homebuyer concession scheme, conveyance duty concessions and record low interest rates were expected to stimulate the market and make buying or building a home more affordable.

Since that time, like the local economy more generally, the ACT property market has demonstrated its resilience reflecting confidence in the public health response, local job security and stable household incomes. Land sales have exceeded expectations with inventory and new releases being absorbed by the market and strong activity continuing in new housing construction.

In the context of changed market conditions, an update to the land release program is currently under development and is expected to be released within the next five months. This program will factor in continuing uncertainties and risks, but will aim to maintain the supply of land ahead of demand over the forward estimates. This will facilitate our land release goals of delivering affordable and diverse housing choices, stimulating urban renewal and attracting investment.

The Territory Asset Base

The Territory's physical assets largely consist of public housing, infrastructure assets (such as water and sewerage, cycle and footpaths, roads, bridges and stormwater assets), education (schools), and the land on which they are situated.

Table 3.7.4 below shows the Territory's physical asset base split between the General Government Sector and the Public Trading Enterprise sector. Over the twelve months to 30 June 2020, the total value of physical assets, net of depreciation, increased by \$1.0 billion to \$25.5 billion. Factoring in the combination of capital works projects reaching completion and asset revaluations, it is expected that the value of the Territory's total physical assets will increase further to \$28 billion by June 2021.

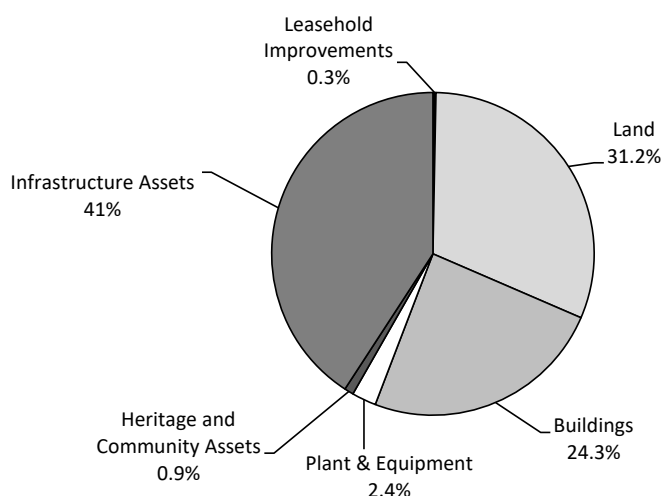
Table 3.7.4: Total Territory physical assets – value by sector

As at 30 June	2016 Actual \$m	2017 Actual \$m	2018 Actual \$m	2019 Actual \$m	2020 Actual \$m	2021 Estimate \$m
General Government Sector	14,888	15,066	16,006	16,422	16,571	18,318
Public Trading Enterprise Sector	6,945	7,282	8,415	8,028	8,913	9,659
Total Territory	21,833	22,348	24,421	24,450	25,485	27,977

Note: Numbers may not add due to rounding.

Figure 3.7.1 below shows that, as at 30 June 2020, the Territory’s assets were mostly classed as infrastructure assets (41 per cent), land (31 per cent) and buildings (24 per cent).

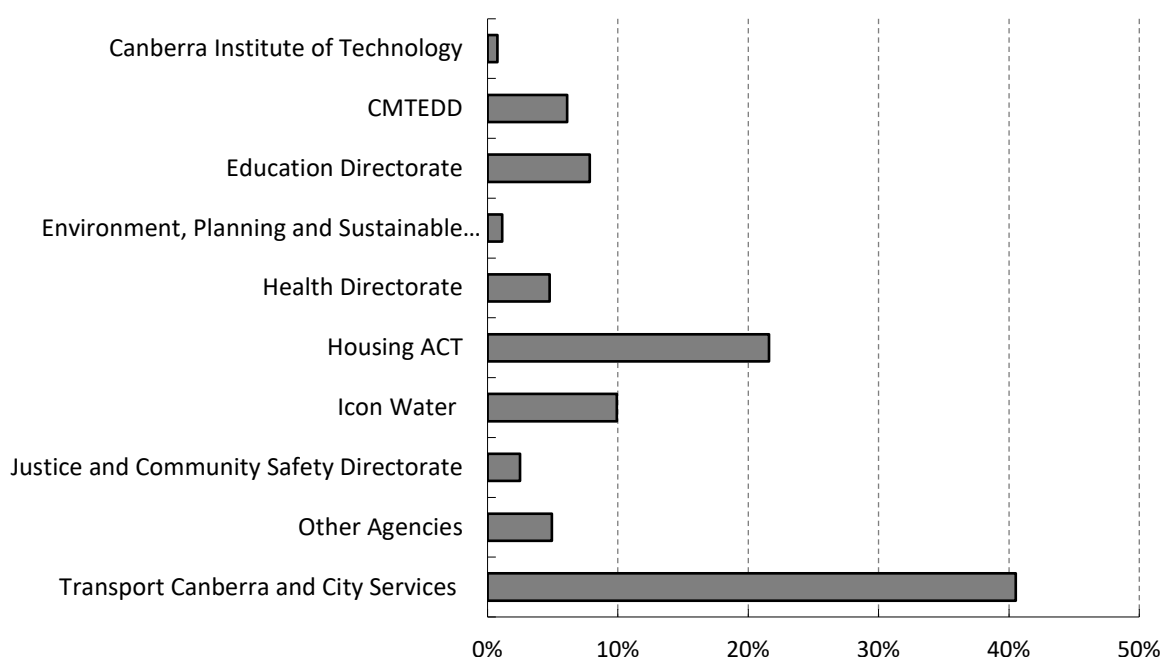
Figure 3.7.1: Total Territory physical assets – value by class



Distribution of Territory assets by agency and type

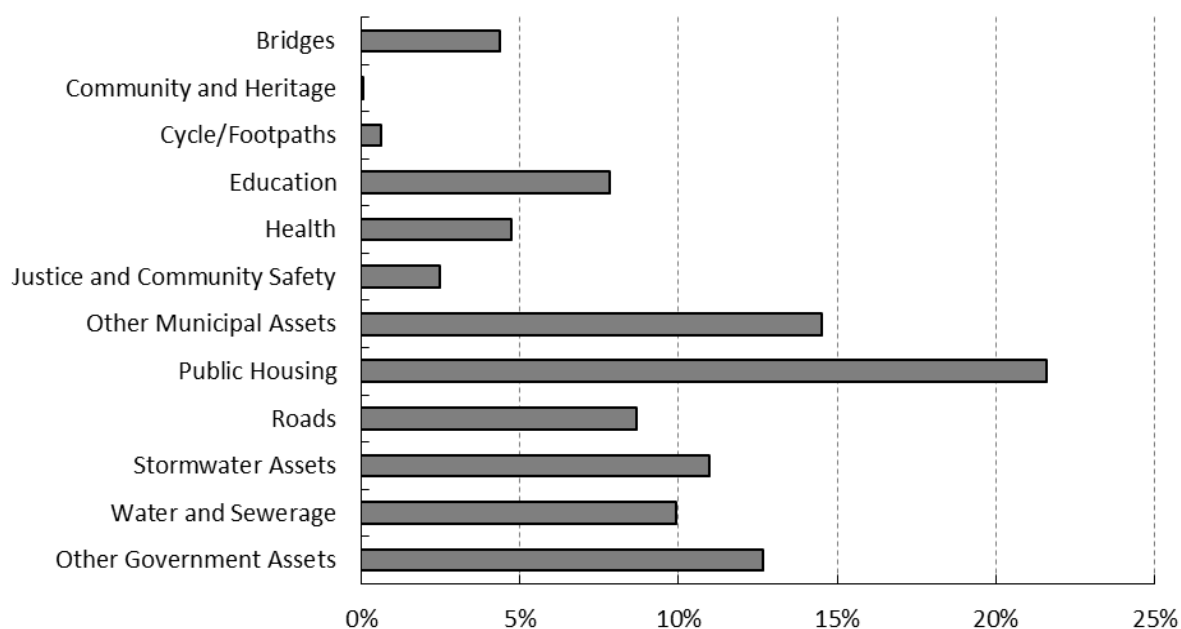
As at 30 June 2020, the Transport Canberra and City Services Directorate held 41 per cent of the value of the Territory’s physical assets. Housing ACT had responsibility for 22 per cent of the Territory’s asset base, Icon Water held 10 per cent, the Education Directorate held 8 per cent, while the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) held 6 per cent (see Figure 3.7.2 below).

Figure 3.7.2: Total Territory Physical Asset Value – Distribution by agency as at 30 June 2020



The single largest component of the Territory’s assets relates to the provision of public housing. Other significant asset holdings relate to roads, stormwater, education services, and other municipal assets, which include land under roads (see Figure 3.7.3 below).

Figure 3.7.3: Total Territory Physical asset holdings – distribution by asset type as at 30 June 2020



Asset management

The Government provides agencies with funding for projects that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets.

The 2020-21 Budget provides \$57.650 million for the 2020-21 Better Infrastructure Fund. Details of projects that improve the Territory’s existing infrastructure are provided at Appendix B – Better Infrastructure Fund.

Funding is also provided for routine maintenance to ensure that assets are of an appropriate standard. The 2020-21 Budget provides \$198 million for repairs and maintenance. A summary of the Territory’s repairs and maintenance funding is provided in Table 3.7.5 below.

Table 3.7.5: Total Territory repairs and maintenance funding

	2015-16 Actual \$'000	2016-17 Actual \$'000	2017-18 Actual \$'000	2018-19 Actual \$'000	2019-20 Actual \$'000	2020-21 Estimate \$'000
Total Territory Repairs and Maintenance Funding	167,257	164,192	178,253	188,116	202,806	197,742

3.8 KEY BALANCE SHEET METRICS

Net debt, net financial liabilities and net worth are three key indicators of the strength of Government finances.

Net debt is defined as the sum of the Government's gross debt, less financial assets such as cash and investments. Net financial liabilities consider unfunded superannuation liabilities and provides a broader measure of the Government's financial position. Net worth is the sum of all the Government's financial and non-financial assets, less liabilities.

The tables below provide a summary of these key balance sheet measures for the General Government Sector.

Table 3.8.1: Net debt (excluding superannuation)

	2019-20 Interim/Audited Outcome \$m	2020-21 Budget \$m	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
August 2020 Economic and Fiscal Update	3,310.8	4,730.6	6,068.3	6,942.4	7,709.4
2020-21 Budget	3,296.7	4,665.0	5,960.6	6,926.7	7,658.6
Net debt to GSP (%)	7.9	10.9	13.4	14.9	15.7

Compared to the August 2020 EFU, net debt is forecast to be lower in each year. This reduction in debt is driven by higher dividend payments expected to be received from the Suburban Land Agency, reflecting strong sales forecasts for 2020-21 as well as an upward revision to the GST pool. These positive impacts are partially offset by the impact of Government policy decisions included in the 2020-21 Budget.

Table 3.8.2: Net financial liabilities

	2019-20 Interim/Audited Outcome \$m	2020-21 Budget \$m	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
August 2020 Economic and Fiscal Update	12,025.1	9,530.8	10,847.1	11,945.3	12,832.4
2020-21 Budget	12,003.2	9,301.8	10,559.7	11,744.9	12,670.2
Net financial liabilities to GSP (%)	28.9	21.7	23.7	25.2	26.0

Net financial liabilities in 2020-21 and the forward estimates are also expected to decrease compared to the EFU forecast for each year. The decreases are due to the same reasons described for net debt above.

Table 3.8.3: Net worth

	2019-20 Interim/Audited Outcome \$m	2020-21 Budget \$m	2021-22 Estimate \$m	2022-23 Estimate \$m	2023-24 Estimate \$m
August 2020 Economic and Fiscal Update	13,110.3	16,158.2	15,449.6	14,881.4	14,382.2
2020-21 Budget	13,030.3	16,628.9	15,971.4	15,343.1	14,837.2
Net worth to GSP (%)	31.4	38.7	35.8	33.0	30.5

The changes to net worth in each year compared to the EFU are mainly due to the impacts described above and an upward revaluation of the Territory's land, buildings and infrastructure assets at 30 June 2020.

Unfunded Superannuation Liability

Defined Benefit Superannuation Liability

The Government recognises a defined benefit superannuation liability on behalf of past and current employees with membership in the Commonwealth's closed defined benefit superannuation schemes – the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme (the Schemes).

Apart from employer productivity contributions, the employer-financed component of member entitlements for both schemes are unfunded and not required to be paid until members retire.

The following estimates are based on an actuarial review of the superannuation liability using the latest salary and membership data as of 30 June 2019 for the 2020-21 Budget.

ACT Employee Scheme Membership

At 30 June 2019, 6,590 current ACT employees remain active contributors to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme.

Table 3.8.4 outlines the breakdown of the defined benefit superannuation scheme employee members as of 30 June 2019.

Table 3.8.4: ACT employee defined benefit scheme membership

	Contributors	Deferred beneficiaries	Current pensioners	Total
Group A Members¹				
CSS	308	148	6,244	6,700
PSS	6,282	8,764	5,438	20,484
Total	6,590	8,912	11,682	27,184
Group B Members²				
CSS	158	61	1,174	1,393
PSS	2,690	2,191	1,899	6,780
Total	2,848	2,252	3,073	8,173
Total Members	9,438	11,164	14,755	35,357

Notes:

1. Group A membership data includes CSS and PSS contributors who were employees of the Government at 30 June 2019, and CSS and PSS deferred beneficiaries and pensioners who were employees of the ACT Government when their employment ceased.
2. Group B membership data includes CSS and PSS contributors who were not employees of the Government at 30 June 2019, but were so previously, and CSS and PSS deferred beneficiaries and pensioners who were not employees of the ACT Government when their employment ceased, but were so previously.

Defined Benefit Superannuation Liability Valuation Estimates

Retirement benefits for the Commonwealth superannuation schemes can include both lump sum payments and ongoing pension payments. As these retirement benefits can continue to be paid well into the future, the estimated financial obligation is measured on a discounted basis. The liability valuation is the present value of the future expected payments resulting from employee service in the current and prior periods.

Actuarial assumptions of future events are necessary to measure the present value of the financial obligation. The financial and demographic assumptions are the best estimates of the variables that determine the annual benefit payments and the ultimate cost of the financial obligation.

The estimated defined benefit superannuation liability, service and interest cost expense and benefit payments are set out in Table 3.8.5.

Table 3.8.5: Defined benefit superannuation liability valuation

	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Opening liability	11,771,324	12,053,516	8,281,129	8,506,561	8,716,078
Service cost ¹	278,234	268,995	142,657	136,386	130,505
Interest cost ¹	228,635	210,537	413,132	423,600	433,282
Benefit payments	-282,062	-308,993	-330,357	-350,469	-371,001
Actuarial (gain)/loss ²	57,385	-3,942,926	-	-	-
Closing liability³	12,053,516	8,281,129	8,506,561	8,716,078	8,908,864

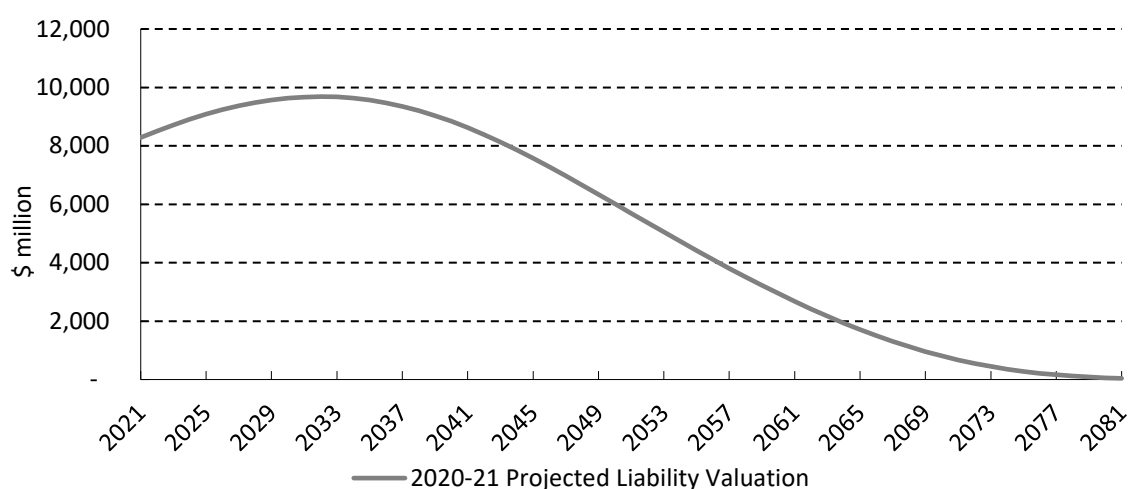
Notes:

1. Service cost is the increase in the present value of superannuation benefits resulting from employee service in the current period. Interest cost is the increase in the superannuation benefit obligation related to employee service in prior periods.
2. The actuarial (gain)/loss is the change in the present value of the superannuation liability valuation resulting from changes in actuarial assumptions, which includes the change in the discount rate assumption.
3. The closing liability valuation estimate as at 30 June 2020 used a discount rate of 1.73 per cent. From 30 June 2021 the liability valuation is calculated on a long-term discount rate assumption of five per cent.

For the financial year end liability valuation at 30 June 2020, Australian Accounting Standard *AASB119 Employee Benefits* requires the applied financial assumptions (such as expected inflation and the discount rate) to be based on financial market expectations. The estimated liability valuation at 30 June 2020 is higher due to adopting lower financial assumptions as a result of the current subdued economic conditions in Australia.

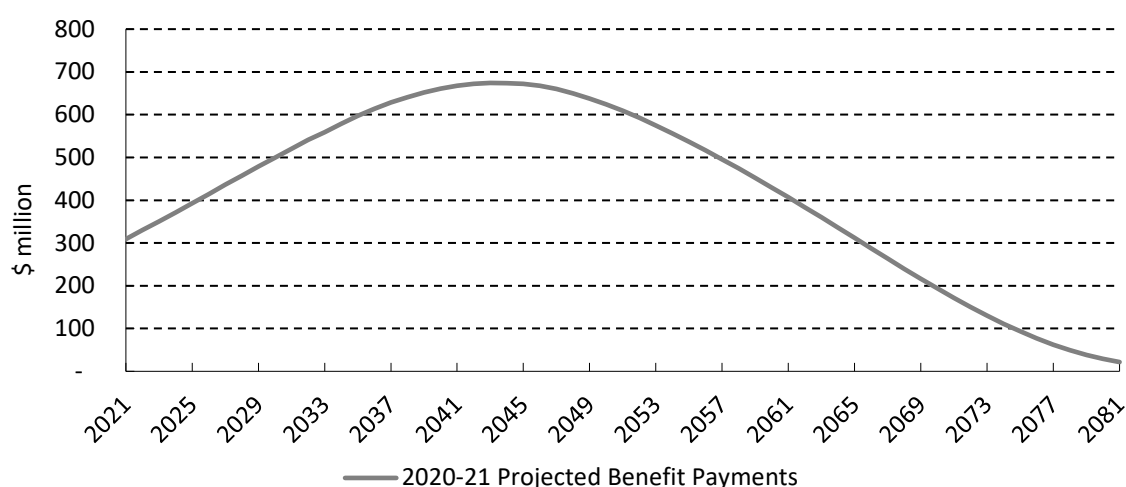
The projections for the estimated liability valuation from 30 June 2021 onwards are lower due to adopting higher longer-term average financial assumptions. The long-term discount rate assumption is consistent with the long-term assumption used by the Commonwealth Government to estimate the liability valuation for their Commonwealth Superannuation Scheme and Public Sector Superannuation Scheme defined benefit employer superannuation liabilities.

The projected valuation estimates for the Territory's projected defined benefit employer superannuation liability are illustrated in Figure 3.8.1.

Figure 3.8.1: Estimated employer superannuation liability

The projected estimates for the Territory's emerging cost payments to the Commonwealth are illustrated in Figure 3.8.2.

Figure 3.8.2: Estimated employer superannuation benefit payments



Defined Benefit Superannuation Liability Funding

The Government maintains a funding plan to extinguish over time the Territory's unfunded defined benefit superannuation liability. The funding plan involves the accumulation of funds in the Superannuation Provision Account. Budget appropriation is applied to annual benefit payments with investment earnings re-invested to support the objective of growing the pool of investment assets to assist in reducing the longer-term cost of this obligation.

Incorporating the investment return outcome for the 2019-20 financial year of CPI plus 2.2 per cent, the Superannuation Provision Account investment portfolio has generated an average return of CPI plus 5.2 per cent a year over the past 24 financial years (from 1996-97 to 2019-20), which exceeds the current long-term investment return objective of CPI plus 4.75 per cent.

The projected estimates for the financial investment assets are outlined in Table 3.8.6.

Table 3.8.6: Defined benefit superannuation assets

	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Opening assets	4,237,105	4,322,383	4,841,155	5,161,633	5,503,663
Net investment earnings ¹	79,903	523,629	324,342	345,975	369,061
Other revenue	2,053	271	217	217	217
Budget appropriation	289,811	308,993	330,357	350,469	371,001
Benefit payments	-282,062	-310,120	-330,357	-350,469	-371,001
Other payments	-4,427	-4,001	-4,081	-4,162	-4,245
Closing assets	4,322,383	4,841,155	5,161,633	5,503,663	5,868,696

Note:

1. The annual investment earnings estimates from 1 July 2021 are based on the investment return objective of CPI plus 4.75 per cent (6.75 per cent nominal).

The difference between the estimated liability valuation and investment assets represents the level of unfunded superannuation liability. The estimated unfunded liability and funding percentage are outlined in Table 3.8.7.

Table 3.8.7: Superannuation liability funding

	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Superannuation liability	12,053,516	8,281,129	8,506,561	8,716,078	8,908,864
Assets	4,322,383	4,841,155	5,161,633	5,503,663	5,868,696
Unfunded liability	7,731,133	3,439,974	3,344,928	3,212,415	3,040,168
Funding percentage	36%	58%	61%	63%	66%

Territory Borrowings

Debt Management

The primary debt management objectives are to manage the liquidity, the financial payment obligations and the ongoing capital funding requirements of the Territory.

Territory borrowings include both short-term and long-term debt securities and some residual Commonwealth Government loans, as well as leases, which comprise both operating and finance leases and public private partnership contracts.

Credit rating

The Territory holds AAA (negative) long-term and A1+ short-term local currency credit ratings from S&P Global Ratings.

Total Territory Borrowings

The Government's capital funding requirements are mainly achieved through the issuance of debt securities in the Australian debt capital markets.

The level of outstanding borrowings is influenced by:

- the investment required in infrastructure and assets to generate economic growth and improve Canberra's liveability;
- cash liquidity provisions to meet day-to-day and medium-term financial obligations; and
- the financial impacts of the COVID-19 pandemic including the Government's response to protect jobs and support the economy and the community.

The estimated increase in total Territory borrowings since the 2019-20 Budget is primarily supporting the Government's fiscal response to the COVID-19 pandemic as well as the reduction in revenue flowing from the impact of COVID-19 and the associated restrictions on activity.

The strength of the Territory's balance sheet provides a strong base to provide support and respond to the consequences of the pandemic with the Territory maintaining a high level of creditworthiness and very strong capacity to service outstanding debt obligations.

While borrowings are estimated to increase over the forward years, Australian interest rates remain at historical lows.

A summary of the current borrowing estimates is set out below in Tables 3.8.8 and 3.8.9.

Table 3.8.8: Total Territory borrowings – Principal outstanding

	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Market Borrowings	7,017,042	8,166,561	10,156,474	10,515,253	11,894,654
Commonwealth Loans ¹	108,326	98,327	89,950	81,586	73,231
Leases ²	1,060,053	1,318,496	1,309,371	1,275,160	1,230,453
Total	8,185,421	9,583,384	11,555,795	11,871,999	13,198,338

Notes:

1. The outstanding principal balance of the Commonwealth Historic Land and Buildings Loan (\$1.662 million) was repaid in full on 9 December 2020. The remaining balances are Commonwealth Housing loans.
2. Leases comprise operating and finance leases and public private partnership contracts.

Table 3.8.9: Total Territory borrowings – Interest expense

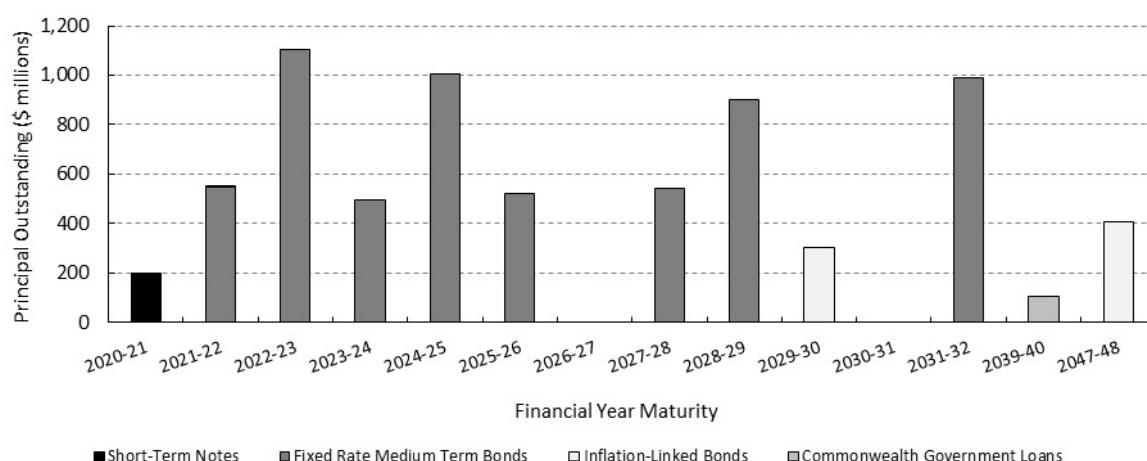
	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Market Borrowings	177,278	170,062	228,690	235,906	253,113
Commonwealth Loans	13,640	4,833	4,425	4,048	3,671
Leases	37,174	44,954	46,157	44,248	42,263
Total	228,093	219,849	279,272	284,202	299,047

Note: Numbers may not add due to rounding.

Total outstanding market borrowings and loans

Figure 3.8.3 shows the total estimated outstanding principal value of market borrowings and loans by funding type and year of maturity as at 31 December 2020.

Figure 3.8.3: Total external Territory market borrowings and loans – principal value



Note: Figure excludes leases

Table 3.8.10 provides details of the Territory’s estimated outstanding issued nominal fixed rate bonds as at 31 December 2020.

Table 3.8.10: Nominal fixed rate bonds on issue

Coupon	Maturity	Face value \$m	Principal outstanding ¹ \$m	Timing of interest payments	
4.25%	Apr 2022	550	546.2	Semi-annual	Apr, Oct
1.00%	Apr 2023	1,100	1,104.6	Semi-annual	Apr, Oct
4.00%	May 2024	500	496.4	Semi-annual	May, Nov
1.25%	May 2025	1,000	1,004.1	Semi-annual	May, Nov
2.50%	May 2026	525	520.2	Semi-annual	May, Nov
3.00%	Apr 2028	550	541.0	Semi-annual	Apr, Oct
2.25%	May 2029	900	902.1	Semi-annual	May, Nov
1.75%	Oct 2031	1,000	990.2	Semi-annual	Apr, Oct

Note:

1. Estimated capital value outstanding as at 31 December 2020. The difference between principal outstanding and the face value reflects the unamortised issuance premium or discount. The face value is repaid at maturity.

Table 3.8.11 provides details of the Territory’s estimated outstanding market issued inflation bonds as at 31 December 2020.

Table 3.8.11: Inflation linked bonds on issue

Coupon	Maturity	Face value \$m	Principal outstanding \$m	Timing of payments
2.83% ¹	Jun 2048	420	409.4	Quarterly Mar, Jun, Sep, Dec
3.50% ²	Jun 2030	250	302.7	Quarterly Mar, Jun, Sep, Dec

Notes:

1. Indexed Annuity Bond. Annuity payments are made quarterly, comprising principal and interest amounts. The interest and principal payments are adjusted for movements in the CPI.
2. Capital Indexed Bond. The capital value of the security is adjusted for movements in the CPI. Interest is paid quarterly at a fixed rate on the adjusted capital value. The adjusted capital value of the security is repaid at maturity.

Table 3.8.12 provides details of the Territory's outstanding Commonwealth loans as at 31 December 2020.

Table 3.8.12: Commonwealth loans

Interest Rate ¹	Maturity	Face value \$m	Principal Outstanding ² \$m	Timing of payments
4.50%	Jun 2040	174	57.7	Annual Jun
4.50%	Jun 2042	124	49.0	Annual Jun

Notes:

1. The fixed interest rate used to calculate the annual interest payments.
2. Principal and interest is paid annually in arrears in accordance with established amortising loan schedules.

Total outstanding market borrowings and loans

Table 3.8.13 details the Territory's projected gross borrowing program through the issuance of debt securities in the financial capital markets.

Table 3.8.13: Territory debt funding program

	2019-20 Actual \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
New/pre-funding	1,856,157	1,149,937	1,986,326	353,467	1,375,966
Refinancing	1,476,401	63	548,674	1,101,533	499,034
Total funding ^{1,2,3}	3,332,558	1,150,000	2,535,000	1,455,000	1,875,000

Notes:

1. Estimated funding requirements will be sourced through the issuance of debt securities in accordance with the Territory's Australian Dollar Debt Issuance Program.
2. Projections are based on a range of assumptions and will vary with changes to assumptions and budget estimates.
3. The projections are the total estimated funding requirements for the Territory comprising the General Government Sector and the Public Trading Enterprise Sector (Icon Water).

3.9 JURISDICTIONAL COMPARISON

Context

As outlined in previous sections, all Australian jurisdictions have prepared 2020-21 budgets in the context of challenging circumstances.

The economic and fiscal shocks associated with COVID-19 have had significant impacts on the global economy. These include decreases in consumer activity, rises in unemployment and underemployment, and significant impacts on key industries, including the tourism, higher education and hospitality sectors. Collectively, these impacts have given rise to the largest global recession since the Great Depression.

Through coordinated policy responses, Australia has, to this point, fared better than most other countries, primarily due to our success in containing the spread of the virus. At a national level, initial impacts on employment were considerable, particularly for women and younger workers, reflecting the higher share of employment in casual employment in sectors such as retail trade, social assistance services, health and education. As pandemic conditions have eased, employment levels have almost recovered to pre-COVID levels, and participation and underemployment rates exhibit similar levels of improvement.¹

While significant risks remain, the economic outlook in the ACT and across Australia more broadly is better than that anticipated during the early stages of the pandemic.

States and territory budgets

Across Australian jurisdictions, COVID-19 response packages have been characterised by comprehensive public health responses to the pandemic, coupled with economic support and targeted assistance to those sectors and businesses most significantly affected by restrictions or lockdown arrangements.

The response packages have given rise to significant outlays in public finances, and coupled with concession programs and revenue write-downs, budgets have been driven into significant deficit positions. Nationally, only the Western Australian budget remains in surplus across the budget year (2020-21) and forward estimates period.

States and territories have also accelerated their infrastructure investment programs to assist economic recovery, contributing to increased debt levels.

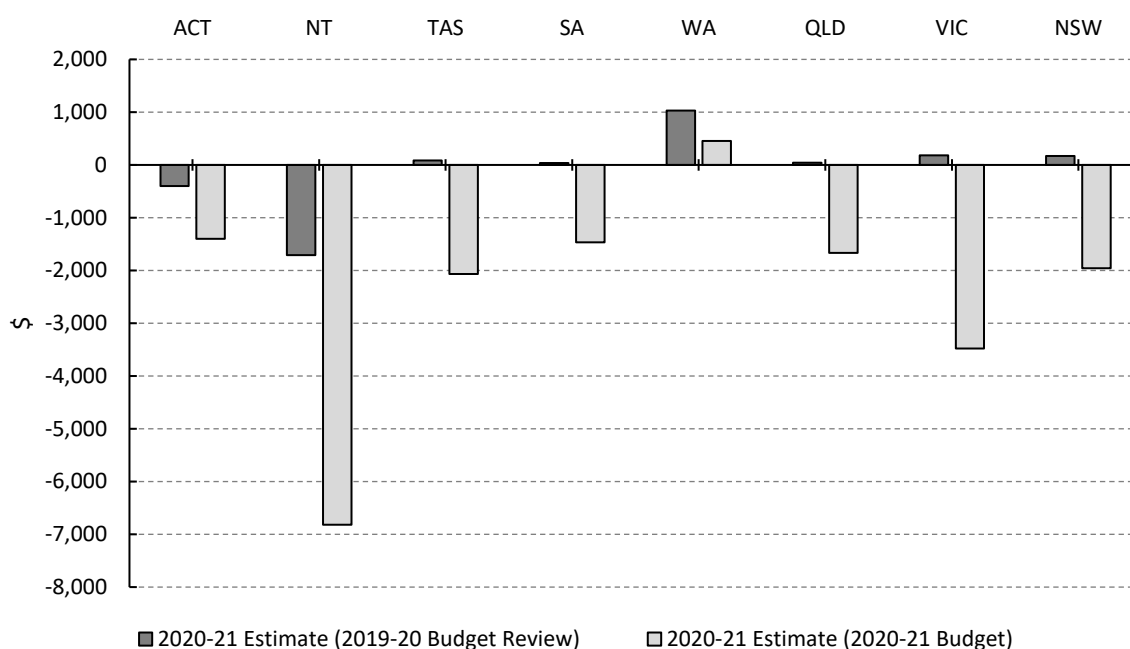
The following sections present comparisons of various metrics to outline the budget positions of states and territories in the context of the COVID-19 pandemic. The charts compare each jurisdiction's 2019-20 Mid-Year Review (or equivalent document) to that jurisdiction's 2020-21 Budget papers.

¹ Australian Bureau of Statistics, Labour Force - Australia, December 2020.

Net Operating Balances

Relative to pre-COVID estimates, all jurisdictions have reported a decline in net operating balance positions in 2020-21 budgets. The decline is primarily a consequence of COVID-19 pandemic response packages for businesses, employees, and households – including significant bolstering of health capacity across the nation to meet surge demand should this be required – coupled with reductions in own-source revenue (Figure 3.9.1).

Figure 3.9.1: Net Operating Balance comparison – per capita basis



Note: The metric used for the ACT is the Headline Net Operating Balance, which accounts for expected long-term superannuation investment earnings. Other jurisdictions are presented in Net Operating Balance terms.
Source: Jurisdictions' 2020-21 Budget Papers. Population data based on ABS release - National, state and territory population, released 17 December 2020 (formerly Catalogue Number 3101.0).

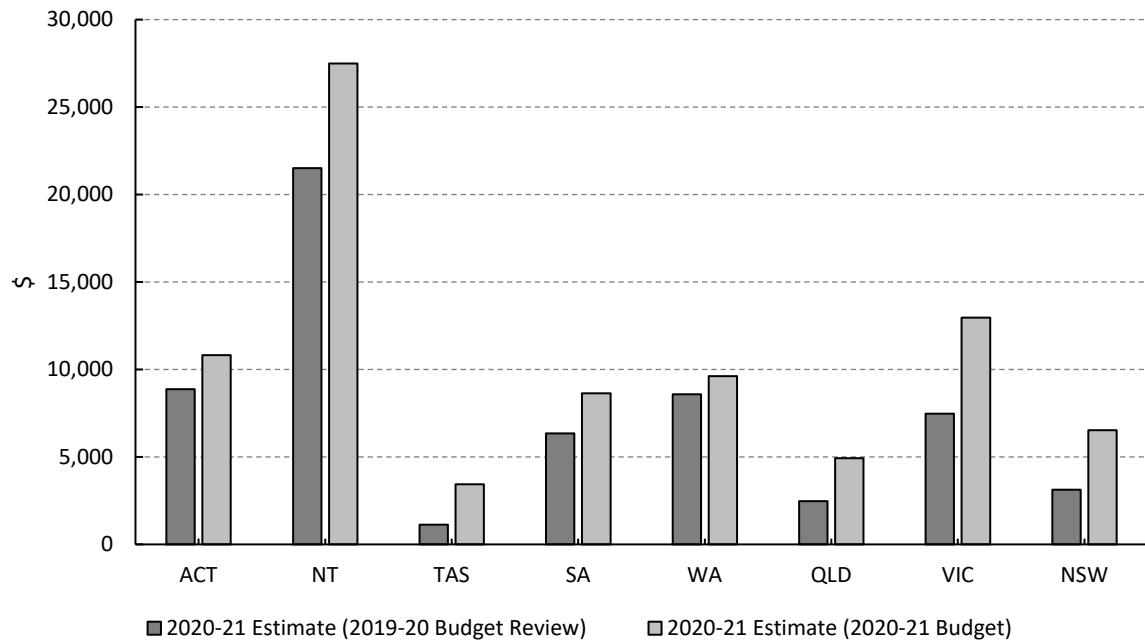
Net Debt

All jurisdictions have reported increased net debt² levels in their 2020-21 Budgets compared to pre-COVID estimates. This reflects investment to assist with economic recovery-related infrastructure programs and spending, as well as reductions in revenue levels (Figure 3.9.2).

From the Territory's perspective, although net debt levels have increased relative to the 2019-20 Budget Review, 2020-21 Budget net debt levels are lower than those estimated in the August 2020 Economic and Fiscal Update (refer to Chapter 3.8 Key Balance Sheet Metrics for more detailed information).

² Net debt is defined as the sum of the Government's gross debt, less financial assets such as cash and investments.

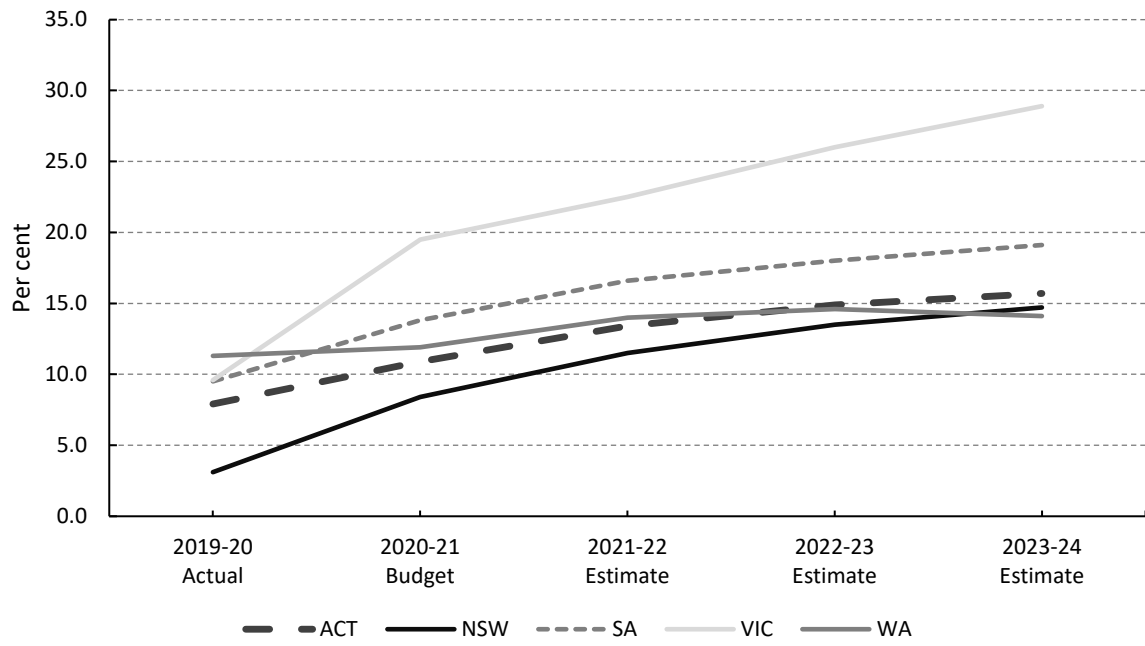
Figure 3.9.2: Net Debt comparison – per capita basis



Source: Jurisdictions 2020-21 Budget Papers. Population data based on ABS release - National, state and territory population, released 17 December 2020 (formerly Catalogue Number 3101.0).

The net debt to gross state product (GSP) ratio is a broad indicator of a given jurisdiction’s ability to address its debt obligations and of its medium-term financial sustainability. The net debt to GSP percentage ratios for a number of jurisdictions is presented below (Figure 3.9.3). On the basis of 2020-21 Budget data, the ACT’s net debt as a share of GSP is broadly in line with, or lower than, other jurisdictions. Note that not all jurisdictions have elected to present the net debt to GSP metric in their budget papers.

Figure 3.9.3: Net Debt to Gross State Product comparison



Source: Jurisdictions' 2020-21 Budget Papers.

CHAPTER 4 GGS HARMONISED FINANCIAL STATEMENTS

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Statement of cash flows	214
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4.1 GFS/GAAP HARMONISED FINANCIAL STATEMENTS

Australian Capital Territory General Government Sector Operating statement

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Revenue						
Taxation revenue	2,035,837	1,949,207	1,987,230	2,156,238	2,269,753	2,390,173
Commonwealth grants	2,387,881	2,363,407	2,379,732	2,545,510	2,620,893	2,715,093
Sales of goods and services from contracts with customers	583,552	546,992	561,693	602,108	621,838	636,926
Investment revenue ¹	0	234,986	218,819	235,565	243,930	252,194
Interest income ¹	102,444	0	0	0	0	0
Distributions from financial investments ¹	30,393	0	0	0	0	0
Dividend and income tax equivalents income	301,214	157,661	486,739	216,301	127,083	206,342
Other revenue						
Other revenue	190,508	170,596	189,866	195,682	204,178	203,315
Gains from contributed assets	136,480	182,098	156,997	220,470	242,834	156,091
Total revenue	5,768,309	5,604,947	5,981,076	6,171,874	6,330,509	6,560,134
Expenses						
Employee expenses	2,189,794	2,325,368	2,369,825	2,333,049	2,366,491	2,418,294
Superannuation expenses						
Superannuation interest cost	228,635	228,635	210,537	413,132	423,600	433,282
Other superannuation expense	460,389	473,542	484,230	351,586	347,532	350,448
Depreciation and amortisation	473,510	465,827	498,236	555,526	563,526	568,966
Interest expense	214,690	206,461	201,989	253,817	258,579	275,708
Other operating expenses						
Supplies and services	1,124,258	1,041,026	1,190,416	1,277,758	1,357,252	1,430,991
Other operating expenses	263,630	357,087	279,076	280,166	289,191	293,333
Grants and purchased services	1,271,734	1,419,622	1,515,435	1,374,018	1,335,610	1,377,184
Total expenses	6,226,640	6,517,568	6,749,744	6,839,052	6,941,781	7,148,206
UPF Net Operating Balance	-458,331	-912,621	-768,668	-667,178	-611,272	-588,072
Other economic flows – included in the operating result						
Dividends (market gains on land sales)	13,439	11,783	17,829	11,440	30,499	20,380
Net land revenue (undeveloped land value)	39,919	16,503	22,597	13,570	10,633	11,625
Net gain/(loss) on sale/(disposal) of non-financial assets	-98,708	-3,877	14,419	13,578	5,159	20,952

¹ In 2019-20 Interest revenue, Distributions from financial investments and Dividends from financial investments were reclassified to Investment revenue.

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Net gain/(loss) on financial assets or liabilities at fair value	271,772	-9,235	425,193	209,087	222,745	237,320
Doubtful debts	-10,646	-14,765	-10,794	-11,050	-11,207	-11,363
Operating deficit	-242,555	-912,212	-299,424	-430,553	-353,443	-309,158
Other economic flows – other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Payments to ACT government agencies	-144,409	-72,924	-122,320	-81,375	-79,539	-45,984
Transfer of assets to the Public Trading Enterprises (PTE) sector	-467,878	-502,040	119	0	0	0
Superannuation actuarial gain/(loss)	3,926,857	-57,384	3,942,926	0	0	0
Other movements	-58,624	-12,107	61,402	-10,044	-182	-266
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	11,731	121,694	26,318	-89,231	-68,717	-22,601
Items that may be subsequently reclassified to profit or loss						
Increase/(decrease) in net assets of PTE	611,527	432,866	-10,505	-46,273	-126,353	-127,913
Total comprehensive income/(loss)	3,636,649	-1,002,106	3,598,516	-657,476	-628,234	-505,922
Key fiscal aggregates						
UPF net operating balance less net acquisition of non-financial assets	-458,331	-912,621	-768,668	-667,178	-611,272	-588,072
Payments for non-financial assets	1,017,822	579,337	1,027,653	1,144,952	1,111,686	1,027,784
Sales of non-financial assets	-158,633	-87,130	-106,199	-74,231	-53,785	-70,869
Change in inventories	163	3,289	164	164	164	164
Depreciation and amortisation	-473,510	-465,827	-498,236	-555,526	-563,526	-568,966
Other movements in non-financial assets	129,818	86,955	66,941	150,164	201,481	114,639
<i>Total net acquisition of non-financial assets</i>	<i>515,660</i>	<i>116,624</i>	<i>490,323</i>	<i>665,523</i>	<i>696,020</i>	<i>502,752</i>
Net borrowing	-973,991	-1,029,245	-1,258,991	-1,332,701	-1,307,292	-1,090,824
GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/DEFICIT						
UPF Net Operating Balance	-458,331	-912,621	-768,668	-667,178	-611,272	-588,072
Superannuation return adjustment	202,762	231,512	165,588	192,432	205,267	218,964
HEADLINE NET OPERATING BALANCE	-255,569	-681,109	-603,080	-474,746	-406,005	-369,108

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

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Financial assets						
Cash and deposits	724,443	2,108,325	1,969,726	2,569,276	1,872,067	2,400,199
Advances paid	1,846,883	1,850,505	1,898,063	1,957,154	1,983,819	2,028,336
Investments and loans	5,566,627	4,896,253	5,550,489	5,904,866	6,283,749	6,687,099
Receivables	785,848	1,127,441	873,243	903,245	808,554	711,846
Investments in other public sector enterprises	7,801,653	7,622,993	7,612,488	7,566,215	7,439,862	7,311,949
Investments accounted for using the equity method	0	20	0	0	0	0
Total financial assets	16,725,454	17,605,536	17,904,009	18,900,756	18,388,051	19,139,429
Non-financial assets						
Produced assets						
Property, plant and equipment	12,394,588	12,583,301	13,350,635	13,908,558	14,487,534	15,087,513
Investment properties	7,920	7,920	7,920	7,920	7,920	7,920
Intangibles	327,864	215,697	277,060	293,359	277,276	226,029
Inventories	19,238	22,364	22,528	22,692	22,856	23,020
Non-current assets held for sale	83,004	44,196	17,810	8,549	8,549	8,549
Capital works-in-progress	767,086	521,122	596,038	687,499	805,173	800,480
Non-produced assets						
Property, plant and equipment	3,886,174	3,988,003	4,018,197	4,008,320	4,010,816	4,013,905
Biological assets	28,798	25,494	25,494	25,494	25,494	25,494
Other non-financial assets	8,296	2,485	2,520	2,520	2,520	2,520
Total non-financial assets	17,522,968	17,410,582	18,318,202	18,964,911	19,648,138	20,195,430
Total assets	34,248,422	35,016,118	36,222,212	37,865,667	38,036,189	39,334,859
Liabilities						
Advances received	59,357	59,357	53,761	49,651	45,355	40,865
Borrowings						
Lease liabilities	565,569	744,022	1,012,820	1,015,166	993,064	961,022
Other borrowings	6,002,298	7,026,028	8,175,548	10,165,460	10,524,239	11,903,640
Superannuation	8,066,684	12,055,934	8,282,598	8,508,228	8,717,950	8,910,948
Employee benefits	785,023	863,512	889,827	929,564	971,437	1,015,172
Other provisions	792,151	972,473	829,601	836,314	859,374	884,878
Payables	295,626	192,192	293,262	335,299	528,535	729,642
Contract liabilities ¹	0	42,563	14,280	14,861	15,442	16,023
Other liabilities	11,820	29,693	41,656	39,741	37,644	35,442
Total liabilities	16,578,528	21,985,775	19,593,353	21,894,284	22,693,040	24,497,632
Net assets	17,669,894	13,030,343	16,628,859	15,971,383	15,343,149	14,837,227

¹ Contract liabilities were first recognised in the 2019-20 audited outcome as a result of the implementation of AASB 15: 'Revenue from contracts with customers' and represent the obligation to transfer goods or services to a customer.

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Equity in public trading enterprises	7,801,653	7,622,993	7,612,488	7,566,215	7,439,862	7,311,949
Accumulated funds	3,612,413	-946,123	2,636,723	2,114,751	1,681,587	1,326,179
Asset revaluation surplus	6,254,598	6,352,243	6,378,418	6,289,187	6,220,470	6,197,869
Other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Net worth	17,669,894	13,030,343	16,628,859	15,971,383	15,343,149	14,837,227
Net financial worth	146,926	-4,380,239	-1,689,344	-2,993,528	-4,304,989	-5,358,203
Net financial liabilities	7,654,727	12,003,232	9,301,832	10,559,743	11,744,851	12,670,152
Net debt (excluding superannuation related investments)	3,075,522	3,296,704	4,665,002	5,960,610	6,926,682	7,658,585

**Australian Capital Territory
General Government Sector
Statement of changes in equity**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Opening equity						
Opening equity in public trading enterprises (PTE)	7,190,126	7,190,126	7,622,993	7,612,488	7,566,215	7,439,862
Opening accumulated funds	599,021	599,021	-946,123	2,636,723	2,114,751	1,681,587
Opening asset revaluation surplus	6,242,867	6,242,867	6,352,243	6,378,418	6,289,187	6,220,470
Opening other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Opening balance	14,033,245	14,033,245	13,030,343	16,628,859	15,971,383	15,343,149
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	-242,555	-912,212	-299,424	-430,553	-353,443	-309,158
Payments to ACT government agencies	-144,409	-72,924	-122,320	-81,375	-79,539	-45,984
Superannuation actuarial gain/(loss)	3,926,857	-57,384	3,942,926	0	0	0
Transfer of assets to the PTE sector	-467,878	-502,040	119	0	0	0
Other movements	-58,624	-12,107	61,402	-10,044	-182	-266
<i>Included in equity in PTE:</i>						
Increase/(decrease) in net assets of PTE entities	611,527	432,866	-10,505	-46,273	-126,353	-127,913
<i>Included in asset revaluation surplus:</i>						
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	11,731	121,694	26,318	-89,231	-68,717	-22,601
Total comprehensive income/(loss)	3,636,649	-1,002,106	3,598,516	-657,476	-628,234	-505,922
Other						
Transfer to/(from) accumulated funds	0	12,318	143	0	0	0
Transfer to/(from) the asset revaluation surplus	0	-12,318	-143	0	0	0
Total other	0	0	0	0	0	0
Closing equity						
Closing equity in PTE	7,801,653	7,622,993	7,612,488	7,566,215	7,439,862	7,311,949
Closing accumulated funds	3,612,413	-946,123	2,636,723	2,114,751	1,681,587	1,326,179
Closing asset revaluation surplus	6,254,598	6,352,243	6,378,418	6,289,187	6,220,470	6,197,869
Closing other reserves	1,230	1,230	1,230	1,230	1,230	1,230
Closing balance	17,669,894	13,030,343	16,628,859	15,971,383	15,343,149	14,837,227

**Australian Capital Territory
General Government Sector
Statement of cash flows**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Cash flows from operating activities						
Receipts						
Taxes received	2,020,998	1,653,322	1,821,892	2,123,443	2,397,578	2,480,604
Sales of goods and services from contracts with customers	599,066	792,097	535,326	582,046	601,274	618,072
Grants and contributions	2,416,095	2,504,053	2,381,325	2,555,734	2,634,820	2,729,171
Investment receipts ¹	0	208,809	221,169	232,310	236,975	245,051
Distributions from financial investments ¹	30,393	0	0	0	0	0
Interest receipts ¹	106,844	0	0	0	0	0
Dividends and income tax equivalents	238,091	160,996	596,274	180,922	118,051	240,229
Other receipts	434,645	418,821	413,785	481,163	573,174	573,971
Total receipts from operating activities	5,846,132	5,738,097	5,969,771	6,155,618	6,561,872	6,887,098
Payments						
Payments for employees	-2,654,675	-2,734,046	-2,899,790	-2,867,113	-2,921,753	-3,002,457
Payments for goods and services	-1,143,642	-1,091,672	-1,226,866	-1,291,473	-1,372,341	-1,447,327
Grants/subsidies paid	-1,273,366	-1,321,063	-1,423,636	-1,313,418	-1,303,963	-1,345,658
Interest paid	-205,706	-196,055	-195,969	-237,930	-243,972	-259,563
Other payments	-460,405	-499,761	-443,356	-423,138	-424,272	-427,923
Total payments from operating activities	-5,737,794	-5,842,597	-6,189,617	-6,133,072	-6,266,301	-6,482,928
Net cash flows from operating activities	108,338	-104,499	-219,846	22,546	295,571	404,170
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	158,633	87,130	106,199	74,231	53,785	70,869
Payments for non-financial assets	-1,017,822	-579,337	-1,027,653	-1,144,952	-1,111,686	-1,027,784
Net cash flows from investments in non-financial assets	-859,189	-492,207	-921,454	-1,070,721	-1,057,901	-956,915

¹ In 2019-20 Interest receipts, Distributions from financial investments and Dividends from financial investments were reclassified to Investment receipts.

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Cash flows from investments in financial assets for policy purposes						
Receipts						
Repayment of loans	2,677	-576	5,306	7,424	10,474	13,447
Capital receipts from government agencies	294,940	5,940	310,642	0	0	0
Dividends (market gains on land sales)	13,439	11,783	17,829	11,440	30,499	20,380
Total receipts from investments in financial assets for policy purposes	311,056	17,147	333,777	18,864	40,973	33,827
Payments						
Issue of loans	0	0	-8,125	-31,300	-31,300	-31,300
Capital payments to government agencies	-144,409	-72,924	-122,320	-81,375	-79,539	-45,984
Total payments from investments in financial assets for policy purposes	-144,409	-72,924	-130,445	-112,675	-110,839	-77,284
Net cash flows from investments in financial assets for policy purposes	166,647	-55,777	203,332	-93,811	-69,866	-43,457
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	53,080	4,843	39,579	43,624	48,910	60,848
Payments for investments	-484,952	-35,809	-282,227	-199,898	-208,455	-232,171
Net cash flows from investments in financial assets for liquidity purposes	-431,872	-30,966	-242,648	-156,274	-159,545	-171,323
Net cash flows from investing activities	-1,124,414	-578,950	-960,770	-1,320,806	-1,287,312	-1,171,695
Cash flows from financing activities						
Receipts						
Borrowings	1,854,822	2,900,584	1,154,306	1,993,871	362,658	1,483,780
Total receipts from financing activities	1,854,822	2,900,584	1,154,306	1,993,871	362,658	1,483,780

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Payments						
Borrowings	-1,333,146	-1,281,641	-60,494	-48,636	-18,276	-138,809
Repayment of lease liabilities - principal	0	-47,503	-41,175	-44,935	-46,361	-46,826
Other financing	0	-6,129	0	0	0	0
Total payments from financing activities	-1,333,146	-1,335,274	-101,669	-93,571	-64,637	-185,635
Net cash flows from financing activities	521,676	1,565,310	1,052,637	1,900,300	298,021	1,298,145
Net increase/(decrease) in cash and cash equivalents	-494,400	881,861	-127,979	602,040	-693,720	530,620
Cash and cash equivalents at the beginning of reporting period	1,217,477	1,217,477	2,099,337	1,971,359	2,573,399	1,879,679
Cash and cash equivalents at the end of reporting period	723,077	2,099,337	1,971,359	2,573,399	1,879,679	2,410,299
Key fiscal aggregates						
Net cash from operating activities	108,338	-104,499	-219,846	22,546	295,571	404,170
Investments in non-financial assets	-859,189	-492,207	-921,454	-1,070,721	-1,057,901	-956,915
Distributions paid	0	-6,129	0	0	0	0
Cash deficit	-750,851	-602,836	-1,141,300	-1,048,175	-762,330	-552,745

Notes:

1. A positive number denotes a cash inflow, a negative sign denotes a cash outflow.
2. Numbers may not add due to rounding

4.2 OTHER GGS STATEMENTS

General Government Sector taxes

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Taxes on employers' payroll and labour force	561,775	563,507	606,910	653,035	702,666
Taxes on property					
Land taxes	143,378	147,404	158,720	168,945	177,331
Other	904,522	947,050	1,054,404	1,106,022	1,161,579
Total taxes on property	1,047,900	1,094,454	1,213,124	1,274,967	1,338,910
Taxes on the provision of goods and services					
Taxes on gambling	56,521	67,414	74,817	78,053	79,696
Taxes on insurance ¹	46,548	24,117	24,502	24,817	25,191
Total taxes on the provision of goods and services	103,069	91,531	99,319	102,870	104,887
Taxes on use of goods and performance of activities					
Motor vehicle taxes	189,579	182,188	185,927	189,031	192,622
Other	46,884	55,550	50,958	49,850	51,088
Total taxes on use of goods and performance of activities	236,463	237,738	236,885	238,881	243,710
Total taxation revenue	1,949,207	1,987,230	2,156,238	2,269,753	2,390,173

Note: Numbers may not add due to rounding.

1. The taxes on insurance predominantly consist of the Ambulance Levy. In 2020-21 the Lifetime Care and Support Levy was reclassified to Other revenue.

General Government Sector grant revenue

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Current grant revenue					
Current grants from the Commonwealth					
GST revenue and municipal grants	1,280,587	1,262,784	1,342,245	1,422,171	1,484,224
Non-government school grants	273,193	250,597	262,701	272,477	282,054
Other contributions and grants	797,049	786,115	788,741	808,417	855,058
Total current grant revenue	2,350,830	2,299,496	2,393,687	2,503,065	2,621,336
Capital grant revenue					
Capital grants from the Commonwealth					
Other contributions and grants	12,577	80,236	151,823	117,828	93,757
Total capital grant revenue	12,577	80,236	151,823	117,828	93,757
Total grant revenue	2,363,407	2,379,732	2,545,510	2,620,893	2,715,093

Note: Numbers may not add due to rounding.

General Government Sector grants and purchased services expense

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Current grant expense					
Private and not-for-profit sector	569,717	575,870	496,132	486,671	510,036
Grants to other sectors of government	728,107	818,419	802,675	803,658	821,843
Total current grant expense	1,297,824	1,394,289	1,298,807	1,290,329	1,331,879
Capital grant expense					
Private and not-for-profit sector	28,364	32,175	5,931	4,954	4,978
Grants to other sectors of government	93,435	88,971	69,280	40,327	40,327
Total capital grant expense	121,798	121,146	75,211	45,281	45,305
Total grant expense	1,419,622	1,515,435	1,374,018	1,335,610	1,377,184

Note: Numbers may not add due to rounding.

General Government Sector dividend and income tax equivalent income

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Dividends and income tax equivalent from PNFC sector	157,661	486,739	216,301	127,083	206,342
Total GGS dividend and income tax equivalent income	157,661	486,739	216,301	127,083	206,342

Note: Numbers may not add due to rounding.

General Government Sector expenses by function

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
General public services	1,030,195	1,018,577	1,274,196	1,302,351	1,343,264
Public order and safety	522,658	561,155	559,079	569,897	582,825
Economic affairs	132,863	134,577	116,756	117,671	121,307
Environmental protection	216,330	221,444	214,998	175,835	180,836
Housing and community amenities	38,655	61,882	56,620	55,794	56,526
Health	1,847,755	1,962,698	1,861,920	1,909,187	1,957,723
Recreation, culture and religion	207,324	213,997	196,046	193,393	196,584
Education	1,495,424	1,538,574	1,567,369	1,621,777	1,685,369
Social protection	551,707	526,246	487,086	482,428	498,218
Transport	474,658	510,594	504,982	513,446	525,554
Total expenses	6,517,568	6,749,744	6,839,052	6,941,781	7,148,206

Note: Numbers may not add due to rounding.

General Government Sector expenses by function

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
General public services	1,030,195	1,018,577	1,274,196	1,302,351	1,343,264
Executive and legislative organs, financial and fiscal affairs, external affairs	338,248	326,701	534,370	549,609	564,817
<i>Executive and legislative organs</i>	35,812	41,411	42,185	43,272	44,112
<i>Financial and fiscal affairs</i>	302,436	285,291	492,185	506,337	520,705
General services	11,559	12,920	12,596	12,758	12,921
<i>General personnel services</i>	6,705	6,889	6,889	6,993	7,117
<i>General services n.e.c</i>	4,854	6,031	5,707	5,765	5,804
Public debt transactions	200,449	194,503	248,156	256,158	275,554
Transfers of a general character between different levels of government	21,196	167	199	267	311
General public services n.e.c	458,743	484,286	478,875	483,559	489,661
Public order and safety	522,658	561,155	559,079	569,897	582,825
Police services	187,457	199,133	199,202	207,903	209,151
Civil and fire protection services	68,811	79,011	78,086	78,717	81,878
Law courts	139,494	151,767	152,463	154,751	158,681
Prisons	87,169	87,844	88,411	90,038	93,618
Public order and safety n.e.c	39,727	43,400	40,918	38,488	39,498
Economic affairs	132,863	134,577	116,756	117,671	121,307
General economic, commercial and labour affairs	42,370	47,731	46,415	46,242	47,554
<i>General economic and commercial affairs</i>	20,178	21,269	20,649	20,207	20,482
<i>General labour affairs</i>	22,192	26,463	25,766	26,034	27,073
Agriculture, forestry, fishing and hunting	16	17	19	22	25
Fuel and energy	54,730	55,468	42,246	42,648	44,891
Mining, manufacturing and construction	25,642	20,282	18,452	19,556	19,874
Other industries	10,103	11,079	9,624	9,202	8,962
Economic affairs n.e.c	1	1	1	1	1
Environmental protection	216,330	221,444	214,998	175,835	180,836
Waste management	52,946	59,022	61,474	53,104	53,475
<i>Waste recycling</i>	11,613	13,035	13,762	11,762	11,870
<i>Waste management n.e.c</i>	41,333	45,987	47,712	41,342	41,605
Protection of biodiversity and landscape	25,294	28,686	26,064	26,315	26,244
Environmental protection n.e.c	138,090	133,735	127,459	96,417	101,118
Housing and community amenities	38,655	61,882	56,620	55,794	56,526
Housing development	195	210	223	260	286
Community development	7,509	26,956	25,040	24,195	24,386
Water supply	3,056	7,427	7,897	8,149	8,177
Street lighting	1,030	1,088	1,466	1,430	1,599
Housing and community amenities n.e.c	26,866	26,200	21,994	21,760	22,079
Health	1,847,755	1,962,698	1,861,920	1,909,187	1,957,723
Medical products, appliances and equipment	27,328	30,537	28,941	29,642	30,367
<i>Pharmaceutical products</i>	25,416	28,458	26,953	27,607	28,283

General Government Sector expenses by function (cont.)

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
<i>Therapeutic appliances and equipment</i>	1,912	2,079	1,988	2,035	2,084
Outpatient services	350,549	144,515	121,745	129,002	136,982
<i>General medical services</i>	86,778	109,386	85,160	87,959	92,938
<i>Specialised medical services</i>	245,578	17,225	18,826	22,796	25,387
<i>Dental services</i>	18,193	17,904	17,760	18,248	18,657
Hospital services	1,024,718	1,300,427	1,245,766	1,276,994	1,307,898
<i>General hospital services</i>	893,769	938,218	889,659	914,980	940,130
<i>Specialised hospital services</i>	10,085	240,583	236,102	239,091	242,351
<i>Medical and maternity centre services</i>	120,864	121,626	120,006	122,923	125,417
Mental health institutions	10,492	10,658	10,441	10,698	10,924
Community health services	291,989	320,386	305,754	310,305	316,275
<i>Community mental health services</i>	77,794	82,678	79,790	81,586	83,058
<i>Patient transport</i>	50,423	51,760	51,657	52,252	54,297
<i>Community health services n.e.c</i>	163,772	185,948	174,306	176,467	178,921
Public health services	80,414	89,654	85,323	87,128	88,660
Research and development - health	46,768	51,216	49,085	50,118	50,949
Health n.e.c	15,496	15,304	14,864	15,300	15,668
Recreation, culture and religion	207,324	213,997	196,046	193,393	196,584
Recreational and sporting services	134,301	138,602	130,767	130,020	132,159
Cultural services	52,307	50,723	46,122	45,244	46,134
Recreation, culture and religion n.e.c	20,716	24,672	19,158	18,128	18,292
Education	1,495,424	1,538,574	1,567,369	1,621,777	1,685,369
Pre-primary and primary education	676,655	693,156	706,851	741,160	769,850
<i>Government pre-primary education</i>	42,129	44,198	44,935	47,491	49,517
<i>Non-government pre-primary education</i>	1,933	2,020	2,073	2,350	2,536
<i>Government primary education</i>	451,504	473,990	481,637	504,745	523,983
<i>Non-government primary education</i>	181,088	172,948	178,206	186,574	193,814
Secondary education	589,577	600,206	612,760	640,705	664,588
<i>Government secondary education</i>	388,070	407,462	413,979	432,883	448,865
<i>Non-government secondary education</i>	201,507	192,744	198,781	207,821	215,723
Tertiary education	197,377	210,991	213,240	204,082	214,021
<i>University education</i>	44,166	44,989	44,292	45,451	46,430
<i>Vocational education and training</i>	153,210	166,002	168,947	158,631	167,591
Education not definable by level	5,772	6,884	6,745	6,730	6,704
Transportation of other students	74	75	72	72	74
Education n.e.c	25,969	27,262	27,702	29,028	30,132
Social protection	551,707	526,246	487,086	482,428	498,218
Sickness and disability	216,748	197,168	198,141	208,099	217,528
Old age	1,142	1,318	999	981	999
Family and children	122,508	133,021	130,684	121,171	123,846

General Government Sector expenses by function (cont.)

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Housing	185,603	166,105	128,222	121,592	124,015
Social exclusion n.e.c	25,695	28,624	29,027	30,570	31,812
Social protection n.e.c	10	11	13	16	18
Transport	474,658	510,594	504,982	513,446	525,554
Road transport	276,457	289,419	295,286	296,854	303,315
<i>Road maintenance</i>	251,714	263,354	270,839	272,412	278,365
<i>Road construction</i>	6,952	7,049	6,674	6,719	6,804
<i>Road transport n.e.c</i>	17,791	19,016	17,773	17,724	18,147
Bus transport	117,780	130,119	124,969	128,817	132,021
Railway transport	79,570	90,140	83,750	86,628	88,955
Transport n.e.c	850	916	976	1,147	1,262
Total expenses	6,517,568	6,749,744	6,839,052	6,941,781	7,148,206

Notes: Numbers may not add due to rounding.

1. n.e.c represents not classified elsewhere

General Government Sector Purchases of non-financial assets by function

	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
General public services	66,235	154,636	60,167	47,699	41,342
Public order and safety	20,539	34,646	76,053	11,667	5,964
Economic affairs	18,619	35,312	30,778	51,953	58,933
Environmental protection	38,741	57,359	55,881	44,475	25,207
Housing and community amenities	15,062	25,538	39,366	35,151	36,564
Health	102,975	154,049	274,957	282,416	264,326
Recreation, culture and religion	79,029	120,195	56,864	44,009	29,206
Education	103,326	186,962	169,403	187,031	81,147
Social protection	7,057	16,895	54,411	34,130	33,806
Transport	127,753	242,061	327,070	373,155	451,289
Purchases of non-financial assets	579,337	1,027,653	1,144,952	1,111,686	1,027,784

Note: Numbers may not add due to rounding.

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APPENDIX A

BUDGET CONSULTATION

APPENDIX A – BUDGET CONSULTATION

The 2020-21 Budget consultation process was launched on 4 September 2019, encouraging interested community members, businesses and local organisations to share their views and suggestions on how the ACT Government’s resources are allocated, where services could be enhanced, and where possible efficiencies could be made.

Given the delay to the 2020-21 Budget, the significant change in circumstances as a result of the COVID-19 pandemic and the outcome of the 2020 ACT Election, ACT Government officials and the Chief Minister also held meetings with key community and industry groups in late 2020 to listen to the economic and community recovery priorities of these groups. Stakeholder input has also been important in the development of many aspects of the ACT Government’s pandemic responses.

Contributions received as part of the initial 2020-21 Budget consultation process have been published, except in instances where items were submitted in confidence. All non-confidential submissions are available through the [Budget consultation website](#).

The initial process generated 119 submissions and 138 responses to the survey, with a small number of items being received after our [‘What we heard’](#) report was released. The submissions and survey responses covered a diverse range of issues, including arts and entertainment, community services, disability, education, environmental protection, health, public infrastructure and transport, sustainability, as well as matters relating to the Territory’s finances.

The Government would like to thank all of the individuals, community groups and organisations who contributed to the initial 2020-21 Budget consultation process and acknowledge the value of the more recent face to face and forum conversations.

The list below reflects the submissions received in the initial process (note that full names were not provided in some instances).

A., Michelle
ACT Council of Parents & Citizens Association
ACT Council of Social Service Inc. (ACTCOSS)
ACT Disability Aged & Carer Advocacy Service (ADACAS)
ACT Down Syndrome Association
ACT Gifted Families Support Group
ACT Playgroups
ACT Wildlife
Advocacy for Inclusion (AFI)
Advocacy for Inclusion (AFI) and ACT Disability Aged and Carer Advocacy Service (ADACAS)
– Joint submission
Alcohol Tobacco and Other Drug Association ACT (ATODA)
Arthritis ACT and Pain Support
Arts Minister’s Creative Council
Arundell, Leon
Association of Parents and Friends of ACT Schools Inc. (APFACTS)
Asthma Australia
Australian Breastfeeding Association

Australian Education Union – ACT Branch
Australian Nursing and Midwifery Federation ACT
Baker, Kellie
Ballard, Brian
Bell, Ian
Bergin, Robyn
Bevan, Joy
Bibo, David
Bradfield, Sean
Burningham, Guselle
Canberra Academy of Languages
Canberra Business Chamber
Canberra Community Law
Canberra Rape Crisis Centre
Capital Region Muscular Dystrophy
Cardiac Arrest Survival Foundation and Cardiac Responder
Carers ACT
Carter, Marc
Charcot-Marie-Tooth Association Australia Inc.
Ciempka, Stephanie
Clarke, Erin
Clarke, Michael
Coghlan, Carolyn
Community and Public Sector Union (PSU Group)
Community Housing Industry Association (CHIA) – ACT Region
Companion House – Assisting Survivors of Torture and Trauma
Conflict Resolution Service
Conservation Council ACT Region
Council on the Ageing (COTA) ACT
Cox, Anselm
CREATE Foundation
Curtin Residents Association and Curtin Shops Garden Group
Cystic Fibrosis ACT
Dementia Australia
Denham, David
Diabetes NSW & ACT
Diversi, Ian
Drabsch, Rosemary
Environmental Defenders' Office ACT
Esau, Maxine
Friends of Hawker Village Inc.
Furqan, Reshael
Fyshwick Business Association
Gemmell, Bill
Gingell, Christine
Ginninderra Catchment Group
Gungahlin Community Council

Hackett Community Association
Health Care Consumers' Association Inc.
Hepatitis ACT, the AIDS Action Council of the ACT, and Sexual Health Planning ACT – Joint Submission
Herbert, Genny
Higgins, Ross
Huntington's NSW & ACT
Infrastructure Partnerships Australia (IPA)
JH
Jones, David
Kendell, Linda
Landcare ACT
Laurich, Katy
Lax, Amanda
Leopard, Chris
Longstaid, Patrick
Marymead Child and Family Centre
Master Builders Association of the ACT
Master Plumbers ACT
McLeod, Wendy
McMahon, Kelly
McPherson, Judith
Mental Health Community Coalition ACT
Mental Health Community Coalition ACT and ACT Recovery College – Joint Submission
Mental Illness Education ACT Inc.
Mitchell Traders Association
Mitchell, James
Moir, Hazel
MusicACT
MyHome in Canberra and St James Uniting Church – Joint Submission
National Capital Attractions Association
National Disability Services ACT Division
National Electrical and Communications Association (NECA)
National Seniors Australia
Nutrition Australia ACT Inc.
O'Keefe, Robyn
Paine, Bruce
Pedal Power ACT
People with Disabilities ACT
Pharmaceutical Society of Australia
Phillip Business Community
Public Transport Association of Canberra Inc.
Raca, Daniel
Rare Voices Australia
Reid, Kevin
Remembrance Driveway Council Ltd.
Robinson, John

Rogers, Richard
Royal Australian and New Zealand College of Psychiatrists
Sansom, Ian
Sekules, Lexi (Sekules Consulting)
Sexual Health and Family Planning ACT Inc.
SHOUT Inc.
Shukost, Yuri
Sloan, Hange
Smith, Carolyn
Smith, Jo
Smith, John
Smith, Mike
Smith, Rob
Society of Hospital Pharmacists of Australia
Soundararajan, Renga
Southern ACT Catchment Group
Speaking Out for Autism Spectrum Disorder
Stroke Foundation
Sullivan, Penny
The Childers Group
Thompson, Lynne
Toora Women Inc.
Tourism and Transport Forum (TTF)
UnionsACT
United Firefighters Union of Australia ACT Branch
van der Zwart, Mike
Vilkaitis, Vyt
VOCAL ACT
VolunteeringACT
Westlund Counselling (on behalf of the AIDS Action Council)
Weston Creek Community Council
White, Andrew
Whittingham, Paul
Whyte, Rochelle
Wiemers, Bernie
Winnunga Nimmityjah Aboriginal Health and Community Services
Woden Valley Community Council
Women with Disabilities ACT
Wood, Ian
Youth Coalition of the ACT
YWCA Canberra

We also acknowledge and thank those who elected to provide confidential input.

APPENDIX B

BETTER INFRASTRUCTURE FUND

APPENDIX B – BETTER INFRASTRUCTURE FUND

The *Better Infrastructure Fund* gives ACT Government agencies an annual funding pool for works that extend the useful life or improve the service delivery capacity of existing infrastructure assets. This investment is distinct from routine repairs and maintenance work, which is funded separately.

The 2020-21 Budget includes \$57.650 million for core *Better Infrastructure Fund* projects in 2020-21.

The following table lists these projects by agency. A number of these projects are also highlighted in Chapter 3.2 – *Fiscal strategy and policy decisions* – where they are being delivered in parallel with, or to support, other new Government projects.

In 2019-20 and 2020-21, the core *Better Infrastructure Fund* has been complemented by the Fast-track program, an important element of the ACT Government’s economic support package.

Fast-track projects are reflected in the global *Better Infrastructure Fund* budget figures outlined in Chapter 3.7 – *Infrastructure and capital works* but are not included in the table below.

Table B.1: Better Infrastructure Fund initiatives in the 2020-21 Budget

Project	Financing 2020-21 \$'000
Canberra Institute of Technology (CIT)	
<i>Improving vocational training facilities</i>	
<i>All Campuses</i>	
Security and access system improvements	200
Co-designed student spaces	350
<i>CIT Bruce</i>	
Chiller upgrade	300
Solar system installation	250
Classroom improvements	151
Painting K Block	60
Refurbishment of offices	180
Heating upgrade J Block	120
Upgrade electrical switch boards	150
Emergency lighting improvements	150
Floor covering replacements	50
Refurbish change rooms	80
Refurbish office accommodation – F Block	180
Refurbish Physics Laboratory	150
<i>CIT Fyshwick</i>	
Classroom upgrades	175
Lift upgrade – A Block	180
Air-conditioning improvements – C Block	120
Total	2,846

Project	Financing 2020-21 \$'000
Chief Minister, Treasury and Economic Development Directorate (CMTEDD)	
<i>ACT property upgrades</i>	
Safety upgrades at various buildings	1,130
Building refurbishment and energy efficiency improvements at various buildings	539
Renovations, extensions, and amenities improvements at various buildings	539
Childcare centre upgrades	507
Fire services upgrades at various buildings	167
Grounds upgrades including fencing and landscaping at various buildings	162
Hazardous material removal at various buildings	420
Upgrades to ageing infrastructure at various buildings	425
Upgrades to heritage buildings	436
Pools improvement program	820
<i>Improving arts facilities and buildings</i>	
Improving arts facilities	245
Upgrades to arts buildings	315
<i>Events</i>	
Floriade	327
<i>Improving major venues</i>	
National Arboretum Canberra	300
Major venues (EPIC, GIO Stadium and Manuka Oval)	1,518
Stromlo Forest Park	139
Total	7,989
Community Services Directorate	
<i>Improving community facilities</i>	
Bimberi Youth Detention Centre	200
Gungahlin Child and Family Centre	20
Holder Child Development Centre	166
Tuggeranong Child and Family Centre	20
West Belconnen Child and Family Centre	20
Total	426
Cultural Facilities Corporation	
<i>Improving cultural and arts facilities</i>	
ACT historic places	50
Canberra museum and galleries	128
Canberra Theatre Centre	100
Lanyon workshop and office improvements	100
Cultural Facilities Corporation – Corporate	50
Total	428
Education Directorate¹	
<i>Public school infrastructure upgrades</i>	
School learning area improvements	2,000
School administration and support area improvements	2,250

Project	Financing 2020-21 \$'000
Disability access compliance	2,250
School infrastructure revitalisation	1,950
School security improvements	1,250
School safety improvements	200
External learning environment development	750
Environmentally sustainable initiatives	1,200
Joint Funding Works Program	600
Total	12,450
 Environment, Planning and Sustainable Development Directorate	
<i>Improving our parks and nature reserves</i>	
Pine island toilets upgrade	250
Reserve signage strategy	42
Visitor facility upgrades	185
<i>Improving our heritage</i>	
Heritage register for Smart City Canberra Stage 2	100
Canberra tracks: heritage interpretive signage program	40
Heritage conservation projects	22
<i>Infrastructure and equipment (civil infrastructure works)</i>	
Flood and drainage investigations and designs	75
Utility infrastructure capacity and relocation investigations and associated design	100
Environmental studies to support site specific infrastructure investigations	68
Traffic modelling to support site developments and planning policy	75
ACT SMART Solar for low income houses (Fast Track Phase 1 finalisation)	94
Total	1,051
 Health Portfolio Agencies	
<i>Improving health facilities</i>	
<i>Canberra Health Services</i>	
Building upgrades	2,200
Electrical, fire and safety improvements	1,150
Mechanical and other infrastructure services upgrades	765
<i>ACT Health Directorate</i>	
ACT Health capital upgrades design and contingency	37
Health Protection Service	150
QE II – Family centre	180
Burrangiri	90
<i>Calvary Hospital</i>	
Medical gases reticulation suction system	80
Health and safety upgrades	250
Mechanical upgrades to air handling units and exhaust fans	578
Total	5,480

Project	Financing 2020-21 \$'000
Justice and Community Safety Directorate	
<i>Improving access to services and justice</i>	
Directorate projects	
Alexander Maconochie Centre facilities upgrades – Management Unit safety	330
Energy efficiency program and contingency funds	499
Magistrates Court upgrades – Joinery Upgrade – Judicial support	189
Forensic Medicine Centre facilities upgrades – Multipurpose room and Hoist	198
ACT Government Solicitors – Work, health and safety improvements	37
Emergency Services Agency projects	
ESA Headquarters – Improvements to staff accommodation and collaboration areas	368
Territorial Projects	
ACT Policing facility upgrades – City station	285
Total	1,906
Office of the Legislative Assembly	
Assembly building	
Assembly building upgrades – Fire and security protection improvements	235
Courtyard/landscaping improvements	50
Total	285
Transport Canberra and City Services Directorate (TCCS)	
Public transport and active travel	
Footpath and cycleway improvements	750
Better public transport infrastructure for Canberra	1,950
Accessible bus stops	1,565
Feasibility study – Additional bus depots	350
Replacement/additional heavy vehicle recovery truck	750
Transport Canberra – Major component overhaul and refurbishment	1,000
Driver terminus replacement and upgrades	250
Site safety initiatives – Tuggeranong	75
Bus depot upgrades – Belconnen	300
Workshop ventilation and cooling upgrades	300
Road infrastructure and road safety	
Road Median Improvement	407
Streetlight Energy Performance Contracts	2,050
Urban Stormwater Upgrade Program	660
Streetlight Control Point Program	500
Traffic signal LED upgrade	2,000
Traffic Signal Controller Replacement Program	750
Safer Places (Local area traffic management)	600
Reducing risk of fatal and serious injury crashes on arterial roads	600
Safety compliance	
Dam Safety Code improvements	700
Workshop safety initiatives and tool upgrades	200
Physical security upgrades of directorate sites	200

Project	Financing 2020-21 \$'000
Pump House upgrade	300
Safer Dams and Weirs Improvements Program	908
Mugga 2 safety and compliance improvements	100
Investigation, removal, rehabilitation and monitoring to meet EPA requirements related to the underground fuel tanks – Alderson Place	650
<i>Public realm and playgrounds</i>	
Play space audit	680
Dog park improvement program	200
<i>Urban infrastructure and sports facilities</i>	
Sportsgrounds facilities improvement program	860
Community infrastructure upgrades	500
Yarralumla Nursery upgrade of bird net structure	150
Reducing reliance on potable water to irrigate grass	410
Sportsgrounds – Boomanulla	820
Upgrade dangerous dog cages at DAS	140
Safety improvements – Yarralumla Nursery and facilities at Birrigai	1,148
<i>Other</i>	
Bike repair stations ²	20
Upgrades and extension of footpaths and cycleway and landscaping improvements (Fast Track Phase 1 finalisation)	1,946
	24,789
Total Better Infrastructure Fund³	57,650

Notes:

1. The Education Directorate advanced the *Better Schools for our Kids – Public school Infrastructure upgrades* by moving \$9.35 million from its 2020-21 BIF program into 2019-20 through reprofiling. This results in a smaller BIF program for the 2020-21 than published in previous budgets.
2. This project is being delivered jointly by the Transport Canberra and City Services Directorate and the City Renewal Authority.
3. Table may not add due to rounding.

APPENDIX C

INFRASTRUCTURE INVESTMENT PROGRAM – WORKS-IN-PROGRESS

APPENDIX C – INFRASTRUCTURE INVESTMENT PROGRAM – WORKS-IN-PROGRESS

Table C.1: 2020-21 Infrastructure Investment Program – Works-in-progress

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
Canberra Institute of Technology					
Better ICT services for CIT students and staff	2,744	0	0	0	2,744
CIT Plant & Equipment & IT Infrastructure	1,257	1,257	1,257	1,257	5,028
More teaching and learning spaces for CIT Fyshwick	1,800	1,100	0	0	2,900
More jobs for our growing city – CIT Campus Modernisation – Early planning	390	0	0	0	390
TAFE Revitalisation Program	2,000	608	0	0	2,608
Total	8,191	2,965	1,257	1,257	13,670
Chief Minister, Treasury and Economic Development Directorate					
ACT Graduated Licensing Scheme	62	0	0	0	62
ACT Land Titles system modernisation	154	0	0	0	154
Better Government – Boosting government digital security	222	252	0	0	474
Better Government – Streamlining debt management	166	0	0	0	166
Better online services through Access Canberra	419	0	0	0	419
Better Services – Weston Creek and Stromlo Swimming pool and leisure centre	1,704	0	0	0	1,704
Building a better city – Civic and Dickson office accommodation	26,535	0	0	0	26,535
Building a better city – Dickson office accommodation	769	0	0	0	769
Building a better city – Improving major venues	114	0	0	0	114
Building a better city – Indoor sports centres – Early planning	64	0	0	0	64
CBR FREE Wifi	207	0	0	0	207
Delivering the Home of Football at Throsby	250	11,720	8,000	0	19,970
Fairer revenue – Strengthening the mobile safety camera network	238	0	0	0	238
Further works for a new Rectangular Canberra Stadium	192	0	0	0	192
Government Budget Management System	845	1,050	1,050	0	2,945
Government Office Projects – Workplace transition	8,907	0	0	0	8,907
ICT Equipment Purchase Funding	1,000	1,000	1,000	1,000	4,000
Improving Road Safety – Traffic camera adjudication system upgrades	213	0	0	0	213
Keeping our growing city moving – Keeping Canberrans safe on our roads	1,334	0	0	0	1,334
Learning Management System	385	0	0	0	385
Local Roads Community Infrastructure Program	2,055	4,020	0	0	6,075
More and better jobs – Data analytics for smarter policy	347	0	0	0	347
More and better jobs – Expanding Belconnen Arts Centre	829	0	0	0	829

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
More and better jobs – Improving Manuka Oval facilities – Stage 2	184	0	0	0	184
More and better jobs – Modernising government ICT infrastructure	6,835	3,000	0	0	9,835
More facilities for Stromlo Forest Park	169	0	0	0	169
More jobs for our growing city – Better arts facilities	86	0	0	0	86
More jobs for our growing city – Better facilities for GIO Stadium	69	0	0	0	69
More jobs for our growing city – Better facilities for Manuka Oval	595	0	0	0	595
More jobs for our growing city – Better infrastructure at the National Arboretum	714	0	0	0	714
More jobs for our growing city – Better infrastructure at the National Arboretum – Early planning	500	0	0	0	500
More jobs for our growing city – Early planning for an upgraded amphitheatre at the National Arboretum Canberra	72	0	0	0	72
More jobs for our growing city – Government facilities upgrade	4,726	0	0	0	4,726
More jobs for our growing city – New Canberra Theatre Complex – Early planning	400	0	0	0	400
More jobs for our growing city – New tracks and trails at the National Arboretum	23	0	0	0	23
More services for our suburbs – Upgrading the Old Kingston Bus Depot	5,638	0	0	0	5,638
More support for families and inclusion – Delivering a new Compulsory Third Party Insurance scheme	477	0	0	0	477
More support for families and inclusion – Reducing the number of gaming machines to 4,000	170	0	0	0	170
Moving delivery of more community services online	7,203	1,000	0	0	8,203
Non-Government Office Building Fit-Out	29,122	13,330	0	0	42,452
Office Accommodation	1,380	500	500	500	2,880
Public Arts Scheme	102	0	0	0	102
Replacing the Human Resources Information Management System	25,180	0	0	0	25,180
Smarter Regulation – Red tape reduction	198	0	0	0	198
Strengthening Security at GIO Stadium	118	0	0	0	118
Stromlo Forest Park – Enclosed oval – Early planning	159	0	0	0	159
Stromlo Forest Park – Implementation of Bushfire Management Plan	13	0	0	0	13
Throsby – Multisport Complex – Design	116	0	0	0	116
Upgrading cyber security responses	0	273	0	0	273
Upgrading local arts facilities	600	975	0	0	1,575
Upgrading local community centres	400	300	300	0	1,000
Total	132,260	37,420	10,850	1,500	182,030

City Renewal Authority

Building a better city – City Renewal Authority – Canberra's lakeside	17,675	12,955	4,000	0	34,630
Building a better city – City Renewal Authority – City precinct improvements	482	206	0	0	688
Building a better city – City Renewal Authority – Initial works package	117	0	0	0	117

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
Local Roads Community Infrastructure Program	750	0	0	0	750
More jobs for our growing city – City renewal precinct activation projects	503	1,526	218	0	2,247
Renewing Canberra's city heart	2,783	7,838	6,712	3,396	20,729
Total	22,310	22,525	10,930	3,396	59,161
Community Services Directorate					
Better Government – Digitising government records	917	0	0	0	917
Child and Youth Record Information System	302	300	0	0	602
Continuing to reduce and eliminate restrictive practices	279	0	0	0	279
More support for families and inclusion – Building connections for early intervention and prevention	104	0	0	0	104
Moving delivery of more community services online	1,086	750	0	0	1,836
Strengthening security and CCTV facilities at Bimberi Youth Justice Centre	368	0	0	0	368
Strengthening specialist capacity at Bimberi Youth Justice Centre	750	0	0	0	750
Total	3,806	1,050	0	0	4,856
Cultural Facilities Corporation					
Improving facilities at the Canberra Theatre	297	0	0	0	297
More jobs for our growing city – Conserving and improving Canberra's historic places	440	0	0	0	440
More jobs for our growing city – Upgrading the Canberra Theatre Centre	375	0	0	0	375
Upgrading Lanyon Homestead	1,376	1,271	300	0	2,947
Total	2,488	1,271	300	0	4,059
Education Directorate					
Better Schools – Investment in Gungahlin school infrastructure	277	0	0	0	277
Better Schools for our Kids – Campbell primary and Narrabundah College facility upgrades	1,488	0	0	0	1,488
Better schools for our kids – Expanding schools in Gungahlin	2,900	1,440	0	0	4,340
Better schools for our kids – Technology-enabled learning	7,306	0	0	0	7,306
Campbell Primary School Modernisation	5,000	11,619	1,554	0	18,173
Delivering a new primary school at Throsby	14,000	25,670	3,517	0	43,187
Delivering energy – efficient heating upgrades for ACT public schools	3,491	5,289	6,880	0	15,660
Delivering secure local jobs for school cleaners	606	0	0	0	606
Expanded facilities for Gungahlin College	573	0	0	0	573
Expanding Franklin Early Childhood School	18,500	7,747	1,748	0	27,995
Feasibility studies to support additional growth	1,379	0	0	0	1,379
More places for students at Gold Creek School senior campus	1,914	3,478	1,009	0	6,401
More places for students at northside schools	400	2,150	953	0	3,503
More schools, better schools – Delivering Molonglo P-10	35,500	14,000	4,753	0	54,253
More schools, better schools – More places at Gungahlin schools	2,937	0	0	0	2,937

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
More schools, better schools – Narrabundah College redevelopment – early planning and design	492	0	0	0	492
More schools, better schools – Roof replacement program	6,997	2,223	0	0	9,220
Planning for Canberra's future school needs	682	455	0	0	1,137
Planning for a new college on Canberra's northside	760	0	0	0	760
School Staffing Integrated Management System – Design	111	0	0	0	111
Schools for the Future – Caroline Chisholm School – Centre for Innovation and Learning	39	0	0	0	39
Schools for the Future – North Gungahlin and Molonglo	18	0	0	0	18
Supporting our School System – Improving ICT	11,061	8,375	6,534	6,697	32,667
Total	116,431	82,446	26,948	6,697	232,522
Elections ACT					
Better Government – Electronic voting	120	0	0	0	120
Better Government – New Electoral Management System	461	0	0	0	461
Total	581	0	0	0	581
Environment, Planning and Sustainable Development Directorate					
Better services in your community – Red Hill Nature Reserve – Landfill remediation	265	0	0	0	265
Building a better city – Molonglo East-West Arterial Road – Early planning	194	0	0	0	194
Caring for our Environment – Improving species and habitat protection	72	72	0	0	144
Caring for our environment – Water quality improvement – Contributions to the ACT Healthy Waterways Project	2,600	0	0	0	2,600
Combating Climate change – Zero emissions vehicles	649	186	0	0	835
Delivering better community facilities for Woden Town Centre	1,447	0	0	0	1,447
Feasibility and infrastructure planning for future Molonglo land releases	368	850	0	0	1,218
Fishing and Camping Facilities Program	141	71	71	0	283
Improving online lodgement for development applications	0	600	0	0	600
Improving water quality in Lake Tuggeranong	1,000	0	0	0	1,000
Keeping our growing city moving – Best of Canberra mountain bike experience – Design	130	0	0	0	130
More jobs for a growing city – Woden CIT campus urban renewal	1,171	0	0	0	1,171
More jobs for our growing city – Delivering a new nature reserve in the Molonglo Valley – NES Plan Implementation Stage 3	1,167	504	0	0	1,671
More jobs for our growing city – Ecotourism Woodlands Learning Centre	910	72	74	75	1,131
More jobs for our growing city – Urban renewal in Dickson	45	0	0	0	45
More jobs for our growing city – Urban renewal in Kenny – Early planning	188	0	0	0	188

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
More services for our suburbs – Equestrian infrastructure	128	0	0	0	128
More services for our suburbs – Improved conservation management	11	0	0	0	11
Protecting endangered species	139	255	0	0	394
Protecting grasslands and conservation areas	490	200	0	0	690
Protecting the Grassland Earless Dragon	469	635	535	74	1,713
Remediating the former Molonglo sewerage treatment facility	1,000	1,413	200	0	2,613
Replanting the Ingledene Forest	680	454	414	0	1,548
Scoping for East Lake urban renewal	165	0	0	0	165
Securing Electricity Supply in the ACT – Second supply network	110	0	0	0	110
Sustainable Rural Water Use and Infrastructure Program	704	0	0	0	704
Total	14,243	5,312	1,294	149	20,998
Canberra Health Services					
Accommodation to support people with mental health issues	1,320	0	0	0	1,320
Better care when you need it – More nurse-led Walk-in centres	48	0	0	0	48
Better care when you need it – New medical imaging equipment	500	0	0	0	500
Better care when you need it – Training our future health workforce	1,352	300	0	0	1,652
Better care when you need it – University of Canberra Public Hospital operational readiness	-290	0	0	0	-290
Better Health Services – Upgrading and maintaining ACT Health assets	13,724	3,000	1,500	0	18,224
Better healthcare for a growing community – ACT Health critical assets upgrades	5,147	7,100	4,000	0	16,247
Better healthcare for a growing community – More mental health accommodation	3,401	86	0	0	3,487
Better healthcare for a growing community – Delivering the Weston Creek Walk-in centre	395	0	0	0	395
Clinical Services and Inpatient Unit Design and Infrastructure Expansion	245	0	0	0	245
Clinical Services Redevelopment – Phase 2	208	0	0	0	208
Clinical Services Redevelopment – Phase 3	375	0	0	0	375
Community, Health and Hospitals Program – Australian Capital Territory Initiatives	8,500	5,000	0	0	13,500
Continuity of Health Services Plan – Essential infrastructure	51	0	0	0	51
Delivering the Inner North Walk-in centre	901	0	0	0	901
Expanding pharmacy services at The Canberra Hospital	955	3,475	1,000	0	5,430
Expansion of the Centenary Hospital for Women and Children	15,066	15,991	15,562	0	46,619
Health Infrastructure Program – Project management continuation	298	0	0	0	298
Health Innovation Fund	8,100	0	0	0	8,100
Imaging services at the Weston Creek Walk-in centre	660	5,010	0	0	5,670

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
Improved Infrastructure for Acute Aged Care and Cancer Inpatients	7,075	0	0	0	7,075
More mental health services at The Canberra Hospital	2,172	0	0	0	2,172
More public medical imaging services for Canberra Hospital	891	8,000	2,300	0	11,191
Opioid treatment services on Canberra's northside	484	0	0	0	484
Secure Mental Health Unit	484	0	0	0	484
Sterilising Services – Relocation and upgrade	548	0	0	0	548
The Canberra Hospital – Essential infrastructure and engineering works	1,036	600	0	0	1,636
University of Canberra Public Hospital	2,240	0	0	0	2,240
University of Canberra Public Hospital Car Park	655	0	0	0	655
Walk-in centre – Coombs pilot	250	0	0	0	250
Total	76,791	48,562	24,362	0	149,715

Health Directorate

ACT Health Core IT Systems to align with the Digital Health Strategy	8,544	47,372	32,001	5,009	92,926
Better care when you need it – Protecting Canberrans from infectious diseases	398	0	0	0	398
Better healthcare for a growing community – ACT Health ICT upgrades	2,190	0	0	0	2,190
Better healthcare for a growing community – ACT Pathology Laboratory information system replacement	2,127	4,487	0	0	6,614
Better healthcare for a growing community – Continuing northside health care planning	1,711	0	0	0	1,711
Bowes Street Fit Out	48	0	0	0	48
Canberra hospital campus master planning activities	400	0	0	0	400
City Health Centre – Early planning	134	0	0	0	134
Community, Health and Hospitals Program – Australian Capital Territory initiatives	1,915	11,593	3,592	0	17,100
Expanding Clare Holland House to strengthen palliative care	2,041	1,800	0	0	3,841
Implementing real time prescription monitoring	1,239	575	0	0	1,814
More public medical imaging services for Canberra Hospital	20	33	33	0	86
More surgical theatres at Calvary Public Hospital	14	0	0	0	14
Ngunnawal Bush Healing Farm	1,277	0	0	0	1,277
Scoping study for a potential medically supervised injecting facility	200	0	0	0	200
Total	22,258	65,860	35,626	5,009	128,753

Housing ACT

Better Government – Housing ACT Digital Transformation Program	368	0	0	0	368
Better healthcare for a growing community – More mental health accommodation	951	0	0	0	951
Community and Social Housing & National Affordable Housing Agreement Funding	5,000	5,000	5,000	5,000	20,000
More services for our suburbs – Improved energy efficiency for public housing	2,494	0	0	0	2,494

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
More support for families and inclusion – Better housing for Aboriginal and Torres Strait Islander older people	2,929	0	0	0	2,929
Providing alternatives to jail through the Justice Housing Program	5,797	0	0	0	5,797
Reducing homelessness by delivering another Common Ground	11,594	0	0	0	11,594
Total	29,133	5,000	5,000	5,000	44,133

Justice and Community Safety Directorate

2020-21 Budget – ACT Policing Bushfire and COVID-19 Response	879	0	0	0	879
A Safer Canberra	35	0	0	0	35
ACT Corrective Services Information Management Solution	1,828	1,300	0	0	3,128
ACT Graduated Licensing Scheme	41	0	74	0	115
ACT Legislation Register Replacement	329	77	0	0	406
ACT Policing Urgent and Unavoidable Remediation Works	2,641	5,979	225	0	8,845
ACT State Emergency Service Majura Unit Facilities Upgrade	-273	639	0	0	366
Alexander Maconochie Centre Fire Services Systems Capital Refresh Program	-1,539	3,900	1,200	0	3,561
AMC Staff Mobile Duress System Replacement	1,177	751	138	0	2,066
Better Government – HRC Information Systems Replacement Project	218	35	0	0	253
Better Government – New Jury Management System	349	150	0	0	499
Better support when it matters – Enhanced protective security measures for ACT Policing	382	0	0	0	382
Better support when it matters – Integrating the Winnunga model of care to indigenous detainees in the Alexander Maconochie Centre	356	0	0	0	356
Better support when it matters – More frontline firefighters – Second crew at Ainslie Station	341	200	0	0	541
Better support when it matters – Upgrading ESA Communications Centre and non-emergency patient transport facilities	369	0	0	0	369
Courts Public Private Partnership – (Formerly called ACT Court Facilities Early Works Package)	2,682	533	-181	56	3,090
Creating a Reintegration Centre to support pathways out of the justice system	315	34,142	0	0	34,457
Digital Canberra – New digital radio communication system	38	0	0	0	38
Emergency Services Agency Station Upgrade and Relocation – Aranda Station	85	0	0	0	85
ESA – Station Relocation and Upgrade – Phase 2 due diligence	289	164	0	0	453
ESA Spatial Awareness Capability	253	0	0	0	253
ESA – Urban Search and Rescue and Chemical, Biological, Radiological and Nuclear Equipment Replacement	275	211	111	111	708
ESA Vehicle Replacement Program	2,626	3,107	2,011	2,011	9,755
Gungahlin Joint Emergency Services Centre – Future use study	30	0	0	0	30

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
Intermediary scheme to assist vulnerable witnesses in sexual offence prosecutions	190	0	0	0	190
More services for our suburbs – Better protective clothing for our firefighters	2,266	0	0	0	2,266
More services for our suburbs – Enhancing our bushfire preparedness	105	0	0	0	105
More services for our suburbs – More paramedics and ambulances	264	0	0	0	264
More support for families and inclusion – commencing operations of the Drug and Alcohol Court	149	461	0	0	610
More support for families and inclusion – design and planning for the Alexander Maconochie Transitional Release Centre expansion	97	0	0	0	97
More support for families and inclusion – Equipment upgrades for first responders	472	0	0	0	472
More support for families and inclusion – Equipment upgrades for first responders	-253	0	0	0	-253
More support for families and inclusion – Keeping Canberrans safe in public places	210	0	0	0	210
More support for families and inclusion – More resources for the Director of Public Prosecutions	242	0	0	0	242
More support for families and inclusion – New aerial pumper for ACT Fire and Rescue	323	0	0	0	323
More support for families and inclusion – Providing safe alternatives to remand	187	0	0	0	187
More support for families and the vulnerable – ACT Policing – Urgent facilities upgrade	518	0	0	0	518
New stations for ACT Ambulance Service and ACT Fire & Rescue	477	120	0	0	597
Parole Time Credits	217	0	0	0	217
Strengthening bushfire preparedness and ACT Rural Fire Service partnerships	129	0	0	0	129
Strengthening Emergency Services – Territory Radio Network upgrade – Phases 2 and 3	388	275	0	0	663
Supplementation of Vehicle Replacement Program Shortfall	444	3,882	-2,011	-1,085	1,230
Upgrading the ACT State Emergency Service's Majura Unit facility	1,246	0	0	0	1,246
Total	21,397	55,926	1,567	1,093	79,983
Major Projects Canberra					
Building Light Rail to Woden and Raising London Circuit	22,202	1,798	0	0	24,000
Commencing Light Rail Stage 1 operations and delivering a light rail stop at Mitchell	6,022	1,514	0	0	7,536
Delivering Stage 2 of Light Rail to Woden	2,599	0	0	0	2,599
Delivering the SPIRE Centre at Canberra Hospital	40,782	0	0	0	40,782
Light Rail City to Woden and Raising London Circuit	2,459	0	0	0	2,459
Local Road Upgrade and Safety Projects	6,000	0	0	0	6,000
Total	80,064	3,312	0	0	83,376

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
Office of the Legislative Assembly					
Basic service upgrades for the ACT Legislative Assembly	672	0	0	0	672
Building a better city – Legislative Assembly artwork	30	30	30	30	120
Capital Funding for Legislative Assembly Library	5	5	5	5	20
Improving accessibility for the ACT Legislative Assembly	533	0	0	0	533
Total	1,240	35	35	35	1,345
Transport Canberra and City Services Directorate					
Accessible Bus Stops	6,951	0	0	0	6,951
Better buses to support the new bus network	1,097	18,713	17,700	0	37,510
Better connecting Belconnen and Gungahlin	3,533	20,000	20,000	0	43,533
Better Customer Service – Improving online platforms	1,860	1,795	1,136	0	4,791
Better Government – Improving customer services delivery	7	0	0	0	7
Better Intersections – Delivering our Election Commitments	2,150	3,150	1,450	50	6,800
Better public transport infrastructure for Canberra	1,679	0	0	0	1,679
Better Roads for Belconnen – Aikman Drive duplication	211	0	0	0	211
Better Roads for Gungahlin – Gundaroo Drive duplication – Stage 1	266	0	0	0	266
Better Roads for Gungahlin – Gungahlin Town Centre road network improvements	24	0	0	0	24
Better Roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway)	692	0	0	0	692
Better Services – Improved asset management	643	0	0	0	643
Better Services – Improving libraries – Self service check out and improved access	302	0	0	0	302
Better services in your community – Essential waste management infrastructure	1,427	0	0	0	1,427
Better services in your community – Integrated bus and light rail ticketing	108	0	0	0	108
Black Spot Projects	3,302	2,244	1,693	1,847	9,086
Bridges Renewal Programme	889	1,852	1,559	1,530	5,830
Building a better city – Canberra Brickworks – Access road and Dudley Street upgrade 2	4,495	3,497	500	0	8,492
Building a better city – Dickson Bus Station – Land acquisition	1,122	0	0	0	1,122
Building a better city – Gundaroo Drive duplication – Stage 2	4,985	0	0	0	4,985
Building a better city – Improving Tharwa Village firefighting water supply	926	0	0	0	926
Building a better city – Monaro Highway upgrade early planning	193	0	0	0	193
Building a better city – New Bus Depot at Woden	2,000	5,000	5,000	5,398	17,398
Building a better city – Pialligo Avenue duplication – Early planning	285	275	0	0	560
Building a better city – Rehabilitating landfill sites	2,625	21,753	0	0	24,378

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
Building a better city – Upgrading stormwater infrastructure on Flemington Road	-165	0	0	0	-165
Business system upgrade	274	0	0	0	274
Caring for our Environment – Lake Tuggeranong Water Quality Improvement – Stage 2 (Isabella Weir)	268	0	0	0	268
Civic to Gungahlin Corridor Improvements	90	0	0	0	90
Delivering a smart technology ticketing system for Canberra's integrated public transport system	2,428	500	18,923	16,095	37,946
Enhancement of library collections	2,517	2,063	2,063	2,063	8,706
Feasibility studies – Duplication of Tharwa Drive and extension of Nudurr Drive	400	0	0	0	400
Future Bus Network	686	3,000	0	0	3,686
Green Waste Rollout	3,137	0	0	0	3,137
Growing investment in services for our suburbs	741	0	0	0	741
Heavy Vehicle Safety and Productivity	425	582	1,187	1,164	3,358
Improving Our Suburbs – New Molonglo Valley infrastructure	1,072	700	0	0	1,772
Improving stormwater networks	5,508	6,710	4,000	0	16,218
Improving water management infrastructure	70	238	0	0	308
Investment – Road component – Capital	20,599	65,000	50,000	15,000	150,599
Keeping our growing city moving – Better infrastructure for active travel	10,799	4,500	0	0	15,299
Keeping our growing city moving – Canberra Brickworks Precinct – Environmental offsets	590	270	30	0	890
Keeping our growing city moving – John Gorton Drive and Molonglo River Bridge Crossing – Design	450	384	0	0	834
Keeping our growing city moving – Monaro Highway upgrade	145	0	0	0	145
Keeping our growing city moving – Safer intersections	528	0	0	0	528
Light Rail Safety Initiatives	459	0	0	0	459
Local Roads Community Infrastructure Program	6,915	2,660	0	0	9,575
Making our roads safer while keeping Canberra moving	6,350	16,575	0	0	22,925
Materials Recovery Facility Expansion	2,615	3,351	0	0	5,966
More active travel infrastructure for our schools and suburbs	720	0	0	0	720
More carparks for Palmerston Shops and Cooleman Court	297	0	0	0	297
More City Services Depots – Better service delivery	301	0	0	0	301
More jobs for our growing city – Better town centres	2,960	0	0	0	2,960
More services for our suburbs – Better facilities at Higgins Neighbourhood Oval	3	0	0	0	3
More services for our suburbs – Better waste management	1,198	0	0	0	1,198
More services for our suburbs – Boosting Anketell Street improvements	214	0	0	0	214
More services for our suburbs – Bringing Woden Town Square to life	693	0	0	0	693
More services for our suburbs – More trees	63	0	0	0	63
More services for our suburbs – Parkwood estate rehabilitation	960	1,750	1,750	0	4,460

Project	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	Four year investment \$'000
More services for our suburbs – Southern Memorial Park – Design	804	0	0	0	804
More services for our suburbs – Sports Ground Restoration – Boomanulla Enclosed Oval	8	0	0	0	8
More services for our suburbs – Stormwater infrastructure improvements	2,243	0	0	0	2,243
More support for families and inclusion – Keeping Canberrans safe in public places	300	0	0	0	300
Planning better roads for our growing city	1,852	475	0	0	2,327
Progressing Better Suburbs Initiatives	27	136	139	0	302
Roads to Recovery	11,494	8,288	8,288	7,331	35,401
Safer Walking and Cycling Around Schools	586	0	0	0	586
Strengthening infrastructure supporting Canberra's new public transport network	1,591	3,100	0	0	4,691
Supporting more Canberrans to Park and Ride	2,434	0	0	0	2,434
Transport for Canberra – Real Time Passenger Information System	0	1,555	0	0	1,555
Woden Bus Depot Augmentation	0	7,000	10,000	0	17,000
Total	137,421	207,116	145,418	50,478	540,433
Total 2020-21 Capital Works-in-Progress	668,614	538,800	263,587	74,614	1,545,615

Notes:

1. Projects that are physically completed retain funding while the project is in the defects liability period.
2. Negative values in the table indicate projects that had accelerated delivery.
3. Table may not add due to rounding.

APPENDIX D

CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES

APPENDIX D – CONSOLIDATED FINANCIAL STATEMENTS – PUBLIC TRADING ENTERPRISES

Australian Capital Territory Public Trading Enterprises Operating statement

	2019-20 Budget Review \$'000	2019-20 Audited Outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Revenue						
Controlled recurrent payments	258,362	264,988	293,103	268,235	270,068	272,516
Commonwealth grants	1,650	2,023	877	767	767	767
Sales of goods and services revenue						
Revenue from associates and joint ventures	69,367	57,805	36,930	60,245	75,453	79,777
Other sales of goods and services from contracts with customers	450,728	454,055	424,777	455,231	466,220	478,651
Investment revenue ¹	0	6,031	1,718	1,053	1,042	1,103
Interest income ¹	7,499	0	0	0	0	0
Other revenue						
Land revenue (value add component)	262,409	185,014	742,155	388,547	353,363	341,307
Other revenue	15,523	16,018	11,892	11,020	11,263	11,564
Gains from contributed assets	29,010	18,236	28,542	17,061	17,658	19,405
Total revenue	1,094,548	1,004,169	1,539,994	1,202,159	1,195,834	1,205,090
Expenses						
Employee expenses	198,081	203,709	220,934	230,543	235,066	239,169
Superannuation expenses	31,622	29,634	26,673	24,002	24,136	24,243
Depreciation and amortisation	138,734	138,678	142,056	143,904	148,451	151,523
Interest expense	95,229	96,456	76,683	94,618	94,854	94,224
Other property expenses (income tax equivalents)	73,876	62,006	154,575	72,058	48,035	70,782
Other operating expenses						
Supplies and services	291,490	269,201	289,910	278,482	270,522	279,869
Other operating expenses	121,108	27,136	317,727	148,997	208,703	205,363
Grants and purchased services	59,985	125,447	63,368	141,662	178,701	92,139
Total expenses	1,010,125	952,267	1,291,926	1,134,266	1,208,468	1,157,312
UPF net operating balance	84,423	51,902	248,068	67,893	-12,634	47,778
Other economic flows – included in the operating result						
Land revenue (market gains on land sales)	19,680	16,540	26,186	21,713	45,304	29,553
Net gain/(loss) on sale/(disposal) of non-financial assets	-8,438	-7,743	-3,004	-30,152	-18,226	-11,701

¹ In 2019-20 Interest income was reclassified to Investment revenue.

	2019-20 Budget Review \$'000	2019-20 Audited Outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Net gain/(loss) on financial assets or liabilities at fair value	100	133	100	100	100	100
Doubtful debts	-2,930	-3,410	-5,106	-2,797	-2,869	-2,883
Operating surplus	92,835	57,422	266,244	56,757	11,675	62,847
Other economic flows – other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Other movements	0	-98,723	0	-22,372	0	0
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	70,517	24,443	-49,095	-1,395	-108,026	-80,808
Items that may be subsequently reclassified to profit or loss						
Increase/(decrease) in other reserves	0	3,006	0	0	0	0
Total comprehensive income/(deficit)	163,351	-13,853	217,149	32,990	-96,351	-17,961
Key fiscal aggregates						
UPF net operating balance	84,423	51,902	248,068	67,893	-12,634	47,778
less Net acquisition of non-financial assets						
Payments for non-financial assets	313,858	195,349	315,467	305,345	250,374	223,383
Sales of non-financial assets	-82,262	-45,832	-110,966	-170,570	-158,570	-146,320
Change in inventories	143,245	162,794	-102,807	-5,826	37,536	20,959
Depreciation and amortisation	-138,734	-138,678	-142,056	-143,904	-148,451	-151,523
Other movements in non-financial assets	-5,843	-86,280	-18,314	-107,285	-144,931	-56,389
<i>Total net acquisition of non-financial assets</i>	<i>230,264</i>	<i>87,353</i>	<i>-58,676</i>	<i>-122,240</i>	<i>-164,042</i>	<i>-109,890</i>
Net lending /(borrowing)	-145,841	-35,451	306,744	190,133	151,408	157,668
UPF net operating balance	84,423	51,902	248,068	67,893	-12,634	47,778
HEADLINE NET OPERATING BALANCE	84,423	51,902	248,068	67,893	-12,634	47,778

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

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Financial assets						
Cash and deposits	157,371	151,704	129,581	129,741	125,809	83,596
Advances paid	31,676	29,570	9,103	1,552	1,552	1,552
Investments and loans	47,000	33,000	13,000	30,000	30,000	30,000
Receivables	111,635	118,016	103,980	112,209	121,137	120,182
Equity investments	1,038,749	1,043,771	1,047,451	1,095,425	1,119,790	1,139,066
Total financial assets	1,386,431	1,376,061	1,303,115	1,368,927	1,398,288	1,374,396
Non-financial assets						
Produced assets						
Property, plant and equipment	4,935,114	4,955,687	4,982,147	4,997,201	5,007,552	5,052,006
Investment properties	18,683	17,990	5,978	5,984	5,990	5,996
Intangibles	46,066	42,434	41,164	47,594	53,098	52,060
Inventories	496,891	516,439	413,632	407,806	445,342	466,301
Non-current assets held for sale	17,233	15,899	13,129	11,367	7,388	6,273
Capital works-in-progress	207,088	181,529	300,111	347,514	297,557	270,125
Non-produced assets						
Property, plant and equipment	4,050,512	3,957,572	3,880,806	3,803,066	3,665,845	3,508,914
Other non-financial assets						
Deferred tax assets	22,646	21,513	21,513	21,244	21,244	21,244
Other non-financial assets	0	385	385	385	385	385
Total non-financial assets	9,794,233	9,709,447	9,658,865	9,642,161	9,504,401	9,383,304
Total assets	11,180,664	11,085,509	10,961,980	11,011,088	10,902,689	10,757,700
Liabilities						
Advances received	1,834,761	1,835,311	1,877,147	1,913,527	1,919,645	1,945,809
Borrowings – lease liabilities	322,307	316,031	305,676	294,205	282,096	269,431
Superannuation	0	10	0	0	0	0
Employee benefits	70,858	75,661	80,203	80,942	84,174	87,573
Other provisions	130,939	165,406	136,026	140,467	143,308	144,605
Payables	216,958	129,204	174,813	209,746	221,948	222,134
Contract liabilities ¹	0	63,488	18,685	15,658	15,408	15,408
Other liabilities						
Current tax liability	25,053	-15,682	48,959	3,175	-11,065	-7,028
Deferred tax liability	530,792	647,853	647,830	646,217	646,217	646,217
Other liabilities	247,343	245,235	60,153	140,936	161,096	121,602
Total liabilities	3,379,011	3,462,516	3,349,492	3,444,873	3,462,827	3,445,751

¹ Contract liabilities were first recognised in the 2019-20 audited outcome as a result of the implementation of AASB 15: 'Revenue from contracts with customers' and represent the obligation to transfer goods or services to a customer.

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Net assets	7,801,653	7,622,993	7,612,488	7,566,215	7,439,862	7,311,949
Accumulated funds	3,399,034	3,279,392	3,339,983	3,317,105	3,320,778	3,295,673
Asset revaluation surplus	4,405,625	4,343,600	4,272,505	4,249,110	4,119,084	4,016,276
Other reserves	-3,006	0	0	0	0	0
Net worth	7,801,653	7,622,993	7,612,488	7,566,215	7,439,862	7,311,949
Net financial worth	-1,992,580	-2,086,455	-2,046,377	-2,075,946	-2,064,539	-2,071,355
Net debt	1,921,021	1,937,069	2,031,139	2,046,439	2,044,380	2,100,092

**Australian Capital Territory
Public Trading Enterprises
Statement of changes in equity**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Opening equity						
Opening accumulated funds	2,836,024	2,836,024	3,279,392	3,339,983	3,317,105	3,320,778
Opening asset revaluation surplus	4,357,108	4,357,108	4,343,600	4,272,505	4,249,110	4,119,084
Opening other reserves	-3,006	-3,006	0	0	0	0
Opening balance	7,190,126	7,190,126	7,622,993	7,612,488	7,566,215	7,439,862
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	92,835	57,422	266,244	56,757	11,675	62,847
Other movements	0	-98,723	0	-22,372	0	0
<i>Included in asset revaluation surplus:</i>						
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	70,517	24,443	-49,095	-1,395	-108,026	-80,808
<i>Included in other reserves:</i>						
Increase/(decrease) in other reserves	0	3,006	0	0	0	0
Total comprehensive income/(deficit)	163,351	-13,853	217,149	32,990	-96,351	17,961
Other						
Transfer to/(from) accumulated funds	22,000	37,951	22,000	22,000	22,000	22,000
Transfer to/(from) asset revaluation surplus	-22,000	-37,951	-22,000	-22,000	-22,000	-22,000
Total other	0	0	0	0	0	0
Transactions involving owners affecting accumulated funds						
Capital injections	144,409	72,924	122,320	81,375	79,539	45,984
Transfer of assets from the General Government Sector	467,883	502,040	-119	0	0	0
Dividends approved	-164,117	-128,245	-349,854	-160,638	-109,541	-155,936
Total transactions involving owners affecting accumulated funds	448,175	446,719	-227,653	-79,263	-30,002	-109,952
Closing equity						
Closing accumulated funds	3,399,034	3,279,392	3,339,983	3,317,105	3,320,778	3,295,673
Closing asset revaluation surplus	4,405,625	4,343,600	4,272,505	4,249,110	4,119,084	4,016,276
Closing other reserves	-3,006	0	0	0	0	0
Closing balance	7,801,653	7,622,993	7,612,488	7,566,215	7,439,862	7,311,949

**Australian Capital Territory
Public Trading Enterprises
Statement of cash flows**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Cash flows from operating activities						
Receipts						
Sales of goods and services from contracts with customers	755,993	655,572	1,250,479	886,536	884,272	884,425
Grants and contributions	260,012	272,770	294,516	269,002	270,835	273,283
Interest receipts	6,120	5,136	951	986	1,042	1,103
Other receipts	108,455	115,344	35,377	69,308	79,241	90,091
Total receipts from operating activities	1,130,580	1,048,822	1,581,323	1,225,832	1,235,390	1,248,902
Payments						
Payments for employees	-172,910	-226,610	-177,787	-179,576	-182,169	-185,345
Payments for goods and services	-400,472	-268,209	-479,298	-472,964	-466,706	-490,766
Grants/subsidies paid	-25,132	-28,909	-27,515	-28,243	-27,086	-27,366
Interest paid	-99,594	-94,047	-75,273	-80,638	-79,952	-79,912
Other payments	-304,737	-331,512	-212,007	-226,584	-306,956	-221,246
Total payments from operating activities	-1,002,845	-949,286	-971,880	-988,005	-1,062,869	-1,004,635
Net cash flows from operating activities	127,735	99,536	609,443	237,827	172,521	244,267
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	82,262	45,832	110,966	170,570	158,570	146,320
Payments for non-financial assets	-313,858	-195,349	-315,467	-305,345	-250,374	-223,383
Net cash flows from investments in non-financial assets	-231,596	-149,517	-204,501	-134,775	-91,804	-77,063
Cash flows from investments in financial assets for policy purposes						
Receipts						
Repayment of loans	0	0	24,738	7,618	0	0
Capital receipts from government agencies	144,409	72,924	122,320	81,375	79,539	45,984
Total receipts from investment in financial assets for policy purposes	144,409	72,924	147,058	88,993	79,539	45,984

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Payments						
Issue of loan	-2,600	-850	-3,511	0	0	0
Dividends (market gains on land sales)	-13,439	-11,783	-17,829	-11,440	-30,499	-20,380
Distributions to government	-5,940	-5,940	0	0	0	0
Total payments from investment in financial assets for policy purposes	-21,979	-18,573	-21,340	-11,440	-30,499	-20,380
Net cash flows from investments in financial assets for policy purposes	122,430	54,351	125,718	77,553	49,040	25,604
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	247	2,549	9,984	184	184	182
Payments for investments	0	0	-9,801	0	0	0
Net cash flows from investments in financial assets for liquidity purposes	247	2,549	183	184	184	182
Net cash flows from investing activities	-108,919	-92,617	-78,600	-57,038	-42,580	-51,277
Cash flows from financing activities						
Receipts						
Advances received	292,300	384,249	50,300	47,649	17,952	138,268
Total receipts from financing activities	292,300	384,249	50,300	47,649	17,952	138,268
Payments						
Advances paid	-252,907	-329,869	-26,993	-30,356	-33,774	-133,243
Dividends paid	-58,981	-49,406	-506,502	-68,040	-55,775	-173,485
Repayment of lease liabilities - principal	0	-13,346	-14,304	-14,373	-15,522	-17,179
Other financing	-102,350	-111,335	-89,772	-112,882	-62,276	-66,744
Total payments from financing activities	-414,238	-503,956	-623,267	-211,278	-151,825	-373,472
Net cash flows from financing activities	-121,938	-119,708	-572,967	-163,629	-133,873	-235,204
Net increase/(decrease) in cash and cash equivalents	-103,122	-112,789	-42,124	17,160	-3,932	-42,214
Cash and cash equivalents at the beginning of reporting period	297,493	297,493	184,704	142,581	159,741	155,809
Cash and cash equivalents at the end of reporting period	194,371	184,704	142,581	159,741	155,809	113,596
Key fiscal aggregates						
Net cash from operating activities	127,735	99,536	609,443	237,827	172,521	244,267
Net cash flows from investments in non-financial assets	-231,596	-149,517	-204,501	-134,775	-91,804	-77,063
Distributions paid	-161,331	-160,741	-596,274	-180,922	-118,051	-240,229
Cash deficit (-)	-265,192	-210,722	-191,332	-77,870	-37,334	-73,025

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

APPENDIX E

CONSOLIDATED FINANCIAL STATEMENTS – TOTAL TERRITORY

APPENDIX E – CONSOLIDATED FINANCIAL STATEMENTS – TOTAL TERRITORY

Australian Capital Territory Consolidated Total Territory Operating statement

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Revenue						
Taxation revenue	1,988,616	1,902,249	1,942,373	2,107,442	2,218,997	2,337,717
Commonwealth grants	2,417,514	2,365,430	2,380,609	2,546,277	2,621,660	2,715,860
Sales of goods and services						
Revenue from associates and joint ventures	69,367	57,805	36,930	60,245	75,453	79,777
Other sales of goods and services from contracts with customers	940,149	918,691	894,475	958,611	986,886	1,012,037
Investment revenue ¹	0	166,227	161,738	167,469	175,748	182,407
Interest income ¹	34,341	0	0	0	0	0
Distributions from financial investments ¹	30,393	0	0	0	0	0
Dividend income ¹	76,760	0	0	0	0	0
Other revenue						
Land revenue (value add component)	205,409	177,770	704,971	363,547	328,363	316,307
Other revenue	159,410	165,991	187,399	198,771	202,621	202,267
Gains from contributed assets	112,625	95,818	130,603	113,185	97,903	99,702
Total revenue	6,034,584	5,849,981	6,439,098	6,515,547	6,707,631	6,946,074
Expenses						
Employee expenses	2,381,531	2,522,733	2,585,501	2,558,188	2,596,031	2,651,814
Superannuation expenses						
Superannuation interest cost	228,635	228,635	210,537	413,132	423,600	433,282
Other superannuation expenses	473,432	490,024	500,456	365,352	361,697	364,990
Depreciation and amortisation	612,244	604,505	640,292	699,430	711,977	720,489
Interest expense	234,317	228,126	219,873	279,286	284,209	299,042
Other operating expenses						
Supplies and services	1,359,333	1,263,889	1,416,764	1,492,055	1,556,154	1,636,967
Other operating expenses	272,769	286,001	491,803	326,595	392,945	392,152
Grants and purchased services	1,038,414	1,187,558	1,253,032	1,142,782	1,101,717	1,140,937
Total expenses	6,600,675	6,811,472	7,318,258	7,276,820	7,428,330	7,639,673
UPF net operating balance	-566,091	-961,491	-879,160	-761,273	-720,699	-693,599
Other economic flows – included in the operating result						
Land revenue (market gains on land sales)	19,680	16,540	26,186	21,713	45,304	29,553

¹ In 2019-20 Interest revenue, Distributions from financial investments and Dividends from financial investments were reclassified to Investment revenue.

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Net land revenue (undeveloped land value)	39,919	32,038	45,371	34,782	24,222	41,850
Net gain/(loss) on sale/(disposal) of non-financial assets	-107,146	-27,155	-11,359	-37,786	-26,656	-20,974
Net gain/(loss) on financial assets or liabilities at fair value	271,872	-9,102	425,293	209,187	222,845	237,420
Doubtful debts	-13,576	-18,175	-15,900	-13,847	-14,076	-14,246
Operating deficit	-355,342	-967,344	-409,569	-547,224	-469,060	-419,996
Other economic flows – other comprehensive income						
Items that will not be subsequently reclassified to profit or loss						
Superannuation actuarial gain/(loss)	3,926,857	-57,384	3,942,926	0	0	0
Other movements	-58,619	-12,522	61,402	-32,416	-182	-266
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	110,974	121,165	-5,889	-86,919	-173,295	-100,203
Items that may be subsequently reclassified to profit or loss						
Increase/(decrease) in other reserves	0	-115,984	0	0	0	0
Total comprehensive income/(loss)	3,623,870	-1,032,070	3,588,871	-666,559	-642,537	-520,465
Key fiscal aggregates						
UPF net operating balance less net acquisition of non-financial assets	-566,091	-961,491	-879,160	-761,273	-720,699	-693,599
Payments for non-financial assets	1,306,680	767,721	1,274,120	1,425,297	1,337,060	1,226,167
Sales of non-financial assets	-240,895	-119,327	-173,853	-223,589	-198,766	-186,964
Change in inventories	143,409	166,083	-102,643	-5,662	37,700	21,123
Depreciation and amortisation	-612,244	-604,505	-640,292	-699,430	-711,977	-720,489
Other movements in non-financial assets	112,999	2,634	48,627	42,879	56,550	58,250
<i>Total net acquisition of non-financial assets</i>	<i>709,949</i>	<i>212,606</i>	<i>405,959</i>	<i>539,495</i>	<i>520,567</i>	<i>398,087</i>
Net borrowing	-1,276,040	-1,174,097	-1,285,119	-1,300,768	-1,241,266	-1,091,686
GOVERNMENT FISCAL MEASURE – BUDGET OPERATING SURPLUS/DEFICIT						
UPF net operating balance	-566,091	-961,491	-879,160	-761,273	-720,699	-693,599
Superannuation return adjustment	202,762	231,512	165,588	192,432	205,267	218,964
HEADLINE NET OPERATING BALANCE	-363,329	-729,979	-713,572	-568,841	-515,432	-474,635

**Australian Capital Territory
Consolidated Total Territory
Balance sheet**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Financial assets						
Cash and deposits	881,814	2,260,029	2,099,307	2,699,017	1,997,876	2,483,795
Advances paid	92,768	93,732	74,584	85,478	101,957	116,445
Investments and loans	5,613,627	4,929,253	5,563,489	5,934,866	6,313,749	6,717,099
Receivables	569,753	838,066	669,239	663,147	553,674	474,975
Investments accounted for using the equity method	1,038,749	1,043,771	1,047,451	1,095,425	1,119,790	1,139,066
Total financial assets	8,196,711	9,164,851	9,454,070	10,477,933	10,087,046	10,931,380
Non-financial assets						
Produced assets						
Property, plant and equipment	17,329,702	17,538,988	18,332,782	18,905,759	19,495,086	20,139,519
Investment properties	26,603	25,910	13,898	13,904	13,910	13,916
Intangibles	373,930	258,131	318,224	340,953	330,374	278,089
Inventories	516,129	538,803	436,160	430,498	468,198	489,321
Non-current assets held for sale	100,237	60,096	30,939	19,916	15,937	14,822
Capital works-in-progress	974,174	702,651	896,149	1,035,013	1,102,730	1,070,605
Non-produced assets						
Property, plant and equipment	7,936,686	7,945,575	7,899,003	7,811,386	7,676,661	7,522,819
Biological assets	28,798	25,494	25,494	25,494	25,494	25,494
Other non-financial assets	8,296	2,870	2,905	2,905	2,905	2,905
Total non-financial assets	27,294,555	27,098,517	27,955,554	28,585,828	29,131,295	29,557,490
Total assets	35,491,266	36,263,368	37,409,625	39,063,761	39,218,341	40,488,870
Liabilities						
Advances received	108,327	108,326	98,326	89,950	81,586	73,231
Borrowings						
Lease liabilities	887,876	1,060,053	1,318,496	1,309,371	1,275,160	1,230,453
Other borrowings	6,002,298	7,026,028	8,175,548	10,165,460	10,524,239	11,903,640
Superannuation	8,066,811	12,055,943	8,282,643	8,508,273	8,717,995	8,910,993
Employee benefits	855,754	939,173	969,985	1,010,461	1,055,566	1,102,700
Other provisions	877,693	1,061,955	921,445	931,086	954,146	979,650
Payables	446,205	284,442	393,894	470,481	675,536	876,446
Contract liabilities ¹	0	104,398	31,930	29,484	29,815	30,396
Other liabilities	12,397	45,878	51,317	49,713	47,353	44,881
Total liabilities	17,257,361	22,686,198	20,243,584	22,564,279	23,361,396	25,152,390

¹ Contract liabilities were first recognised in the 2019-20 audited outcome as a result of the implementation of AASB 15: 'Revenue from contracts with customers' and represent the obligation to transfer goods or services to a customer

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Net assets	18,233,905	13,577,170	17,166,041	16,499,482	15,856,945	15,336,480
Accumulated funds	6,946,546	2,423,873	6,040,775	5,483,135	5,035,893	4,637,631
Asset revaluation surplus	11,170,145	11,152,068	11,124,036	11,015,117	10,819,822	10,697,619
Other reserves	117,214	1,230	1,230	1,230	1,230	1,230
Net worth	18,233,905	13,577,170	17,166,041	16,499,482	15,856,945	15,336,480
Net financial worth	-9,060,650	-13,521,346	-10,789,514	-12,086,346	-13,274,350	-14,221,010
Net financial liabilities	10,099,399	14,565,118	11,836,965	13,181,771	14,394,140	15,360,076
Net debt (excluding superannuation related investments)	4,996,543	5,233,773	6,696,141	8,007,049	8,971,062	9,758,677

**Australian Capital Territory
Consolidated Total Territory
Statement of changes in equity**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Opening equity						
Opening accumulated funds	3,411,650	3,411,650	2,423,873	6,040,775	5,483,135	5,035,893
Opening asset revaluation surplus	11,081,171	11,081,171	11,152,068	11,124,036	11,015,117	10,819,822
Opening other reserves	117,214	117,214	1,230	1,230	1,230	1,230
Opening balance	14,610,035	14,610,035	13,577,170	17,166,041	16,499,482	15,856,945
Comprehensive income						
<i>Included in accumulated funds:</i>						
Operating result for the period	-355,342	-967,344	-409,569	-547,224	-469,060	-419,996
Superannuation actuarial gain/(loss)	3,926,857	-57,384	3,942,926	0	0	0
Other movements	-58,619	-12,522	61,402	-32,416	-182	-266
<i>Included in asset revaluation surplus:</i>						
Increase/(decrease) in asset revaluation reserve surpluses due to revaluations	110,974	121,165	-5,889	-86,919	-173,295	-100,203
<i>Included in other reserves:</i>						
Increase/(decrease) in other reserves	0	-115,984	0	0	0	0
Total comprehensive income/(deficit)	3,623,870	-1,032,070	3,588,871	-666,559	-642,537	-520,465
Other						
Transfer to/(from) accumulated funds	22,000	50,269	22,143	22,000	22,000	22,000
Transfer to/(from) asset revaluation surplus	-22,000	-50,269	-22,143	-22,000	-22,000	-22,000
Total other	0	0	0	0	0	0
Closing equity						
Closing accumulated funds	6,946,546	2,423,873	6,040,775	5,483,135	5,035,893	4,637,631
Closing asset revaluation surplus	11,170,145	11,152,068	11,124,036	11,015,117	10,819,822	10,697,619
Closing other reserves	117,214	1,230	1,230	1,230	1,230	1,230
Closing balance	18,233,905	13,577,170	17,166,041	16,499,482	15,856,945	15,336,480

**Australian Capital Territory
Consolidated Total Territory
Statement of cash flows**

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Cash flows from operating activities						
Receipts						
Taxes received	1,970,535	1,602,799	1,773,547	2,068,524	2,341,353	2,423,377
Sales of goods and services from contracts with customers	1,208,215	1,368,166	1,632,407	1,354,546	1,369,371	1,384,232
Grants and contributions	2,416,776	2,506,088	2,381,235	2,555,532	2,634,618	2,728,969
Investment receipts ¹	0	146,227	167,529	172,455	177,185	183,741
Distributions from financial investments ¹	30,393	0	0	0	0	0
Interest receipts ¹	44,262	0	0	0	0	0
Dividends ¹	76,760	0	0	0	0	0
Other receipts	502,490	514,486	432,496	540,136	637,141	648,947
Total receipts from operating activities	6,249,431	6,137,765	6,387,214	6,691,193	7,159,668	7,369,266
Payments						
Payments for employees	-2,815,904	-2,941,155	-3,066,485	-3,035,781	-3,093,331	-3,177,538
Payments for goods and services	-1,463,398	-1,277,435	-1,618,771	-1,680,960	-1,748,684	-1,846,498
Grants/subsidies paid	-1,047,082	-1,091,027	-1,169,214	-1,082,048	-1,069,936	-1,109,277
Interest paid	-236,598	-222,384	-216,651	-257,727	-263,092	-277,062
Other payments	-636,707	-764,822	-548,458	-559,014	-645,995	-545,458
Total payments from operating activities	-6,199,689	-6,296,823	-6,619,579	-6,615,530	-6,821,038	-6,955,833
Net cash flows from operating activities	49,742	-159,058	-232,365	75,662	338,630	413,433
Cash flows from investing activities						
Cash flows from investments in non-financial assets						
Sales of non-financial assets	240,895	119,327	173,853	223,589	198,766	186,964
Payments for non-financial assets	-1,306,680	-767,721	-1,274,120	-1,425,297	-1,337,060	-1,226,167
Net cash flows from investments in non-financial assets	-1,065,785	-648,394	-1,100,267	-1,201,708	-1,138,294	-1,039,203

¹ In 2019-20 Interest receipts, Distributions from financial investments and Dividends from financial investments were reclassified to Investment receipts

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Cash flows from investments in financial assets for policy purposes						
<i>Receipts</i>						
Repayment of loans	2,677	-576	30,044	15,042	10,474	13,447
Capital receipts from government agencies	289,000	0	310,642	0	0	0
Total receipts from investment in financial assets for policy purposes	291,677	-576	340,686	15,042	10,474	13,447
<i>Payments</i>						
Issue of loans	-2,600	-850	-11,636	-31,300	-31,300	-31,300
Total payments from investment in financial assets for policy purposes	-2,600	-850	-11,636	-31,300	-31,300	-31,300
Net cash flows from investments in financial assets for policy purposes	289,077	-1,426	329,050	-16,258	-20,826	-17,853
Cash flows from investments in financial assets for liquidity purposes						
Sales of investments	70,021	7,392	76,060	60,503	65,789	77,727
Payments for investments	-501,646	-35,785	-318,523	-216,592	-225,149	-248,867
Net cash flows from investments in financial assets for liquidity purposes	-431,625	-28,393	-242,463	-156,089	-159,360	-171,140
Net cash flows from investing activities	-1,208,333	-678,214	-1,013,680	-1,374,055	-1,318,480	-1,228,196
Cash flows from financing activities						
<i>Receipts</i>						
Borrowings	1,610,598	2,571,936	1,147,032	1,991,513	359,753	1,380,827
Total receipts from financing activities	1,610,598	2,571,936	1,147,032	1,991,513	359,753	1,380,827
<i>Payments</i>						
Borrowings	-1,049,529	-904,742	-20,004	-19,164	-20,239	-18,220
Repayment of lease liabilities - principal	0	-60,850	-51,084	-54,756	-57,315	-59,437
Total payments from financing activities	-1,049,529	-965,592	-71,088	-73,920	-77,554	-77,657
Net cash flows from financing activities	561,069	1,606,343	1,075,944	1,917,593	282,199	1,303,170

	2019-20 Budget Review \$'000	2019-20 Audited outcome \$'000	2020-21 Budget \$'000	2021-22 Estimate \$'000	2022-23 Estimate \$'000	2023-24 Estimate \$'000
Net increase/(decrease) in cash and cash equivalents	-597,522	769,072	-170,101	619,200	-697,651	488,407
Cash and cash equivalents at the beginning of reporting period	1,514,970	1,514,970	2,284,042	2,113,940	2,733,140	2,035,488
Cash and cash equivalents at the end of reporting period	917,448	2,284,042	2,113,940	2,733,140	2,035,488	2,523,895
Key fiscal aggregates						
Net cash from operating activities	49,742	-159,058	-232,365	75,662	338,630	413,433
Investments in non-financial assets	-1,065,785	-648,394	-1,100,267	-1,201,708	-1,138,294	-1,039,203
Cash deficit	-1,016,043	-807,452	-1,332,632	-1,126,046	-799,664	-625,770

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

APPENDIX F

GENERAL GOVERNMENT SECTOR – KEY AGGREGATES HISTORY

APPENDIX F – GENERAL GOVERNMENT SECTOR – KEY AGGREGATES HISTORY

Year	Headline net operating balance \$m	Net debt ¹ \$m	Net financial liabilities \$m	Net worth \$m
2006-07	89.0	-555.9	N/A	11,181.6
2007-08 ²	298.1	-933.3	512.1	13,305.2
2008-09	-26.5	-992.3	1,739.4	14,486.5
2009-10	147.9	-941.8	2,246.3	15,414.2
2010-11	22.9	-735.9	2,526.1	15,875.6
2011-12	43.8	-473.2	5,472.0	13,792.5
2012-13	-273.8	109.8	4,840.7	15,198.8
2013-14	-187.8	312.7	5,559.0	14,879.9
2014-15	-479.3	909.6	7,002.7	14,284.9
2015-16	-173.7	1,646.5	9,665.9	12,408.5
2016-17	-26.7	1,452.8	6,984.0	15,663.8
2017-18	80.8	1,302.2	7,706.5	15,343.9
2018-19	43.8	2,181.7	6,571.0	17,635.1
2019-20 ³	-681.1	3,296.7	12,003.2	13,030.3
2020-21 ⁴	-603.1	4,665.0	9,301.8	16,628.9
2021-22 ⁴	-474.7	5,960.6	10,559.7	15,971.4
2022-23 ⁴	-406.0	6,926.7	11,744.9	15,343.1
2023-24 ⁴	-369.1	7,658.6	12,670.2	14,837.2

Notes:

1. Net debt excludes superannuation related investments.
2. The ACT did not measure net financial liabilities until 2008-09. The amount for 2007-08 reflects the amount presented in the 2008-09 Loan Council Allocation Outcome Report for comparative purposes.
3. From 2019-20, net debt includes the impact of changes to AASB 16 *Leases*, which recognises the majority of leases on the balance sheet, increasing net debt. For this reason, net debt from 2019-20 is not directly comparable to prior years.
4. Reflects current estimates in the 2020-21 Budget.

APPENDIX G

KEY ACCOUNTING TREATMENTS

APPENDIX G – KEY ACCOUNTING TREATMENTS

Public Private Partnerships Accounting Treatment

In 2015-16, the ACT Government entered into public private partnership contracts for both the ACT Law Courts Facilities and Light Rail – Stage 1. These are long-term contracts with private sector consortia to design, finance, construct, maintain and operate infrastructure assets. The Government will make service payments over the life of the contracts, intended to cover the costs incurred by the consortia in constructing, financing, maintaining and operating the assets. At the end of these contracts, the infrastructure will become Territory assets.

There was previously no Australian Accounting Standard which prescribed the accounting treatment for these types of arrangements from the perspective of a government grantor. In the absence of an Accounting Standard and by virtue of the application of the hierarchy for the selection of accounting policies under the Australian Accounting Standards, the Government adopted an accounting policy for these types of arrangements based on the principles of *Application Note F Private Finance Initiative and Similar Contracts* issued in 1998 by the United Kingdom Accounting Standards Board as an amendment to its *Financial Reporting Standard 5 Reporting the Substance of Transactions*.

This approach is consistent with Victoria, New South Wales, South Australia, Western Australia and Queensland which all apply a policy based on the principles of *Financial Reporting Standard 5*.

Financial Reporting Standard 5 applies a risk and reward approach, where the focus is on the grantor's contractual obligations to the operator. As the contracts for both the ACT Law Courts Facilities and Light Rail – Stage 1 can be separated into property and service elements, application of the requirements of *Financial Reporting Standard 5* results in these projects being accounted for as leases in accordance with Australian Accounting Standard *AASB 16 Leases*.

Australian Accounting Standard *AASB 16 – Leases* came into effect at 1 July 2019. The new standard changed how entities record their leasing arrangements. The Standard removed the distinction between an operating lease and a financing lease, with the majority of leases recorded as balance sheet items. Because the Public Private Partnerships are already accounted for as balance sheet items, the accounting treatment for these items was not affected by implementation of the leasing standard.

From the 2020-21 reporting year, Australian Accounting Standard *AASB 1059 – Service Concession Arrangements: Grantors* will apply to service concession arrangements, which are defined as arrangements where an operator provides public services related to a service concession on behalf of the grantor and manages at least some of those services at its own discretion (rather than at the direction of the grantor). These arrangements are currently accounted for under *Financial Reporting Standard 5* and typically treated as leases or capitalised as assets gradually recognised over the service period. *AASB 1059* prescribes the accounting treatment for these arrangements from the perspective of the government grantor.

Under AASB 1059, service concession assets are required to be recognised on the balance sheet from the start of the arrangement or over the construction period, with a corresponding liability to reflect any payments due to the operator, and/or where the Government has granted the operator a right to charge users of the asset.

Where an existing asset meets the definition of a service concession asset under AASB 1059, it is to be reclassified as a service concession asset with the carrying value adjusted to current replacement cost (as a revaluation). The asset is subsequently depreciated over its useful life. A corresponding liability is also recognised at the same time to reflect any payments made between the operator and the Government.

Under AASB 1059, the service concession liability is recognised using either the financial liability model, the grant of a right to the operator model, or both.

The full impact of adoption of AASB 1059 is currently being assessed and the 2021-22 Budget will be the first budget which aligns the Government's treatment of public private partnership contracts with AASB 1059. The new standard will also be incorporated in Annual Financial Statements for 2020-21.

Tables G.1 to G.6 below outline the financial impacts of the ACT Law Courts Facilities and Light Rail – Stage 1 contracts. The tables show how the financial impacts are reflected in the Budget in accordance with relevant accounting standards, noting that the impacts are not additive.

The annual cash payments made by the ACT Government to each of our delivery partners are outlined at Table G.3 and G.6. These payments represent the effective annual cost to the Government of delivering these services.

Table G.1: Operating statement impacts – ACT Law Courts Facilities

	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000	2023-24 Financial Year \$'000
Operating statement expenses				
Maintenance/operating costs	-7,607	-10,361	-12,764	-12,763
Interest	-12,460	-12,258	-12,040	-11,804
Depreciation	-4,006	-4,006	-4,006	-4,006
Total expenses shown in operating statement	-24,073	-26,625	-28,810	-28,573

Table G.2: Balance sheet impacts – ACT Law Courts Facilities

	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000	2023-24 Financial Year \$'000
Balance sheet assets and liabilities				
Lease asset ¹	150,241	146,235	142,229	138,223
Lease liability ²	-153,755	-151,137	-148,301	-145,228
Total impact on net assets shown in balance sheet	-3,514	-4,902	-6,072	-7,005

Notes:

1. Reduces by the amount of depreciation showing in the Operating Statement each year (see 'Operating statement expenses' table).
2. Reduces by the amount of the lease payment (capital component) made to Juris Partnership each year (see 'Payments to Juris Partnership' table).

Table G.3: Cash flow impacts – ACT Law Courts Facilities

	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000	2023-24 Financial Year \$'000
Cash payments to Juris Partnership				
Maintenance/operating costs	-7,607	-10,361	-12,764	-12,763
Interest	-12,460	-12,258	-12,040	-11,804
Lease payment (capital component) ¹	-2,417	-2,618	-2,836	-3,073
Total cash payments	-22,484	-25,237	-27,640	-27,640

Note:

1. Calculated as the reduction in the lease liability each year.

Table G.4: Operating statement impacts – Light Rail – Stage 1

	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000	2023-24 Financial Year \$'000
Operating statement expenses				
Maintenance/operating costs	-26,172	-27,294	-28,262	-30,079
Interest	-18,275	-17,664	-16,563	-15,497
Depreciation	-14,079	-14,079	-14,079	-14,079
Total expenses shown in operating statement	-58,526	-59,037	-58,904	-59,655

Table G.5: Balance sheet impacts – Light Rail – Stage 1

	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000	2023-24 Financial Year \$'000
Balance sheet assets and liabilities				
Lease asset ¹	674,794	660,715	646,636	632,557
Lease liability ²	-302,859	-291,545	-279,560	-266,906
Total impact on net assets shown in balance sheet	371,935	369,170	367,076	365,651

Notes:

1. Reduces by the amount of depreciation showing in the Operating Statement each year (see 'Operating statement expenses' table).
2. Reduces by the amount of the lease payment (capital component) made to Canberra Metro each year (see 'Payments to Canberra Metro' table).

Table G.6: Cash flow impacts – Light Rail – Stage 1

	2020-21 Financial Year \$'000	2021-22 Financial Year \$'000	2022-23 Financial Year \$'000	2023-24 Financial Year \$'000
Cash payments to Canberra Metro				
Maintenance/operating costs	-26,172	-27,294	-28,262	-30,079
Interest	-18,275	-17,664	-16,563	-15,497
Lease payment (capital component) ¹	-10,709	-11,314	-11,985	-12,654
Total cash payments	-55,156	-56,272	-56,810	-58,230

Note:

1. Calculated as the reduction in the lease liability each year.

Concessional Loans Accounting Treatment

In 2020-21, the Government announced the Sustainable Household Scheme as one of its climate change initiatives. Under the scheme, the Government will offer zero interest rate loans to assist households with the upfront costs of installing equipment to enable emissions reductions. In accordance with *AASB 9 – Financial Instruments*, loans provided at a zero interest rate require the lender to recognise an expense on the operating statement reflecting the difference between the market borrowing interest rate and the zero interest rate offered.

Any loans issued under the scheme will present as a non-cash impact on the Headline Net Operating Balance and be reflected as an upfront expense (negative impact) when the loan is provided. The expense will be equal to the present value interest rate differential on the loan amount relative to the market rate at which the loan holder would otherwise have accessed financing. The quantum of this expense will only be known at the time the concessional loan is issued as it is dependent on the prevailing market interest rate. As such, any budget initiative incorporating a concessional loan component has assumed an indicative market rate of five per cent for estimate purposes.

This expense is then unwound over the life of the loan. The initial expense recognition will also have a negative impact on net debt over and above the face value of the loan.

Refer to Chief Minister, Treasury and Economic Development Directorate new initiatives *Concessional loans framework* and *Sustainable household scheme* in Fiscal Strategy and Policy Decisions (Chapter 3.2) for more information on these initiatives.

APPENDIX H

SAFER FAMILIES

APPENDIX H – SAFER FAMILIES

Safer Families

The 2020-21 Budget allocates \$24.4 million over four years for a refreshed Safer Families package – now more important than ever as we continue to respond to and recover from the COVID-19 pandemic.

The first phase of Safer Families initiatives commenced in 2016-17. Since then, we have delivered on many of the commitments in the ACT Government Response to Family Violence 2016.

The ACT Government introduced a Safer Families Levy on 1 July 2016 to provide an ongoing revenue base to fund long-term system reform and service improvements in relation to domestic and family violence (DFV). The \$30 annual levy is applied to all residential and rural properties.

The levy is expected to raise \$20.6 million over the next four years. The total investment in Safer Families initiatives over this period is \$24.4 million.

The achievements from the Safer Families initiatives have been reported in budget papers, directorate annual reports, and through annual Safer Families statements by the Minister for Prevention of Domestic and Family Violence. Now that the first phase of Safer Families initiatives is complete, it is time to consider future priorities. In establishing these priorities, we will aim to ensure that future funding is invested strategically and flexibly over time – making it possible for the Government to respond to emerging issues and new evidence of what works best.

To ensure that Safer Families funding continues to be directed towards the highest priorities with ongoing capacity to respond to new issues, we will prioritise initiatives that focus on:

- building whole-of-government and multi-agency DFV capability, coordination and supporting infrastructure;
- improving the capacity and capability of front line DFV services to meet increased demand; and
- supporting the testing of new approaches, particularly those generated through the Family Safety Hub Innovation fund, to demonstrate the feasibility and value of these approaches for preventing and addressing DFV.

Achievements in 2019-20

The ACT committed \$2.5 million over four years to continue the delivery of DFV training to all 21,000 ACT Government staff. This training has equipped staff with the skills they need to recognise and respond to clients and colleagues experiencing DFV.

The ACT Government continued to build whole of government and sector capacity through the joint development of a draft Domestic and Family Violence Risk Assessment and Management Framework. The framework is being tested in a number of sites prior to its finalisation.

Following a successful six-month pilot in 2018-19, the Family Safety Hub's three health justice partnerships were extended to June 2021. The partnerships allow health professionals and lawyers to provide coordinated health and legal assistance that can prevent a significant crisis.

In 2019-20, the Family Safety Hub worked in partnership with Care Financial to develop a program to upskill frontline workers to be able to recognise when someone is suffering from financial abuse and then respond appropriately. Training sessions began in August 2020 with frontline DFV workers.

In partnership with the ACT Children and Young People Commissioner, the Family Safety Hub listened to young people talk about their experiences of DFV, including their interactions with services that are designed to support them. This consultation showed how difficult it is for young people to be heard, to be respected and to find a pathway to safety that suits their individual needs.

Development of the Domestic and Family Violence Death Review (DFV Death Review) commenced in 2019-20. This initiative will review all DFV-related deaths in the ACT and advise on what is needed to prevent deaths and improve system-wide supports and services. Work to establish a model for the DFV Death Review is ongoing, with legislation to establish the DFV Death Review to be progressed in 2021.

The Domestic Violence Prevention Council's Aboriginal and Torres Strait Islander Reference Group was supported to consult with the community to update the *We Don't Shoot Our Wounded* report's recommendations and to gain insights into DFV in the Aboriginal and Torres Strait Islander community. The updated report will be released this year and used to inform co-design for the development of community-led responses for DFV between the Reference Group and the ACT Government. The co-design phase will involve the Aboriginal and Torres Strait Islander community developing specific actions and community-led DFV responses in relation to the updated report recommendations.

In January 2020, the Office of the Co-ordinator General for Family Safety released *Reducing Domestic and Family Violence in the ACT: Perpetrator Project Report*. The report summarised the results of the perpetrator forum and explored how the ACT can improve and increase our responses and interventions for perpetrators of DFV.

Another key aspect of the ACT response to perpetrators of DFV is the Room4Change program provided by Domestic Violence Crisis Service. Room4Change is one of Australia's only residential men's behaviour change programs and supports partners and children to stay safely in the home while men are engaged in the six-month program. The preliminary evaluation of Room4Change showed positive outcomes for participants and their families, and the full evaluation is due to be released in early 2021.

The COVID-19 pandemic has had a significant impact on DFV services in the ACT. Throughout the pandemic, government and community agencies continued to work together to make sure essential services were keeping families safe during lockdown. The Co-ordinator General for Family Safety and the Victims of Crime Commissioner established a regular roundtable so sector agencies could jointly identify and prioritise issues. This roundtable was also important for facilitating planning, coordination and responses, including ensuring communication to the community was accurate and consistent.

To make sure those in need knew what services were operating during COVID-19, the Family Safety Hub developed a targeted communications campaign. The campaign promoted the message that those affected by violence could leave an unsafe home even though restrictions were in place and encouraged those affected to seek help from one of the ACT's services.

At a national level, the ACT Government continues to contribute to a shared commitment with other governments across Australia to implement the *National Plan to Reduce Violence Against Women and Children 2010–2022* (the National Plan). The Fourth Action Plan to progress the National Plan was launched in August 2019, with a national implementation plan published online in November 2020.

Table H.1: Funding and expenditure of Safer Families initiatives in 2019-20

Safer Families initiatives	2019-20 Budget \$'000	2019-20 Actual \$'000
More support for families and inclusion – Delivering the Family Safety Hub	1,534	1,534
More support for families and inclusion – Extending the Family Safety Hub legal services pilot	300	300
Safer Families – Additional resources for the Canberra Rape Crisis Centre	108	108
Safer Families – Additional resources for the Domestic Violence Crisis Service	215	215
Safer Families – Early assistance for families at risk of violence (Room for Change)	456	456
Safer Families – Enhanced child protection case management and coordination	360	360
Safer Families – Enhancing access to justice for non-English speakers	100	100
Safer Families – Implementation of the Joint Australian Law Reform Commission and NSW Law Reform Commission Report on Family Violence	242	242
Safer Families – Improved access to Legal Aid	305	305
Safer Families – Reportable conduct scheme for employees	293	293
Safer Families – Safer families team	746	746
Safer Families – Stronger criminal justice responses	235	235
Safer Families – Stronger police support for family violence victims	304	304
Safer Families – Reducing the risk of deaths from family violence	87	87
Safer Families – Delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence	100	100
Safer Families – Support for women and children to leave violence	100	100
Safer Families – Training in domestic violence for frontline workers ¹	992	692
Total	6,477	6,177
Safer Families Levy offset	-4,900	-4,900

Note:

1. This initiative includes a reprofile of \$300,000 from 2019-20 to 2020-21.

Priorities for 2020-21

The ACT Government will continue to focus on initiatives and responses that address the second phase of Safer Families priorities, while responding to the changing system needs and demand arising as a result of COVID-19.

Domestic and family violence requires an integrated, collaborative response from government and non-government service providers in order to prevent or lessen serious threats to the life, health or safety of victims. We are developing new and sustainable ways of working across government and community that focus on intervening earlier, reducing barriers to access, joining up and integrating services, responding to diverse needs, maximising collective impact and holding perpetrators to account. This includes providing support to the Victims of Crime Commissioner to re-design the Family Violence Intervention Program into a new Safety Action Pilot. The Safety Action Pilot has been established to provide short-term intervention to people experiencing DFV with complex and/or high-risk matters.

The Office of the Co-ordinator General for Family Safety convenes a Response to Perpetrators Working Group. The working group was established to progress two main areas of work: a set of principles and standards for Men’s Behaviour Change Programs in the ACT and an accreditation process for those programs; and to develop the perpetrator section of the ACT Domestic and Family Violence Risk Assessment and Management Framework.

Work continues to deliver domestic and family violence training to ACT Government Staff. In early 2020, in response to COVID-19, the face-to-face training was revised to include online, and blended approaches to delivery. Directorates will begin or continue training their staff in 2021.

The Office of Family Safety is currently engaging with the youth sector and other relevant people in government, services, and the community to explore opportunities to co-design and collaborate on implementing possible solutions to better support children and young people living with domestic and family violence. This work is informed by the insights and ideas gathered from listening to and learning from children and young people within the published *Now You Have Heard Us, What Will You Do?* report undertaken in partnership with the ACT Children and Young People Commissioner.

Table H.2: Safer Families initiatives in the 2020-21 Budget

Safer Families initiatives	2020-21	2021-22	2022-23	2023-24	Total
	Budget \$'000	Estimate \$'000	Estimate \$'000	Estimate \$'000	\$'000
More support for families and inclusion – Delivering the Family Safety Hub	1,333	1,591	1,613	1,639	6,176
Safer Families – Additional resources for the Canberra Rape Crisis Centre	111	114	117	120	462
Safer Families – Additional resources for the Domestic Violence Crisis Service	220	226	232	238	916
Safer Families – Extending the Room4Change program to help prevent family violence	1,209	1,229	1,251	1,275	4,964
Safer Families – Enhancing access to justice for non-English speakers	100	100	100	100	400
Safer Families – Safer families team	765	784	804	824	3,177
Safer Families – Reducing the risk of deaths from family violence	236	243	247	249	975
Safer Families – Delivering family-centred responses for Aboriginal and Torres Strait Islander families impacted by family violence ¹	358	46	-	-	404
Safer Families – Support for women and children to leave violence	103	106	109	112	430

	2020-21	2021-22	2022-23	2023-24	Total
Safer Families initiatives	Budget	Estimate	Estimate	Estimate	
	\$'000	\$'000	\$'000	\$'000	\$'000
Safer Families – Training ACT Government frontline workers to respond to family violence ²	1,000	572	567	581	2,720
Supporting new parents experiencing domestic and family violence ³	739	-	-	-	739
Safer Families – Integrated Family Safety Information Sharing and Risk Assessment ⁴	180	433	461	-	1,074
Safer Families – Data System to support Death Review ⁴	200	-	-	-	200
Safer Families Levy – provision	-	402	458	942	1,802
Total	6,554	5,846	5,959	6,080	24,439
Safer Families Levy offset	-5,000	-5,100	-5,200	-5,300	-20,600

Notes:

1. This initiative includes \$150,000 additional funding in 2020-21 for the “Improving responses to family violence in Aboriginal and Torres Strait Islander families” initiative.
2. This initiative includes \$300,000 in 2020-21 that has been reprofiled from 2019-20.
3. This initiative includes an offset of \$139,000 in 2020-21 from the Safer Families Levy Provision.
4. These initiatives are funded from the Safer Families Levy Provision.

Table H.3: Complementary initiatives

	2020-21	2021-22	2022-23	2023-24	Total
Complementary Initiatives	Budget	Estimate	Estimate	Estimate	
	\$'000	\$'000	\$'000	\$'000	\$'000
More support for families and inclusion – More frontline homelessness services	1,761	2,057	2,057	2,057	7,932
More support for families and inclusion – More frontline domestic violence and rape crisis services ¹	767	420	420	420	2,027
More support for families and inclusion – Strengthening the Reportable Conduct Scheme	575	589	604	619	2,387
Total	3,103	3,066	3,081	3,096	12,346

Note:

1. Funding for 2020-21 has been offset by \$420,000 of provisioned funding. Funding beyond 2020-21 has been provisioned while the Government examines future expected demand.

APPENDIX I

STATEMENT OF RISK

APPENDIX I – STATEMENT OF RISK

Consistent with section 11(d) of the *Financial Management Act 1996*, each budget update is required to provide a statement describing the risks – quantified if possible – that may affect the budget estimates. Details of economic and fiscal risks, and contingent liabilities, other commitments and outstanding claims liabilities were previously provided in Appendix A to the August 2020 EFU (published on 27 August 2020), and Appendix B to the Pre-Election Budget Update 2020 (published on 14 September 2020).

The following risks have been identified at the time of publication of the 2020-21 Budget.

Economic Risks

As noted in the ACT Economic Outlook (Chapter 2.2), the economic impacts of the COVID-19 pandemic remain uncertain. Hence the economic parameters presented in this Budget reflect a baseline scenario derived from a plausible set of assumptions, including that the responses of Governments and the Reserve Bank of Australia are effective in sustaining the emerging private sector recovery in the ACT and across Australia.

However, ongoing uncertainty could see households retain high levels of saving and this would exert downward pressure on consumption growth. The resulting lower demand could also dampen scope for investment to recover, due to a general unwillingness to undertake the risks associated with beginning a major project or business venture.

While economic activity has bounced back more strongly than initially expected at the start of the pandemic, we are still well below the previous expected levels of economic output. If the economy does not continue to recover as expected, or if there are significant delays or issues in rolling out vaccines and/or containing any community transmission events, then more households and businesses may experience severe financial stress, increasing the likelihood that cash buffers are exhausted. This would also increase the possibility of higher unemployment rates and more long-term impacts in the labour market.

On the other hand, additional near-term progress in medical treatment would enable governments to control the pandemic more quickly than expected. If this were accompanied by an effective roll-out of COVID-19 vaccines with wider distribution globally, the sustained improvement in health outcomes would provide greater certainty to both households and businesses, boosting confidence. As a result, economic activity could grow more strongly than assumed under the baseline scenario described in the ACT Economic Outlook (Chapter 2.2). 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 37.7 per cent of the Australian Public Service is in the Territory.

Fiscal Risks

Similar to earlier COVID-19 economic recovery packages, the 2020-21 Budget sees further delivery of support measures for local households and businesses, and continued support for jobs. Cost estimates for some initiatives are demand driven, and variation in take-up rates will impact the final cost of these initiatives. The estimates presented are also generally based on the assumption that pandemic conditions and associated restrictions will progressively ease over the coming months, and that this will support the continued recovery of our economy. This assumption is supported by details in the ACT Economic Outlook chapter (Chapter 2.2), which forecasts the easing of restrictions combined with ongoing fiscal and monetary support will see a strong recovery for the Territory's economy, reflected in metrics such as our State Final Demand (the ACT growing by 2 per cent in the September quarter 2020) and Gross State Product (the ACT grew by 2.4 per cent in 2019-20, the second highest growth rate of all jurisdictions in Australia).

The nature of the Government's support continues to adapt over time, and any assumptions in relation to our economic recovery will not hold should a significant second wave of virus infections emerge, or one of the more contagious strains arrive in the Territory – particularly if such strains impact national vaccine rollout plans. Should pandemic conditions worsen, the Government would increase support, particularly in the health, business and community support spheres, to both contain the spread of the virus, and deliver practical and meaningful assistance to the Territory's population. Conversely, should the pandemic conditions be brought under control more quickly than expected then this will have positive implications for the ACT budget.

Lessons learnt in responding to the initial phase of the virus will assist in developing future strategies. More targeted assistance will lengthen the duration that specific initiatives can be applied, while capacity and skills developed during the initial phase (such as media communications, supply chain logistics, and ICT support systems) will assist the Government in addressing more complex scenarios, should they arise.

Revenue Risks

As noted in Revenue (Chapter 3.5), the revenue estimates presented in this Budget reflect the baseline scenario underlying the economic forecasts.

As with economic parameters, the key risk to the Territory's forecast revenue is the outcomes from health responses, including the rapid and effective roll-out of vaccines and the effectiveness of responses to virus outbreaks.

Any reimposition of restrictions in response to further outbreaks or delays in the rollout of vaccines globally and in Australia would present a downside risk to the baseline revenue estimates. The downside risks could potentially reduce the Territory's baseline revenue estimates from payroll and land taxes, residential conveyance duty and motor vehicle registrations by up to \$220 million over the budget and forward estimates period compared to the baseline scenario.

Under the downside risk scenario, the overall size of the national GST pool is also likely to shrink. A one per cent reduction in the size of the GST pool over the budget and forward estimates period would see the ACT receive \$53 million less GST revenue over this period. In addition, if the ACT's share of the Australian population is lower than anticipated in the baseline scenario, the ACT's GST revenue would shrink further.

On the other hand, additional progress in medical treatment in the near term that would enable governments to control the pandemic more quickly, presents an upside risk to baseline revenue estimates. Under an upside scenario, the forecast revenue from payroll and land taxes, residential conveyance duty and motor vehicle registrations could be up to \$240 million higher over the budget and forward estimates period compared to the baseline scenario. The national GST pool is also likely to grow under this scenario, lifting the ACT's GST revenue.

The Government has provided deferrals and rebates across a range of own-source revenue lines to provide cashflow support to households and businesses during the pandemic. There is a risk that a portion of the deferred amounts become unrecoverable as they fall due, as some businesses and households remain in financial hardship.

Financial investment assets and liabilities

The outlook for investment returns continues to be challenging, with ongoing economic uncertainty and financial market volatility during the COVID-19 pandemic.

As the Australian economy recovers from the pandemic and given the potential structural shift in Australian interest rates, they are likely to remain lower for longer. As a result, the financial assumptions adopted for the superannuation liability valuation and the long-term investment return target will need to be reassessed in the 2021-22 Budget.

Any negative impacts to both future investment earnings and the liability valuation will increase the likelihood that the timeframe to extinguish the Territory's unfunded superannuation liability will be pushed out.

Any significant deterioration in global and Australian financial markets could present risks to the ability of the Territory to effectively access financial markets to issue new bonds, similar to the situation in March 2020. The Reserve Bank of Australia is continuing to implement a range of policy measures, including a program of bond purchases to support liquidity in Australian financial markets.

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.

ACT Early Childhood Strategy/Non-Government school funding

The 2020-21 Budget estimates currently contain a provision of \$25 million representing the reinvestment of estimated 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. 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.

Land Release Program

As well as being a vital tool in implementing the desired growth and settlement patterns of the city, the ACT Government's land release program is a source of revenue for the Territory. The program is significantly influenced by conditions in the property market, including the demand for new properties and other sources of supply, which also affect prices. Government policy, such as both ACT and Commonwealth government stimulus measures in response to the COVID-19 pandemic, have had an impact on the demand for land and housing in 2020-21.

To date, a significant increase in land sales in the first half of the 2020-21 financial year has resulted from a high level of demand for new land. Inventory, accumulated from previous land releases and subdued sales in prior years, has decreased significantly and new releases have largely been absorbed by the market. Land releases scheduled for the remainder of the 2020-21 financial year are expected to be well received as a result of the gradual easing of public health restrictions, record low interest rates, and a strengthening labour market in the ACT.

An update to the land release program is currently under development and is expected to be released within the next five months and will aim to maintain the supply of land ahead of demand over the forward estimates. If demand continues to be stronger than expected for some time, there may be risks to the capacity of the program to respond in a timely way, which could have the potential to create some pricing pressures across the ACT housing market more broadly. In the established housing market, prices have increased significantly in the second half of 2020, as concerns over the pandemic have eased and as stimulus programs have gained traction.

It is unlikely demand will continue at these relatively high levels beyond 2021, once temporary COVID-19 stimulus measures cease. Housing demand is therefore expected to moderate over the forward estimates, as population growth slows to record lows in 2021 and 2022, reflecting the decline in net overseas migration resulting from Australia's international border restrictions. This expected reduction in population growth will be taken into account as the Government develops the next four-year land release program to be published ahead of the of the 2021-22 financial year.

Large-scale Generation Certificates

The 2020-21 Budget reflects the expense and revenue components of Large-scale Generation Certificates, which are credits received for the generation of renewable electricity under the Commonwealth Government's large-scale renewable energy target. The ACT Government receives certificates from large-scale renewable electricity generation projects (revenue) and current policy is to surrender them in order to meet the ACT's 100 per cent renewable electricity target (expense).

Once created and recognised, Large-scale Generation Certificates are able to be sold, with price determined by the market. As such, the value of certificates, and accordingly the revenue when created and expense when surrendered, is subject to price fluctuations arising from supply and demand. Spot and forward prices for Large-scale Generation Certificates have increased since the 2019-20 Budget Review and the 2020-21 Budget includes a revaluation of the associated estimates.

Accounting for the recognition and eventual receipt, and then surrender of certificates, involves some price risk, given the typical three-month delay between when the right to the certificates arises, and when they are physically received and therefore able to be surrendered.

Other Fiscal Risks

As noted in Appendix A of the Pre-Election Budget Update 2020: 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 J

STATEMENT OF SENSITIVITY

APPENDIX J – STATEMENT OF SENSITIVITY

This statement of sensitivity is made pursuant to sub-section 11(1)(c) of the *Financial Management Act 1996*.

Sensitivity of Budget estimates

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

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

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

Sensitivity of economic assumptions

As noted in Chapter 2, while the outlook for the ACT economy has improved, there remain ongoing uncertainties associated with the evolution of the pandemic and potential significant upside and downside risks. For this reason, the economic parameters used in the formulation of the forward estimates reflect a baseline scenario, derived from a set of plausible key assumptions. Uncertainty regarding the evolution of the pandemic makes it difficult to provide a definitive quantitative assessment of the balance of risks around the baseline scenario. However, consistent with the approach taken for the August 2020 EFU, a range within which possible scenarios may fall on the upside and downside are also presented in Chapter 2.2.

Revenue forecasts and projections are typically based on indexation of key economic parameters. The impact on key own-source taxation revenue lines of the range of economic parameter outcomes based on the possible upside and downside scenarios is outlined in Chapter 3.5.

In addition, as noted in Chapter 3.6, the GST revenue the ACT receives from the Commonwealth is affected by the size of the GST pool (GST collections less administration costs), our share of the national population and our GST relativity as determined by the Commonwealth Grants Commission. That section also estimates the effect of changes in the GST pool and our share of the national population on the GST revenue the ACT receives.

Consumer Price Index

A change in the Consumer Price Index will affect various revenue forecasts and the expenses of agencies.

If the Consumer Price Index were to increase by 1 percentage point more than the forecast in each year of the budget period, sales of goods and services, Commonwealth Government grants and other revenue and expenses would increase by the amounts shown in Table J.1.

Table J.1: Impact of a 1 percentage point increase in Consumer Price Index on General Government Sector revenue and expenses

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Revenue				
Sales of goods and services, Commonwealth Government grants ¹ and other revenue ²	-	14,228	28,648	44,082
Expenses	-	34,660	70,959	111,105

Notes:

1. Refers to Specific Purpose Payments only.
2. Other revenue includes fines, superannuation contribution, rents and commutation, contributions and other miscellaneous revenue.

Wage Price Index

Various fees are indexed to the Wage Price Index. If this were to increase by 1 percentage point more than the forecast in each year of the budget period, forecast sales of goods and services and other revenue would increase by the amounts shown in Table J.2.

Table J.2: Impact of a 1 percentage point increase in Wage Price Index on General Government Sector revenue

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Revenue				
Sales of goods and services and other revenue ¹	-	5,918	12,283	18,949

Note:

1. Other revenue includes fines, superannuation contribution, rents and commutation, contributions and other miscellaneous revenue.

Interest

Interest from investment portfolios and cash holdings are affected by interest rate variations. If the interest rate was 0.25 per cent higher or lower than assumed in the budget estimates, forecast interest revenue would increase or decrease by the amounts shown in Table J.3.

Table J.3: Impact of a 0.25 percentage point increase or decrease in the cash at bank interest earning rate

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Cash at bank interest	+/-4,753	+/-5,065	+/-4,859	+/-4,571

The estimated impact of an increase or decrease of 0.25 percentage point in the interest rate used to calculate interest costs on the Territory's variable rate borrowing exposures is shown in Table J.4.

Table J.4: Impact of a 0.25 percentage point increase or decrease in the borrowing interest rate assumptions

	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Borrowing interest expense	+/-2,205	+/-9,598	+/-14,303	+/-18,079

Investment return objective

Table J.5 outlines the impact on the investment earnings estimates of the Superannuation Provision Account from a 1 percentage point decrease in the investment return objective.

Table J.5: 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	-48,051	-54,018	-60,545

Defined benefit superannuation liability

Table J.6 outlines the impact on the Commonwealth defined benefit superannuation liability valuation and the superannuation liability expense from a 1 per cent point decrease in the discount rate assumption from the long-term budget assumption of 5 per cent.

Table J.6: 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 K

WHOLE OF GOVERNMENT STAFFING

APPENDIX K – WHOLE OF GOVERNMENT STAFFING

Table K.1 below lists the number of full-time equivalent staff (FTEs) in the ACT Government.

Table K.1: Whole of Government staffing movements – 2020-21 Budget

	2018-19 Actual Outcome	2019-20 Budget	2019-20 Audited outcome	2020-21 Budget
Directorate/Agency				
ACT Executive	60	60	65	70
ACT Health Directorate	540	603	613	683
ACT Insurance Authority	18	19	19	21
ACT Integrity Commission	0	10	8	13
Auditor-General	35	37	44	44
Canberra Health Services	6,660	6,529	6,667	6,752
Canberra Institute of Technology	706	707	658	705
Cemeteries and Crematoria Authority (formerly ACT Public Cemeteries Authority)	14	17	15	20
Chief Minister, Treasury and Economic Development Directorate	2,382	2,475	2,426	2,461
City Renewal Authority	23	27	28	27
Community Services Directorate	642	658	703	694
Cultural Facilities Corporation	91	92	105	92
Education Directorate	5,700	5,920	6,072	6,320
Electoral Commissioner	12	14	18	20
Environment, Planning and Sustainable Development Directorate	639	685	663	712
Housing ACT	259	268	274	273
Independent Competition and Regulatory Commission	11	11	11	11
Justice and Community Safety Directorate	1,759	1,840	1,875	1,901
Legal Aid Commission (ACT)	84	89	88	99
Office of the Legislative Assembly	52	52	52	52
Major Projects Canberra	0	0	166	193
Public Trustee and Guardian	62	61	61	64
Suburban Land Agency	93	121	108	121
Transport Canberra and City Services Directorate	903	888	958	1,021
Transport Canberra Operations (formerly ACTION)	924	928	929	978
Total Government agencies	21,669	22,111	22,626	23,347
Government Business Enterprises				
CIT Solutions Pty Ltd	112	105	106	106
Icon Water Limited	408	432	401	418
Total Government Business Enterprises	520	537	507	524
Total Government agencies and Business Enterprises	22,189	22,648	23,133	23,871

Key movement details associated with Table K.1 are presented below.

ACT Health Directorate and Canberra Health Services

The increase in FTE for the ACT Health Directorate and Canberra Health Services between the 2019-20 Budget and the 2020-21 Budget primarily relates to 2020-21 and prior year budget initiatives, and additional resources in response to the COVID-19 pandemic.

Chief Minister, Treasury and Economic Development Directorate

The lower FTE in the 2019-20 Audited Outcome compared to the 2019-20 Budget is largely due to the transfer of staff to Major Projects Canberra on 1 July 2019, partially offset by an increase in staff numbers to support recovery from the 2020 hailstorm, and the COVID-19 pandemic response.

The increase in FTE between the 2019-20 Audited Outcome and the 2020-21 Budget is mainly due to new initiatives, including Jobs for Canberrans, partially offset by the transfer of staff to WorkSafe ACT on 1 July 2020.

Positions formerly associated with the Superannuation Provision Account are now incorporated within the Chief Minister, Treasury and Economic Development Directorate's details.

Community Services Directorate

The increase in FTE in the 2019-20 Budget from the 2018-19 Actual Outcome reflects staff returning to CSD from Housing ACT following a realignment of operational responsibilities, the impact of new initiatives, offset by a reduction in staff numbers due to ceasing initiatives from prior years.

The higher FTE in the 2019-20 Audited Outcome compared to the 2019-20 Budget is due to the impact of new initiatives, including those associated with the COVID-19 pandemic response, including the extension of employment for temporary staff.

The decrease in FTE in the 2020-21 Budget compared with 2019-20 Audited Outcome represents the expected reduction in staff numbers as stimulus measures associated with the COVID-19 pandemic response gradually cease.

Education

The higher FTE in the 2019-20 Audited Outcome compared to the 2019-20 Budget mainly relates to the COVID-19 pandemic response, including Jobs for Canberrans and the continuation of contracts for casual staff, as well as increased enrolments.

The increase in FTE in the 2020-21 Budget from the 2019-20 Audited Outcome relates to the reasons outlined above as well as the full year impact of insourcing school cleaning employees and new budget funded initiatives.

Environment, Planning and Sustainable Development Directorate

The lower FTE in the 2019-20 Audited Outcome compared to the 2019-20 Budget is mainly due to delayed recruitment processes linked to impacts from the bushfire emergency and the COVID-19 pandemic.

The increase in FTE between the 2019-20 Budget and the 2020-21 Budget is due to the impact of new budget initiatives and the Jobs for Canberrans initiative, partly offset by reductions associated with a number of ceasing initiatives.

Staffing details presented for the Environment, Planning and Sustainable Development Directorate incorporate the Office of the Commissioner for Sustainability and the Environment.

Justice and Community Safety Directorate (and Legal Aid)

The higher FTE in the 2019-20 Audited Outcome compared to the 2019-20 Budget is mainly due to additional staffing required for the bushfire emergency and the COVID-19 pandemic. Strong demand for legal services has also resulted in higher FTE, offset by lower FTE in other areas due to delays in recruitment.

The increase of FTE between the 2019-20 Audited Outcome and the 2020-21 Budget reflects the additional staffing resources associated with 2020-21 Budget initiatives.

Major Projects Canberra

Major Projects Canberra was established on 1 July 2019, which was after the publication of the 2019-20 Budget.

The higher FTE in the 2019-20 Audited Outcome compared to the 2019-20 Budget is mainly due to the establishment of Major Projects Canberra, including the transfer of FTE from the Chief Minister, Treasury and Economic Development Directorate.

The increase in FTE in the 2020-21 Budget from the 2019-20 Audited Outcome relates to the establishment of project teams for the delivery of CIT Woden, Canberra Hospital Expansion and the Cladding Rectification Project, as well as recruitment to positions vacant at the end of the 2019-20 financial year.

Transport Canberra and City Services Directorate and Transport Canberra Operations (formerly ACTION)

The increase in FTE between the 2019-20 Budget and the 2020-21 Budget for Transport Canberra and City Services Directorate relates to new budget initiatives and the transfer of staff, offset by reductions in FTE associated with ceasing initiatives.

The increase in FTE for Transport Canberra Operations between the 2019-20 Budget and the 2020-21 Budget relates to the transfer of staff and additional positions associated with approved prior year and 2020-21 Budget initiatives, offset by reductions in FTE associated with ceasing initiatives.



Australian
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2020–21

Driving Canberra's Recovery